



Rozszerzony Skonsolidowany Raport Grupy Kapitałowej Rainbow Tours za I kwartał 2022 roku

[sporządzony zgodnie z MSSF]

Łódź, dnia 27 maja 2022 roku

 **RAINBOW**
Archipelag Beztroski

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I. SELECTED FINANCIAL DATA

1. SELECTED FINANCIAL DATA COVERING BASIC ITEMS OF THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS (ALSO TRANSLATED TO EURO)

STATEMENT OF FINANCIAL POSITION	PLN'000	PLN'000	EUR'000	EUR'000
	As at 31/03/2022 [Not audited]	As at 31/03/2021 [Not audited]	As at 31/03/2022 [Not audited]	As at 31/03/2021 [Not audited]
Fixed assets	271 449	243 890	58 345	52 334
Current assets	332 012	298 447	71 362	64 040
Total assets	603 461	542 337	129 707	116 374
equity	143 143	128 081	30 767	27 483
Issued share capital	1 455	1 455	313	312
Equity attributable to shareholders of the parent company	103 499	86 178	22 246	18 492
Long-term liabilities	112 861	109 774	24 258	23 555
Short-term liabilities	347 457	304 482	74 682	65 336
Book value per share	9.84	8.80	2.11	1.89

STATEMENT OF COMPREHENSIVE INCOME	PLN'000	PLN'000	EUR'000	EUR'000
	From 01/01/2022 To 31/03/2022 [not audited]	from 01/01/2021 to 31/03/2021 [not audited]	From 01/01/2022 To 31/03/2022 [not audited]	from 01/01/2021 to 31/03/2021 [not audited]
Continuing operations, sales revenue	315 762	75 411	67 947	16 494
Profit /loss on operations	(7 847)	(9 645)	(1 689)	(2 110)
Pre-tax profit (loss)	(8 646)	(10 674)	(1 860)	(2 335)
Net profit (loss)	(7 841)	(9 223)	(1 687)	(2 017)
Net profit (loss) attributable to shareholders of the parent company	(6 374)	(9 223)	(1 372)	(2 017)
Net profit (loss) per ordinary share attributable to shareholders of the parent company (denominated in PLN /EUR per share)				
- basic	(0.54)	(0.63)	(0.12)	(0.14)
- diluted	(0.54)	(0.63)	(0.12)	(0.14)
Total comprehensive income	(6 190)	(6 631)	(1 332)	(1 450)
Total comprehensive income attributable to:				
- shareholders of the parent company	(4 723)	(6 631)	(1 016)	(1 450)

CASHFLOW STATEMENT	PLN'000	PLN'000	EUR'000	EUR'000
	From 01/01/2022 To 31/03/2022 [not audited]	from 01/01/2021 to 31/03/2021 [not audited]	From 01/01/2022 To 31/03/2022 [not audited]	from 01/01/2021 to 31/03/2021 [not audited]
Net cash flow from operations	(37 566)	342	(8 084)	75
Net cash from investing activities	4 036	(198)	868	(43)
Net cash from financing activities	30 922	38 080	6 654	8 329
Increase (decrease) in net cash and cash equivalents	(2 608)	38 224	(561)	8 360

2. SELECTED FINANCIAL DATA COVERING BASIC ITEMS OF THE ABRIDGE SINGLE FINANCIAL STATEMENTS (ALSO TRANSLATED TO EURO)

STATEMENT OF FINANCIAL POSITION	PLN'000	PLN'000	EUR'000	EUR'000
	As at 31/03/2022 [not audited]	As at 31/03/2021 [not audited]	As at 31/03/2022 [not audited]	As at 31/03/2021 [not audited]
Fixed assets	145 093	135 537	31 186	29 083
Current assets	353 296	280 811	75 937	60 256
Total assets	498 389	416 348	107 123	89 339
equity	115 587	95 700	24 844	20 535
Issued share capital	1 455	1 455	313	312
Long -term liabilities	51 396	89 618	11 047	19 230
Short-term liabilities	331 406	231 030	71 232	49 574
Book value per share	7.94	6.58	1.71	1.41

STATEMENT OF COMPREHENSIVE INCOME	PLN'000	PLN'000	EUR'000	EUR'000
	From 01/01/2022 To 31/03/2022 [not audited]	from 01/01/2021 to 31/03/2021 [not audited]	From 01/01/2022 To 31/03/2022 [not audited]	from 01/01/2021 to 31/03/2021 [not audited]
Continuing operations, sales revenue	315 816	75 367	67 958	16 484
Profit /loss on operations	(3 572)	(7 043)	(769)	(1 540)
Pre-tax profit (loss)	(4 238)	(7 637)	(912)	(1 670)
Net profit (loss)	(3 433)	(6 186)	(739)	(1 353)
Net profit (loss) per ordinary share attributable to shareholders of the parent company (denominated in PLN /EUR per share)				
- basic	(0,24)	(0,43)	(0,05)	(0,09)
- diluted	(0,24)	(0,43)	(0,05)	(0,09)
Total comprehensive income	(3 178)	(4 301)	(684)	(941)

CASHFLOW STATEMENT	PLN'000	PLN'000	EUR'000	EUR'000
	From 01/01/2022 To 31/03/2022 [not audited]	from 01/01/2021 to 31/03/2021 [not audited]	From 01/01/2022 To 31/03/2022 [not audited]	from 01/01/2021 to 31/03/2021 [not audited]
Net cash flow from operations	(37 785)	4 685	(8 131)	1 025
Net cash from investing activities	(498)	(4 601)	(107)	(1 006)
Net cash from financing activities	35 470	(3 823)	7 633	(836)
Increase (decrease) in net cash and cash equivalents	(2 813)	(3 739)	(605)	(818)

To calculate individual items of the selected financial data the following exchange rates were used:

- To calculate items of the statement of financial position – the average euro exchange rate applicable as at the last day of the period, fixed by National Bank of Poland as at 31.03.2021 (4.6525) and as at 31.03.2021 (4.6603);
- To calculate items of the statement of comprehensive income and cash flow statement – the euro exchange rate being the arithmetic average of average exchange rates fixed by National Bank of Poland, applicable as at the last day of the ended month of the financial period: for the period from 01.01.2022 to 31.03.2022 (4.6472) and for the period from 01.01.2021 to 31.03.2021 (4.5721).

II. ABRIDGED QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS OF RAINBOW TOURS GROUP

1. THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	As at 31/03/2022 [not audited]	As at 31/12/2021 [audited]	As at 31/03/2021 [not audited]
		PLN'000	PLN'000	PLN'000
Fixed assets				
Tangible fixed assets	8	233 643	236 868	205 460
Investment property		196	196	196
Goodwill		4 541	4 541	4 541
other intangible assets		3 907	4 302	4 681
Deferred tax assets		7 384	7 443	8 819
Other receivables	9	21 778	21 651	20 193
Total fixed assets		271 449	275 001	243 890
Current assets				
Stocks		219	99	115
Trade and other receivables	9	212 984	140 975	206 216
Other financial assets	10	360	46	2 778
Current tax assets		5 410	5 845	7 620
Other assets	11	31 712	49 145	14 685
Cash and cash equivalents	12	81 327	83 934	67 033
Total current assets		332 012	280 044	298 447
Total assets		603 461	555 045	542 337

LIABILITIES	Note	As at 31/03/2022 [not audited]	As at 31/12/2021 [audited]	As at 31/03/2021 [not audited]
		PLN'000	PLN'000	PLN'000
EQUITY AND LIABILITIES				
equity				
Issued share capital		1 455	1 455	1 455
Share premium		36 558	36 558	36 558
Reserve		292	37	2 250
Translation of foreign operations		4 352	2 956	5 195
Retained earnings		60 842	67 215	40 720
Equity attributable to shareholders of the parent company		103 499	108 221	86 178
Equity attributable to non-controlling interests		39 644	41 111	41 903
Total equity		143 143	149 332	128 081
Long-term liabilities				
Long -term bank loans and credits	13	77 470	80 781	69 531
Pension liability	15	145	145	221
deferred tax liability		-	-	-
Long term provisions		35	-	-
Other liabilities	16	35 211	37 088	40 022
Total long-term liabilities		112 861	118 104	109 774
Short-term liabilities				
Trade payables and other liabilities	14	74 482	92 252	43 438
Short-term loans, bank loans and credits and lease liabilities	13	69 830	30 986	134 620
Current tax liabilities		8 312	4 467	2 354
<i>Including income tax</i>		-	341	-
short -term provisions	15	46 035	7 011	21 638
Deferred income	16	141 255	145 978	95 517
Other liabilities	16	7 543	6 915	6 915
Total short-term liabilities		347 457	287 609	304 482
Total liabilities		460 318	405 713	414 256
Total equity and liabilities		603 461	555 045	542 337

2. THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Note	From 01/01/2022 To 31/03/2022 [not audited]	From 01/01/2021 To 31/03/2021 [not audited]
		PLN'000	PLN'000
continuing operations			
Sales revenue	17	315 762	75 411
Cost of sales	18	(285 733)	(66 768)
Gross profit (loss) on sales		30 029	8 643
Selling cost	18	(27 923)	(14 191)
Overheads	18	(9 625)	(5 566)
Other operating proceeds	19	20	1 789
Other operating costs	19	(348)	(320)
Operating profit (loss)		(7 847)	(9 645)
Financial revenue	20	337	-
Financial costs	20	(1 136)	(1 029)
Pre-tax profit (loss)		(8 646)	(10 674)
Income tax	21	805	1 451
Net profit (loss) from continuing operations		(7 841)	(9 223)
Discontinued operations			
Net profit (loss) from discontinued operations	22	-	-
NET PROFIT (LOSS)		(7 841)	(9 223)
Items, which could be later carried to statement of comprehensive income			
Translations of foreign operations		1 396	707
Effective part of profit and losses linked to hedging instrument in cash flow hedge		255	1 885
total other net comprehensive income		1 651	2 592
TOTAL COMPREHENSIVE INCOME		(6 190)	2 592
Net profit attributable to:			
shareholders of the parent company		(6 374)	(9 223)
non-controlling interests		(1 467)	-
Total comprehensive income attributable to:			
shareholders of the parent company		(4 723)	(6 631)
non-controlling interests		(1 467)	-

	Note	From 01/01/2022 To 31/03/2022 [not audited]	From 01/01/2021 To 31/03/2021 [not audited]
		PLN	PLN
number of shares (in thousands)		14 552	14 552
Number of shares – diluted (in thousands)		14 552	14 552
Profit (loss) per share (in PLN per share)			
on continuing and discontinuing operations			
Basic		(0.54)	(0.63)
Diluted		(0.54)	(0.63)
On continuing operations			
Basic		(0.54)	(0.63)
Diluted		(0.54)	(0.63)

3. THE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued share capital	Share premium	Reserve – hedge accounting	Currency translation from foreign operations	Retained profits	Attributable to shareholders of the parent company	Attributable to non-controlling interests	Total
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
For the period from 01/01/2021 to 31/03/2021 [not audited]								
As at 01/01/2021	1 455	36 558	365	4 488	49 943	92 809	-	92 809
Net profit for the financial year	-	-	-	-	(9 223)	(9 223)	-	(9 223)
(Net) other comprehensive income for the financial year	-	-	1 885	707	-	2 592	-	2 592
Total comprehensive income	-	-	1 885	707	(9 223)	(6 631)	-	(6 631)
Subscription for shares by FEZ FIZ AN PFR	-	-	-	-	-	-	41 903	41 903
As at 31/03/2021	1 455	36 558	2 250	5 195	40 720	86 178	41 903	128 081
For the period from 01/01/2021 to 31/12/2021 [audited]								
As at 01/01/2021	1 455	36 558	365	4 488	49 943	92 809	-	92 809
Net profit for the financial year	-	-	-	-	17 272	17 272	(792)	16 480
(Net) other comprehensive income for the financial year	-	-	(328)	(1 532)	-	(1 860)	-	(1 860)
Total comprehensive income	-	-	(328)	(1 532)	17 272	15 412	(792)	14 620
Subscription for shares by FEZ FIZ AN PFR	-	-	-	-	-	-	41 903	41 903
As at 31/12/2021	1 455	36 558	37	2 956	67 215	108 221	41 111	149 332
For the period from 01/01/2022 to 31/03/2022 [not audited]								
As at 01/01/2022	1 455	36 558	37	2 956	67 215	108 221	41 111	149 332
Net profit for the financial year	-	-	-	-	(6 373)	(6 373)	(1 467)	(7 840)
(Net) other comprehensive income for the financial year	-	-	255	1 396	-	1 651	-	1 651
Total comprehensive income	-	-	255	1 396	(6 373)	(4 722)	(1 467)	(6 189)
As at 31/03/2022	1 455	36 558	292	4 352	60 842	103 499	39 644	143 143

4. THE CONSOLIDATED CASH FLOW STATEMENT

Description	Note	from 01/01/2022 to 31/03/2022 [not audited]	From 01/01/2021 To 31/03/2021 [not audited]
		PLN'000	PLN'000
I. Pre-tax profit (loss)		(8 646)	(10 674)
II. total adjustments		(28 705)	11 016
Amortization and depreciation		6 556	4 912
Foreign exchange gains (losses)		-	(487)
interest and profit sharing (dividend)		-	-
profit (loss) from investing activities		1 766	60
Movement in provisions		39 090	20 000
movement in stocks		(98)	-
Movements in receivables and prepaid expenses		(56 181)	(43 612)
Movements in short-term liabilities and prepayment expenses except for loans, credits and financial lease		(19 743)	30 575
Other adjustments		(95)	(432)
Net cash from operations		(37 351)	342
Income tax paid		(215)	-
Net cash flows from operations		(37 566)	342
Interest received		112	-
Dividends received from entities consolidated under equity method		-	-
Proceeds from sale of financial assets held for sale		4 119	-
Proceeds from sale of fixed assets		-	53
Proceeds from sale of short-term securities / Purchase of short-term securities		-	-
Proceeds from sale of short-term securities		-	-
Purchase of short-term securities		-	-
Taking / Repayment of bank loans and credits		-	-
Repayment of loans and credits		-	143
Lending		-	-
Proceeds from sale of a subsidiary/ Purchase of a subsidiary		-	-
Proceeds from sale of a subsidiary		-	-
Purchase of a subsidiary		-	-
Other Borrowing / Repayment		-	16
Other borrowing		8	16
Other repayment		-	-
expenditure on purchase of fixed assets		203	410
Net cash from investing activities		4 036	(198)

Description	Note	from 01/01/2022 to 31/03/2022 [not audited]	From 01/01/2021 To 31/03/2021 [not audited]
		PLN'000	PLN'000
Proceeds from issue / sale of own shares		(4 548)	41 903
Borrowing / Repayment of loans / credits		35 776	(3 229)
Borrowing -loans and credits		38 865	-
Repayment of loans and credits		3 089	3 229
Other borrowing / repayment		-	-
other borrowing – proceeds from lease		-	-
Other repayment		-	-
repayment of finance lease liabilities		-	-
Dividend paid out		-	-
Interest paid		306	594
Net cash from financing activities		30 922	38 080
Increase/ (decrease) in net cash and equivalents		(2 608)	38 224
Balance sheet movement in cash		(2 608)	38 224
Movement in cash from exchange gains/losses		-	-
the opening balance of cash and cash equivalents		83 935	28 809
The closing balance of cash and cash equivalents		81 327	67 033

5. NOTES TO INTERIM ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Data of the Parent Company

Business name of the parent company [the Company, the Issuer, the Parent Company]: Rainbow Tours Spółka Akcyjna

Registered office of the Parent Company: 90-361 Łódź, ul. Piotrkowska 270, Polska

NIP No (National Tax Identification Number): 7251868136

REGON No (National Business Registry Number): 473190014

KRS No (National Court Registry No): 0000178650

Rainbow Tours Company limited by shares is registered in the register of businesses of the National Court Register for the District Court for Lodz – Śródmieście XX Commercial Division of the National Court Register under KRS number 0000178650 (date of registration: 4 November 2003)

Core business, industry sector in WSE:

The main object of the company (according to National Court Register) comprises activities of tour operators (Polish Classification of Activities 7912). According to classification of Warsaw Stock Exchange the Parent Company is in the following sector: 600 [trade and services] 630 [recreation and leisure] / 632 [travel agencies]; industry sector: "hotels and restaurants"

Duration:

Duration of the Parent Company and the Capital Group is not limited.

Information about composition of the Management Board and the Supervisory Board as at 31 December 2020 and as at the date of publication of these financial statements that is as at 31.03.2021.

The Management Board of the Company

As at 31.03.2022 the Management Board of the company is as follows:

- Grzegorz Baszczyński - the President of the Management Board,
- Piotr Burwicz - the Member of the Management Board,
- Jakub Puchałka - the Member of the Management Board.,
- Maciej Szczechura - the Member of the Management Board.

In the period covered by these interim abridged consolidated financial statements (I quarter of 2022) and after the balance sheet date (31.03.2022), up to the date of approval of this report for publication (27.05.2022), there were no changes in the make-up of Management Board of the Parent Company:

The current fourth, joint, five-year term of the Management expires on 25.08.2025 and the mandates expire at the latest on the date of the general meeting to approve financial statements for the last full financial year while being a member of the Management Board, mandates of the members of the Management Board also expire in the event of death, resignation or removal.

The Supervisory Board of the Company:

As at 31.03.2022 the Supervisory Board comprised as follows:

- Paweł Walczak - the chairman of the Supervisory Board,
- Paweł Niewiadomski - the deputy chairman of the Supervisory Board,
- Tomasz Czapla - the member of the Supervisory Board,
- Grzegorz Kubica the member of the Supervisory Board,
- Paweł Pietras - the member of the Supervisory Board
- Joanna Stępień-Andrzejewska - the member of the Supervisory Board,
- Remigiusz Talarek - the member of the Supervisory Board

In the period covered by these interim abridged financial statements (1st quarter of 2022) as well as after the balance sheet date (31.03.2022), up to the date of approval of this report for publication (27.05.2022), there were no changes in the makeup of the Supervisory Board of the Parent Company.

The current sixth joint, three-year term of the Management expires on 24.06.2022 and the mandates expire at the latest in the date of the general meeting to approve financial statements for the last full financial year while being a member of the Supervisory Board.

Stock Exchange Quotation

Rainbow Tours Company Limited by Shares is quoted in continuous trading system at parallel market at Warsaw Stock Exchange, under the short name "Rainbow Tours" and the marking "RBW".

ISIN code for Companies shares traded in the Warsaw Stock Exchange: PLRNBWT00031.

ISIN code for other, dematerialized Company's shares (registered preference shares A and C1 series), which are not trade in The Warsaw Stock Exchange: PLRNBWT00049.

LEI (Legal Entity Identifier) Code for the Company: 25940062QUG3WEUEGE88.

As at the drafting date of this report the company's WSE industry segment is as follows: "Hotels and restaurants". Shares of the company have following indices: WIG, WIG-Poland, sWIG80, sWIG80TR, sWIG80dvp, WIG140 InvestorMS.

Note 2. Description of the Capital Group with entities subject to consolidation

The chart below presents structure of Rainbow Tours Group as at 31.03.2022. The Group structure covers the Parent Company and its subsidiaries (jointly referred to as "Rainbow Tours Group", "the Capital Group", "the Group") with presentation of Parent company's percentage share in the equity of individual subsidiaries.

As at the balance sheet date (31.03.2022,) and as at 31.03.2021 the Issuer was a parent company to the companies (the subsidiaries), presented below, which were consolidated.

- "My Way by Rainbow Tours" Sp. z o.o.;
- White Olive A.E. [Anonymi Etaireia – company limited by shares operating under Greek law]
- White Olive Premium Lindos A.E. [Anonymi Etaireia - company limited by shares operating under Greek law]
- Rainbow Tours Destination Services Turkey Turizm Ve Seyahat Hizmetleri A.S. [Anonim Sirketi - the company limited by shares operating under Turkish law]

RAINBOW TOURS GROUP AS AT 31.03.2022. / 31.03.2021					
Business name	Registered office	Object	The competent court/ the institution keeping the register	Share in the share capital / votes h	Remarks
"My Way by Rainbow Tours" Sp. z o.o.	Poland, Łódź	Organizing and providing training for tour guides, leisure time animators, holiday representatives as a part of Rainbow Academy project"	District Court for Łódź-Śródmieście in Łódź, XX Division of the National Court Register (KRS) – KRS No 0000261006	100% / 100%	Direct subsidiary
White Olive A.E.	Greece, Athens	Operations of hotels	GEMI (business register) – No 137576424000	65.98% / 65.98%	Direct subsidiary
White Olive Premium Lindos A.E.	Greece, Athens	Operations of hotels	GEMI (business register) – No 126193120000	100% / 100%	Indirect subsidiary (indirect share) – the subsidiary depending directly on White Olive A.E.
Rainbow Tours Destination Services Turkey Turizm Ve Seyahat Hizmetleri A.S.	Turkey, Alanya	Operations of tour operators	Business register (Ticaret Sicilinin): 25046; Central Registration System (MERSIS): 0734199873400001	100% / 100%	Direct subsidiary



Description of the subsidiaries, which formed Rainbow Tours Group and were consolidated as at 31.03.2022

1) Rainbow Tours Spółka Akcyjna –Parent Company

Activities of the parent company concentrate mainly on organization and sales of company's tourism services and intermediary sales of services of other companies as well as sales of coach and plane tickets. The objective of the parent company is to provide external financing to Group's entities and ensure Group's development

2) "My Way by Rainbow Tours" Sp. z o.o. (previously: Portal Turystyczny Sp. z o.o.) –direct subsidiary

The operations of "My Way by Rainbow Tours" Sp. z o.o. concentrate on organizing and providing training for travel couriers, leisure time animators, and holiday representatives under the Rainbow Academy project [the website: <http://akademiarainbow.pl/>].

3) White Olive A.E. [Anonymi Etaireia - company limited by shares operating under Greek law] – direct subsidiary

In January 2016 Rainbow Tours S.A. incorporated the respective company limited by shares operating under Greek law. The subsidiary carries out hotel activities and owns two hotel properties and additionally leases (on long-term lease) hotel property in Greece on Zakynthos. Moreover, White Olive A.E. leases on a long-term a hotel property in Greece on Crete. The White Olive hotel chain, which is directly administered by White Olive A.E., has the following hotels:

- "White Olive Premium Laganas" –a four-star hotel situated on a Greek island Zakynthos in Laganas, the hotel owned and administered by White Olive A.E.; "White Olive Premium Laganas" offers 137 spacious and modernly decorated four-star hotels, in 6 different types;
- "White Olive Premium Cameo" –a four-star hotel situated in Agios Sostis on the Greek Island Zakynthos, the hotel administered by White Olive A.E. on long-term lease, "White Olive Premium Cameo" offers 125 spacious and modernly furnished four-star hotel rooms in four types, situated in two buildings
- "White Olive Elite Laganas" –a newly built five-star hotel complex (opened in July 2019), situated on the Greek Island Zakynthos in Laganas, the hotel owned and administered by White Olive A.E.; "White Olive Elite Laganas" is a modern hotel with 195 spacious and excellently furnished five-star hotel rooms in 3 different types

- “White Olive Elite Rethymno” – a five-star hotel situated in Sfakaki on Crete, in the neighbourhood of Rethymno; the hotel administered by White Olive A.E. is the property of White Olive A.E. and it is run by it (starting from October 2019 to June 2021 the hotel was run by White Olive A.E. on a long-term lease);” following complete overhaul in winter 2020/2021, both of hotel rooms and communal spaces of the hotel. Currently White Olive Rethymno offers 70 comfortable and modernly decorated five-star rooms (for 186 people) situated in five-storey main building (hotel offers rooms in 4 different types, large pool of rooms with the sea view, including rooms with direct entry to the swimming pool area).

White Olive hotel chain also include a hotel - White Olive Premium Lindos, which is owned by the indirect subsidiary of the Issuer that is company limited by shares operating under Greek law” named White Olive Premium Lindos A.E. (a direct subsidiary of White Olive A.E.), which was described in point 4 below.

