

Presentation of 6M 2020: financials affected by COVID-19

31 July 2020

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Key financials and COVID-19 update



EUR 23.5 m

6M 2020 Revenue
(EUR 83.3 m in 2019)



EUR -0.8 m

6M 2020 EBITDA
(EUR 1.7 m in 2019)



EUR -2.2 m

Q2 2020 Net loss
(EUR 0.4 m in 2019)

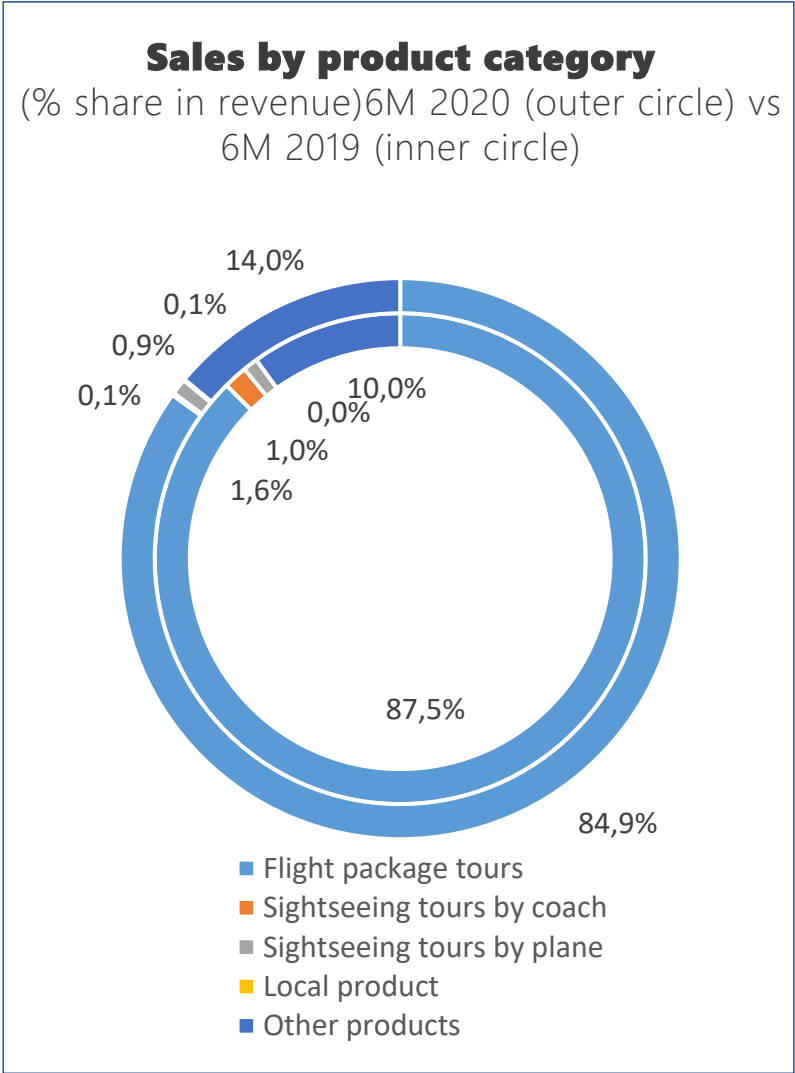
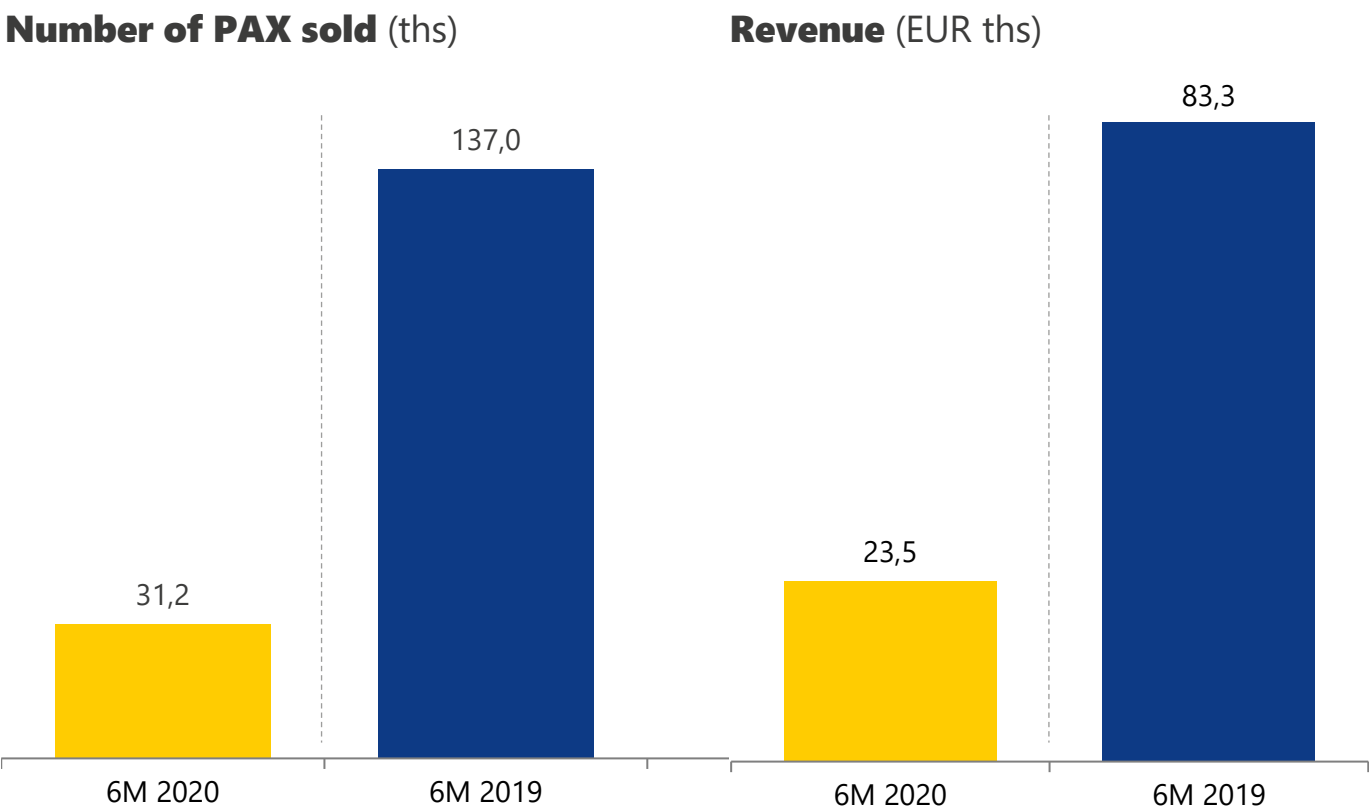
COVID-19 update

To manage the situation, we have already taken many actions and adopted to the new reality.

