NOVATURAS AB

Consolidated Annual Report
Independent Auditor’s Report
Consolidated and the Company’s Financial Statements
for the year ended on 31 December **2022**

CONTENT

Statement of the Head of the Company

Dear All,

2022 was a year of managed challenges for us – our ambitious targets at the start of the year were adjusted by the war in Ukraine and the resulting slowdown in travel demand, as well as the drastic rise in jet fuel prices, which led to a temporary loss. However, timely and targeted decisions helped to significantly improve our performance in the second half-year.
We reacted promptly to changes in demand and adjusted our flight programme accordingly, while close cooperation with our partners helped us to confidently grow our sales and adapt our hotel offering. Last year, we took a strategic decision to implement the bookings of another tour operator (Kidy Tour) – a challenge which we managed successfully, not only meeting the expectations of the travellers themselves, but also significantly increasing the number of passengers served. The introduction of a fuel surcharge during the year helped to reduce loss due to fuel price volatility.
After the first half-year, we recorded negative EBITDA (EUR -0.8 million) and a net loss (EUR -1.7 million); however, we closed the year with positive EBITDA (EUR +0,48 million).
We returned to profitability already in the summer, and since September we have recorded a significant monthly revenue growth. Every month from the beginning of autumn until December has been more successful than the previous, and we ended the year with a record Group-wide revenue of EUR 197 million, compared to EUR 109 million in 2021.
This achievement in a challenging period is above all the result of the team's focus and professionalism, while the solid performance of the Group as a whole allows us to move forward with confidence.

Targeted growth in customer numbers
The number of our customers has been growing significantly. In 2022, Novaturas Group served 267k passengers, significantly closing the gap with the years 2018 and 2019, when the number of passengers was the highest ever. Comparing 2021 with 2022, the number of customers has increased by more than 55%. As we observe a targeted upward trend, we aim to continue to deliver a balanced travel programme, with a supply that organically matches demand and responds effectively to changes in the competitive environment.

Leadership in the tourism market
In October 2022, we launched early bookings for the summer season. We offered travellers a balanced and strategically well thought-out selection of destinations for 2023 and a benefits package that includes the lowest price guarantee. Early bookings for this summer exceeded last year's figures for all destinations.
As usual, we focused on destinations that are the most popular among travellers and are not losing their leading positions, such as Turkey and Greece In addition, we recorded a very strong growth in relatively new destinations which are being chosen by an increasing number of travellers – for example, sales to Montenegro and Tunisia exceeded last year's pre-sales by 3 times.
Winter 2022 also witnessed a strong interest in exotic long haul destinations such as Thailand, Indonesia, Maldives, Sri Lanka, Mauritius, Seychelles, Cuba, Mexico, Zanzibar, Dominican Republic and others. Seeing the growing demand for such trips, we have increased our offering accordingly. We are also promising a greater focus on these destinations this year, so we plan to further expand the diversity of our range
In fact, we are seeing a trend towards travellers planning their trips more and more in advance and choosing from a wider range of destinations, resorts, hotels and rooms. In comparison, the average time from purchase to start of travel was two months at the beginning of the year, while in the second half of the year it was approaching three months and continues to increase steadily.

Achievements in aviation
In 2022, we maintained a very high load factor across the Group, with a well-balanced supply of tourism products and a quick response to circumstances. On an annual average basis, it stood at 94.4%, and for the fourth quarter as a whole it exceeded 96%.
In order to improve our customer experience and reduce our CO2 footprint, we replaced our aircraft in Estonia with a more environmentally friendly, next-generation "game-changer" Boeing 737-8 in December 2022. We see this as a key step in ensuring more sustainable travel. The new aircraft not only carries 5 per cent more passengers, but also consumes 12–15% less fuel. This translates into a 16–18% reduction in CO2 emissions, resulting in ~5,000–6,000 tonnes of CO2 less per year.

Motivating staff and encouraging loyalty
Another important step in 2022 to motivate our team of professionals and strengthen loyalty was that we were the first in the Lithuanian tourism market to introduce an option programme. All employees can participate by purchasing shares in the Company for less than the market price and thus contribute to the sustainable growth of the Company's share value.
We are applying the stock option programme in three areas: motivating top managers, giving all employees the opportunity to receive their incentive bonus in stock options instead of cash, and increasing the loyalty of employees depending on the period of service in the Company.

Recognition for challenge management
The success of Novaturas Group is reflected in a significant award. At the traditional Nasdaq Baltic Awards 2023, the Company was recognised as the company that did the best job overcoming recent challenges and managing market change. Novaturas won the title of "The Challenge of the Year" for its contribution to the development of Lithuanian and Baltic capital markets.

Summing up a challenging year that has helped us to return to sustainable growth in 2022, we look forward to the future with optimism and confidence. Even as the competitive environment intensifies, we are clearly maintaining our leadership as the largest tour operator in the Baltic tourism market and we are evidently increasing the gap with our closest competitors. This inspires us to continue to pursue ambitious goals and plan bold operational steps.

Yours faithfully
Vitalij Rakovski
CEO

(all amounts are in thousand EUR unless otherwise stated)

General information

Reporting period
This report covers the calendar year ended on 31 December 2022.

Issuer and its contact details

Name of the issuer	**Novaturas AB**
Legal form	The public limited liability company
Registration date	As at 16/12/1999
Register manager	State Enterprise Center of Registers
Company code	135567698
LEI code	097900BGCW0000042109
Registered office	A. Mickevičiaus st. 27, LT-44245 Kaunas
Telephone	+370 37 321 264
Fax	+370 37 321 130
Email address	info@novaturas.lt
Website	www.novaturasgroup.com

On 25 November 2014, the reorganisation of Novaturas UAB into Novaturas AB was registered in the Register of Legal Entities. From the date of reorganisation and registration of the new legal status, Novaturas AB (hereinafter – the Company) assumed all rights and responsibilities of Novaturas UAB.

Core activities of the Company and its subsidiaries: tours organisation and distribution.

The authorised capital of the Company amounts to EUR 234,210 and has been divided into 7,807,000 ordinary registered shares, share par value EUR 0.03. All the shares have been fully paid.

As at 31 December 2022, there are 5 members of the Board of the Company.

Vitalij Rakovski, Chief Executive Officer, was the head of the Company as at 31 December 2022.

Subsidiaries
Novaturas Group consists of Parent Company Novaturas AB and its subsidiaries (hereinafter – the Group) through which the Company operates in various markets.

Name of subsidiary	Country	Registered office	Shareholding, % As at 31 December 2022	2021
Novatours SIA	Republic of Latvia	Kr. Valdemara St. 100, Riga, Latvia	100	100
Novatours OU	Republic of Estonia	Ravala g. 6, Tallinn, Estonia	100	100
Aviaturas ir Partneriai UAB	Republic of Lithuania	Konstitucijos ave. 15/5, Vilnius, Lithuania	100	100
Novatours Holidays SRL*	Republic of Romania	M. Caramfil st. 53, Bucharesht, Romania	100	100

* Operations of the subsidiary in Romania were discontinued in 2009.

The Company did not acquire own shares and did not hold them as of the year end. The Company‘s subsidiaries do not hold the Company‘s shares either.

As at 31 December 2022, the Company had a branch with registered office at Jasinskio St. 16, Vilnius, Lithuania. The registration code of the branch is 125142371. Operating results of the branch are included in the financial statements of the Company.

Core activities

Place of operation

The Company is the largest tour operator in the Baltic States. The Company was established in 1999, became the market leader in the Baltics in 2004. The Company is proud of its strong position in the Baltic markets, well known trademark, high customer loyalty, and long-term relationships with travel agencies and service providers, which enables the Company to offer travellers a wide range of services for an attractive price.

Sales channels

Our products are accessible to people through various distribution channels. We work with over 400 travel agencies, including the largest agencies of the Baltic States. Our points of sale are in the largest cities of Lithuania, Latvia and Estonia. Investments are also made in the development of our e-commerce channel. Online trading is conducted through the Company's websites and the Global Distribution Systems (GDS), an international platform.

Product range

Our product assortment is very wide: it includes various types of tours, prices and travel destinations. We can offer products that are in line with the needs and expectations of different client groups. This enables us to maintain our positions in almost all market segments and to effectively adapt to changing needs of travellers. Our product range includes summer and winter holiday packages and sightseeing tours by coach and aircraft, with over 30 travel destinations all over the world including the most popular South European Resorts and selected locations in Northern Africa, Middle East, Asia and Latin America. We also sell flight tickets for the tours organised by the Company and offer hotel accommodation.

(all amounts are in thousand EUR unless otherwise stated)

Tour packages. Offers consist principally of organisation of recreational tours by air. This includes recreational tours to popular European summer resorts (Mediterranean Sea region), Northern Africa, Asia and South America, as well as popular winter destinations in Europe – Italy and France. An entire service package is offered: flights, transport from the airport to the hotel, accommodation, local guides who work round the clock and entertainment during the tour including all-day excursions in summer.

Sightseeing tours by air. Sightseeing tours by air are medium- and long-distance tours including travel to Asia and South America. Chartered and regular flights from Vilnius are organised. We offer flights, accommodation, and tourism by coach and tour guides who accompany the tourists throughout the trip and inform them about the country, its attractions and entertainment.

Sightseeing tours by coach. Sightseeing tours by coach are organised to attractions in Europe (including Poland, Germany, France, Italy, Austria, Croatia and Greece). Tours by coach are organised from Lithuania. We offer travel by coach, accommodation, trips to attractions by coach and tour guides who accompany travellers throughout the trip.

Holidays in the Baltics. Holiday and accommodation services in all the main resorts and major cities of the Baltic States.

Other products. Other products consist of flight tickets and ordering hotels online. We sell them to individual clients and tour operators who often need seats in the most popular chartered flights.

Trademarks.
The diversity of our products also includes trademarks and product lines. The most important trademarks are Novaturas (in Lithuania) and Novatours (in Latvia and Estonia) that generate the majority of income. Apart other trademarks, we control ECO Travel, Sofa travel, and Novaturas Gold, a high-class product line.

Securities traded in regulated markets
Nasdaq Vilnius exchange is a domestic market for the Company's shares. Since 21 March 2018, shares of the Company are traded on two exchanges: Nasdaq Vilnius Stock Exchange and Warsaw Stock Exchange.

The Company's stock symbol on Nasdaq Vilnius Stock Exchange is NTU1L and on the Warsaw Stock Exchange NTU.

Share class	Number of shares	Share par value, EUR	Total par value, EUR	Issue code
Ordinary shares	7,807,000	0.03	234 210	LT0000131872

Material events in 2022:

- 12/01/2022 After 22 years of operation AB Novaturas renewed its logo.
- 26/01/2022 Vitalij Rakovski becomes the new head of Novaturas Group.
- 08/02/2022 Novaturas Group Reports Results for 2021.
- 01/04/202 Enlight Research initiate coverage on AB Novaturas.
- 13/04/2022 Novaturas launches early booking sales to key destinations for the 2022-2023 winter season.
- 22/04/2022 Novaturas intends to take over the bookings of Kidy Tour travellers.

- 28/04/2022 Novaturas Group financials for the Q1 2022.
- 09/05/2022 Arūnas Žilys becomes the new CFO of Novaturas Group.
- 24/05/2022 AB Novaturas annual information for the year 2021.
- 18/08/2022 Novaturas group financials for 6M 2022.
- 11/10/2022 AB Novaturas launches early bookings for summer 2023.
- 17/11/2022 Novaturas group financials for 9M 2022.
- 21/11/2022 Novaturas team welcomes Rasa Barisienė, the new Sales Director.
- 30/12/2022 Novaturas offers all employees a stock option programme.

Material events in 2023 (from 01/01/2023 to 30/04/2023):

- 13/02/2023 At the traditional Nasdaq Baltic Awards 2023, Novaturas Group was recognised as the company that did the best job overcoming recent challenges and managing market change.
- 27/02/2023 Vitalij Rakovski, CEO of Novaturas Group, introduced preliminary results for the year 2022 to investors and analysts.
- 13/03/2023 Vygantas Reifonas becomes the new CFO of Novaturas Group.
- 20/04/2023 AB Novaturas strategy for 2023-2025 was introduced to investors.

(all amounts are in thousand EUR unless otherwise stated)

Financial information

The Group's result for 2022:

- Sales amounted to EUR 197m and were 81% higher compared with the same figure in 2021.
- Gross profit was EUR 19m, which is 41.5% more compared with the ratio recorded in 2021.
- Operating expenses reached EUR 19.3 million and were 73% higher than in 2021.
- EBITDA was positive and amounted to EUR 481k, where in 2021 it amounted to EUR 2.6m.
- In 2022, the Group incurred net loss of EUR 818k. In 2021, the Group earned EUR 909k of net profit.
- In 2022, Novaturas Group served 267k passengers. Comparing 2021 with 2022, the number of customers has increased by more than 55%.

Main indicators of the Group

Financial indicators	**2022**	**2021**	**Change, %**
Revenue	196,676	108,995	80.4%
Gross profit	19,088	13,489	41.5%
EBITDA	481	2,553	-81.2%
Operating profit (EBIT)	222	2,403	-90.8%
Profit before taxes	(755)	938	-180.5%
Net profit for the period	(818)	909	-190.0%

Relative indicators/ratios	**2022**	**2021**	**Change**
Number of ordinary registered shares	7,807,000	7,807,000	-
Earnings per share (EUR)	(0.10)	0.12	-0.2
Gross profit margin (%)	9.7	12.4	-2.7 pp
EBITDA margin (%)	0.2	2.3	-2.1 pp
EBIT margin (%)	0.1	2.2	-2,1 pp
Profit before taxes margin (%)	(0.4)	0.9	-1.3 pp
Net profit margin for the period (%)	(0.4)	0.8	-1.2 pp
Return on assets (ROA) (%)	(1.6)	1.7	-3.2 pp
Debt / equity ratio (%)	61.9	94.9	-35.1 pp
Capital / assets ratio (%)	25.5	33.8	-7.2 pp
Actual profit tax rate	(8.3)	3.1	-11.4
Total liquidity ratio	0.73	0.75	-0.02

Tour packages accounted for the largest share in both sales and earnings. Sightseeing tours by coach and air account for a small part. Other sales income increased, however, its impact on profit was not significant.

Geographical information and other sales information

In 2022, the Company's core activity was tour organisation and sale of tour packages through a retail travel agency network, internal sales channels (own retail sale offices, website, sale of flight tickets through GDS). Tours provided by Novaturas are sold by more 400 travel agencies in the Baltic States. E-commerce sales take place through websites of the Group companies of Novaturas. There were 3.6m unique visitors to the Company's website in 2022, which is a 38.5% increase compared with 2021 (2.6m of unique visitors).

The Company also sells tickets for its charter flights through GDS. This means that these tickets are available to agents worldwide, and people can acquire these tickets through most popular ticket distribution platforms.

Income structure by sales channels:

	2022, %	**2021, %**	**Change**
Travel agencies	69.1	69.1	-
The Company's travel agencies	13.7	11.1	+2.6 pp
Online sales	16.1	17.4	-1.3 pp
GDS	1.1	2.4	-1.3 pp
Total	**100.0**	**100.0**	

Number of clients serviced in by country of sale ('000 passengers):

	2022	**2021**	**Change, %**
Lithuania	141.1	87.3	+61.6%
Latvia	55.6	30.0	+85.2%
Estonia	70.3	54.7	+28.5%
Other	-	-	-
Total	**266.9**	**172.0**	**+55.2%**

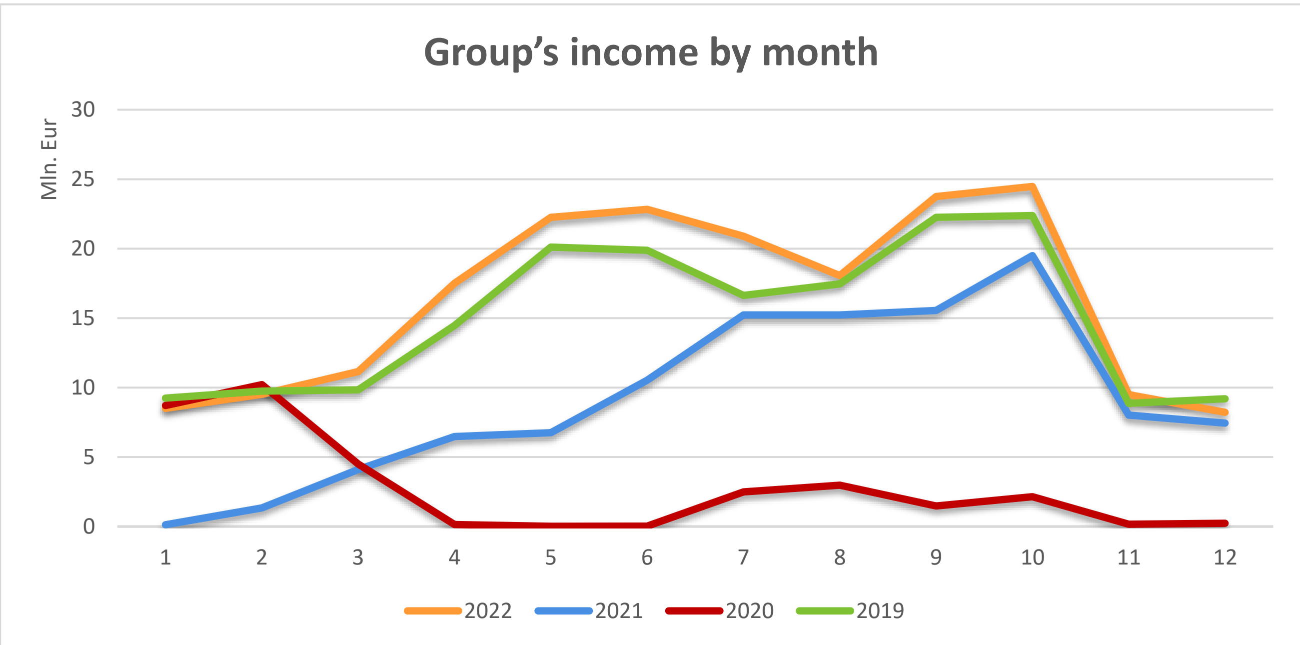
Tour packages was the main product of the Company, as was the case in previous years. In 2022, compared to 2021, the fast-growing categories were sightseeing tours by coach and aircraft (increased 11 and 4 times, respectively). Below is the data on customers served by product category (in '000 passengers).

	2022	**2021**	**Change, %**
Flight packages	215.5	136.0	+58.5%
Sightseeing tours by bus	3.4	0.3	+1 033.3%
Sightseeing tours by air	1.3	0.3	+333.3%
Other (sale of flight tickets and hotel bookings)	46.7	35.4	+31.9%
Total	**266.9**	**172.0**	**+55.2%**

Turkey remained the main summer holiday destination, which was booked by more than 40% of all Novaturas customers. Unlike 2021, 2022 was an active skiing holiday season, and we also recorded a higher demand for long-haul destinations.

	2022, %	**2021, %**	**Change**
Turkey	40.8	36.9	+3.9p.p.
Greece	13.6	19.3	-5.7p.p.
Egypt	16.3	20.1	-3.8p.p.
Bulgaria	3.6	6.9	-3.3p.p.
Montenegro	5.8	5.3	+0.5 p.p.
Spain (incl. Canary islands)	7.1	7.5	-0.4 p.p.
Ski destinations	2.2	-	+2.2 p.p.
Remote countries	2.7	0.7	+2.0 p.p.
Other destinations	7.9	3.3	+4.6 p.p.
Total	**100.0**	**100.0**	-

Seasonality of the income by months:



Information about related party transactions

Related party transactions are presented in the Explanatory Notes to the financial statements.

Risk management

The Group's main business partners risk
Pursuant to contracts with the key business partners, the Group is obliged to make advance payments for services ordered (e.g. charter airlines, coach companies or hotel operators). Thus, potentially not fulfilling or not properly fulfilling contractual obligations toward the Group and/or insolvency of the Group's key business partners, including primarily toward charter airlines, may have a material adverse effect on the Group's operations, its financial condition and results of operations. In order to mitigate the risk Group diversifies partners and works with several aviation partners simultaneously also in big volume destinations works with several hotel providing partners.

Credit risk
The Group's credit risk is relatively low as payment is requested before the tour. In addition, credit limits have been granted to travel agencies through which the majority of sales takes place. The main purpose of these credit limits is to ensure timely payments. If they exceeded the credit limit, the Company's reservation system automatically blocks the sales.
The Group does not provide guarantees for other parties' liabilities. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, if any, in the statement of financial position. Therefore, in the opinion of the Company's management, maximum risk is equal to the sum of trade debtors and other accounts receivable less impairment losses recognised in the Statement of Financial Position as of its date.

Interest rate risk
A larger part of the Group's borrowings consists of loans subject to a fixed interest rate, whereas the Company's credit line is related to the variable interest rate, the future use of which depends on future financial circumstances. In view of this, the Group does not use interest rate swaps and includes the relevant interest rate risk in the sales price of products.

Foreign exchange risk
The vast majority of the Group's sales revenue is received in Euros, but part of the services that make up the cost, the most significant part of which is flights, are acquired in US dollars.

To mitigate both aviation fuel volatility and aviation fuel related foreign exchange risk, as of 2014, the Group uses a hedging accounting treatment implemented via fuel futures (or options) and forward foreign exchange transactions, which ensure the margin hedge for travel products sold against fuel price and currency volatility. These derivatives are subject to hedge accounting.

Liquidity management
The Group pursues a policy of maintaining a sufficient amount of cash and cash equivalents or to secure financing by means of credit lines in order to fulfil its obligations under strategic plans. Liquidity risk is managed by planning the Group's cash flows.

As at 31 December 2022, the Group complied with all financial and non-financial covenants, under the financing agreements of the Group companies with banks and other credit providers.

Capital management
The main purpose of capital management is to ensure that the Group meets external capital requirements and maintains correct capital indicators so that the Group's activities are sound and shareholder value is maximised (under IAS 1, "capital" corresponds to equity disclosed in financial statements).

The Group manages the structure of its capital and changes it having regard to changes in the economic environment and operating risk. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders and issue new shares.

