



**AB NOVATURAS**

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**for the twelve-month period ended 31 December 2018**

**(unaudited)**

Beginning of reporting period	1 January 2018
End of reporting period	31 December 2018
Business name	Novaturas, AB (further – “Novaturas” or “the Company”) (The Company’s financial statements and activity ratios are presented consolidated with the results of subsidiaries; separate reports of the parent company are not presented.)
Legal form	Public limited company
Registration date	16 December 1999
Registration number	135567698
LEI code	097900BGCW0000042109
Manager of register	State Enterprise Centre of Registers
Company address	A. Mickevičiaus str. 27, LT-44245 Kaunas
Telephone	+370 37 321 264
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Note: the abbreviation “pp” in this report means percentage points.

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## Management report

### 2018 twelve-month highlights:

- Novaturas's turnover was EUR 181.8 mln, or 29% more than in 2017.
- Gross profit amounted to EUR 26.2 mln and was 2% smaller than in 2017.
- Operating expenses totaled EUR 18.5 mln, or 13% more than in 2017. Excluding the impact of commissions and one-time expenses, operating costs increased by 1% from the prior year.
- EBITDA amounted to EUR 8.0 mln and was 25% smaller than in 2017.
- The effective tax rate was 18.0%, compared to 10.8% in 2017. The main reason was dividends the Estonian subsidiary paid to the parent company which resulted in a tax payment of EUR 600,000 in Estonia.
- Novaturas had a net profit of EUR 5.4 mln, which is 34% less than in 2017.
- The company served 305,660 clients, 31% more than in 2017.

### 2018 fourth-quarter highlights:

- Novaturas's turnover was EUR 41.5 mln, or 25% more than in the same period of 2017.
- Gross profit amounted to EUR 5.9 mln and was 11% lower than in the same period of 2017.
- Operating expenses totaled EUR 5.4 mln, 4% more than in the same period of 2017. Excluding the impact of commissions and one-time expenses, operating costs decreased by 11% from the same period a year earlier.
- EBITDA amounted to EUR 0.6 mln and was 58% smaller than in the same period of 2017. One of the main reasons for this was one-time expenses related to a change of aviation partner in Lithuania.
- Novaturas had a loss of EUR 0.2 mln, which is EUR 0.8 million less compared to EUR 0.6 million profit in 2017.
- The company served 62.1 thousand clients, 27% more than in the same period of 2017.

### Management comment:

The company served 305,660 clients in the full year 2018 which is 31% more than in 2017. During the last quarter of the year we still felt some effects of abnormally hot and dry summer weather in all three Baltic countries. Hot weather persisted throughout June, July and August decreasing demand for outbound travel. This influenced last-minute prices – as we had to reduce prices and profitability to try to stimulate demand. The impact of lower last-minute prices during the summer was smaller in the fourth quarter than in the third quarter. During the fourth quarter we had to change our aviation partner in the Lithuanian market due to financial difficulties experienced by Small Planet Airlines. The change of aviation partner resulted in write-offs of EUR 0.4 million and further negatively influenced results for the quarter by causing an increase in aviation costs.

Flight package tours continue to be our main product. The most popular destinations remain Turkey, Greece and Bulgaria for the summer season and Egypt for the winter season. For each season we introduce new destinations on the market or reintroduce older ones. For the summer of 2018 we added Tunisia, and for the 2018/2019 winter season we added Jordan and Cuba. The wide variety of destinations in our portfolio enables us to satisfy our clients' diverse needs. All major destinations grew during the reporting period.

The number of clients served grew in all source markets where Novaturas operates. The strongest growth was recorded in the Belarusian market, where the number of clients rose 102%. We do not fly from Belarus, but rather sell our Lithuanian products through Belarusian agencies. The Lithuanian source market grew 30%, while the Latvian market grew by 31% and the Estonian market was up 31%.

Passenger growth was strongest for flight package tours, at 31%, with a growth rate of 29% for other products. The other products passengers bought were mainly flight tickets for charter flights which we operate. Our flight tickets are sold through travel agencies and via the GDS channel, reaching very diverse types of travelers.

Travel agencies' share in our sales increased by 1.8 percentage points to 72.7%. Rather than focusing on our own retail share (which decreased by 1.7 percentage points to 11.4%), we have mainly focused on web sales. Web sales' share of revenue rose by 0.1 percentage points during 2018 to 14.1%, while that of GDS sales was little changed at 1.8%. As planned, in June we introduced a new version of the company's webpage in all three countries where we operate. The responsive design of the new webpage is much better suited to mobile devices, which customers are using more and more not only to search for information but also to make purchases online.