- ✓ Strict cost control, suspended investment projects;
 - ✓ Focused on operational efficiency;
- ✓ Negotiating with foreign partners and suppliers for more flexible pricing and review of existing commitments;
 - ✓ Launch local tourism services in all Baltic markets;
- ✓ Partially restarted operations as of 1st July to safe destinations.
Ready to launch more destinations once they are safe.
- ✓ Using state aid measures: state guaranteed liquidity loans (EUR 1 m in Latvia, EUR 5 m in Lithuania), EUR 60 ths subsidy in Estonia, salary compensation subsidies of EUR 135 ths.

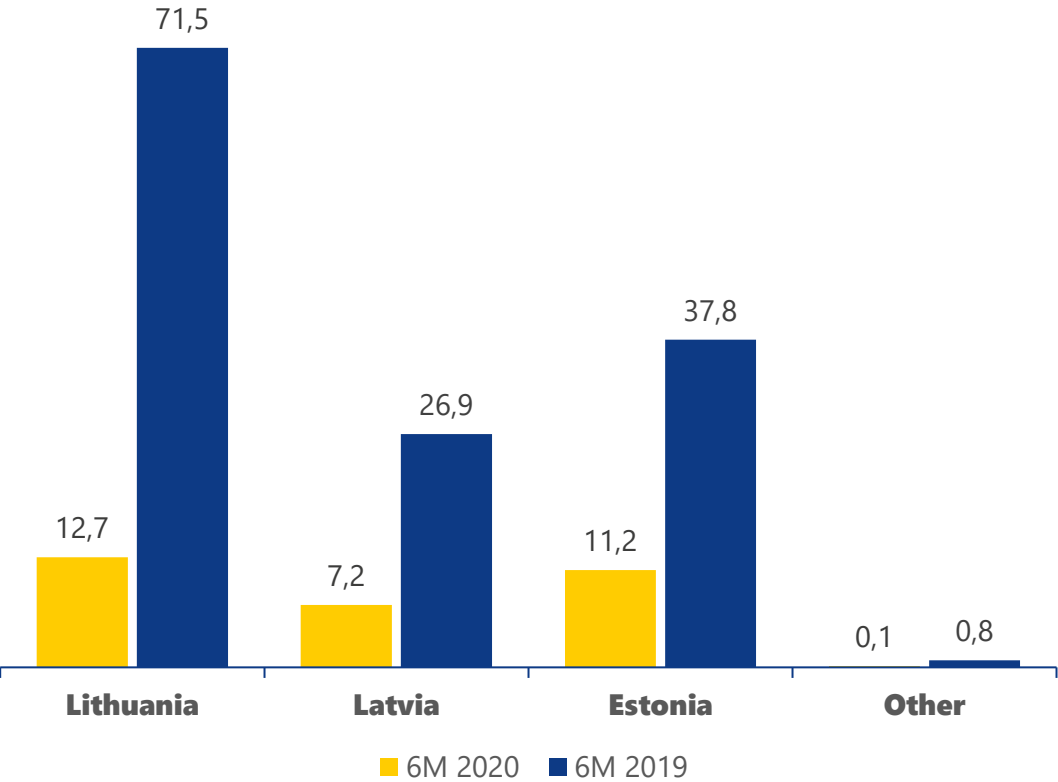
6M 2020 Revenues & seat supply

Together with the global tourism business we faced the crisis of COVID-19 which significantly negatively affected our revenue and seat supply in Q2 and will impact the rest of 2020.



6M 2020 Number of travellers

Number of PAX sold by country (ths)



During 6M 2020, total number of customers served by Novaturas Group decreased significantly due to the impact of COVID-19. However, after partial restart of operations as of 1st July, we observe the growing interest in travel in all Baltic countries.

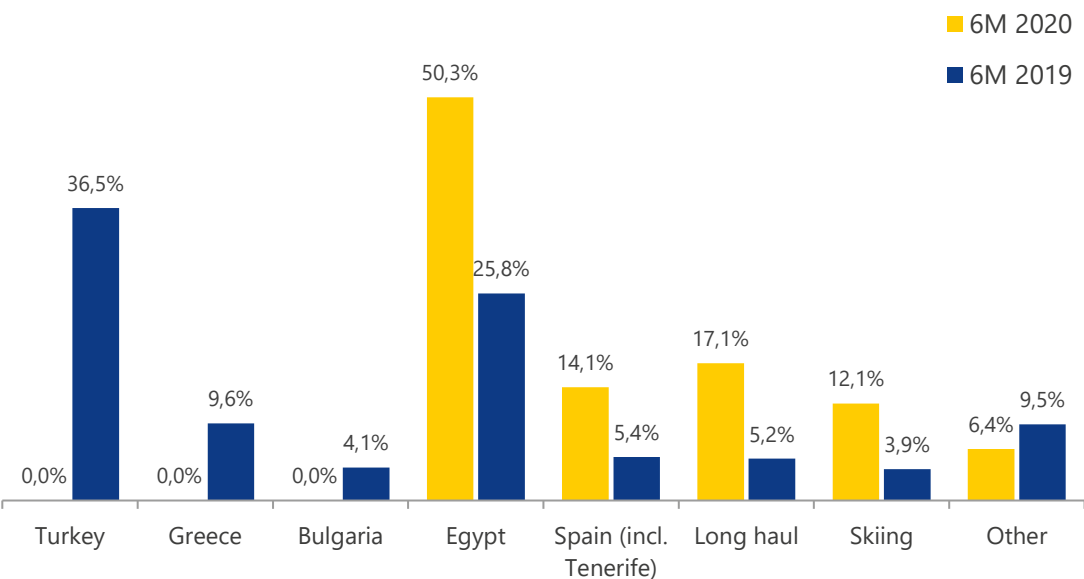


31.205 ths

total PAX served during 6M 2020
(137.036 ths during 6M 2019)

