

An aerial photograph of a harbor area. Several boats are docked at a pier on the left. On the right, a paved area contains two large white buses, a smaller car, and a few people. The water is a clear, vibrant turquoise color. A semi-transparent dark grey box is overlaid on the bottom left of the image, containing white text.

Presentation of 12 M 2020: financials affected by COVID-19

10 February, 2021

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2020 overview & glance to 2021

2020 performance overview:

- After a successful start of the year, we were forced to suspend our operations since the second half of March due to the virus spread.
- In May we have launched new product - local tourism.
- Only as of the 1st of July we were able to partially renew our operations in all the Baltics.
- In November, the second wave of quarantine hit most of the countries and once again, we were forced to suspend our operations.
- We have ended 2020 with several flights to Tenerife during the festive period.

Glance to 2021:

- Winter holiday season started only in February.
- The re-opening of charter flights programs from all the Baltics started with Tenerife and Egypt destinations.
- Skiing holiday season was eliminated from its usual timing in 2021.
- Expecting to be able to offer main destinations during the summer season.
- New traveling reality: more accessible testing, forms, safety and health protocols.
- Start of vaccination processes around the globe.
- Expecting Covid-passport will open new opportunities for travelers.

Present:

- Due to still constantly changing regulations and virus dynamics we are planning our future activities in shorter terms than usual.
- We keep our strategic line and set main milestones quarterly, so we could assess and easily adjust to all the changes.

Key financials and managing COVID-19 impact



EUR 33.1 m

12M 2020 Revenue
(EUR 179.7 m in 2019)



EUR -2.6 m

12M 2020 EBITDA
(EUR 4.3 m in 2019)



EUR -5 m

12M 2020 Net loss
(EUR 4.2 m in 2019)

Focus on flexibility to manage COVID-19 impact:

- Strict cost control.
- Operational efficiency and re-organization.
- Using state aid measures.
- Taking care of existing clients (changes, vouchers, refunds).
- Launch of local tourism services in all Baltic markets.
- Launch of Summer 21 and Winter 21-22 holiday seasons.
- Flexible booking conditions and launch of „COVID PAUSE“.
- Distribution risks control.
- Continuous negotiation with suppliers regarding prices and more flexible conditions.
- Retrieved pre-payments from the partners abroad (EUR 8 m).

Operating expenses under strict control

To manage pandemic inflicted situation, we took strict cost management actions and focused on operational efficiency. Compared to the 12M of 2019, operating expenses were reduced by 63% and amounted to EUR 6.8 m. Q4 2020 operating expenses were reduced by 68% compared to corresponding period of previous year and reached EUR 1.6 m.

Operating expenses (EUR 000s)	Q4 2020	Q4 2019	y/y change	12M 2020	12M 2019	y/y change
Sales and marketing (excl. commissions)	487	1,053	-53.8%	2,320	3,960	-41.4%
General and administrative (excl. one-offs)	447	1,492	-70%	2,119	4,310	-50.8%
Total operating expenses (excl. commissions and one-offs)	934	2,436	-61.7%	4,439	8,270	-46.3%
Commissions	131	2,427	-94.6%	1,750	9,791	-82.10%
One-off expenses	493	20	2365%	568	191	197.4%
Total operating expenses	1,558	4,883	-68.1%	6,757	18,252	-63%



EUR 6.8 m

12M 2020 Operating expenses
(-63% y/y)



EUR 1.6 m

Q4 2020 Operating expenses
(-68% y/y)

Operational efficiency and re-organization

- **Changes in the management structure**

According to the proposals submitted by the shareholders, the management structure has been changed by eliminating the Supervisory Board of the Company. The Company has one collegial body - the Board that consist of 5 members, of which 2 are independent. The previous members of the Board form a team of the Company's top executives. Virginijus Lepeška, the independent member, was elected as the chairman of the Board.

- **Changes in customer service**

To strengthen relationship with travelers and ensure their good experience, the Company took over the core business of the subsidiary "Sofa Travel". Centralization of customer service processes is one of the planned steps to make Company's own sales channels more effective. It will help to adapt to the newly forming traveling habits, improve the experience of the travelers, maintain high standards of services provided.

- **Strengthening of Company's strategic functions and tools**

The Company sets its focus on strengthening management team (marketing, customer service, IT departments) and invests in performance improving tools.

- **Changes in the management of "Novaturas" Estonian subsidiary**

Due to the optimization of the organizational structure, the Company farewelled with the country manager of Estonian subsidiary. The management of the subsidiary is continued by the Board, which members are AB "Novaturas" CFO Tomas Staškūnas (member of the Board since 2010) and AB "Novaturas" CEO Audronė Keinytė (member of the subsidiary Board since 2019). The Board's main focus remains on the Company's rapid recovery from the crisis caused by the pandemic and further strengthening its position in the markets.

State aid measures

Loans:

- EUR 5 million long-term loan received under the state investment and business guarantee fund "Invega" measure "Guarantees for portfolio loans,, (LT).
- EUR 1 million long-term loan received in August 2020 and EUR 1 million 18 ths. long-term loan received in January 2021 under the Ministry of the Economy and Innovation of the Republic of Lithuania and state investment and business guarantee fund "Invega" (LT).
- Agreement with "Luminor" bank to delay payments of a long-term loan and extend the overdraft. The start of partial payments of the long-term loan is postponed and overdraft limit is extended until the 31st of March 2021 (LT).
- Secured guarantee and insurance limit of EUR 11 million (LT).
- EUR 1 million loan received under the state loan guarantee program "Altum" (LV).
- Agreements with local Tax authorities on deferring the payment of taxes (GROUP-WIDE).

Subsidies:

- EUR 32 ths. innovation grant approved by the national agency for IT and marketing projects (LT).
- EUR 32 ths. repatriation compensation (LT).
- EUR 81 ths. subsidy (LV).
- EUR 167 ths. repatriation compensation (LV) .
- EUR 60 ths. subsidy (EE).
- EUR 348 ths. salary partial compensation subsidies (GROUP-WIDE).

Securing the trust of the customers

Even though majority of our customers have postponed their trips cancelled due to COVID-19, we were one of the first tour operators that has started refunds for the travelers. By doing so we aim to strengthen people's confidence in the tourism sector and secure their trust during these unsettled times.

- Travel vouchers issued to the travelers worth up to EUR 1.5 million groupwise.
- Up to date we have already refunded EUR 8.3 million groupwise.
- Additional refund requests received amount to EUR 0.7 million groupwise.