4) White Olive Premium Lindos A.E. [Anonymi Etaireia - the company limited by shares operating under Greek law] – an indirect subsidiary

White Olive Premium Lindos A.E. (previously: Oikodomikes Xenodoxeaiakes Touristikes Kai Emporikes Epixeiriseis M. B. Kai I. Venetoulis” A.E.) with its registered office in Athens is a subsidiary dependent in 100% on the subsidiary of the Issuer, that is White Olive A.E. with its registered office in Athens. This indirect subsidiary of the Issuer, since August 2019, is an owner of a hotel property named:

- “White Olive Premium Lindos” (previously “Pefkos Garden”), that is a four-star hotel situated on Greek Island of Rhodes; “White Olive Premium Lindos” offers 97 spacious and modern four-star hotel rooms, “White Olive Premium Lindos” underwent an overhaul of both hotel rooms as well as communal spaces in winter 2019/2020

5) Rainbow Tours Destination Services Turkey Turizm Ve Seyahat Hizmetleri A.S. [Anonim Sirketi - company limited by shares operating under Turkish law] – a direct subsidiary

As a result of the incorporation process of the subsidiary of Rainbow Tours, which started in February 2020 and was undertaken in the subsequent months at the territory of the Republic of Turkey, on 26 August 2020, the subsidiary of the Issuer, that is the company limited by shares operating under Turkish law (Business name): Rainbow Tours Destination Services Turkey Turizm Ve Seyahat Hizmetleri Anonim Sirketi was entered to a relevant register by the Commerce and Industry Chamber in Alanya (Alanya Ticaret Ve Sanayi Odasi). The company was provided with the number in the Register of the Chamber (Oda Sicilinin): 24876, the number in a Business Register (Ticaret Sicilinin): 25046, and the number in the Central Registration System (MERSIS): 0734199873400001. The registered office of the subsidiary is in Alanya (Antalya) in the Republic of Turkey. The newly incorporated subsidiary is a company limited by shares and was incorporated under relevant law of the Republic of Turkey. The only shareholder, which holds 100% of the share capital and votes at the General Meeting of the subsidiary, is Rainbow Tours S.A. The formation of the subsidiary is intended to develop business operations of Rainbow Tours Group in respect of activities of tour operators, as well as to make the internal organization structure of the Group more efficient and save on operating costs and improve effectiveness of Group’s operations. That is in line with the strategy of vertical integration of the Issuer, which according to intention of Rainbow Tours is (with the same time resignation from external suppliers) substantial optimisation of costs of provision of package holidays, as well as increase in profitability of additional services sold to customers of Rainbow Tours Company limited by shares (tours and optional excursions). The start of subsidiary’s operation, that is a company limited by shares operating under Turkish law under business name: Rainbow Tours Destination Services Turkey Turizm Ve Seyahat Hizmetleri Anonim Sirketi, is planned as of Summer 2021 season.

Note 3. Description of changes in Group’s organization

In the reporting period covered by the interim abridged consolidated financial statements (that is in the period of three months ended on 31.03.2022), as well as after the balance sheet date, up to the date of signing these financial statements, no changes occurred in Rainbow Tours Group.

The intention of the Issuer and the subsidiaries White Olive A.E. and White Olive Premium Lindos A.E. is to merge the subsidiaries operating under Greek law (i) the company operating under Greek law under business name White Olive A.E. with the registered office in Athens (Greece)- as the acquiring company and (ii) of the company operating under Greek law under business name White Olive Premium Lindos A.E with registered office in Athens (Greece) – as the acquired company.

Note 4. Information of rules adopted to prepare the interim abridged consolidated financial statements.

4.1 base of preparation and the format of the financial statements

These abridged interim consolidated financial statements were prepared according to IAS 34 “Interim Financial Reporting” and in consideration of the provisions of the regulation of the Minister of Finance of 29.03.2018 on current and periodic information required

by the provisions of law of non-member state (Journal of Laws of 2018, item 757). Due to application of IAS and under § 66 section 6 of the respective regulation of the Minister of Finance, these abridged interim consolidated financial statements cover the data for following periods.

- in case of the statement of the financial position – data as at 31.03.2022 and comparative data as at 31.1.2021, the Parent Company decided to publish additionally comparative data as at 31.03.2021,
- in case of statement of comprehensive income and cash flows statement – data for I quarter of 2022 that is for the period of 3 months ended on 31.03.2022 and the comparative data for I quarter of 2021.
- in case of statement of changes in equity – data accruing for the current financial year, that is for the period of 3 months ended on 31.03.2022 and the comparative data for the period of 3 months ended on 31.03.2021

The abridged interim consolidated financial statements do not cover all information that is disclosed in the annual consolidated financial statements drafted according to IFRS. These consolidated financial statements should be read jointly with the consolidated annual financial statements of Rainbow Tours Group for the financial year 2021, which was published in the consolidated periodic annual report RS/2021 on 29.04.2022.

Financial statements of individual entities of the Group are presented in the value of the basic economic environment, in which the entities operate ("functional currency). The consolidated financial statements are drafted in Polish zloty, which is the presentation and functional currency. All financial data are presented in thousands of Polish zloty, unless provided otherwise.

The financial statements were prepared in accordance with historic cost principle, except for financial instruments, which were measured at fair value.

Some financial data presented in these financial statements were rounded. Consequently, some of the totals presented in the in tables: in a given column or line may vary slightly from the total value for a given column or line.

Whenever these financial statements mention (the consolidated) profit and loss account it is to be understood as "the consolidated statement of comprehensive income". Whenever the financial statements mention the balance sheet it means "the consolidated statement of financial position". The financial statements also interchangeably use the terms "(the consolidated) cash flow account" and "(the consolidated) cash flow statement".

These abridged interim consolidated financial statements are not subject to approval by the approving body under art. 53 of the Accounting Act of 29.09.1994. These abridged interim consolidated financial statements are signed by the head of the unit, that is the Management Board of Rainbow Tours S.A. and if a person is appointed to keep the accounts, then that person. These abridged interim consolidated financial statements were approved for publication and signed on 27.05.2022.

4.2 Continuation of operations

These interim abridged consolidated financial statements were drafted assuming that the Company and the Group continue their business operations in the foreseeable future and does not provide any adjustments with respect to methods of valuation and classification of assets and liabilities, which could be deemed essential, if the Company was not able to continue operations in the foreseeable future. As at the date of publication of these financial statements (that is as at 29 April 2021) there are no circumstances indicating a threat to continuation of operations by the subsidiaries of Rainbow Tours Group, including the parent Company, however the Management Board of the Parent Company believes:

- (1) Despite current epidemic situation linked to SARS-CoV-2 and relatively optimistic expectations regarding low probability of occurrence of subsequent serious waves of the pandemic, which was also reflected in decisions of the Polish government and the Minister of Health regarding recall of the state of pandemic and introduction of the state of epidemic threat pursuant to
 - The regulation of Minister of Health of 12.05.2022 on recalling the state of epidemic in the territory of Poland (Journal of Laws of 2022, item 1027)
 - The regulation of Minister of Health of 12.05.2022 on announcing the state of epidemic threat in the territory of Poland (Journal of Laws of 2022 item 1028),
 - The regulation of the Council of Ministers of 13.05.2022 on amending the regulation regarding specific limitations, orders and bans due to occurrence of the state of epidemic (Journal of Laws of 2022 item 1025).
- (2) there are potential risk factors in this context linked to COVID-19 pandemic (caused by spreading of SARS-CoV2), especially in autumn and also potential occurrence of another wave of SARS-CoV-2 pandemic in the autumn and winter season in 2022 (according to general initial expectations) or its medium and long-term effects, among others risk factors related to potential restoration of significant epidemic limitations or difficulties in providing tourism services in full scope,

effect of those factors on lower consumer awareness with respect to purchasing packaged trips by potential customers of the Company - and that jointly or individually may have potential negative effect on sales performance of the Company and the Group and consequently on liquidity, financial situation and margin of the Parent Company and the Group. There are potential risk factors linked to the political and economic situation in the world unjustified military aggression of the Russian Federation on the territory of Ukraine and a military conflict, in particular: adverse effects on holiday plans of potential customers of the Company and the Group and holiday destinations, especially in the crisis situation (the conflict) or in its aftermath and less desire to travel, in particular due to prolonged war in Ukraine.

Description of the potential effect of risk factors on operations of the Parent Company and actions taken by the Management Board as well assessment of the effect of these factors with respect to the operations in the part III "the base of preparing the consolidated financial statements" in point 3.4 and 3.5 of the annual consolidated financial statements of Rainbow Tours Group for the financial year 2021, which was published in the annual consolidated periodic report RS/2021 on 29 of April 2022.

4.3 Uncertainty of estimates

In preparation of the Extended Consolidated Report of Rainbow Tours Group, the Management Board uses its judgment to make numerous estimates and assumptions, which have effect on applied accounting rules and presented amounts of assets, liabilities, revenue and costs. The actually occurring amounts may differ from those estimated by the Management Board.

Drafting of the financial statements requires the Management Board of the Parent Company to make estimates, because many data provided in the financial statements cannot be measured precisely. The Management Board verifies the estimates based on changes in factors considered while making estimates, new data or past experience. That is why the estimates made as at 31 December 2021 may be changed in the future.

In these interim abridged financial statements significant judgments made in the scope of accounting rules used by the Group and main sources of estimation of uncertainties were the same as the ones presented in the consolidated annual financial statements of Rainbow Tours Group for the financial year 2021, which was published in the consolidated periodic annual report RS/2021 on 2021.

4.4 Important accounting rules

These consolidated financial statements apply accounting policy, which was drafted according to International Financial Reporting Standards (IFRS) and interpretations issued by International Accounting Standards Board (IASB) as well as International Financial Reporting Interpretations Committee (IFRIC) in the form approved and published by EU. Detailed description of the accounting rules adopted by the Group was presented in part IV "accounting rules (policy) of the Group" in the consolidated annual financial statements of Rainbow Tours Group for the financial year 2021, which was published in the consolidated periodic annual report RS/2021 on 29.04.2022.

Recognition of business transactions

Business transactions are recognized in the accounts when they are concluded and in the respective period.

Principle of materiality

Data (financial or non-financial) are considered material when such data, if not recognized or distorted (in the accounts or notes to financial statements), could affect economic decisions taken based on these statements by users of financial statements.

Amendments in standards and interpretations.

Accounting principles (policy) and calculations methods applied to draft these interim consolidated financial statements are the same as those applied in annual consolidated financial statements of Rainbow Tours S.A. and Rainbow Tours Group for the financial year 2021, except for those which apply to new standards and interpretations effective for the first time for the periods starting or effective after 01.01.2022, and which were adopted in annual financial statements of Rainbow Tours S.A. and Rainbow Tours Group for the financial year 2022.

The amendments of the standards and interpretations of IFRS, which took effect from 01.01.2022 did not have significant effect on these financial statements and were described in the annual consolidated financial statements of Rainbow Tours Group for the financial year 2021, which was published in the consolidated periodic annual report RS/2021 on 29.04.2022.

New standards and interpretations effective in future periods.

In these financial statements the company did not decide to apply early standards or interpretation before their effective date.

Standards and interpretations issued by the International Accounting Standards Board or International Financial Reporting Interpretation Committee, which did not become effective as at the balance sheet date, were described in the consolidated periodic annual report RS/2021 on 29.04.2022.

Note 5. Information on changes in the accounting rules (policy) and significant changes in estimates, including adjustments of provisions, deferred tax assets and liabilities, impairment of assets

Accounting rules applied in preparation of these interim consolidated financial Statements were presented in the last consolidated annual financial statements of Rainbow Tours Group for the financial year 221, which was published in the consolidated periodic report RS/2021 on 29.04.2022. These financial statements apply the same accounting rules and calculation methods as in the last annual report.

Adjustment of the previously published financial statements

In the period covered by these interim abridged financial statements Rainbow Tours Group did not make adjustment of the previously published financial statements.

Note 6. Explanations regarding seasonality or cyclical events in operations of the Issuer in the presented period.

The operations of the Group due to their type are seasonal - the highest revenue is earned in the summer season in III quarter, and the lowest in IV quarter.

The charts below present: amount of revenue from sales of package travel in the period from January 2015 to March 2022 (on the month-on-month basis over the years and in individual months of the year for different financial/ calendar years.) and also the value of revenue from sales of package travel on quarter-on-quarter basis in years 2012 – 2022.

The presented amounts refer only to the Parent Company. The Group resigned from comparing consolidated data due to different dates of taking control over subsidiaries and due to close cooperation of all entities and subsequent exclusions of mutual transactions.

Table. –Monthly sales revenue from 2015.01 to 2022.03

Przychody ze sprzedaży miesięczne na przełomie lat - okres od 2015.01 do 2022.03

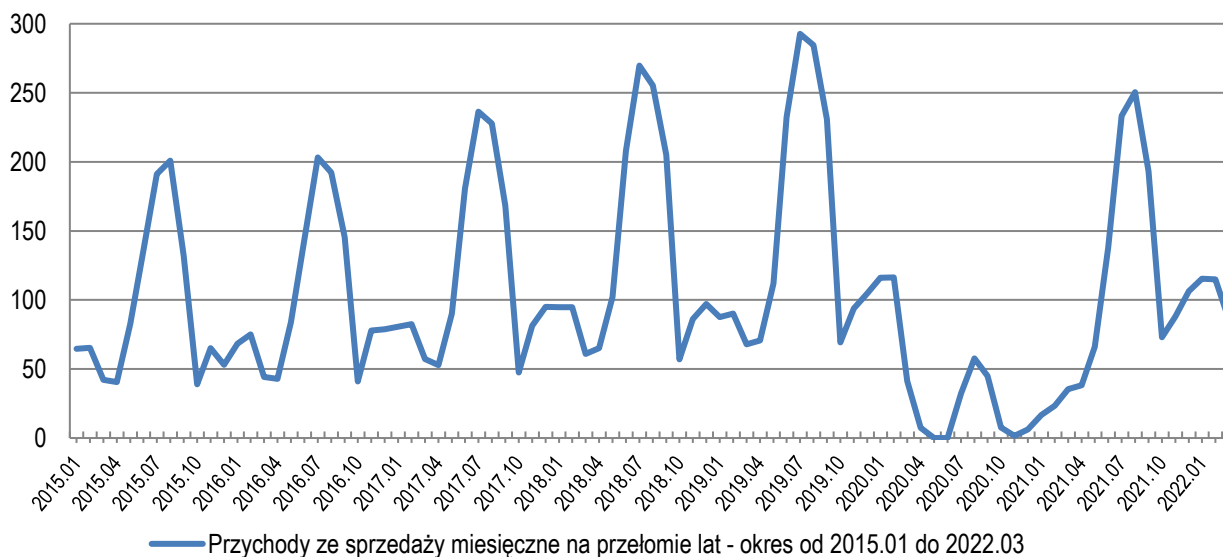


Table. – Comparison of sales revenue on month-on-month basis from 2015 – 2022

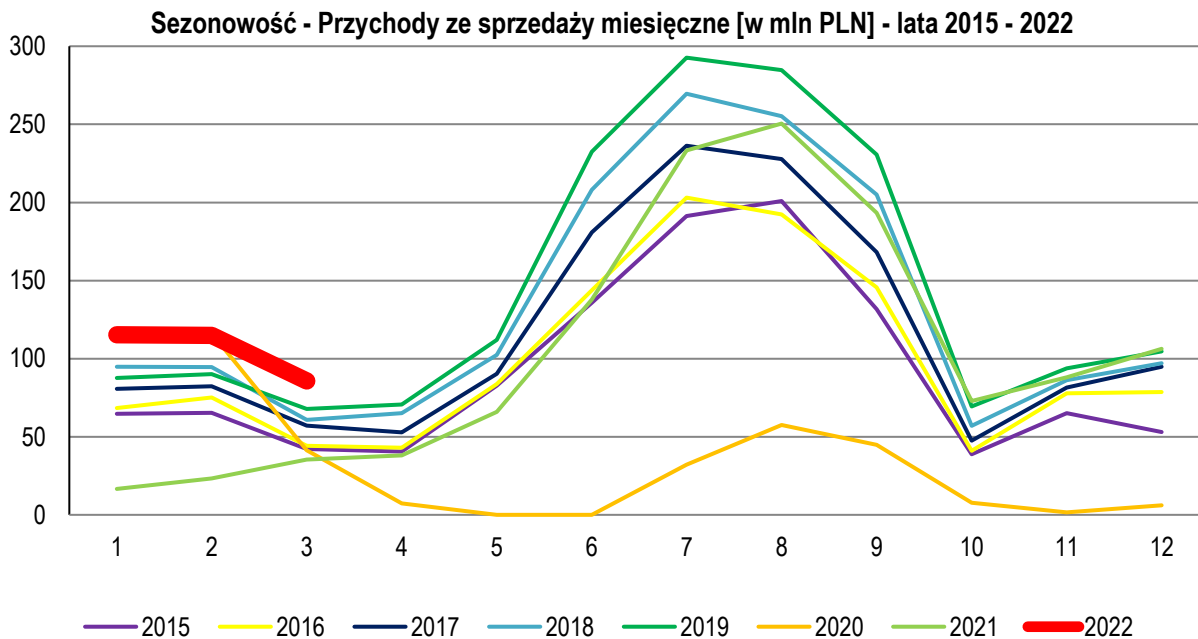
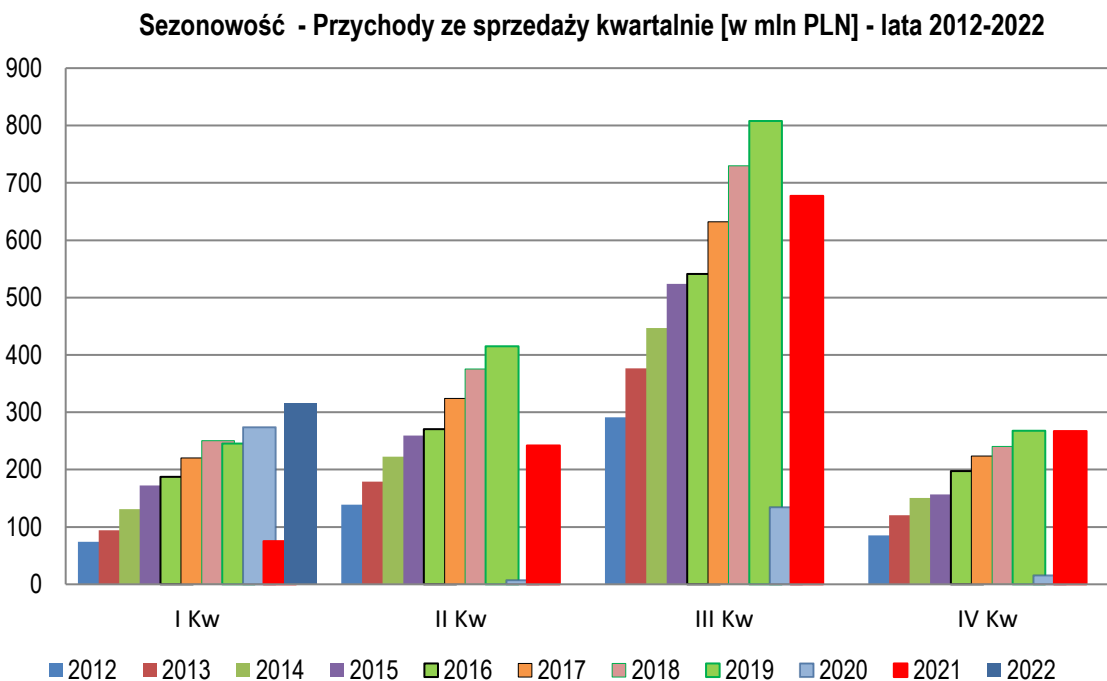


Table. – comparison of quarter-on-quarter sales revenue from 2012 – 2022



Note 7. Information on issue, buy back and repayment of non-equity and equity securities.

In the period covered by these abridged interim consolidated financial statements, that is in the period of I quarter of 2022, three months ended on 31.03.2022 and also in the period after the balance sheet date (31.03.2022) up to the date of signing this report, neither the Parent Company in the Group nor other of the companies of Rainbow Tours issued, bought back or repaid non-equity or equity securities.

Note 8. Tangible fixed assets

	As at 31/03/2022 [not audited]	As at 31/12/2021 [audited]	As at 31/03/2021 [not audited]
	PLN'000	PLN'000	PLN'000
Own land	24 087	23 818	22 236
Buildings	145 698	145 522	111 292
Right of use assets	45 584	49 119	55 125
Plant and Machinery	1 276	1 246	326
Motor vehicles	2 305	1 259	1 290
Equipment	13 935	15 276	12 459
Capital expenditure	757	628	2 732
	233 643	236 858	205 460

The claims of Towarzystwo Ubezpieczeń Europa S.A. (Insurance Company Europa S.A) with its offices in Wrocław concerning reimbursement of amounts paid for the benefit of Marshall of Łódzkie Province linked to operations of tour operators or entrepreneurs facilitating acquisition of related tourism services, arising out of the Guarantee No GT 500/2021 of 10 of September 2021 (at the same time security for claims under insurance guarantee GT359/2020 of 8 of September 2020 amended with the attachment No 1 of 11 of August 2021 and the insurance guarantee No 400/2019 of 29 of August 2019, the Guarantee No GT 335/2018 of 24 August 2018) pursuant to the contract of 10 of September 2021 to grant insurance guarantee for tour operators or entrepreneurs facilitating acquisition of related tourism services – are secured by notarised blanket mortgage established on the first free place of the fixed assets of the Company, that is property situated at 270 Piotrkowska street, recorded in the land and mortgage register No: LD1M/00264242/0, LD1M/00264245/1, LD1M/00264246/8, LD1M/00264247/5, LD1M/00264248/2, LD1M/00264253/0, LD1M/00264254/7, LD1M/00264255/4, LD1M/00264257/8, LD1M/00264259/2, LD1M/00264263/3, LD1M/00264264/0, LD1M/00264266/4, LD1M/00187747/6, LD1M/00172644/6, LD1M/00273816/1, LD1M/00273817/8, LD1M/00273818/5, LD1M/00273819/2, LD1M/00273820/2, LD1M/00273822/6, LD1M/00273823/3, LD1M/00273824/0, LD1M/00273825/7, LD1M/00273826/4, LD1M/00273827/1, LD1M/00273843/9, LD1M/00273844/6, LD1M/00273847/7, LD1M/00273846/0, LD1M/00273845/3, LD1M/00272177/2, LD1M/00272179/6, LD1M/00272180/6, LD1M/00272181/3, LD1M/00272182/0, LD1M/00272183/7, LD1M/00272184/4, LD1M/00272185/1, LD1M/00272186/8, LD1M/00272187/5, LD1M/00272188/2 maintained for the District Court for Łódź- Śródmieście in Lodz, XVI Division of Land Register for the amount of PLN 13,518,000 (thirteen million five hundred and eighteen thousand Polish zloty), which is 120% of the value of the property presented in the appraisal reports. The value of the property at purchase price is PLN 4,506,907.10

The company established mortgage on the property situated in Laganas, Zakynthos, Greece (the property of the Greek companies) for securing claims of Bank Gospodarstwa Domowego with its registered office in Warsaw, to repay investment loan taken by Rainbow Hotels A.E. and White Olive A.E and Rainbow Tours S.A. The value of the blanket mortgage of Rainbow Hotels A.E. is EUR 3,150 thousand and the value of the blanket mortgage of White Olive A.E. is EUR 13,900

There were no fixed assets held for sale

Note 9. Receivables and other receivables

	Stan na 31/03/2022 [not audited]	Stan na 31/12/2021 [audited]	Stan na 31/03/2021 [not audited]
	PLN'000	PLN'000	PLN'000
Trade receivables	25 932	22 120	16 939
Allowance for doubtful debts	(3 843)	(3 843)	(3 843)
	22 089	18 277	13 096

	Stan na 31/03/2022 [not audited]	Stan na 31/12/2021 [audited]	Stan na 31/03/2021 [not audited]
	PLN'000	PLN'000	PLN'000
<i>Deferred sales proceeds:</i>			
Other receivables	24 078	2 531	7 715
Other receivables – deposits	18 857	18 856	10 818
Other receivables – advances paid – hotels	156 891	115 431	201 066
write-off of doubtful debts	(2 946)	(2 946)	(7 946)
Other receivables – advances paid – air transport	10 477	10 477	1 660
Cash and cash equivalents	5 316	-	-
	234 762	162 626	226 409
Fixed assets	21 778	21 651	20 193
Current assets	212 984	140 975	206 216
Total	234 762	162 626	226 409

Tour operator activities dominate the structure of sales revenue. Services are sold in two channels (own distribution channel - retail stores and call centre, and through network of agents). In case of services sold by stores, customers have to pay for a package tour immediately. The receivables arise only in case of sales through agents, which have specified deadlines for payment for package tours. Additionally, the parent company sells package travel as part of its intermediary activities [sales of plane tickets, sales of blocks of seats in planes] and other services, which support tourism services

Before it starts cooperation with a new agent the Company uses the external assessment system to assess credit worthiness of an agent and use it as a base to set credit limit for the agent. Limits and the scores of the agent are verified twice a year. Receivables are secured also by blank promissory notes with promissory note contract, guarantees provided by a bank, and a system of deposits.