We kept our operating expenses under control during the reporting period. They grew at a much slower pace than sales, increasing the efficiency of the company. Direct marketing expenditures were 0.8% of sales during the fourth quarter and 0.7% for the full year, similar to the levels for corresponding periods of 2017. Salaries and related items, which increased by 4% over the full-year period, in the fourth quarter decreased by 10% from the same quarter a year earlier. Excluding the impact of commissions and one-off expenditures, operating expenses in 2018 increased by 1% compared 2017, and during fourth quarter even decreased by 11%. One-time expenses, incurred mainly in the Company's IPO and in relation to bankruptcy of Small Planet Airlines, amounted to EUR 887,000. With one-time costs included, operating costs less commissions paid rose by 2% in the full year period and during the fourth quarter decreased by 5% year-on-year. Total costs, including commissions, grew by 13% in full year period and 1% in the fourth quarter. Commission expenses remained stable at 5.2% of sales in 2018, compared to 5.3% in 2017.

Profit tax expenses include EUR 600,000 paid in Estonia on dividends paid by the subsidiary there to the parent company.

"Other current liabilities and accrued expenses" includes EUR 1.6 million related to the market value of open hedge contracts. "Cash and cash equivalents" includes EUR 1.5 million of restricted cash, which is used to issue guarantees covering prepayments received from customers, as required by the law in each country of operations.

The company in September 2018 renewed its overdraft agreement through the end of 2020 and will be able to use the overdraft in the January-June period each year. Servicing of the long-term loan is in accordance with the loan agreement and EUR 6.0 million of the loan has already been repaid. The high level of advances received from customers was due to a strong increase in passenger volumes and very good advanced sales at the end of the period.

## Main ratios

<b>Financial ratios*</b>	<b>Q4 2018</b>	<b>Q4 2017</b>	<b>Change</b>	<b>12M 2018</b>	<b>12M 2017</b>	<b>Change</b>
Revenue	41,542	33,169	+25.2%	181,782	141,147	+28.8%
Gross profit	5,935	6,674	-11.1%	26,239	26,802	-2.1%
EBITDA	600	1,428	-58.0%	7,973	10,611	-24.9%
Operating profit (EBIT)	528	1,465	-64.0%	7,709	10,301	-25.2%
Profit before taxes	(122)	769	-115.9%	6,607	9,135	-27.7%
Net profit	(235)	603	-139.0%	5,421	8,151	-33.5%

\* Unless otherwise indicated, amounts are in thousands of EUR.

<b>Relative indicators</b>	<b>Q4 2018</b>	<b>Q4 2017</b>	<b>Change</b>	<b>12M 2018</b>	<b>12M 2017</b>	<b>Change</b>
Number of shares	7,807,000	7,807,000	-	7,807,000	7,807,000	-
Profit per share (EUR)	-0.03	0.08	-0.11	0.69	1.04	-0.35
Gross profit margin (%)	14.3%	20.1%	-5.8 pp	14.4%	19.0%	-4.6 pp
EBITDA margin (%)	1.4%	4.3%	-2.9 pp	4.4%	7.5%	-3.1 pp
Operating profit (EBIT) margin (%)	1.3%	4.4%	-3.1 pp	4.2%	7.3%	-3.1 pp
Profit before taxes margin (%)	-0.3%	2.3%	-2.6 pp	3.6%	6.5%	-2.9 pp
Net profit margin (%)	-0.6%	1.8%	-2.4 pp	3.0%	5.8%	-2.8 pp
Return on assets (ROA) (%)	-0.4%	1.0%	-1.4 pp	9.6%	14.6%	-4.9 pp
Debt to equity ratio (%)	56.3%	95.4%	-39.1 pp	56.3%	95.4%	-39.1 pp
Equity ratio (%)	30.3%	29.1%	+1.3 pp	30.3%	29.1%	+1.3 pp
Effective tax rate (%)	-92.6%	21.6%	-114.2 pp	18.0%	10.8%	+7.2 pp
Current ratio	0.66	0.58	+0.08	0.66	0.58	+0.08

## Segment information

For management purposes, Novaturas is organized into business units based on its services (product category), which are as follows:

- Flight package tours
- Sightseeing tours by coach
- Sightseeing tours by plane
- Other (flight tickets, hotels, block seats sale to other operators, own agencies commissions)

(Unless otherwise indicated, amounts are in thousands of EUR.)