Planned deadline to settle up with all the travelers – the end of February 2021.

Operation plans for 2021

Winter holiday season 2021:

- Tenerife – starting from the 5th of February (flights planned group-wide)
- United Arab Emirates – starting from the 12th of February (planned from LT)
- Egypt – starting from the 13th of February (flights planned from LT & EE)
- Maldives – starting from the 11th of March (planned from LT)

Summer holiday season 2021:

Main and the most popular summer holiday destinations such as Turkey, Greece, Bulgaria, Spain, Portugal, Italy, Tunisia, Egypt, Montenegro, Bali, Seychelles (flights planned group-wide if the epidemiological situation and market conditions are favorable)

Domestic traveling 2021:

- Roundtrips by bus in Lithuania
- Hotel accommodation in all the Baltics: main cities and most popular resorts

Adjusting to post-covid reality. Safe traveling and flexibility

Tourism infrastructure is adapting rapidly to new post-covid reality:

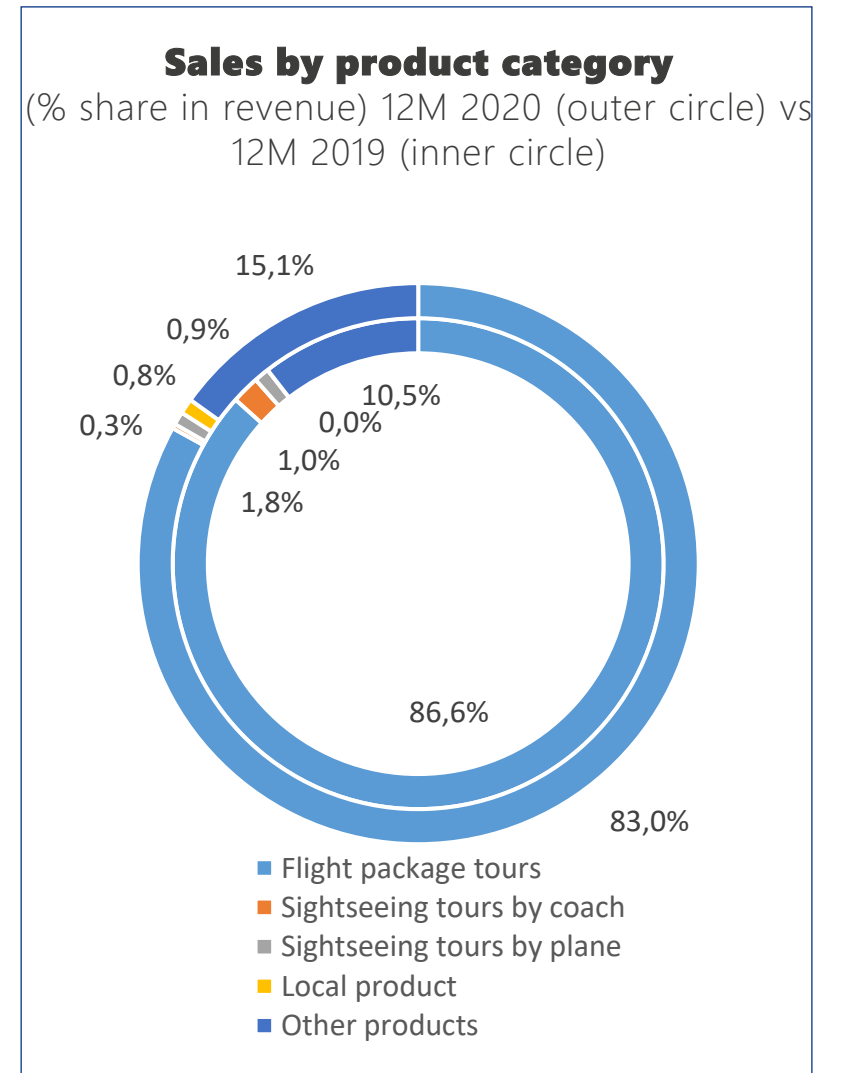
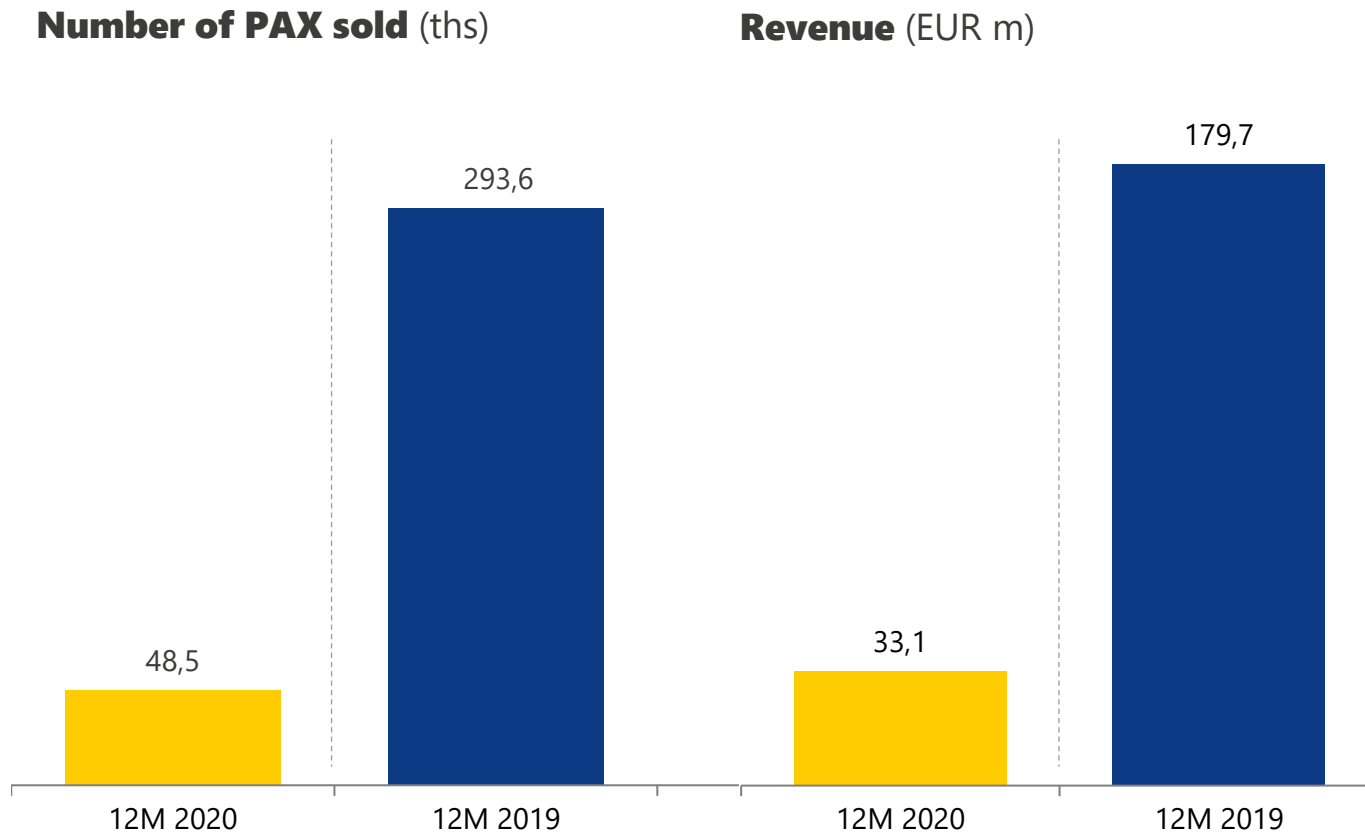
- Safety instructions and requirements put into practice at the airports.
- Safety & health protocols at the destinations and hotels.
- Mandatory tests before departure to the destination and upon arrival to homeland.
- Accelerating vaccination processes around the globe.
- COVID-19 passport possibilities.