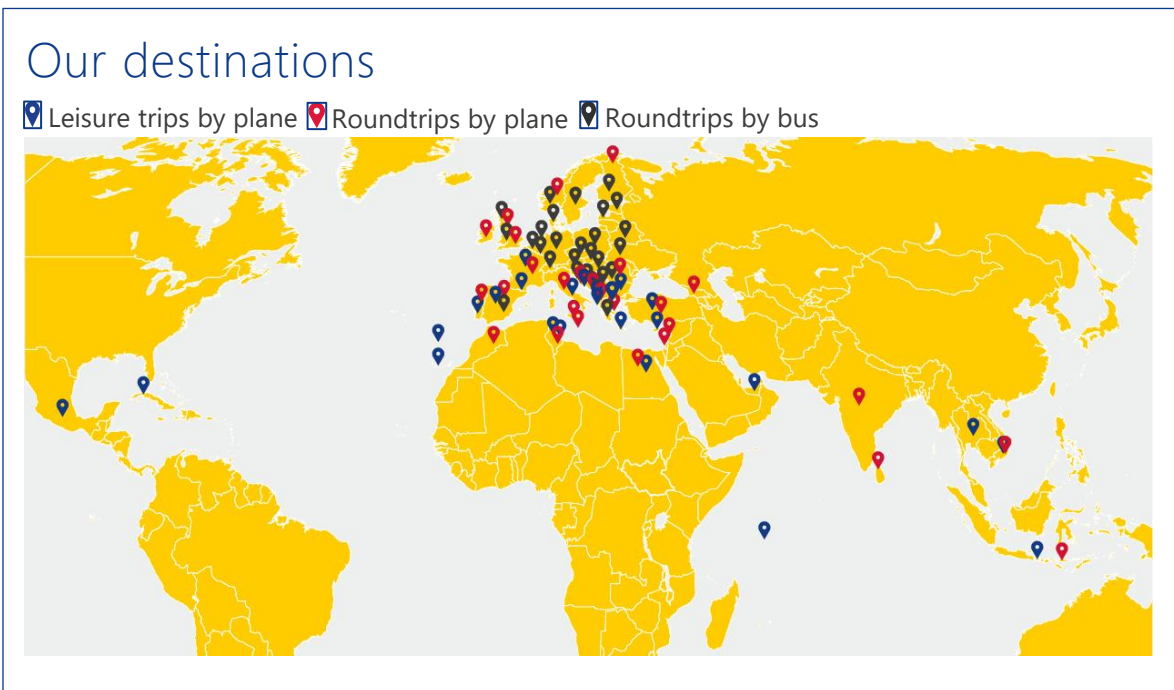
6M 2020 Top destinations

Sales of flight package tours by destinations
(% share in charter travel revenue)



Egypt remained the most popular destination among the Baltic citizens in the winter season. Spain (mainly Tenerife island) holds the second place with in demand.

Due to COVID-19 restrictions, the most popular summer holiday destinations (Turkey, Bulgaria and Greece) were not open at the usual time and from the very beginning of the summer season.



We reach wide customer base thanks to well-balanced distribution

The majority of our products are sold through travel agencies, with whom we have long-term business relations, built on professionalism and mutual trust.

 **400+**

external travel agencies

 **15.1%**

share in 6M 2020 revenue
from e-commerce

 **1.5 m**

unique visitors on our websites
during 6M 2020

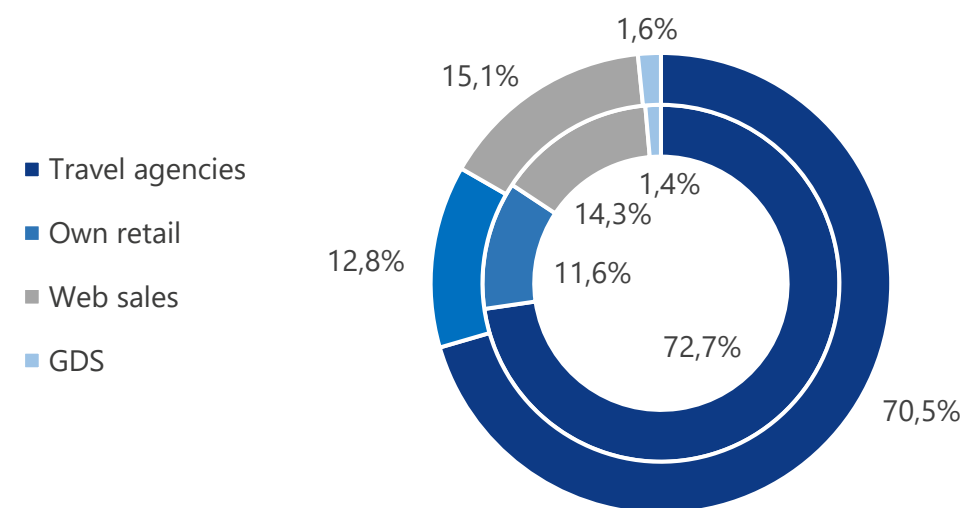
 **3**

toursim exhibitions
in Baltics

Diversification of sales channels allows Novaturas to offer its products to broader customer base, not only searching for package tours, but also for tickets and to exploit the most of market opportunities.

Novaturas constantly develops its e-commerce channel and manages one of the biggest online shops in the Baltics. We attend 3 largest tourism exhibitions in Baltics every year as an extra sales channel.

Novaturas sales by distribution channels
6M 2020 (outer circle) vs. 6M 2019 (inner circle)