Note 10. Other financial assets

	As at 31/03/2022 [not audited]	As at 31/12/2021 [audited]	As at 31/03/2021 [not audited]
	PLN'000	PLN'000	PLN'000
Derivatives designated and effective as hedging instruments carried at fair value through profit of loss			
Currency forward contracts	360	46	2 778
	360	46	2 778
Assets valued at amortised costs – lending			
Loans to related parties	-	-	-
Loans to other parties	-	-	-
	-	-	-
Total	360	46	2 778
Current assets	360	46	2 778
Fixed assets	-	-	-
	360	46	2 778

Note 11. Other assets

	As at 31/03/2022 [not audited]	As at 31/12/2021 [audited]	As at 31/03/2021 [not audited]
	PLN'000	PLN'000	PLN'000
Prepaid expenses:			
Costs of package travel off season	27 277	44 464	10 281
Costs of catalogues off season	364	46	208
Commission off season **	1 059	961	142
insurance off season	917	1 479	518
another off season	200	245	1 180
Other - commission of Tourism Assistance Fund	1 895	1 950	2 356
	<u>31 712</u>	<u>49 145</u>	<u>14 685</u>
Current assets	31 712	49 145	14 685
Fixed assets	-	-	-
	<u>31 712</u>	<u>49 145</u>	<u>14 685</u>

*Cost of package trips in the next period refers to accounted for amounts, which are not yet due, but they will be due in accordance with schedule of provision of tourism services

** costs of commissions recognised in the period, to which they refer because the service has not been yet provided according to schedule of provision of tourism services

Note 12. Cash and cash equivalents

	As at 31/03/2022 [not audited]	As at 31/12/2021 [audited]	As at 31/03/2021 [not audited]
	PLN'000	PLN'000	PLN'000
Cash at bank and in hand	81 327	83 934	67 033
	<u>81 327</u>	<u>83 934</u>	<u>67 33</u>

Note 13. Credits, bank loans and lease liabilities

	As at 31/03/2022 [not audited]	As at 31/12/2021 [audited]	As at 31/03/2021 [not audited]
	PLN'000	PLN'000	PLN'000
Hedged – at amortised cost			
Overdrafts	38 551	-	55 935
Renewable credit	10 000	10 000	12 000
Bank loans – investments	57 680	57 839	66 355
Loans from governmental entities	-	-	26 915
Other subsidiary funds from governmental entities	1 984	1 961	-
Transfer of receivables	-	-	-
Financial lease liabilities	621	614	777
Right of use liabilities	38 464	41 443	42 169
	<u>147 300</u>	<u>111 857</u>	<u>204 151</u>
Short-term liabilities	69 830	30 986	134 620
Long-term liabilities	77 470	80 871	69 531
	<u>147 300</u>	<u>111 857</u>	<u>204 151</u>

The Group uses means of transport under finance lease contracts. The average contract term is 3 years. The Group can purchase objects of leases for the nominal value as at the end of the contract term. Group's liabilities arising from contracts are secured by

As at 31.03.2022 the Parent Company used a bank loan in the amount of PLN 48,551. As at 31.03.2022 the subsidiary White Olive A.E had liabilities from investment loan in the amount of EUR 12,543 thousand, which is equivalent of PLN 58,360 thousand. The amount of the loan was presented at amortized cost that is reduced by financing costs in the total amount of EUR 146.0 thousand (PLN 679.1 thousand). The costs will be settled over the period of repayment of the loan.

As at 31.03.2022 the Parent Company used a bank loan in the amount of PLN 10,000 thousand. As at 31.12.2021 the subsidiary White Olive A.E. had liabilities from investment loan in the amount of EUR 12,575 thousand, which is equivalent of PLN 57,838 thousand. The amount of the loan was presented at amortized cost, that is reduced by financing costs in the total amount of EUR 157.7 thousand (PLN 725.2). The costs will be settled over the period of repayment of the loan.

As at 31.03.2022 the Parent Company used a bank loan in the amount of PLN 67,935 thousand. As at 31.12.2021 the subsidiary White Olive A.E. had liabilities from investment loan in the amount of EUR 14,435 thousand, which is equivalent of PLN 67,271 thousand. The amount of the loan was presented at amortized cost that is reduced by financing costs in the total amount of EUR 197 thousand (PLN16 thousand). The costs will be settled over the period of repayment of the loan.

Lease liabilities introduced according to IFRS 16 (rental agreements covered by the standard) are presented in the comparative data.

Lease liabilities

From 01/01/2022 to 31/03/2022	Land and buildings	Machinery, equipment and motor vehicles	total
	PLN'000	PLN'000	PLN'000
As at 01/01/2022	41 443	614	42 057
Increase	126	188	314
Cost of interest	-	(5)	(5)
Modification of lease terms	-	-	-
variable lease payments adjustments	-	6	6
Lease payments	(3 105)	(182)	(3 287)
Exchange differences	-	-	-
As at 31/03/2022	38 464	621	39 085

from 01/01/2021 to 31/12/2021	Land and buildings	Machinery, equipment and motor vehicles	total
	PLN'000	PLN'000	PLN'000
As at 01/01/2021	44 190	877	45 067
Increase	14 463	294	14 757
Cost of interest	(217)	(24)	(241)
Modification of lease terms	(7 982)	-	(7 982)
variable lease payments adjustments	-	22	22
Lease payments	(9 011)	(555)	(9 566)
Exchange differences	-	-	-
As at 31/12/2021	41 443	614	42 057

From 01/01/2022 to 31/03/2021	Land and buildings	Machinery, equipment and motor vehicles	total
	PLN'000	PLN'000	PLN'000
As at 01/01/2021	44 190	877	45 067
Increase	112	-	112
Cost of interest	-	(7)	(7)
Modification of lease terms	-	-	-
variable lease payments adjustments	-	-	-

From 01/01/2022 to 31/03/2021	Land and buildings	Machinery, equipment and motor vehicles	total
	PLN'000	PLN'000	PLN'000
Lease payments	(2 133)	(93)	(2 226)
Exchange differences	-	-	-
As at 31/03/2021	42 169	777	42 946

Note 14. Trade and other payables

	As at 31/03/2022 [not audited]	As at 31/12/2021 [audited]	As at 31/03/2021 [not audited]
	PLN'000	PLN'000	PLN'000
Trade payables	68 453	82 050	38 464
Payroll liabilities	3 205	3 948	2 239
Other liabilities – accounts receivables and payables from purchase of shares	2 600	2 600	2 600
Other liabilities – recorded after the balance sheet date	-	-	-
Other liabilities – remaining	224	3 654	135
Total	74 482	92 252	43 438

Note 15. Provisions, including provisions for employee benefits and accrued holiday leave provision

	As at 31/03/2022 [not audited]	As at 31/12/2021 [audited]	As at 31/03/2021 [not audited]
	PLN'000	PLN'000	PLN'000
Employee benefits (i)	1 058	1 058	902
Employee benefits (ii)	145	145	221
Costs of complaints i	162	56	56
Other provisions – estimated costs of flight and hotel costs	44 850	5 897	20 680
	46 215	7 156	21 859
Short-term provisions	46 035	7 011	21 638
Long-term provisions	180	145	221
	46 215	7 156	21 859

(i)

(i) Provision for employee benefits covers annual holiday leaves, accrued holiday entitlements and employee claims in respect of remuneration. Decrease in the amount of the provision is a consequence of payments of employee benefit within the current year.

(ii) Provision for employee benefits covers retirement pays, if any, which the parent company will be obliged to pay out in case of retirement of employees.

Note 16. Deferred income and other liabilities

	As at 31/03/2022 [not audited]	As at 31/12/2021 [audited]	As at 31/03/2021 [not audited]
	PLN'000	PLN'000	PLN'000
advances paid by customer	141 255	145 978	95 517
liabilities towards customer taken over by Insurance Guarantee Fund	42 745	44 003	46 937
Liabilities towards customers	-	-	-
Other liabilities	9	-	-
	184 009	189 981	142 454
Short-term	148 798	152 893	102 432
Long-term	35 211	37 088	40 022

	As at 31/03/2022 [not audited]	As at 31/12/2021 [audited]	As at 31/03/2021 [not audited]
	PLN'000	PLN'000	PLN'000
	184 009	189 981	142 454

Note 17. Revenue from sales of services, materials and goods

	Period of 3 months ended on 31/03/2022 [not audited]	Period of 3 months ended on 1/03/2021 [not audited]
	PLN' 000	PLN' 000
Revenue from sale of package travel	314 668	75 165
Other revenue	1 094	246
	315 762	75 411

Note 18. Costs by type

	Period of 3 months ended on 31/03/2022 [not audited]	Period of 3 months ended on 31/03/2022 [not audited]
	PLN'000	PLN'000
Amortization and depreciation	6 556	4 912
Consumption of raw and other materials	661	157
Outsourcing	287 895	71 281
costs of employee benefits	15 178	8 272
Taxes and charges	456	281
other costs	12 535	1 622
Value of goods and materials sold	-	-
Other – remaining operating costs	-	-
Total	323 281	86 525

Note 19. other operating revenue/ operating costs

Other operating revenue	Period of 3 months ended on 31/03/2022 [not audited]	Period of 3 months ended on 31/03/2022 [not audited]
	PLN'000	PLN'000
profits on sale of assets		
profits on sale of fixed assets	-	48
Profits on sale of investment property	-	-
	-	48
Reversal of impairment losses		
Intangible assets	-	-
Tangible fixed assets	-	-
financial assets	-	-
trade receivables	-	-
Other	-	-
	-	-
Other operating revenue:		
Profits from measurement of investment property	-	-
subsidies	-	1 726
Other	20	15

Other operating revenue	Period of 3 months ended on 31/03/2022 [not audited] PLN'000	Period of 3 months ended on 31/03/2022 [not audited] PLN'000
	20	1 789
Other operating costs	Period of 3 months ended on 31/03/2022 [not audited] PLN'000	Period of 3 months ended on 31/03/2022 [not audited] PLN'000
Loss on sale of assets		
Loss on sale of fixed assets	-	-
loss on sale of investment property	-	-
	-	-
Recognized impairment		
Goodwill	-	-
Intangible assets	-	-
Tangible fixed assets	-	-
Financial assets	-	-
Trade receivables	-	-
Other	-	-
	-	-
Other operating costs		
loss on measurement of investment property	-	-
Cost of liquidation of fixed assets and current assets	-	-
Other – complaints	164	175
Other	184	145
	348	320

Note 20. Revenue/ financial costs

	Period of 3 months ended on 31/03/2022 [not audited] PLN'000	Period of 3 months ended on 31/03/2022 [not audited] PLN'000
Lease proceeds		
Conditional revenue from finance lease	-	-
Revenue from operating lease	-	-
- on investment property	-	-
- conditional revenue from operating lease	-	-
	-	-
interest revenue		
Bank deposits	112	-
Other loans and revenue	-	-
	-	-
Total	-	-

financial revenue analysed per category of assets

	Period of 3 months ended on 31/03/2022 [not audited] PLN'000	Period of 3 months ended on 31/03/2022 [not audited] PLN'000
Interest revenue		
loans and receivables (covering cash in hand and bank deposits)	225	-
Investments held to maturity	-	-
interest revenue from financial assets, which were not set for measurement at WSE.	-	-
financial revenue from non-financial assets	-	-
Total	337	-

	Period of 3 months ended on 31/03/2022 [not audited] PLN'000	Period of 3 months ended on 31/03/2022 [not audited] PLN'000
Interest cost		
interest on bank loans, credits and overdrafts (except from those received from related parties)	204	356
interest on bank loans, credits and overdrafts obtained from related parties	-	-
interest on financial lease liabilities	5	7
Other interest costs	419	117
Interest costs on financial liabilities measured at WSE	628	480
less amounts recognized in costs of assets eligible for capitalization	-	-
	628	480
Other financial costs		
other financial costs – costs of guarantees	508	549
	1 136	1 029

Note 21. Income tax

	Period of 3 months ended on 31/03/2022 [not audited] PLN'000	Period of 3 months ended on 31/03/2022 [not audited] PLN'000
income tax		
Gross profit (loss)	(8 646)	(10 674)
Permanent differences increasing the tax base	-	-
temporary differences in the tax base	-	-
Tax base	(8 646)	(10 674)
Tax rate	19,00%	19,00%
Tax losses offset with an asset	-	-
Durant tax	-	-
Deferred tax	805	1 451
Income tax recognized in the account	805	1 451
Effective tax rate		-

Note 22. Discontinuing operations

In the reporting period of I quarter of 2022 and after the balance sheet date (31.03.2022) up to the date of approval of this report for publication (27.05.2022), as well as in 2021, no subsidiary was sold within Rainbow Tours Group.

Note 23. Information on dividend paid out (or declared) per share, jointly per one share, both for ordinary shares and preferred shares.

In the reporting period of I quarter of 2022 and after the balance sheet date (31.03.2022) up to the date of approval of this report for publication (27.05.2022), as well as in 2021, no dividend was paid or declared.

Note 24. Information on movement in conditional liabilities or conditional assets, which took place from the last financial year.

24.1 Insurance guarantees granted by Towarzystwo Ubezpieczeń Europa S.A. (Europa Insurance Company) for companies of Rainbow Tours Group.

From the end of the last financial year till the date of signing this report none of the companies of Rainbow Tours Group, including the Parent Company, did not enter into any of insurance guarantee agreements for a tour operator or a business facilitating acquisition of related tourism services.

Currently, insurance guarantee for Rainbow Tours S.A. as a tour operator and a business facilitating acquisition of tourism related services, which benefits the Marshall of Łódzkie Province, is covered by the guarantee agreement No 500/2021 made by the Parent Company with Towarzystwo Ubezpieczeń Europa S.A. with registered office in Wrocław ("the Guarantor") on 10.09.2021 and the value of the Guarantee granted by the Guarantor to the Beneficiary amounts to PLN 90,000,000, which is equivalent of EUR 19,786,742.88 translated using the average euro exchange rate published by the National Bank of Poland for the first time in the year of the issuance of the Guarantee, that is on 04.01.2021 (1 euro = 4.5485 Polish zloty)

Detailed information about the guarantee agreement GT 500/2021 of 10.09.2021 were presented in Note 34 to the consolidated annual financial statements in the consolidated annual periodic report RS/2021 on 29.04.2022.

24.2 Transactions limits for derivatives

The Parent Company has transaction limits for derivative deals, which allow to trade in derivatives. The company uses derivative instruments to hedge future foreign currency flows by trading in forwards.

The value of transaction limits is presented in the table below in PLN (thousand).

Bank	Type	Limit amount	Valid to
		PLN'000	
Santander Bank Polska S.A.	transaction limit	15 000	2022-11-15

As at 31.03.2022 the Company had forward contracts for purchase of USD and EUR for PLN. The table below presents information on open positions with closing date after 31.03.2022 in thousands of PLN and respectively (if its applicable) in USD and EUR.

Currency	Amount contracted in the currency	Amount in PLN as at the date of the contract performance
USD	2 000	8 009
EUR	-	-

As at 31.03.2021 the Parent Company had forward contracts for purchase of USD for PLN. The table below presents information on open positions with closing date after 31.03.2021 in thousands of PLN and respectively (if its applicable) in USD (thousand).

Currency	Amount contracted in the currency	Amount in PLN as at the date of the contract performance
USD	9 850	36 280
EUR	-	-

As at the date of approval of this report for publication (25.05.2022) the Company had forward contracts for purchase of USD and EUR for PLN executed after 01.01.2022.

Currency	Amount contracted in the currency	Amount in PLN as at the date of the contract performance
USD	37 050	151 669
EUR	6 150	28 486

The table below presents changes in valuation of the portfolio in the individual reporting periods (without effect of the deferred tax).

description	01.01.2022-31.03.2022	01.01.2021-31.12.2021	01.01.2021-31.03.2021
	PLN'000	PLN'000	PLN'000
Revaluation reserve opening balance	46	451	451
Created on purpose	-	-	-
Other increases (valuation of currency hedge transactions)	360	46	2 250
Used on purpose o		-	-
Reclassified to profit or loss – recognition in cost of sales	(46)	(451)	(451)
Reserve closing balance	360	46	2 250

24.3 Bank guarantees issued by banks for the benefit of Rainbow Tours S.A.' contractors

The parent company holds lines of bank guarantees used to order issue of bank guarantees for the benefit of contractors cooperating with Rainbow Tours S.A. The table below presents guarantees issued as at 31.03.2022. The amounts of guarantees issued in currencies were translated using the average exchange rate set by NBP as at 31.03.2022.

The issuing bank	The amount of issued guarantees PLN'000
Bank Millennium S.A.	5 321
Santander Bank Polska S.A.	1 463
Total	7 295

The table below presents guarantees issued as at 31.12.2021. The amounts of guarantees issued in foreign currencies were translated using the average NBP (National Bank of Poland) rate of 31.12.2021.

The issuing bank	The amount of issued guarantees PLN'000
Bank Millennium S.A.	5 247
Santander Bank Polska S.A.	1 421
Total	6 668

The table below presents guarantees issued as at 31.03.2021 r The amounts of guarantees issued in foreign currencies were translated us using the average NBP (National Bank of Poland) rate of 31.03.2022.

The issuing bank	The amount of issued guarantees PLN'000
Bank Millennium S.A.	8 120
Santander Bank Polska S.A.	-
Total	8 120

No material changes occurred for other conditional items (presented in the annual single and consolidated financial statements).

Note 25.Presentation of segment of operations of the Group

Basic reportable segments accepted by the Group and the Parent Company are industry segments, the supplementary segments are geographical segments, which are separated based on the criteria of localization of assets. The Parent Company operates in one geographical region, which is Poland and the operating companies in other geographic regions.

Starting from the annual report for the financial year 2021 the Company separated the following industry segments:

- sale of package travel
- Sale of services in the hotel segment
- Other

Segment revenue includes revenue from sales to external customers or transaction with other segments, and the revenue is recognized in the profit and loss account and can be directly attributed to a specific segment and the part of revenue, which can be attributed to the segment based when it has reasonable basis

Costs of segments are costs of operating activities of the segment, which cannot be attributed to it, with other costs, which can be attributed to the segment when it has reasonable basis.

Segment costs are in particular:

- cost of sales
- selling costs
- overheads

The profit or loss of the segment is the difference between segment revenue and segment costs. It reflects profit on operating activities before recognizing overheads, revenue from interest and interest costs, income tax, profits or losses on investment.

- used by the segment in operations
- Which can be directly attributed to a specific segment or assigned to it based on rationale.

Segment assets do not cover income tax assets or assets used in general operations of the entity. The liabilities of the segment are liabilities classified to operations, which can be directly attributed to a specific segment or assigned to it based on rationale.

Table: Revenue and results for segments of operations of Rainbow Tours Group for the period of three months ended on 31.03.2022.

segments of operations of Rainbow Tours Group for the period 01/01/2022-31/03/2022	Activities of tour operators		Hotel segment		Other operations		Consolidation adjustments	TOTAL
	Poland	Abroad	Poland	Abroad	Poland	Abroad		
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000		
continuing operations, sales revenue	314 798	1 296	-	233	1 136	-	(1 701)	315 762
- within the Group	236	1200	-	-	30	235	(1 701)	-
- from customer	314 562	96	-	233	1 106	(235)	-	315 762
Continuing operations, cost of sales	(282 767)	(1 065)	-	(2 546)	(1 024)	-	1 669	(285 733)
- within the Group	(1 200)	(236)	(233)	-	-	-	1 669	-
- from customers	(281 567)	(829)	233	(2 546)	(1 024)	-	-	(285 733)
Gross profit (loss) on sales	32 031	231	-	(2 313)	112	-	(32)	30 029
Continuing operations, selling costs	(26 948)	(74)	-	(885)	(16)	-	-	(27 923)
- within the Group	-	-	-	-	-	-	-	-
- from customers	(26 948)	(74)	-	(885)	(16)	-	-	(27 923)
Continuing operations. Overheads	(8 211)	(309)	-	(896)	(298)	-	89	(9 625)
- within the Group	(55)	(32)	-	(2)	-	-	89	-
- from customers	(8 156)	(277)	-	(894)	(298)	-	-	(9 625)
Continuing operations. other operating revenue	13	7	-	57	-	-	(57)	20
- within the Group	-	-	-	-	-	57	(57)	-
- from customers	13	7	-	57	-	(57)	-	20
Continuing operations other operating costs	(250)	(1)	-	(96)	(1)	-	-	(348)

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(Data in PLN thousand, unless provided otherwise)

segments of operations of Rainbow Tours Group for the period 01/01/2022-31/03/2022	Activities of tour operators		Hotel segment		Other operations		Consolidation adjustments	TOTAL
	Poland	Abroad	Poland	Abroad	Poland	Abroad		
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000		
- within the Group	-	-	-	-	-	-	-	-
- from customers	(250)	(1)	-	(96)	(1)	-	-	(348)
Profit (loss) on operations	(3 365)	(146)	-	(4 133)	(203)	-	-	(7 847)

Table: Revenue and results for segments of operations of Rainbow Tours Group for the period of twelve months ended on 31.12.2021

segments of operations of Rainbow Tours Group for the period 01/01/2021-31/12/2021	Activities of tour operators		Hotel segment		Other operations		Consolidation adjustments	TOTAL
	Poland	Abroad	Poland	Abroad	Poland	Abroad		
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000		
continuing operations, sales revenue	1 261 698	44 003	-	27 811	2 983	-	(57 071)	1 279 424
- within the Group	4 928	32 163	-	18 439	1 081	460	(57 071)	-
- from customer	1 256 770	11 840	-	9 372	1 902	(460)	-	1 279 424
Continuing operations, cost of sales	(1 125 308)	(35 913)	-	(26 407)	(2 706)	-	56 143	(1 134 191)
- within the Group	(50 757)	(4 928)	-	(458)	-	-	56 143	-
- from customers	(1 074 551)	(30 985)	-	(25 949)	(2 706)	-	-	(1 134 191)
Gross profit (loss) on sales	136 390	8 090	-	1 404	277	-	(928)	145 233
Continuing operations, selling costs	(113 721)	(3 239)	-	(3 133)	(53)	-	-	(120 146)
- within the Group	-	-	-	-	-	-	-	-
- from customers	(113 721)	(3 239)	-	(3 133)	(53)	-	-	(120 146)
Continuing operations. Overheads	(27 926)	(1 788)	-	(4 862)	(1 159)	-	1 035	(34 700)
- within the Group	(67)	(60)	-	(908)	-	-	1 035	-
- from customers	(27 859)	(1 728)	-	(3 954)	(1 159)	-	-	(34 700)
Continuing operations. other operating revenue	28 180	38	-	2 618	421	-	(107)	31 150
- within the Group	-	-	-	96	-	11	(107)	-
- from customers	28 180	38	-	2 522	421	(11)	-	31 150
Continuing operations other operating costs	(1 383)	(79)	-	(184)	(3)	-	-	(1 649)
- within the Group	-	-	-	-	-	-	-	-
- from customers	(1 383)	(79)	-	(184)	(3)	-	-	(1 649)
Profit (loss) on operations	21 540	3 022	-	(4 157)	(517)	-	-	19 888

Table: Revenue and results for segments of operations of Rainbow Tours Group for the period of three months ended on 31.03.2021

segments of operations of Rainbow Tours Group for the period 01/01/2021-31/03/2021	Activities of tour operators		Hotel segment		Other operations		Consolidation adjustments	TOTAL
	Poland	Abroad	Poland	Abroad	Poland	Abroad		
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000		
continuing operations, sales revenue	75 169	-	-	-	285	-	(43)	75 411
- within the Group	-	-	-	-	-	43	(43)	-
- from customer	75 169	-	-	-	285	(43)	-	75 411
Continuing operations, cost of sales	(65 053)	(6)	-	(1 496)	(256)	-	43	(66 768)

segments of operations of Rainbow Tours Group for the period 01/01/2021-31/03/2021	Activities of tour operators		Hotel segment		Other operations		Consolidation adjustments	TOTAL
	Poland	Abroad	Poland	Abroad	Poland	Abroad		
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000		
- within the Group	(38)	-	-	(5)	-	-	43	-
- from customers	(65 015)	(6)	-	(1 491)	(256)	-	-	(66 768)
Gross profit (loss) on sales	10 116	(6)	-	(1 496)	29	-	-	8 643
Continuing operations, selling costs	(13 769)	(49)	-	(363)	(10)	-	-	(14 191)
- within the Group	-	-	-	-	-	-	-	-
- from customers	(13 769)	(49)	-	(363)	(10)	-	-	(14 191)
Continuing operations. Overheads	(4 524)	(120)	-	(625)	(297)	-	-	(5 566)
- within the Group	-	-	-	-	-	-	-	-
- from customers	(4 524)	(120)	-	(625)	(297)	-	-	(5 566)
Continuing operations. other operating revenue	-	36	-	53	1 700	-	-	1 789
- within the Group	-	-	-	-	-	-	-	-
- from customers	-	36	-	53	1 700	-	-	1 789
Continuing operations other operating costs	-	-	-	(26)	(294)	-	-	(320)
- within the Group	-	-	-	-	-	-	-	-
- from customers	-	-	-	(26)	(294)	-	-	(320)
Profit (loss) on operations	(8 177)	(139)	-	(2 457)	1 128	-	-	(9 645)

Note 26. Information on transactions with related parties

All sale transactions were typical and routine and result from basic operations of the entities.

Sale transactions among companies of Rainbow Tours Group in the period from 01.01.2021 to 31.03.2021 and the comparative period from 01.01.2020 to 31.03.2020 are presented in the table below.

	Sale of services		Purchase of services	
	The period of 12 months ended on 31/03/2022	The period of 12 months ended on 31/03/2021	The period of 12 months ended on 31/03/2022	The period of 12 months ended on 31/03/2021
	PLN'000	PLN'000	PLN'000	PLN'000
White Olive A.E.	54	-	234	1
White Olive Premium Lindos A.E.	236	-	1	-
"My Way by Rainbow Tours" Sp. z o. o.	30	38	-	-
Rainbow Tours Destination Services Turkey Turizm Ve Seyahat Hizmetleri A.S.	1 168	-	224	-
"Rainbow Tours Joint Stock Company -branch in Athens"	34	-	44	4
Rainbow Tours S.A.	236	5	1 255	38
Total	1 758	43	1 758	43

Trade receivables/ payables presented in the statement of financial position of Rainbow Tours S.A. with the companies of the Group are presented in the table below.

