



**AB NOVATURAS**

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**for the nine-month period ended 30 September 2018**

**(unaudited)**

Beginning of reporting period	1 January 2018
End of reporting period	30 September 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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Abbreviation “pp” used in the report means percentage points.

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## Management report

### 2018 nine-month highlights:

- Novaturas's turnover was EUR 140.2 mln, or 30% more than in the same period of 2017.
- Gross profit amounted to EUR 20.3 mln and was 1% higher than in the same period of 2017.
- Operating expenses totaled EUR 13.1 mln, or 16% more than in the same period of 2017. Excluding the impact of commissions and one-time expenses, operating costs increased by 9% from the same period a year earlier.
- EBITDA amounted to EUR 7.4 mln and was 20% smaller than in the same period of 2017.
- The effective tax rate was 15.9%, compared to 9.8% in the same period of 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 5.7 mln, which is 25% less than in the same period of 2017.
- The company served 243,573 clients, 32% more than in the same period of 2017.

### 2018 third-quarter highlights:

- Novaturas's turnover was EUR 60.0 mln, or 16% more than in the same period of 2017.
- Gross profit amounted to EUR 6.2 mln and was 36% lower than in the same period of 2017.
- Operating expenses totaled EUR 4.8 mln, 6% less than in the same period of 2017. Excluding the impact of commissions and one-time expenses, operating costs decreased by 3% from the same period a year earlier.
- EBITDA amounted to EUR 1.5 mln and was 69% smaller than in the same period of 2017.
- Novaturas had a net profit of EUR 1.3 mln, which is 69% less than in the same period of 2017.
- The company served 109,110 clients, 21% more than in the same period of 2017.

### Management comment:

The company served 243,573 clients in nine-month period of 2018 which was 21% more than compared to same period of 2017. After very strong profitability in the first half of the year third quarter profitability was weaker compared to 2017 year's third quarter. Slower profit growth during summer months was influenced by abnormally hot and dry weather in all three Baltic countries. Hot weather lasted through June, July and August. Hot weather decreased demand for outbound travelling which influenced last minute prices – we had to reduce prices and profitability trying to stipulate demand.

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 upcoming winter season we have 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 106%. We do not fly from Belarus, but rather sell our Lithuanian products through Belarusian agencies. The Lithuanian source market grew 32%, while the Latvian market grew by 34% and the Estonian market was up 29% compared to last year.

Passenger growth was strongest for flight package tours, at 33%, 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 also via the GDS channel, reaching very diverse types of travelers.

Travel agencies' share in our sales increased by 1.8 percentage points to 72.1%. Rather than focusing on our own retail share (which decreased by 1.9 percentage points to 11.4%), we have mainly focused on growing web sales. Web sales' share of revenue rose by 0.2 percentage points during reported period to 14.6%, while that of GDS sales remained very similar at 1.9%. 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 0.6% of sales, similar to last year's level of 0.7%. Salaries and related items increased by 13% over the same period last year. Excluding the impact of commissions and

one-off expenditures, operating expenses increased by 9% versus the same period last year. One-time expenses, incurred mainly in the IPO, amounted to EUR 429,000. Including one-time costs, operating costs less commissions paid rose by 5%. Total costs, including commissions, grew by 16%. Commission expenses remained stable at 5.2% of sales, compared to 5.3% in the same period last year.

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

“Other current financial assets” mainly consist of restricted cash (EUR 2.4 mln), which is used to issue guarantees covering prepayments received from customers, as required by the law in each country of operations. The remaining amount of other financial assets is mainly the market value of open hedge contracts.

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 1.25 mln 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

Financial ratios*	Q3 2018	Q3 2017	Change	9M 2018	9M 2017	Change
Revenue	60,001	51,784	+15.9%	140,240	107,978	+29.9%
Gross profit	6,191	9,736	-36.4%	20,304	20,128	+0.9%
EBITDA	1,498	4,849	-69.1%	7,373	9,183	-19.7%
Operating profit (EBIT)	1,440	4,668	-69.2%	7,181	8,836	-18.7%
Profit before taxes	1,312	4,480	-70.7%	6,729	8,366	-19.6%
Net profit	1,254	4,010	-68.7%	5,656	7,548	-25.1%