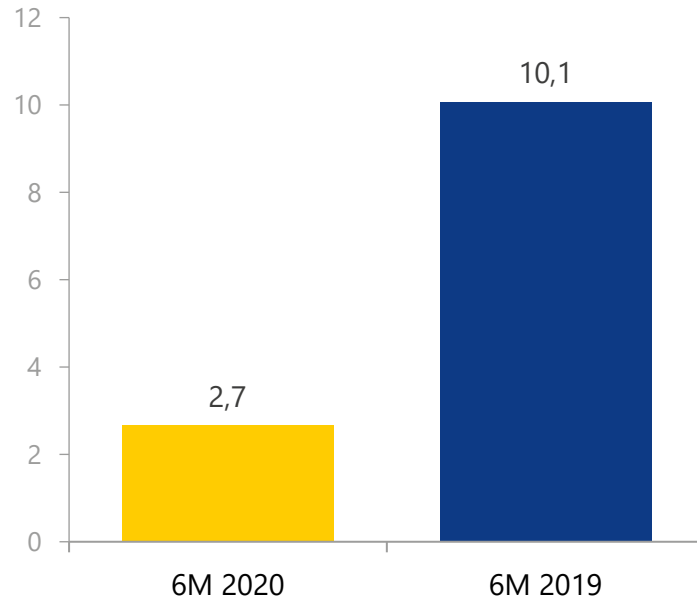


6M 2020 profitability affected by spread of COVID-19

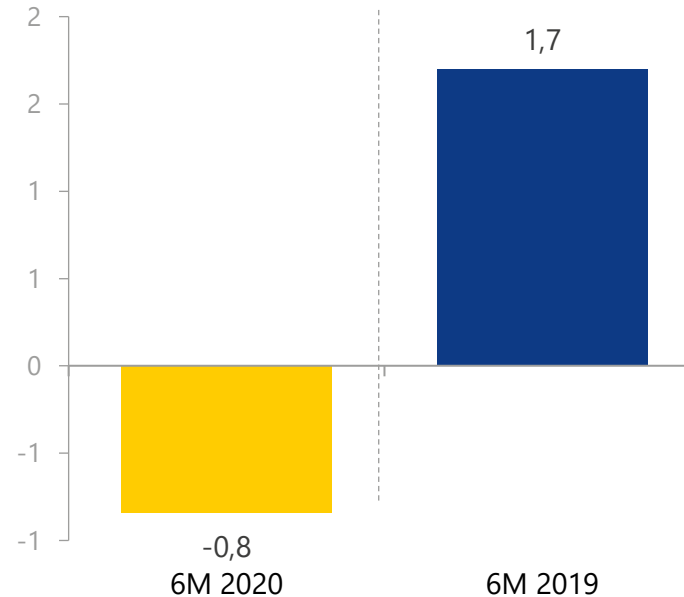
The first half of 2020 was marked by extraordinary circumstances for the entire global tourism industry. After a successful start of the year both financially and in terms of sales, in February together with the global tourism business we faced the spread of the COVID-19 virus.

At the end of Q1, we have suspended our operations until the beginning of July. This surely negatively affected our financial results.

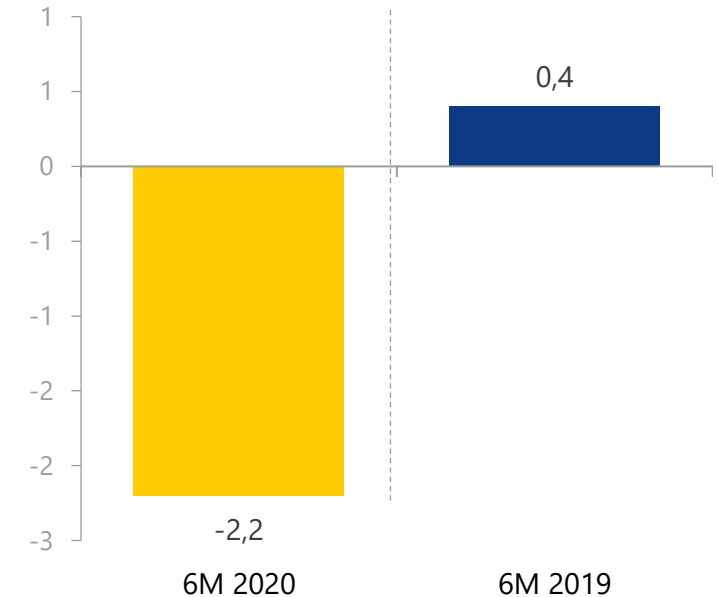
Gross profit (EUR ths)



EBITDA (EUR ths)



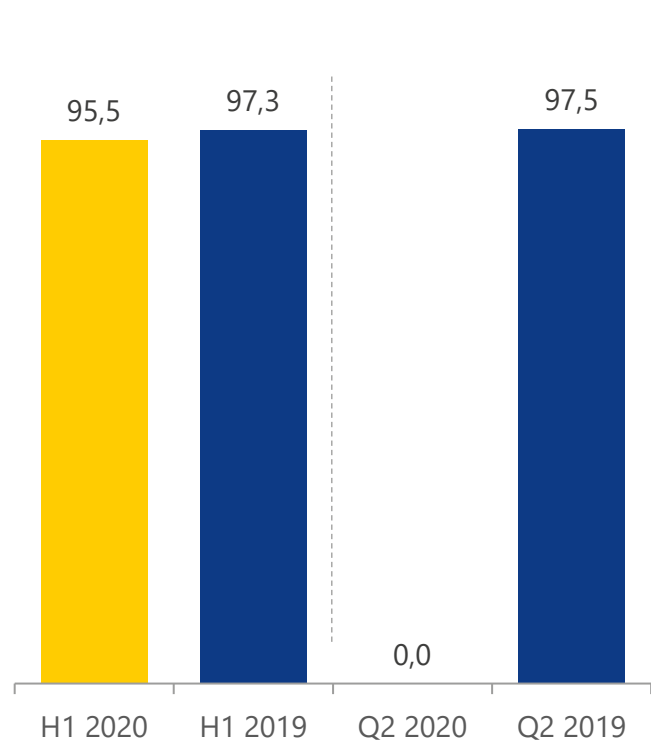
Net profit (EUR ths)



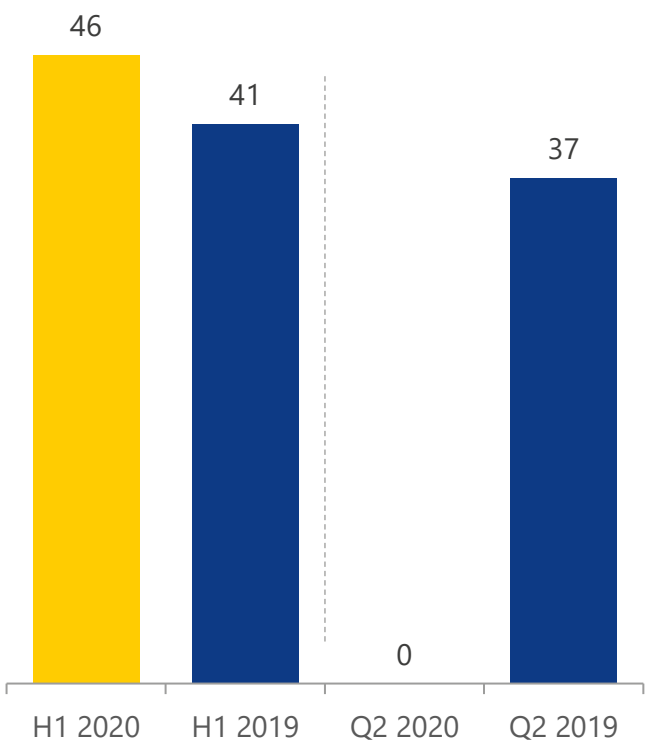
Efficiency and productivity ratios

The beginning of the year was very successful both financially and in terms of sales indicators for the rest of 2020. However, that got affected by the spreading virus since March. This affected 6M 2020 results and will also have an impact on the rest of 2020 ratios.