The following amounts are presented at the closing balance	Amounts due from related parties			Amounts payable to the related parties		
	As at 31/03/2022	As at 31/12/2021	As at 31/03/2021	As at 31/03/2022	As at 31/12/2021	As at 31/03/2021
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
White Olive A.E.	18 105	17 820	17 860	27 265	24 534	29 410
White Olive Premium Lindos A.E.	282	28	17	17 969	17 745	17 825
"My Way by Rainbow Tours" Sp. z o. o.	13	10	48	-	-	-
Rainbow Tours Destination Services Turkey Turizm Ve Seyahat Hizmetleri A.S.	58	2 174	-	-	27	390
"Rainbow Tours Joint Stock Company - Odilia in Athens"	1 110	2 370	-	171	103	377
Rainbow Tours S.A.	27 010	24 561	30 125	1 173	4 554	48
Total	46 578	46 963	48 050	46 578	46 963	48 050

Lending to the related parties

	As at 31/03/2022	As at 31/12/2021	As at 31/03/2021
	PLN'000	PLN'000	PLN'000
Lending to the subsidiary	300	300	300

Except for the specified transactions, there were no other significant transactions with entities personally related in that period

Note 27. Events after the date for which the quarterly abridged consolidated financial statements were prepared, not covered by these statements, and which could have significant effect on future financial results of the Issuer.

Agreement with Enter Air Sp. z o.o. to provide charter services for Rainbow Tours.

On 16.05.2022 the Parent Company made with the contractor that is Enter Air Sp. z o.o. with registered office in Warsaw, the Charter Agreement (Air Charter Transport Agreement with an attachment) hereinafter "the Charter Agreement" for purchase of plane seat and the crew by Rainbow Tours S.A. and provision of charter services (air transport of passengers and luggage) by Enter Air Sp. z o. for Rainbow Tours S.A. in the touristic season Summer 2022 and Winter 2022/2023 directly linked to basic operations of Rainbow Tours S.A. as a tour operator.

The respective charter agreement was concluded for a defined period starting from 30.04.2023 and regulates rules of provision of air transport services by Enter Air sp. z o.o. with respect to specified periods covered by the Company's offer.

The estimated amount of the Charter Agreement came to around USD 35.6 million, which is the equivalent of PLN 159,434,600 calculated according to average exchange rate of American dollar in NBP as at 16.05.2022 (Table No 093/A/NBP/2022), which amounts to 4.4785. Total value of performance arising from the charter agreement is not possible to determine precisely, thus the data are estimates. The value of performance arising from the charter agreement is affected by numerous variables, including mode of resignation and variable components of costs, which were provided under the Charter Agreement. Settlements under the Charter Agreement will take place continuously and according to the schedule of charter flights. The Charter Agreement does not provide unusual provisions, which would substantially differ from conditions of similar contracts made by Rainbow Tours with other carriers.

In the opinion of the Management Board of the Company between the balance sheet date and the publication of this report there were no other, except for the above mentioned, events not covered by the financial statements.

III. THE ABRIDGED INTERIM SINGLE FINANCIAL STATEMENTS OF RAINBOW TOURS S.A.

1. SINGLE STATEMENT OF THE FINANCIAL POSITIONS

ASSETS	Note	As at 31/03/2022 [not audited] PLN'000	As at 31/12/2021 [audited] PLN'000	As at 31/03/2021 not audited]] PLN'000
Fixed assets				
Tangible fixed assets	3	41 675	44 824	37 868
Investment Property		196	196	196
Other intangible assets		3 643	4 033	4 478
Investment in subsidiaries		71 792	71 792	71 792
Deferred tax assets	8	7 384	7 443	8 819
Other receivables	4	20 403	20 402	12 384
Total fixed assets		145 093	148 690	135 537
Current assets				
Stocks		-	-	14
Trade and other receivables	4	238 584	164 006	234 624
Other financial assets	5	660	346	3 078
Current tax assets		4 719	3 156	5 151
Other assets	6	29 205	48 900	13 505
Cash and cash equivalents	7	80 128	82 941	24 439
Total current assets		353 296	299 349	280 811
Total assets		498 389	448 039	416 348

EQUITY AND LIABILITIES	Note	As at 31/03/2022 [not audited]	As at 31/12/2021 [audited]	As at 31/03/2021 not audited]]
		PLN'000	PLN'000	PLN'000
EQUITY AND LIABILITIES				
equity				
Issued capital		1 455	1 455	1 455
Share premium		36 558	36 558	36 558
Reserves		292	37	2 250
capital from merger of entities		(7 565)	(7 565)	(7 565)
Retained profits		84 847	88 280	63 002
Total equity		115 587	118 765	95 700
Long-term liabilities				
Long-term borrowings and lease liabilities	9	16 049	18 775	49 375
Pension liabilities		145	145	221
Deferred tax liabilities		-	-	-
Other liabilities	12	35 202	37 088	40 022
Total long-term liabilities		51 396	56 008	89 618
Short-term liabilities				
Trade and other payables	10	74 055	89 648	40 454
Short-term borrowings and lease liabilities	9	58 996	20 494	64 792
Current tax liabilities		3 593	3 357	1 794
Short-term provisions	11	45 964	6 874	21 558
deferred income	12	141 255	145 978	95 517
Other liabilities	12	7 543	6 915	6 915
Total short-term liabilities		331 406	273 266	231 030
Total liabilities		382 802	329 274	320 648
Total equity and liabilities		498 389	448 039	416 348

2. SINGLE STATEMENT OF PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

	Note	From 01/01/2022 To 31/03/2022 [not audited]	od 01/01/2021 do 31/03/2021 not audited]
		PLN'000	PLN'000
Continuing operations			
Sales revenue	13	315 816	75 367
Cost of sales	14	(283 683)	(65 222)
Gross profit/loss on sales		32 133	10 145
selling cost	14	(26 964)	(13 779)
Overheads	14	(8 503)	(4 815)
Other operating revenue	15	13	1 700
Other operating costs	15	(251)	(294)
profit /loss on operations		(3 572)	(7 043)
financial revenue	16	112	-
Financial costs	16	(778)	(594)
profit on sales of shares in subsidiaries		-	-
Pre-tax profit (loss)		(4 238)	(7 637)
Income tax	17	805	1 451
net profit (loss) on continuing operations		(3 433)	(6 186)
Discontinuing operations			
Net profit (loss) on discontinuing operations		-	-
NET PROFIT (LOSS)		(3 433)	(6 186)
Other total net comprehensive income		-	-
items, which won't be presented later periods in the statement of comprehensive income		-	-
effects of revaluation of fixed assets		-	-
Revaluation of pension liabilities		-	-
Items, which might be later presented in the statement of comprehensive income:		-	-
Cash flow hedges		255	1 885
Total other net comprehensive income		255	1 885
TOTAL COMPREHENSIVE INCOME		(3 178)	(4 301)

	Note	From 01/01/2022 To 31/03/2022 [not audited]	od 01/01/2021 do 31/03/2021 not audited]
		PLN'000	PLN'000
number of shares (in thousands)		14 552	14 552
Number of shares – diluted (in thousands)		14 552	14 552
Profit (loss) per shares (PLN/grosz per share)			
On continuing and discontinuing operations			
ordinary	_____	(0.24)	(0.43)
Diluted	_____	(0.24)	(0.43)
On continuing activity			
ordinary	_____	(0.24)	(0.43)
Diluted	_____	(0.24)	(0.43)

3. SINGLE STATEMENT OF CHANGES IN EQUITY

	Issued capital	Share premium	Reserve capital - hedge accounting	Retained profit	Capital from business combinations	Total
	PLN'000	PLN'000	PLN'000	PLN'000		PLN'000
For the period from 01/01/2021 to 31/03/2021						
As at 01/01/2021	1 455	36 558	365	69 188	(7 565)	100 001
Net profit for the financial year	-	-	-	(6 186)	-	(6 186)
Pricing of hedging instruments	-	-	1 885	-	-	1 885
Total comprehensive income	-	-	1 885	(6 186)	-	(4 301)
As at 31/03/2021	1 455	36 558	2 250	63 002	(7 565)	95 700
For the period from 01/01/2021 to 31/12/2021						
As at 01/01/2021	1 455	36 558	365	69 188	(7 565)	100 001
Net profit for the financial year	-	-	-	19 092	-	19 092
Pricing of hedging instruments	-	-	(328)	-	-	(328)
Total comprehensive income	-	-	(328)	19 092	-	18 764
As at 31/12/2021	1 455	36 558	37	88 280	(7 565)	118 765
For the period from 01/01/2022 to 31/03/2022						
As at 01/01/2022	1 455	36 558	37	88 280	(7 565)	118 765
Net profit for the financial year	-	-	-	(3 433)	-	(3 433)
Pricing of hedging instruments	-	-	255	-	-	255
Total comprehensive income	-	-	255	(3 433)	-	(3 178)
As at 31/03/2022	1 455	36 558	292	84 847	(7 565)	115 587

4. SINGLE CASH FLOW STATEMENT

	Note	From 01/01/2022 to 31/03/2022 [not audited]	From 01/01/2021 To 31/03/2021 [not audited]
		PLN'000	PLN'000
<i>cash flows from operations</i>			
Profit for the financial year		(3 433)	(6 186)
Adjustments:			
cost of income tax recognized in profit or loss		(805)	(1 451)
revenue from investment recognized in profit or loss		666	594
profit on sale of tangible fixed assets		-	(48)
amortization and depreciation of fixed assets		4 037	2 917
Net foreign exchange gains/ losses		-	(663)
Other *		-	(141)
		465	(4 978)
Movement in working capital:			
Increase / decrease in balance of trade and other receivables		(74 579)	(25 186)
Increase / decrease in receivables from construction contracts		-	-
Increase/ decrease in stocks		-	-
Increase / decrease in other assets		19 754	(3 141)
Increase / decrease in remaining tax assets		(1 563)	603
Increase (decrease) in balance of trade and other payables		(16 465)	(2 128)
Increase / decrease in receivables from construction contracts		-	-
Increase / (decrease) in provisions		39 090	20 000
Increase / (decrease) in deferred income		(4 723)	18 792
Increase / decrease in current tax liabilities		236	723
Cash earned on operations		(37 785)	4 685
Income tax paid		-	-
net cash flows from operations		(37 785)	4 685
<i>cash flow from investing activities</i>			
Payments arising on acquisition of financial assets		(429)	(4 548)
Interest received		112	-
Proceeds due to repayment of loans by unrelated parties		-	-
Payments for tangible fixed assets		(181)	(106)
proceeds from sale of tangible fixed assets		-	53
net cash (spent)/ earned on investing activities		(498)	(4 601)

	Note	From 01/01/2022 to 31/03/2022 [not audited]	From 01/01/2021 To 31/03/2021 [not audited]
		PLN'000	PLN'000
<i>cash flows from financing activities</i>			
proceeds from sale of own shares			-
other proceeds			-
proceeds from loans		38 865	-
repayment of loans		(3 089)	(3 229)
Interest paid		(306)	(594)
Dividends paid to shareholders		-	-
net cash used for financing activities		35 470	(3 823)
Increase / Decrease in net cash and cash equivalents		(2 813)	(3 739)
cash and cash equivalents at the opening balance		82 941	28 178
Effect of changes in exchange rates on balance of cash in foreign currencies		-	-
cash and cash equivalents, closing balance		80 128	24 439

5. NOTES TO INTERIM ABRIDGED SINGLE FINANCIAL STATEMENTS

Note 1. Applied accounting rules and methods.

These abridged interim single financial statements were drafted according to IAS34 "Interim Financial Reporting" and also according to requirements of the Minister of Finance of 29.03.2018 on current and periodic information provided by issuers of securities and conditions of recognizing as equivalent information required by provisions of law of a non-member state (Journal of Laws of 2018, item 757). Because of application of IAS and under § 66 section 6 in connection with § 62 section 1 and section 2 of the regulation of the Minister of Finance mentioned in the previous sentence, these abridged interim single financial statements cover the data for the following periods:

- In case of the statement of the financial position – the date as at 31.03.2022 and the comparative data as 31.12.2021 the Company additionally decided to publish comparative data as at 31.03.2021
- In case of the statement of comprehensive income and the cash flow statements – data for I quarter of 2022 that is for the period of three months ended on 31.03.2021 and the comparative data for I quarter of 2021, that is for the period of three months ended on 31.03.2021
- In case of the statement of changes in equity – the data accruing for the current financial year, that is for the period of three months ended on 31.03.2022 and the comparative data for the period of three months ended on 31.03.2021. The company decided about publication of comparative data for the previous financial year 2021 that is the period of 12 months ended on 31.12.2021

Rules adopted in drafting of the abridged interim single financial statements were presented in Note 4 to the interim abridged consolidated financial statements covered by this periodic report QSr 1/2022.

Whenever these financial statements mention "(single) profit and loss account" it is to be understood as "the single statement of comprehensive income". Whenever the financial statements mention "the balance sheet" it means "the single statement of financial position". The financial statements also interchangeably use the terms "(the single) cash flow account" and "(the single) cash flow statement".

Some financial data presented in these financial statements were rounded. Consequently, some of the totals presented in the in tables: in a given column or line may vary slightly from the total value for a given column or line

The abridged interim single financial statements do not provide all information, which is disclosed in the annual single financial statements drafted according to IFRS. These single financial statements should be read jointly with the annual single financial statements of the Company for 2021, which were published in the single periodic annual report R/2021 on 29.04.2022.

The abridged single financial statements are not subject to approval by the approving body under art. 53 of the accounting act of 29.09.1994. These abridged interim single financial statements are signed by the head of the entity, that is by the Management Board of Rainbow tours and in the event such person is named, the person which is entrusted with keeping the accounts. These abridged interim single financial statements were approved for publication and signed on 27.05.2022.

The financial statements were prepared in accordance with historic cost principle, except for financial instruments, which were measured at fair value

These abridged interim single financial statements for the financial year were drafted assuming that the Company and Rainbow Tours Group continue their business operations in the foreseeable future and does not provide any adjustments with respect to methods of valuation and classification of assets and liabilities, which could be deemed essential, if the Company was not able to continue operations in the foreseeable future. As at the date of approval of these financial statements (there are no circumstances indicating a threat to continuation of operations by the Company and the subsidiaries of Rainbow Tours Group, however, in the opinion of the Management Board there are potential threat factors linked to COVID-19 pandemic and potential risk factors linked to political and economic situation in the world caused by the unjustified military aggression of the Russian Federation in the territory of Ukraine and inflicted armed conflict, which is mentioned in note 4 of the abridged interim consolidated financial statements, which is covered by this periodic report QS 1/2022. The description of the potential impact of the above risk factors on operations of the Parent Company and actions taken by the Management Board of the Company and the assessment of the influence of this factors in relation to the operations was presented in part III "the base of preparing the consolidated financial statements" in point 3.4 and 3.5 of the annual consolidated financial statements of Rainbow Tours Group for the financial year 2021, which was published in the annual consolidated periodic report RS/2021 on 29 of April 2022.

Note 2. Information on changes in accounting rules (policies) and material changes in estimates, including adjustments of provision, deferred tax assets and liabilities, impairment of assets.

In preparation of the report the Company applied the accounting policy drafted pursuant to the provisions of the International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board as well as International Financial Reporting Interpretation Committee, in the form approved and published in EU.

In this report the Company applied the same accounting rules and calculations methods as in the last report of the Company. The detailed description of the accounting rules adopted by the Company and used in preparation of these interim single financial statements was presented in the last single annual financial statements of the Company for the financial year 2021, which were published in the consolidated annual periodic report R/2021 on 29.04.2022.

Note 3. Tangible fixed assets

	As at 31/03/2022 [not audited]	As at 31/12/2021 [audited]	As at 31/03/2021 [not audited]
	PLN'000	PLN'000	PLN'000
Own land	489	489	489
Right of use assets	32 076	28 655	27 859
Buildings	5 655	12 231	5 655
Plant and Machinery	1 276	1 219	294
Motor vehicles	1 261	1 212	1 290
Equipment	918	1 018	1 163
Fixed assets under construction / Advances for fixed assets	-	-	1 118
	41 675	44 824	37 868

The claims of Towarzystwo Ubezpieczeń Europa S.A. (Insurance Company Europa S.A) with its offices in Wrocław concerning reimbursement of amounts paid for the benefit of Marshall of Łódzkie Province linked to operations of tour operators or entrepreneurs facilitating acquisition of related tourism services, arising out of the Guarantee No GT 500/2021 of 10 of September 2021 (at the same time security for claims under insurance guarantee GT359/2020 of 8 of September 2020 amended with the attachment No 1 of 11 of August 2021 and the insurance guarantee No 400/2019 of 29 of August 2019, the Guarantee No GT 335/2018 of 24 August 2018) pursuant to the contract of 10 of September 2021 to grant insurance guarantee for tour operators or entrepreneurs facilitating acquisition of related tourism services – are secured by notarised blanket mortgage established on the first free place of the fixed assets of the Company, that is property situated at 270 Piotrkowska street, recorded in the land and mortgage register No: LD1M/00264242/0, LD1M/00264245/1, LD1M/00264246/8, LD1M/00264247/5, LD1M/00264248/2, LD1M/00264253/0, LD1M/00264254/7, LD1M/00264255/4, LD1M/00264257/8, LD1M/00264259/2, LD1M/00264263/3, LD1M/00264264/0, LD1M/00264266/4, LD1M/00187747/6, LD1M/00172644/6, LD1M/00273816/1, LD1M/00273817/8, LD1M/00273818/5, LD1M/00273819/2, LD1M/00273820/2, LD1M/00273822/6, LD1M/00273823/3, LD1M/00273824/0, LD1M/00273825/7, LD1M/00273826/4, LD1M/00273827/1, LD1M/00273843/9, LD1M/00273844/6, LD1M/00273847/7, LD1M/00273846/0, LD1M/00273845/3, LD1M/00272177/2, LD1M/00272179/6, LD1M/00272180/6, LD1M/00272181/3, LD1M/00272182/0, LD1M/00272183/7, LD1M/00272184/4, LD1M/00272185/1, LD1M/00272186/8, LD1M/00272187/5, LD1M/00272188/2 maintained for the District Court for Łódź- Śródmieście in Lodz, XVI Division of Land Register for the amount of PLN 13,518,000 (thirteen million five hundred and eighteen thousand Polish zloty), which is 120% of the value of the property presented in the appraisal reports. The value of the property at purchase price is PLN 4,506,907.10.

The company established mortgage on the property situated in Laganas, Zakynthos, Greece (the property of the Greek companies) for securing claims of Bank Gospodarstwa Domowego with its registered office in Warsaw, to repay investment loan taken by Rainbow Hotels A.E. and White Olive A.E and Rainbow Tours S.A. The value of the blanket mortgage of Rainbow Hotels A.E. is EUR 3,150 thousand and the value of the property mortgage of White Olive A.E. is EUR 13,900. Fixed assets held for sale did not occur.

Note 4. Receivables

	As at 31/03/2022 [not audited]	As at 31/12/2021 [audited]	As at 31/03/2021 [not audited]
	PLN'000	PLN'000	PLN'000
Trade receivables	24 602	24 518	15 295
Allowance for bad debt	(3 843)	(3 843)	(3 843)
Net trade receivables	20 759	20 675	11 452
The remaining receivables			
Other receivables	24 078	4 254	1 626
Other receivables – deposits and bank deposits	18 857	18 856	10 818
Other receivables – advances paid - hotels	182 446	130 561	228 668
Allowance for other bad debt – advances paid - hotels	(2 946)	(2 946)	(7 946)
Other receivables – advances paid - air transport	10 477	10 477	1 660
cash and cash equivalents – settlements	5 316	2 531	730
	238 228	163 733	247 008
Fixed assets	20 403	20 402	12 384
Current assets	238 584	164 006	234 624
Total	258 987	184 408	247 008

the table below presents receivables and movement in allowance for bad debt.

	The period of 3 months ended on 31/03/2022 [not audited]	The period of 3 months ended on 31/12/2021 [audited]]	The period of 3 months ended on 31/03/2021 [not audited]]
	PLN'000	PLN'000	PLN'000
Opening balance	3 843	3 843	11 789
Allowance for bad debt	-	-	-
Allowance for other bad debt – advances paid – hotels –	-	-	-
Amounts recovered during the year	-	-	-
Reversal of allowance for bad debt	-	-	-
Unwind of discount	-	-	-
Closing balance	3 843	3 843	11 789

Note 5. Other financial assets

	As at 31/03/2022 [not audited]	As at 31/12/2021 [audited]	As at 31/03/2021 [not audited]
	PLN'000	PLN'000	PLN'000
Derivatives designated and effective as hedges recognised in fair value.			
Exchange forward contracts	360	46	2 778
	360	46	2 778
Lending recognised at amortised cost			
Lending to related parties	300	300	300
Lending to other parties	-	-	-
	300	300	300
Total	660	346	3 078
Current assets	660	346	3 078
Fixed assets	-	-	-

	As at 31/03/2022 [not audited]	As at 31/12/2021 [audited]	As at 31/03/2021 [not audited]
	PLN'000	PLN'000	PLN'000
	660	346	3 078

* The company granted a short-term loan on terms comparable to commercial bank loans to a subsidiary.

Note 6. Other assets

	As at 31/03/2022 [not audited]	As at 31/12/2021 [audited]	As at 31/03/2021 [not audited]
	PLN'000	PLN'000	PLN'000
Prepaid expenses			
Costs of package travel off season *	24 970	44 464	10 281
Costs of catalogues off season	364	46	208
Commission off season **	1 059	961	142
Insurance off season	917	1 479	518
Other off season TFP commission	1 895	1 950	2 356
	<u>29 205</u>	<u>48 900</u>	<u>13 505</u>
Current assets	29 205	48 900	13 505
Fixed assets	-	-	-
	<u>29 205</u>	<u>48 900</u>	<u>13 505</u>

* Costs of package travel in the next season refer to accounted for charges, which are not yet paid for, but will be paid according to the schedule of package travel

** costs of commission are presented in the period, when the services have not been yet provided - according to schedule of package travel

Note 7. Cash and cash equivalents

	As at 31/03/2022 [not audited]	As at 31/12/2021 [audited]	As at 31/03/2021 [not audited]
	PLN'000	PLN'000	PLN'000
Cash in hand and cash at bank	80 128	82 941	24 439
	<u>80 128</u>	<u>82 941</u>	<u>24 439</u>

Note 8. Deferred tax assets and liabilities

Deferred tax	The period of 3 months ended on 31/03/2022 [not audited]	The period of 3 months ended on 31/12/2021 [audited]]	The period of 3 months ended on 31/03/2021 [not audited]]
	PLN'000	PLN'000	PLN'000
Deferred tax assets	7 458	8 408	9 371
deferred tax asset – accounted for equity	-	(950)	-
deferred tax liabilities - accounted for profit or loss	(6)	(6)	(24)
Deferred tax liabilities – accounted for equity	(68)	(9)	(528)
Balance of deferred tax	<u>7 384</u>	<u>7 443</u>	<u>8 819</u>

Note 9. Bank loans, bank credits and lease liabilities

	As at 31/03/2022 [not audited]	As at 31/12/2021 [audited]	As at 31/03/2021 [not audited]
	PLN'000	PLN'000	PLN'000
Hedged – according to amortised cost			

	As at 31/03/2022 [not audited]	As at 31/12/2021 [audited]	As at 31/03/2021 [not audited]
	PLN'000	PLN'000	PLN'000
overdrafts	38 551	10 000	55 935
Bank credits	10 000	-	12 000
Loans from other entities of PFR - Polish Development Fund	-	-	24 911
Transfer of receivables	-	-	-
Financial lease liabilities	621	614	777
Right of use liabilities	25 873	28 655	20 544
	75 045	39 269	114 167
short-term liabilities	58 996	20 494	64 792
long-term liabilities	16 049	18 775	49 375
	75 045	39 269	114 167

The Company uses means of transport under finance lease contracts. The average lease contract term is 3 years. The entity can purchase leased equipment for its nominal value as at the end of contract. Company's liabilities arising from lease contracts are secured by lessors' rights to assets under the contract. Lease liabilities introduced according to IFRS 16 (the standard covers lease contracts for premises) were recognized in the comparative data.

As at 31.12.2022 the company used bank credits (the overdraft and the revolving credit) in the total amount of PLN 48,551 thousand. As at 31.12.2021 the Company used revolving credit for the total amount of PLN 10,000 thousand. As at 31.03.2021 the company used bank credits (the overdraft and the revolving credit) in the total amount of PLN 67,935 thousand.

The detailed information on bank credits and credit agreements are provided in point 10 Part VI of these financial statements titled "Information of the Management Board on operations of Rainbow Tours Group and Rainbow Tours Joint Stock Company" and also in Note 26 and Note 46 to the single annual financial statements of the Company for the financial year 2021, which were also published in the single annual report R/21 on 29.04.2022.