Flexibility. Extra services that work as a security card for planning future trips:

- **GOLD FLEX & COVID PAUSE** – both extra services allow people to change every aspect of their planned trip in case of changed plans or infection with the virus.
- **COVID PAUSE** in particular allows to make changes of planned trip if COVID-19 test is confirmed positive. All changes can be done not later than 24 h before departure.

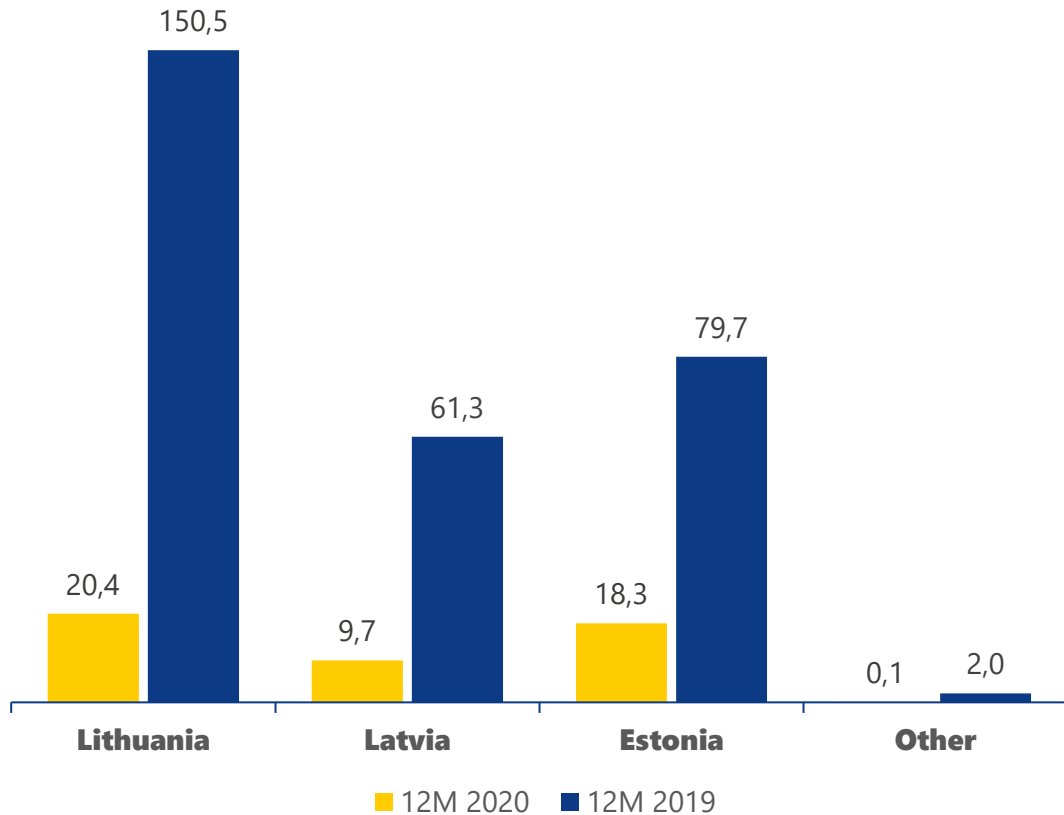
12M 2020 Revenues & seat supply

COVID-19 has significantly affected our revenues and seat supply. Due to the restrictions caused by the pandemic, we were forced to suspend our operations more than once during 2020. Only in July we have partially renewed operations from all Baltic markets but could not maintain a stable flight operation due to changing regulations of the governments.



12M 2020 Number of travelers

Number of PAX sold by country (ths)



During 12M 2020, total number of customers served by Novaturas Group decreased significantly due to the COVID-19 restrictions.



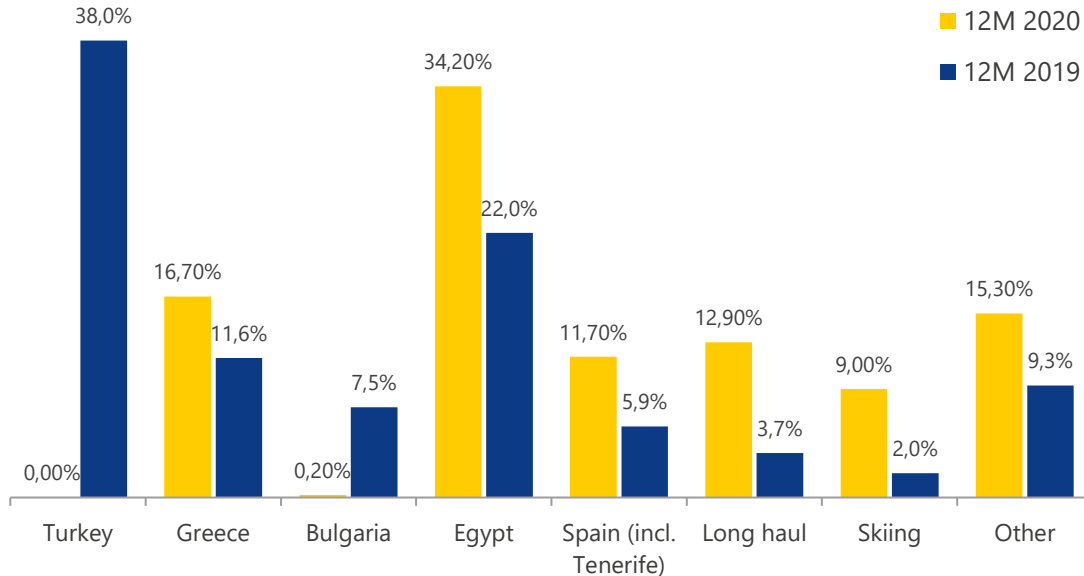
48.545 ths

total PAX served during 12M 2020
(293.598 ths during 12M 2019)