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

Relative indicators	Q3 2018	Q3 2017	Change	9M 2018	9M 2017	Change
Number of shares	7,807,000	7,807,000	-	7,807,000	7,807,000	-
Profit per share (EUR)	0.16	0.51	-0.35	0.72	0.97	-0.25
Gross profit margin (%)	10.3%	18.8%	-8.5 pp	14.5%	18.6%	-4.1 pp
EBITDA margin (%)	2.5%	9.4%	-6.9 pp	5.3%	8.5%	-3.2 pp
Operating profit (EBIT) margin (%)	2.4%	9.0%	-6.6 pp	5.1%	8.2%	-3.1 pp
Profit before taxes margin (%)	2.2%	8.7%	-6.5 pp	4.8%	7.7%	-2.9 pp
Net profit margin (%)	2.1%	7.7%	-5.6 pp	4.0%	7.0%	-3.0 pp
Return on assets (ROA) (%)	2.0%	6.6%	-4.6 pp	9.6%	13.6%	-4.0 pp
Debt to equity ratio (%)	41.9%	76.4%	-34.5 pp	41.9%	76.4%	-34.5 pp
Equity ratio (%)	32.7%	30.2%	+2.5 pp	32.7%	30.2%	+2.5 pp
Effective tax rate (%)	4.4%	10.5%	-6.1 pp	15.9%	9.8%	+6.1 pp
Current ratio	1.03	0.97	+0.06	1.03	0.97	+0.06

## 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.)

	Q3 2018	Q3 2017	Change	9M 2018	9M 2017	Change
<b>Flight package tours</b>						
Sales	52,879	44,322	19.3%	122,517	92,364	32.6%
Cost of sales	(46,779)	(35,451)	32.0%	(102,907)	(73,646)	39.7%
<b>Gross profit</b>	<b>6,100</b>	<b>8,871</b>	<b>-31.2%</b>	<b>19,610</b>	<b>18,718</b>	<b>4.8%</b>
Gross profit margin %	11.5%	20.0%	-8.5 pp	16.0%	20.3%	-4.3 pp
Sales commission expenses	(2,957)	(2,649)	11.6%	(7,064)	(5,460)	29.4%
<b>Sales profit for segment</b>	<b>3,143</b>	<b>6,222</b>	<b>-49.5%</b>	<b>12,546</b>	<b>13,258</b>	<b>-5.4%</b>
Sales profit margin %	5.9%	14.0%	-8.1 pp	10.2%	14.4%	-4.2 pp
<b>Sightseeing tours by coach</b>						
Sales	1,304	1,890	-31.0%	2,595	3,475	-25.3%
Cost of sales	(1,110)	(1,577)	-29.6%	(2,280)	(3,020)	-24.5%
<b>Gross profit</b>	<b>194</b>	<b>313</b>	<b>-38.0%</b>	<b>315</b>	<b>455</b>	<b>-30.8%</b>
Gross profit margin %	14.9%	16.6%	-1.7 pp	12.1%	13.1%	-1.0 pp
Sales commission expenses	(69)	(96)	-28.1%	(120)	(171)	-29.8%
<b>Sales profit for segment</b>	<b>125</b>	<b>217</b>	<b>-42.4%</b>	<b>195</b>	<b>284</b>	<b>-31.3%</b>
Sales profit margin %	9.6%	11.5%	-1.9 pp	7.5%	8.2%	-0.7 pp
<b>Sightseeing tours by plane</b>						
Sales	282	501	-43.7%	1,033	1,193	-13.4%
Cost of sales	(209)	(426)	-50.9%	(809)	(998)	-18.9%
<b>Gross profit</b>	<b>73</b>	<b>75</b>	<b>-2.7%</b>	<b>224</b>	<b>195</b>	<b>14.9%</b>
Gross profit margin %	25.9%	15.0%	+10.9 pp	21.7%	16.3%	+5.3 pp
Sales commission expenses	(15)	(28)	-46.4%	(56)	(62)	-9.7%
<b>Sales profit for segment</b>	<b>58</b>	<b>47</b>	<b>23.4%</b>	<b>168</b>	<b>133</b>	<b>26.3%</b>
Sales profit margin %	20.6%	9.4%	+11.2 pp	16.3%	11.1%	+5.1 pp
<b>Other products</b>						
Sales	5,536	5,071	9.2%	14,095	10,946	28.8%
Cost of sales	(5,712)	(4,594)	24.3%	(13,940)	(10,186)	36.9%
<b>Gross profit</b>	<b>-176</b>	<b>477</b>	<b>-136.9%</b>	<b>155</b>	<b>760</b>	<b>-79.6%</b>
Gross profit margin %	-3.2%	9.4%	-12.6 pp	1.1%	6.9%	-5.8 pp
Sales commission expenses	-	-	-	-	-	-
<b>Sales profit for segment</b>	<b>-176</b>	<b>477</b>	<b>-136.9%</b>	<b>155</b>	<b>760</b>	<b>-79.6%</b>
Sales profit margin %	-3.2%	9.4%	-12.6 pp	1.1%	6.9%	-5.8 pp