Note 10. Trade payables and other payables

	As at 31/03/2022 [not audited]	As at 31/12/2021 [audited]	As at 31/03/2021 [not audited]
	PLN'000	PLN'000	PLN'000
Trade payables	64 953	75 700	31 897
Payroll liabilities	3 205	3 347	2 031
Other liabilities – accounts receivables and payables from purchase of shares	2 600	2 600	2 600
Other liabilities – recorded after the balance sheet date	-	-	-
Other liabilities – remaining	3 297	8 001	3 926
Total	74 055	89 648	40 454

Note 11. Provisions and other liabilities

	As at 31/03/2022 [not audited]	As at 31/12/2021 [audited]	As at 31/03/2021 [not audited]
	PLN'000	PLN'000	PLN'000
Employee benefits (i)	1 058	1 058	902
Employee benefits (ii)	145	145	221
Other provisions	56	56	56
Other provisions – estimated costs of airplanes and hotels (iii)	41 870	4 000	20 600
other provisions – estimated costs of marketing	-	-	-
other provisions – estimated costs - other	2 980	1 760	-
	46 109	7 019	21 779

	As at 31/03/2022 [not audited]	As at 31/12/2021 [audited]	As at 31/03/2021 [not audited]
	PLN'000	PLN'000	PLN'000
Short-term provisions	45 964	6 874	21 558
Long-term provisions	145	145	221
	46 109	7 019	21 779

(i) Provision for employee benefits covers annual holiday leaves, accrued holiday entitlements and employee claims to remuneration. Increase in provision arise on calculated amounts of employee benefits estimated as at the balance sheet date

(ii) Provision for employee benefits covers retirement pays, if any, which the company will be obliged to pay out in case of retirement of employees

(iii) Provisions for costs of airplanes and hotels estimated based on comparative analysis of budget costs with documents. The proven budget costs should be considered as costs incurred in the period.

Note 12. Deferred income

	As at 31/03/2022 [not audited]	As at 31/12/2021 [audited]	As at 31/03/2021 [not audited]
	PLN'000	PLN'000	PLN'000
Advances paid by customers	141 255	145 978	95 517
liabilities towards customers taken over by Insurance Guarantee Fund	42 745	44 003	46 937
Liabilities towards customers	-	-	-
	184 000	189 981	142 454
short-term	148 798	152 893	102 432
long-term	35 202	37 088	40 022
	184 000	189 981	142 454

Note 13. Sales revenue

	The period of 3 months ended on 31/03/2022 [not audited]	The period of 3 months ended on 31/03/2021 [not audited]
	PLN'000	PLN'000
Revenue from sales of package travel	314 798	75 169
Other revenue	1 018	198
	315 816	75 367

Note 14. Costs by type

	The period of 3 months ended on 31/03/2022 [not audited]	The period of 3 months ended on 31/03/2021 [not audited]
	PLN'000	PLN'000
Amortization and depreciation	4 037	2 917
Consumption of raw and other materials	567	155
Outsourcing	287 617	71 176
costs of employee benefits	14 165	7 795
Taxes and charges	363	172
Other costs	12 401	1 601
Other – other operating costs	-	-
	-	-
Total	319 150	83 816

Note 15. Other operating revenue/ operating costs

Other operating revenue	The period of 3 months ended on 31/03/2022 [not audited] PLN'000	The period of 3 months ended on 31/03/2021 [not audited] PLN'000
profits on sale of assets		
profits on sale of fixed assets	-	48
Profits on sale of investment property	-	-
	-	48
Derecognized impairment loss:	-	-
Intangible assets	-	-
Tangible fixed assets	-	-
Financial assets	-	-
Trade receivables	-	-
Other	-	-
	-	-
Other operating revenue		
Profit on measurement of investment property	-	-
Subsidies	-	1 637
Other	13	15
	13	1 700

Other operating costs	The period of 3 months ended on 31/03/2022 [not audited] PLN'000	The period of 3 months ended on 31/03/2021 [not audited] PLN'000
Loss on sale of assets		
loss on sale of fixed assets	-	-
loss on sale of investment property	-	-
	-	-
Recognized impairment		
Goodwill	-	-
Intangible asses	-	-
Tangible fixed assets	-	-
Financial assets	-	-
Trade receivables	-	-
Other	-	-
	-	-
Other operating costs		
loss on measurement of investment property	-	-
cost of liquidation of fixed assets and current assets	-	-
Other – complaints	164	175
Other	87	119
	251	294

Note 16. Revenue/financial costs

	The period of 3 months ended on 31/03/2022 [not audited] PLN'000	The period of 3 months ended on 31/03/2021 [not audited] PLN'000
Lease revenue		
contingent revenue from finance lease	-	-
revenue from operating lease	-	-
On investment property	-	-
Contingent revenue from operating lease *	-	-
	-	-
Interest revenue		
Bank deposits	112	-
Other loans and receivables	-	-
	-	-
Total	112	-

Financial revenue analysed by categories of assets

	The period of 3 months ended on 31/03/2022 [not audited] PLN'000	The period of 3 months ended on 31/03/2021 [not audited] PLN'000
Interest revenue		
Assets valued at amortised cost (cash on hand, bank deposits and lending)	112	-
Investments held to maturity	-	-
Interest revenue from financial assets, which are not intended for measurement at WSE	112	-
financial revenue from non-financial assets	-	-
	-	-
Total	112	-

Interest costs:	The period of 3 months ended on 31/03/2022 [not audited] PLN'000	The period of 3 months ended on 31/03/2021 [not audited] PLN'000
Interest on credits and overdrafts (except for those obtained from related parties)	204	280
Interest on credits and overdrafts obtained from related parties.	-	-
Interest on financial lease liabilities	5	7
Other interest costs	61	76
	-	-
Total interest costs on financial liabilities measured on WSE.	270	363
	-	-
Less amounts recognized in costs of assets eligible for capitalization	-	-
	270	363
Other financial costs		
other financial costs - costs of guarantees	508	231
Discount	-	-
	-	-
	778	594

Note 17. Income tax

Income tax	The period of 3 months ended on 31/03/2022 [not audited]	The period of 3 months ended on 31/03/2021 [not audited]
	PLN'000	PLN'000
Gross profit (loss)	(4 238)	(7 637)
Permanent differences increasing the tax base	-	-
Temporary differences in the tax base	-	-
Tax base	(4 238)	(7 637)
Tax at the rate of	19%	19%
Tax losses offset with an asset	-	-
Current tax	-	-
Deferred tax	805	1 451
Income tax recognised in the account	805	1 451
effective tax rate	0%	0%

IV. INFORMATION OF THE MANAGEMENT BOARD ON OPERATIONS OF RAINBOW TOURS GROUP AND RAINBOW TOURS JOINT STOCK COMPANY.

The issuer pursuant to § 62 section 6 of the Regulation of the Minister of Finance of 29 of March 2018 on current and period information transferred by issuers of securities and conditions of recognizing as equivalent information required by provisions of law of non-member state (Journal of Laws of 2018, item 757) drafts Management Board's reports on operations of Rainbow Tours Joint Stock Company and Rainbow Tours Group as one document covered by this point IV "Information of the Management Board on operations of Rainbow Tours Group and Rainbow Tours Joint Stock Company".

1. Brief description of significant achievements or failures of Rainbow Tours Group and the Issuer in the period covered by the report with the list of the most important events for them.

Tour operator activities are concentrated mainly in the Parent Company, and operations of the companies of Rainbow Tours Group are significant, although they are only auxiliary and supporting to operations of the Parent Company. Rainbow Tours as a Parent Company is responsible for preparing strategy of operations of the Group and monitoring of its implementation, as well as obtaining borrowings for subsidiaries.

The description of operations currently pursued by the subsidiaries in Rainbow Tours Group.

- "My Way by Rainbow Tours" Sp. z o.o.,
- White Olive A.E. (joint stock company operating under Greek law),
- White Olive Premium Lindos A.E. (joint stock company operating under Greek law),
- Rainbow Tours Destination Services Turkey Turizm Ve Seyahat Hizmetleri A.S. (joint stock company operating under Turkish law)

All above mentioned subsidiaries are consolidated and are covered by the consolidated financial statements of the Rainbow Tours Group for I quarter of 2022.

activities of tour operators, hotel operations

Rainbow Tours Group, mainly through operations of the Parent Company of the Group, that is through operations of Rainbow Tours S.A., concentrates primarily on organization and sale of own tourism services. It also sells flight, coach and ferry tickets. Extraordinarily profitable package tours, exotic holidays and exotic package tours play a vital role in its offer. The gradually expanding segment of operations covers hotel services in own hotels or hotels leased on long-term lease by Greek subsidiaries: White Olive A.E. and White Olive Premium Lindos A.E. The joint stock companies operating under Greek law White Olive A.E. and White Olive Premium Lindos A.E. are owners of hotel properties or they lease hotel properties on long term and provide hotel services for Rainbow Tours and other tour operators. White Olive A.E. pursues hotel operations and is an owner of two hotel properties and additionally a lessor of the hotel property in Greece on Zakynthos Island, moreover White Olive is an owner of the hotel property in Greece on Crete. White Olive Premium Lindos A.E. is an owner of a hotel property in Pefkos on the Greek island Rhodes. The plans of operations of the Group cover further expansion of the segment of own hotels. Investment in development of own hotel base does not only create possibility to create and manage the product but also allows to obtain higher and stable financial results. Development of the hotel chain will enable to earn higher margin on sales by the Group.

Rainbow Tours has been operating on Polish tourism market for around 30 years and as a company limited by shares from 2003. In the last published ranking of tour operators (package holidays) for 2019 the company was ranked third among of the biggest tour operators operating in Poland, that is with Biuro Podróży Itaka and TUI Poland Sp. z o.o.; and those three biggest entities on the tourism market earned 75% of revenue from package holidays (offered by tour operators) in 2019. The last published ranking of tour operators for 2020 (2021 Ranking, Tour Operators. Protection of capital in destructively changing environment. Confirmed data for 2020". Wiadomości Turystyczne (Tourism News), special edition, June 2021) ranks Rainbow tours at the second place among tour operators on the Polish market, following Biuro Podróży Itaka (the data on TUI Poland Sp. z o.o. we're not available as at the date of publishing the ranking) and considering the data about volume of sales of TUI Poland Sp. z o.o. for the financial year 2019/2022 TUI Poland becomes the leader of sales of package trips and tours (considering revenue) and Rainbow Tours S.A. is ranked third among tour operators on the Polish market (considering revenue).

Portfolio of products of the Parent Company covers package holiday to more than 100 countries with flights to over 150 destinations. In 2019 the offer of the Parent Company was purchased by 491 thousand customers. Due to SARS-CoV-2 pandemic in 2020, which was a year affected by unprecedented crisis i.e. in tourism industry accompanied by bans to travel, travel and other restrictions which were compulsory all over the world and in localizations of holiday destinations covered by the offer of the Company (which in practice did not operate in the period from half of March to June 2020) the number of customers of the Parent Company came to just 100 thousand that is around 20% of customer for package holidays in 2019 (491 thousand of customers). In 2021 the

market conditions were less restrictive than in 2020 (due to SARS-CoV-2 pandemic) and the company managed to restore its base of customer, which purchased offer of Rainbow Tours in that year – that was jointly 335,2 thousand customers in 2021.

The Group is financially stable (activities of tour operators are concentrated in the Parent Company) due to substantial variations in destinations and 50% share of sales through own distribution channels.

In the financial years 2020 and 2021 the most significant and basic factor (in this case: internal) which had substantial effect on development of the business of the Issuer and as a whole on operations of Rainbow Tours Group was SARS-CoV-2 pandemic and its effects, which have direct and indirect impact on tourism industry in general, also when it comes to global economy affected by adverse effects of the pandemic, limitations and restrictions introduced to prevent infections and COVID-19 disease. In 2021 one could see gradual coming to terms with the pandemic, and its gradual extinguishing after occurrence of subsequent waves of the pandemic.

In the reporting period covered by these financial statements (I quarter of 2022) and also after the balance sheet date (31.03.2022) up to the date of approval of this report for publication (27.05.2022) the significant factor and event, which had and can have in the future impact on development of Rainbow Tours Group in the current financial year 2022, is unjustified military aggression of Russian Federation in Ukraine starting from 24.02.2022 and inflicted military conflict. The Management Board of the Parent Company points to potential impact of risk related to political and economic situation in the world due to the said armed conflict (and its joint or particular potentially negative effect on liquidity, property, and margin for the Parent Company and the companies of the Group.

- persistent long-term and medium-term unfavourable level of prices on the fuel market in short-term and medium-term perspective the Parent Company introduces provisions to use average prices from earlier periods to charter contracts and uses calculation buffers, which use fuel prices higher than the market prices at a given moment.
- destabilization and rise of exchange rates, in particular linked to weakening of Polish zloty (PLN) against settlement currencies: American dollar (USD) and euro (EUR).

which can potentially lead to reduced levels of profitability of package holidays sold and of business operations and thus to reduction of the amount of net cash flows and increased demand for borrowings, negative changes in terms of financing or limitation in bank financing.

The offer of products sold by the Parent Company at the territory of Russia and Ukraine has insignificant volume (mainly package tours) and it wasn't a material share of sales of the Company. The Parent Company cancelled/suspended all travel programmes operating in the territory of Russian Federation, which were planned for 2022 and the years to come. Moreover, the Company cancelled/ suspended offers of flights covering any connections executed by Russian airlines Aeroflot and Rossiya and cancelled/suspended offers of hotel accommodation at the territory of the Russian Federation and hotels with capital ties to Russia in other countries in the world.

The situation in Ukraine does not affect Rainbow's flight program. All flights take place without changes. Charter planes do not have set routes and do not fly over Ukraine or Russia. Also, package travel planned with the use of airline connections of: Emirates, Lufthansa, KLM, Air France, Fly Dubai or Turkish Airlines are executed on routes, which do not take place over the territory of Ukraine and Russia.

Due to these factors the Management Board of the Company believes that, as at the date of approval of this report for publication, the factors can considerably affect perspective of travel services market in Poland and in the world in 2022 (and indirectly in the years to come) and that they will have basic impact on development of the business of the Parent Company and the Group in current financial year 2022 are as follows:

- The scale and the impact on the period of occurrence of negative effects, expectations or forecasts regarding possibility that the war in Ukraine will escalate and that will have effect on operation of Polish and global economy, linked to e.g. consumer moods, rise in fuel prices in longer term (e.g. imposing embargo on energy products from Russia an energy sources by Polish government and other countries of the European Union and the effect on that policy on the rise of energy prices on global scale or European scale) and long-term negative impact of the conflict on the exchange rate of Polish zloty against euro and American dollar (currencies that are important for the Issuer)
- The scale and period of occurrence of SARS-CoV-2 pandemic and COVID-19 infections, and also the pace of “defrosting” operations of tour operators and businesses in the industry and related to tourism industry after potentially subsequent waves of pandemic and the pace of restoring norm in such situation (extinguishing restrictions or introduction of solutions to gradually lift them), the scale of the effect will be dependent on occurrence of different scenarios of development and period of the crisis on travel market in the world. (And also, potential occurrence of the following wave of SARS-CoV-2 pandemic in

the autumn and winter season in 2022, however with lower impact of the pandemic on operations of the Group, for which so called "high season" and the most significant revenue and financial performance takes place in summer months from May to September of the calendar year).

Potentially lower trust of the Polish people to travel due to worsening moods caused by armed conflict and the war in Ukraine (or possibility of another wave of SARS-CoV-2 pandemic) were recorded in the initial period, directly after the start of the military aggression. In subsequent months level of sales and advanced sales recorded by the Group have gradually recovered to the levels expected for so called "normal" conditions of running a tourism business.

The above factors may have impact on development of the tour operators' industry, as much as growing inflation, rising interest rates, which can lead to economic stagflation and growing prices of crude oil, which have direct impact of the prices of flight tickets. Negative factors may affect the postponing of the decision to travel abroad for later.

DESCRIPTION OF BASIC ECONOMIC AND FINANCIAL DATA

In I quarter of 2022 the level of revenue – after rise in the period of January and until last ten days of February 2022 -was influenced predominantly by negative consumer moods linked to start of unjustified military aggression of Russian Federation in Ukraine (starting from 24.02.2022), which affected March 2022.

Thus revenue of Rainbow Tours S.A. in I quarter of 2022 rose by 319.0% against the comparative period of I quarter of 2021 (I quarter of 2021 was the period, in which effect of limitations and restrictions linked to SARS-CoV-2 had strong effect on level of revenue), while the detailed presentation of the level of revenue of the Company shows that revenue from sales of package travel in I quarter of 2022 went up against the data for I quarter of 2021 by around 318.8% and in the segment "other sales revenue" rose by around 414.1%. The table below provides specification of revenue of the Parent Company.

structure of revenue of the Company	2022	2021	Change	%
	January – March	January – March		
	PLN'000	PLN'000	PLN'000	
1	2	3	4=2-3	5=4/3
revenue from sales of package holiday	314 798	75 169	239 629	318,8%
Other revenue	1 018	198	820	414,1%
Total revenue	315 816	75 367	240 449	319,0%

the table below presents revenue of the Parent Company from sales of package travel in individual sales channels.

Description	2022		2021		Dynamics
	January – March	Structure	January – March	Structure	
	PLN'000		PLN'000		%
Sales through agents	130 363	41.4%	36 456	48.5%	93 907
Sales through retail offices and Call Centre	157 871	50.1%	35 130	46.7%	122 741
Other	26 564	8.5%	3 583	4.8%	22 981
Total	314 798	100.0%	75 169	100.0%	239 629

Cost of sales of sold package travel in the reporting period of I quarter of 2022 came to 283,683 thousand, up by 334.9% from the similar item in the period of I quarter of 2021 (PLN 65,222 thousand). Higher dynamics of rising cost of sales was predominantly affected by rise of exchange rates in March 2022. Gross profit on sales (margin on sales) earned in I quarter of 2022 came to PLN 32,133 thousand and growth dynamics came to a 216.7% (in the period of I quarter of 2021 gross profit on sales came to just PLN 10,145 thousand). Administrative costs of the Company in the reporting period of I quarter of 2022 came to PLN 35,467 thousand, up by PLN 16, 873 thousand from this category of costs incurred in I quarter of 2021 (PLN 18,594 thousand), which means growth dynamics of 90.7%.

the table below presents specification of administration costs of the Parent Company.

Administration costs	2022	2021	Change	%
	January – March	January – March		
	PLN'000	PLN'000	PLN'000	
1	2	3	4=2-3	5=4/3
Selling costs	26 964	13 779	13 185	95.7%
Overheads	8 503	4 815	3 688	76.6%
Total cost of operations	35 467	18 594	16 873	90.7%

The Parent Company classifies commission paid to agents cooperating with the Issuer, marketing costs and cost of own distribution channels (traditional offices and call centre) in selling costs. Selling costs in the reporting period of I quarter of 2022 came in total to PLN 26,964 thousand - up by as much as PLN 13,185 thousand than the amount incurred in the period of, I quarter of 2021 (PLN 13,779 thousand). In 2021 the Company substantially limited cost of marketing and introduced a number of programmes to reduce costs, that is reduction of salaries, subsidizing salaries from subsidy programmes and reductions of lease costs in shopping centres.

The Company in I quarter of 2022 made a loss on operations, which is defined as operating margin (EBIT) and came to (-) PLN 3,572 thousand and in the comparative period of I quarter of 2021 it came to 10.17% (in the period of 1 quarter of 2021 the ratio came to 13.46%)

As a consequence of significant suppression of costs of sales (which previously rose) at the end of February 2022 due to start of the armed conflict in Ukraine by Russian Federation and loss of interest in purchasing package travel, the Parent Company in I quarter of 2022 made single net loss in the amount of (-) PLN 3,433 and in the same period of 2021 (the period of limitations and restrictions linked to COVID-19 pandemic) the Parent company made a net loss in the amount of (-) PLN 6,186 thousand. The net margin (for the Company, which is the ratio of net performance to sales revenue in the period in question of I quarter of 2022 came to PLN 465 thousand and was higher than in the similar period of 1 quarter of 2021, when the single EBIDTA came to (-) PLN 4,126 thousand. It should be mentioned that costs of borrowing for I quarter 2021 reduced net performance of the Company.

Revenue of Rainbow Tours Group in I quarter of 2022 rose by 318.7%, and detailed presentation of this item (revenue of the Group) shows that the value of revenue from sales of package travel rose in the period (against the same period of 2021) by 318.6%, also in the category – sales revenue - other, which rose by 357.0%. It should also be mentioned that because of seasonality in operations of hotels “hotel companies” (White Olive A.E., White Olive Premium Lindos A.E.) do not earn revenue in I quarter of the calendar year and they only incur operating costs.

The table below presents specification of revenue of the Group.

Structure of revenue of the Group	2022	2021	Change	%
	January – March	January – March		
	PLN'000	PLN'000	PLN'000	
1	2	3	4=3-2	5=4/3
Revenue from sales of package travel	314 656	75 169	239 487	318.6%
Revenue from sales of hotel services	-	-	-	0.0%
Sales revenue – other	1 106	242	864	357.0%
Total revenue	315 762	75 411	240 351	318.7%

Gross profit on sales, defined as gross profit margin in the period of I quarter of 2022 came to PLN 30,029 thousand while in the comparative period of I quarter of 2021 the amount of margin earned came to PLN 8,643 thousand. Gross margin on sales for the period in question of I quarter of 2022 came to 9.51 % 9 (after I quarter of 2021 the ratio came to 11.46%).

the below table presents specification of administration costs of the Group.

Administration costs of the Group	2022	2021	Change	%
	January – March	January – March		
	PLN'000	PLN'000	PLN'000	
1	2	3	4=2-3	5=4/3
Selling costs	27 923	14 191	13 732	96.8%
Overheads	9 625	5 566	4 059	72.9%
Total	37 548	19 757	17 791	90.0%

Net margin for the Group, which is the relation of net performance to sales revenue in the period in question came to (-) 2.48%, and in the period of I quarter of 2021 the ratio came to (-) 12.23%.

I quarter of 2022 is the time of preparation for “Summer 2022 “season. The subsidiary White Olive A.E. - for the period of I quarter of 2022 - made a net loss in the amount (-) PLN 4,313 thousand [for the period of I quarter of 2021 the loss came to (-) PLN 2,565 thousand]. The result is expected and normal seasonal occurrence, when the said subsidiary incurs costs without generating yet revenue (hotel operations typically covers months from May to October of the calendar year). The basic factor, which affect the amount of the loss incurred by the subsidiary White Olive A.E. in I quarter of 2022 (higher than in the similar quarter of 2021) is linked to the amount of amortization write-offs but also rise in salaries in 2022 (I quarter of 2021 was still the period of pandemic and lack of information when the Greek governments will unblock tourism industry).

Cost of amortization in I quarter of 2022 came to PLN 6,556 thousand and in the comparative period of I quarter of 2021 the amount of amortization costs came to PLN 4,912. EBIDTA for the period in question of I quarter of 2022 came to (-) PLN 1,291 thousand and in the comparative period of I quarter of 2021 – (-) PLN 4733 thousand.

The above facts affected decrease in the amount of the consolidated result of Rainbow Tours Group for I quarter of 2022 [in the period in question of I quarter of 2022 the consolidated net loss came to (-) PLN 7.841 thousand] and against the consolidated net loss for quarter of 2021, which closed with the amount of PLN 9,223 and that means reduction in the level of loss (period on period). Net consolidated loss for I quarter of 2022 is higher against single net result for I quarter of 2022 (-) PLN 4,408.

As at 31.03.2022 the amount of revolving credits (without investment loan) came to the amount of PLN 108,215 thousand, while cash amounted to PLN 81,327. Considering total financial engagement, that is subsidy loans granted by agencies of the Polish and Greek governments as well as right of use liabilities and lease liabilities, total financial debt as at 31.03.2022 came to PLN 147,300 thousand. As at the last day of I quarter 2022 the amount of cash held by the Group is substantially higher than at the end of I quarter of 2021.

My Way by Rainbow Tours

The operations of “My Way by Rainbow Tours” Sp. z o.o. are supplementary to basic activities of the tour operator. The company concentrate on organizing and providing training for travel couriers, leisure time animators, and holiday representatives under the Rainbow Academy project [website: <http://akademiarainbow.pl/>]. “My Way by Rainbow Tours” Sp z o.o. earned single net profit in the amount of PLN 4 thousand in the period in question of I quarter of 2022 [for the comparative period of I quarter of 2021 “My Way by Rainbow Tours” Sp. z o.o. earned single net loss in the amount of (-) PLN 6 thousand.

Hotel business White Olive A.E. and White Olive Premium Lindos A.E.

The Group pursues the plan of expanding own and leased (managed) chains of hotels [it started in 2015] by the companies of Rainbow Tours Group and that is the main area of operations of the Company apart from tour operator activities pursued by the Parent Company.

Owing to implementation of the policy of expanding tourism services in hotels owned by companies of Rainbow Tours Group or leased on long-term lease the Parent Company intends to control the service of customers from the stage of organization (preparation of a product) to the moment of purchase of package travel (own network of sales, call centre and website) until accommodating of a customer in holiday destinations. Investing in expansion of own chain of White Olive hotels is an element of the strategy of Rainbow Tours Group for the years come to. Own hotel base not only offers broader opportunity to create and manage the product but it also helps to earn higher and stable financial result. The expansion of own hotel chain will allow to earn higher margin on sales.

In 2018 the Group signed with Bank Gospodarstwa Krajowego the investment loan contract in the amount of EUR 15,500 thousand and at the same implement's previous strategy of investing in hotel segments.