	Q4 2018	Q4 2017	Change	12M 2018	12M 2017	Change
<b>Flight package tours</b>						
Sales	35,235	28,203	24.9%	157,752	120,567	30.8%
Cost of sales	(29,725)	(21,102)	40.9%	(132,632)	(94,748)	40.0%
<b>Gross profit</b>	<b>5,510</b>	<b>7,101</b>	<b>-22.4%</b>	<b>25,120</b>	<b>25,819</b>	<b>-2.7%</b>
Gross profit margin %	15.6%	25.2%	-9.5pp	15.9%	21.4%	-5.5pp
Sales commission expenses	(2,189)	(1,804)	21.3%	(9,253)	(7,264)	27.4%
<b>Sales profit for segment</b>	<b>3,321</b>	<b>5,297</b>	<b>-37.3%</b>	<b>15,867</b>	<b>18,555</b>	<b>-14.5%</b>
Sales profit margin %	9.4%	18.8%	-9.4pp	10.1%	15.4%	-5.3pp
<b>Sightseeing tours by coach</b>						
Sales	338	310	9.0%	2,933	3,785	-22.5%
Cost of sales	(352)	(331)	6.3%	(2,632)	(3,351)	-21.5%
<b>Gross profit</b>	<b>-14</b>	<b>-21</b>	<b>-33.3%</b>	<b>301</b>	<b>434</b>	<b>-30.6%</b>
Gross profit margin %	-4.1%	-6.8%	2.6pp	10.3%	11.5%	-1.2pp
Sales commission expenses	(15)	(15)	0.0%	(135)	(186)	-27.4%
<b>Sales profit for segment</b>	<b>-29</b>	<b>-36</b>	<b>-19.4%</b>	<b>166</b>	<b>248</b>	<b>-33.1%</b>
Sales profit margin %	-8.6%	-11.6%	3.0pp	5.7%	6.6%	-0.9pp
<b>Sightseeing tours by plane</b>						
Sales	531	397	33.8%	1,564	1,590	-1.6%
Cost of sales	(423)	(106)	299.1%	(1,232)	(1,104)	11.6%
<b>Gross profit</b>	<b>108</b>	<b>291</b>	<b>-62.9%</b>	<b>332</b>	<b>486</b>	<b>-31.7%</b>
Gross profit margin %	20.3%	73.3%	-53.0pp	21.2%	30.6%	-9.3pp
Sales commission expenses	(30)	(29)	3.4%	(86)	(91)	-5.5%
<b>Sales profit for segment</b>	<b>78</b>	<b>262</b>	<b>-70.2%</b>	<b>246</b>	<b>395</b>	<b>-37.7%</b>
Sales profit margin %	14.7%	66.0%	-51.3pp	15.7%	24.8%	-9.1pp
<b>Other products</b>						
Sales	5,438	4,259	27.7%	19,533	15,205	28.5%
Cost of sales	(5,107)	(4,956)	3.0%	(19,047)	(15,142)	25.8%
<b>Gross profit</b>	<b>331</b>	<b>-697</b>	<b>-147.5%</b>	<b>486</b>	<b>63</b>	<b>671.4%</b>
Gross profit margin %	6.1%	-16.4%	22.5pp	2.5%	0.4%	2.1pp
Sales commission expenses	-	-	-	-	-	-
<b>Sales profit for segment</b>	<b>331</b>	<b>-697</b>	<b>-147.5%</b>	<b>486</b>	<b>63</b>	<b>671.4%</b>
Sales profit margin %	6.1%	-16.4%	22.5pp	2.5%	0.4%	2.1pp

Sales of flight package tours accounted for the largest part of sales and profits. Sightseeing tours by coach and by plane remained small products, while sales of other activities increased significantly but with limited impact on the overall profit.

## Geographic and other sales split information

As previously, in 2018 the company's activities included tour organization and the distribution of tours through diversified and complementary distribution channels: a retail network of travel agencies and own retail channels (own travel agencies, e-commerce sales, tickets only sales through the Global Distribution System (GDS)). The company works with over 400 travel agencies, including all of the major agencies in the Baltics and more than 60 in Belarus. E-commerce sales are via company websites. During 2018, the company's websites were visited by 3.87 million unique visitors, which is 24% more than the 3.12 million unique visitors in 2017.

The group sells flight tickets for its own organized charter flights via GDS, which means that Novaturas' charter tickets are available worldwide – to travel agents and to passengers directly via web portals for airline tickets.

The breakdown of revenue by distribution channels was as follows:

	Q4 2018	Q4 2017	Change	12M 2018	12M 2017	Change
Travel agencies	74.7%	72.7%	+2.0 pp	72.7%	70.9%	+1.8 pp
Own retail	11.5%	12.5%	-1.0 pp	11.4%	13.1%	-1.7 pp
Web sales	12.4%	13.5%	-1.1 pp	14.1%	14.2%	-0.1 pp
GDS	1.4%	1.3%	+0.1 pp	1.8%	1.8%	-
<b>Total</b>	<b>100%</b>	<b>100%</b>		<b>100%</b>	<b>100%</b>	

The strongest growth so far this year was on the Belarusian market (shown under 'Other'). Passenger growth for all major source markets remained very strong both for the full 2018 year. Market strength was mainly influenced by people's increasing disposable income. The company's rate of passenger growth is like that in the overall market.