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 nine-month of 2018, the company's websites were visited by 3.26 million unique visitors, which is 24% more than the 2.64 million unique visitors in the same period of 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 also to passengers directly via web portals for airline tickets.

The breakdown of revenue by distribution channels was as follows:

	Q3 2018	Q3 2017	Change	9M 2018	9M 2017	Change
Travel agencies	72.2%	69.7%	+2.5 pp	72.1%	70.3%	+1.8 pp
Own retail	10.7%	12.9%	-2.2 pp	11.4%	13.3%	-1.9 pp
Web sales	14.7%	14.9%	-0.2 pp	14.6%	14.4%	+0.2 pp
GDS	2.4%	2.5%	-0.1 pp	1.9%	2.0%	-0.1 pp
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>		<b>100.0%</b>	<b>100.0%</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 nine-month period. Market strength was mainly influenced by people's increasing disposable income. The company's rate of passenger growth is similar to that in the overall market.

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

	Q3 2018	Q3 2017	Change	9M 2018	9M 2017	Change
Lithuania	57.9	48.3	+19.9%	132.0	100.1	+31.8%
Latvia	21.6	17.3	+24.4%	46.3	34.6	+33.5%
Estonia	28.1	23.5	+19.9%	63.0	48.7	+29.3%
Other	1.5	0.7	+118.8%	2.3	1.1	+105.8%
<b>Total</b>	<b>109.1</b>	<b>89.8</b>	<b>+21.5%</b>	<b>243.6</b>	<b>184.5</b>	<b>+32.0%</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):

	Q3 2018	Q3 2017	Change	9M 2018	9M 2017	Change
Flight package tours	86.8	68.8	+26.2%	200.4	144.9	+38.3%
Sightseeing tours by coach	3.7	5.8	-35.3%	7.6	10.7	-29.1%
Sightseeing tours by plane	0.3	0.4	-28.5%	1.0	1.1	-7.3%
Other products (separate flight and hotel services)	18.3	14.8	+23.2%	34.6	27.8	+24.3%
<b>Total</b>	<b>109.1</b>	<b>89.8</b>	<b>+21.5%</b>	<b>243.6</b>	<b>184.5</b>	<b>+32.0%</b>

