Jednostkowe sprawozdanie finansowe Rainbow Tours Spółki Akcyjnej za rok obrotowy zakończony 31.12.2021 r.

[sporządzone zgodnie z MSSF]

RAINBOW
Archipelag Beztroski

Łódź, dnia 29 kwietnia 2022 roku

This document is a foreign-language version of the original Standalone Financial Statement of Rainbow Tours a joint-stock company issued in the Polish version (published via the dedicated ESPI system provided by the Polish Financial Supervision Authority for public companies and companies listed on the Warsaw Stock Exchange) and only the original version is binding. This document is an unofficial version and has been prepared for informational purposes and may only be used for internal purposes. In case of any discrepancies between the Polish and English versions, the Polish version will prevail.

CONTENTS

I. SELECTED FINANCIAL DATA

STATEMENT OF FINANCIAL POSITION	PLN'000	PLN'000	EUR'000	EUR'000
	As at 31/12/2021	As at 31/12/2020	As at 31/12/2021	As at 31/12/2020
Fixed assets	148 690	132 720	32 328	28 760
Current assets	299 349	255 471	65 084	55 359
Total assets	**448 039**	**388 191**	**97 412**	**84 119**
equity	**118 765**	**100 001**	**25 822**	**21 670**
Issued capital	1 455	1 455	316	315
Long-term liabilities	56 008	91 868	12 177	19 907
Short-term liabilities	273 266	196 322	59 413	42 542
Book value per share	8.16	6.87	1.77	1.49

STATEMENT OF COMPREHENSIVE INCOM	PLN'000	PLN'000	EUR'000	EUR'000
	from 01/01/2021 to 31/12/2021	from 01/01/2020 to 31/12/2020	from 01/01/2021 to 31/12/2021	from 01/01/2020 to 31/12/2020
Continuing operations, sales revenue	1 264 295	431 183	276 198	96 371
Profit /loss on operations	21 062	(35 173)	4 601	(7 861)
Pre-tax profit (loss)	18 587	(36 922)	4 061	(8 252)
Net profit (loss)	**19 092**	**(29 898)**	**4 171**	**(6 682)**
Net profit (loss) per ordinary share (denominated in PLN/EUR per share)				
- basic	1,31	(2,05)	0,29	(0,46)
- diluted	1,31	(2,05)	0,29	(0,46)
Total comprehensive income	**18 774**	**(28 524)**	**4 099**	**(6 375)**

CASH FLOW STATEMENT	PLN'000	PLN'000	EUR'000	EUR'000
	from 01/01/2021 to 31/12/2021	from 01/01/2020 to 31/12/2020	from 01/01/2021 to 31/12/2021	from 01/01/2020 to 31/12/2020
Net operating cash flow	138 387	(96 622)	30 232	(21 595)
Net cash generated by investing activities	(5 128)	(22 781)	(1 120)	(5 092)
Net cash generated by financing activities	(78 496)	82 448	(17 148)	18 427
Increase (decrease) in net cash and cash equivalents	**54 763**	**(36 955)**	**11 964**	**(8 260)**

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 31.12.2021 (4.5994) and as at 29.12.2020 (4.6148);

– 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 01.01.2021 to 31.12.2010 (4.5775) and for the period from 01.01.2020 to 31.12.2020 (4.4742).

II. THE ANNUAL SINGLE FINANCIAL STATEMENTS

1. STATEMENT OF FINANCIAL POSITION – ASSETS

	Note	State as 31/12/2021	State as 31/12/2020
		PLN'000	PLN'000
ASSETS			
Fixed assets			
Tangible fixed assets	8	44 824	40 313
Investment Property		196	196
Other intangible assets	7	4 033	4 736
Investment in subsidiaries	9	71 792	67 244
Deferred tax assets	10	7 443	7 811
Other receivables	12	20 402	12 420
Total fixed assets		**148 690**	**132 720**
Current assets			
Stocks	11	-	14
Trade and other receivables	12	164 006	209 402
Other financial assets	13	346	751
Current tax assets	14	3 156	5 754
Other assets	15	48 900	11 372
Cash and cash equivalents	16	82 941	28 178
Total current assets		**299 349**	**255 471**
Total assets		**448 039**	**388 191**