Passenger sales of the group by source market were as follows (in thousands of passengers):

	Q4 2018	Q4 2017	Change	12M 2018	12M 2017	Change
Lithuania	32.5	26.3	+23.4%	164.4	126.4	+30.1%
Latvia	11.5	9.7	+19.2%	57.8	44.3	+30.6%
Estonia	17.9	12.9	+38.7%	80.9	61.6	+31.3%
Other	0.2	0.1	+58.0%	2.5	1.2	+101.5%
<b>Total</b>	<b>62.1</b>	<b>49.0</b>	<b>+26.7%</b>	<b>305.6</b>	<b>233.5</b>	<b>+30.9%</b>

The company's main product is flight package tours, which was also the fastest growing segment. The group's passenger sales by product category were as follows (in thousands of passengers):

	Q4 2018	Q4 2017	Change	12M 2018	12M 2017	Change
Flight package tours	52.6	40.6	+29.5%	252.9	185.5	+36.4%
Sightseeing tours by coach	1.2	1.1	+13.2%	8.8	11.8	-25.3%
Sightseeing tours by plane	0.5	0.5	-1.1%	1.5	1.6	-5.3%
Other products (separate flight and hotel services)	7.8	6.8	+14.1%	42.4	34.6	+22.3%
<b>Total</b>	<b>62.1</b>	<b>49.0</b>	<b>+26.7%</b>	<b>305.6</b>	<b>233.5</b>	<b>+30.3%</b>

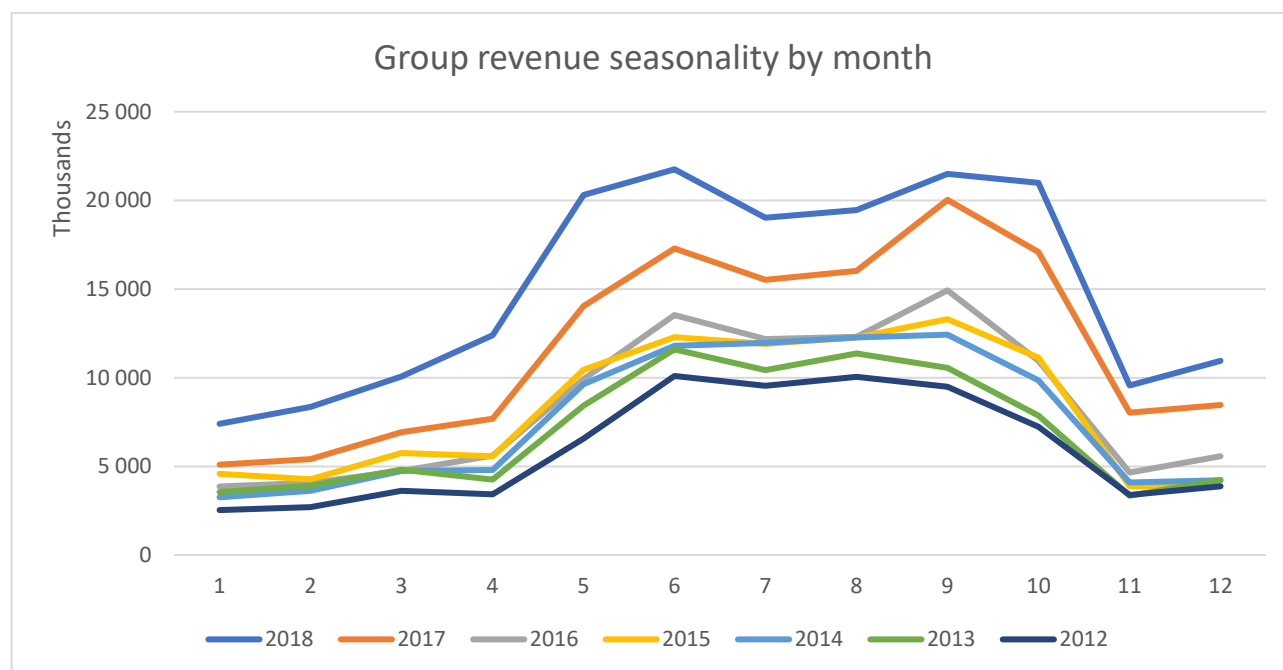


The shares of Turkey and Egypt in the destination mix increased as political uncertainty in those countries decreased. Turkey remains the most popular summer destination in the company's source markets, as does Egypt as a winter destination. The other destinations with the highest demand are Greece, Bulgaria and Spain. Long-haul destinations are becoming more important each year as the number of destinations offered by company increases and growth of demand remains strong. "Other destinations", which comprise a significant part of the company's portfolio, meet the demand of frequent travelers for new destinations each season.