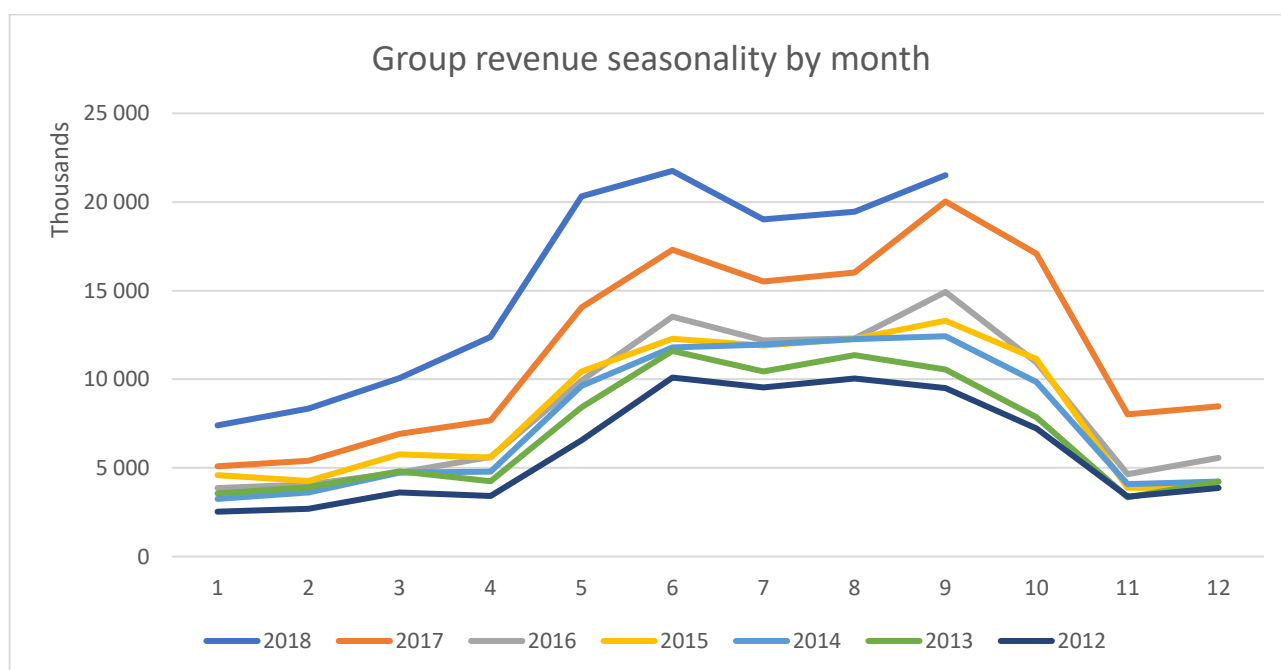
The shares of Turkey and Egypt in the destination mix increased as political uncertainty in those countries decreased. Turkey remains the most popular summer destination in the company's source markets, as does Egypt as a winter destination. The other destinations with the highest demand are Greece, 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:

	Q3 2018	Q3 2017	Change	9M 2018	9M 2017	Change
Turkey	45.5%	38.8%	+6.7 pp	38.9%	32.8%	+6.1 pp
Greece	23.7%	27.0%	-3.3 pp	17.3%	22.2%	-4.9 pp
Egypt	1.3%	1.5%	-0.2 pp	12.3%	9.0%	+3.3 pp
Bulgaria	16.2%	20.4%	-4.2 pp	9.8%	13.4%	-3.6 pp
Spain (including Canary Islands)	4.1%	6.2%	-2.1 pp	7.3%	9.7%	-2.4 pp
Skiing	-	-	-	2.3%	2.8%	-0.5 pp
Long-haul	-	0.3%	-0.3 pp	2.6%	2.3%	+0.3 pp
Other destinations	9.2%	5.8%	+3.4 pp	9.5%	7.8%	+1.7 pp
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>		<b>100.0%</b>	<b>100.0%</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 30 September 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 30 September 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 30 September 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

As of 30 September 2018, the company's market capitalization was EUR 86.27 million and decreased by 1.34% in the third quarter.

Information about trading in AB Novaturas shares from 21 March 2018 to 30 September 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	43.90	45.95	43.60	43.95	45.49	24,951	1,134,971
Q2 2018	PLN	43.95	48.00	42.60	48.00	44.96	150,462	6,765,241
Q3 2018	PLN	48.00	56.00	44.20	47.30	48.71	48,202	2,348,140

As of 30 September 2018, the Company's market capitalization was PLN 369.27 million and, calculated in PLN, decreased by 1.46% during the third quarter.

The following shareholders held at least 5% of share capital and votes as of 30 September 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)