(As a Partner) with its subsidiary forming Rainbow Tours Group, that is a joint stock company operating under Greek law under business name White Olive A.E. with registered office in Athens, Greece "White Olive A.E." with Fundusz Ekspansji Zagranicznej A Closed-End Fund ("the Fund"), which is entered into register of investment funds maintained by Regional Court in Warsaw VII Civil and Registry Division under No RFI 1162 and managed by PFR Towarzystwo Funduszy Inwestycyjnych (PFR an Investment Fund Company) a joint stock company with its registered office in Warsaw, which is a part of Polish Development Fund Group, an investment contract ("the Contract" or "the Investment Contract") to invest in participation of the Fund, jointly with the Company (as a Partner) in White Olive A.E. to finance growth of operations in respect of provision of tourism services in hotels owned by White Olive A.E. or managed by the respective entity on a long term lease. In 2021 the said investment and expansion plans regarding hotel operations were implemented. On 30.03.2021 the parties to the investment loan contract started to finalize investment and in consequence of subscribing shares in the increased share capital of White Olive A.E. the share of share capital of White Olive A.E., which belongs to the Fund and the Issuer is follows (i) the Fund holds shares of White Olive A.E., which is 34.02% of the share in total number of votes at the General Meeting of Shareholders of White Olive A.E. (ii) the issuer (Rainbow Tours S.A.) holds shares of White Olive A.E., which constitute 65.98% of the share in total number of votes in the General Meeting of Shareholders of White Olive A.E.

The Funds obtained by White Olive A.E. due to the increase in the share capital were used for financing the purchase and general upgrading of the hotel previously leased on the long-term and managed by White Olive A.E., the hotel operates under the name "White Olive Elite Rethymno" and situated in Sfakaki on Crete in the neighbourhood of the town Rethymno.

Currently, the chain of own hotels operating under the brand White Olive on the long-term lease has 5 hotels, including: three hotels situated on the Greek island Zakynthos (two four-star hotels and one five-star hotel), the five-star hotel situated in Sfakaki on Crete and a four-star hotel situated in Pefkos in the Greek island Rhodes. The current list of hotels operating under White Olive brand (including own hotels and the hotel managed on long-term lease) was provided in the note 2 "Description of the organization of the Issuer's Group with indication of consolidated entities" to these abridged consolidated financial statements of Rainbow Tours Group for I quarter of 2022 above.

Result (loss) of White Olive Premium Lindos A.E. for I quarter of 2022 closed in the amount of PLN 177 thousand (in the period of I quarter of 2021, when the Issuer's subsidiary did not operate; White Olive Premium Lindos recorded loss in the amount (-) PLN 286 thousand.

ALTERNATIVE MEASUREMENT OF PERFORMANCE – SELECTED FINANCIAL RATIOS

When making (in respect of information of the Management Board of the Parent Company on operations of Rainbow Tours and Rainbow Tours Group) assessment and description - for reported financial data, situation and financial performance of the Parent Company and the Group, the Management Board also reflect so called Alternative Performance Measures; "APM", which are not usually reported in financial reporting according to IFRS, or which elements are not directly available in standard reports and /or notes. These are measurements calculated on the base of information from financial reports drafted in accordance with IFRS

APM is consistent with the manner, in which the Management Board measures and assess results of the Group and the Company in internal management accounting and is helpful for presenting a financial situation and operations, and also it makes it easy to analyse and assess results of the Group, both for internal needs as well as those in external contacts with financial analytics, potential investors, shareholders and institutions (which finance operations of Rainbow Tours Group). The respective ratios supplement financial data, provide - for users of reports, additional information on financial situation and performance of Rainbow Tours Group and the Parent Company.

The Management Board analyses the performance of the Company and the Group using key efficiency ratios such as EBIT, EBIT margin and EBITDA. However, it should be taken into consideration that these are not ratios defined under IFRS and do not constitute standardized measures, and that is why the manner, in which they are calculated, might differ among different entities on the market. According to the guidelines published by ESMA in respect of Alternative Performance Measures (ESMA/2014/2015) the list below presents definitions of alternative performance measurements used by Rainbow Tours Group and agreement in respect of the data presented in financial statements drafted according to International Financial Reporting Standards.

Measure: EBIT

Definition: The Company defines EBIT as “profit/(loss) on operations”

Measure	Single data		Consolidated data	
	from 01/01/2022 to 31/03/2022	from 01/01/2021 to 31/03/2021	From 01/01/2022 to 31/03/2022	From 01/01/2021 to 31/03/2021
	PLN'000	PLN'000	PLN'000	PLN'000
EBIT = profit / (loss) on operations	(3 572)	(7 043)	(7 847)	(9 645)

Measure: Gross Margin

Definition: gross margin is defined as ratio of profit/loss on sales to sales revenue. The measure is expressed in per cent.

Measure	Single data		Consolidated data	
	from 01/01/2022 to 31/03/2022	from 01/01/2021 to 31/03/2021	From 01/01/2022 to 31/03/2022	From 01/01/2021 to 31/03/2021
	PLN'000	PLN'000	PLN'000	PLN'000
Sales revenue	315 816	75 367	315 762	75 411
Gross profit/loss on sales	32 133	10 145	30 029	8 643
Gross Margin	10.17%	13.46%	9.51%	11.46%

Measure: EBITDA

Definition – it is the main measure of operating margin used by the Management board and reflects the profit on operations before amortization and impairment of fixed assets.

Measure	Single data		Consolidated data	
	from 01/01/2022 to 31/03/2022	From 01/01/2021 to 31/03/2021	From 01/01/2022 to 31/03/2022	From 01/01/2021 to 31/03/2021
	PLN'000	PLN'000	PLN'000	PLN'000
[A] Profit (loss) on operations	(3 572)	(7 043)	(7 847)	(9 645)
[B] Amortization (in plus)	4 037	2 917	6 556	4 912
EBITDA = [A] + [B]	465	(4 126)	(1 291)	(4 733)

Measure: financial debt

Definition: it is a measure of the level of debt used by the Management Board in respect of the financial sector (banks, leasing companies). The manner of calculating of the financial debt is not defined in IFRS, the methodology adopted by the Group is presented below:

Measure	Single data		Consolidated data	
	from 01/01/2022 to 31/03/2022	From 01/01/2021 to 31/03/2021	From 01/01/2022 to 31/03/2022	From 01/01/2021 to 31/03/2021
	PLN'000	PLN'000	PLN'000	PLN'000
[A] Overdrafts	38 551	55 935	38 551	55 935
[B] Revolving credits	10 000	12 000	10 000	12 000
[C] bank investment loans	-	-	57 680	66 355
[D] financial lease liabilities	621	777	621	777
[E] Liabilities arising on subsidy loan	-	24 911	1 984	26 915
Financial Debt = [A] + [B] + [C] + [D] + [E]	49 172	93 623	108 836	161 982

Measure: Net financial debt

Definition: it is the measure of the level of debt used by the Management Board. The manner of calculating the net financial debt is not defined in IFRS; the methodology adopted by the Group is presented below

Measure	Single data		Consolidated data	
	from 01/01/2022 to 31/03/2022	From 01/01/2021 to 31/03/2021	From 01/01/2022 to 31/03/2022	From 01/01/2021 to 31/03/2021
	PLN'000	PLN'000	PLN'000	PLN'000
[A] financial debt	49 172	93 623	108 836	161 982
[B] cash and cash equivalents	80 128	24 439	81 327	67 033
Net financial debt = [B] - [A]	30 956	(69 184)	(27 509)	(94 949)

Measure: Total Debt

Definition: it is the measure of the level of debt used by the Management Board. The manner of calculating the total debt is not defined in IFRS; the methodology adopted by the Group is presented below:

Measure	Single data		Consolidated data	
	from 01/01/2022 to 31/03/2022	From 01/01/2021 to 31/03/2021	From 01/01/2022 to 31/03/2022	From 01/01/2021 to 31/03/2021
	PLN'000	PLN'000	PLN'000	PLN'000
[A] financial debt	49 172	93 623	108 836	161 982
[B] right of use liabilities	25 873	20 544	38 464	42 169
Total debt = [A] + [B]	75 045	114 167	147 300	204 151

Measure: Net Total Debt

Definition: it is the measure of the level of debt used by the Management Board. The manner of calculating net total debt is not defined in IFRS; the methodology adopted by the Group is presented below

Measure	Single data		Consolidated data	
	from 01/01/2022 to 31/03/2022	From 01/01/2021 to 31/03/2021	From 01/01/2022 to 31/03/2022	From 01/01/2021 to 31/03/2021
	PLN'000	PLN'000	PLN'000	PLN'000
[A] total debt	75 045	114 167	147 300	204 151
[B] cash and cash equivalents	80 128	24 439	81 327	67 033
Total Debt = [B] - [A]	5 083	(89 728)	(65 973)	(137 118)

Measure: Net Margin

Definition: it is the measure of the level of efficiency of operations used by the Management Board. The manner of calculating the measure is not defined in IFRS; the methodology adopted by the Group is presented below:

Measure	Single data		Consolidated data	
	from 01/01/2022 to 31/03/2022	From 01/01/2021 to 31/03/2021	From 01/01/2022 to 31/03/2022	From 01/01/2021 to 31/03/2021
	PLN'000	PLN'000	PLN'000	PLN'000
[A] Sales revenue	315 816	75 367	315 762	75 411
[B] Net profit (loss)	(3 433)	(6 186)	(7 841)	(9 223)
Net margin = [B] / [A]	(1.09%)	(8.21%)	(2.48%)	(12.23%)

2. Unusual factors and events, which have effect on the abridged financial statements

An event, which was unusual and potentially have consequences for operations of the Parent Company and the Group that occurred in the reporting period of I quarter of 2022, was unjustified military aggression of Russian Federation in Ukraine, starting from

24.02.2022 and inflicted military conflict. The Management Board of the Parent Company sees potential impact of risk linked to political and economic situation in the world due the said armed conflict (and its total or singular adverse effect on liquidity, property situation and margin of the Parent Company and the companies in the Group. That is including on:

- persistent long-term and medium-term unfavourable level of prices on the fuel market) in short-term and medium-term perspective the Parent Company introduces provisions to use average prices from earlier periods to charter contracts and uses calculation buffers, which use fuel prices higher than the market prices at a given moment.)
- destabilization and rise of exchange rates, in particular linked to weakening of Polish zloty (PLN) against settlement currencies: American dollar (USD) and euro (EUR).

which can potentially lead to reduced levels of margin of package holidays sold and of business operations and thus, to reduction of the amount of net cash flows and increased demand for borrowings, negative changes in terms of financing or limitation in bank financing.

The description of the potential effect of risk factors on operations of the Parent Company and actions taken by the Company as well as the effect of evaluation regarding the operations was presented in point 1 of this part VI “Information of the Management Board on operations of the Rainbow Tours Group and Rainbow Tours Joint Stock Company” of these abridged consolidated financial statements of Rainbow Tours Group for I quarter of 2022 above as well as in part III: the base of preparation of the consolidated financial statements in points 3.4 and 3.5 of the consolidated annual financial statements of Rainbow Tours Group for the financial year 2021, which was published in the consolidated periodic annual report RS/2021 on 29.04.2022.

Except for the above mentioned factors, there were no other significant unusual events – in the opinion of the Management Board of the Parent Company – which could have significant effect on the interim financial statements of Rainbow Tours Group and the Parent Company for I quarter of 2022, however, the Management Board of the Company thinks that macroeconomic factors could have such effects (rising inflation, rising interest rates, which can potentially give rise to economic stagnation) and, which in the reporting period could have relatively small effect, and in the future they will affect development of tourism industry, including effect on postponing decisions to go on holiday by potential customers for later.

3. Description of changes in organization of Issuer’s Group, including due to business combinations, acquiring or losing control over subsidiaries and long-term investments, as well as division, restructuring or discontinuing of operations and indication of consolidated entities.

In the reporting period of I quarter of 2020 there were no changes regarding organization of Rainbow Tours Group and the relevant information was presented in Note 3 “Description of changes in organization of the Issuer’s Group” to these abridged consolidated financial statements of Rainbow Tours Group for I quarter of 2022.

The consolidated entities were presented in note 2 “Description of changes in organization of the Issuer’s Group with the indication of consolidated entities” to these abridged consolidated financial statements of Rainbow Tours Group for I quarter of 2022.

4. Position of the Management Board of the Company regarding potential realization of previously published forecasts of results for a given year in the light of results presented in the quarterly report.

The Issuer did not publish forecasts of results for 2022.

5. Shareholders holding directly or indirectly through subsidiaries at least 5% of the total number of votes at the general meeting of the Issuer as at the date of publication of this quarterly report with indication of number of shares held by these entities, percentage of those shares in the share capital, number of votes attached to them and percentage of the total number of votes at the general meeting, indication of changes in the ownership structure of substantial blocks of shares of the Issuer in the period from publication of the previous periodic report.

The table below presents – as the date of approval of this extended consolidated quarterly report for I quarter of 2022, that is as at 27.05.2022 – structure of the share capital and information on general number of shares of Rainbow Tours Joint Stock Company and number of votes on shares traded in the parallel market in the Warsaw Stock Exchange.

Share series	Type of shares	number of shares [piece.]	Share capital [%]	Number of votes at GM	Share in the total number of votes a GM [%]
A series share	Registered vote preference (x 2)	4,505,000	30.96%	9,010,000	46.74%
AA series shares	Ordinary bearer shares	495,000	3.40%	495,000	2.57%
B series shares	Ordinary bearer shares	2,000,000	13.74%	2,000,000	10.38%
C1 series shares	Registered vote preference (x 2)	220,000	1.51%	440,000	2.28%
C2 series shares	Ordinary bearer shares	1,000,000	6.87%	1,000,000	5.19%
C3 series shares`	Ordinary bearer shares	200,000	1.37%	200,000	1.04%
C4 series shares	Ordinary bearer shares	120,000	0.82%	120,000	0.62%
C5 series shares	Ordinary bearer shares	900,000	6.18%	900,000	4.67%
C6 series shares	Ordinary bearer shares	560,000	3.85%	560,000	2.91%
D series shares	Ordinary bearer shares	52,000	0.36%	52,000	0.27%
E series shares	Ordinary bearer shares	2,000,000	13.74%	2,000,000	10.38%
F series shares	Ordinary bearer shares	2,500,000	17.18%	2,500,000	12.97%
Total number of shares [piece]:		1,552,000	100.00%	19,277,000	100.00%
total dematerialized shares, which are the object of trade at WSE		9,827,000	67.53%	9,827,000	50.98%

*) AA, B, C2-C6, D, E and F in the total number of 9,827,000 are traded at the regulated market a Warsaw Stock Exchange.

The data about the shares of the Company held by shareholders with at least 5% of the total votes at the General Meetings of the Company were prepared especially based on information obtained from shareholders fulfilling their obligation imposed on shareholders of public companies pursuant to specific provisions, including pursuant to provisions of the act of 29 of July 2005 on public offering and conditions of introducing financial instruments to organized trade and about the public companies (Art. 69 and Art. 69 a) and pursuant to provisions of the Regulation of the European Parliament and the Council (EU) on market abuse and repealing and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (MAR Regulation). Additional information on shares of the Company is provided publicly according to available data of portfolio engagement and structure of assets of investment funds or pension funds, including based on information about the number of shares registered at the General Meeting of the Company (data available periodically, i.e., based on information from financial statements of investment and pension funds - up to the date of publication of the latest information data may change).

The table below presents list of shareholders, holding directly as at the date of approval of this extended consolidated quarterly report for I quarter of 2022 for publication that is as at 27.05.2022 significant block of company's shares, that is blocks of shares, which represent at least 5% of the total number of votes at the General Meeting.

shareholder	Number of shares [piece]	Number of votes at GM from shares [piece]	Share in Company's capital share [%]	Total votes at GM [%]
Slawomir Wysmyk	1 868 346	3 428 346	12,84%	17.78%
Flyoo Sp. z o.o.	1 580 000	2 735 000	10,86%	14.19%
Elephant Capital Sp. z o.o.	1 645 000	2 645 000	11,30%	13.72%
TCZ Holding Sp. z o.o.	1 335 000	2 335 000	9,17%	12.11%
Nationale Nederlanden PTE S.A.	1 718 000	1 718 000	11,81%	8.91%

shareholder	Number of shares [piece]	Number of votes at GM from shares [piece]	Share in Company's capital share [%]	Total votes at GM [%]
(through managed funds)				
Generali PTE S.A. (through managed funds)	1 008 459	1 008 459	6,93%	5.23%
OTHER SHAREHOLDERS	5 397 195	5 407 195	≈37,09%	28.05%
TOTAL	14,552,000	19,277,000	100.00%	100.00%

Table below presents list of shareholders, holding directly or indirectly, as at the date of approval of this extended consolidated quarterly report for I quarter of 2022 for publication that is that is as at 27.05.2022 significant block of shares of the Parent Company that is blocks of shares, which represent at least 5% of the total number of votes at the General Meeting.

shareholder		Number of shares [piece]	Number of votes at GM from shares [piece]	Company's share capital [%]	Total votes at GM [%]
Slawomir Wysmyk	directly	1 868 346	3 428 346	12.84%	17.78%
Grzegorz Baszczyński	Indirectly, through the subsidiary: Flyoo Sp. z o.o.	1 580 000	2 735 000	10.86%	14.19%
Remigiusz Talarek	Directly	1 050	1 050	0.0072%	0.0054%
	Indirectly, through the subsidiary: Elephant Capital Sp. z o.o.	1 645 000	2 645 000	11.30%	13.72%
	Total – Directly and indirectly	1 646 050	2 646 050	11.31%	13.73%
Tomasz Czapla	Indirectly, through the subsidiary: TCZ Holding Sp. z o. o	1 335 000	2 335 000	9.17%	12.11%
Nationale-Nederlanden PTE S.A. (Through managed funds)	Indirectly (through managed funds)	1 718 000	1 718 000	11.81%	8.91%
Generali PTE S.A. (Through managed funds)	Indirectly (through managed funds)	1 008 459	1 008 459	6.93%	5.23%
OTHER SHAREHOLDERS		5 396 145	5 406 145	≈37.08%	≈28.05%
TOTAL		14 552 000	19 277 000	100.00%	100.00%

In the period from publication of the last periodic report (the annual periodic report: the single annual report of the Company for 2021 - R/2021 and the consolidated annual report of Rainbow Tors Group for 2021 – RS/202) that is from 29.04.2022 there were no changes in ownership structure of significant blocks of shares of the Issuer.

6. Total number of shares of the Issuer or rights to shares held by members of the Management Board and the Supervisory Board of the Issuer as at the date of signing of this quarterly report, with indication of changes in ownership, in the period from signing of the previous periodic report, separately for each person.

As at the date of approval of this extended consolidated quarterly report for I quarter of 2022 that is as at 27.05.2022

- Two members of the four-member Management Board of the Parent Company (Mr Jakub Puchałka and Mr Maciej Szczechura, who are members of the Management Board) hold shares directly, and one member of the Management Board (Mr Grzegorz Baszczyński, who is the President of the Management Board) holds shares indirectly
- One member of seven-member Supervisory Board of the Company (Mr Remigiusz Talarek, who is a member of the Supervisory Board) holds share directly and indirectly (through the subsidiary) and one member of the Supervisory Board (Mr Tomasz Czapla, who is a member of the Supervisory Board) holds shares of the Company indirectly (through the subsidiary)

The table below presents summary of shares of the Parent Company, which are directly and indirectly held by members of the Management Board and the Supervisory Board of the Issuer as at the date of approval of this report for publication that is W 29.04.2022

Shareholder / member of the Management Board or Supervisory Board			Number of shares	Number of votes at GM	Company's share capital [%]	Share of votes at GM
Grzegorz Baszczyński - the President of the Management Board	directly		-	-	0.00%	0.00%
	Indirectly, through the subsidiary: Flyoo Sp. z o.o.		1 580 000	2 735 000	10.86%	14.19%
	Total		1 580 000	2 735 000	10.86%	14.19%
Remigiusz Talarek - the Member of the Supervisory Board	directly		1 050	1 050	0.0072%	0.0054%
	Indirectly, through the subsidiary: Elephant Capital Sp. z o.o.		1 645 000	2 645 000	11.30%	13.72%
	Total		1 646 050	2 646 050	11.31%	13.73%
Tomasz Czapla - the Member of the Supervisory Board	directly		-	-	0.00%	0.00%
	Indirectly, through the subsidiary: TCZ Holding Sp. z o.o.		1 335 000	2 335 000	9.17%	12.11%
	Total		1 335 000	2 335 000	9.17%	12.11%
Maciej Szczechura - the Member of the Management Board	directly		1 647	1 647	≈0.0113%	≈0.0085%
Jakub Puchałka - the Member of the Management Board	directly		218	218	≈0.0015%	≈0.0011%

In the period from publication of the last periodic report (the annual periodic report: the single annual report of the Company for 2021 - R/2021 and the consolidated annual report of Rainbow Tors Group for 2021 – RS/202) that is from 29.04.2022 there were no changes in ownership of share held by members of the Management Board and the Supervisory Board.

7. Court proceedings, arbitration proceedings, proceedings before administrative body regarding Issuers liabilities and amounts due to the Issuer or its subsidiary.

As at the date of approval of this extended consolidated quarterly report for publication for I quarter that is as at 27.05.2022. the Company is (and has been) a party to a court proceeding, in which total amount of the disputed issue exceeds 10% of equity of the Parent Company. The proceedings are pending against the contractor of the company Verikios Grigorios & SIA E.E., with the claim to pay (amounts arising out of the tour operator's contracts - in respect of three hotels situated in Greece) concluded by the parent company (as a part of its usual business). Additionally estimated value of the contractual penalties regarding non-performance of obligations arising out of the contractor's contracts is a ground to recognize that the total amount in controversy exceeds 10 % of the Parent Company's equity. According to contracts and applicable decisions of the common court situated in Greece a decision was issued to attach contractor's assets and personal property of the individual to the amount of EUR 5,269,560. The enforcement proceedings have been pending.

Except for the above proceedings, as at 31.12.2021, and the date of approval of this report for publication, the Parent Company is not a party to any court or arbitration proceedings, in which value per unit or total value of the object at issue would exceed 10% of equity of the issuer. Moreover, as at 31.12.2021 and the date of submission of the report (24.09.2022) neither of the subsidiaries of the Group is a party to court or arbitration proceedings, which value per unit or total value of the object at issue would exceed 10% of equity of the Group.

8. Information on conclusion of one or more transactions with related parties by the Issuer or its subsidiary, if they were made according to conditions other than the market conditions

All transactions made by the Issuer or its subsidiary were typical and standard arising on basic operations of entities. In the period from 01.01.2022 to 31.03.2022 neither Rainbow Tours S.A. nor its subsidiaries did not make any transaction with related parties on conditions other than market conditions. Information on typical and standard transactions with related parties were presented in note 26 to these interim abridged consolidated financial statements for I quarter of 2022, above.

9. Information on granting credit warranty or a loan or granting a guarantee by the Issuer or its subsidiary – jointly to one entity or a subsidiary of such entity, if the total value of existing warranties or guarantees is significant.

Neither the Issuer nor its subsidiaries granted credit warranties, loans or guarantees.

10. Other information, which according to the Issuer is significant to assess staff, property, financial standing, financial performance and their changes and the information, which is significant to assess the potential of the Issuer to pay its liabilities.

As at 31.03.2021 the Company cooperated with three banks. The Company had three credit limits and limits for bank guarantees in the following banks: Santander Bank Polska S.A., Bank Millennium S.A. and Bank Gospodarstwa Krajowego.

In April 2018 the subsidiaries (companies limited by shares, which operate according to Greek law: Rainbow Hotels A.E. and White Olive A.E.) signed (together with the Parent Company) the loan investment contract with Bank Gospodarstwa Krajowego. The respective information was presented by the Company in current reports ESPI No 14/2018 of 04 April 2018 and 15/2018 of 05 April 2018. The Parent Company is a solidary borrower and the loan liability is a charge to SPV (currently: White Olive A.E.)

Financing of the Parent Company

Bank Millennium S.A. – the multi-facility line

On 21 June 2016, the Parent Company signed the contract 9619/16/M/04 with global limit of PLN 22 million with Bank Millennium S.A. Under the facility the company could use PLN 1,000 thousand of working capital loan and PLN 22,000 thousand of the bank guarantee line. On 5 March 2018, the global limit of the line was increased to PLN 37,000 (from PLN 27,000) with the Annex No A2/9619/16/M/04, and at the same time the structure of credit products was changed. The line enables to use overdraft line of credit up to PLN 20,000 thousand or order issue of guarantees to the amount of PLN 37,000 thousand. On 23 July 2018 the company signed the Annex A3/9619/16/M/04, which increased the global limit to the amount of PLN 47,000. On 26 March 2019 the company signed the Annex A4/9619/16/M/04, pursuant to which the global limit was increased to the amount of 57,000 thousand till 30 June 2019, and since 1 July 2019 the limit amounted to PLN 47,000 thousand. On 4 September the company signed the Annex A5/9619/16/M/04, pursuant to which the term of the global limit, in the amount of PLN 47,000 thousand, was set till 7 October 2019. On 23 September 2019 the company signed the Annex No A6/9619/16/M/04 with Bank Millennium S.A. renew the term of the facility till 7 November 2020 and increased the global limit to PLN 57,000 thousand. Under the facility the company can (from the date of signing the Annex till 30 June 2020) use the overdraft line of credit to the amount of PLN 45,000, and as of 1 July until 7 November the amount of the overdraft line of credit is 35,0000 thousand. The company could use the line till 7 November 2020. The interest rate was established according to market conditions based on WIBOR 1M + bank's margin.