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

2. STATEMENT OF FINANCIAL POSITION – LIABILITIES

	Nota	Stan na 31/12/2021	Stan na 31/12/2020
		PLN'000	PLN'000
EQUITY AND LIABILITIES			
equity			
Issued capital	17,18	1 455	1 455
Share premium	17	36 558	36 558
Reserves	20	37	365
capital from merger of entities		(7 565)	(7 565)
Retained profits		88 280	69 188
Total equity		**118 765**	**100 001**
Long-term liabilities			
Long-term borrowings and lease liabilities	21	18 775	51 210
Pension liabilities	22	145	221
Deferred tax liabilities	23	-	-
Other liabilities	28	37 088	40 437
Total long-term liabilities		**56 008**	**91 868**
Short-term liabilities			
Trade and other payables	24	89 648	41 755
Short-term borrowings and lease liabilities	21	20 494	67 886
Current tax liabilities	25	3 357	1 071
Including from tax liabilities		-	-
Short-term provisions	22	6 874	1 558
deferred income	29	145 978	76 725
Other liabilities	28	6 915	7 327
Total short-term liabilities		**273 266**	**196 322**
Total liabilities		**329 274**	**288 190**
Total equity and liabilities		**448 039**	**388 191**

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

3. STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHNSIVE INCOME

	Note	The period of 12 months ended 31/12/2021	The period of 12 months ended on 31/12/2020
		PLN'000	PLN'000
Continuing operations			
Sales revenue	32	1 264 295	431 183
Cost of sales	33	(1 127 615)	(380 804)
Gross profit/loss on sales		**136 680**	**50 379**
selling cost	33	(113 774)	(66 145)
Overheads	33	(29 059)	(20 847)
Other operating revenue	34	28 601	3 725
Other operating costs	35	(1 386)	(2 285)
profit /loss on operations		**21 062**	**(35 173)**
financial revenue	36	74	3 078
Financial costs	37	(2 549)	(4 827)
Pre-tax profit (loss)		**18 587**	**(36 922)**
Income tax	39	505	7 024
net profit (loss) on continuing operations		19 092	(29 898)
Discontinuing operations			
Net profit (loss) on discontinuing operations		-	-
NET PROFIT (LOSS)		**19 092**	**(29 898)**
Other net comprehensive income			
items, which won't be presented later periods in the statement of comprehensive income			
Revaluation of pension liabilities		-	-
Items, which might be later presented in the statement of comprehensive income			
Cash flow hedges		(328)	1 374
Total other net comprehensive income		**(328)**	**1 374**
TOTAL COMPREHENSIVE INCOME		**18 764**	**(28 524)**
Profit (loss) per share			
(in PLN per share)			
On continuing and discontinuing operations			
ordinary	42	1.31	(2.05)
Diluted	42	1.31	(2.05)
on discontinuing operations			
Ordinary	42	1.31	(2.05)
Diluted	42	1.31	(2.05)

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

4. STATEMENT OF COMPREHENSIVE INCOME

	Note	The period of 12 months ended 31/12/2021	The period of 12 months 31/12/2020
		PLN'000	PLN'000
cash flows from operations			
profit for the financial year		**19 092**	**(29 898)**
Adjustments:			
cost of income tax recognized in profit or loss		(505)	(7 024)
revenue from investment recognized in profit or loss		2 475	1 749
profit on sale of tangible fixed assets		(48)	(74)
amortization and depreciation of fixed assets		12 196	8 518
Net foreign exchange gains/ losses		-	788
Other *		(18 600)	12 098
		14 610	**(13 843)**
Movement in working capital:			
Increase / decrease in balance of trade and other receivables		37 414	(14 563)
Increase/ decrease in stocks		14	692
Increase / decrease in other assets		(37 160)	17 160
increase/ decrease in current tax assets		2 598	(257)
Increase (decrease) in balance of trade and other payables		44 132	30 926
Increase / (decrease) in provisions		5 240	600
Increase / (decrease) in deferred income		69 253	(111 114)
Increase / decrease in current tax liabilities		2 286	(4 574)
Cash earned on operations		**138 387**	**(94 973)**
Interest paid		-	-
Income tax paid	43	-	(1 649)
net cash from operations		**138 387**	**(96 622)**
cash flow from investing activities			
Payments arising on acquisition of financial assets		(4 548)	(24 938)
Interest received		74	3 078
Expenditure arising on loans contracted by non-related parties		-	500
Payments for tangible fixed assets		(707)	(1 630)
proceeds from sale of tangible fixed assets		53	209
net cash (spent)/ earned on investing activities		**(5 128)**	**(22 781)**
cash flows from financing activities			
proceeds from sale of own shares		-	-
other proceeds		-	518
proceeds from loans	44	12 058	130 207
repayment of loans	44	(88 005)	(43 450)
Interest paid		(2 549)	(4 827)
net cash used for financing activities		**(78 496)**	**82 448**