The breakdown of group package travel revenue by destinations is as follows:

	Q4 2018	Q4 2017	Change	12M 2018	12M 2017	Change
Turkey	25.7%	24.4%	+1.3 pp	36.0%	30.8%	+5.2 pp
Greece	8.0%	9.1%	-1.1 pp	15.3%	19.1%	-3.8 pp
Egypt	38.8%	33.5%	+5.3 pp	18.2%	14.7%	+3.5 pp
Bulgaria	-	-	-	7.6%	10.3%	-2.7 pp
Spain (including Canary Islands)	12.5%	20.0%	-7.5 pp	8.4%	12.2%	-3.8 pp
Skiing	-	0.4%	-0.4 pp	1.8%	2.2%	-0.4 pp
Long-haul	4.3%	5.6%	-1.3 pp	3.0%	3.0%	-
Other destinations	10.7%	7.0%	+3.7 pp	9.7%	7.7%	+2.0 pp
<b>Total</b>	<b>100%</b>	<b>100%</b>		<b>100%</b>	<b>100%</b>	

Group monthly revenue seasonality was as follows:



## Information about the Supervisory Council and the Board

According to the company's Articles of Association, the Supervisory Council is comprised of five members elected for a term of three years. Two independent members were elected to the Supervisory Council at the General Shareholders Meeting held on 7 May 2018.

The company's Board is comprised of four members elected for a term of three years. The Chairman of the Board is elected by the Board from among its members. The Board also appoints the CEO after receiving prior approval from the Supervisory Council. Currently, the positions of Chairman of the Board and CEO are held by the same person – Linas Aldonis.

Information about the Supervisory Council as of 31 December 2018:

Name	Position on the Council	Legal entity and position	Number of shares held in the Company	Start of term
Sebastian Janusz Król	Chairman of the Supervisory Council	Danwood S.A.; Danwood Holdings sp. z o.o.; Janton S.A. – Chairman of the Supervisory Council; Zevin Investments Sp. z o.o.; Daphnee Investments Sp. z o.o. – Member of the Management Board; Enterprise Investors Sp zo.o. – Vice President; Stowarzyszenie Lipków –Eko – President; Warszawsko-Mazowiecki Związek Jeździecki – Member of the Supervisory Council Anwim S.A. – Member of the Supervisory Board	No direct ownership, represents shareholder that owns 3,700,874 shares	2018-02-09
Ugnius Radvila	Member of the Supervisory Council, Member of the Remuneration Committee	-	740,702	2018-02-09
Vidas Paliūnas	Member of the Supervisory Council, Chairman of the Remuneration Committee, Member of the Audit Committee	Business Center 32, UAB; – Member of the Management Board	535,278	2018-02-09
Franz Leitner	Member of the Supervisory Council, Member of the Audit Committee (independent)	Leitner-Consulting – Managing Director; Sportscon Ltd. – Managing Partner	-	2018-05-07
Piotr Nowjalis	Member of the Supervisory Council, Member of the Remuneration Committee, Chairman of the Audit Committee (independent)	CCC S.A. – Member of the Supervisory Board; Dino Polska S.A. – Member of the Supervisory Board; Synektik S.A. – Member of the Supervisory Board	-	2018-05-07

Information about the Board as of 31 December 2018:

<b>Name</b>	<b>Position within the Company</b>	<b>Number of shares held in the Company</b>	<b>Start of term</b>
Linas Aldonis	Chairman of the Board, CEO	117,480	2018-02-09
Tomas Staškūnas	Member of the Board, CFO	58,192	2018-02-09
Birutė Čepanskienė	Member of the Board, Production Director	-	2018-02-09
Audronė Keinytė	Member of the Board, Purchasing Director	-	2018-02-09

## Share capital and shareholders

The company's share capital is EUR 234,210. It consists of 7,807,000 ordinary registered shares with a nominal value of EUR 0.03. The number of shares of the company that grant votes in the General Meeting of Shareholders is 7,807,000.

The ordinary registered shares of AB Novaturas (ISIN code LT0000131872) are listed on the Official List of the Nasdaq Vilnius Stock Exchange (symbol NTU1L) and on the Warsaw Stock Exchange (symbol NTU, ISIN code LT0000131872).