In accordance with the Law on Companies of the Republic of Lithuania, the Company's equity must account for at least 50% of its authorised capital, which consists of share capital and share premiums. The Company also complies with requirements regarding equity to asset ratio from the credit providers. As at 31 December 2022, the Company complied with these requirements.

The Company assesses capital by means of the debt/equity ratio. The capital includes ordinary shares, reserves and retained earnings attributable to the equity shareholders of the parent company.

Neither the Group nor the Company conduct any research and development.

Plans and projections

The main objectives for 2023 are the following:

- to maintain the position of a market leader in the Baltic States by promoting new or returning destinations and long-haul tours;
- to increase focus on digitalisation of services;
- to further improve traveller experience and to develop positive holiday planning habits by offering early booking and other services;
- to maximise profitability through strategically-grounded pricing algorithms and targeted hedging derivatives.

(all amounts are in thousand EUR unless otherwise stated)

Environmental, Social and Governance Report

Governance Report

Prior to the decision of the General Meeting of Shareholders of 30 June 2020, the management bodies of the Company were: the General Meeting of Shareholders, the Supervisory Council, the Board and the head of the Company – the Chief Executive Officer. On 30 June 2020, the General Meeting of Shareholders decided to reorganize the management structure of the Company by relinquishing the Supervisory Council and transferring its functions to the newly formed Board of the Company. As from 30 June 2020, the Company's management bodies include the General Meeting of Shareholders, the Board and the head of the Company – the Chief Executive Officer.

Decisions of the general meeting of shareholders taken within its remit stated in the Articles of Association are binding upon the shareholders, the Board, the Managing Director and other employees of the Company. Shareholders who were recorded as such as of the end of the record date are entitled to attend the general meeting of shareholders. The record date for the purposes of the general meeting of shareholders is the 5th (fifth) working day prior to the general meeting of shareholders or the 5th (fifth) working day prior to any adjourned general meeting of shareholders. A person taking part in the general meeting of shareholders and entitled to vote must produce a personal identity documents. A person who is not a shareholder must produce, in addition to the personal identity document, a document evidencing his/her right to vote at the general meeting of shareholders.

According to the Articles of Association of the Company, until 30 June 2020, the Supervisory Council consists of five members elected for the term of office of three years and acting jointly as a supervisory body. The Council represented the shareholders and performed supervisory and control functions. Members of the Supervisory Council were elected by the general meeting of shareholders according to provisions of the Republic of Lithuania Law on Companies. Two out of the five members were independent. The chairperson is elected by the members from among themselves. The Council had two committees: the Audit Committee and the Remuneration and Appointments Committee. Their members were elected for the term of office of three years from among the members of the Supervisory Council. All the three members of the Audit Committee possessed degrees and experience in the field of finances and economics; two members of the committee were independent.

In accordance with the Articles of Association of the Company, until 30 June 2020, the Board consisted of four members elected for the term of office of three years and acting jointly as a management body of the Company. Members of the Board were elected by the Supervisory Council according to a statutory procedure. The Board elects the Chair of the Board from among its members. As from 30 June 2020, the restructured Board was elected by the General Meeting of Shareholders under new version of the Articles of Association of the Company. The Board consists of five members elected for the term of office of four years and acting jointly as a management body of the Company. Two of five Board's members are independent, and remaining three represent the interests of the shareholders. The Board elects the Chair of the Board from among its members. A newly elected Board of the Company performs supervisory, control and strategy development functions. The Board appoints and recalls the Chief Executive Officer, sets his/her remuneration and other terms of employment, approves job regulations, provides incentives and imposes sanctions.

The Managing Director is a single-handed management body of the Company responsible for organizing routine activities of the Company.

The Company complies, in substance, with the corporate governance recommendations provided by Nasdaq Vilnius Stock Exchange and the best practice recommendations provided by the Warsaw Stock Exchange. A detailed list of the recommendations implemented in the Company's activities, together with explanations, is given below in the Governance Report. On its website www.novaturasgroup.com, the Company also publishes a list of recommendations that are not complied with in full or in part.

Issued capital

Issued capital of the Company amounts to EUR 234,210 and consists of 7,807,000 ordinary registered shares of EUR 0.03 par value each. The number of the shares entitling to vote at the general meeting of shareholders is 7,807,000.

Shareholders

	Number of shares	Share of authorised capital and total number of votes, %
Willgrow (former ME Investicija)	779,900	9.99
Ugnius Radvila	740,702	9.49
Moonrider OU	543,346	6.96
Rytis Šūmakaris	535,278	6.86
Vidas Paliūnas	535,278	6.86
Rendez Vous OU	524,671	6.72
Rondam AS	356 489	4.57
Other	3,791,336	48,55
Total	**7,807,000**	**100**

(all amounts are in thousand EUR unless otherwise stated)

According to the data as of the record date (17 May 2022) of the last general meeting of shareholders that was held on 24 May 2022, the Company has 6,178 shareholders. According to the Company, it had 6,064 shareholders as at 31 December 2022.

Shareholders rights

Neither shareholder of the Company has any special right of control. All the shareholders have equal rights. As at 31 December 2022, the number of the shares entitling to vote at the general meeting of shareholders is 7,807,000. An ordinary registered share grants one vote at the general meeting of shareholders of the Company.

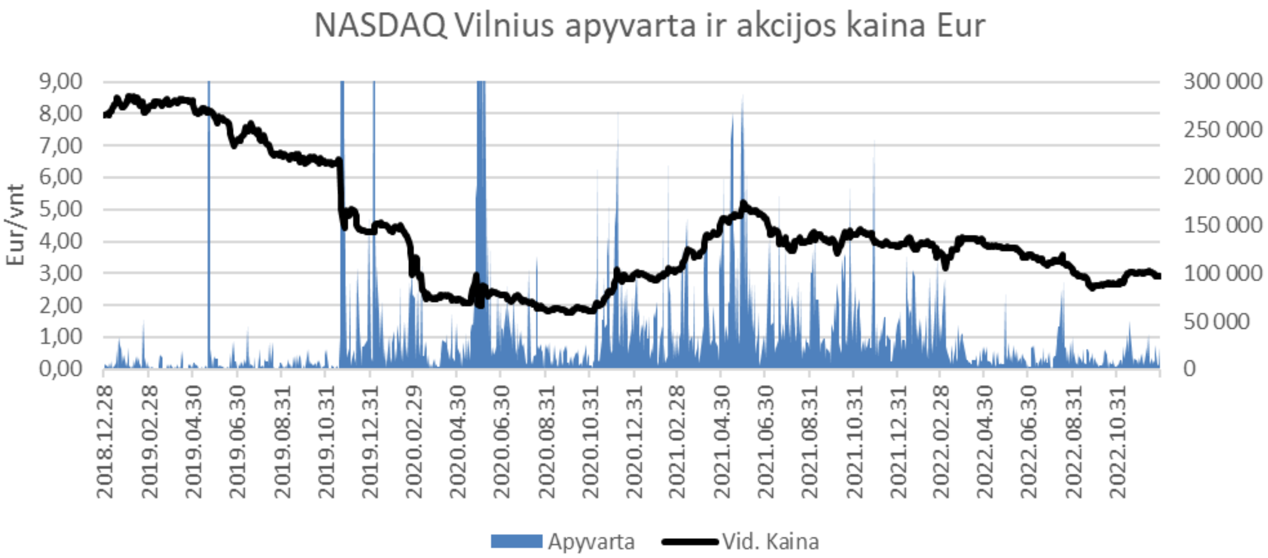
The Company has no information about any agreements between the shareholders that would restrict the voting rights attached to the shares. All IPO lockup periods expired.

Information about trading in the Company's securities

7,807,000 ordinary registered shares of Novaturas AB (ISIN code LT0000131872) are included in the Official Trading List of Nasdaq Vilnius Stock Exchange (symbol NTU1L) and the Warsaw Stock Exchange (symbol NTU, ISIN code LT0000131872).

Information about trading in the shares of Novaturas AB from 28 December 2018 until 31 December 2022 in Nasdaq Vilnius Stock Exchange (Lithuania):

	Currency	Opening price	Maximum price	Minimum price	Closing price	Average price	Traded quantity, units	Trading volume, EUR
2021	EUR	2.94	4.90	2.70	3.84	3.17	3,103,457	12,045,114
2022	EUR	3.82	4.17	2.50	2.92	3.52	1,436,627	5,062,964

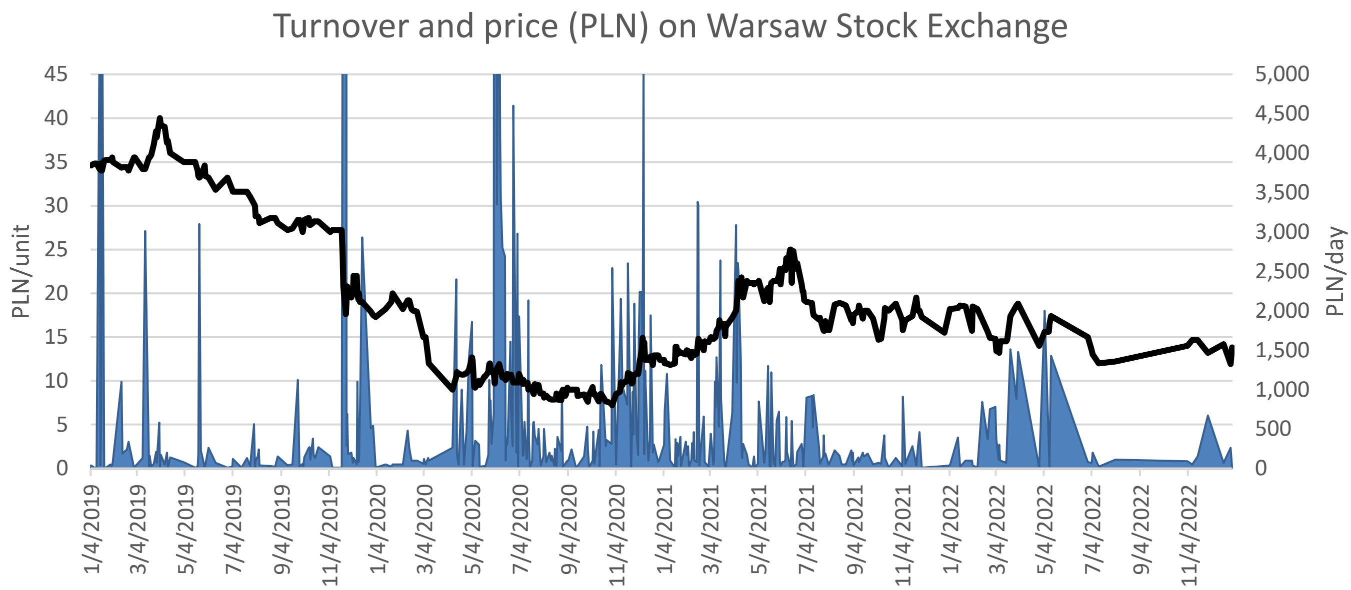


As at 31 December 2022, the Company's market capitalisation was EUR 22.8M.

(all amounts are in thousand EUR unless otherwise stated)

Information about trading in the shares of Novaturas AB from 4 January 2019 until 31 December 2022 in GPW Main Market (Poland):

	Currency	Opening price	Maximum price	Minimum price	Closing price	Average price	Traded quantity, units	Trading volume, PLN
2021	PLN	12.40	25.00	11.80	18.20	17.43	53,898	937,609
2022	PLN	18.20	18.80	11.90	13.80	16.15	14.190	229,198



As at 31 December 2022, the Company's market capitalisation was PLN 108m.

Information about own shares held by the Company
The Company has not acquired any own shares. The Company has not acquired any own shares from the Company's management.

Dividend
In 2018, the Board approved the dividend payment policy according to which dividend should account for 70–80% of the profit earned by the Company. Due to the impact of the COVID-19 pandemic that started in 2020 and the associated additional restrictions on the financing of the Company's activities, during the appropriation of the Company's profit for 2021 and 2022, the General Meeting of Shareholders adopted a decision not to pay dividends.

Procedure for amending the Articles of Association
The Articles of Association of the Company are amended according to a procedure established in the Law on Companies by decision of the general meeting of shareholders adopted by a 2/3 majority vote of shareholders attending the meeting. Upon adoption of such decision, the text of the amended Articles of Association is signed by a person authorised by the General Meeting of Shareholders.

(all amounts are in thousand EUR unless otherwise stated)

Procedure for the election and replacement and Powers of the Board Members

Members of the Board are elected and replaced by decision of the General Meeting of Shareholders. Members of the Board analyse and evaluate organisation of the Company's activities, financial position, financial statements, annual reports, interim reports and exercise other powers granted to them under the law and the Articles of Association.

On 30 June 2020, the General Meeting of Shareholders revoked the entire Board, and appointed a new Board composed of: Vidas Paliūnas, Ugnius Radvila, Janek Pohla, Virginijus Lepeška and Andrius Jurkonis.

Janek Pohla resigned from the position of a Member of the Board of the Company as of 17 December 2021.

On 24 May 2022, the General Meeting of Shareholders appointed Rytis Šūmakaris as the member of the Board (for the remaining term of the current Board).

Activities of the Company's management bodies in 2022

Activities of the Board

Seventeen meetings of the Board were held in 2022. All of them had the quorum required under legal acts. Matters considered/approved at the meetings of the Board: the organisation of the Board's activities, the Company's performance, the Company's strategy, organisational structure, budget, investment projects, etc.

The Board's meetings were chaired by Virginijus Lepeška, chairperson of the Board.

Numbers of meetings in which members of the Board took part are shown in the table below:

	Board meetings
Total number of meetings	17
Virginijus Lepeška	17
Ugnius Radvila	17
Vidas Paliūnas	17
Andrius Jurkonis	17
Rytis Šūmakaris	7

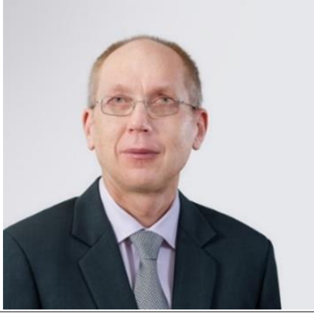
Three of the Board's members represent the shareholders and the other too, namely, Franz Leitner and Piotr Nowjalis are independent members.

The Board members as at 31 December 2022:

Full name	Duties in the Board	Position held	Number of shares held	Start of term office
Ugnius Radvila	Member of the Board	-	740,702	30/06/2020
Vidas Paliūnas	Member of the Board	Member of the Board of UAB Verslo centras 32 Managing Director of UAB Optimistai	535,278	30/06/2020
Rytis Šūmakaris	Member of the Board	UAB Marių Namai – Managing Director and Members of the Board	535,278	25/05/2022
Andrius Jurkonis	Member of the Board (independent member)	Manager of the investment fund Axia Capital Fund; manager of Farmacijos kapitalas UAB, manager of New Pharma CEE, manager of Privataus kapitalo investicijos UAB, and manager and sole shareholder of New retail LV UAB	-	30/06/2020
Virginijus Lepeška	Member of the Boar (independent member)	consultant and chairman of the Board of Organizacijų vystymo centras UAB; consultant and Chairman of the Board OVC mokymai UAB, consultant, the Board member Biseris UAB; the Board member Lewben UAB	-	30/06/2020

Virginijus Lepeška

Acts as 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. Since 2003, he has been a member of the Board and the Supervisory Board in various companies. Virginijus Lepeška has a doctorate in social sciences (psychology) from Vilnius University. He is currently a charman of the Board of the Kosmelita UAB and Organizacijų vystymo centras UAB. He is also a member of the board of the Biseris UAB, Lewben Holdings UAB and Child Support Center. Has no shares in the Company.



Ugnius Radvila

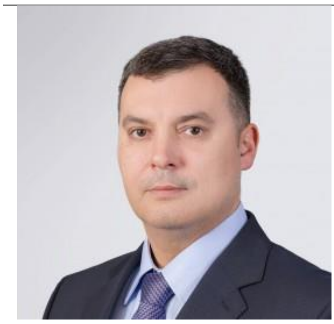
has been with the Company since its establishment. In 1999–2011, he was the Director of the Vilnius Branch; he has been a consultant of the Company since 2011. In 1995–2004, he was the Tourism Manager with Interservis kelionių agentūra UAB. In February 2018, he became the member of the Supervisory Council. He graduated from the Faculty of Communications of Vilnius University with a Master's Degree in Communications and Information (study programme "International Communication"). He holds 9.49% of shares in the Company.

Vidas Paliūnas

took part in the formation of Novaturas UAB of three travel agencies, one of them being DELTA travel agency of which he was the Chief Executive Officer. In 2009–2018, he was a member of the Board of Novaturas, and became a member of the Supervisory Council in February 2018. He received a degree in Information Technologies at Chemnitz University of Technologies in Germany. He holds 6.86% of shares in the Company.

Andrius Jurkonis

is a manager of the investment fund Axia Capital Fund and certified financial analyst. He has accumulated many years of experience in management positions at Euroapotheca, VST, Swedbank. Mr Jurkonis has a bachelor's degree and a master's degree in economics from Vilnius University. He is currently the director of New Pharma CEE, a partner of Blue flight UAB, Gusania UAB. Has no shares in the Company.



Rytis Šūmakaris

is one of the co-founders of AB Novaturas and supporting partner since 2001. During the 18 years within the company Mr. Šūmakaris has contributed significantly to building Novaturas business, expansion in the Baltics, securing leading positions in all three markets. Mr. Šūmakaris also owns accommodation service company Nidos Namai. He holds 6.86% of shares in the Company.

Remuneration Policy of the Company
Reviewed, updated and approved at the General Meeting of Shareholders on 24 May 2022

The updated version of the Remuneration Policy introduced the following significant changes compared to the previous version: (i) the Company no longer has a Remuneration and Nomination Committee which performs the functions of supervision and control of the Remuneration Policy; (ii) considering that the Company no longer has a Supervisory Board, changes are made to the Remuneration Policy in this regard; (iii) the terms and forms of payment of the variable remuneration are specified.

Company's remuneration principles
- Linking remuneration to performance and aligning with shareholders' interests: in making remuneration-related decisions, the Company focuses on long-term, risk-adjusted performance and rewards performance that generate sustained value for the Company.
- "Shared success" culture encouragement: teamwork should be encouraged and rewarded to foster a "shared success" culture. Contributions are considered across the Group, within business units, and at individual level when evaluating an employee's performance.
- Attracting and retaining top talents: competitive and reasonable remuneration should help attract and retain the best talent to grow and sustain the Group's business.
- Integrating risk management and remuneration: management bodies of the Group should generate honest, fair and objective evaluations and identify individuals responsible for meaningful risk-related events and their accountability.
- Good corporate governance: the Group's good corporate governance is fostered by oversight by Board of the executive remuneration scheme, including defining the Group's remuneration principles, reviewing and approving the Group's overall incentive remuneration pools.
- Transparency with shareholders: to provide shareholders with enough information and context to assess the Group's schemes and practices, and their effectiveness, the Company discloses to the public the essential terms and results of the remuneration scheme applied.
- Transparency with employees: the remuneration and the set of performance, competence and qualifications used to determine the remuneration of the employee is disclosed to each employee.
- Flexibility: in the event of the need to hire or retain an employee who has a significant impact on the Group's operations or to manage the risks arising from the change of employees, decisions may be made by the Group companies applying exceptions to this Remuneration Policy, however, such exceptions and the reasons thereof must be disclosed to the Board without delay.

Measures to avoid conflicts of interest
- Some members of the Board are independent and provide both independent oversight and control of the Company's Remuneration Policy and pay practices.
- Decisions on individual remuneration of Employees are made by the head of the respective Group company. The remuneration of the CEO and CFO is approved by the Board of the Company. The Board of the Company also reviews the remuneration of the top level management and limits thereof, as necessary.

Remuneration structure
The Group companies ensure for their employees a competitive and fair remuneration for results achieved by the Company and the employee individually. The purpose of the remuneration policy is to retain existing and attract new employees to ensure business success.

Main components of remuneration
- Fixed part of remuneration (PAD) – is the monthly salary specified in the employment contract, i.e. basic part of wage. PAD and its amount is determined in the Employees' employment contracts and is paid in accordance with the procedures established by law. Members of the elected bodies who have not concluded employment contracts with the Company may receive remuneration in the form prescribed by legal acts and in accordance with service provision contracts.
    - Typically, PAD for Employees of Group companies are reviewed and determined once a year. PAD for the Employees of the Company is determined by the CEO. PAD for the Employees of other Group companies is determined by the head of the Group company.
    - PAD is determined in accordance with the law and the internal procedures of the companies.
    - PAD for the Company's CEO and CFO is established by the Company's Board.
    - PAD is determined considering the level of responsibility, professional experience, personal qualities required for the position, market conditions.
- Variable part of remuneration (KAD) – annual, quarterly or monthly bonus or share options. KAD is an additional remuneration for the employee which is granted and paid at the initiative of the Company as a means of promoting and motivating employees. KAD can be short-term (bonuses, supplements for additional project) and long-term (share options). The purpose of KAD is to motivate employees for their good performance, for good performance or results of Company or its department or all the Group. KAD may form significant part of the annual PAD and, in exceptional cases, may exceed the PAD for top management.
    - Short – term incentives. Annual bonuses are paid to top management based on the achievement of Group's net profit (or EBITDA) result (or other profitability indicator) and/or considering the change in the share price. The Board of the Company determines the specific results to be achieved by top-management, award criteria and the procedures for calculating bonuses. Bonuses are paid to other Employees depending on the Group's net

(all amounts are in thousand EUR unless otherwise stated)

profit (or EBITDA) result (or other profitability indicator) and other objectively identifiable and measurable indicators. The specific results to be achieved and the procedure for calculating bonuses and award criteria is determined by CEO of the Company. Board members may be paid royalties in accordance with procedures established by law.