	Note	The period of 12 months ended 31/12/2021	The period of 12 months 31/12/2020
		PLN'000	PLN'000
Increase / Decrease in net cash and cash equivalents		54 763	(36 955)
cash and cash equivalents at the opening balance		28 178	65 133
Effect of exchange rates on balance on cash in foreign currencies		-	-
cash and cash equivalents, closing balance	**16**	**82 941**	**28 178**

* The item "other" for the period of 12 months ended on 31.12.2021 refers to waive off of the soft loan granted to the Company by Polish Development Funder under "Financial Shield for Large Companies" (version 1.0.)

** Item "other" for the period of 12 months ended on 31.12.2020 refers to difference from depreciation cost of IFRS 16 Lease and reduction in charges granted to the Company in respect of lockdowns (PLN 12.098 thousand)

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

5. 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 01/01/2020 to 31/12/2020						
As at 01/01/2020	**1 455**	**36 558**	**(1 009)**	**99 086**	**(7 565)**	**128 525**
Net profit for the financial year	-	-	-	(29 898)	-	(29 898)
Pricing of hedging instruments	-	-	1 374	-	-	1 374
Total comprehensive income	**-**	**-**	**1 374**	**(29 898)**	**-**	**(28 524)**
As at 31/12/2020	**1 455**	**36 558**	**365**	**69 188**	**(7 565)**	**100 001**
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**

III. BASIS OF PREPARATION OF THE SINGLE FINANCIAL STATEMENTS

3.1. Declaration of compliance

These single financial statements were drafted according to International Financial Reporting Standards (IFRS) covering International Accounting Standards (IAS) and interpretations of Standing Interpretation Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) issued and applicable as at 31 December 2021. Group applied all IAS and IFRS as they became effective. The entity set 29.04.2022 as the date of signing and approval of these single financial statements for publication.

The single financial statements are drafted in Polish zloty (PLN) and it is a presentation and functional currency for the parent company.

The scope of the single financial statements was determined and is consistent with the regulation of the Minister of Finance of 29 March *2018 on current and periodic information provided by issuers of securities and conditions of considering information required under law of non-member states as equivalent* (Journal of Laws of 2018, item 757). These single financial statements cover data for the financial year 2020 (that is 12 months ended on 31 December 2021), and in case of the balance sheet (the statement of financial position) – the data at the end of the financial year (that is as at 31 December 2021), and for the comparative data: for the financial year 2020, that is for 12 months ended on 31 December 2020) and the balance sheet (the statement of financial position) - at the end of the financial year 2019 (that is 31 December 2020).

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 "(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".

3.2. Comparability of data

These financial statements were drafted according to the same rules for the current and comparative periods.
In these financial statements no changes were introduced in presentation of items of the financial statements.

3.3. Continuation of operations:

These financial statements for the financial year 2021 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 publication of these financial statements (that is as at 29.04.2022) 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 Company believes that:

(1) Despite the fact that as at the date of approval of this report for publication (that is 29.04.2022) the pandemic is in its end stage and the its fifth wave has been "extinguished" and there optimistic beliefs that the possibility of subsequent and serious waves of pandemic of SARS-CoV-2 still potential risk factors exists when it comes to COVID-19 pandemic (caused by spreading of SARS-CoV-2) it medium-term or long-term effects, including risk factors linked to potential restoration of some considerable restrictions or difficulties in provision of tourism services in full scope, the effect of those factors on limited customer awareness with respect to purchase of package holidays by potential customers and that can jointly or individually have negative effect on sales results of the Company and the Group, and in consequence on liquidity, financial situation and profitability of the Company and the Group.

(2) . There are potential risk factors linked to political and social in the world caused by unjustified military aggression by Russian Federation in the territory of Ukraine and inflicted armed conflict, in particular having negative impact on holiday decision of potential customers of the Company and the Group and holiday destination, especially during crisis (conflict) or I in the time directly after the conflict and limited desire to travel, in particular due to prolonged war in the Ukraine.

Description of potential effect of the above risk factors on operations of the Company is presented in point 3.4 and 3.5 below.