Information about trading in AB Novaturas shares from 21 March 2018 to 31 December 2018 on the Nasdaq Vilnius exchange in Lithuania:

	Currency	Opening price	Maximum price	Lowest price	Closing price	Average price	Volume (quantity)	Volume (EUR)
Q1 2018	EUR	11.00	12.40	10.56	10.85	11.38	17,830	202,845
Q2 2018	EUR	10.85	11.37	10.67	11.20	11.01	183,160	2,016,183
Q3 2018	EUR	11.25	12.78	11.05	11.05	11.76	57,065	671,148
Q4 2018	EUR	11.20	11.23	7.90	8.00	8.94	111 267	994 816
<b>Year 2018</b>	<b>EUR</b>	<b>11.00</b>	<b>12.78</b>	<b>7.90</b>	<b>8.00</b>	<b>10.52</b>	<b>369 322</b>	<b>3 884 992</b>

As of 31 December 2018, the company's market capitalization was EUR 62.45 million and decreased by 27.60% in the fourth quarter.

Information about trading in AB Novaturas shares from 21 March 2018 to 31 December 2018 on the "GPW main market" at the Warsaw Stock Exchange in Poland:

	Currency	Opening price	Maximum price	Lowest price	Closing price	Average price	Volume (quantity)	Volume (PLN)
Q1 2018	PLN	44.13	47.24	41.15	43.95	45.10	24,951	1,125,190
Q2 2018	PLN	43.90	48.00	42.60	48.00	44.71	150,462	6,726,570
Q3 2018	PLN	48.00	56.00	44.20	47.30	48.71	48,202	2,348,140
Q4 2018	PLN	47.30	48.30	32.39	33.20	36.98	39,843	1,473,410
<b>Year 2018</b>	<b>PLN</b>	<b>44.13</b>	<b>56.00</b>	<b>32.39</b>	<b>33.20</b>	<b>44.31</b>	<b>263,458</b>	<b>11,673,310</b>

As of 31 December 2018, the Company's market capitalization was PLN 259.19 million and, calculated in PLN, decreased by 29.81% during the fourth quarter.

The following shareholders held at least 5% of share capital and votes as of 31 December 2018:

Name of the shareholder	Number of shares	Share of the share capital
Central European Tour Operator S.a.r.l.	3,700,874	47.40%
Ugnius Radvila	740,702	9.49%
Rytis Šūmakaris	535,278	6.86%
Vidas Paliūnas	535,278	6.86%
Others	2,294,868	29.39%
<b>Total</b>	<b>7,807,000</b>	<b>100.00%</b>

On 28 September 2018, the General Meeting of Shareholders approved the distribution of a dividend equal to EUR 0.52 per one ordinary share.

## Consolidated statements of comprehensive income

(Unless otherwise indicated, amounts are in thousands of EUR)

	Q4 2018	Q4 2017	Change	12M 2018	12M 2017	Change
Sales	41,542	33,169	+25.2%	181,782	141,147	+28.8%
Cost of sales	(35,607)	(26,495)	+34.4%	(155,543)	(114,345)	+36.0%
<b>Gross profit</b>	<b>5,935</b>	<b>6,674</b>	<b>-11.1%</b>	<b>26,239</b>	<b>26,802</b>	<b>-2.1%</b>
Operating expenses	(5,407)	(5,188)	+4.2%	(18,542)	(16,473)	+12.6%
Other operating income	-	1	-100.0%	14	1	1300.0%
Other operating expenses	-	(22)	-100.0%	(2)	(29)	-93.1%
<b>Profit from operations</b>	<b>528</b>	<b>1,465</b>	<b>-64.0%</b>	<b>7,709</b>	<b>10,301</b>	<b>-25.2%</b>
Finance income	769	203	+278.8%	775	564	+37.4%
Finance expenses	(1,419)	(899)	+57.8%	(1,877)	(1,730)	+8.5%
<b>Profit before tax</b>	<b>(122)</b>	<b>769</b>	<b>-115.9%</b>	<b>6,607</b>	<b>9,135</b>	<b>-27.7%</b>
Income tax expense	(113)	(166)	-31.9%	(1,186)	(984)	+20.5%
<b>Net profit</b>	<b>(235)</b>	<b>603</b>	<b>-139.0%</b>	<b>5,421</b>	<b>8,151</b>	<b>-33.5%</b>
Other comprehensive income to be reclassified to profit or loss in subsequent periods						
Result of changes in cash flow hedge reserve	(2,818)	255	-1205.1%	(2,160)	218	-1090.8%
Impact of income tax	423	(39)	-1184.6%	324	(33)	-1081.8%
<b>Total comprehensive income for the year</b>	<b>(2,630)</b>	<b>819</b>	<b>-421.1%</b>	<b>3,585</b>	<b>8,336</b>	<b>-57.0%</b>
Earnings per share (EUR)	(0.03)	0.08	-0.11	0.69	1.04	-0.35

## Consolidated statements of financial position

(Unless otherwise indicated, amounts are in thousands of EUR)