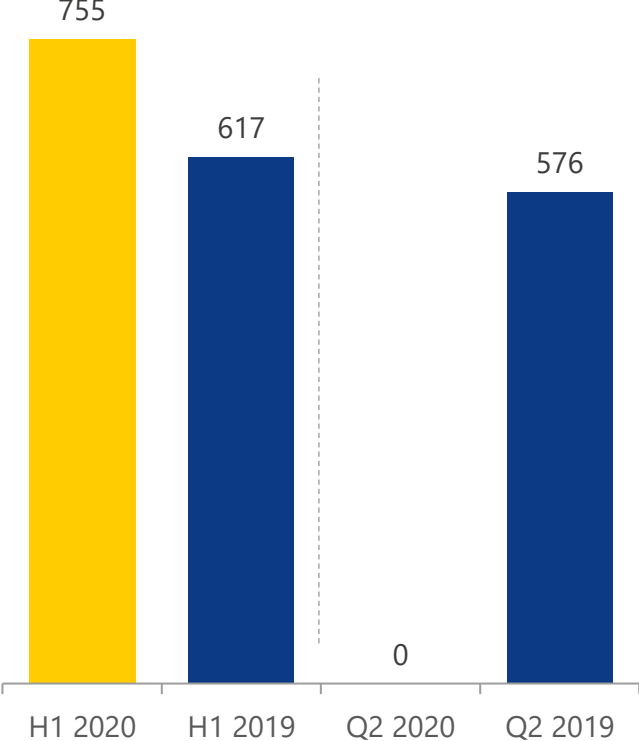
Load factor
(%)



Profit per PAX
(EUR)



Average package tour price
(EUR)



Operating expenses under strict control

To manage pandemic inflicted situation, we immediately took strict cost management actions, suspended investment projects, focused more on operational efficiency.

Compared to the first half of 2019, operating expenses reduced by 57.2% and amounted EUR 3.6 m.

Q2 2020 operating expenses reduced by 83% compared to corresponding period of previous year and reached EUR 0.8 m.

Operating expenses (EUR 000s)	Q2 2020	Q2 2019	y/y change	H1 2020	H1 2019	y/y change
Sales and marketing (excl. commissions)	353	972	-63.7%	1,241	1,972	-37.1%
General and administrative (excl. one-offs)	443	956	-53.7%	1,113	1,951	-42.9%
Total operating expenses (excl. commissions and one-offs)	796	1,928	-58.7%	2,354	3,923	-40.0%
Commissions	13	2,916	-99.6%	1,213	4,394	-72.4%
One-off expenses	26	64	-59.4%	57	144	-60.4%
Total operating expenses	835	4,908	-83.0%	3,624	8,461	-57.2%



EUR 3.6 m

6M 2020 Operating expenses
(-57.2% y/y)



EUR 0.8 m

Q2 2020 Operating expenses
(-83% y/y)

Appendices

Main ratios

Financial ratios (EUR 000s)	Q2 2020	Q2 2019	y/y change	H1 2020	H1 2019	y/y change	2019
Revenue	126	54,454	-99.8	23,476	83,260	-71.8	179,723
Gross profit	126	6,501	-98.1	2,661	10,060	-73.5	21,884
EBITDA	(650)	1,645	-	(840)	1,728	-	4,263
Operating profit (EBIT)	(714)	1,593	-	(968)	1,598	-	3,741
Profit before tax	(2,067)	1,441	-	(2,476)	1,279	-	3,090
Net profit	(1,891)	585	-	(2,244)	437	-	4,214
Relative indicators	Q2 2020	Q2 2019	y/y change	H1 2020	H1 2019	y/y change	2019
Number of shares ¹⁾	7,807,000	7,807,000	-	7,807,000	7,807,000	-	7,807,000
Earnings per share (EUR) ¹⁾	-0.24	0.07	-0.31	-0.29	0.06	-0.35	0.54
Gross profit margin (%)	-	11.9	-	11.3	12.1	-0.8 pp	12.2
EBITDA margin (%)	-	3.0	-	-3.6	2.1	-5.7 pp	2.4
Operating profit (EBIT) margin (%)	-	2.9	-	-4.1	1.9	-6.0 pp	2.1
Profit before taxes margin (%)	-	2.6	-	-10.5	1.5	-12.0 pp	1.7
Net profit margin (%)	-	1.1	-	-9.6	0.5	-10.1 pp	2.3
Return on assets (ROA) (%)	-3.6	1.1	-4.7 pp	-4.2	0.8	-5.0 pp	8.0
Debt to equity ratio (%)	79.6	47.4	32.2 pp	79.6	47.4	-32.2 pp	29.8
Equity ratio (%)	31.3	30.8	0.5 pp	31.3	30.8	0.5 pp	40.8
Effective tax rate (%)	-	59.4	-	-	65.8	-	-36.4
Current ratio	0.77	0.77	-0.05	0.77	0.72	-0.05	0.72

Consolidated statements of comprehensive income

EUR 000s	Q2 2020	Q2 2019	y/y change, %	H1 2020	H1 2019	y/y change, %	2019
Sales	126	54,454	-99.8	23,476	83,260	-71.8	179,723
Cost of sales	-	(47,827)	-	(20,815)	(73,200)	-71.6	(157,839)
Gross profit	126	6,501	-98.1	2,661	10,060	-73.5	21,884
Operating (expenses)	(835)	(4,908)	-83.0	(3,624)	(8,461)	-57.2	(18,252)
Other operating income	-	-	-	-	1	-	112
Other operating (expenses)	-	-	-	(5)	(2)	150.0	(3)
Profit from operations	(714)	1,593	-	(968)	1,598	-	3,741
Finance income	423	160	-	532	270	97.0	481
Finance (expenses)	(1,776)	(312)	-	(2,040)	(589)	246.3	(1,132)
Profit before tax	(2,067)	1,441	-	(2,476)	1,279	-	-
Income tax (expense)	176	(856)	-	232	(842)	-	1,124
Net profit	(1,891)	585	-	(2,244)	437	-	4,214
Other comprehensive income to be reclassified to profit or loss in subsequent periods							
Result of changes in cash flow hedge reserve	1,350	99	-	(1,655)	1,225	-	1,851
Impact of income tax	(203)	(15)	-	248	(184)	-	(278)
Total comprehensive income for the year	(744)	669	-	(3,651)	1,478	-	5,787
Earnings per share ¹⁾	-0.24	0.07	-	-0.29	0.06	-	0.54