3.4. The effect of COVID-19 on the Group's operations.

Taking into account potential risk factors linked to COVID-19 pandemic caused by spreading of SARS-CoV-2, the Management Board of the Parent Company points its attention to the potential impact of these risk factors (and its joint or individual negative effect on liquidity, financial position and profitability of the Parent Company and the subsidiaries in the Group) i.e. lower carrying amount of assets, interests in subsidiaries, value of fixed assets in subsidiaries and advances paid to hotels for their future services, the necessity to repay advances paid by customers for future services, lower value of indicators/covenants in loan contracts, in extreme cases exceeding boundary conditions in those contracts, reducing amount of net cash flows and greater demand for borrowings, negative changes of financial terms or reduction of bank borrowings.

The assessment of assumption that the Management Board of the Parent Company will continue its operations as at the date of approval of these financial statements for publication is based on following premises:

1) Significant increase in the level of sales for the season Summer 2021 (compared to level of sales for Summer 2020, and also compared to record season Summer 2019) i.e. linked to the effect of so called "pent up demand" for tourism services, that is travelling that didn't take place due to subsequent waves of COVID-19 pandemic, determined by funds put aside and positive consumer moods following relative return to normal social life and in effect restoration of liquidity by the Company and also by the subsidiaries – so called hotel subsidiaries (White Olive A.E., White Olive Premium Lindos A.E.

2) Significant restoring and securing by the Company – i.e. due to improved consumer moods, in respect of planning holiday travel following relative restoring of normal social life i.e. as an effect of lifting pandemic restrictions by the Polish government (that means limiting restrictions imposed from 01.03.2022 pursuant to the Ordinance of the Council of Ministers of 25 of February 2022 on imposing specific limitations, orders and bans linked to the state of the pandemic - Journal of Laws of 2022, item 473) and peculiar "getting used to" COVID-19 pandemic after matter of the fact end of the so called "fifth wave" of the pandemic – liquidity due to considerable rise in sales for the season Summer 2021 (compared to sales levels for Summer 2020 season, and also against to sales for the record sales for summer 2019 season).

   – Level of revenue of the Parent Company from January to March 2022 amounts to PLN 85.7 million, for the same period of 2021 (that means the period of Company's operations affected by SARS-CoV-2 pandemic) it closed with the amount of PLN 35.4 million and for the same period of 2019 (that means the period of standard operations of the Company in historically record revenues for 2019) closed with the amount of PLN 67.8 million

   – Restoring high level of monetary funds (cash) and keeping in its Company's bank accounts, at the end of January 2022 the value of cash in Company's bank accounts came to PLN 92.9 million, as at the end of February 2022 it was PLN 68.7 million, and at the end of March 2022 it was PLN 80.8 million.

3) Considerable investment, in March 2021, in operations of the subsidiary of White Olive A.E. Foreign Expansion Fund Private Assets Closed Ended Fund managed by PFR Towarzystwo Funduszy Inwestycyjnych S.A. (Polish Development Fund Group), that is equity participation of the Fund, jointly with the Issuer (as the Partner) in White Olive A.E. to finance expansion of operations of White Olive A.E. with respect to provision of tourism services in hotels owned by White Olive A.E. or managed under long-term lease – closing of the investment allowed the Fund to subscribe for and pay for (on 30 March 2021) new registered shares of White Olive A.E. for the total issue price of EUR 999,992.42 EUR (the equivalent of PLN 4,652 thousand); as a consequence of share subscription in the increased share capital of White Olive A.E. the share capital of the Fund in White Olive A. comes to 34.02%, and the Issuer's share is 65.98

4) Effective and broadest possible utilization of governmental subsidiary and protective schemes for businesses, which were introduced gradually in 2020 and 2021 (implemented also in 2022) pursuant to the decision of the Polish government under so called "Anti-Crisis Shield and Financial Shield", that is

   – Utilization of the soft loan under the Governmental "Financial Shield of Polish Development Fund for Large Companies" – obtaining waive off of the soft loan received under the Financial Shield 1.0 for Large Companies in the amount of PLN 24,800 thousand (waive off of 75% of the loan in the amount of PLN 18.600 thousand);

   – Utilization of the soft loan under the Governmental Financial Shield of Polish Development Fund for Large Companies" – obtaining waive off of the soft loan received under the Financial Shield for Large Companies edition 2.0 (different conditions for obtaining borrowings) – receipt of the soft loan, which can be waived off under the Financial Shield edition 2.0 for Large Companies in the amount of PLN 2,936 thousand (possible amount of waive off up to 75% of the loan that is the possibility to waive off the loan in the amount of PLN 2,202 thousand).