Pursuant to the annex No A7/9619/16/M/04 of 05 November 2020 to the respective multifacility contract No 9619/16/M/04, the final date of repayment was extended until 07 December 2020. Pursuant to the annex No A8/9619/16/M/04 of 25 November 2020 to the respective multifacility contract No 9619/16/M/04, the date of final repayment was extended to 07 December 2022. Liquidity guarantee in the amount of 37,600 thousand (valid until 7 March 2023) granted by Bank Gospodarstwa Krajowego under portfolio line of guarantee contract of Liquidity Guarantee Fund PLG-FGP is a partial security for loan repayment. The guarantee secures 80% of the loan amount.

On 9 July 2020 the Parent Company made a renewable loan contract No 13890/20/400/04 in the amount of PLN 10,000 (available until 9 July 2022) with Bank Millennium S.A. Liquidity guarantee in the amount of PLN 8,0000 (valid until 8 October 2022) granted by Bank Gospodarstwa Krajowego under portfolio line of guarantee contract of Liquidity Guarantee Bank PLG-FGP is a partial security for loan repayment. The guarantee secures 80% of the loan amount.

As at 31.03.2022 the Company did not use overdraft, and used only working capital loan in the amount of PLN 10,000 thousand; The limit of bank guarantees was used in the amount equivalent to PLN 5,832 thousand as at that date.

As at 31 December 2021 the Parent Company used overdraft line of credit in the amount of PLN 26,679 thousand and the working capital loan contract in the amount of PLN 10,000, and the line of bank guarantees was used in the amount of PLN 8,122 thousand as at that date.

Bank Gospodarstwa Krajowego –multipurpose line, framework agreement to make and settle derivatives

On 31.08.2018 the Parent Company concluded with Bank Gospodarstwa Krajowego Multipurpose line of credit contract No 4618-00453. Under the respective contract Bank Gospodarstwa Krajowego granted the Company the line of credit – a multipurpose facility for the amount of PLN 30,000 thousand for the period of 36 months from the date of entering into the Multipurpose Line of Credit Contract. On 31.08.2021 the Parent Company signed the attachment No 2 to the Multipurpose Line of Credit Contract, under which Bank Gospodarstwa Krajowego extended the effective term of the line of credit in the form of multipurpose facility for the amount of 30,000 thousand for the period of subsequent 5 months with the effective term until 31.01.2022. On 31.01.2022 the Company signed the Attachment No 3 (“the Attachment”) to the Multipurpose facility, under which Bank Gospodarstwa Krajowego extended effective term of the line of credit in the form of multipurpose facility for the amount of PLN 30,000 thousand for another 12 months with the effective term until 31.01.2022 r

Under the limit the company can use the following products.

- the overdraft line of credit,
- the renewable loan,
- bank guarantees to the amount of PLN 5,000 thousand.

Total amount drawn on all the products cannot exceed the limit of the multipurpose line. The interest on the facility was set on arm's length basis, that is base rate - WIBOR 1M and bank margin. A registered pledge on bank accounts of the borrower, enforcement declaration, assignment of trade receivables and power of attorney to bank accounts of the borrower constitute security for the multipurpose line.

As at 31.03.2022 the Parent Company used overdraft line of credit in the amount of 22,829 and did not use line of bank guarantees. As at 31.03.2021 the Parent Company used use the overdraft for the amount of PLN 10,574 and did not use limit for bank guarantees.

Santander Bank Polska S.A

On 10 October 2018 the Parent Company made a Multifacility contract No K00787/18 with Santander Bank Polska S.A (which was amended with the annex No 1 of 15 November 2019 and the annex No 2 of 30 June 2020) with a global limit in the amount of USD 50,000 thousand. The Company may use overdraft line of credit in the amount of PLN 20,000 or its equivalent of USD or / and EUR during the whole period of line availability and use renewable credit in the amount of PLN 30,000 from 2 January 2020 to 30 June 2020. The total repayment of date of the line of credit was set on 15 November 2002 (for the overdraft line of credit) except that according to the annex No 2 of the Multifacility line No K00787/18 of 30 June 2020 the renewable credit contract, which was originally made as one of two contracts forming the multifacility contract (that is the Multifacility Contract No K00787/18 of 10 October 10.10.2018), was replaced with the renewable contract No K00787/18b, under which the line of renewable credit in the amount of PLN of 30,000 thousand was renewed to 30 June 2022, and the security for the receivables of the bank arising from the respective contract is i.e. liquidity guarantee PLG-FGP, which constitute of 80% facility amount, that is PLN 24,000 thousand - for the period from entering the Facility and the Liquidity Guarantee PLG FGP to the register of liquidity guarantees maintained by the bank till 30 September 2022. On 25 November 2020 the Parent Company signed the Annex No 4 to the Multifacility contract No K00787/18a with Santander Bank Polska S.A., which renews availability of the overdraft line of credit and foreign exchange credit line in the amount of up to PLN 20,000,000.00 till 12 November 2022. Liquidity Guarantee PLG FGP, which is 80.00% of the amount of the Facility, that is PLN 16,000,000.00 for the period till 11 February 2023 and the declaration on submission to enforcement and blank promissory note constitute the security to the line.

Also, on 10 October 2018, the Company made (with Santander Bank Polska S.A.) the Multifacility contract No K00788 with a global credit line in the amount of USD 6,500 thousand. The Company use the global limit in the amount of USD 6,500 thousand to order issuance of bank guarantees and letters of credit to the total amount of USD 6,500 thousand (or equivalent in PLN and/ or EUR) during the whole period of the line availability - that is, originally, till 15 November 2020. On 27 August 2020 the Company signed - with Santander Bank Polska S.A., the Annex No 3 to the Multifacility contract No K00788/18, pursuant to which the line of guarantees was reduced from the amount of USD 6,500 thousand (available till 26 August 2020) to the amount of USD 3,500 thousand (available till 15 November 2020). On 25 November 2020 the Company signed - with Santander Bank Polska S.A., the Annex No 5 to the respective Multifacility line No K00788/18, pursuant to which the date of final repayment of the contract was set for 12 of October 2022.

As at 31.03.2022 the Parent Company used the overdraft line in the amount of PLN 15,722 thousand and did not use revolving credit and the line of bank guarantees as at that date was used for the amount calculated to PLN that is PLN 1,46 thousand.

As at 31.03.2021 the Parent Company used overdraft for the amount of PLN 18,682 thousand and the revolving credit in the amount of PLN 2,000 thousand and limit for bank guarantees for the specified date was not used.

Funding under the Financial Shield of the Polish Development Fund for Large Companies

"Financial Shield of the Polish Development Fund for Large Companies 1.0"

On 10.11.2020 the Parent Company (as the lender) made with Polish Development Fund S.A., with registered office in Warsaw, (as "the Borrower", also "PFR"), the Soft Loan Contract from the Governmental Programme "Financial Shield of the Polish Development Fund for Large Companies ("the Contract", "the Soft Loan Contract") made by the Company (as the Lender) with the Polish Development Fund S.A. in Warsaw (as the lender, also "PFR") according to the application for borrowings from the Programme on 16.07.2020 (Application No 20200716/85703).

On 15.09.2021 the Company received from the Polish Development Fund declaration (a decision) on partial release of the debt and the amount of waive off of the soft loan from the Governmental Programme "Financial Shield of Polish Development Fund for Large Companies ("Declaration of the Loan Waive Off"). Pursuant to the Declaration on Loan Waive off received by the Company on 15.09.2021: pursuant to art. 508 act of 23.04.1964 of the Civil Code (that is Journal of Laws of 2020 item 1740 as amended) PFR declared that it partially waives off loan in the amount of PLN 18,600,000.00 PLN ("Loan Waive Off"); 2) PFR declared that Waive Off of the Loan takes effect on 24.09.2021. Pursuant to the Declaration of the Company of 16.09.2021 made in relation to the relevant provision of the Loan Contract and pursuant to art. 508 of the act of 23.04.1964 the Code of Commercial Companies and Partnerships persons, acting on behalf of the Company (as the lender), The Company submitted the respective declaration that it accepts release of the debt on conditions specified in the Declaration of the Loan Waive Off, in particular, that it accept the Loan waive off in the amount of PLN 18,600,000.00 and the Loan Waive Off was effective as of 24.09.2021.

Due to the fact that the Company repaid the amount of the soft loan that wasn't waived off (the principal in the amount of PLN 6,200,000 with accrued interest of PLN 7.2 thousand) on 19.11.2021 the debt arising from the Loan Contract of 10.11.2020 made between PFR and the Company, thus the Loan Contract was terminated and all related debt under the Loan Contract.

"Financial Shield of the Polish Development Fund for Large Companies" 2.0

On 25.03.2022 the Parent Company (as the lender) made with Polish Development Fund S.A., with registered office in Warsaw (as the borrower, also "PFR"), the Soft Loan Contract from the Governmental Programme "Financial Shield of the Polish Development Fund for Large Companies", so called Financial Shield for Large Companies (details of the Soft Loan Programme under the new version /edition of the governmental programme "Financial Shield of the Polish Development Fund for Large Companies" was published on 14.09.2021 ("the Contract 2.0", "the Soft Loan Contract 2.0") based on the application for borrowings from the Programme on 22.09.2021 (Application No 20210930/73424).

According to the Soft Loan Contract 2.0 made by the Company with PFR on 25.03.2022 basic terms of the soft loan obtained by the Company from the governmental programme "Financial Shield of Polish Development Fund for Large Companies" ("the Loan", "the Soft Loan") are as follows:

- (1) the amount of the Loan: PLN 2,936,321;
- (2) The loan can be used by the Company (as the borrower) only for financing current operations of the Company, including for working capital, in particular for settlement of trade liabilities, payment of salaries for the staff of the Company (including social security contributions) and people hired under civil law contracts with individuals with ties to the company by contracts for permanent cooperation, for whom the company is the main contractor for purchase of goods and materials (including advances for purchase of goods and materials) or other costs of operations linked to manufacturing of a product or providing a service in day-to-day operations of the Company, settlement of legal and public expenses including taxes.
- (3) repayment mechanism: quarterly instalments, with the final payment at the latest on 31.03.2028.
- (4) interest rate: flat rate per year and for each year of financing equal to the margin proper to each year of financing which is, according to the Regulations: a) 0.75% p.a. in the first year from the date of signing the Loan Contract b) 1.25% p.a. in the second and third year from the date of signing the Loan Contract and c) 2.25% p.a. for the fourth, fifth and sixth year from the date of signing the Loan Contract
- (5) possibility to waive off up to 75% of the loan amount according to the conditions provided in the Loan Contract

Soft loan 2.0 from the governmental programme "Financial Shield of the Polish Development Fund for Large Companies" is intended to cover the damage resulting from disturbance in economy linked to the COVID-19 pandemic. Soft loans are an interest-bearing

loan, which can be waived off, granted for the period of 6 years. Waive off as non-refundable financing is intended to cover up to 75% of the actual loss incurred by the business as a result of COVID-19 from November 2020 to April 2021. The amount of waive off cannot exceed 75% of the granted loan. Soft Loans were intended for businesses, which suffered direct damage resulting from COVID-19 pandemic, which is understood as accumulated negative EBITDA generated in the periods, when business operations were banned, due to actions taken by the Polish government to curb spreading of COVID-19 pandemic. Actions taken by Polish authorities, limiting business operations means activities: (i) banning material part of operations (over 50% of operations) or excluding some highly important or clearly defined categories of customers (e.g. excluding certain categories of hotel guests) or (ii) limiting number of customers for specific sectors or activities to levels distinctively and significantly lower than those, which a specific case would be dictated by generally applied social distancing rules or rules concerning capacity in commercial spaces (for example in cinemas, cultural and sport activities, restaurants, exhibitions and fairs).

Soft loans could not be granted to entities, which did not take measures to limit damages caused by restrictions linked to COVID-19 pandemic, and also to those, which are responsible for the damage or did not operate with sufficient care or illegally.

Financing granted is based on fixed interest rate equal to:

- 0.75 % in the first year from the date of signing the contract
- 1.25% in the second and third year from the date of signing the contract
- 2.25% in the fourth, fifth, and sixth from the date of signing the contract

In order to obtain soft loans 2.0, the businesses should make a relevant application to PFR not later than till 30 September 2021. The funds are available: until 31 March 2022 with the possibility of payment of funds to 30 June 2022 if the loan contract provides for suspension conditions. PFR allowed payment of the loan in one or several blocks, and it was irreversible loan

Soft loans 2.0 from the governmental programme: "Financial Shield from Polish Development Fund for Large Companies" is granted in the estimated amount of so called "COVID damage" suffered by a business as a result of COVID-19 pandemic in the restriction period (maximally from 01.11.2020 and 30.04.2021) and it cannot exceed:

- the amount of PLN 750 million
- double amount of annual costs of salaries in a business (including costs of employee benefits) for the year 2019
- 25% of the total turnover in the business for 2019

The soft loans can be used for settlements of current payments by businesses, including payment of salaries, trade liabilities, including purchase of goods and materials or coverage of operating costs used to manufacture a product or service, legal and public liabilities, other purposes related to financing of day-to day business defined in so called "Programme Financing Documents"

The soft loans cannot be used for (i) any distribution whatsoever to owners or related parties, (ii) acquisition of shares for redemption, (iii) mergers, (IV) servicing interest, coupons, payment of commissions and fees, re-financing or early debt repayment, (v) other objectives specified by PRF in so called "Documentation of Financing from the Programme".

Pursuant to a relevant application of the Company for payment of the loan, which was filed after confirmation the Company received a confirmation that all documents and declarations (suspension terms) required under the contract were filed, the Polish Development Fund (as the lender) on 10.05.2022 made the payment to the Company (as the borrower), of the funds under the Loan Contract in the total amount of PLN 2,936,321.

At the same time according to the terms of the Governmental Programme "Financial Shield of the Polish Development Fund for Large Companies" ver. 2.0 and the Loan Agreement contracted. On 27.04.2022 the Company applied to the Polish Development Fund with a relevant request to waive off the said loan in the amount of 75% of the waive off.

Financial liabilities of subsidiaries

Bank Gospodarstwa Krajowego –multi facility line, derivative master agreement

On 5 of April 2018 the Parent Company entered into, a loan contract (a long-term loan contract extended in euros, hereinafter referred to as the "Loan") with Bank Gospodarstwa Krajowego, a Joint Stock Company with registered office in Warsaw (as the Lender) acting jointly with its subsidiaries (jointly as solidary borrowers), that is joint stock companies operating under Greek Law: White Olive A.E. with registered office in Athens (Greece) and Rainbow Hotels A.E. with registered office in Athens (Greece) (both referred to as "Project Companies") The purpose of the loan is:

- Financing investments (hereinafter referred to jointly "the Project") situated at the property owned by the subsidiaries of the Company that is the property owned by "Project Companies", that is construction, repair and furnishing White Olive 3 hotel, which is a part of White Olive Premium complex, as well as e (ii) investment of construction, repair and furnishing White Olive Elite hotel

- Repayment of the debt incurred by the subsidiary Rainbow Hotels A.E. in Alpha Bank A.E. with its registered office in Athens (Greece), where the amount intended for the purpose will not exceed EUR 500,000

According to the loan contract

- The principal of the financing of the loan amount to total of EUR 15,500,000 split into three tranches: (i) tranche I –to the amount of EUR 2,700,000 EUR, (ii) tranche II – to the amount of EUR 12,300,000, (iii) tranche III – to the amount of EUR 500,000; the loan is extended for 18 months from signing of the loan contract (that is from 05 April 2018)
- Final repayment date was specified as date not later than 7.5 year from the end of the term of the loan, and the loan will be repaid in quarterly instalments (payment of the principal), where the first instalment will be paid at the end of the first full calendar quarter after the completion of the project, and according to the schedule prepared with the Bank. The interest on loan will be calculated on arm's length basis; based on variable reference rate EURIBOR 3M, plus bank margin set out according to market conditions

As at 31.03.2022 the amount of the investment loan used by White Olive A.E was EUR 12,543

As at 31.03.2021 White Olive A.E. used the investment loan in the amount of EUR 14,434 thousand.

Significant information to assess personnel situation of the Issuer

According to the declarations (presented on corporate investor relations website under the address <http://ir.r.pl>) made by all members of the Supervisory Board and members of the Audit Committee separated in the Supervisory Board of the Company (regarding periodic verification of the independence status of members of the Supervisory Board and the Audit Committee, which took place on the meeting of the Supervisory Board on 13.07.2021) with information on independence status of a member of the Supervisory Boards or of a member of the Audit Committee (or a member of other committees in the Supervisory Board.

- Mr. Tomasz Czapla – who as at the date of preparation and signing of this report was a member of the Supervisory Board.
 - does not meet at least one criterion of independence provided under § 24 of the Article of Association, corporate governance rules No 2.3. covered by “Best Practice of GPW listed Companies, 2021”, the act of 11.05.2017 on expert auditors, audit companies and public supervision (the Act on Expert Auditors) and the annex II do Commission Recommendation EU 2005/162 EC and thus it does not have the status required for an independent member of the Supervisory Board of Rainbow Tours S.A.
 - - does not meet at least one of the criteria of independence stipulated by the Act on Expert Auditors and thus it does not have the status required for independence of a member of the Audit Committee in the Supervisory Board of Rainbow Tours S.A.
- Mr. Grzegorz Kubica –who as at the date of preparation and signing of this report was a member of the Supervisory Board and the Chairman of the Audit Committee
 - meets all independence criteria provided under § 24 of the Article of Association, corporate governance rules No 2.3. covered by “Best Practice of GPW listed Companies, 2021”, the act of 11.05.2017 on expert auditors, audit companies and public supervision (the Act on Expert Auditors) and the annex II do Commission Recommendation EU 2005/162 EC and thus he has the status required for an independent member of the Supervisory Board of Rainbow Tours S.A. / a member of the Audit Committee in the Supervisory Board of Rainbow Tours S.A (here within the meaning of the Act on Expert Auditors)
- Mr. Paweł Niewiadomski – who as at the date of preparation and signing of this report was the vice-chairman of the Supervisory Board
 - does not meet at least one criterion of independence provided under § 24 of the Article of Association, corporate governance rules No 2.3. covered by “Best Practice of GPW listed Companies, 2021”, the act of 11.05.2017 on expert auditors, audit companies and public supervision (the Act on Expert Auditors) and the annex II do Commission Recommendation EU 2005/162 EC and thus it does not have the status required for an independent member of the Supervisory Board of Rainbow Tours S.A.
 - does not meet at least one of the criteria of independence stipulated by the Act on Expert Auditors and thus it does not have the status required for independence of the member of the Audit Committee in the Supervisory Board of Rainbow Tours S.A. within the meaning of the Act on Expert Auditors.
- Mr. Paweł Pietras – who as at the date of preparation and signing of this report was a member of the Supervisory Board and a member of the Audit Committee

- meets all independence criteria provided under § 24 of the Article of Association, corporate governance rules No 2.3. covered by „Best Practice of GPW listed Companies, 2021”, the act of 11.05.2017 on expert auditors, audit companies and public supervision (the Act on Expert Auditors) and the annex II do Commission Recommendation EU 2005/162 EC and thus he has the status required for the independent member of the Supervisory Board of Rainbow Tours S.A. / member of the Audit Committee in the Supervisory Board of Rainbow Tours S.A (here within the meaning of the Act on Expert Auditors)
- Mrs. Joanna Stępień-Andrzejewska –who as at the date of preparation and signing of this report was a member of the Supervisory Board and a member of the Audit Committee
 - does not meet at least one criterion of independence provided under § 24 of the Article of Association, corporate governance rules No 2.3. covered by “Best Practice of GPW listed Companies, 2021”, the act of 11.05.2017 on expert auditors, audit companies and public supervision (the Act on Expert Auditors) and the annex II do Commission Recommendation EU 2005/162 EC and thus it does not have the status required for an independent member of the Supervisory Board of Rainbow Tours S.A.
 - does not meet at least one of the criteria of independence stipulated by the Act on Expert Auditors and thus it does not have the status required for independence of a member of the Audit Committee in the Supervisory Board of Rainbow Tours S.A. within the meaning of the Act on Expert Auditors.
- Mr. Remigiusz Talarek –who as at the date of preparation and signing of this report was a member of the Supervisory Board and a member of the Audit Committee
 - does not meet at least one criterion of independence provided under § 24 of the Article of Association, corporate governance rules No 2.3. covered by “Best Practice of GPW listed Companies, 2021”, the act of 11.05.2017 on expert auditors, audit companies and public supervision (the Act on Expert Auditors) and the annex II do Commission Recommendation EU 2005/162 EC and thus it does not have the status required for an independent member of the Supervisory Board of Rainbow Tours S.A
 - does not meet at least one of the criteria of independence stipulated by the Act on Expert Auditors and thus it does not have the status required for independence of a member of the Audit Committee in the Supervisory Board of Rainbow Tours S.A. within the meaning of the Act on Expert Auditors.
- Mr. Paweł Walczak – who as at the date of preparation and signing of this report was the chairman of the Supervisory Board
 - does not meet at least one criterion of independence provided under § 24 of the Article of Association, corporate governance rules No 2.3. covered by “Best Practice of GPW listed Companies, 2021”, the act of 11.05.2017 on expert auditors, audit companies and public supervision (the Act on Expert Auditors) and the annex II do Commission Recommendation EU 2005/162 EC and thus it does not have the status required for an independent member of the Supervisory Board of Rainbow Tours S.A
 - does not meet at least one of the criteria of independence stipulated by the Act on Expert Auditors and thus it does not have the status required for independence of a member of the Audit Committee in the Supervisory Board of Rainbow Tours S.A. within the meaning of the Act on Expert Auditors.

Thus, independent members of the Audit Committee - within the meaning of the Act on Expert Auditors and considering independence criteria stipulated in in art. 129 section 3 and 4 of the Act on Expert Auditors and relevant of the Regulations of the Audit Committee as at the date of approval of this report for publication include:

- Mr. Grzegorz Kubica, a member of the Supervisory Board, who is the Chairman of the Audit Committee.
- Mr. Paweł Pietras, the member of the Supervisory Board, and who is the member of the Audit Committee.

And thus, majority of three-member Audit Committee, including its chairman, is independent of the Company as a public interest entity.

Changes in the Articles of Association of the Issuer

In the reporting period, that is in the period of I quarter of 2022, and also after 31.03.2022 up to the date of approval of these financial statements for publication, no changes in the Articles of Association of the Parent Company took place.

11. Factors, which in the opinion of the Issuer will have effect on performance within the perspective of at least next quarter.

The operations of the Parent Company and the companies of Rainbow Tours can be influenced by all factors directly and indirectly linked to pursuing operations with respect to organization and sale of tourism services, including:

- social and economic factors (e.g., consumer mood, which is especially important for demand for products and services satisfying non-basic needs, shaping level and dynamics of real income of households, and in particular their main factor, which is real salaries and wages, the effect of rising social benefits, sports events of major importance – the experience from previous years shows that they have a negative impact on number of package holidays etc.
- Macro-economic factors (e.g., level and dynamics of prices of package holidays, fluctuation of exchange rates of Polish zloty, in particular against American dollar and euro, fluctuation of prices of crude oil, growth perspectives for Polish economy, including growth dynamics of GDP related to good economic situation in Poland until now, which foster growing consumer demand, new economic programmes of the Polish government etc.)
- Political factors (changes in the geopolitical situation and potential armed conflicts and terrorist attacks, in different parts of the world, which can affect travel decisions of Polish customer and their destination, in particular in the period directly after the event etc.)
- Climate factors (e.g., it is the factor that supports decision to travel abroad when the weather of Poland is not particularly good).

Because of occurrence and escalation of the pandemic in 2020 and its further persistence in 2021, basic factors, which affect growth of the business of the Issuer and operations of Rainbow Tours Group in 2020 and 2021 was SARS-CoV-2 pandemic and its effects directly and indirectly impacting tourism industry in a broad sense as well as operation of the global economy affected by negative consequences of the pandemic, limitations and restrictions intended to prevent COVID-19 infections.

In 2022 because of unjustified military aggression of the Russian Federation in the territory of Ukraine, starting from 24 of February 2021, and inflicted armed conflict, a new potentially material risk factor, which can have possible effect on operations of the Company and the Group is the political and economic situation in the world because of the military conflict. The Management Board of the Company pointed to the potential effect of the above-mentioned risk factors (that is factors linked to SARS-CoV-2 pandemic and the military conflict in the territory of Ukraine) and their total or individual potentially negative effect on liquidity, financial situation and profitability of the Parent Company and the companies of the Group, including on: (i) unfavourable level of prices on the fuel market in the long-term or medium-term (due to wavering deliveries of fuel and energy products, also due to any political decisions about embargo imposed on deliveries of energy products from the territory of Russian Federation) (ii) destabilisation and rise in exchange rates, including in particular weakening of the Polish zloty (PLN) against settlement currencies: American dollar (USD) and euro (EUR) what can potentially result in lower profitability of package holidays sold and on operations and thus decreased the amount of net cash flows and increased demand for bank borrowings.