Consolidated balance sheet

(EUR 000s)	30 Jun 2020	31 Dec 2019	30 Jun 2019
ASSETS			
Non-current assets			
Goodwill	30,327	30,327	30,327
Other intangible assets	172	248	347
Property, plant and equipment	157	208	260
Right-of-use assets	562	562	-
Long term receivables	218	220	62
Deferred income tax asset	461	30	7
Total non-current assets	31,897	31,595	31,003
Current assets			
Inventories	3	4	4
Prepayments and deferred expenses	12,610	8,973	11,178
Trade accounts receivable	497	652	549
Prepaid income tax	70	175	233
Other receivables	647	874	2,632
Other current financial assets	-	261	-
Restricted cash	3,200	2,300	3,200
Cash and cash equivalents	3,719	4,554	2,585
Total current assets	20,746	17,793	20,381
Total assets	52,643	49,388	51,384

(EUR 000s)	30 Jun 2020	31 Dec 2019	30 Jun 2019
EQUITY AND LIABILITIES			
Equity			
Share capital	234	234	234
Cash flow hedge reserve	(1,185)	222	(310)
Legal reserve	29	29	29
Foreign currency translation reserve	145	145	145
Retained earnings	17,280	19,524	15,747
Equity attributable to equity holders of the parent	16,503	20,154	15,845
Liabilities			
Non-current borrowings	7,070	4,000	6,000
Deferred income tax liabilities	-	-	3,114
Non-current lease liabilities	360	360	-
Total non-current liabilities	7,430	4,360	9,114
Current liabilities			
Current portion of non-current borrowings	500	2,000	1,500
Current borrowings	5,561	-	-
Trade payables	2,278	4,173	4,998
Advances received	17,276	14,997	18,928
Income tax payable	976	1,253	98
Lease liabilities	216	216	-
Other current liabilities and accrued expenses	1,903	2,235	901
Total current liabilities	28,710	24,874	26,425
Total equity and liabilities	52,643	49,388	51,384

Consolidated cash flow statement

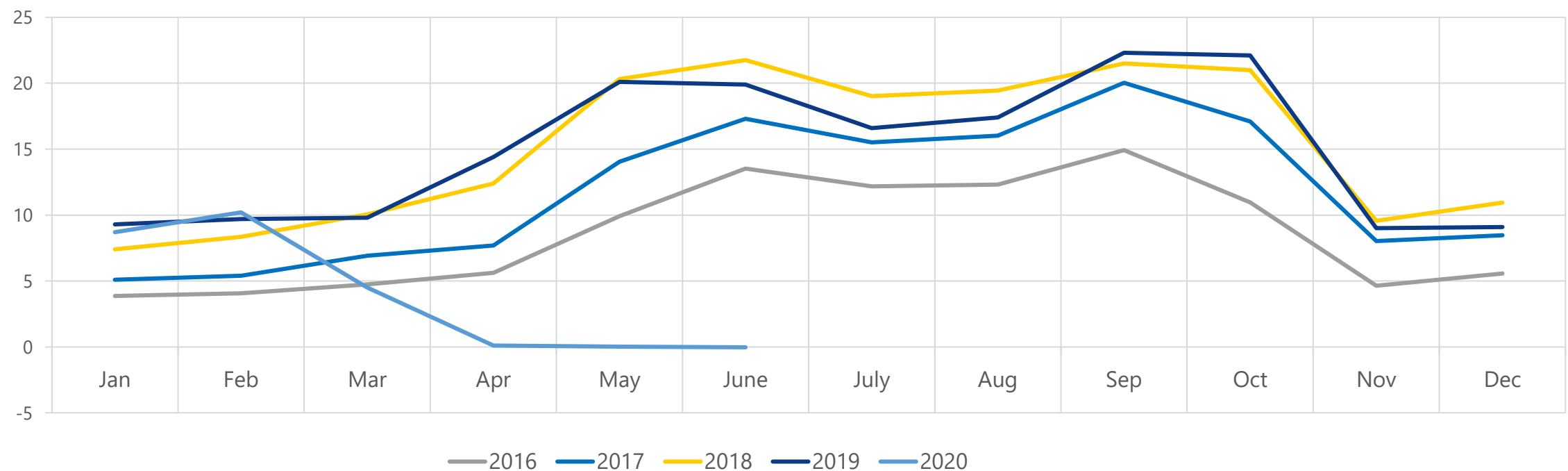
(EUR 000s)	6M 2020	6M 2019
Net profit	(2,244)	437
Adjustments for non-cash items	(888)	1,946
Changes in working capital	(3,542)	(481)
Net cash flows from / (to) operating activities	(6,674)	1,902
Net cash flows from / (to) investing activities	(1)	(56)
Loans received	9,570	8,000
(Repayment) of loans	(2,439)	(8,500)
Interest (paid)	(391)	(264)
Dividends (paid)	-	-
Net cash flows from / (to) financing activities	6,740	(764)
Net increase (decrease) in cash flows	65	1,082
Cash and cash equivalents at the beginning of the year	6,854	4,703
Cash and cash equivalents at the end of the period	6,919	5,785

Seasonality of Novaturas business with strong shoulder season

Novaturas operates in a sector which is subject to seasonality. It is characterized by higher demand for the Group’s products and services during the summer season, i.e. in the second and third quarters of the year, and lower demand in the remaining periods.

In case of Novaturas the high season is very long (May to October). We also have a strong shoulder season, therefore our monthly and quarterly revenues distribution is better balanced throughout the year.

Monthly revenue (EUR m)



Top executives

Novaturas managers have been with the Company for many years. They have extensive know-how, years of experience in the tourism market and an in-depth knowledge of the Group's offering, which ensures effective implementation of the Group's strategy.



Audronė Keinytė, CEO

- With the Company for 14 years (since 2006)
- CEO since January 2019, earlier in charge of product development and purchasing
- Has strong commercial background as well as deep knowledge of tourism products and the industry itself



Tomas Staškūnas, CFO

- With the Company for 11 years (since 2009)
- Has experience as CFO and CEO in companies specialized in consumer goods



Ieva Galvydienė, CCO

- With the Company for 14 years (since 2006)
- Responsible for sales and distribution on the Group level with special focus on Lithuania operations

Novaturas Supervisory Council (up to 30th June)



Vidas Paliūnas

Chairman of the Supervisory Council

- Participated in the creation of Novaturas UAB in 1999.
- In 1999-2009 he was General Manager of the Company.
- In 2009-2018, he was a member of Novaturas' management board (functioning like a supervisory body in the period).