  - Long-term incentives. Share options are granted to top management, employees and members of the Board of the Company in accordance with the Rules for Granting Shares approved by the Company's shareholders' meeting and published on the Company's website. The purpose of the rules for granting shares of the Company and granting the share options is to safeguard the business strategy, long term goals and interests of the Group by providing additional measures to motivate and retain professional, qualified and competent team with diverse knowledge and experience and to encourage employees of the Group, Board members to contribute to the success of the Group, to increase the financial and property interests of employees and to promote long-term work in the Group, thus increasing the value of the Group and aligning long term interests of themselves and the Group.
- Other monetary remuneration (KPA) – supplements or other benefits; Employee may be paid a supplement for additional work, performance of additional functions not provided for in their employment contract and/or job description, or performance of additional tasks. Supplements is determined by the order of CEO of the Company or the head of the Subsidiary. The supplement is not included in the amount of PAD set for the employee.
- Other benefits (KN) are benefits provided to the employee that have a financial value but do not involve monetary bonuses, i.e. non-monetary benefits. The package of indirect financial benefits is selected taking into account the financial position and strategy of the Group or its individual company, as well as the principles of fairness, equality and transparency and the situation in the labour market.

Severance payments and non-competition

In accordance with the national legal acts of the respective company of the Group, employees might be entitled to severance payments upon termination of their employment (except for certain termination grounds, such as on ones own will, due to the reasons attributable to the employees fault, etc.).

Group companies do not normally have prior arrangements for severance pay, supplementary pensions or early retirement arrangements, but in exceptional cases and subjects to the decisions of the relevant competent authority such arrangements are possible. The maximum possible severance pay for an employee is the amount of his/her average salary for 12 (twelve) months, unless the Board decides to grant a higher severance pay in a specific case. No termination benefits are paid upon resignation or removal of the respective member of the Board. Non-competition agreements may be entered with the top management on the initiative of the Company.

Disclosure

- This Remuneration Policy is available on the website of the Company https://www.novaturasgroup.com/, and a paper version will be made available upon the request to the Company.
- The Remuneration Policy is part of the Company's policies and procedures and as such the main principles are available to all employees. The employees are regularly informed about their remuneration, criteria used to measure performance and the link between performance and pay.

Information on share options signed during 2022

	Units	Grant date	Vesting date	End of exercise period
Share-option schemes				
Share options (Scheme II)	10,000	27/04/2022	27/04/2025	27/05/2025
Share options (Scheme II)	6 000	22/12/2022	22/12/2025	22/01/2026
Share options (Scheme III)	17 400	22/12/2022	22/12/2025	22/01/2026
	33,400			

As part of the Company's motivational system, the Board of the Company awarded 16,000 units of share options to top-level management for which Option Scheme II agreements were concluded with the executives in December 2022. On the basis of the Board decision dated 25 January 2022, 27 April 2022 is deemed to be the grant date of 10,000 units of share options, for which agreement was signed in December 2022. The remaining 6,000 units were granted on 22 December 2022. In addition, as part of the implementation of the Company's incentive scheme, the grant of share options to employees, the amount of which depends on the time service in the Company or its subsidiary, was approved on 29 November 2022. In the implementation of this decision, option agreements (Scheme III) were concluded with Group employees in December 2022 for 17,400 units of share options.

With regard to both schemes, each vested option will entitle the option holder to purchase one share in the Company at nominal value. This right will arise if the option holder retains the option until the vesting date and it can be exercised before the end of the exercise period. The share option vesting condition is subject to a number of restrictions, particularly the existence of an employment relationship between the option holder and the Group company on the vesting date.

Information about payments to members of management bodies

	Remuneration paid, EUR'000 EUR	Remuneration for work in a management and/or supervisory body, EUR	Dividends, EUR'000 EUR	Other payments, EUR'000 EUR
Members of the Board				
Virginijus Lepeška	-	52.5	-	-
Ugnius Radvila	-	63.5	-	-
Vidas Paliūnas	-	63.5	-	-
Andrius Jurkonis		63.5		
Rytis Šūmakaris		11.4		
CEO				
Vitalij Rakovski	148.2	-	-	-

Auditor

Deloitte Lietuva UAB, a member of Deloitte network, carried out an audit of the Company's consolidated and separate statements of financial position as at 31 December 2019, 31 December 2020, 31 December 2021 and 31 December 2022, and related profit and loss statements, comprehensive income statements, statements of changes in equity and cash flow statements for the years then ended, together with the explanatory notes including a summary of main accounting policies.

The ordinary general meeting of shareholders held on 30 April 2021 elected Deloitte Lietuva UAB as the auditor of the Company for conducting an audit of the Company's annual consolidated and separate financial statements and evaluating the consolidated annual report for 2021 and 2022. The shareholders authorised the Managing Director of the Company to conclude agreements on audit services stipulating the auditor's fee for one year not exceeding EUR 86,000 (eighty six thousand euros) exclusive of VAT.

Global Deloitte network covers member companies operating in 150 countries and territories and providing audit, tax consultancy and financial advice services to both public and private sectors in various areas of business.

Apart from audit services, the Company and Deloitte Lietuva UAB agreed on the assistance in the preparation of internal pricing documentation of the Company.

Disclosure of Compliance with the Corporate Governance Code for the Companies Listed on NASDAQ OMX Vilnius

The Company, acting in compliance with Article 12 (3) of the Law of the Republic of Lithuania on Securities and paragraph 25.4 of the Listing Rules of AB Nasdaq Vilnius, hereby discloses how it complies with the Corporate Governance Code for the Companies listed on Nasdaq Vilnius as well as its specific provisions or recommendations. In case of non-compliance with this Code or some of its provisions or recommendations, the specific provisions or recommendations that are not complied with must be indicated and the reasons for such non-compliance must be specified. In addition, other explanatory information indicated in this form must be provided.

PRINCIPLES/RECOMMENDATIONS	YES/NO/NOT RELEVANT	COMMENT

Principle 1: General meeting of shareholders, equitable treatment of shareholders, and shareholders' rights **The corporate governance framework should ensure the equitable treatment of all shareholders. The corporate governance framework should protect the rights of shareholders.**		
1.1. All shareholders should be provided with access to the information and/or documents established in the legal acts on equal terms. All shareholders should be furnished with equal opportunity to participate in the decision-making process where significant corporate matters are discussed.	YES	
1.2. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all of their holders.	YES	
1.3. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	YES	
1.4. Exclusive transactions that are particularly important to the company, such as transfer of all or almost all assets of the company that in principle would mean the transfer of the company, should be subject to approval of the general meeting of shareholders.	YES	
1.5. Procedures for convening and conducting a general meeting of shareholders should provide shareholders with equal opportunities to participate in the general meeting of shareholders and should not prejudice the rights and interests of shareholders. The chosen venue, date and time of the general meeting of shareholders should not prevent active participation of shareholders at the general meeting. In the notice of the general meeting of shareholders being convened, the company should specify the last day on which the proposed draft decisions should be submitted at the latest.	YES	
1.6. With a view to ensure the right of shareholders living abroad to access the information, it is recommended, where possible, that documents prepared for the general meeting of shareholders in advance should be announced publicly not only in Lithuanian language but also in English and/or other foreign languages in advance. It is recommended that the minutes of the general meeting of shareholders after the signing thereof and/or adopted decisions should be made available publicly not only in Lithuanian language but also in English and/or other foreign languages. It is recommended that this information should be placed on the website of the company. Such documents may be published to the extent that their public disclosure is not detrimental to the company or the company's commercial secrets are not revealed.	YES	
1.7. Shareholders who are entitled to vote should be furnished with the opportunity to vote at the general meeting of shareholders both in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	YES	

1.8. With a view to increasing the shareholders' opportunities to participate effectively at general meetings of shareholders, it is recommended that companies should apply modern technologies on a wider scale and thus provide shareholders with the conditions to participate and vote in general meetings of shareholders via electronic means of communication. In such cases the security of transmitted information must be ensured and it must be possible to identify the participating and voting person.	NO	The Company does not provide the opportunity to attend and vote in the general meeting of shareholders by using electronic communication means, because in the opinion of the Company this is related to the threat to the fairness and efficiency of the general meeting of shareholders. In the opinion of the Company, there is a high risk of threat to such type of communication security and technical malfunctions. In addition, the Company does not have the appropriate technical and organizational measures to implement the above principle and the Company would incur significant additional costs as a result of implementation of this principle. However, the Company grants its shareholders the right to vote at the general meeting of shareholders either in person or through an authorized representative. In the light of the above, the Company will not follow the above recommendation.
1.9. It is recommended that the notice on the draft decisions of the general meeting of shareholders being convened should specify new candidatures of members of the collegial body, their proposed remuneration and the proposed audit company if these issues are included into the agenda of the general meeting of shareholders. Where it is proposed to elect a new member of the collegial body, it is recommended that the information about his/her educational background, work experience and other managerial positions held (or proposed) should be provided.	YES	
1.10. Members of the company's collegial management body, heads of the administration[1] or other competent persons related to the company who can provide information related to the agenda of the general meeting of shareholders should take part in the general meeting of shareholders. Proposed candidates to member of the collegial body should also participate in the general meeting of shareholders in case the election of new members is included into the agenda of the general meeting of shareholders.	YES	

[1] For the purposes of this Code, heads of the administration are the employees of the company who hold top level management positions.

(all amounts are in thousand EUR unless otherwise stated)

Principle 2: Supervisory board

2.1. Functions and liability of the supervisory board

The supervisory board of the company should ensure representation of the interests of the company and its shareholders, accountability of this body to the shareholders and objective monitoring of the company's operations and its management bodies as well as constantly provide recommendations to the management bodies of the company.
The supervisory board should ensure the integrity and transparency of the company's financial accounting and control system.

<table>
<tr><td>2.1.1. Members of the supervisory board should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders and represent their interests, having regard to the interests of employees and public welfare.</td><td>NOT APPLICABLE</td><td rowspan="6">On 30 June 2020, the Ordinary General Meeting of Shareholders of Novaturas AB adopted a decision to revoke the Supervisory Council and elect a new Board by vesting in: (i) supervisory functions provided in Article 34 part 11 of the Law on Companies; (ii) functions of approval annual budget and business plan, risk management policies, settlement of the goals of the general director as well as other functions related to the management and supervision of the activities of the company; In accordance with the Articles of Association of the Company, the Board shall consist of 5 members, of whom at least 1/3 shall be independent.</td></tr>
<tr><td>2.1.2. Where decisions of the supervisory board may have a different effect on the interests of the company's shareholders, the supervisory board should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed about the company's strategy, risk management and control, and resolution of conflicts of interest.</td><td>NOT APPLICABLE</td></tr>
<tr><td>2.1.3. The supervisory board should be impartial in passing decisions that are significant for the company's operations and strategy. Members of the supervisory board should act and pass decisions without an external influence from the persons who elected them.</td><td>NOT APPLICABLE</td></tr>
<tr><td>2.1.4. Members of the supervisory board should clearly voice their objections in case they believe that a decision of the supervisory board is against the interests of the company. Independent[2] members of the supervisory board should: a) maintain independence of their analysis and decision-making; b) not seek or accept any unjustified privileges that might compromise their independence.</td><td>NOT APPLICABLE</td></tr>
<tr><td>2.1.5. The supervisory board should oversee that the company's tax planning strategies are designed and implemented in accordance with the legal acts in order to avoid faulty practice that is not related to the long-term interests of the company and its shareholders, which may give rise to reputational, legal or other risks.</td><td>NOT APPLICABLE</td></tr>
<tr><td>2.1.6. The company should ensure that the supervisory board is provided with sufficient resources (including financial ones) to discharge their duties, including the right to obtain all the necessary information or to seek independent professional advice from external legal, accounting or other experts on matters pertaining to the competence of the supervisory board and its committees.</td><td>NOT APPLICABLE</td></tr>
</table>

2.2. Formation of the supervisory board

The procedure of the formation of the supervisory board should ensure proper resolution of conflicts of interest and effective and fair corporate governance.

2.2.1. The members of the supervisory board elected by the general meeting of shareholders should collectively ensure the diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance between the qualifications of the members of the supervisory board, it should be ensured that members of the supervisory board, as a whole, should have diverse knowledge, opinions and experience to duly perform their tasks.	NOT APPLICABLE	

2.2.2. Members of the supervisory board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience.	NOT APPLICABLE	

2.2.3. Chair of the supervisory board should be a person, whose current or past positions constituted no obstacle to carry out impartial activities. A former manager or management board member of the company should not be immediately appointed as chair of the supervisory board either. Where the company decides to depart from these recommendations, it should provide information on the measures taken to ensure impartiality of the supervision.	NOT APPLICABLE	
2.2.4. Each member should devote sufficient time and attention to perform his duties as a member of the supervisory board. Each member of the supervisory board should undertake to limit his other professional obligations (particularly the managing positions in other companies) so that they would not interfere with the proper performance of the duties of a member of the supervisory board. Should a member of the supervisory board attend less than a half of the meetings of the supervisory board throughout the financial year of the company, the shareholders of the company should be notified thereof.	NOT APPLICABLE	
2.2.5. When it is proposed to appoint a member of the supervisory board, it should be announced which members of the supervisory board are deemed to be independent. The supervisory board may decide that, despite the fact that a particular member meets all the criteria of independence, he/she cannot be considered independent due to special personal or company-related circumstances.	NOT APPLICABLE	
2.2.6. The amount of remuneration to members of the supervisory board for their activity and participation in meetings of the supervisory board should be approved by the general meeting of shareholders.	NOT APPLICABLE	
2.2.7. Every year the supervisory board should carry out an assessment of its activities. It should include evaluation of the structure of the supervisory board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the supervisory board, and evaluation whether the supervisory board has achieved its objectives. The supervisory board should, at least once a year, make public respective information about its internal structure and working procedures.	NOT APPLICABLE	

[2] For the purposes of this Code, the criteria of independence of members of the supervisory council are interpreted as the criteria of unrelated parties defined in Article 31(7) and (8) of the Law on Companies of the Republic of Lithuania.

(all amounts are in thousand EUR unless otherwise stated)

Principle 3: Management Board
3.1. Functions and liability of the management board
The management board should ensure the implementation of the company's strategy and good corporate governance with due regard to the interests of its shareholders, employees and other interest groups.

3.1.1. The management board should ensure the implementation of the company's strategy approved by the supervisory board if the latter has been formed at the company. In such cases where the supervisory board is not formed, the management board is also responsible for the approval of the company's strategy.	YES	
3.1.2. As a collegial management body of the company, the management board performs the functions assigned to it by the Law and in the articles of association of the company, and in such cases where the supervisory board is not formed in the company, it performs inter alia the supervisory functions established in the Law. By performing the functions assigned to it, the management board should take into account the needs of the company's shareholders, employees and other interest groups by respectively striving to achieve sustainable business development.	YES	
3.1.3. The management board should ensure compliance with the laws and the internal policy of the company applicable to the company or a group of companies to which this company belongs. It should also establish the respective risk management and control measures aimed at ensuring regular and direct liability of managers.	YES	
3.1.4. Moreover, the management board should ensure that the measures included into the **OECD Good Practice Guidance on Internal Controls**[3], Ethics and Compliance are applied at the company in order to ensure adherence to the applicable laws, rules and standards.	YES/NO	The management board takes all reasonable measures to ensure that the Company complies with applicable laws, binding rules, and standards. The Company is planning to implement the tools recommended in the OECD Good Practice Guidance in the future to ensure adherence to all recommendations of the OECD Good Practice Guidance.
3.1.5. When appointing the manager of the company, the management board should take into account the appropriate balance between the candidate's qualifications, experience and competence.	YES	
3.2. Formation of the management board		
3.2.1. The members of the management board elected by the supervisory board or, if the supervisory board is not formed, by the general meeting of shareholders should collectively ensure the required diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance in terms of the current qualifications possessed by the members of the management board, it should be ensured that the members of the management board would have, as a whole, diverse knowledge, opinions and experience to duly perform their tasks.	YES	The members of the management board have been elected on the basis of their qualification, professional experience, and diversity of competencies. The principle of gender balance has not been maintained on the board from 30 June 2020 onwards, as the Board is composed exclusively of men.
3.2.2. Names and surnames of the candidates to become members of the management board, information on their educational background, qualifications, professional experience, current positions, other important professional obligations and potential conflicts of interest should be disclosed without violating the requirements of the legal acts regulating the handling of personal data at the meeting of the supervisory board in which the management board or individual members of the management board are elected. In the event that the supervisory board is not formed, the information specified in this paragraph should be submitted to the general meeting of shareholders. The management board should, on yearly basis, collect data provided in this paragraph on its members and disclose it in the company's annual report.	YES	
3.2.3. All new members of the management board should be familiarized with their duties and the structure and operations of the company.	YES	

3.2.4. Members of the management board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience and sufficiently frequent reconfirmation of their status.	YES	
3.2.5. Chair of the management board should be a person, whose current or past positions constitute no obstacle to carry out impartial activity. Where the supervisory board is not formed, the former manager of the company should not be immediately appointed as chair of the management board. Where the company decides to depart from these recommendations, it should provide information on the measures taken to ensure impartiality of the supervision.	YES	
3.2.6. Each member should give sufficient time and attention to perform the duties of a member of the management board. If a member of the management board has attended less than half of the board meetings during the financial year of the Company, the Company's supervisory board should be informed of the same, if the supervisory board is not formed in the Company - the general meeting of shareholders.	YES	
3.2.7. In the event that the management board is elected in the cases established by the Law where the supervisory board is not formed at the company, and some of its members will be independent[4], it should be announced which members of the management board are deemed as independent. The management board may decide that, despite the fact that a particular member meets all the criteria of independence established by the Law, he/she cannot be considered independent due to special personal or company-related circumstances.	YES	
3.2.8. The general meeting of shareholders of the company should approve the amount of remuneration to the members of the management board for their activity and participation in the meetings of the management board.	YES	
3.2.9. The members of the management board should act in good faith, with care and responsibility for the benefit and the interests of the company and its shareholders with due regard to other stakeholders. When adopting decisions, they should not act in their personal interest; they should be subject to no-compete agreements and they should not use the business information or opportunities related to the company's operations in violation of the company's interests.	YES	
3.2.10. Every year the management board should carry out an assessment of its activities. It should include evaluation of the structure of the management board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the management board, and evaluation whether the management board has achieved its objectives. The management board should, at least once a year, make public respective information about its internal structure and working procedures in observance of the legal acts regulating the processing of personal data.	YES	

[3] Reference to OECD Good Practice Guidance on Internal Control, Ethics and Compliance: https://www.oecd.org/daf/anti-bribery/44884389.pdf
[4] For the purposes of this Code, the criteria of independence of members of the board are interpreted as the criteria of unrelated parties defined in Article 33(7) of the Law on Companies of the Republic of Lithuania.

Principle 4: Rules of procedure of the supervisory board and the management board of the company

The rules of procedure of the supervisory board, if it is formed at the company, and of the management board should ensure efficient operation and decision-making of these bodies and promote active cooperation between the company's management bodies.

4.1. The management board and the supervisory board, if the latter is formed at the company, should act in close cooperation in order to attain benefit for the company and its shareholders. Good corporate governance requires an open discussion between the management board and the supervisory board. The management board should regularly and, where necessary, immediately inform the supervisory board about any matters significant for the company that are related to planning, business development, risk management and control, and compliance with the obligations at the company. The management board should inform the supervisory board about any derogations in its business development from the previously formulated plans and objectives by specifying the reasons for this.	NOT APPLICABLE	As from 30 June 2020, the Supervisory Council is not formed.
4.2. It is recommended that meetings of the company's collegial bodies should be held at the respective intervals, according to the pre-approved schedule. Each company is free to decide how often meetings of the collegial bodies should be convened but it is recommended that these meetings should be convened at such intervals that uninterruptable resolution of essential corporate governance issues would be ensured. Meetings of the company's collegial bodies should be convened at least once per quarter.	YES	
4.3. Members of a collegial body should be notified of the meeting being convened in advance so that they would have sufficient time for proper preparation for the issues to be considered at the meeting and a fruitful discussion could be held and appropriate decisions could be adopted. Along with the notice of the meeting being convened all materials relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body present at the meeting agree with such change or supplement to the agenda, or certain issues that are important to the company require immediate resolution.	YES	
4.4. In order to coordinate the activities of the company's collegial bodies and ensure effective decision-making process, the chairs of the company's collegial supervision and management bodies should mutually agree on the dates and agendas of the meetings and close cooperate in resolving other matters related to corporate governance. Meetings of the company's supervisory board should be open to members of the management board, particularly in such cases where issues concerning the removal of the management board members, their responsibility or remuneration are discussed.	NOT APPLICABLE	As from 30 June 2020, the Supervisory Council is not formed.

(all amounts are in thousand EUR unless otherwise stated)

Principle 5: Nomination, remuneration and audit committees

5.1. Purpose and formation of committees

The committees formed at the company should increase the work efficiency of the supervisory board or, where the supervisory board is not formed, of the management board which performs the supervisory functions by ensuring that decisions are based on due consideration and help organise its work in such a way that the decisions it takes would be free of material conflicts of interest.
Committees should exercise independent judgement and integrity when performing their functions and provide the collegial body with recommendations concerning the decisions of the collegial body. However, the final decision should be adopted by the collegial body.