12M 2020 Top destinations

Sales of flight package tours by destinations

(% share in charter travel revenue)



- Usually, Turkey concludes almost half of scheduled flights program for the period of 12 M, as it is the most popular summer holiday destination. This year, due to COVID-19 restrictions, Turkey remained in the list of affected countries and was not open for the operation of the flights.
- Egypt remained the most popular destination among the Baltic citizens in the winter season. Spain (mainly Tenerife island) and long-haul destinations hold the second and third places in demand during winter season.
- Greece (Greek islands) generated slight increase in share as it was the first and only country re-opened after the restrictions were lifted.

Our destinations

📍 Leisure trips by plane 📍 Roundtrips by plane 📍 Roundtrips by bus



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

 **16.4%**

share in 12M 2020 revenue from e-commerce

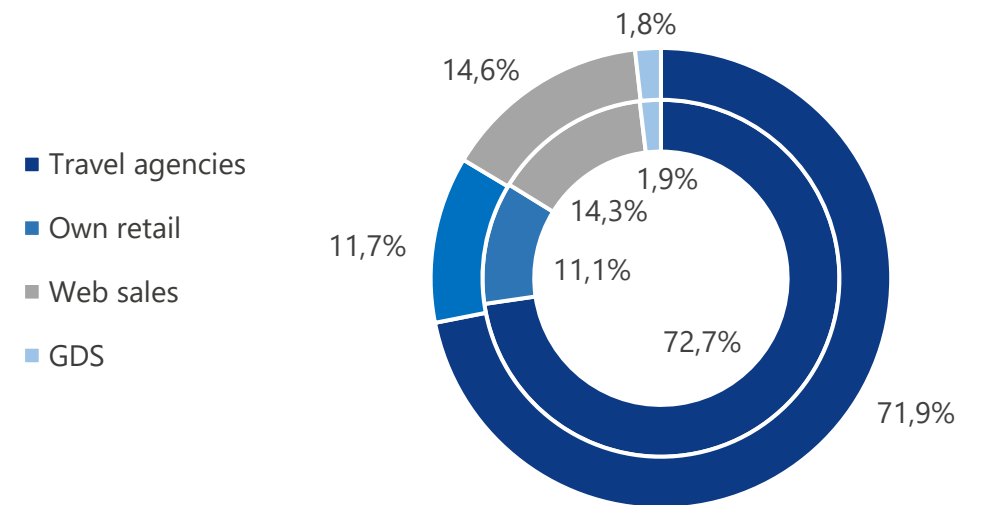
 **2.2 m**

unique visitors on our websites during 12M 2020

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.

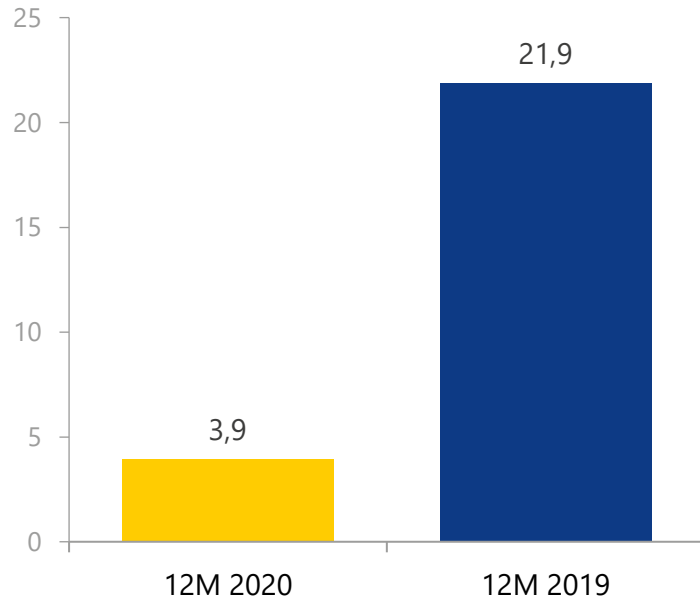
Novaturas sales by distribution channels
12M 2020 (outer circle) vs. 12M 2019 (inner circle)



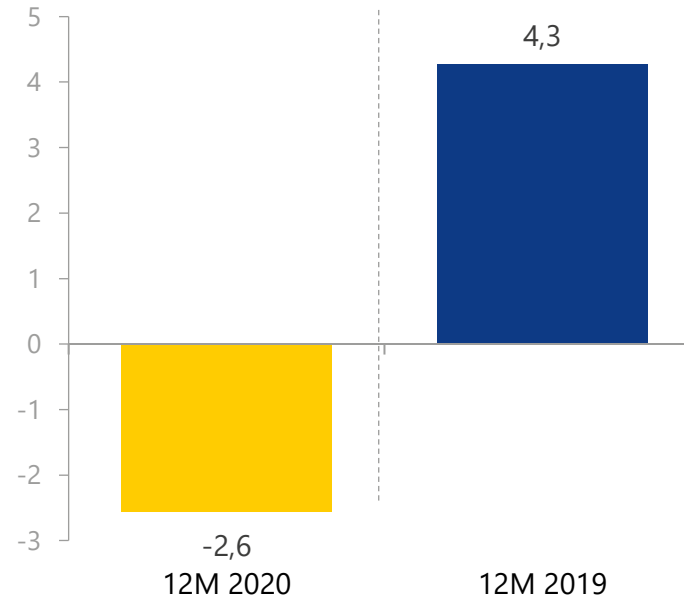
12M 2020 profitability affected by the COVID-19 caused restrictions

The profitability was extremely affected by COVID-19 caused restrictions. We were forced to cancel our operations from the middle of March and only in July partially renewed our flights from all Baltic markets. In November, the second wave of quarantine hit most of the countries and once again, we had to suspend our operations. Usually during summer holiday season, we operate flights to more than 20 destinations, while this year, due to the restrictions and constantly changing regulations of the governments, we could offer our travelers mainly only three holiday destinations – Greece, Tunisia and Cyprus. We have ended 2020 with few flights to Tenerife during the festive period.