   – Financing from the Guaranteed Employment Benefit Fund for remuneration of employees of the Company affected by economic downtime and reduced number of working hours.

   – Extending to 180 days effective date for withdrawal from package trip contract or termination of the contract by the tour operator, utilization of soft loans to repay payments made by customer of tour operators (repayment by

Tourism of amounts paid by the customers of tour operators Tourism Refund Fund in Insurance Guarantee Fund and 7.5% participation if tourism companies (pursuant to applications, made by a tour operator and a customer.

- taking advantage of the release from obligation to pay due social security contributions, health care contributions, Labour Fund contributions, Solidarity Fund contributions, contributions for Guaranteed Employee and for Bridging Pension Funds,
- taking advantage of benefits to protect jobs (financing for employees' salaries in the amount of PLN 2,000 a month to remuneration of a single employee considering the number of working hours for the total period of 3 calendar months transferred in monthly payments).

5) utilization of subsidiary funds offered by the government of Greece by the subsidiaries operating under Greek Law (White Olive A.E. and White Olive Premium Lindos A.E.)
6) extension of availability of lines of credits in Bank Millennium S.A. and Bank Gospodarstwa Krajowego,
7) Change in the schedule of repayment of investment loan obtained by the Parent Company jointly with the subsidiary White Olive A.E. from Bank Gospodarstwa Krajowego (the contract from 05.04.2018), change in parameters law repayment levels in specific periods.

Specific information on the effect of SARS-CoV-2 on operations of the Parent Company and about operations undertaken by the Management Board in 2020 are aimed to prevent negative effects of the crisis related to spreading of SARS-CoV-2 on operations of the Company were presented (for the year 2020 and for the subsequent period until 30 04. 2021) i.e., in part III point 3.3. Continuation of operations and point 3.4 "The effect of COVID-19 on operations of the Company, activities of the Parent Company" of the consolidated financial statements for the financial year 2020 (both financial statement s were published on 30.04.2021).

Specific information on the effect of SARS-CoV-2 on operations of the Parent Company and about operations undertaken by the Management Board in 2020 are aimed to prevent negative effects of the crisis related to spreading of SARS-CoV-2 on operations of the Company were presented (for the year 2021 and for the subsequent period till 26.11 2021) i.e., in the Note 4.2. Continuation of operations and point of the medium-term extended consolidated statement for the report of the Rainbow Tours Group for II quarters of 2021 and accruing for three quarters of 2021, which was published on 26.112021

3.5. The effect of political and economic situation linked to armed conflict in Ukraine on operations of the Group.

When it comes to potential risk factors linked to political and social situation in the world arising from unjustified military aggression of the Russian Federation at the territory of Ukraine and the ensuing military conflict the Management Board of the Parent Company point its attention to the potential adverse effect on liquidity, financial position, profitability of the Parent Company and the subsidiaries, including on:

- persistent long-term and medium-term unfavourable level of fuel prices (in the short-term and medium-term the Parent Company introduces provisions on applying average prices of fuel from previous periods in charter contracts and uses calculation buffers setting fuel prices higher than the market price at the given moment.)
- Destabilization and increase in currency exchange rates, including with respect to weakening of Polish zloty against settlement currencies: American dollar (USD and euro (EUR)

This can potentially lead to reduced profitability of sold packages and operations, and in consequence reduced amounts of net cash flows and greater demand for borrowings or reduced bank borrowings.

The products offered by Rainbow Tours in the territory of Russia or Ukraine didn't have a significant volume (mainly package tours) and didn't constitute significant share in Company's sales operations. The parent company cancelled/ suspended touristic programs pursued in the territory of the 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.

Political and economic situation linked to the armed conflict in Ukraine (related to unjustified military aggression of the Russian Federation in the territory of Ukraine) did not affect any data for 2021 and those provided in these statements. In particular the political and economic situation did not impact the content of this report with respect to the data for 2021 no adjustments were introduced.

IV. ACCOUNTING POLICY OF THE COMPANY

The main accounting principles used to prepare the single financial statements are presented below. The principles were applied on daily basis in all years covered by the financial statements.

The respective statements were drafted in accordance with principles of valuation of assets and liabilities and measurement of the financial result.

Recognition of economic transactions

Economic 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.