<table>
<tr><td>5.1.1. Taking due account of the company-related circumstances and the chosen corporate governance structure, the supervisory board of the company or, in cases where the supervisory board is not formed, the management board which performs the supervisory functions, establishes committees. It is recommended that the collegial body should form the nomination, remuneration and audit committees[5].</td><td>NO</td><td rowspan="2">Following the election of a new five-member Board (of which two members are independent) on 30 June 2020, the functions previously performed by the Remuneration and Appointment Committee and the Audit Committee are vested in the Board. The Company falls outside the legal obligation to set up an appropriate committee, however, in the near future, the Company intends to review and assess the need to set up the specified committees in order to improve the performance of the Board.</td></tr>
<tr><td>5.1.2. Companies may decide to set up less than three committees. In such case, companies should explain in detail why they have chosen the alternative approach, and how the chosen approach corresponds with the objectives set for the three different committees.</td><td>YES</td></tr>
<tr><td>5.1.3. In the cases established by the legal acts the functions assigned to the committees formed at companies may be performed by the collegial body itself. In such case, the provisions of this Code pertaining to the committees (particularly those related to their role, operation and transparency) should apply, where relevant, to the collegial body as a whole.</td><td>YES</td><td></td></tr>
<tr><td>5.1.4. Committees established by the collegial body should normally be composed of at least three members. Subject to the requirements of the legal acts, committees could be comprised only of two members as well. Members of each committee should be selected on the basis of their competences by giving priority to independent members of the collegial body. The chair of the management board should not serve as the chair of committees.</td><td>NOT APPLICABLE</td><td>Since 30 June 2020, no individual committees have been set up on the Board, therefore the Board as a whole deals with all matters falling within the competence of individual committees.</td></tr>
<tr><td>5.1.5. The authority of each committee formed should be determined by the collegial body itself. Committees should perform their duties according to the authority delegated to them and regularly inform the collegial body about their activities and performance on a regular basis. The authority of each committee defining its role and specifying its rights and duties should be made public at least once a year (as part of the information disclosed by the company on its governance structure and practice on an annual basis). In compliance with the legal acts regulating the processing of personal data, companies should also include in their annual reports the statements of the existing committees on their composition, the number of meetings and attendance over the year as well as the main directions of their activities and performance.</td><td>NOT APPLICABLE</td><td>Since 30 June 2020, no individual committees have been set up on the Board, therefore the Board as a whole deals with all matters falling within the competence of individual committees.</td></tr>
<tr><td>5.1.6. With a view to ensure the independence and impartiality of the committees, the members of the collegial body who are not members of the committees should normally have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or request that certain employees of the company or experts would participate in the meeting. Chair of each committee should have the possibility to maintain direct communication with the shareholders. Cases where such practice is to be applied should be specified in the rules regulating the activities of the committee.</td><td>NOT APPLICABLE</td><td>Since 30 June 2020, no individual committees have been set up on the Board, therefore the Board as a whole deals with all matters falling within the competence of individual committees.</td></tr>
</table>

5.2. Nomination committee		
5.2.1. The key functions of the nomination committee should be the following: (1) to select candidates to fill vacancies in the membership of supervisory and management bodies and the administration and recommend the collegial body to approve them. The nomination committee should evaluate the balance of skills, knowledge and experience in the management body, prepare a description of the functions and capabilities required to assume a particular position and assess the time commitment expected; (2) assess, on a regular basis, the structure, size and composition of the supervisory and management bodies as well as the skills, knowledge and activity of its members, and provide the collegial body with recommendations on how the required changes should be sought; (3) devote the attention necessary to ensure succession planning.	YES	Since 30 June 2020, no individual committees have been set up on the Board, these functions are assigned to the Board of the Company.
5.2.2. When dealing with issues related to members of the collegial body who have employment relationships with the company and the heads of the administration, the manager of the company should be consulted by granting him/her the right to submit proposals to the Nomination Committee.	YES	Since 30 June 2020, no individual committees have been set up on the Board, these functions are assigned to the Board of the Company.

[5] The legal acts may provide for the obligation to form a respective committee. For example, the Law on the Audit of Financial Statements of the Republic of Lithuania provides that public-interest entities (including but not limited to public limited liability companies whose securities are traded on a regulated market of the Republic of Lithuania and/or of any other Member State) are under the obligation to set up an audit committee (the legal acts provide for the exemptions where the functions of the audit committee may be carried out by the collegial body performing the supervisory functions)

(all amounts are in thousand EUR unless otherwise stated)

5.3. Remuneration committee		
The main functions of the remuneration committee should be as follows: 1) submit to the collegial body proposals on the remuneration policy applied to members of the supervisory and management bodies and the heads of the administration for approval. Such policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as conditions which would allow the company to recover the amounts or suspend the payments by specifying the circumstances under which it would be expedient to do so; 2) submit to the collegial body proposals regarding individual remuneration for members of the collegial bodies and the heads of the administration in order to ensure that they would be consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned; 3) review, on a regular basis, the remuneration policy and its implementation.	YES	Since 30 June 2020, no individual committees have been set up on the Board, these functions are assigned to the Board of the Company.
5.4. Audit committee.		
5.4.1. The key functions of the audit committee are defined in the legal acts regulating the activities of the Audit Committee[6].	YES/NO	Following the election of a new five-member Board on 30 June 2020, the functions previously performed by the Audit Committee are vested in the Board. The Company falls outside the legal obligation to form an appropriate committee.
5.4.2. All members of the committee should be provided with detailed information on specific issues of the company's accounting system, finances and operations. The heads of the company's administration should inform the audit committee about the methods of accounting for significant and unusual transactions where the accounting may be subject to different approaches.	YES	Since 30 June 2020, no individual committees have been set up, the function of the Audit Committee are vested in the Board.
5.4.3. The audit committee should decide whether the participation of the chair of the management board, the manager of the company, the chief finance officer (or senior employees responsible for finance and accounting), the internal and external auditors in its meetings is required (and, if required, when). The committee should be entitled, when needed, to meet the relevant persons without members of the management bodies present.	YES	Since 30 June 2020, no individual committees have been set up, the function of the Audit Committee are vested in the Board.
5.4.4. The audit committee should be informed about the internal auditor's work program and should be furnished with internal audit reports or periodic summaries. The audit committee should also be informed about the work program of external auditors and should receive from the audit firm a report describing all relationships between the independent audit firm and the company and its group.	YES	Since 30 June 2020, no individual committees have been set up, the function of the Audit Committee are vested in the Board.
5.4.5. The audit committee should examine whether the company complies with the applicable provisions regulating the possibility of lodging a complaint or reporting anonymously his/her suspicions of potential violations committed at the company and should also ensure that there is a procedure in place for proportionate and independent investigation of such issues and appropriate follow-up actions.	YES/NO	YES – the Company provides the possibility of lodging complaints directly or by email by addressing the Company's bodies, administration, or heads of units. NO – the Company has not yet formally approved the system for lodging complaints.

[6] Issues related to the activities of audit committees are regulated by Regulation No 537/2014 of the European Parliament and the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities, the Law on the Audit of Financial Statements of the Republic of Lithuania, and the Rules Regulating the Activities of Audit Committees approved by the Bank of Lithuania.

5.4.6. The audit committee should submit to the supervisory board or, where the supervisory board is not formed, to the management board its activity report at least once in every six months, at the time that annual and half-yearly reports are approved.	NOT APPLICABLE	Since 30 June 2020, no individual committees have been set up, the functions, rights and obligations of the Audit Committee are vested in the Board, however, the Management Board shall not, in its capacity as Audit Committee, draw up reports for its own account.
Principle 6: Prevention and disclosure of conflicts of interest **The corporate governance framework should encourage members of the company's supervisory and management bodies to avoid conflicts of interest and ensure a transparent and effective mechanism of disclosure of conflicts of interest related to members of the supervisory and management bodies.** **The corporate governance framework should recognize the rights of stakeholders as established by law and to promote active cooperation between the company and its stakeholders in creating the company's well-being, jobs and financial stability. In the context of this principle, the term *interest holders* includes investors, employees, creditors, suppliers, customers, the local community and others with interests in a particular company.**		
Any member of the company's supervisory and management body should avoid a situation where his/her personal interests are or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory or management body should, within a reasonable period of time, notify other members of the same body or the body of the company which elected him/her or the company's shareholders of such situation of a conflict of interest, indicate the nature of interests and, where possible, their value.	YES	The Company acknowledges that the members of the Company's management bodies comply with the requirements set out in this article, however, the formal policy for declaring and managing personal interests is yet not in place in the Company.
Principle 7: Remuneration Policy of the Company **The remuneration policy and the procedure for review and disclosure of such policy established at the company should prevent potential conflicts of interest and abuse in determining remuneration of members of the collegial bodies and heads of the administration, in addition, it should ensure the publicity and transparency of the company's remuneration policy and its long-term strategy.**		
7.1. The company should approve and post the remuneration policy on the website of the company; such policy should be reviewed on a regular basis and be consistent with the company's long-term strategy.	YES	
7.2. The remuneration policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as the conditions specifying the cases where the company can recover the disbursed amounts or suspend the payments.	YES	
7.3. With a view to avoid potential conflicts of interest, the remuneration policy should provide that members of the collegial bodies which perform the supervisory functions should not receive remuneration based on the company's performance.	YES	

7.4. The remuneration policy should provide sufficient information on the policy regarding termination payments. Termination payments should not exceed a fixed amount or a fixed number of annual wages and in general should not be higher than the non-variable component of remuneration for two years or the equivalent thereof. Termination payments should not be paid if the contract is terminated due to inadequate performance.	YES/NO	YES – the Remuneration Policy regulates the procedure for the payment of termination benefits in the Company, and defines the cases in which termination benefits are not paid. NO – the Remuneration Policy does not contain specific amounts of benefits, however, the Company in all cases complies with the applicable legislation and the amounts of termination benefits set out therein.
7.5. In the event that the financial incentive scheme is applied at the company, the remuneration policy should contain sufficient information about the retention of shares after the award thereof. Where remuneration is based on the award of shares, shares should not be vested at least for three years after the award thereof. After vesting, members of the collegial bodies and heads of the administration should retain a certain number of shares until the end of their term in office, subject to the need to compensate for any costs related to the acquisition of shares.	YES	
7.6. The company should publish information about the implementation of the remuneration policy on its website, with a key focus on the remuneration policy in respect of the collegial bodies and managers in the next and, where relevant, subsequent financial years. It should also contain a review of how the remuneration policy was implemented during the previous financial year. The information of such nature should not include any details having a commercial value. Particular attention should be paid on the major changes in the company's remuneration policy, compared to the previous financial year.	YES	The Remuneration Policy was approved in the Ordinary General Meeting of Shareholders on 24 May 2022. The information on the implementation of the Remuneration Policy is provided together with the Annual Report on an annual basis.
7.7. It is recommended that the remuneration policy or any major change of the policy should be included on the agenda of the general meeting of shareholders. The schemes under which members and employees of a collegial body receive remuneration in shares or share options should be approved by the general meeting of shareholders.	YES	
Principle 8: Role of stakeholders in corporate governance **The corporate governance framework should recognize the rights of stakeholders entrenched in the laws or mutual agreements and encourage active cooperation between companies and stakeholders in creating the company value, jobs and financial sustainability. In the context of this principle, the term *interest holders* includes investors, employees, creditors, suppliers, customers, the local community and others with interests in a particular company.**		
8.1. The corporate governance framework should ensure that the rights and lawful interests of stakeholders are protected.	YES	

(all amounts are in thousand EUR unless otherwise stated)

8.2. The corporate governance framework should create conditions for stakeholders to participate in corporate governance in the manner prescribed by law. Examples of participation by stakeholders in corporate governance include the participation of employees or their representatives in the adoption of decisions that are important for the company, consultations with employees or their representatives on corporate governance and other important matters, participation of employees in the company's authorized capital, involvement of creditors in corporate governance in the cases of the company's insolvency, etc.	YES	The corporate governance framework creates conditions for stakeholders (investors) to participate in corporate governance in the manner prescribed by law. To a certain extent permitted by law, employees may through the Works Council participate in the corporate governance. It is common practice (when making decisions that are important for employees) to arrange informal consultations and employee surveys.
8.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	YES	
8.4. Stakeholders should be provided with the possibility of reporting confidentially any illegal or unethical practices to the collegial body performing the supervisory function.	YES	The Company provides a possibility of reporting any illegal or unethical practices to the collegial body performing the supervisory function by addressing its member directly or sending information by email. Currently, the Company has not provided conditions for confidential reporting.
Principle 9: Disclosure of information **The corporate governance framework should ensure the timely and accurate disclosure of all material corporate issues, including the financial situation, operations and governance of the company.**		
9.1. In accordance with the company's procedure on confidential information and commercial secrets and the legal acts regulating the processing of personal data, the information publicly disclosed by the company should include but not be limited to the following:		
9.1.1. operating and financial results of the company;	YES	
9.1.2. objectives and non-financial information of the company;	YES	
9.1.3. persons holding a stake in the company or controlling it directly and/or indirectly and/or together with related persons as well as the structure of the group of companies and their relationships by specifying the final beneficiary;	YES	
9.1.4. members of the company's supervisory and management bodies who are deemed independent, the manager of the company, the shares or votes held by them at the company, participation in corporate governance of other companies, their competence and remuneration;	YES	
9.1.5. reports of the existing committees on their composition, number of meetings and attendance of members during the last year as well as the main directions and results of their activities;	NOT APPLICABLE	Since 30 June 2020, no individual committees have been set up and their respective functions are vested in the Board.
9.1.6. potential key risk factors, the company's risk management and supervision policy;	YES/NO	The Company's risk management and supervision policy has not been approved yet.
9.1.7. the company's transactions with related parties;	YES	

(all amounts are in thousand EUR unless otherwise stated)

9.1.8. main issues related to employees and other stakeholders (for instance, human resource policy, participation of employees in corporate governance, award of the company's shares or share options as incentives, relationships with creditors, suppliers, local community, etc.);	YES	
9.1.9. structure and strategy of corporate governance;	YES	
9.1.10. initiatives and measures of social responsibility policy and anti-corruption fight, significant current or planned investment projects. This list is deemed minimum and companies are encouraged not to restrict themselves to the disclosure of information included into this list. This principle of the Code does not exempt companies from their obligation to disclose information as provided for in the applicable legal acts.	YES/NO	The Company is a socially responsible undertaking guided by the principle of good faith, but no formal anti-corruption policy is yet in place.
9.2. When disclosing the information specified in paragraph 9.1.1 of recommendation 9.1, it is recommended that the company which is a parent company in respect of other companies should disclose information about the consolidated results of the whole group of companies.	YES	
9.3. When disclosing the information specified in paragraph 9.1.4 of recommendation 9.1, it is recommended that the information on the professional experience and qualifications of members of the company's supervisory and management bodies and the manager of the company as well as potential conflicts of interest which could affect their decisions should be provided. It is further recommended that the remuneration or other income of members of the company's supervisory and management bodies and the manager of the company should be disclosed, as provided for in greater detail in Principle 7.	YES	
9.4. Information should be disclosed in such manner that no shareholders or investors are discriminated in terms of the method of receipt and scope of information. Information should be disclosed to all parties concerned at the same time.	YES	
Principle 10: Selection of the company's audit firm **The company's audit firm selection mechanism should ensure the independence of the report and opinion of the audit firm.**		
10.1. With a view to obtain an objective opinion on the company's financial condition and financial results, the company's annual financial statements and the financial information provided in its annual report should be audited by an independent audit firm.	YES	
10.2. It is recommended that the audit firm would be proposed to the general meeting of shareholders by the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company.	YES	
10.3. In the event that the audit firm has received remuneration from the company for the non-audit services provided, the company should disclose this publicly. This information should also be available to the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company when considering which audit firm should be proposed to the general meeting of shareholders.	YES	

(all amounts are in thousand EUR unless otherwise stated)

Social Responsibility Report

Human resources policy

Human resources policy pursued by the Company helps it to implement its strategic objectives through appropriate management and development of employees. We are always open and fair with both existing and potential employees: the policy provides for equal opportunities for employment, development and career irrespective of the employee‘s gender, race, ethnicity, religion, age, disability, sexual orientation, nationality, political convictions, membership of trade unions, social position and/or other factors in accordance with the law. The Company applies a fair remuneration system including salaries and bonuses. We do not tolerate discrimination and disrespect; collaboration with the employees is based on respect and trust and open and transparent communication.

Employees

Average number of employees in 2022 by main types of operations:

	2022	2021	Change, %
Representatives and guides abroad	44	25	+ 76
Sales assistants in own sales channels	33	22	+ 50
Other employees	106	75	+ 41.3
Total	**183**	**122**	**+ 50**

The employee numbers do not include employees on maternity, paternity and parental leave.

Breakdown of employees (women/men) by country (number of employees, average age, number of years worked in the organisation) The statistics cover data on employees as at 31 December 2022 (excluding employees on maternity, paternity and parental leave as at 31 December 2022).

	Estonia	Lithuania	Latvia	Group
Women				
Number of employees	25	93	28	146
Average age	38	37.6	41	38
Average term of service (years)	3	4.5	4	4
Men				
Number of employees	2	24	2	28
Average age	48	36	43	37
Average term of service (years)	9	4.2	7	5
Total number of employees	**27**	**117**	**30**	**174**
Overall average age	**38**	**37.2**	**41**	**38**
Average term of service (years)	**4**	**4.4**	**5**	**4**

The predominant part of the Group’s workforce is employed in Lithuania (117 employees of 174 in Lithuania), while the number of employees in the other two markets is very similar, i.e. 30 in Latvia and 27 in Estonia.
Gender breakdown: women dominate the group as a whole (146 workers out of 174).
The average age of the Company’s employees shows that the average age of employees in all countries is approx. 40 years, and there is very little difference between the average age of women and men (the average age of women is 38 years, men – 37 years).
On average, the period of service in the Company is 4 years: men, on average, have a slightly longer tenure than women (5 and 4 years, respectively).

(all amounts are in thousand EUR unless otherwise stated)

Breakdown of employees (women/men) by main activity (average monthly salary, number of employees recalculated to full-moth equivalent). The statistics cover data on employees in 2022 (not limited to those who worked full year).

	Women	Men	Total
Employees waking in offices			
Average monthly salary	2,068	3,378	2,310
Number of employees	88	20	108
Direct sales unit			
Average monthly salary	2,232	2,113	2,221
Number of employees	30	3	33
Representatives abroad*			
Average monthly salary	790	809	793
Number of employees	36	6	42
Total average monthly salary	**1,801**	**2,716**	**1,946**
Total number of employees	**154**	**29**	**183**

The average monthly salary gap between men and women was maintained also in 2022: average monthly earnings of men was 50% higher than women's. The biggest pay gap is in the sector with the highest number of employees, i.e. between men and women in office, whereas in direct sales women earn on average just as much as men.

Breakdown of employees by position (average salary, number of employees recalculated to full-moth equivalent). The statistics cover data on employees in 2022 (not limited to those who worked full year).

	Women	Men	Total
Top-level executives			
Average monthly salary	5,797	8,631	7,922
Number of employees	1	3	4
Middle-level managers			
Average monthly salary	2,980	4,653	3,426
Number of employees	11	4	15
Project managers, managers, experts			
Average monthly salary	1,664	1,721	1,672
Number of employees	142	22	164
Total average monthly salary	**1,814**	**2,840**	**1,977**
Total number of employees	**154**	**29**	**183**

In 2022, for most of the year, the Company's top-level management team was made up of 3 men and 1 woman. The change took place at the end of November 2022, when the ratio of men to women among top-level managers was evened out, and, by the end of 2022, the Company's top-level management team consisted of 2 women and 2 men. At this level, women's average monthly salary is 33% lower than that of men.
There are more women than men in middle-level management team, where the average monthly salary received by women is 36% lower than that of men.
The average salary gap between women and men in the rest of the organisation is much smaller at 3.3%.

Attention to employees

The Company values its employees and their contribution to the success of its activities. We promote and support development of competency and professional knowledge of our employees. In order to ensure opportunities for professional growth and development, and realisation of professional ambitions for our employees, we always offer vacancies to existing employees of Novaturas first, before looking external.
We foster a culture of shared success and cooperation in the Company, therefore, we set a budget for team building and strengthening activities, team events, we invite all our employees to the Company's celebrations or certain meaningful activities, and we uphold internal traditions that help to strengthen the desired corporate culture. Division managers ensure smooth introduction of new employees into the organisation.

Encouraging feedback and employee engagement survey

Seeking to ensure the best possible dialogue with employees, we are open to their feedback, and we explore different ways for them to share their feedback. Sharing feedback is part of our performance management and appraisal process: at the end of each quarter of the year we encourage managers to run quarterly performance review meetings with employees to discuss quarterly achievements, to review the relevance of the goals, to agree on activities/actions that will help to achieve the goals set. We also encourage our employees to give open feedback to their managers.
Before the pandemic, we invited employees to participate in an Employee Engagement Survey to share their views and assess various organisational aspects: we analysed the results of the survey and developed action plans to address the identified issues. Although we had planned to conduct the survey every year, we took a break during the pandemic. The survey will be carried out in 2023 at the pan-group level and will assess five key factors for organisational engagement: trust in the organisation, concentration of leadership, meaningful work, empowering working environment, recognition and growth. The level of engagement will be measured by the main aspects of the organization: both by the structure of the company and by comparing the results among the individual companies in the Group.

Objectives of the survey:
- To identify the current level of employee engagement.
- To assess the extent to which employees consider that the organisation is making good use of employee engagement opportunities.
- To highlight the strengths and aspects of staff experience for improvement, which must be given priority in order to maintain and strengthen employee engagement.

The overall findings of the survey will be discussed on an organisation-wide basis. The trends that emerged during the survey, the areas that need to be maintained and strengthened, will be discussed in individual teams. Action plans will be drafted to address the problems raised, and responsible persons have been appointed.
Although the company-wide engagement survey was postponed to 2023, we conducted feedback surveys in teams, which helped to assess the aspects identified by the teams as important and critical to effective teamwork and employee satisfaction: leadership, access to information, cooperation, etc. We also introduced the teams to the results of such surveys asking them to suggest actions for change.

Labour Council

Novaturas has Labour Council from the end of November 2019, to ensure the most transparent representation of employees' interests. Meetings of the Labour Council are held periodically to discuss the matters of concern to employees and submit them to the Company's Board.

The term of office of the elected Labour Council ended in November 2022. Upon the referral from the outgoing Labour Council, elections to the new Labour Council will take place at the beginning of 2023 in accordance with the procedure provided for in the Labour Code of the Republic of Lithuania.

Evaluation of performance
In order to ensure the achievement of the Company's objectives, managers hold regular quarterly performance review meetings with their employees. During one-to-one quarterly meetings, the manager and the employee discuss the achievement of the objectives agreed at the beginning of the year and actions aimed at achievement of objectives, assess the relevance of the objectives and, if necessary, review them. They also discuss and agree on the prerequisites or factors necessary for the successful achievement of goals: strengthening competency or certain skills, possible help from the manager or colleagues, etc., and they exchange feedback. We aim for the goals set for the employee to comply with the SMART model, that is, to be specific, measurable, achievable, relevant, and time-bound. During the annual performance review, the manager individually discusses with each employee of his/her team the performance throughout the year, summarises the achievements and agrees on a general assessment of the performance throughout the year.

Remuneration policy
AB Novaturas Remuneration policy, approved by the Extraordinary General Meeting of Shareholders on 27 December 2019, was reviewed, updated and approved by the General Meeting of Shareholders on 24 May 2022. The Remuneration Policy is designed to ensure a competitive and fair remuneration, established in a transparent manner without discrimination on grounds of sex, age, nationality, race, social status, religion, social orientation, etc., as well, as to attract, retain, and motivate skilled employees to ensure business success.