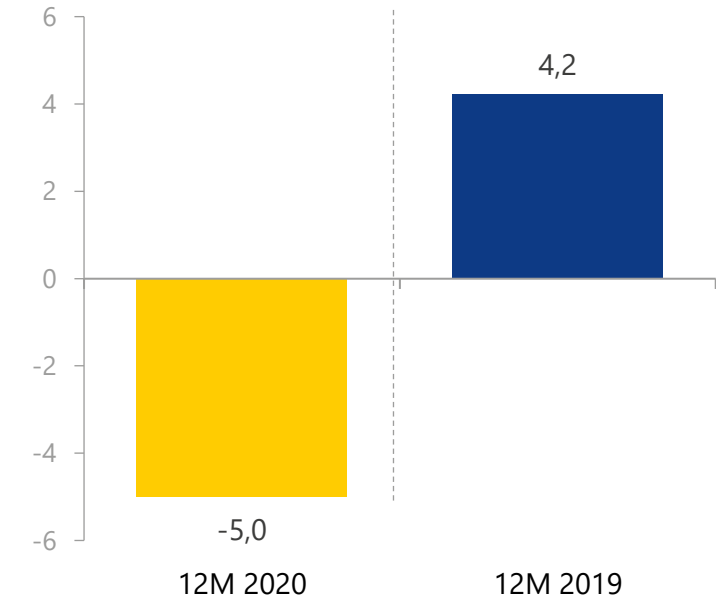
Gross profit (EUR m)



EBITDA (EUR m)



Net profit (EUR m)

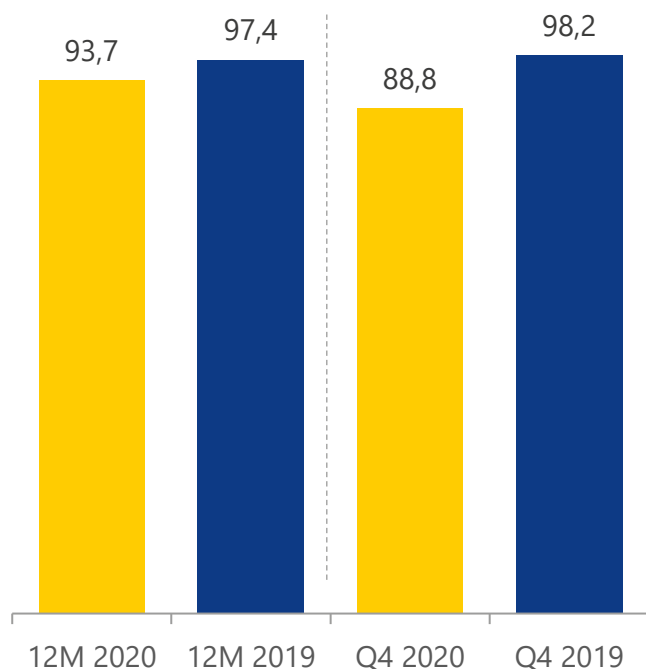


Efficiency and productivity ratios

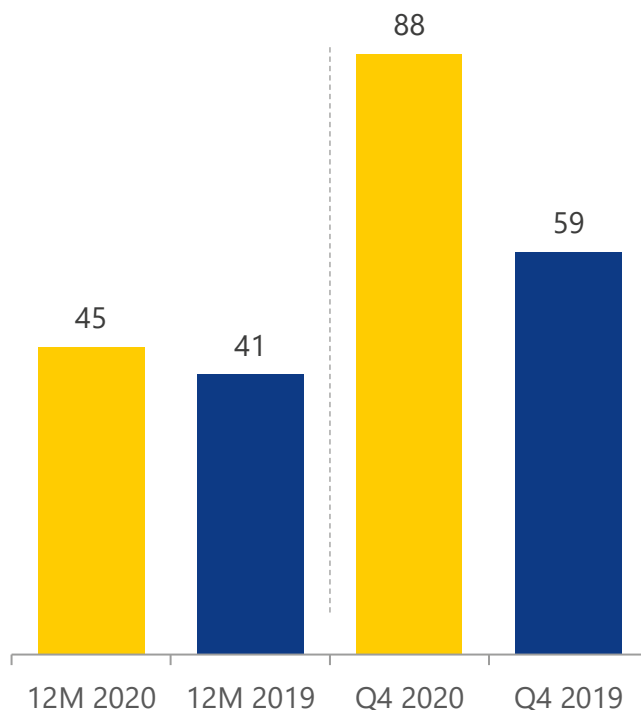
The uncertainty of COVID-19, constantly changing restrictions and requirements applied to tourism sector makes the usual activity planning impossible. It translates into slightly decreased load factor. The increase in average package tour price is caused mainly by the extra costs tourism sector must acquire in order the companies could run their businesses open.

Covid-19 restrictions have affected 12M 2020 results and will also have an impact on the rest of 2020 ratios.

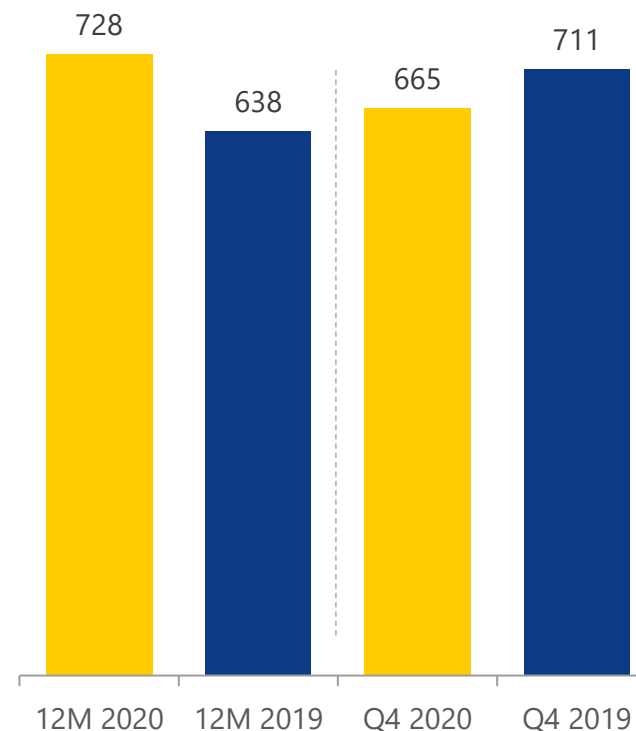
Load factor
(%)