As it was already stated in point 1 of part IV “Information of the Management Board on operations of Rainbow Tours Group and Rainbow Tours Joint Stock Company” of these abridged consolidated financial statements of Rainbow Tours Group for I quarter of 2022 above as well as part III “the base of preparation of the consolidated financial statements in point 3.4 and 3.5 of the consolidated annual financial statements of Rainbow Tours Group for the financial year 2021, which published in the consolidated periodic annual report RS/2021 on 29.04.2022, the Management Board of the Company believes that ,as at the date of approval of this report for publication, the factors that can have the most significant effect on perspectives for tourism services sector in Poland and in the world in 2022 (indirectly also in the following years), and thus, primary effects on development of the business of the Parent Company and the Group in the perspective of the financial year 2022 will be as follows:

- The scale and the impact on the period of occurrence of negative effects, expectations or forecasts regarding possibility that the war in Ukraine will escalate and that effect on operation of Polish and global economy linked to e.g. consumer moods, rise in fuel prices in longer term (e.g. imposing embargo on energy products from Russia and energy sources by Polish government and other countries of the European Union and the effect on that policy on the rise of energy prices on global scale or European scale) and long-term negative impact of the conflict on the exchange rate of Polish zloty against euro and American dollar (currencies that are important for the Issuer)
- Despite current epidemic situation linked to SARS-CoV-2 and relatively optimistic expectations regarding low probability of occurrence of subsequent serious waves of the pandemic, what was also reflected in decisions of the Polish government and the Minister of Health regarding recall of the state of pandemic and introduction of the state of epidemic threat: the scale and period of occurrence of SARS-CoV-2 pandemic and COVID-19 infections, and also the pace of “defrosting” operations of tour operators and businesses in the industry and related to tourism industry after potentially subsequent waves of pandemic and the pace of restoring norm in such situation (extinguishing restrictions or introduction of solutions to gradually lift them), the scale of the effect will be dependent on occurrence of different scenarios of development and a period of the crisis on travel market in the world.

Other factors, which in the assessment of the Issuer may have negative effect on performance of the Group (except for basic factors linked to the occurrence of the effect of the pandemic and its persistence what is related to spreading of SARS-CoV-2 and the

effects of the war in the territory of Ukraine and resulting unfavourable level of prices on the fuel market and fluctuation of exchange rates) are also as follows

- an impact of political and social situation in countries with main destinations
- influence of economic trend on an economic situation in Poland and its effect on consumer moods (a level of consumption).
- Competitive environment, offers of advance sales of other tour operators

Description of basic risk factors related to operations of the Company and Rainbow Tours Group is presented below

Risk related to the war in the territory of Ukraine

Operations of the Parent Company and the companies of Rainbow Tours Group can be indirectly affected by all kinds of situations related to political and economic situation in the world.

Due to political and economic situation in the world resulting from unjustified military aggression of Russian Federation in the territory of Ukraine and caused by the military conflict. The Management Board of the Parent Company points to potential effect of that situation (its joint or individual potentially negative effect on liquidity, financial situation and profitability of the Parent Company and the companies of the Group), i.e., on: (i) Long-term and medium-term unfavourable level of prices on fuel market (in the short-term and medium-term perspective the Parent Company introduces provisions of using average fuel prices from previous periods to charter contracts, and uses calculation buffers with fuel prices higher than market prices in a given moment. (ii) Destabilization and rise in exchange rates, in particular due to destabilization of the Polish zloty (PLN) against settlement currencies: American dollar (USD) and euro (EUR) what can potentially result in lower profitability of package holidays sold and on operations and thus decreased the amount of net cash flows and increased demand for bank borrowings.

The offer of products sold by the Parent Company in the territory of Russia and Ukraine has insignificant volume (mainly package tours) and it wasn't a material share of sales of the Company. The Parent Company cancelled/suspended all travel programmes operating in the territory of Russian Federation, which were planned for 2022 and the years to come. Moreover, the Company cancelled/ suspended offers of flights covering any connections executed by Russian airlines Aeroflot and Rossiya and cancelled/suspended offers of hotel accommodation at the territory of the Russian Federation and hotels with capital ties to Russia in other countries in the world.

The situation in Ukraine does not affect Rainbow's flight program. All flights take place without changes. Charter planes do not have set routes and do not fly over Ukraine or Russia. Also, package travel planned with the use of airline connections of: Emirates, Lufthansa, KLM, Air France, Fly Dubai or Turkish Airlines are executed on routes, which do not take place over the territory of Ukraine and Russia.

Characteristic of internal and external factors relevant for operations of the Company and Rainbow Tours Group, including description of the situation of the Group linked to the pandemic caused by SARS-CoV-2 and perspectives for development in the financial year 2022 were presented in point 4 above "Characteristic of external and internal factors material for development of the business and perspectives for development in the next financial year" of the Report of the Management Board of Rainbow Tours S.A. on operations of the Company and Rainbow Tours Group in the financial year 2021, which was published on 29.04.2022.

Risk related to the pandemic caused by spreading of SARS-CoV-2 coronavirus

Following growth period in the tourism industry in 2019 and optimistic scenarios for the industry in 2020 a radical change came for those scenarios for 2020. It was a result of SARS-CoV-2 pandemic. High incidence of COVID-19 triggered by SARS-CoV-2 and relatively high mortality rate has an effect on a general threat to and disorganization of economic and social life all over the world. According to a general assessment, SARS-CoV-2 pandemic will, for some time, have an effect on weakening of economic growth, and it can also result in more lasting economic and social recession SARS-CoV-2; pandemic beats directly at real economy of most of countries and results in falling production, disorganisation of supply chains, falling demand, especially for services i.e., in respect of passenger air traffic, tourism, hospitality industry and consumption of cultural goods.

As at the date of approval of this report for publication the Management Board of the Company believes that despite gradual coming to terms with the pandemic and its progressive quenching following subsequent waves of pandemic in 2022 the effects of the pandemic will be of some importance for the tourism industry in the future. It is still important for development of package holiday sector and restoring the norm (though they are limited and lose on importance as subsequent waves of pandemic are quenched) negative perception of pandemic and post-pandemic reality. However, in the opinion of the Management Board social awareness of the coronavirus pandemic and COVID-19 disease (which according to many experts should be endemic due to higher level of herd immunity of European communities, including Poland, due to relatively high level of vaccination and acquiring immunity by having COVID-19 and related restrictions will not cause far reaching negative effects for operations of Rainbow Tours Group, including the Parent Company in 2022.

After relatively weak beginning of 2021 with respect to value of sales and number of bookings (here: relatively low value of sales of package holidays from January to April 2021), in the second half of 2021 the Parent Company (also "hotel" subsidiaries) recorded considerable rise in level of sales, which peaked in the most effective months for the tourism industry that is July and August 2021. Similar tendencies can be seen also in the analysis of sales effects and tendencies in the period of coming out of the fifth wave of the pandemic (I quarter of 2022) package holidays for the Summer 2022 season

Due to SARS-CoV-2 pandemic the Parent Company has been forced since 2020 (and continued its activities also in 2021) supplement the above instruments used for implementation of the strategy of Group's development with instruments of active and comprehensive counteracting the effects of the pandemic, including by taking actions to reduce the offer in 2020, without incurring substantial fixed costs (contract costs that is future obligations resulting from contracted hotel and transport services were reduced on ongoing basis by adjusting the volume of the programme to demand) substantial reduction of fixed costs of operations that is administration costs (staff costs, rents, marketing costs), using, in the broadest scope possible, all aid and protective programmes introduced by the Polish government due to the crisis, including aid and shielding packages dedicated to tour operators and travel agents in Poland (Anit-crisis Shield, Financial Shield etc.).

Detailed information on the effect of SARS-CoV-2 pandemic on operations of the Parent Company and the Group and actions taken by the Management Board in 2021 in part III of the single financial statement of Rainbow Tours SA for the financial year 2021 titled "the effect of COVID-19 on operations of the Company" and also in part III point 3.4 of the consolidated financial statements of the Group for the financial year 2021 titled "the effect of COVID-19 on operations of the Group" (both reports were published on 29.04.2022).

Characteristic of internal and external factors relevant for operations of the Company and Rainbow Tours Group, including description of the situation of the Group linked to the pandemic caused by SARS-CoV-2 and perspectives for development in the financial year 2022 were presented in point 4 above "Characteristic of external and internal factors material for development of the business and perspectives for development in the next financial year" of the Report of the Management Board of Rainbow Tours on operations of the Company and Rainbow Tours Group in the financial year 2021, which was published on 29.04.2022.

Risk related to disasters in touristic regions

Activities of the Company can be indirectly affected by all kinds of political and economic developments throughout the world. Every tragic event and disasters in tourist destinations has a direct effect on tourism market demand. Armed conflicts, terrorist attacks, social unrest, epidemics, or natural disasters e.g.: floods, earthquakes or prolonged droughts, can adversely affect performance of the Group. However, currently terrorist attacks and social unrest that makes headlines have less significant impact on decisions to purchase a package travel than it used to be a few years ago. Moreover, the Company organizes and sells package holidays to dozens of destinations all over the world, and in case of a local crisis in a single destination, the Group can operate in other destinations

The effect of political and social situation in the world related to the war caused by military aggression in Ukraine was presented in description of "Risk linked to the war in Ukraine" above, and also in the point 4 above "Characteristic of external and internal factors material for development of the business and description of perspective of development in the next financial year." of the Report of the Management Board of Rainbow Tours on operations of the Company and Rainbow Tours Group in the financial year 2021, which was published on 29.04.2022.

Moreover, description of the effect of political and economic situation linked to the war in Ukraine on operations of the Parent Company and the Group was presented respectively: in part III point 3.5 of the single financial statements of the Company for the financial year 2021 titled "the Impact of political and economic situation linked to the war in Ukraine on operations of the Company" and part III point 3.5 of the consolidated financial statements of Rainbow Tours Group for the financial year 2021 titled "the impact of political and economic situation linked to the war in Ukraine on operations of the Company".

Risk related to competition

Changes in the tourism market, showing considerable development of on-line sales, can, in longer perspective, be a threat to market share of the companies with only traditional sales networks. The Company has been, for some time, effectively pursuing activities to prevent that threat by developing modern sales channels and increasing their appeal to customers

In 2020 the Group completed implementation of the project of the Customer Relationship Management system. The new CMR and deduplication and segmentation of the customer base enables personalized customer service, which was previously not available at the market of tour operators. Employees of the tour operator can provide services to customers according to their preferences, i.e. destinations and departure times or purchase of additional services. Moreover, the Group introduced in 2020 application for customers intended for mobile devices, which facilitate access to information related to package holidays provided to Rainbow Tours' customers. Connection of CMR with the Customer Panel and Rainbow application will enable to create an ecosystem adjusted to expectations of customers from omnichannel services provided by market leaders.

Irrespective of the above facts the Parent Company competes on market of traditional tour operators with other entities. Consistent creation of strong and recognizable Rainbow brand and strong Rainbow Tours Group covering with its operations all aspects of tourism market (producer – tour operator in Poland, traditional distribution- the chain of own stores, the Internet- own internet portal), which would help to successfully compete with other market players.

Risk related to seasonality of sales

The level and number of sales of the Parent Company and the companies of Rainbow Tours Group, similarly as in case of many travel businesses, is characterized by high seasonality. Periodical rise in demand for tourism products and services is in second and third quarter of the calendar year. Because of that fact financial performance in this period has a decisive impact on final result of the whole financial year (in case of the Company the same as a calendar year). However, we need to add that the Company tries to level down seasonality by introducing in winter season (IV and I quarter of the year) more and more interesting offer of exotic package holidays (i.e. based on direct charters to Mexico, Dominican Republic, Cuba, the United Arab Emirates or Kenya). Introduction of charter flights for transfers to exotic destinations contributes to change in proportion of sales between summer and winter season. Moreover, starting from package holidays provided in the Winter 2020/2021, and in particular Winter 2021/2022 one can see noticeable change and rise in interest of potential customers in such destinations as: Dominican Republic, Mexico, Zanzibar, Kenya, Thailand. This was caused, in these seasons by i.e., none or relatively mild restrictions and sanitary limitations in exotic destinations., and more over it also results from the change in preference of Polish customers when it comes to travelling and increased tendency to purchase package holidays to more luxurious destinations and/or to more distant regions of the world.

The parent company also introduced sales of offers for individual touristic seasons in a substantial advance due to extraordinary situation linked to COVID-19 pandemic. The Company started advance sales of package holiday offers for the Summer 2021 season already in May 2020, the advance sales Summer 2022 offer already started in August 2021, the sale of Exotic 2021/2022 offer started even earlier - in January 2021 (in 2022 sales of Exotic 20 2022/2023 started in March 2022); for the first time since the start of advance sales customers can book close warm destinations such as Egypt, Canary Islands, and Morocco. The Company introduced also unique concept of all times in Poland, namely "Discover Poland anew" programme, where all elements of the package are included in booking, and the Company takes care of Customers' holidays by offering rich programme of stay (Children's clubs, attention of a holiday representative and offer of local tours) in the most beautiful regions of Poland. Additionally, the offer covers also ability to change booking of package holiday in Poland to package holidays abroad in the specific period before the start of the package holiday.

Depending on possibility of occurrence of different scenarios of development, period and level of acuteness of possible crisis on tourism market linked to SARS-CoV-2, the respective crisis – despite positive forecasts with regard to development of tourism services market in 2022 – can also have indirect impact on any materialization of risk factors related to seasonality of sales and reduction of amount of sales revenue and reduction of the amount of sales revenue, in particular in periods of called "low season" and the impact on economic and financial situation of the Group for the whole year 2022 and possibly in subsequent periods.

Risk related to financial situation of subsidiaries

Rainbow Tours Group has the following subsidiaries: My Way by Rainbow Tours (previously: Portal Turystyczny Sp. z o.o.), in which the Company holds 100% of the share capital and votes at the Meeting of Shareholders; since November "My Way by Rainbow" [which focuses on organization and training for travel couriers, leisure time animators and holiday representatives under the project "Akademia Rainbow" (Rainbow Academy)] and also Greek subsidiaries: White Olive A.E. (direct subsidiary, in which Rainbow Tours S.A. as at the date of approval of this report holds 66% of share capital and votes in the General Meeting and the remaining 34 % of the share capital and votes at the General Meeting of White Olive A.E. is held by Polish International Development FUND FIZ AN – PFR Group) and White Olive Premium Lindos A.E. (indirect subsidiary, in which White Olive A.E. holds 100% of the share capital and votes at the General Meeting), the subsidiary runs a hotel business and makes hotel investments. Since the start of Summer 2021 season Rainbow Tours as a Parent Company in the Group, plans to start operations of the newly incorporated company operating under Turkish law that is Rainbow Tours Destination Services Turkey Turizm Ve Seyahat Hizmetleri Anonim Sirketi with registered office in Alanya (Antalya), in Turkey.

Due to consolidation of companies of Rainbow Tours Group in 2018 (there were two separate consolidation processes of acquisition of the subsidiaries "Rainbow Tours – Biuro Podróży" Sp. z o.o., "Bee & Free" Sp. z o.o. and Rainbow Incentive & Incoming Sp. z o.o. by the Parent Company - as the acquired companies) activities in the company were concentrated and i.e. costs and employment were optimized. As a consequence of the consolidation with the structures of Rainbow Tours S.A., the activities previously carried out in the subsidiaries that is "Rainbow Tours – Biuro Podróży" (intermediary sales of promotional materials and services), "Bee & Free" (sales of seat blocks on charter planes) and Rainbow Incentive & Incoming (sales of incentive travel). Moreover, in 2018 the subsidiaries of Rainbow Tours Group, that is Greek subsidiaries were merged (i) Greek company with the business name White Olive A.E. with registered office in Athens (Greece) – as the acquiring company and (ii) the company

operating under Greek law under business name Rainbow Hotels A.E. with registered office in Athens (Greece)– as the acquired company.

The operations intended to ensure financing for development of subsidiaries operating hotels were described in the description of the risk related with the investment process carried out in the Group.

Because of potential falls in prices of hotel properties (due to bankruptcy of entities running hotels linked to crisis in the year 2020 and 2021 related to SARS-CoV-2 pandemic.) the respective crisis may lead to remodelling of tourism services market and that provides potential growth perspectives for this segment of the operations of the Group with lower financial engagement.

Risk related with investment in the Group

Issuer's subsidiaries that is White Olive A.E. (the Greek company) and White Olive premium are owners of hotel properties and additionally lease (on long-term lease) hotel properties and provide hotel services for Rainbow Tours and other tour operators. White Olive A.E. carries out hotel activities and owns two hotel properties and additionally leases (on long-term lease) a hotel property in Greece on Zakynthos. Moreover, White Olive A.E. leases on a long-term a hotel property in Greece on Crete. White Olive Premium Lindos A.E. is an owner of a hotel property in Pefkos on Greek island Rhodes.

The Group has plans further development of own hotels. Investing in development of the chain of own "White Olive" hotels is an element of Rainbow Tours Group's strategy for the years to come. Own hotel base not only gives more opportunities to create and manage the product, but also enables to obtain a bigger and more stable financial result. Expansion of the hotel chain allows the Group to earn higher margin on sales carried out by the Group.

Risk related to investing refers to investments made by the Group and potential negative effect on consolidated financial performance of the Group, if the company exceeds its planned threshold of investment spending, incurs loss or delays profits (higher sales margin earned by the Group) because of delays in investment.

Due to respective investments the Parent Company ensured funds for implementation of strategic plans by (1) entering into a loan contract in 2018 for the amount of EUR 15.5 with Bank Gospodarstwa Krajowego - for the purpose of financing construction and extension of hotel facilities – detailed description of the respective contract is provided in point 9 of this report "Information on significant contracts for operations of the Group" (2) acquiring a passive investor that is Polish International Development Fund Closed Ended Fund of Private Assets in 2019 managed PFR TFI, which is a part of Polish Development Fund; the investment contract was concluded in respect of development regarding capital share in the Fund, (jointly with Rainbow Tours, in the company White Olive A.E), in order to provide hotel services in hotels owned by White Olive A.E. or managed on long-term lease.

In I quarter of 2021 activities connected with taking up shares of White Olive A.E. in the increased share capital by Polish International Development Fund FIZ AN and by the Issuer (as a Partner) were intensified. Funds obtained by White Olive A.E. in the respective increase in share capital will be used for financing of purchase and general modernisation of a hotel operating under the business name White Olive Elite Rethymno" situated in the town Sfakaki on Crete Island in the neighbourhood of the town Rethymno; currently leased under long-term leased and managed by White Olive A.E.

Because of potential falls in prices of hotel properties (due to bankruptcies of entities running hotels linked to the crisis of 2020 and 2021 related to SARS-CoV-2 pandemic) the respective crisis can also have negative effect on re-modelling of tourism services market, which could potentially lead to development of the segment of the Group with lower financial involvement.

Risk related to macroeconomic situation in Poland

Crisis related to SARS-CoV-2 pandemic in 2020 and 2021 the effect of global economy problems (which can potentially affect 2022 and possibly in the subsequent years), including economic problems of the European Union countries (including Poland) as well as crisis inflicted by the war in the territory of Ukraine (and resulting economic consequences i.e. for Poland) may affect economic situation in Poland, and the economic situation will have an effect in 2022 and subsequent years, on worse consumer moods, including tendency of Polish customers to travel abroad. Additional risk factor could be political and social situation in Poland. Inflation in Poland, that is growing indexes of rising prices in economy (r/r inflation), which lead to loss of money value can have undeniable importance for consumer choice regarding purchase of package holiday. Inflation has systematically grown from the beginning of 2021 (in February 2021 it reached level of 2.4%) with most noticeable rises in i.e., prices of construction materials, fuel and energy caused r/r inflation in September 2021 at the level of 6.8%, in November 2021 at the level of 7.9%, and in December 2021 to the level of 8.6%. In the whole 2021 CPI inflation (consumer price index is the index of change in prices of goods and consumer services calculated based on average weighted price of goods and services acquired by average household) came on average to 5.1%. The level of inflation in January 2022 came to 9.2 reaching the highest level for almost 20 years. Factors, which have effect on rising level of inflation starting from the third decade of February 2022 also linked to Russian invasion on Ukraine, due to which prices of energy resources and rolnych or metals and the Polish zloty (PLN) depreciated. The National Bank of Poland in such situation applies policy of rising interest rates.

Risk related to changes in legal regulations

Frequent changes of legal regulations or its various interpretation by Office of Consumer Protection and Competition and tax offices are dangerous for the company as well as the companies of Rainbow Tours Group. Any changes in law, especially tax law, e.g., implementation as of 01.01.2022, that is with a short adaptation period, of substantial tax changes in so called "Polish Deal") may bring negative consequences for operation of Rainbow Tours S.A. Provisions of Polish law are changing due to implementation of EU law and may affect legal environment of business operations of the Company. Frequent changes in interpretation of tax regulations are especially dangerous. The practice of tax offices and court judgments in taxation lack consistency. Tax interpretation differing from the interpretations provided by tax offices may adversely affect the financial situation of the company, and in consequence, its financial performance. Because of its investments in Greece the company is exposed to legislative changes in this country.

Currency risk

The company pays in foreign currencies (usually Euro or American Dollar) for ordered package travels and customers in Poland pay for holidays in in Polish zloty. Unfavourable currency exchange rates between the time of inflow of customer funds to payment to foreign contractors may reduce profitability and profits earned by the Company. The company uses hedges to secure future foreign exchange transactions: options and forwards, however in 2020 the company temporarily suspended currency hedge programmes because it not possible to estimate cash flows related to basic operations what makes it impossible to estimate currency needs. Currently the programme has been revived.

Risk connected with rising prices of crude oil

Rainbow Tours Group to a large degree ensures arrivals to destinations with airplanes and coaches. Greater demand for crude oil in the summer season due to greater activities of airlines or recovery of world economies from the crisis may lead to additional increase in the prices in this period. Pressure on rising prices of energy products, including crude oil can in 2022 be linked to the political and economic situation in the world due to unjustified military aggression of Russian Federation in the territory of Ukraine caused by military conflict. The rise in prices of crude oil, in particular in the long-term, may lead to rising costs of package holidays (denominated in foreign currencies). Sudden local increase in prices of crude oil may substantially lower profitability of package holidays and operations, and thus reduction of the amount of net cash flows and greater demand for borrowings, negative changes in terms of borrowings or limited bank financing.

This could mean rising cost of package travel (denominated in foreign currencies). Soaring prices of crude oil could considerably hinder profitability of package travel, and in the longer term, with the rise of prices on the global market, could translate to increase in prices of package travel.

Appropriate contractual provisions enable to level down cost of package travel in case of soaring prices on the local market. The Group is exposed to fluctuations of prices only to some slight degree. The standard charter contract is formulated in such a manner that the airline, which issues invoices for current flights, uses average price of jet fuel from two months ago. There is also calculation buffer – the company typically assumes that the price of the fuel is higher than the applicable market price.

Risk related to swift rise in salaries and other burdens imposed on the employer

Because of rising salaries in the sector of enterprises the Management Board of the Company sees risk of growing employment costs, which could result in rise in production costs and drop in in margin on sales of products. Additionally, starting from 2019 cost of remuneration was increased by payments to Employee Capital Plans, which will constitute an additional charge in years to come.

Due to the crisis of 2020 and 2021 linked to the effects of SARS-CoV-2 the Management Board of the Parent Company took numerous actions to minimise pandemic risk, including by substantial reduction of fixed costs of operations, including staff costs, which were substantially reduced because of implementation, according to respective decisions of the Ministry of Development and the Polish Government, of relief efforts and protective measures for businesses due to the crisis (Anti-crisis Shield) - as a part of assistance and protective packages for tour operators and travel agents in Poland (as a result of actions of tourism chambers and organizations in Poland). The Parent Company, as the entity carrying out operations marked with the code 79.12.Z "Activities of tour operators", also obtained i.e. benefits to protect jobs - according to the rules specified in Art. 15gga of the act of 2 of March 2020 on special solutions to prevent, counteract and combat Covid -19, other infectious diseases and crisis situations caused by them (co-financing of salaries of employees in the amount of PLN 2,000 a month for remuneration of a single employee considering number of working hours).

Description of management of substantial types of risk linked to operations of the Company and The Group, which have effect on non-financial issues was provided in "The report on non-financial issues of Rainbow Tours Spółka Akcyjna and Rainbow Tours Group in 2021" prepared with "the Report of the Management Board on operations of the Company and Rainbow Tours Group in 2021" (approved for publication as a part of annual single and consolidated reports for the financial year 2021 from 29.04.2022 <https://ir.r.pl> in the tab CSR /Dokumenty CSR.

According to provisions of art. 49b section 10 and art. 55 section 2d of the act of 29.09.1994 of Accounting, drafting reports on non-financial data according to requirements of the act fulfils the obligation of disclosure (in the report of operations) indexes and data, which are specified in art w art. 49 section 3 point 2) of the Accounting Act that is key non-financial efficiency indexes linked to operations of the parent company and data on staff issues and natural environment.

The Management Board of Rainbow Tours Joint Stock Company, signatures of persons responsible for keeping the accounts.

Łódź, 27 of May 2022

Grzegorz Baszczyński
the President of the
Management Board

Piotr Burwicz
A member of the Management
Board

Jakub Puchałka
A member of the Management
Board

Maciej Szczechura
A member of the Management
Board