Main components of pay:
- Fixed part of remuneration (PAD) – is the monthly salary specified in the employment contract and paid in accordance with the procedures established by law. Typically, reviewed and determined once a year,

considering the level of responsibility, professional experience, personal qualities required for the position, market conditions, including an employee performance.

- Variable part of remuneration – annual, quarterly or monthly bonus or share options. This is an additional remuneration for the employee which is granted and paid at the initiative of the Company as a means of promoting and motivating employees. Awarded and paid based on the following aspects:
    - personal achievements of an employee;
    - the achievement of the objectives set by the Company for a particular year ("reward for overall success").

The aim of long-term incentives, share options, is safeguard the business strategy and long term goals of the Company by motivating and retaining professional, qualified and competent team to encourage employees to contribute to the success of the Group, to increase the financial and property interests of employees and to promote long-term work in the Group.

- Other monetary remuneration – supplements paid to employees for additional work, performance of additional functions not provided for in their employment contract and/or job description, or performance of additional tasks, as well as for the work functions actually performed during standby duty and on-call duty.

Other benefits.
We strive to ensure that the additional benefits we offer in our Company for employees reflect and represent the values we adhere, the culture we foster, and the employee experience we create.

Health insurance
We are concerned about the physical and emotional well-being of our employees: we provide them with supplementary health insurance (depending on individual needs) and we offer them the choice of one of the four health insurance plan types best suited to a particular stage of their life. In case of an insured event, the insurance company covers 80–100% expenses incurred by the employee for health care services provided (outpatient, inpatient or rehabilitation treatment), preventive health checks, vaccination, prescription drugs, and partially or fully covers various other medical services. Health insurance covers employees for a period of one year.

Additional benefits.
We also care for the important events in the lives of our employees: they are entitled to certain lump-sum payments for life events, such as a wedding, a child's birth, or a loss of a close family member, and we celebrate holidays together (we have birthday gifts for employees, and Christmas gifts for both employees and their children under 12 years old).

Flexible work schedule and hybrid working model.
In order to ensure the best possible work-life balance, the Company offers employees the opportunity to work remotely, and to have *workations* once a year. The employees can also select working hours that suit them if a justifiable need exists.

Safe working environment
The Company maintains safe and reliable working environment in accordance with national standards.

Student practice
The Company collaborates with higher educational establishments by enabling students to have their practice periods at the Company and get acquainted with its activities. The most motivated students who achieve beat results receive offers to work with the Company.

Social responsibility initiatives of the Company: Support for animal shelters
The Company encourages its employees to contribute to supporting animal welfare organisations. Voluntary assistance weekends are organised, during which the employees help the shelter staff and animals. In 2022, we provided voluntary assistance to VšĮ Tautmilės Globa.

Environmental Report

On 9 November 2021, at the UN Climate Conference in Glasgow (COP26), United Nations launched an ambitious plan for the tourism industry to reach net zero by 2050. The new roadmap sets targets and benchmarks for the travel industry and offers practical recommendations for businesses on how they can achieve the set targets. For instance, hotels could bring in measures to improve energy efficiency, while new ones can be built using sustainable design practices. Airlines can improve existing aircraft technology by retrofitting and reducing weight, which increases fuel efficiency and lowers emissions. The cruise industry can reduce emissions by upgrading existing ships (through HVAC and lighting upgrades) and designing new ships to maximise energy efficiency.

In response to the challenge of zero net emissions, the Group is continuously adapting its business to the expected developments in the industry.

Aviation:
to reduce the carbon footprint and improve the customer experience, in Estonia, in December 2022, we replaced the 11-year-old AIRBUS A320 aircraft with a half-newer *Boeing Max*, which not only can carry 5% more passengers, but uses 12-15% less fuel to fly them. This change results in CO2 emissions savings of 16-18% (5-6 thousand tons) per year. One of the ways to reduce aviation-related carbon footprint the most (65-80%) is the use of sustainable aviation fuel produced from vegetal waste used in the aviation industry. And while the global production of this type of fuel is only accelerating (real competition for kerosene is projected to emerge around 2030), the Group is scanning the market for ways to offer our travellers more sustainable, less carbon-intensive journeys.

Supply of sustainable travel products
Travel-related emissions can be reduced not only by choosing more sustainable flights but also more sustainable travel options. According to the United Nations World Tourism Organization, hotels are accountable for one percent of global emissions. This number will continue to rise as hotel demand increases, which is why implementing sustainability initiatives in hotels is so important to mitigate this negative impact. Thus, environmentally conscious hotels pay special attention to waste management, the origin of the electricity and heat energy used, and energy efficiency. Novaturas collects this data and plans to add sustainable hotels to the options offered to travellers. This would allow to offer customers innovative and sustainable travel options (according to different studies, as many as 61% of travellers aim for more sustainable travel), and influence the decisions of hotel or hotel chain owners in an environmental compliance environment.

In addition, AB Novaturas offered a new type of travel for environmentally conscious customers – sightseeing tours around Lithuania. During 2022, the Company offered more than 10 different options for sightseeing tours. Compared to international, local destinations are far more sustainable, with no aviation involvement and associated carbon footprint, at the same time, customers are given the opportunity to get to know their country better. In the future, the Company intends to expand such destinations, including geographical expansion across the Baltics.

Taxonomy for sustainable activities
The EU Taxonomy Regulation is not binding on Novaturas Group, however, the Company has decided to look at the requirements of the EU Taxonomy more closely. The Company's core activity, organisation and sale of recreational and sightseeing tours by air, are beyond the scope of the EU Taxonomy. Only a small part of the Group's activities, i.e. sightseeing tours by coach or water vehicles, and transfer from/to the airport to/from the hotel, are within the scope of the Regulation. Overall, all the activities covered by the EU Taxonomy represent less than 1% of the Group's (and the Company's) income, therefore, the EU Taxonomy compliance information is not provided in the financial statements due to its insignificance. However, the Group is preparing and in the future, with an expanded list of Taxonomy-eligible activities, will be ready to present the Group's key sustainability performance indicators and their intended values.

Approval by officers of the Company

In accordance with Article 22 of the Republic of Lithuania Law on Securities and the Information Disclosure Rules of the Bank of Lithuania, the undersigned Vitalij Rakovski, Chief Executive Officer of Novaturas AB, and Vygantas Reifonas, Financial Director of Novaturas AB, confirm that, to the best of our knowledge, the consolidated annual report of Novaturas AB for 2022 presents a true overview of business development and activities and an overall position of consolidated companies, together with a description of existing main risks and uncertainties.

Vitalij Rakovski	Vygantas Reifonas
Chief Executive Officer	Finance Manager

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Novaturas AB:

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of Novaturas AB (the Company) and consolidated financial statements of Novaturas AB and its subsidiaries (the Group), which comprise the statements of financial position of the Company and the Group as at 31 December 2022, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, of the financial position of the Company and the Group as at 31 December 2022, and their financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (hereinafter the "IESBA Code") together with the requirements of the Law on Audit of Financial Statements of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Below is the description of each key audit matter and our response to it.

Key Audit Matter	How our audit addressed the Key Audit Matter
Goodwill impairment analysis	
Refer to pages 46, 65 – 66 of the financial statements. As at 31 December 2022, the Company and the Group had goodwill amounting to EUR 30,327 thousand. Eur. Goodwill with an indefinite useful life is subject to impairment assessments annually and when there is an indication of impairment. The assessment of the value in use requires numerous estimates and judgements made by the Company and the Group, as described in Note 3, and in particular the assessment of the competitive, economic and financial environment of the region in which the Company and the Group operates, the ability to realize operating cash flows from strategic plans, the level of investment to be made and the discount and growth rates used in calculating recoverable amounts.	We have considered that the valuation of the goodwill is a key audit matter given the significant amount of goodwill in the financial statements and significant judgment involved regarding assumptions used. • Our audit procedures in relation to management's impairment assessment included, among others: • assessing design and implementation of key controls related management has established over the goodwill valuation process; • assessing the appropriateness of the valuation methodologies used; • challenging the reasonableness of key assumptions utilised in valuing the goodwill based on our knowledge of the business and industry;

performing sensitivity analyses on the key assumptions where we flexed the growth rates and discount rates as these are the key assumptions against which the value in use calculations are most sensitive to; and	• testing source data from the business plan used to calculate the recoverable amount to supporting evidence: – comparing business plans from previous financial years with actual earnings over the financial periods in question; – interviewing operational and finance managers at the Company to assess the key assumptions used in the business plans and assess assumptions based on the explanations obtained; – reconciling the data used in the plans submitted to the board of directors. • evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgements and sensitivities.

Other Information

The other information comprises the information included in the Company's and the Group's annual report, including Corporate Governance statement, and Corporate Social Responsibility Report and Remuneration Report, but does not include the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as specified below.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In addition, our responsibility is to consider whether information included in the Company's and the Group's Annual Report, including Corporate Governance Statement and Remuneration Report, for the financial year for which the financial statements are prepared is consistent with the financial statements and whether the Company's Annual Report, including Corporate Governance Statement and Remuneration Report, has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of financial statements, in our opinion, in all material respects:

- The information given in the Company's and the Group's Annual Report, including Corporate Governance Statement and Remuneration Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Company's and the Group's Annual Report, including Corporate Governance Statement, but except for Remuneration Report, has been prepared in accordance with the requirements of the Law on Consolidated Financial Reporting by Group Undertakings of the Republic of Lithuania and the Law on Financial Reporting by Undertakings of the Republic of Lithuania.

We also need to check that the Corporate Social Responsibility Report has been provided. If we identify that Corporate Social Responsibility Report has not been provided, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Other requirements of the auditor's report in accordance with Regulation (EU) No 537/2014 of the European Parliament and of the Council

In accordance with the decision made by Shareholders on 30 April 2021 we have been chosen to carry out the audit of the Company's and the Group's separate and consolidated financial statements. Our appointment to carry out the audit of the Company's and the Group's separate and consolidated financial statements in accordance with the decision made by Shareholders has been renewed each 2 years and the period of total uninterrupted engagement is six years.

We confirm that our opinion in the section 'Opinion' is consistent with the additional report, which we have submitted to the Company and Audit Committee.

We confirm that in light of our knowledge and belief, services provided to the Company and the Group are consistent with the requirements of the law and regulations and do not comprise non-audit services referred to in Article 5(1) of the Regulation (EU) No 537/2014 of the European Parliament and of the Council.

In the course of audit, we have not provided any other non-audit services except for the translation of the financial statements services.

Report on the Compliance of the Format of Financial Statements with the Requirements of the European Single Electronic Format

We have been engaged based our agreement by the management of the Company to conduct a reasonable assurance engagement for the verification of compliance with the applicable requirements of the European single electronic reporting format of separate and consolidated financial statements, including consolidated annual report, for the year ended 31 December 2022 (the "Single Electronic Reporting Format of the separate and consolidated financial statements").

Description of a subject and applicable criteria

The Single Electronic Reporting Format of the separate and consolidated financial statements has been applied by the management of the Company to comply with the requirements of art. 3 and 4 of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation"). The applicable requirements regarding the Single Electronic Reporting Format of the consolidated financial statements are contained in the ESEF Regulation.

The requirements described in the preceding sentence determine the basis for application of the Single Electronic Reporting Format of the separate and consolidated financial statements and, in our view, these requirements constitute appropriate criteria to form a reasonable assurance conclusion.

Responsibilities of management and those charged with governance

The management of the Company is responsible for the application of the Single Electronic Reporting Format of the separate and consolidated financial statements that complies with the requirements of the ESEF Regulation.

This responsibility includes the selection and application of appropriate markups in iXBRL using ESEF taxonomy and designing, implementing and maintaining internal controls relevant for the preparation of the Single Electronic Reporting Format of the consolidated financial statements which is free from material non-compliance with the requirements of the ESEF Regulation.

Those charged with governance are responsible for overseeing the financial reporting process.

Our Responsibility

Our responsibility was to express a reasonable assurance conclusion whether the Single Electronic Reporting Format of the separate and consolidated financial statements complies with the ESEF Regulation.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' (the ,,ISAE 3000 (R)"). This standard requires that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance whether the Single Electronic Reporting Format of the separate and consolidated financial statements is prepared, in all material aspects, in accordance with the applicable requirements. Reasonable assurance is a high level of assurance, but it does not guarantee that the service performed in accordance ISAE 3000 (R) will always detect the existing material misstatement (significant non-compliance with the requirements).

Summary of the work performed

Our planned and performed procedures were aimed at obtaining reasonable assurance that the Single Electronic Reporting Format of the separate and consolidated financial statements was applied, in all material aspects, in accordance with the applicable requirements and such application is free from material errors or omissions. Our procedures included in particular:

- obtaining an understanding of the internal control system and processes relevant to the application of the Single Electronic Reporting Format of the separate and consolidated financial statements, including the preparation of the XHTML format and marking up the consolidated financial statements;
- verification whether the XHTML format was applied properly;
- evaluating the completeness of marking up the consolidated financial statements using the iXBRL markup language according to the requirements of the implementation of single electronic format as described in the ESEF Regulation;
- evaluating the appropriateness of the Group's' use of XBRL markups selected from the ESEF taxonomy and the creation of extension markups where no suitable element in the ESEF taxonomy has been identified; and
- evaluating the appropriateness of anchoring of the extension elements to the ESEF taxonomy.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Opinion

In our opinion, the Single Electronic Reporting Format of the separate and consolidated financial statements for the year ended 31 December 2022 complies, in all material respects, with the ESEF Regulation.

The engagement partner on the audit resulting in this independent auditor's report is Simonas Rimašauskas.

Deloitte Lietuva UAB
Audit Company License No 001275

Simonas Rimašauskas
Lithuanian Certified Auditor
License No 000466

Vilnius, Republic of Lithuania
15 May 2023
The auditor's electronic signature applies only to the Independent Auditor's Report.

(all amounts are in thousand EUR unless otherwise stated)

Statements of financial position

		Group		Company	
	Notes	**As at 31 December 2022**	**As at 31 December 2021**	**As at 31 December 2022**	**As at 31 December 2021**
ASSETS					
Non-current assets					
Goodwill	**3**	30,327	30,327	30,327	30,327
Intangible assets	**3**	627	127	627	127
Property, plant and equipment	**4**	83	72	59	52
Right-of-use assets	**4**	338	346	239	221
Investments in subsidiaries	**5**	-	-	2,859	2,859
Non-current receivables		128	47	12	15
Deferred income tax asset	**17**	872	851	872	817
Total non-current assets		**32,375**	**31,770**	**34,995**	**34,418**
Current assets					
Inventories		-	-	-	-
Prepayments and deferred expenses	**6**	18,534	6,244	7,012	4,107
Trade receivables	**7**	518	167	471	149
Receivables from related parties	**20**	-	-	567	177
Prepaid income tax		4	70	4	69
Other receivables	**7**	1,694	471	1,394	361
Other current financial assets:	**8**	-	-	-	-
Restricted cash	**9**	200	200	200	200
Cash and cash equivalents	**9**	2,570	5,719	448	432
Total current assets		**23,520**	**12,871**	**10,096**	**5,495**
Total assets		**55,895**	**44,641**	**45,091**	**39,913**

(Continued in the next page)

The accompanying notes are an integral part of these financial statements.

(all amounts are in thousand EUR unless otherwise stated)

Statements of financial position (continued)

		Group		Company	
	Notes	As at 31 December 2022	As at 31 December 2021	As at 31 December 2022	As at 31 December 2021
EQUITY AND LIABILITIES					
Equity					
Issued capital	**1**	234	234	234	234
Cash flow hedge reserve		-	(3)	-	(3)
Legal reserve	**10**	29	29	29	29
Foreign currency translation reserve	**10**	145	145	-	-
Retained earnings		13,865	14,683	9,741	10,454
Equity, attributable to the equity holders of the parent		**14,273**	**15,088**	**10,004**	**10,714**
Non-controlling interests		-	-	-	-
Total equity		**14,273**	**15,088**	**10,004**	**10,714**
Payables and liabilities					
Non-current payables and liabilities					
Grants and subsidies		-	-	-	-
Long term borrowings	**11**	160	5,120	-	5,000
Other non-current liabilities	**11**	6,705	7,112	13,205	13,603
Deferred tax liabilities	**17**	-	-	-	-
Lease liabilities	**4**	179	207	128	134
Total non-current payables and liabilities		**7,044**	**12,439**	**13,333**	**18,737**
Current payables and liabilities					
Current portion of long-term loans	**11**	1,473	2,094	1,473	1,578
Current borrowings	**11**	502	-	502	-
Trade payables		14,272	4,896	7,122	1,062
Payables to related parties	**20**	-	-	3,746	2,559
Advances received		14,392	8,615	7,359	4,522
Income tax payable		6	6	-	-
Other current liabilities and accrued expenses	**12**	3,745	1,328	1,429	628
Other current financial liabilities	**8**	-	4	-	4
Lease liabilities	**4**	188	171	123	109
Total current payables and liabilities		**34,578**	**17,114**	**21,754**	**10,462**
Total equity and liabilities		**55,895**	**44,641**	**45,091**	**39,913**

(Concluded)

The accompanying notes are an integral part of these financial statements.

Chief Executive Officer	Vitalij Rakovski		As at 15/05/2023
Financial Director	Vygantas Reifonas		As at 15/05/2023

(all amounts are in thousand EUR unless otherwise stated)

Statements of comprehensive income

		Group		Company	
	Notes	**2022**	**2021**	**2022**	**2021**
Sales	**13**	196,676	108,995	108,330	59,466
Cost of sales	**14**	(177,588)	(95,506)	(96,660)	(52,004)
Gross profit		**19,088**	**13,489**	**11,670**	**7,462**
Selling (expenses)	**15**	(15,804)	(8,967)	(8,184)	(4,179)
General and administrative (expenses)	**15**	(3,532)	(2,228)	(2,925)	(1,701)
Other operating income		469	111	241	4
Other operating (expenses)		1	(2)	-	-
Operating profit		**222**	**2,403**	**802**	**1,586**
Finance income	**16**	1,193	70	766	69
Finance (expenses)	**16**	(2,170)	(1,535)	(2,260)	(1,547)
Profit before tax		**(755)**	**938**	**(692)**	**108**
Income tax (expenses)	**17**	(63)	(29)	(21)	(26)
Net profit		**(818)**	**909**	**(713)**	**82**
Other comprehensive income, to be reclassified to profit or loss in subsequent periods					
Result of changes in cash flow hedge reserve	**8**	3	492	3	492
Impact of income tax	**17**	**-**	(74)	**-**	(74)
Total other comprehensive income		3	418	3	418
Total comprehensive income		**(815)**	**1,327**	**(710)**	**500**
Net profit attributable to:					
To the equity holders of the Company		(818)	909	(713)	82
Non-controlling interests		-	-	-	-
		(818)	**909**	(713)	**82**
Total comprehensive income attributable to:					
To the equity holders of the Company		(815)	1,327	(710)	500
Non-controlling interests		**-**	**-**	**-**	-
		(815)	**1,327**	**(710)**	**500**
Earnings per share (EPS) for continuing operations:	**21**				
Basic and diluted, profit for the year attributable to ordinary equity holders of the parent (in EUR)		(0.10)	0.12	(0.09)	0.06

The accompanying notes are an integral part of these financial statements.

Chief Executive Officer	Vitalij Rakovski		As at 15/05/2023
Financial Director	Vygantas Reifonas		As at 15/05/2023

(all amounts are in thousand EUR unless otherwise stated)

Statements of changes in equity

		Equity, attributable to the equity holders of the parent							
Group	**Notes**	**Issued capital**	**Legal reserve**	**Cash flow hedge reserve**	**Retained earnings**	**Foreign currency translation reserve**	**Equity attributable to the equity holders of the parent company**	**Non-controlling interest**	**Total**
Balance as at 31 December 2020		**234**	**29**	**(421)**	**13,774**	**145**	**13,761**	**-**	**13,761**
Net profit for the year		-	-	-	909	-	909	-	909
Other comprehensive income		-	-	418	-	-	418	-	418
Total comprehensive income		-	-	418	909	-	1,327	-	1,327
Increase in issued capital		-	-	-	-	-	-	-	-
Dividends declared	**20**	-	-	-	-	-	-	-	-
Balance as at 31 December 2021		**234**	**29**	**(3)**	**14,683**	**145**	**15,088**	**-**	**15,088**
Net profit for the year		-	-	-	(818)	-	(818)	-	(818)
Other comprehensive income		-	-	3	-	-	3	-	3
Total comprehensive income		-	-	3	(818)	-	(815)	-	(815)
Increase in issued capital		-	-	-	-	-	-	-	-
Dividends declared	**20**	-	-	-	-	-	-	-	-
Balance as at 31 December 2022		**234**	**29**	**-**	**13,865**	**145**	**14,273**	**-**	**14,273**

(Continued in the next page)

(all amounts are in thousand EUR unless otherwise stated)

Statements of changes in equity (continued)

Company	Notes	Issued capital	Legal reserve	Cash flow hedge reserve	Retained earnings	Total
Balance as at 31 December 2020		**234**	**29**	**(421)**	**10,372**	**10,214**
Net profit for the year		-	-	-	82	82
Other comprehensive income		-	-	418	-	418
Total comprehensive income		-	-	418	82	500
Increase in issued capital		-	-	-	-	-
Dividends declared	**20**	-	-	-	-	-
Balance as at 31 December 2021		**234**	**29**	**(3)**	**10,454**	**10,714**
Net profit for the year		-	-	-	(713)	(713)
Other comprehensive income		-	-	3	-	3
Total comprehensive income		-	-	3	(713)	(710)
Increase in issued capital		-	-	-	-	-
Dividends declared	**20**	-	-	-	-	-
Balance as at 31 December 2022		**234**	**29**	**-**	**9,741**	**10,004**

(Concluded)

The accompanying notes are an integral part of these financial statements.