	Q3 2018	Q3 2017	Change	9M 2018	9M 2017	Change
Sales	60,001	51,784	+15.9%	140,240	107,978	+29.9%
Cost of sales	(53,810)	(42,048)	+28.0%	(119,936)	(87,850)	+36.5%
<b>Gross profit</b>	<b>6,191</b>	<b>9,736</b>	<b>-36.4%</b>	<b>20,304</b>	<b>20,128</b>	<b>+0.9%</b>
Operating expenses	(4,751)	(5,066)	-6.2%	(13,135)	(11,285)	+16.4%
Other operating income	-	-	-	14	-	-
Other operating expenses	-	(2)	-100.0%	(2)	(7)	-71.4%
<b>Profit from operations</b>	<b>1,440</b>	<b>4,668</b>	<b>-69.2%</b>	<b>7,181</b>	<b>8,836</b>	<b>-18.7%</b>
Finance income	(310)	9	-3544.4%	6	361	-98.3%
Finance expenses	182	(197)	-192.4%	(458)	(831)	-44.9%
<b>Profit before tax</b>	<b>1,312</b>	<b>4,480</b>	<b>-70.7%</b>	<b>6,729</b>	<b>8,366</b>	<b>-19.6%</b>
Income tax expense	(58)	(470)	-87.7%	(1,073)	(818)	+31.2%
<b>Net profit</b>	<b>1,254</b>	<b>4,010</b>	<b>-68.7%</b>	<b>5,656</b>	<b>7,548</b>	<b>-25.1%</b>
Other comprehensive income to be reclassified to profit or loss in subsequent periods						
Result of changes in cash flow hedge reserve	(16)	898	-101.8%	658	(37)	-1878.4%
Impact of income tax	2	(134)	-101.5%	(99)	6	-1750.0%
<b>Total comprehensive income for the year</b>	<b>1,240</b>	<b>4,774</b>	<b>-74.0%</b>	<b>6,215</b>	<b>7,517</b>	<b>-17.32%</b>
Earnings per share (EUR)	0.16	0.51	-0.35	0.72	0.97	-0.25

## Consolidated statements of financial position

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

	30 September 2018	31 December 2017	30 September 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	30,327	30,327	30,327
Other intangible assets	449	448	410
Property, plant and equipment	301	297	310
Long-term receivables	37	56	59
Deferred income tax asset	6	6	5
<b>Total non-current assets</b>	<b>31,120</b>	<b>31,134</b>	<b>31,111</b>
<b>Current assets</b>			
Inventories	2	1	2
Prepayments and deferred expenses	6,413	5,940	5,416
Trade accounts receivable	883	522	1,089
Prepaid income tax	75	101	196
Other receivables	3,518	2,202	3,116
Other current financial assets	3,828	569	442
Cash and cash equivalents	18,031	9,984	19,413
<b>Total current assets</b>	<b>32,750</b>	<b>19,319</b>	<b>29,674</b>
<b>Total assets</b>	<b>63,870</b>	<b>50,453</b>	<b>60,785</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	234	226	226
Cash flow hedge reserve	1,044	484	(31)
Legal reserve	29	29	29
Foreign currency translation reserve	145	145	145
Retained earnings	19,433	13,785	17,967
<b>Equity attributable to equity holders of the parent</b>	<b>20,885</b>	<b>14,669</b>	<b>18,336</b>
<b>Liabilities</b>			
Non-current borrowings	8,000	-	9,263
Deferred income tax liabilities	3,115	2,606	2,665
<b>Total non-current liabilities</b>	<b>11,115</b>	<b>2,606</b>	<b>11,928</b>
<b>Current liabilities</b>			
Current portion of non-current borrowings	750	14,000	4,737
Trade payables	9,033	3,882	8,581
Advances received	19,690	12,102	15,619
Income tax payable	120	296	183
Other current liabilities and accrued expenses	2,277	2,898	1,401
<b>Total current liabilities</b>	<b>31,870</b>	<b>33,178</b>	<b>30,521</b>
<b>Total equity and liabilities</b>	<b>63,870</b>	<b>50,453</b>	<b>60,785</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	-	-	-	5,656	-	5,656
Other comprehensive income	-	-	560	-	-	560
Dividends approved	-	-	-	-	-	-
<b>Balance as of 30 September 2018</b>	<b>234</b>	<b>29</b>	<b>1,044</b>	<b>19,433</b>	<b>145</b>	<b>20,885</b>