	31 December 2018	31 December 2017
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	30,327	30,327
Other intangible assets	427	448
Property, plant and equipment	292	297
Long-term receivables	65	56
Deferred income tax asset	6	6
<b>Total non-current assets</b>	<b>31,117</b>	<b>31,134</b>
<b>Current assets</b>		
Inventories	3	1
Prepayments and deferred expenses	8,166	5,940
Trade accounts receivable	786	522
Prepaid income tax	231	101
Other receivables	1,587	2,202
Other current financial assets	200	569
Cash and cash equivalents	4,702	9,984
<b>Total current assets</b>	<b>15,675</b>	<b>19,319</b>
<b>Total assets</b>	<b>46,792</b>	<b>50,453</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	234	226
Cash flow hedge reserve	(1,351)	484
Legal reserve	29	29
Foreign currency translation reserve	145	145
Retained earnings	15,140	13,785
<b>Equity attributable to equity holders of the parent</b>	<b>14,197</b>	<b>14,669</b>
<b>Liabilities</b>		
Non-current borrowings	6,000	-
Deferred income tax liabilities	2,767	2,606
<b>Total non-current liabilities</b>	<b>8,767</b>	<b>2,606</b>
<b>Current liabilities</b>		
Current portion of non-current borrowings	2,000	14,000
Trade payables	3,917	3,882
Advances received	14,236	12,102
Income tax payable	68	296
Other current liabilities and accrued expenses	3,607	2,898
<b>Total current liabilities</b>	<b>23,828</b>	<b>33,178</b>
<b>Total equity and liabilities</b>	<b>46,792</b>	<b>50,453</b>

## Consolidated statements of changes in equity

(Unless otherwise indicated, amounts are in thousands of EUR)

	Share capital	Legal reserve	Cash flow hedge reserve	Retained earnings	Foreign currency translation reserve	Equity attributable to equity holders
<b>Balance as of 31 December 2016</b>	<b>226</b>	<b>29</b>	<b>299</b>	<b>15,134</b>	<b>145</b>	<b>15,833</b>
Net profit for the year	-	-	-	8,151	-	8,151
Other comprehensive income	-	-	185	-	-	185
Dividends approved	-	-	-	(9,500)	-	(9,500)
<b>Balance as of 31 December 2017</b>	<b>226</b>	<b>29</b>	<b>484</b>	<b>13,785</b>	<b>145</b>	<b>14,669</b>
Increase of share capital from own funds	8	-	-	(8)	-	-
Net profit for the year	-	-	-	5,421	-	5,421
Other comprehensive income	-	-	(1,835)	-	-	(1,835)
Dividends approved	-	-	-	(4,058)	-	(4,058)
<b>Balance as of 31 December 2018</b>	<b>234</b>	<b>29</b>	<b>(1,351)</b>	<b>15,140</b>	<b>145</b>	<b>14,197</b>

## Consolidated statements of cash flow

(Unless otherwise indicated, amounts are in thousands of EUR)

	12M 2018	12M 2017
<b>Cash flows from (to) operating activities</b>		
Net profit	5,421	8,151
Depreciation and amortization	264	310
Allowance for doubtful receivables and prepayments made, provisions	273	-
Change in deferred income tax	161	568
Current income tax expenses	715	431
Elimination of financial, investment and other non-cash activity results	(1,351)	747
	<b>5,483</b>	<b>10,207</b>
<b>Changes in working capital:</b>		
Decrease in inventories	(2)	-
(Increase) decrease in trade receivables	(264)	(89)
(Increase) decrease in other receivables	984	136
(Increase) decrease in prepayments and deferred expenses	(2,235)	(2,906)
Increase (decrease) in trade payables	35	752
Increase in advances received	2,134	4,114
Income tax paid	(1,413)	(141)
Increase (decrease) in other accounts payable and accrued expenses	781	1,616
<b>Net cash flows from operating activities</b>	<b>5,502</b>	<b>13,689</b>
<b>Cash flows from (to) investing activities</b>		
(Acquisition) of non-current assets (except investments)	(239)	(290)
Proceeds from sale of non-current assets (except investments)	-	5
<b>Net cash flows (to) investing activities</b>	<b>(239)</b>	<b>(285)</b>
<b>Cash flows from financing activities</b>		
(Repayment) of loans	(6,000)	-
Interest (paid)	(488)	(566)
Dividends (paid)	(4,058)	(9,500)
<b>Net cash flows (to) financing activities</b>	<b>(10,546)</b>	<b>(10,066)</b>
<b>Net increase (decrease) in cash flows</b>	<b>(5,282)</b>	<b>3,338</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>9,984</b>	<b>6,646</b>
<b>Cash and cash equivalents at the end the year</b>	<b>4,702</b>	<b>9,984</b>



## Notes to the financial statements

(Unless otherwise indicated, amounts in tables are in thousands of EUR)

### Information about subsidiaries

Novaturas Group is a holding structure and AB Novaturas is the parent company which conducts operations directly and through subsidiaries in their respective markets of Lithuania, Latvia and Estonia.