Chief Executive Officer	Vitalij Rakovski		As at 15/05/2023
Financial Director	Vygantas Reifonas		As at 15/05/2023

(all amounts are in thousand EUR unless otherwise stated)

Statements of cash flows

	Notes	Group		Company	
		As at 31 December 2022	As at 31 December 2021	As at 31 December 2022	As at 31 December 2021
Cash flows from operating activities					
Net profit		(818)	909	(713)	82
Adjustments for non-cash items:					
Depreciation and amortisation		259	321	179	243
Change in deferred income tax	**17**	(21)	103	(55)	100
Income tax expenses for the reporting period	**17**	-	-	-	-
Elimination of financial, investment and other non-cash activity results		777	1,518	725	1,482
		197	**2,851**	**136**	**1,907**
Changes in working capital:					
(Increase)/decrease in inventories		**-**	2	**-**	1
(Increase) decrease in trade receivables		(351)	(23)	(712)	788
(Increase)/decrease in other receivables and other financial assets		(1,223)	(287)	(1,033)	(182)
(Increase)/decrease in prepayments and deferred expenses		(12,371)	1,569	(2,902)	2,642
Increase (decrease) in trade payables		9,376	2,935	7,247	(48)
Increase (decrease) in prepayments		5,777	(2,261)	2,837	(1,719)
Increase /(decrease) in other accounts payable and accrued expenses		2,413	(342)	799	(541)
Cash flows from operating activities		**3,818**	**4,444**	**6,372**	**2,848**
Interest (paid)		(773)	(1,093)	(733)	(1,067)
Income tax paid		-	(1)	-	-
Net cash flows from operating activities		**3,045**	**3,350**	**5,639**	**1,781**
Cash flows used in investing activities					
(Acquisition) of non-current assets (excluding investments)		(564)	(112)	(548)	(102)
Dividends received		-	-	-	-
Proceeds from sale of non-current assets (except investments)		64	-	64	-
Net cash flows used in investing activities		**(500)**	**(112)**	**(484)**	**(102)**

(Continued in the next page)

The accompanying notes are an integral part of these financial statements.

(all amounts are in thousand EUR unless otherwise stated)

Statements of cash flows (continued)

	Notes	Group		Company	
		As at 31 December 2022	**As at 31 December 2021**	**As at 31 December 2022**	**As at 31 December 2021**
Cash flows from/used in financing activities					
Loans received	**11**	-	11,988	-	11,958
(Repayment) of loans	**11**	(5,486)	(14,515)	(5,000)	(15,405)
Dividends (paid)		-	-	-	-
Lease payments		(208)	(157)	(139)	(103)
Net cash (used in) financing activities		**(5,694)**	**(2,684)**	**(5,139)**	**(3,550)**
Net increase (decrease) in cash flows		**(3,149)**	**554**	**16**	**(1,871)**
Cash and cash equivalents at the beginning of the period		**5,919**	**5,365**	**632**	**2,503**
Cash and cash equivalents at the end of the period		**2,770**	**5,919**	**648**	**632**

(Concluded)

The accompanying notes are an integral part of these financial statements.

Chief Executive Officer	Vitalij Rakovski		As at 15/05/2023
Finance Manager	Vygantas Reifonas		As at 15/05/2023

(all amounts are in thousand EUR unless otherwise stated)

Notes to the financial statements

1 General information

Novaturas AB (hereinafter – the Company) is a public limited liability company registered in the Republic of Lithuania. The address of its registered office is as follows:

A. Mickevičiaus st. 27, Kaunas, LT-44245,
Lithuania.

The Company's principal place of business is located the Baltic States.

Name of the Company and other methods of identification have not changed from the end of the previous reporting period.

Novaturas AB has no parent company.

Novaturas AB has no major parent company.

The Group and the Company operate as tour operators and travel agencies. The Company was registered on 16 December 1999.

The shareholders of the Company were:

	As at 31 December 2022		As at 31 December 2021	
	Number of shares held	**Ownership interest, %**	**Number of shares held**	**Ownership interest, %**
Rendez Vous OU	524,671	6.72	650,983	8.34
Moonrider OU	543,346	6.96	543,346	6.96
Willgrow (UAB ME Investicija)	779,900	9.99	779,900	9.99
Ugnius Radvila	740,702	9.49	740,702	9.49
Rytis Šūmakaris	535,278	6.86	535,278	6.86
Vidas Paliūnas	535,278	6.86	535,278	6.86
Rondam AS	356,489	4.57	-	-
Other	3,791,336	48.56	4,021,513	51.50
Total	**7,807,000**	**100.00**	**7,807,000**	**100.00**

Willgrow (former name ME Investicija) is investment company managing Girteka, one of the leading transport and logistics companies in Europe.

Janek Pohla, Manager of Rendez Vous OU, is also the founder and board member of 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.

Moonrider OU is under control of Estonian investment company Go Group, which operates in the fields of tourism, transport, real estate and engineering.

Companies, belonging to the Rondam AS group, operate the largest hotel in Tartu Dorpat with the SPA centre, as well as one of the best-rated hotels in Tallinn, Lydia.

All shares with a nominal value of EUR 0.03 each are ordinary and were fully paid as at 31 December 2022 and 2021. Subsidiaries did not hold any shares of the Company as at 31 December 2022 and 2021. The Company also did not hold its own shares.

The Group consists of Novaturas AB and the following subsidiaries (hereinafter – the Group):

Company	Registered office	Part of shares held by the Group As at 31 December 2022, %	Part of shares held by the Group As at 31 December 2021, %	Core activities
Novatours SIA	Kr. Valdemara St. 100, Riga, Latvia	100	100	Organization and distribution of tours.
Novatours OU	Ravala g. 6, Tallinn, Estonia	100	100	Organization and distribution of tours.

Aviaturas ir Partneriai UAB	Konstitucijos ave. 15/5, Vilnius, Lithuania	100	100	Organization and distribution of tours.
Novatours Holidays SRL	M. Caramfil st. 53, Bucharesht, Romania	100	100	Organization and distribution of tours.

During 2021–2022, the subsidiary of the Company SRL Novatours Holidays was not active.

The Company has a branch registered at J. Jasinskio st. 16, Vilnius, Lithuania. The registration code of the branch is 125142371. Operating results of the branch are included in the financial statements of the Company.

2 Accounting principles

The main accounting principles, which have been applied in preparation of the Company's and the Group's financial statements for the year ended 31 December 2022, are as follows:

2.1. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (hereinafter the EU).

The Company's management authorised these financial statements on 15 May 2023. The shareholders of the Company have a statutory right to either approve or refuse to approve these financial statements and require the management to prepare a new set of financial statements.

The financial statements of the Group and the Company have been prepared on a historical cost basis, except for derivatives that are carried at fair value.

Application of new and/or changed IFRS and interpretations issued by International Accounting Standards Board (IASB)
The following amendments to the existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use – adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022),

- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract – adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022),

- Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework with amendments to IFRS 3 – adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022),

- Amendments to various standards due to "Improvements to IFRSs (cycle 2018 -2020)" resulting from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily with a view to removing inconsistencies and clarifying wording -adopted by the EU on 28 June 2021 (The amendments to IFRS 1, IFRS 9 and IAS 41 are effective for annual periods beginning on or after 1 January 2022. The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated.).

The adoption of these new standards, amendments to the existing standards and interpretation has not led to any material changes in the Group's and the Company's financial statements.

Standards and amendments to the existing standards issued by IASB and adopted by the EU but not yet effective
At the date of authorisation of these financial statements, the following new standard, amendments to the existing standard and interpretation issued by IASB and adopted by the EU are not yet effective:

- IFRS 17 "Insurance Contracts" including amendments to IFRS 17 issued by IASB on 25 June 2020 -adopted by the EU on 19 November 2021 (effective for annual periods beginning on or after 1 January 2023),

- Amendments to IFRS 17 "Insurance contracts" –Initial Application of IFRS 17 and IFRS 9 –Comparative Information, adopted by the EU on 8 September 2022 (effective for annual periods beginning on or after 1 January 2023),

- Amendments to IAS 1 "Presentation of Financial Statements" –Disclosure of Accounting Policies adopted by the EU on 2 March 2022 (effective for annual periods beginning on or after 1 January 2023),

- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" –Definition of Accounting Estimates adopted by the EU on 2 March 2022 (effective for annual periods beginning on or after 1 January 2023),

- Amendments to IAS 12 "Income Taxes" –Deferred Tax related to Assets and Liabilities arising from a Single Transaction adopted by the EU on 11 August 2022 (effective for annual periods beginning on or after 1 January 2023).

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2 Accounting principles (continued)

2.1. Basis of preparation (continued)

Standards, interpretations and amendments that are not yet adopted by the European Union and which the Company has not started applying ahead of time
At the date of approval of these financial statements, the following standards, amendments and interpretations to existing standards, approved by the International Accounting Standards Board (IASB) and adopted by the EU, have been issued but are not yet effective:

- Amendments to IAS 1 “Presentation of Financial Statements” –Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2023),

- Amendments to IAS 1 “Presentation of Financial Statements” –Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024),

- Amendments to IFRS 16 “Leases” –Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024),

- IFRS 14 “Regulatory Deferral Accounts” (effective for annual periods beginning on or after 1 January 2016) –the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,

- Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” –Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded).

There are no other new or updated standards that are not yet effective but are expected to have a material impact on the Group’s and the Company’s financial statements.

2.2. Functional and presentation currency

The amounts shown in these financial statements are presented in the local currency, euro (EUR), which is also the functional currency of the Company and the Group companies located in Lithuania, Latvia and Estonia. The functional currencies of foreign subsidiaries are the respective foreign currencies of the country of residence. Items included in the financial statements of these subsidiaries are measured using their functional currency.

Transactions in foreign currencies are initially recorded in the functional currency as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange as at the date of the statement of financial position.

The assets and liabilities of foreign subsidiaries are translated into euro at the reporting date using the rate of exchange as of the date of the statement of financial position, and their statements of comprehensive income are translated at the average exchange rates for the year. The exchange differences arising on this translation are recognized in other comprehensive income. On disposal of a foreign subsidiary, the deferred cumulative amount recognized in other comprehensive income relating to that foreign operation is recognized in profit (loss).

Long-term receivables from or loans granted to foreign subsidiaries that are neither planned nor likely to be settled in the future are considered to be a part of the Company’s net investment in the foreign operation. In the Group’s consolidated financial statements the exchange differences recognized in the separate financial statements of the subsidiary in relation to these monetary items are reclassified to other comprehensive income. On disposal of a foreign subsidiary, the deferred cumulative amount recognized in other comprehensive income relating to that foreign operation is recognized in the profit (loss).

2 Accounting principles (continued)

2.3. Principles of consolidation

The consolidated financial statements of the Group include Novaturas AB and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year, using consistent accounting policies.

Subsidiaries are consolidated from the date from which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. All intercompany transactions, balances and unrealised gains and losses on transactions among the Group companies have been eliminated. The equity and net income attributable to non-controlling interests are shown separately in the statement of financial position and the statement of comprehensive income.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition of control and up to the effective date of the loss of control, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests (even if this results in the non-controlling interests having a deficit balance).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. The financial statements of subsidiaries used for consolidation purposes are prepared for the financial year of the parent company.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Acquisitions and disposals of minority interest by the Group are accounted as equity transaction: the difference between the carrying value of the net assets acquired from/disposed to the minority interests in the Group's financial statements and the acquisition price/proceeds from disposal is accounted directly in equity.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

If the business combination is achieved in stages at the acquisition date the fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be re-measured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets and liabilities. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in a statement of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.4. Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's and the Company's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit *pro-rata* on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2 Accounting principles (continued)

2.5. Investments in subsidiaries (the Company)

Investments in subsidiaries in the Company's separate financial statements are accounted at cost, less impairment.

2.6. Intangible assets (other than goodwill)

Intangible assets are measured initially at cost. Intangible assets are recognized if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of asset can be measured reliably.

The useful lives of intangible assets are assessed to be either finite or indefinite. The Group and the Company have no intangible assets with indefinite useful life except for goodwill.

After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over their useful lives.

Software
The costs of acquisition of new software are capitalized and treated as an intangible asset if these costs are not an integral part of the related hardware. Software is amortized over a period of 3 years.

Costs incurred in order to restore or maintain the future economic benefits that are expected from the originally assessed standard of performance of existing software systems are recognized as an expense when the restoration or maintenance work is carried out.

2.7. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

When an item of property, plant and equipment is sold or retired, its cost and accumulated depreciation are eliminated and gain (loss) is included in the statement of comprehensive income.

The initial cost of property, plant and equipment comprises its purchase price, including non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the property, plant and equipment is ready for its intended use, such as repair and maintenance costs, are normally charged to the statement of comprehensive income in the period the costs are incurred.

Depreciation is computed on a straight-line basis over the following estimated useful lives:

Vehicles	6–10 years
Other equipment, tools and fixtures	2–5 years
Other property, plant and equipment	2–5 years

The useful lives are reviewed periodically to ensure that the period of depreciation is consistent with the expected pattern of economic benefits from items in property, plant and equipment.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognized.

2.8. Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

2 Accounting principles (continued)

2.8. Financial assets (continued)

Classification of financial assets
Debt instruments that meet the following conditions are measured subsequently at amortised cost:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income FVTOCI):
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). FVTPL)

<u>Amortised cost and effective interest method</u>
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit impaired financial assets, a credit adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and fair value through profit or loss. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. If, in subsequent reporting periods, the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the “Finance income – interest income” line item (Note 16).

Impairment of financial assets
The Group and the Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group and the Company always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group’s and the Company’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

(i) Write-off policy
The Group and the Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group’s and the Company’s recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

2 Accounting principles (continued)

2.8. Financial assets (continued)

(ii) Measurement and recognition of expected credit losses
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's and the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group and the Company in accordance with the contract and all the cash flows that the Group and the Company expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IAS 17 Leases.

Derecognition of financial assets
The Group and the Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

2.9. Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group and the Company, are measured in accordance with the specific accounting policies set out below.

Financial liabilities measured subsequently at amortised cost
Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities
The Group and the Company derecognises financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group and the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, this change is recognized as initial derecognition and establishment of a new liability. Similarly, the Group and the Company accounts for substantial modification of terms of an existing liability or part of it as initial derecognition financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

2 Accounting principles (continued)

2.10. Hedge accounting

The Group and the Company designates certain hedging instruments, which include derivatives, as either fair value hedges, or cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash flow hedges
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, in the line item "Gain or loss from derivatives".

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group and the Company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

Fair value hedges
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

The resulting gain or loss from the change of fair value of the financial derivative is immediately recognized in profit or loss in the comprehensive income statement.

2.11. Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group/the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

2 Accounting principles (continued)

2.11. Fair value (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group/the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Valuations are performed by the Group's/the Company's management at each reporting date. For the purpose of fair value disclosures, the Group/the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of asset or liability and the level of the fair value hierarchy as explained above.

2.12. Cash and cash equivalents

Cash includes cash on hand and cash in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of 3 months or less and that are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and in current bank accounts as well as deposits in bank with original term equal to or less than 3 months.

2.13. Borrowings

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

No borrowing costs meeting capitalization criteria have been incurred in 2021 and 2020.

Borrowings are initially recognized at fair value of proceeds received, less the costs of transaction. They are subsequently carried at amortized cost, the difference between net proceeds and redemption value being recognized in the net profit or loss over the period of the borrowings using the effective interest method (except for the capitalized part). The borrowings are classified as non-current if the completion of a refinancing agreement before the date of the statement of financial position provides evidence that the substance of the liability at the date of the statement of financial position was long-term.

2.14. Financial and operating leases

Determining whether an agreement is a lease is based on information at the date of signature of the agreement. The evaluation shall address whether the arrangement is dependent on the use of a specific asset or the arrangement conveys a right to use the asset.

<u>Financial lease</u>
The Group and the Company recognize financial leases as assets and liabilities in the statement of financial position at amounts equal at the inception of the lease to the fair value of the leased property or, if lower, to the present value of the minimum lease payments. The rate of discount used when calculating the present value of minimum payments of financial lease is the interest rate of financial lease payment, when it is possible to determine it, in other cases, the Company's composite interest rate on borrowings applies. Directly attributable initial costs are included into the asset value. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. The depreciation is accounted for financial lease assets and it also gives rise to financial expenses in the Group's and the Company's statement of comprehensive income for each accounting period.

The depreciation policy for leased assets is consistent with that for depreciable assets that are owned, and financial lease also gives rise to financial expenses in the Group's and the Company's statement of comprehensive income for each reporting period. The depreciation policy for leased assets is consistent with that for depreciable assets that are owned, however, these assets cannot be depreciated over the period longer than lease term, unless the ownership is transferred to the Group or the Company under the lease contract at the end of the lease.

<u>Operating lease</u>
Leases where the lessor retains all the risk and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

2.15. Provisions

Provisions are recognized when the Group and the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The provisions are reviewed at each balance sheet date and adjusted in order to present the most reasonable current estimate. If the effect of the time value of money is material, the amount of provision is equal to the present value of the expenses, which are expected to be incurred to settle the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

2.16. Income tax

The Group companies are taxed individually, irrespective of the overall results of the Group. Income tax charge is based on profit for the year and considers deferred taxation. The Company's corporate income tax is calculated in accordance with provisions of tax legislation of the Republic of Lithuania. The income taxes of foreign subsidiaries are calculated in accordance with tax legislation applicable in those jurisdictions.

Standard income tax rate in Lithuania is 15%.

Tax losses in Lithuania can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments. Such carrying forward is disrupted if the Group and the Company change its activities due to which these losses incurred except when the Group and the Company do not continue its activities due to reasons which do not depend on the Group or the Company itself. The losses from disposal of securities and/or derivative financial instruments can be carried forward for five consecutive years and only be used to reduce the taxable income earned from the transactions of the same nature.

Starting from 1 January 2014, tax losses carried forward can be used to reduce the taxable income earned during the reporting year by maximum 70%.

According to Estonian legislation, profit of Estonian entities and permanent establishments in Estonia are not subject to income tax, if the profits are retained. Earnings are subject to tax when they are distributed in the form of dividends or other form. Applied tax rate for distributed earnings is 20/80. As the taxable object is retained profit but not in financial period earned profit there are no temporary differences between assets and liabilities tax and balance sheet values, which would create recognition of deferred tax asset or liability.

Starting from 1 January 2018, in Latvia entities and permanent establishments are not subject to income tax, if the profits are retained. Earnings are subject to tax when they are distributed in the form of dividends or other form. Applied tax rate for distributed earnings is 20%.

Deferred taxes are calculated using liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse based on tax rates enacted or substantially enacted at the date of the statement of financial position.

Deferred tax asset has been recognized in the statement of financial position to the extent the management believes it will be realized in the foreseeable future, based on taxable profit forecasts. If it is believed that part of the deferred tax asset is not going to be realized, this part of the deferred tax asset is not recognized in the financial statements.

2 Accounting principles (continued)

2.17. Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Group and the Company and the amount of the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable for goods and services, net of VAT, rebates or discounts.

Revenue is recognized on accrual basis: revenue is recognized when earned, irrespective of cash receipts. Revenue from tours are recognized on the first day of the trip.

When preparing the financial statements for the year ended 31 December 2022 and 2021, the Group and the Company made assessment under IFRS 15 and adjusted the timing of revenue and expense recognition to a later date.

Block chair revenue recognized under gross revenue method.

Advance payments are received from clients, paying according to the standard schedule. According to the schedule, the customer pays an advance on the trip at the time of booking, and the remaining amount is paid two-four weeks before the start of the trip. Advance payments are accounted as liabilities under Advances received caption and taken to revenue on the first day of the trip as noted above.

Interest income is recognized on accrual basis, based on the amount of outstanding debt and using effective interest rate. Interest inflows are presented under investing activities in the statements of cash flows.

The Group and the Company recognizes revenue from the inbound tourism promotion program approved by Turkish and Egyptian governments based on the number of flights, tourists, which arrived to resorts listed by Turkish and Egyptian governments during the period of promotion program, and of a fixed incentive amount, approved by local government.

2.18. Commission expenses

Commissions, which are paid to travel agencies for sale of travel packages provided by the Group and the Company, are recognized as selling expenses matching with revenue recognized from related trip. The Group and the Company do not capitalise agency commissions, but applies the practical expedient of IFRS 15 to recognise commission expenses according to invoices issued.

2.19. Impairment of assets

Financial assets
Financial assets are reviewed for impairment at each reporting date.

For financial assets carried at amortized cost, whenever it is probable that the Group and the Company will not collect all amounts due according to the contractual terms of loans or receivables, an impairment or bad debt loss is recognized in the statement of comprehensive income. The reversal of impairment losses previously recognized is recorded when the decrease in impairment loss can be justified by an event occurring after the write-down. Such reversal is recorded in the statement of comprehensive income. However, the increased carrying amount is only recognized to the extent it does not exceed the amortized cost that would have been had the impairment not been recognized.

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, has been incurred, the amount of the loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Other assets (excluding goodwill)
Other assets are reviewed for impairment whenever events or changes in circumstances indicate that carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the statement of comprehensive income. Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The reversal is accounted in the same caption of the statement of comprehensive income as the impairment loss.

Goodwill
Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

2 Accounting principles (continued)

2.20. Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with International Financial Reporting Standards, as adopted by the EU, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies. The significant areas of estimation used in the preparation of the accompanying financial statements relate to depreciation (Notes 2.7 and 4), amortization (Notes 2.6 and 3), impairment evaluation of goodwill (Notes 2.4 and 3), impairment evaluation of other assets (Notes 2.19, 5, 6 and 7, 8) and assumptions used while assessing accrued revenue amount (Note 7). Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

2.21. Contingencies

Contingent liabilities are not recognized in the financial statements, except to contingent liabilities, related to business acquisition. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the financial statements but disclosed when an inflow or an economic benefit is probable.

2.22. Events after the reporting period

Events after the reporting period that provide additional information about the Group’s and the Company’s position at the date of the statement of financial position (adjusting events) are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

2.23. Offsetting

When preparing the financial statements, assets and liabilities as well as revenue and expenses are not set off, except the cases when certain International Financial Reporting Standards specifically requires such set-off.