Profit per PAX
(EUR)



Average package tour price
(EUR)



Appendices

Consolidated statements of comprehensive income

EUR 000s	Q4 2020	Q4 2019	y/y change, %	12M 2020	12M 2019	y/y change, %
Sales	2,552	40,152	-93.6	33,106	179,723	-81.6
Cost of sales	(2,049)	(34,426)	-94.0	(29,174)	(157,839)	-81,5
Gross profit	503	5,726	-91.2	3,932	21,884	-82.0
Operating (expenses)	(1,558)	(4,883)	-68.1	(6,757)	(18,252)	-63.0
Other operating income	26	110	-76.4	27	112	-75.9
Other operating (expenses)	-	(1)	-	(1)	(3)	-66.7
Profit from operations	(1,029)	952	-	(2,799)	3,741	-
Finance income	145	111	30.6	725	481	50.7
Finance (expenses)	(774)	(284)	172.5	(3,699)	(1,132)	226.8
Profit before tax	(1,658)	779	-82.7	(5,773)	3,090	-
Income tax (expense)	362	2,094	-	783	1,124	-30.3
Net profit	(1,296)	2,873	-	(4,990)	4,214	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods						
Result of changes in cash flow hedge reserve	432	556	-22.3	(756)	1,851	-
Impact of income tax	(66)	(84)	-21.4	113	(278)	-
Total comprehensive income for the year	(930)	3,345	-	(5,633)	5,787	-
Earnings per share ¹⁾	-0.17	0.37	-	-0.64	0.54	-

Main ratios

Financial ratios (EUR 000s)	Q4 2020	Q4 2019	y/y change	12M 2020	12M 2019	y/y change
Revenue	2,552	40,152	-93.6	33,106	179,723	-81.6
Gross profit	503	5,726	-91.2	3,932	21,884	-82.0
EBITDA	(976)	1,248	-	(2,557)	4,263	
Operating profit (EBIT)	(1,029)	952	-	(2,799)	3,741	-
Profit before tax	(1,618)	779	-	(5,733)	3,090	-
Net profit	(1,296)	2,873	-	(4 990)	4,214	-
Relative indicators	Q4 2020	Q4 2019	y/y change	12M 2020	12M 2019	y/y change
Number of shares ¹⁾	7,807,000	7,807,000	-	7,807,000	7,807,000	-
Earnings per share (EUR) ¹⁾	-0.17	0.37	-0.54	-0.64	0.54	-1.18
Gross profit margin (%)	19.7	14.3	+5.4 pp	11.9	12.2	-0.3 pp
EBITDA margin (%)	-38.2	3.1	-41.3 pp	-7.7	2.4	-10.1 pp
Operating profit (EBIT) margin (%)	-40.3	2.4	-42.7 pp	-8.5	2.1	-10.6 pp
Profit before taxes margin (%)	-63.4	1.9	-65.3 pp	-17.3	1.7	-19.0 pp
Net profit margin (%)	-50.8	7.2	-58.0	-15.1	2.3	-17.4 pp
Return on assets (ROA) (%)	-2.5	5.4	-7.9 pp	-10.1	8.0	-18.1 pp
Debt to equity ratio (%)	119.6	32.9	+86,7 pp	119.6	29.8	+89.8 pp
Equity ratio (%)	31.2	36.6	-5,4 pp	30.9	40.8	-9.9 pp
Effective tax rate (%)	19.9	-268.8	+288,7 pp	13.0	-36.4	+39.4 pp
Current ratio	0.69	0.78	-0.09	0.69	0.72	-0.03

Consolidated balance sheet

(EUR 000s)	31 Dec 2020	31 Dec 2019	31 Dec 2018
ASSETS			
Non-current assets			
Goodwill	30,327	30,327	30,327
Other intangible assets	115	248	427
Property, plant and equipment	122	208	292
Right-of-use assets	421	562	-
Long term receivables	188	220	65
Deferred income tax asset	935	30	6
Total non-current assets	32,108	31,595	31,177
Current assets			
Inventories	2	4	3
Prepayments and deferred expenses	7,594	8,973	8,861
Trade accounts receivable	117	652	697
Prepaid income tax	70	175	231
Other receivables	483	874	2,028
Other current financial assets	-	261	200
Restricted cash	2,300	2,300	1,500
Cash and cash equivalents	3,063	4,554	3,203
Total current assets	13,629	17,793	16,723
Total assets	45,737	49,388	47,840

(EUR 000s)	31 Dec 2020	31 Dec 2019	31 Dec 2018
EQUITY AND LIABILITIES			
Equity			
Share capital	234	234	234
Cash flow hedge reserve	(421)	222	(1,351)
Legal reserve	29	29	29
Foreign currency translation reserve	145	145	145
Retained earnings	14,533	19,524	15,310
Equity attributable to equity holders of the parent	14,520	20,154	14,367
Liabilities			
Non-current borrowings	10,057	4,000	6,000
Deferred income tax liabilities	-	-	2,781
Other non-current liabilities	1,066	-	-
Non-current lease liabilities	257	360	-
Total non-current liabilities	11,380	4,360	8,781
Current liabilities			
Current portion of non-current borrowings	3,059	2,000	2,000
Current borrowings	2,737	-	-
Trade payables	1,422	4,173	4,611
Advances received	10,898	14,997	14,259
Income tax payable	7	1,253	29
Lease liabilities	176	216	-
Other current financial liabilities	496	-	1,590
Other current liabilities and accrued expenses	1,042	2,235	2,203
Total current liabilities	19,837	24,874	24,692
Total equity and liabilities	45,737	49,388	47,840