Ugnius Radvila

Member of the Supervisory Council

- Participated in the creation of Novaturas UAB in 1999.
- In 1999-2011, he was in charge of sightseeing product department of the Company.
- Since 2011, he has been acting as consultant to the Company.



Piotr Nowjalis

Member of the Supervisory Council

- Has been involved in financial management for 20 years.
- Held managerial and supervisory positions at many Warsaw Stock Exchange listed companies, including CCC (largest shoe retailer in CEE), AB (largest IT distributor in CEE) and Dino Polska (food retailer).



Franz Leitner

Member of the Supervisory Council

- Has profound knowledge of the European travel markets, in particular DACH, CEE and Russia.
- In 1994-2007 he gained extensive experience in executive positions at Thomas Cook/Neckermann and TUI as CEO Austria/CEE/Russia.

The Board (as of 30th June)



Vidas Paliūnas

Member of the Board

- Participated in the creation of Novaturas UAB in 1999.
- In 1999-2009 he was General Manager of the Company.
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Member of the Board

- Participated in the creation of Novaturas UAB in 1999.
- In 1999-2011, he was in charge of sightseeing product department of the Company.
- Since 2011, he has been acting as consultant to the Company.



Janek Pohla

Member of the Board

- Janek Pohla is the founder and board member of Tahe Outdoors and a member of the board of the Estonian Chamber of Commerce and Industry.
- Tahe Outdoors has been a manufacturer and distributor of water sports equipment; is one of the leaders in the field in Europe.



Andrius Jurkonis

Independent member of the Board

- Andrius Jurkonis manages investment fund Axia Capital Fund and is a certified financial analyst.
- He has accumulated many years of experience in management positions at Euroapothea, VST, "wedbank."