## Consolidated statements of cash flow

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

	9M 2018	9M 2017
Cash flows from (to) operating activities		
Net profit	5,656	7,548
Depreciation and amortization	194	240
Allowance for doubtful receivables and prepayments made, provisions	(-36)	-
Change in deferred income tax	509	629
Current income tax expenses	678	183
Elimination of financial, investment and other non-cash activity results	959	176
<b>Changes in working capital:</b>	<b>7,960</b>	<b>8,776</b>
Decrease in inventories	(1)	-
(Increase) decrease in trade receivables	(361)	(656)
(Increase) decrease in other receivables	(4,575)	(651)
(Increase) decrease in prepayments and deferred expenses	(454)	(2,385)
Increase (decrease) in trade payables	5,151	5,451
Increase in advances received	7,588	7,631
Income tax paid	(880)	108
Increase (decrease) in other accounts payable and accrued expenses	(549)	119
<b>Net cash flows from operating activities</b>	<b>13,879</b>	<b>18,393</b>
<b>Cash flows from (to) investing activities</b>		
(Acquisition) of non-current assets (except investments)	(198)	(194)
Proceeds from sale of non-current assets (except investments)	-	-
Interest received	-	-
Collected loans	-	-
<b>Net cash flows (to) investing activities</b>	<b>(198)</b>	<b>(194)</b>
<b>Cash flows from financing activities</b>		
Loans received	-	-
(Repayment) of loans	(5,250)	-
Interest (paid)	(384)	(432)
Dividends (paid)	-	(5,000)
Acquisition of non-controlling interest	-	-
<b>Net cash flows (to) financing activities</b>	<b>(5,634)</b>	<b>(5,432)</b>
<b>Net increase (decrease) in cash flows</b>	<b>8,047</b>	<b>12,767</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 of 30 September 2018</b>	<b>18,031</b>	<b>19,413</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 30 September 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

	Q3 2018	Q3 2017	Change	9M 2018	9M 2017	Change
Commissions	3,041	2,773	+9.7%	7,240	5,693	+27.2%
Salaries and related taxes	1,088	957	+13.7%	3,186	2,830	+12.6%
Advertising and marketing expenses	265	243	+9.1%	910	717	+26.9%
Rent and maintenance expenses	79	73	+8.2%	241	230	+4.8%
Depreciation and amortization	58	74	-21.6%	192	240	-20.0%
Business trips expenses	35	63	-44.4%	109	121	-9.9%
Communication expenses	23	23	-	69	68	+1.5%
Consulting expenses	58	41	+41.5%	392	86	+355.8%
Transportation expenses	26	31	-16.1%	79	100	-21.0%
Representation expenses	40	22	+81.8%	95	71	+33.8%
Bad debt expenses	-	-		9	-	
Training expenses	2	3	-33.3%	13	12	+8.3%
Other	36	763	-95.5%	600	1,117	-46.5%
<b>Total:</b>	<b>4,751</b>	<b>5,066</b>	<b>-6.2%</b>	<b>13,135</b>	<b>11,285</b>	<b>+16.4%</b>

During 2018, the company incurred one-off expenses related to its IPO (EUR 295,000) and legal costs (EUR 134,000, of which EUR 29,000 during the third quarter). Total one-off expenses amounted to EUR 429,000. These costs are reflected in the consulting and other expenses lines.

In the third quarter of 2017, the company recognised losses in the amount of EUR 559,000 related to fraud at a subsidiary company. 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):

	Q3 2018	Q3 2017	Change	9M 2018	9M 2017	Change
Result of closed hedging contracts already reflected in the statement of comprehensive income for the period	616	(144)	+760	1,330	(184)	+1,514
	<b>30 September 2018</b>			<b>31 December 2017</b>		<b>30 September 2017</b>
Market value of existing hedges at the end of the period	1,228			569		(37)

## Borrowings

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

	30 September 2018	31 December 2017	30 September 2017
<b>Long-term borrowings</b>			
AB Luminor Bank loan, annual interest rate of 3-month EURIBOR + 3.5%	8,750	14,000	14,000
Current portion of non-current borrowings	(750)	-	-
Total non-current borrowings	8,000	14,000	14,000

As of 30 September 2018, the company had no current borrowings.

Off-balance sheet commitments:

	Total Limit at 30 September 2018	Used limit at 30 September 2018
<b>Bank guarantee</b>		
AB Luminor Bank guarantee agreement, annual interest rate of 3-month EURIBOR + 1.7%	10,000	6,000

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

## Related party transactions

During the nine-month period ended 30 September 2018, total payments of EUR 37,000 (of which EUR 21,000 during the third quarter) were made to Supervisory Council members. No related party payments were made in the nine-month period ended 30 September 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, Linas Aldonis, 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 nine-month period ended 30 September 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.

Linas Aldonis  
CEO

Tomas Staškūnas  
CFO