Consolidated cash flow statement

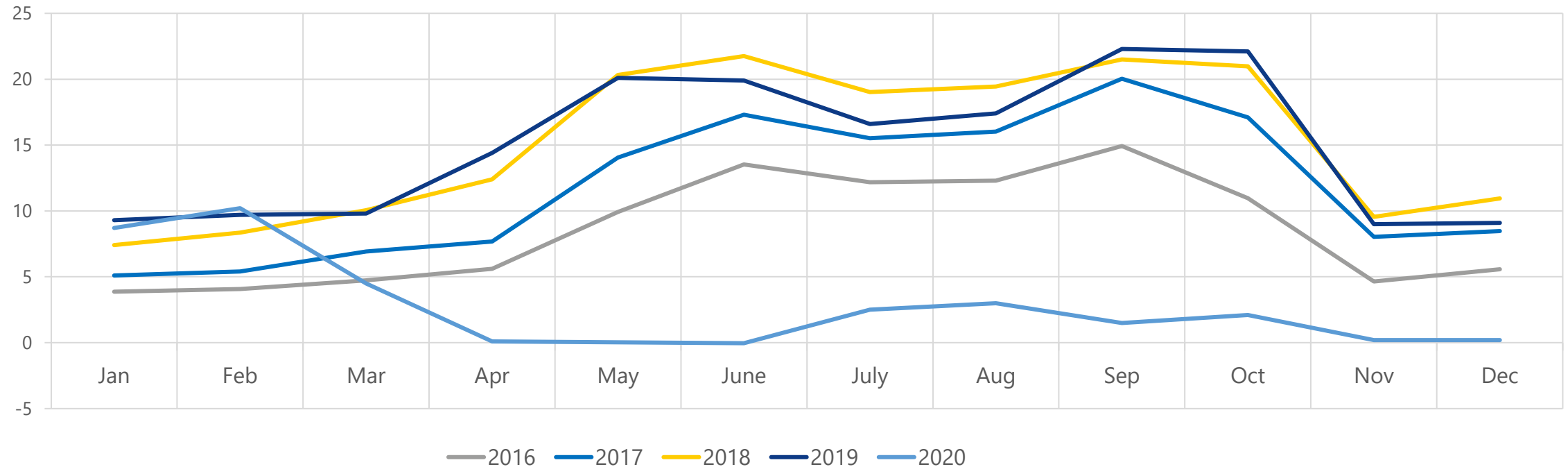
(EUR 000s)	12M 2020	12M 2019
Net profit	(4,990)	4,214
Adjustments for non-cash items	(458)	1,763
Changes in working capital	(6,101)	(1,067)
Net cash flows from / (to) operating activities	(11,549)	4,910
Net cash flows from / (to) investing activities	(24)	(35)
Loans received	16,182	-
(Repayment) of loans	(5,263)	(2,000)
Interest (paid)	(837)	(487)
Payments on principal on leases	-	(237)
Dividends (paid)	-	-
Net cash flows from / (to) financing activities	10,082	(2,724)
Net increase (decrease) in cash flows	(1,491)	2,151
Cash and cash equivalents at the beginning of the year	6,854	4,703
Cash and cash equivalents at the end of the period	5,363	6,854

Seasonality of Novaturas business

Novaturas operates in a sector which is subject to seasonality. Under the usual circumstances 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.

The spread of COVID-19 has re-written all the usual circumstances in 2020.

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 on the Group level
- 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

The Board



Vidas Paliūnas

Member of the Board

- Co-founder of Novaturas UAB in 1999.
- 1999-2009 General Manager of the Company.
- 2009-2018 member of Novaturas' management board (functioning like a supervisory body in the period).



Ugnius Radvila

Member of the Board

- Co-founder of Novaturas UAB in 1999.
- 1999-2011 supervisor of sightseeing product department of the Company.
- Since 2011 consultant to the Company.



Janek Pohla

Member of the Board

- Founder and board member of Tahe Outdoors.
- Member of the board of the Estonian Chamber of Commerce and Industry.



Andrius Jurkonis

Independent member of the Board

- Certified financial analyst and manager of investment fund Axia Capital Fund
- He has accumulated many years of experience in management positions at Euroapothea, VST, Swedbank.

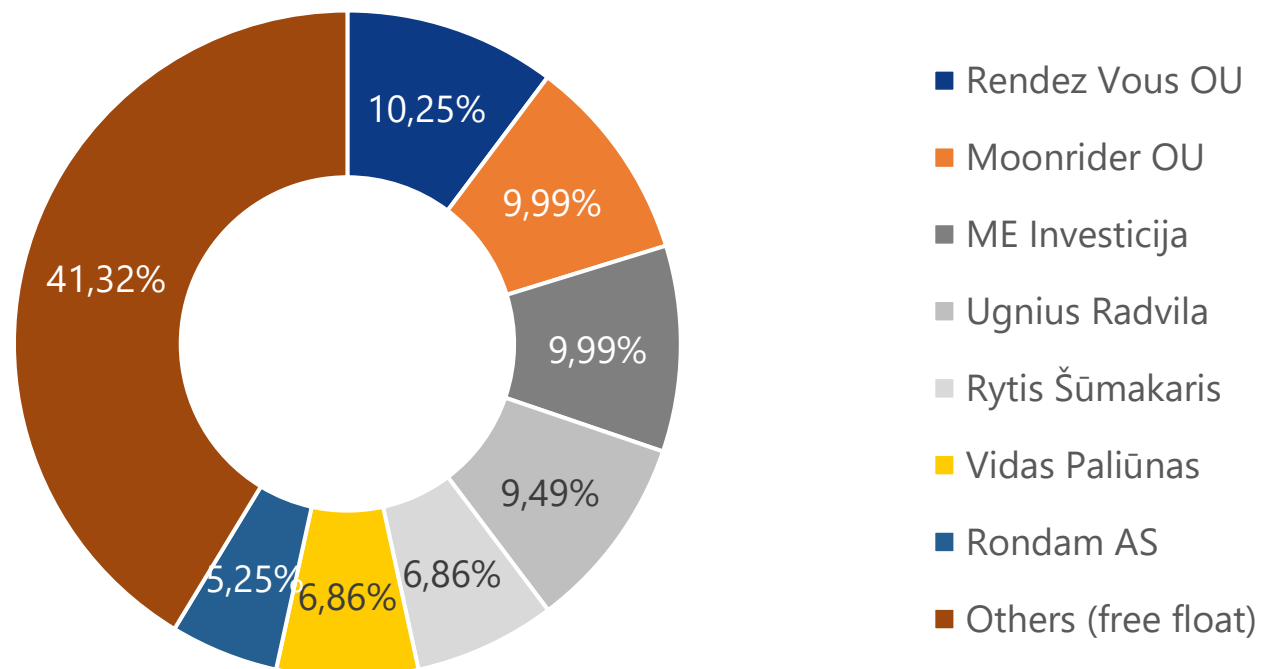


Virginijus Lepeška

Chairman of the Board
Independent member

- 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.