3 Intangible assets

Group

	Goodwill	Software	Total
Acquisition cost:			
Balance as at 31 December 2020	30,327	721	31,048
Additions	-	95	95
Write-offs	-	-	-
Balance as at 31 December 2021	30,327	816	31,143
Additions	-	506	506
Write-offs	-	-	-
Balance as at 31 December 2022	30,327	1,322	31,649
Accumulated amortization/impairment:			
Balance as at 31 December 2020	-	606	606
Amortisation charge for the year	-	83	83
Write-offs	-	-	-
Balance as at 31 December 2021	-	689	689
Amortisation charge for the year	-	6	6
Write-offs	-	-	-
Balance as at 31 December 2022	-	695	695
Net book value as at 31 December 2022	**30,327**	**627**	**30,954**
Net book value as at 31 December 2021	**30,327**	**127**	**30,454**
Net book value as at 31 December 2020	**30,327**	**115**	**30,442**

3 Intangible assets (continued)

Company

	Goodwill	Software	Total
Acquisition cost:			
Balance as at 31 December 2020	30,327	630	30,957
Additions	-	93	93
Write-offs	-	-	-
Balance as at 31 December 2021	30,327	723	31,050
Additions	-	506	506
Write-offs	-	-	-
Balance as at 31 December 2022	30,327	1,229	31,556
Accumulated amortization/impairment:			
Balance as at 31 December 2020	-	522	522
Amortisation charge for the year	-	74	74
Write-offs	-	-	-
Balance as at 31 December 2021	-	596	596
Amortisation charge for the year	-	6	6
Write-offs	-	-	-
Balance as at 31 December 2022	-	602	602
Net book value as at 31 December 2022	**30,327**	**627**	**30,954**
Net book value as at 31 December 2021	**30,327**	**127**	**30,454**
Net book value as at 31 December 2020	**30,327**	**108**	**30,435**

After merging of Central European Tour Operator UAB on 30 September 2008 into Novaturas UAB, goodwill, which arose on the acquisition of shares of Novaturas UAB, was recognized in the consolidated financial statements of the Group and separate financial statements of the Company. The goodwill is not amortized, but it is tested for impairment.

The recoverable amount of every cash-generating unit as at 31 December 2022 was determined based on the expected future cash flows in accordance with five-year forecasts approved by the management. In 2022, the assessment of cash-generating units is based on assumptions relating to the growth of the number of travellers (compound annual growth rate (CAGR) in 2023–2027 is 3.5%), occupancy rate in tourist destinations (95–97%) and certain impacts of the approved strategic initiatives of the Company on profitability (algorithmic pricing and add-on sales). Cash flows after five years horizon are extrapolated based on 2% constant annual growth assumption, which reflects the best management's estimate of the situation in this industry. Discount rate before tax was evaluated based on cash generating unit average weighted cost of capital and amounted to 12.79% (pre-tax) in 2022 (in 2021 – 10.25 %).

Based on the estimated recoverable values of cash generating unit as at 31 December 2022 and 2021, no impairment of goodwill was recognized.

According to management estimate, no reasonable change in the assumptions used in impairment testing of the recoverable amount of cash generating units as at 31 December 2022 and 2021 as described above would result in material impairment.

The Group and the Company has no internally generated intangible assets. The amortization expenses for the years 2021 and 2020 are included within selling, general and administrative expenses in the statement of comprehensive income.

Software with the acquisition cost of EUR 641 thousand as at 31 December 2022 (as at 31 December 2021: EUR 685 thousand) was fully amortized, but was still in use by the Group. Software with the acquisition cost of EUR 579 thousand as at 31 December 2022 (as at 31 December 2021: EUR 594 thousand) was fully amortized, but was still in use by the Company.

4 Property, plant and equipment

Group	Machinery and equipment	Vehicles	Other non-current assets	Total
Acquisition cost:				
Balance as at 31 December 2020	179	236	213	628
Additions	9	-	9	18
Write-offs	-	-	-	-
Balance as at 31 December 2021	188	236	222	646
Additions	28	-	30	58
Write-offs	(2)	(64)	(1)	(67)
Balance as at 31 December 2022	214	172	251	637
Accumulated depreciation:				
Balance as at 31 December 2020	149	181	176	506
Depreciation for the year	26	29	13	68
Write-offs	-	-	-	-
Balance as at 31 December 2021	175	210	189	574
Depreciation for the year	20	13	15	48
Write-offs	(2)	(64)	(1)	(67)
Balance as at 31 December 2022	193	159	203	555
Net book value as at 31 December 2022	**21**	**13**	**48**	**82**
Net book value as at 31 December 2021	**13**	**26**	**33**	**72**
Net book value as at 31 December 2020	**30**	**55**	**37**	**122**

4 Property, plant and equipment (continued)

Company	Machinery and equipment	Vehicles	Other non-current assets	Total
Acquisition cost:				
Balance as at 31 December 2020	151	243	97	491
Additions	9	-	-	9
Write-offs	-	-	-	-
Balance as at 31 December 2021	160	243	97	500
Additions	23	-	18	41
Write-offs	-	(64)	-	(64)
Balance as at 31 December 2022	183	179	115	477
Accumulated depreciation:				
Balance as at 31 December 2020	123	189	80	392
Depreciation for the year	21	29	6	56
Write-offs	-	-	-	-
Balance as at 31 December 2021	144	218	86	448
Depreciation for the year	15	13	6	34
Write-offs	-	(64)	-	(64)
Balance as at 31 December 2022	159	167	92	418
Net book value as at 31 December 2022	**24**	**12**	**23**	**59**
Net book value as at 31 December 2021	**16**	**25**	**11**	**52**
Net book value as at 31 December 2020	**28**	**54**	**17**	**99**

Property, plant and equipment of the Group and the Company is used only for the Group's and the Company's purposes.

Depreciation expenses of the Group's and the Company's property, plant and equipment for 2022 and 2021 are included within operating expenses.

Property, plant and equipment of the Group and the Company with acquisition cost of EUR 530 thousand and EUR 323 thousand, respectively, were fully depreciated as at 31 December 2022 (as at 31 December 2021: EUR 470 thousand and EUR 331 thousand, respectively), but were still in use. Depreciated property, plant and equipment still in use consist of computer hardware and other equipment.

The Group and the Company had several contracts of finance lease of offices concluded as at 31 December 2022 and 2021. The terms of lease do not include restrictions of the activities of the Group and the Company in connection with the dividends, additional borrowings or additional long-term leases.

Right-of-use assets

	2022	
	Group	Company
Acquisition cost		
Balance as at 31 December 2022	542	378
Accumulated depreciation		
Depreciation for the year	204	139
Net book value as at 31 December 2022	**338**	**239**

	2021	
	Group	**Company**
Acquisition cost		
Balance as at 31 December 2021	517	333
Accumulated depreciation		
Depreciation for the year	171	112
Net book value as at 31 December 2021	**346**	**221**

Amounts recognised in profit and loss

	2022	
	Group	**Company**
Depreciation expense on right-of-use assets	204	139
Interest expense on lease liabilities	17	12
Expense relating to short-term leases	208	139

	2021	
	Group	**Company**
Depreciation expense on right-of-use assets	171	112
Interest expense on lease liabilities	17	11
Expense relating to short-term leases	157	103

Lease liabilities

	2022	
	Group	**Company**
Non-current lease liabilities	163	128
Current lease liabilities	188	123

	2021	
	Group	**Company**
Non-current lease liabilities	207	134
Current lease liabilities	171	108

5 Investments in subsidiaries

Investments into subsidiaries of the Company as at 31 December are as follows:

	2022				2021			
Subsidiary	**Acquisition cost**	**Controlled part, %**	**Net profit (loss) of subsidiary**	**Equity of subsidiary**	**Acquisition cost**	**Controlled part, %**	**Net profit (loss) of subsidiary**	**Equity of subsidiary**
Novatours SIA	1,073	100	(393)	38	1,073	100	(175)	468
Novatours OU	1,786	100	(294)	6,380	1,786	100	931	6,697
Aviaturas ir Partneriai UAB	361	100	27	78	361	100	76	56
Novatours Holidays SRL	95	100	-	-	95	100	-	-
(Impairment)	(456)	-	-	-	(456)	-	-	-
Total	**2,859**				**2,859**			

As at 31 December 2022 and 2021, impairment of investment into subsidiary SRL Novatours Holidays was accounted for. Impairment of the investment in Aviaturas ir Partneriai UAB was accounted for as at 31 December 2022 and 2021.

As at 31 December 2022 and 2021, the shares of SIA Novatours, OU Novatours and UAB Aviaturas ir Partneriai, owned by the Company, were pledged to the Luminor Bank AS in accordance with the long-term loan agreement (Note 11).

6 Prepayments and deferred expenses

	Group		Company	
	As at 31 December 2022	**As at 31 December 2021**	**As at 31 December 2022**	**As at 31 December 2021**
Prepayments and deferred expenses	18,700	6,244	7,012	4,107
Less: impairment	(166)	-	-	-
	18,534	**6,244**	**7,012**	**4,107**

The main part of the Group's and the Company's prepayments and deferred expenses as at 31 December 2022 and 2021 consisted of cost related to airline tickets, hotel services, visas, ferry boat tickets and other services. Change in allowance for doubtful prepayments for the years 2022 and 2021 has been included into general and administrative expenses.

7 Trade, other and long term receivables

	Group		Company	
	As at 31 December 2022	As at 31 December 2021	As at 31 December 2022	As at 31 December 2021
Trade receivables, gross	927	298	870	269
VAT receivable	85	159	32	132
Accrued revenue from government subsidies	1,608	142	1,360	56
Other receivables	-	170	2	173
Less: allowance for doubtful receivables	(408)	(131)	(399)	(120)
	2,212	**638**	**1,865**	**510**

Change in allowance for doubtful receivables for the year 2022 and 2021 has been included into general and administrative expenses.

Movement in the allowance for the Group's and the Company's receivables is as follows:

	Group Individually assessed impairment	Company Individually assessed impairment
Balance as at 31 December 2020	**(131)**	**(120)**
Reversal of impairment for the year	-	-
Written off amounts	-	-
Impairment loss for the year	-	-
Balance as at 31 December 2021	**(131)**	**(120)**
Reversal of impairment for the year	-	-
Written off amounts	-	-
Impairment loss for the year	(277)	(279)
Balance as at 31 December 2022	**(408)**	**(399)**

The ageing analysis of the Group's trade and other receivables (presented net of allowance for impaired receivables) as at 31 December is as follows:

		Receivables past due but not impaired					
	Receivables, neither past due nor impaired	Less than 30 days	30-60 days	60-90 days	90-120 days	More than 120 days	Total
2021	2	50	10	30	9	66	167
2022	431	19	10	17	11	30	518

The ageing analysis of the Company's trade and other receivables (presented net of allowance for impaired receivables) as at 31 December is as follows:

		Receivables past due but not impaired					
	Receivables, neither past due nor impaired	Less than 30 days	30-60 days	60-90 days	90-120 days	More than 120 days	Total
2021	20	15	6	12	26	70	149
2022	421	4	4	13	9	20	471

No interests are applied for trade receivables from clients. Generally, the Group and the Company require settlement of receivable for the tour before the commencement of the tour.

Prepayments paid to suppliers for plane rent and hotels are accounted under long term receivables caption in the statement of financial position.

8 Other current financial assets and other current and non-current financial liabilities

	Group		Company	
	As at 31 December 2022	As at 31 December 2021	As at 31 December 2022	As at 31 December 2021
Other current financial liabilities at other comprehensive income				
Derivatives that are subject to hedge accounting (effective part)	-	4	-	4
Total other current and non-current financial liabilities	**-**	**4**	**-**	**4**

Since 1 January 2014, the Group and the Company has applied the hedge accounting policy (cash flow hedge) for financial instruments (ICE Brent Futures, Foreign exchange forwards). On the basis of documentation of hedge transactions, derivative financial instruments, for the hedge of foreign currency exchange rate and aviation fuel price fluctuation risks, are recognized at fair value at the day of the contract and on an ongoing basis. Quoted market prices are used for fair value measurements (level 2 of fair value hierarchy). Positive fair values of the contracts are recognized in the statement of financial position as assets and negative fair values of contracts are recognized in the statement of financial position as liabilities. Resulting profit or loss from the changes of fair value of derivatives is recognized in the statement of comprehensive income (other comprehensive income), until the factual date when hedge transaction occurs. The transactions, which are hedged by the instruments outstanding are expected to occur within next financial year.

As at 31 December 2022, the Group and the Company did not have existing hedging contracts. During 2022, the Group and the Company incurred loss of EUR 48 thousand from hedging transactions, which was accounted for in the other comprehensive income (Note 16).

As at 31 December 2021, the Group and the Company accounted for current liability of EUR 4 thousand, which was accounted for in the financial statements under the caption of other current financial liabilities. Related loss of EUR 212 thousand was accounted for in the other comprehensive income (Note 16).

9 Cash, cash equivalents and restricted cash

	Group		Company	
	As at 31 December 2022	As at 31 December 2021	As at 31 December 2022	As at 31 December 2021
Cash at bank	2,474	5,653	391	407
Cash on hand	96	66	57	25
Cash in transit		-	-	-
Restricted cash	200	200	200	200
	2,770	**5,919**	**648**	**632**

The amount of EUR 200 thousand was restricted for credit card payments.

10 Reserves

Legal reserve
A legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfers of not less than 5% of net profit are compulsory until the reserve reaches 10% of the share capital. The legal reserve can only be used to cover accumulated losses.

Legal reserve of the Group and the Company amounted to EUR 29 thousand as at 31 December 2022 and 2021 and was fully formed.

Foreign currency translation reserve
The foreign currency translation reserve is made for translation differences arising on consolidation of financial statements of foreign subsidiaries.

Exchange differences are classified as share capital in the consolidated financial statements until disposal of the investment. Upon disposal of the corresponding investment, the exchange differences accumulated in the translation reserve are recognized as income or expenses in the same period, when the gain or loss on disposal by investment is recognized.

Cash flow hedge reserve
This reserve represents the effective part of the change in fair value of the derivative financial instruments, used by the Group and the Company to secure the cash flows from aviation fuel and foreign currency exchange (USD) change risk, at the reporting date. The reserve is accounted for according to the requirements of IAS 39.

11 Borrowings

	Group		Company	
	As at 31 December 2022	As at 31 December 2021	As at 31 December 2022	As at 31 December 2021
Long term borrowings				
Luminor Bank AS loan, annual interest rate – 3 month EURIBOR + 3.80%	-	-	-	-
Luminor Bank AS long-term credit line, annual interest rate – 3 month EURIBOR + 3.00%	1,000	5,000	1,000	5,000
Limited partnership “Pagalbos verslui fondas” ordinary bonds of 5.60%	5,000	5,000	5,000	5,000
Altum loan, annual interest rate – 2.9%	160	600	-	-
Novatours OU loan, annual interest rate – 6 month EURIBOR + 7.2%	-	-	6,500	6,500
Loan granted by Investicijų ir verslo garantijos UAB, annual interest rate – 1.69%.	1,735	2,208	1,735	2,208
Average weighted annual interest rate on a liquidity loan and loan from State Social Insurance Fund – 0.31%	945	1,518	945	1,473
Total non-current borrowings	8,840	14,326	15,180	20,181
Less: current portion of long-term borrowings	(1,975)	(2,094)	(1,975)	(1,578)
	6,865	**12,232**	**13,205**	**18,603**
Current borrowings				
Loan granted by Novatours SIA (EUR), annual interest rate – 3.08%	-	-	-	-
Credit line facility, annual interest rate – 3-month EURIBOR + 4.00%	-	-	-	-
Current portion of long-term loans	1,975	2,094	1,975	1,578
	1,975	**2,094**	**1,975**	**1,578**

11 Borrowings (continued)

Weighted average effective interest rates of borrowings outstanding at the year-end:

	Group		Company	
	2022	**2021**	**2022**	**2021**
Current borrowings	-	-	-	-
Long term borrowings	4.2%	3.8%	6.7%	3.4%

Terms of repayment of long-term borrowings are as follows:

	Group		Company	
Years	**As at 31 December 2022**	**As at 31 December 2021**	**As at 31 December 2022**	**As at 31 December 2021**
2022	-	2,094	-	1,578
2023	1,975	707	1,975	578
2024	758	2,245	758	2,245
Later	6,107	9,280	12,446	15,780
	8,840	**14,326**	**15,180**	**20,181**

As at 31 December, borrowings outstanding were denominated in national and foreign currencies as follows:

	Group		Company	
	As at 31 December 2022	**As at 31 December 2021**	**As at 31 December 2022**	**As at 31 December 2021**
Currency of the borrowing:				
EUR	8,840	14,326	15,180	20,181
	8,840	**14,326**	**15,180**	**20,181**

As at 31 December 2022 and 2021, shares of Novatours SIA, Novatours OU ir Aviaturas ir Partneriai UAB owned by the Company were pledged to Luminor Bank AS for long-term loan granted (Note 5).

As at 31 December 2022, the Group's and the Company's unused credit facility amounted to EUR 4,043 thousand (2021: EUR 3,043 thousand).

As at 31 December 2022 and 2021, the Group complied with financial and non-financial covenants.

12 Other current liabilities and accrued expenses

	Group		Company	
	As at 31 December 2022	As at 31 December 2021	As at 31 December 2022	As at 31 December 2021
Employment related liabilities	306	403	73	143
Taxes payable (except for income tax)	42	55	6	20
Other payables and accrued expenses	3,397	870	1,350	465
	3,745	**1,328**	**1,429**	**628**

Other current liabilities are interest free and are settled during 1–90 days.

13 Sales

	Group		Company	
	2022	2021	2022	2021
Flight package tours	175,189	96,650	93,397	49,819
Sightseeing tours by coach	1,360	103	1,360	103
Sightseeing tours by plane	1,426	301	1,396	295
Other sales	18,701	11,941	12,177	9,249
	196,676	**108,995**	**108,330**	**59,466**

14 Cost of sales

	Group		Company	
	2022	2021	2022	2021
Cost of flight package tours	155,082	83,738	83,793	44,465
Cost of sightseeing tours by coach	1,104	109	1,104	109
Cost of sightseeing tours by plane	1,230	262	1,200	256
Cost of other sales	20,172	11,397	10,563	7,174
	177,588	**95,506**	**96,660**	**52,004**

15 Selling, general and administrative expenses

	Group		Company	
	2022	2021	2022	2021
Selling expenses				
Agency commissions	11,439	6,288	5,556	2,663
Salaries and related taxes	2,842	1,779	1,682	1,108
Advertising and marketing expenses	1,091	595	685	369
Depreciation and amortisation	159	152	101	101
Rent and maintenance expenses	113	51	76	23
Business trip expenses	31	17	17	13
Communication expenses	44	35	9	13
Transportation expenses	24	29	17	16
Representation expenses	20	2	17	2
Training expenses	-	-	-	-
Other	41	19	24	(129)*
	15,804	**8,967**	**8,184**	**4,179**

* Above stated amounts are negative because the Company is re-allocating some expenses to other subsidiaries.

15 Selling, general and administrative expenses (continued)

	Group		Company	
	2022	2021	2022	2021
General and administrative expenses				
Salaries and related taxes	1,637	1,014	1,475	815
Depreciation and amortisation	103	169	80	142
Representation expenses	97	35	64	20
Consulting expenses	314	218	157	100
Business trip expenses	14	8	10	7
Rent and maintenance expenses	59	30	53	23
Transportation expenses	40	35	40	30
Communication expenses	28	22	15	14
Training expenses	27	12	26	10
IT expenses	182	155	176	152
Remuneration for Board members	254	127	254	127
Personnel expenses	72	74	60	58
Holiday pay reserve	72	53	54	63
Provision for doubtful accounts	179	19	179	19
Tour operator insurance	82	72	55	55
Bank commissions	111	73	58	37
Inventory and similar expenses	39	8	32	5
Other	222	104	137	24
	3,532	**2,228**	**2,925**	**1,701**

16 Finance income (expenses), net

	Group		Company	
	2022	2021	2022	2021
Foreign exchange gain	936	1	759	-
Other financial income (including fines and penalties)	257	69	7	69
Finance income	**1,193**	**70**	**766**	**69**
Interest expense	(731)	(1,098)	(1,254)	(1,239)
Loss from derivatives	(671)	-	(671)	-
Foreign currency exchange loss	(626)	(437)	(194)	(306)
Other finance expenses	(142)		(141)	(2)
Finance expenses	**(2,170)**	**(1,535)**	**(2,260)**	**(1,547)**
	(977)	**(1,465)**	**(1,494)**	**(1,478)**

17 Income tax

	Group		Company	
	2022	2021	2022	2021
Components of the income tax expenses (income)				
Current income tax for the reporting year	9	-	-	-
Deferred tax expenses for current period	(12)	29	(47)	26
Tax expenses of previous periods	76	-	76	-
Deferred tax expense of prior periods	(10)	-	(8)	-
Income tax (income) expenses recorded in the statement of comprehensive income	**63**	**29**	**21**	**26**

17 Income tax (continued)

	Group		Company	
	2022	2021	2022	2021
Deferred income tax asset				
Tax loss carry forward	670	658	670	658
Impairment of investments and loans granted	-	-	-	-
Impairment of receivables	139	166	139	140
Unrealised loss of derivatives	-	1	-	1
Other accruals	63	26	63	18
Deferred tax asset, net of fair value allowance	872	851	872	817
Deferred tax liability				
Amortisation of goodwill	-	-	-	-
Unrealised gain of derivatives	-	-	-	-
Deferred tax liability	-	-	-	-
Deferred tax, net	**872**	**851**	**872**	**817**
Deferred income tax asset	872	851	872	817
Deferred tax liabilities	-	-	-	-

Deferred tax asset and liabilities were offset in the consolidated statement of financial position by the amounts, which relate to tax levied by the same tax authority and to the same taxable entity.

Tax loss carry forward of the Group and the Company can be transferred for unlimited period.

While assessing deferred tax assets and liabilities for the Lithuanian entities, 15% tax rate was applied in 2022 and 2021.

Starting from 1 January 2018, in Latvia entities and permanent establishments are not subject to income tax, if the profits are retained. Earnings are subject to tax when they are distributed in the form of dividends or other form. Applied tax rate for distributed earnings is 20%. As the taxable object is retained profit but not in financial period earned profit there are no temporary differences between assets and liabilities tax and balance sheet values, which would create recognition of deferred tax asset or liability.

A tax rate of 0% was levied on the retained profits of the Estonian subsidiary. If the management decides to distribute all retained profits of OU Novatours (Estonia), which amount to EUR 6,824 thousand as at 31 December 2022, income tax liability would amount to EUR 1,706 thousand. This income tax calculation is based on 20/80 tax tariff applicable for distributable profits.