Company	Country of operations	Share of the capital held as of 31 December 2018
Novatours SIA	Latvia	100%
Novatours OÜ	Estonia	100%
Aviaturas ir Partneriai UAB	Lithuania	100%
SRL Novatours Holidays*	Romania	100%

\* The activities of the subsidiary in Romania were suspended in 2009 and have not been renewed since that time.

### Operating expenses

	Q4 2018	Q4 2017	Change	12M 2018	12M 2017	Change
Commissions	2,234	1,848	+20.9%	9,474	7,541	+25.6%
Salaries and related taxes	1,523	1,698	-10.3%	4,709	4,528	+4.0%
Advertising and marketing expenses	320	265	+20.8%	1,230	982	+25.3%
Rent and maintenance expenses	87	74	+17.6%	328	304	+7.9%
Depreciation and amortization	74	70	+5.7%	266	310	-14.2%
Business trips expenses	43	57	-24.6%	152	178	-14.6%
Communication expenses	22	25	-12.0%	91	93	-2.2%
Consulting expenses	166	278	-40.3%	558	364	+53.3%
Transportation expenses	23	26	-11.5%	102	126	-19.0%
Representation expenses	71	53	+34.0%	166	124	+33.9%
Bad debt expenses	407	-	-%	416	-	-%
Training expenses	8	2	+300.0%	21	14	+50.0%
Other	429	792	-45.8%	1,029	1,909	-46.1%
<b>Total:</b>	<b>5,407</b>	<b>5,188</b>	<b>+4.2%</b>	<b>18,542</b>	<b>16,473</b>	<b>+12.6%</b>

During 2018, the company incurred one-off expenses related to its IPO (EUR 295,000), legal costs (EUR 165,000, of which EUR 31,000 during the fourth quarter) and Small Planet Airlines related write-offs (EUR 406,000). Total one-off expenses amounted to EUR 887,000. These costs are reflected in the consulting, bad debt and other expenses lines.

In the 2017, the company recognised losses in the amount of EUR 639,000 related to fraud at a subsidiary company (from which EUR 80,000 in the fourth quarter). The amount is reported in the line "Other".

### Hedging

The company operates as a tour operator. Due to its business specifics, the company is exposed to the risk of fluctuation in the price of aviation fuel and the EUR/USD foreign exchange rate. The company hedges against changes in aviation fuel prices (which affect fuel costs) and against changes in the EUR/USD exchange rate (which affects fuel and hotel costs) for the entire period of early bookings for upcoming summer and winter seasons, using forward and futures contracts. When derivative positions are closed on a monthly basis, the result is accounted for in the comprehensive income report.

The tables below present the results of closed hedging contracts and still-held hedging contracts at period-end market value (in thousands of EUR):

	Q4 2018	Q4 2017	Change	12M 2018	12M 2017	Change
Result of closed hedging contracts already reflected in the statement of comprehensive income for the period	508	(19)	+527	1,838	(203)	+2,041
	<b>31 December 2018</b>		<b>31 December 2017</b>			
Market value of existing hedges at the end of the period	(1,590)		569			

## Borrowings

The loans granted to the company are shown in the table below:

Long-term borrowings	31 December 2018	31 December 2017
AB Luminor Bank loan, annual interest rate of 3-month EURIBOR + 3.5%	8,000	14,000
Current portion of non-current borrowings	(2,000)	(14,000)
Total non-current borrowings	6,000	-

As of 31 December 2018, the company had no current borrowings.

Off-balance sheet commitments:

Bank guarantee	Total Limit at 31 December 2018	Used limit at 31 December 2018
AB Luminor Bank guarantee agreement, annual interest rate of 3-month EURIBOR + 1.7%	10,000	5,000

Bank guarantees are used to ensure the travel organizer's obligations in Lithuania, Latvia and Estonia.

## Related party transactions

During the twelve-month period ended 31 December 2018, total payments of EUR 58,000 (of which EUR 21,000 during the fourth quarter) were made to Supervisory Council members. No related party payments were made in the twelve-month period ended 31 December 2017.

## Management confirmation of the consolidated financial statements

In accordance with Article 22 of the Law on Securities of the Republic of Lithuania and the Rules on Information Disclosure of the Bank of Lithuania, we, Audronė Keinytė, the CEO of AB Novaturas, and Tomas Staškūnas, the CFO of AB Novaturas, hereby confirm that, to the best of our knowledge, the unaudited interim consolidated financial statements for AB Novaturas for the twelve-month period ended 31 December 2018, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the consolidated group's assets, liabilities, financial position, profit or loss, and cash flows.

Audronė Keinytė  
CEO

Tomas Staškūnas  
CFO