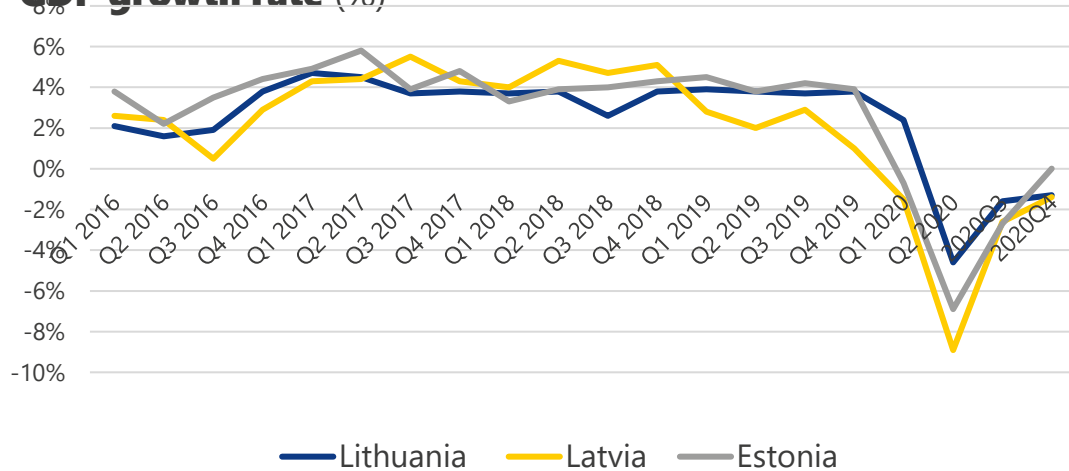
Shareholder structure



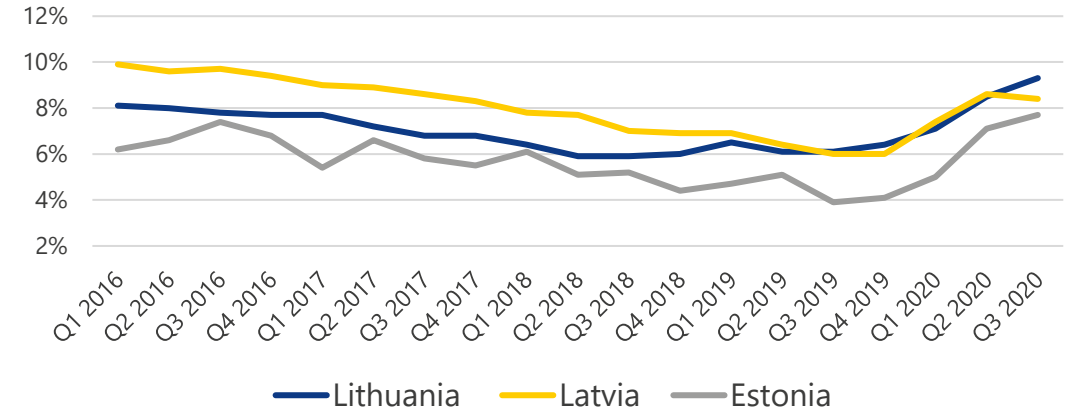
- 1) ME Investicija is an investment company that manages one of the largest European transport services group Girtoka
- 2) "Rendez Vous" OU, CEO Janek Pohla is the founder and member of the management board at „Tahe Outdoors". „Tahe Outdoors" has been a successful manufacturer and distributor of water 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

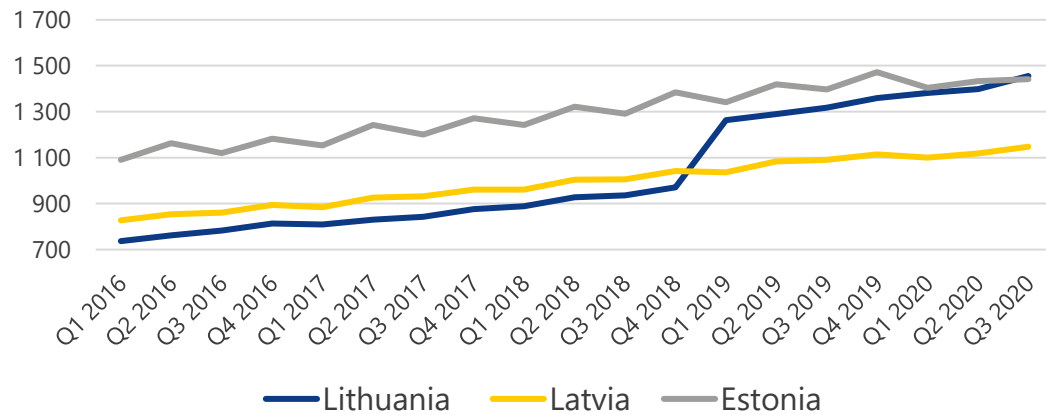
GDP growth rate (%)



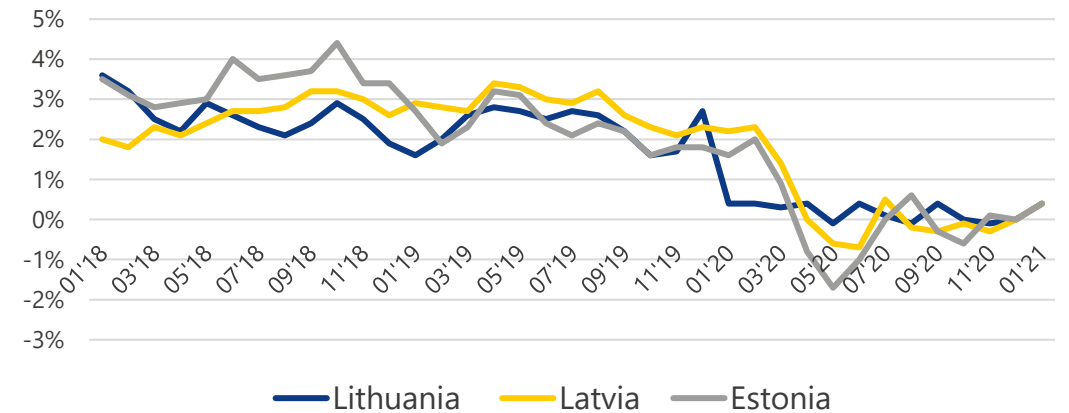
Unemployment rate (%)



Average monthly gross salary (EUR)



Inflation (%)



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:

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www.novaturasgroup.com

Registered under number 135567698 in Lithuania

Company established: 1999 12 16

Stock Listing:

Warsaw Stock Exchange

Nasdaq Vilnius Stock Exchange

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