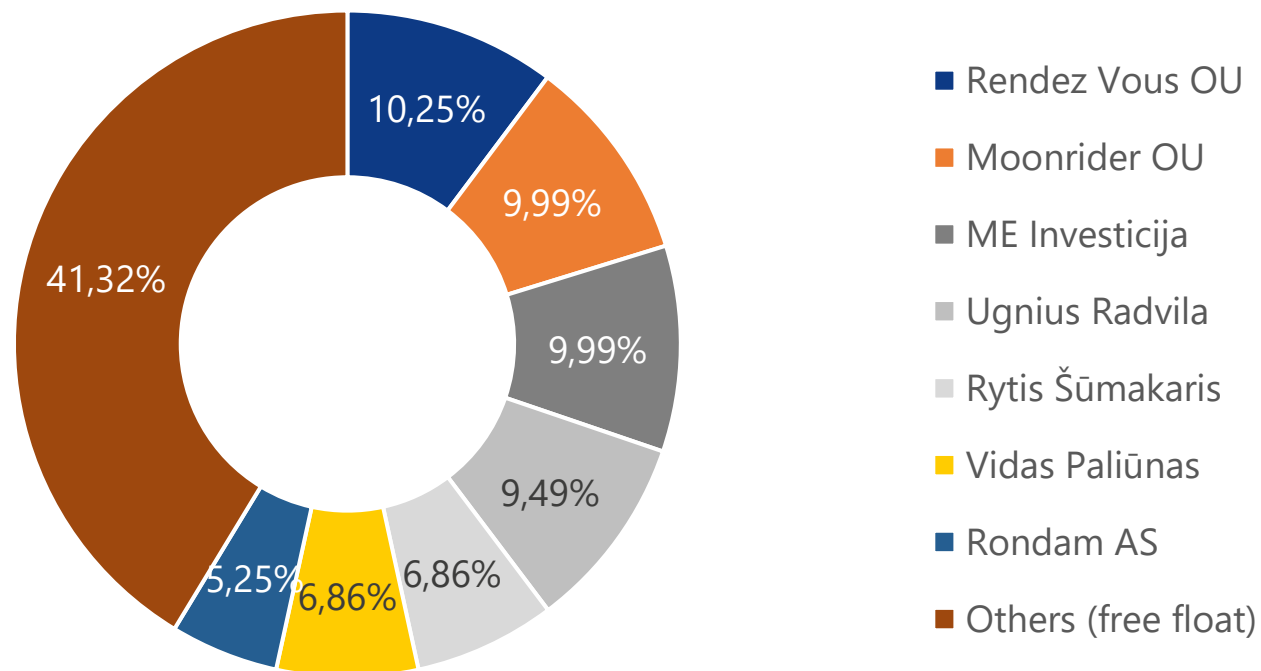


Virginijus Lepeška

Independent member of the Board

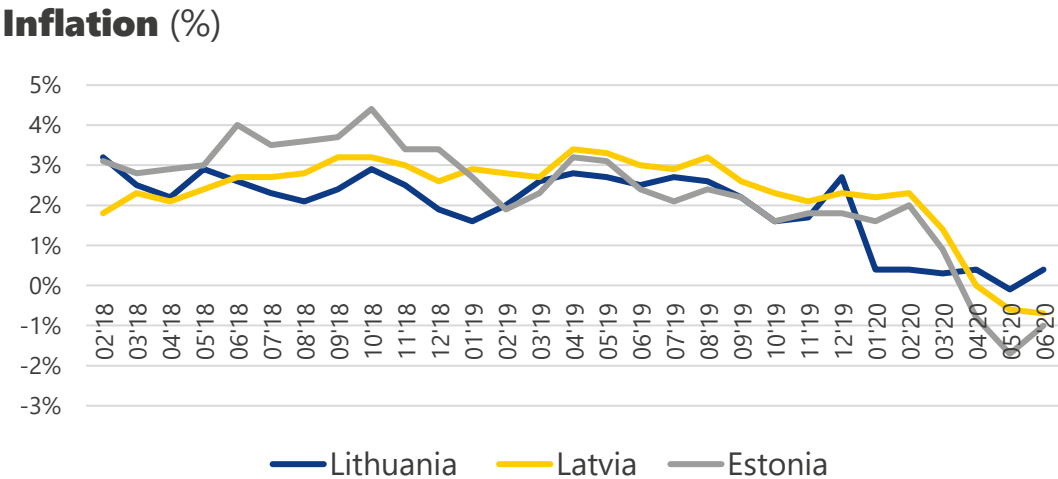
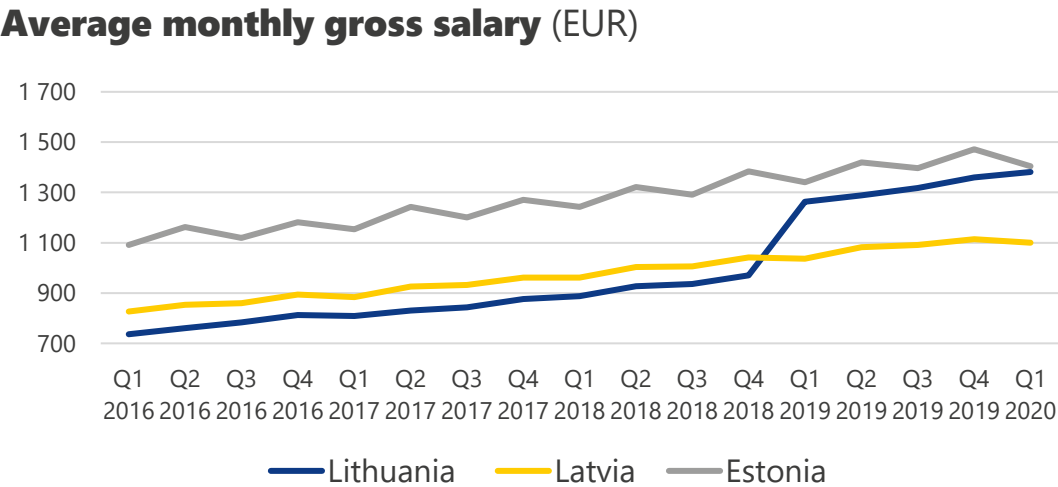
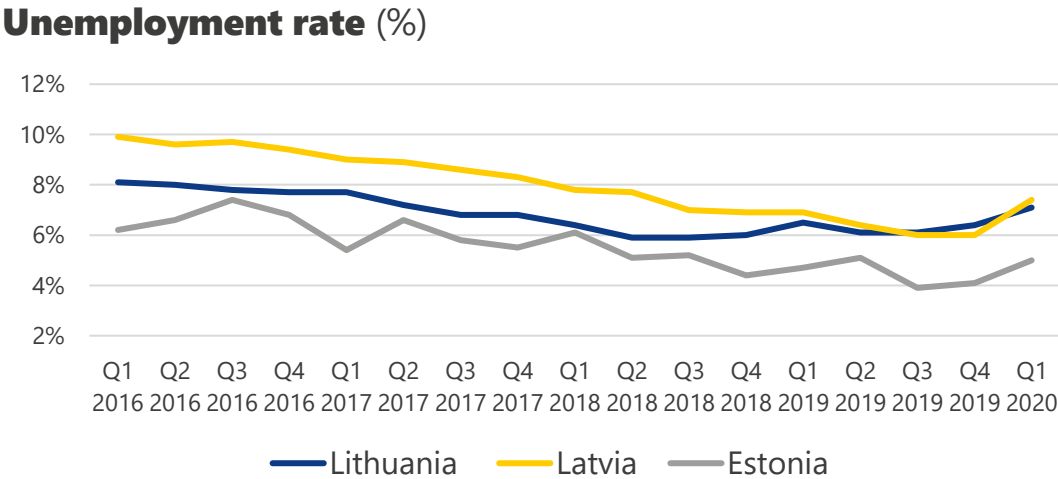
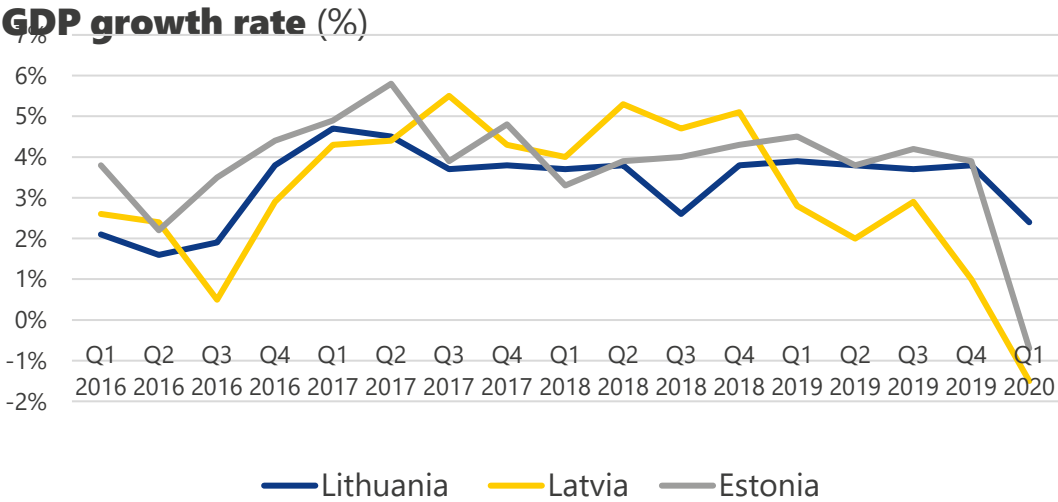
- Virginijus Lepeška is Chairman of the Board and Consultant of the management consulting and training company OVC Consulting.
- Has accumulated extensive experience in organizational consulting, corporate governance, strategic management.

Shareholder structure



- 1) ME Investicija is an investment company that manages one of the largest European transport services group Girtėka
- 2) "Rendez Vous" OU, CEO Janek Pohla is the founder and member of the management board at „Tahe Outdoors". „Tahe Outdoors" has been a successful manufacturer and distributor of water sports equipment for more than 25 years and is one of the leaders in the field in Europe.
- 3) „Moonrider" OU related with Estonian investment company Go Group, which operates in the fields of tourism, transport, real estate and engineering.
- 4) „Rondam" AS group of companies operate the largest hotel in Tartu „Dorpat" with the spa center as well as one of the best-rated hotels in Tallinn „Lydia".

Macroeconomic conditions in the Baltics



The hike in the average gross salary in Lithuania, visible between Q4 2018 and Q1 2019, is the result of new tax regulations that took effect with the beginning of 2019 and introduced a new accounting method that mainly affected gross salaries, while having negligible effect on net salaries. Under the new system, the due social security contributions are counted as part of the gross salary, increasing it significantly.

Company information

Novaturas group PLC

Registered address:

Mickevičiaus str. 27, LT-44245 Kaunas, Lithuania

www.novaturasgroup.com

Registered under number 135567698 in Lithuania

Company established: 1999 12 16

Stock Listing:

Warsaw Stock Exchange

Nasdaq Vilnius Stock Exchange

Contact information:

Tomas Staškūnas

Finance Director

Mickevicius str. 27, LT-44245 Kaunas, Lithuania

tel. +370 37 321264, mob. +370 687 10426

fax. +370 37 321130

e-mail: tomas.staskunas@novaturas.lt