The changes of temporary differences before and after tax effect in the Group were as follows:

	Balance as at 31 December 2021	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at 31 December 2022
Tax loss carry forward	4,388	79		4,467
Impairment of investments and loans granted	-			-
Allowance for doubtful accounts receivable	1,110	(183)		927
Amortization of goodwill and other intangibles	-			-
Derivatives	3		(3)	-
Other accruals	170	254		424
Total temporary differences before valuation allowance	5,671	150	(3)	5,818
Less: allowance	-	-	-	-
Total temporary differences	5,671	150	(3)	5,818
Deferred tax, net	**851**	**21**	**-**	**872**

17 Income tax (continued)

The changes of temporary differences before and after tax effect in the Company were as follows:

	Balance as at 31 December 2021	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at 31 December 2022
Tax loss carry forward	4,388	79	-	4,467
Impairment of investments and loans granted	1,495	-	-	1,495
Allowance for doubtful accounts receivable	934	(7)		927
Derivatives	3	-	(3)	-
Other accruals	123	297	-	420
Amortisation of goodwill	-	-	-	-
Total temporary differences before valuation allowance	6,943	369	(3)	7,309
Less: allowance	(1,495)	-	-	(1,495)
Total temporary differences	5,448	369	(3)	5,814
Deferred tax, net	**817**	**55**	**-**	**872**

The changes of temporary differences before and after tax effect in the Group were as follows:

	Balance as at 31 December 2020	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at 31 December 2021
Tax loss carry forward	4,610	(222)		4,388
Impairment of investments and loans granted	-			-
Allowance for doubtful accounts receivable	1,092	18		1,110
Amortization of goodwill and other intangibles	-			
Derivatives	495		(492)	3
Other accruals	160	10		170
Total temporary differences before valuation allowance	6,357	(194)	(492)	5,671
Less: allowance	-	-	-	-
Total temporary differences	6,357	(194)	(492)	5,671
Deferred tax, net	**954**	**(29)**	**(74)**	**851**

The changes of temporary differences before and after tax effect in the Company were as follows:

	Balance as at 31 December 2020	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at 31 December 2021
Tax loss carry forward	4,610	(222)	-	4,388
Impairment of investments and loans granted	1,495	-	-	1,495
Allowance for doubtful accounts receivable	915	19		934
Derivatives	495	-	(492)	3
I Other accruals	96	27	-	123
Amortisation of goodwill	-	-	-	-
Total temporary differences before valuation allowance	7,611	(176)	(492)	6,943
Less: allowance	(1,495)	-	-	(1,495)
Total temporary differences	6,116	(176)	(492)	5,448
Deferred tax, net	**917**	**(26)**	**(74)**	**817**

17 Income tax (continued)

The reported amount of income tax expenses attributable to the year can be reconciled to the amount of income tax expenses that would result from applying statutory income tax rate to the Group's and the Company's pre-tax income as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
Income tax expenses (income) computed at statutory rate 15%	(123)	140	(107)	19
Effect of different tax rate applicable to foreign subsidiaries	(13)	(139)	-	-
Change in deferred tax asset valuation allowance	-	-	-	-
Non-deductible expenses for tax purposes (not taxable income)	131	28	59	7
Current income tax expenses	(5)	-	(47)	-
Adjustment for current income tax attributable to previous periods	68	-	68	-
Income tax expenses reported in the statement of comprehensive income	**63**	**29**	**21**	**26**

18 Financial assets and liabilities and risk management

Credit risk

The Group's and the Company's credit risk is relatively low, since customers are requested to pay for the tour before the tour starts. In addition, credit limits have been granted to travel agencies through which the majority of sales takes place. The main purpose of these credit limits is to ensure timely payments. If they exceeded the credit limit, the Company's reservation system automatically blocks the sales.

The Group and the Company do not guarantee obligations of other parties. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, if any, in the statement of financial position. Consequently, the Group and the Company consider that their maximum exposure is reflected by the amount of trade and other receivables, net of allowance for doubtful accounts recognized at the statement of financial position. Moreover, the Group's and the Company's ageing analysis of trade receivables as at 31 December 2022 and 2021 shows that there are no significant debts overdue more than 90 days, except accrued revenue (Note 7) which recovery period is not defined at the date of financial statements.

18 Financial assets and liabilities and risk management (continued)

Interest rate risk

As 31 December 2022, the Group and the Company had a credit line of EUR 5,000 thousand granted by AS Luminor (actual drawdown of the credit line amounted to EUR 1,000 thousand), the cost of which depends the value of 6-month EURIBOR. Additionally, the Company had obtained the loan of EUR 6,500 thousand from the subsidiary Novatours OU, the cost of which, due to related party transfer pricing, also depends the value of EURIBOR. There are no financial instruments designated to manage the exposure to fluctuation in interest rates outstanding as at 31 December 2022 and 2021.

The sensitivity analyses below have been determined based on the exposure to floating interest rates for loan agreement with Luminor Bank AS at the end of the reporting period. The analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's:

- Profit for the year ended 31 December 2022, would decrease/increase by EUR 25 thousand (2021: decrease/increase by EUR 50 thousand). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.
- Fluctuation of interest on the Company's loan from its subsidiary will not affect the Group's performance.

Foreign exchange risk

The Group and the Company manage foreign exchange risk by contracting agreements in EUR and functional currency of subsidiaries in Latvia and Estonia is EUR.

In December 2010, the Company started to use derivatives to reduce EUR/USD foreign exchange risk and fuel price variance risk that help manage such foreign currency and commodity risk. For this purpose, the Company entered into forward, futures and options contracts. Starting from 1 January 2014 the Group and the Company started to use derivatives, for which hedge accounting is applied (Note 8).

Monetary assets and liabilities stated in various currencies as at 31 December were as follows (EUR equivalent):

	2022		2021	
Group	**Assets**	**Liabilities**	**Assets**	**Liabilities**
EUR	3,995	24,630	7,248	19,861
USD	987	2,578	-	1,233
	4,982	**27,208**	**7,248**	**21,094**

	2022		2021	
Company	**Assets**	**Liabilities**	**Assets**	**Liabilities**
EUR	1 825	21,635	1,961	24,527
USD	688	1,088	-	284
	2,513	**22,723**	**1,961**	**24,811**

The following table demonstrates the sensitivity to a reasonably possible change in foreign exchange rates, with all other variables held constant, of the Group and the Company's profit before tax (through the impact on monetary assets and liabilities) without the effect of hedge instruments owned:

	Group		Company	
	Fluctuations in exchange rate	**Effect on the profit before tax**	**Fluctuations in exchange rate**	**Effect on the profit before tax**
2022				
USD	(10%)	(159)	(10%)	(40)
USD	(10%)	159	10%	40
2021				
USD	(10%)	(40)	(10%)	(30)
USD	10%	40	10%	30

18 Financial assets and liabilities and risk management (continued)

Fair value of financial assets and liabilities

The following methods and assumptions are used to estimate the fair values of each class of financial assets and liabilities:

a) The carrying amount of trade, related party and other accounts receivable, current trade, related party and other accounts payable and current borrowings approximates fair value.
b) The fair value of non-current debts is based on the quoted market price for the same or similar issues or on the current rates available for debt with the same maturity profile. The fair value of non-current borrowings with variable interest rates approximates their carrying amounts. The fair value of borrowings with fixed interest rates has been calculated by discounting the expected future cash flows using market interest rates.
c) Fair value of the derivatives are defined as level 2 based on market observable inputs.

There were no movements of financial instruments between the levels during 2022 and 2021.

Set out is a comparison of carrying amounts and fair values of all of the Group's financial instruments that are carried in the financial statements:

	Carrying amount		Fair value	
	As at 31 December 2022	As at 31 December 2021	As at 31 December 2022	As at 31 December 2021
Financial assets				
Restricted cash	200	200	200	200
Cash and cash equivalents	2,570	5,719	2,570	5,719
Trade receivables	518	167	518	167
Other current financial assets:	-	-	-	-
Other receivables	1,609	471	1,609	471
Financial liabilities				
Interest bearing borrowings	8,840	12,808	8,840	12,808
Trade accounts payable (including trade accounts payable to related parties)	14,272	4,896	14,272	4,896
Other current and non-current financial liabilities	-	4	-	4
Other current liabilities and accrued expenses	3,397	1,328	3,397	1,328

Set out is a comparison of carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements:

	Carrying amount		Fair value	
	As at 31 December 2022	As at 31 December 2021	As at 31 December 2022	As at 31 December 2021
Financial assets				
Restricted cash	200	200	200	200
Cash and cash equivalents	448	432	448	432
Receivables from related parties	567	177	567	177
Trade receivables	471	149	471	149
Other current financial assets:	-	-	-	-
Other receivables	1,362	361	1,362	361
Financial liabilities				
Interest bearing borrowings	14,812	18,708	14,812	18,708
Interest free loans	368	-	368	-
Trade accounts payable (including trade accounts payable to related parties)	10,868	3,621	10,868	3,621
Other current and non-current financial liabilities	-	4	-	4
Other current liabilities and accrued expenses	1,350	628	1,350	628

The carrying amounts of financial assets and liabilities of the Group are approximately equal to their fair value because receivables are rather short term as well as amounts are not material, payables are rather short term and borrowings interest rate is considered to be at market terms without significant impact on the carrying amount.

18 Financial assets and liabilities and risk management (continued)

Liquidity management

The Group's and the Company's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet its commitments at a given date in accordance with its strategic plans. Liquidity risk is managed by planning of the Group's and the Company's cash flows.

The Group's liquidity (total current assets/total current liabilities) and quick ratios ((total current assets – inventories) / total current liabilities) as at 31 December 2022 were 0.68 and 0.68, respectively (0.73 and 0.73 as at 31 December 2021, respectively). The Company's liquidity and quick ratios as at 31 December 2022 were 0.46 and 0.46, respectively (0.52 and 0.52 as at 31 December 2021).

As at 31 December 2021, the Group's current liabilities exceeded current assets by EUR 11,058 thousand. The Group's and the Company's financial statements were prepared under going concern assumption. The Group management's going concern assessment is based on the assumptions as described in the Note 25.

Group and the Company plan to use both re – financing opportunities as well as operating cash flows generated by their activity for repayment of the relevant portion of the credit received. Company's going concern assessment is made in the context of the Group as the Company can use free financial resources of its subsidiaries.

The table below summarizes the maturity profile of the Group's balance sheet financial liabilities as at 31 December 2022 and 2021 based on undiscounted contractual payments (the maturity is based on long-term loan not reclassified into current loans as Company received waiver from bank for covenant breach and subsequently signed amendments to long-term loan agreement):

	On demand	Less than 3 months	From 3 to 12 months	From 1 to 5 years	Total
Interest bearing borrowings	-	457	1,859	7,869	10,185
Trade accounts payable and accounts payable to related parties	-	14,272	-	-	14,272
Other current financial liabilities	-	-	-	-	-
Other current liabilities	-	3,745	-	-	3,745
Balance as at 31 December 2022	**-**	**18,474**	**1,859**	**7,869**	**28,202**
Interest bearing borrowings	-	591	1,782	13,495	15,868
Trade accounts payable and accounts payable to related parties	-	4,896	-	-	4,896
Other current financial liabilities	-	4	-	-	4
Other current liabilities	-	1,328	-	-	1,328
Balance as at 31 December 2021	**-**	**6,819**	**1,782**	**13,495**	**22,096**

18 Financial assets and liabilities and risk management (continued)

The table below summarizes the maturity profile of the Company's balance sheet financial liabilities as at 31 December 2022 and 2021 based on undiscounted contractual payments (the maturity is based on long-term loan not reclassified into current loans as Company received waiver from bank for covenant breach and subsequently signed amendments to long-term loan agreement):

	On demand	Up to 3 months	From 3 to 12 months	From 1 to 5 years	Total
Interest bearing borrowings	-	441	2,399	16,045	18,885
Trade accounts payable and accounts payable to related parties	-	10,868	-	-	10,868
Other current financial liabilities	-	-	-	-	-
Other current liabilities	-	1,429	-	-	1,429
Balance as at 31 December 2022	**-**	**12,738**	**2,399**	**16,045**	**31,182**
Interest bearing borrowings	-	462	1,394	19,866	21,722
Trade accounts payable and accounts payable to related parties	-	3,621	-	-	3,621
Other current financial liabilities	-	4	-	-	4
Other current liabilities	-	628	-	-	628
Balance as at 31 December 2021	**-**	**4,715**	**1,394**	**19,866**	**25,975**

The Group and the Company is not expecting that any cash flow will be significantly before or afterwards the periods listed above.

Capital management

The primary objective of the Group's and the Company's capital management is to ensure that the Group and the Company comply with externally imposed capital requirements and that the Group and the Company maintain healthy capital ratios in order to support the business and to maximize shareholders' value (capital in the meaning of IAS 1 comprises of the equity presented in the financial statements).

The Group and the Company manage the capital structure and make adjustments to it in the light of changes in economic conditions and the risk characteristics of their activities. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes of capital management during the years ended 31 December 2022 and 2021.

The Group and the Company is obliged to upkeep the equity at not less than 50% of the share capital, as imposed by the Law on Companies of the Republic of Lithuania. As at 31 December 2022 and 2021, the Group and the Company also had external share capital requirements from the bank regarding equity and asset ratio. As at 31 December 2022 and 2021, the Group and the Company were in compliance with the above mentioned requirements.

The Group and the Company assess capital using a ratio of total liabilities and equity. The capital includes ordinary shares, reserves and retained earnings attributable to the equity shareholders of the parent company. The Group's and the Company's management has not identified a specific target of the liabilities-to-equity ratio, however, below stated ratios are regarded as rather good by the management:

	Group		Company	
	As at 31 December 2022	As at 31 December 2021	As at 31 December 2022	As at 31 December 2021
Non-current liabilities	7,044	12,439	13,333	18,737
Current liabilities	34,578	17,114	21,754	10,462
Total liabilities	**41,622**	**29,553**	**35,087**	**29,199**
Equity, attributable to the equity holders of the parent	**14,273**	**15,088**	**10,004**	**10,713**
Liabilities to equity ratio	**2.92**	**1.96**	**3.51**	**2.73**

19 Commitments and contingencies

The Group and the Company had no material commitments or contingencies as at 31 December 2022 and 2021 except for required by law Tour Operator commitments insurance or bank guarantees which are for the Group and the Company in amount of EUR 12,000 thousand and EUR 5,000 thousand as at 31 December 2022.

20 Related party transactions

The parties are considered related when one party has the possibility to control the other or have significant influence over the other party in making financial and operating decisions. The related parties of the Group and the Company and the transactions with them in 2022 and 2021 were as follows (also see the table below):

Subsidiaries:
- Novatours SIA
- Novatours OU
- Aviaturas ir Partneriai UAB
- Novatours Holidays SRL

The shareholders of the Company are disclosed in Note 1.

2022	Acquisitions	Sales	Receivables (including loans granted)	Payables (including loans received)
The shareholders of the Company	-	-	-	-
Subsidiaries	2,611	6,310	566	10,246
	2,611	**6,310**	**566**	**10,246**

2021	Acquisitions	Sales	Receivables (including loans granted)	Payables (including loans received)
The shareholders of the Company	-	-	-	-
Subsidiaries	1,282	4,664	177	9,059
	1,282	**4,664**	**177**	**9,059**

As at 31 December 2022 and 2021, there were no guaranties provided or assets pledged for any related party receivable or payable amounts. It is expected to cover receivable and payable amounts with related parties by cash payments or offsetting with payables/receivables from these parties.

Transactions with related parties of the Company include purchases and sales of travel packages. The conditions of loans received from the Group companies are disclosed in Note 11.

The ageing analysis of the Company's receivables from related parties as at 31 December 2022 and 2021:

	Receivables neither past due nor impaired	Receivables past due but not impaired				Total
		Less than 30 days	31–60 days	61–90 days	More than 91 days	
2022	566	-	-	-	-	**566**
2021	177	-	-	-	-	**177**

There were no guarantees provided, other payments made, expenses recognized or assets transferred to the management of the Group and of the Company.

21 Earnings per share (EPS)

	Group	
	2022	**2021**
Net profit attributable to ordinary equity holders of the parent company	(818)	909
Weighted average number of ordinary shares	7,807,000	7,807,000
Basic earnings per share (EUR)	**(0.10)**	**0.12**

The Company and the Group had no dilutive potential ordinary shares issued.

22 Segment information

For management purposes, the Group is organized into business units based on its services (product category) and based on the source market. For the purpose of the segment information disclosures in accordance with IFRS 8, the management made a judgment to present the information on reportable segments identified by product category, which are as follows:

- Flight packages
- Sightseeing tours by plane
- Sightseeing tours by coach
- Other

No operating segments have been aggregated to form the above reportable operating segments.

The information reported to the Group's Chief Executive Officer in his capacity as chief operating decision maker does not include an analysis of assets and liabilities by reportable segment and accordingly IFRS 8 does not require this information to be presented. Segment performance is evaluated based on gross margin, which is measured consistently with the gross margin in the statement of comprehensive income in the financial statements, and segment sales profit, which is measured as gross margin minus related direct sales commission expenses, which is included in operating expenses in the statement of comprehensive income in the financial statements.

As at 31 December 2022	**Flight packages**	**Sightseeing tours by coach**	**Sightseeing tours by plane**	**Other sales**	**Group**
Sales	175,189	1,360	1,426	18,701	196,676
Cost of sales	(155,082)	(1,104)	(1,230)	(20,172)	(177,588)
Gross profit	20,107	256	196	(1,471)	19,088
Sales commission expenses	(11,358)	(39)	(43)	-	(11,439)
Sales profit by segment	**8,749**	**217**	**153**	**(1,471)**	**7,649**
Unallocated income (expenses)					
Other operating income					469
Operating expenses (other than sales commission)					(7,897)
Other operating (expenses)					1
Profit from operations					**222**
Finance income (expenses), net					**(977)**
Profit before tax					**(755)**
Income tax (expenses)					(63)
Net profit					**(818)**

22 Segment information (continued)

Unallocated expenses represent costs managed at Group level, such as operating expenses (except sales commissions), financing and taxes.

As at 31 December 2021	Flight packages	Sightseeing tours by coach	Sightseeing tours by plane	Other sales	Group
Sales	96,650	103	301	11,941	108,995
Cost of sales	(83,738)	(109)	(262)	(11,397)	(95,506)
Gross profit	12,912	(6)	39	544	13,489
Sales commission expenses	(6,263)	(2)	(23)	-	(6,288)
Sales profit by segment	**6,649**	**(8)**	**16**	**544**	**7,201**
Unallocated income (expenses)					
Other operating income					111
Operating expenses (other than sales commission)					(4,907)
Other operating (expenses)					(2)
Profit from operations					2,403
Finance income (expenses), net					(1,465)
Profit before tax					938
Income tax (expenses)					(29)
Net profit					**909**

Unallocated expenses represent costs managed at Group level, such as operating expenses (except sales commissions), financing and taxes.

Geographic information

Geographic information is presented by source market is as follows:

As at 31 December 2022	Lithuania	Latvia	Estonia	Other	Group
Sales	104,858	39,149	52,670	-	196,677
Non-current assets	686	13	11	-	710

Goodwill assigned for the whole region and not showing in the table above.

As at 31 December 2021	Lithuania	Latvia	Estonia	Other	Group
Sales	57,145	17,655	34,195	-	108,995
Non-current assets	179	12	8	-	199

Goodwill assigned for the whole region and not showing in the table above.

Non-current assets for this purpose consists of property, plant and equipment and intangible assets, except goodwill, (goodwill is allocated to cash generating units as disclosed in Note 3).

There was no single external customer generating revenues amounting to 10% or more of the Group's revenues.

23 Notes to the cash flow statement

Changes in liabilities arising from financing activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's and the Company's cash flow statement as cash flows from financing activities:

	Non-cash changes					
	Group			Group		
	As at 1 January 2022	Cash flows from/used in financing activities	As at 31 December 2022	As at 1 January 2021	Cash flows from/used in financing activities	As at 31 December 2021
Bank loans	14,326	(5,486)	8,840	16,853	(2,527)	14,326
Loans from related parties	-			-	-	-
Total liabilities from financing activities	**14,326**	**(5,486)**	**8,840**	**16,853**	**(2,527)**	**14,326**

	Non-cash changes					
	Company			Company		
	As at 1 January 2022	Cash flows from/used in financing activities	As at 31 December 2022	As at 1 January 2021	Cash flows from/used in financing activities	As at 31 December 2021
Bank and tax credits	13,681	(5,000)	8,681	15,828	(2,147)	13,681
Loans from related parties	6,500	-	6,500	7,800	(1,300)	6,500
Total liabilities from financing activities	**20,181**	**(5 000)**	**15 181**	**23,628**	**(3,447)**	**20,181**

24 Events after the reporting period

There were no significant events after the reporting period.

25 Going concern

The Group and the Company for the year ended 2022 has incurred loss of EUR 818 thousand and EUR 713 thousand, respectively (2021: EUR 909 thousand and EUR 82 thousand, respectively). At the end of the period, the Group's and the Company's current liabilities exceeded its current assets by EUR 11,058 thousand and EUR 11,658 thousand, respectively.

A significant part of the Group's and the Company's short term liabilities consists of received advances (the Group EUR 14,392 thousand, the Company EUR 7,359 thousand) for trips, which are to be included in the income of the Group and the Company when respective trip takes place and will not have to be paid in cash. The Group's and the Company's guarantee limits related to the use of advances paid by customers for working capital needs, in the management's assessment, are sufficient.

The management of the Group and the Company has prepared forecasted financial results and cash flows for the year 2023. The forecast and the actual financial results of the subsequent periods give strong confidence, that there is no doubt on the Company's and the Group's ability to continue as going concern.

26 Impact of the military invasion of the Republic of Ukraine by the Russian Federation

The Group and the Company have no assets and do not conduct any business operations in Ukraine, Russia and Belarus. The Group's operations are affected by the general economic situation, which mainly triggers fuel price volatility. During the financial year ended 31 December 2022 and currently, the Group does not face a situation in which customers would purchase fewer trips or refuse to use travel packages they acquired. Moreover, increase in early bookings is recorded at the beginning of 2023. Thus, management believes that the outbreak of Russian Federation's military invasion of Ukraine on 24 February 2022 has no significant impact on the Group's and the Company's business.

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