4.1. Rules of valuation of assets and liabilities

Intangible assets

Scope

The entity recognizes intangible assets in the accounts if the inflow of future economic benefits derived from intangible assets is probable and their cost may be reliably assessed. The purchased intangible assets are recognized in the accounts at the purchase date. The entity purchases only such intangible assets, from which it expects to derive economic benefits in the future. Impairment test on intangible assets shows their lost ability to bring economic benefits in the periods after purchase.

Accounting policy

The Management Board of the company assess if an intangible asset has definite or indefinite useful life. Intangible assets with indefinite useful life are those, for which time of deriving benefits cannot be assessed by the company at the start of their useful life. Intangible assets with indefinite useful life are not amortized. As at each balance sheet date the company:

- test assets for impairment loss,
- Verifies if the assumption of their indefinite useful life is still justified

The useful life of intangible assets used under the agreement is equal to the term of the agreement or shorter if the enterprise intends to use intangible assets covered by the agreement not for the its whole term. If the term of the agreement can be renewed, the period of useful life covers renewable periods, only if it is probable that the agreement will be renewed. The enterprise amortizes intangible assets on the straight-line basis. The amortization commences in the month following the month when their useful life starts. The enterprise stops amortization in the month when an intangible asset is classified as fixed assets held for sale in accordance with IFRS 5 or is no longer used (liquidated or sold).

Amortization periods for individual categories of intangible assets: software 5 years.

The Company does not carry out research and development works.

Costs of development of websites are recognized in the costs for the current period – cost of services sold.

Tangible fixed assets

Scope:

The enterprise recognizes fixed assets in accounts if inflow of economic benefits is probable and their cost may be reliably assessed.

Accounting policy:

Fixed assets, which are purchased or generated internally, are recognised in the accounts at the purchase date or manufacture date. The entity purchases only such fixed assets, from which it expects to derive future economic benefits. Impairment test on fixed assets shows lost ability to derive economic benefits in the periods after the purchase.

Subsequent expenditures are recognized in the carrying amount of a specific fixed asset or recognised as a separate fixed asset only when inflow of economic benefits from the asset for the company is probable, and the cost of the item can be reliably measured. All other maintenance costs are recognised in the profit and loss account in the period, in which they were incurred.

If a part of a fixed asset is replaced, the cost of the replaced part is recognized in it carrying amount and simultaneously the carrying amount of the replaced part of the fixed asset is removed from the statement of financial position, irrespective of, whether it was separately depreciated. Net value of the removed part of the fixed asset is recognized in the statement of comprehensive income.

The fixed assets are depreciated in the entity through a definite period of the useful life. The amount of depreciation is the difference between the purchase cost of the fixed asset and its residual value (the amount, which the enterprise expects to obtain from sale of the asset after the period of its useful life). This amount and the period of the useful life are determined by the Management Board, or a unit responsible for purchase of the fixed asset, at the date of receipt of the invoice for the fixed asset, before it is recognised in the accounts. If the residual value is defined as not material against the value of the fixed asset (less than 10% of the purchase price) it is assumed that it amounts to zero. The entity recognizes one-off depreciation charge for assets with useful life exceeding one year, which purchase cost per unit is immaterial against the value of all fixed assets in a specific group, in the month they are entered into accounts.

At purchase date of fixed assets, the unit responsible for the purchase assess whether the fixed assets comprise elements with different useful lives and if the value of the elements is material against the value of the whole fixed asset. If identified, such elements are separately recognized in the fixed asset register and depreciated through their respective period of useful life. The unit responsible for purchases calculates the acquisition price as the percentage of the cost of the whole fixed asset.

The entity applies cost model to asses net book value of fixed assets. In the cost model fixed assets are initially recognized at purchase price and its later depreciated throughout period of useful life to the residual amount.

Periods of depreciation of individual categories of the fixed assets:

– Buildings	40 years
– Equipment – computer hardware	3 - 4 years
– Means of transport	3 - 5 years,
– Other items of fixed assets	5 - 8 years.

The value of fixed assets to be depreciated is systematically prorated over the useful life. The period of useful life and the residual value is verified at least once a year.

Calculation of depreciation charge starts in the month after the month when the fixed asset is fit for use. The depreciation ends when the fixed asset is no longer used (liquidation or sale) or the amount of the depreciation is equal to the value of the fixed asset. The cost of fixed assets constructed by the entity is the sum of all outlays incurred to make the asset useful, including costs of depreciation of the assets used for construction.

The cost of servicing debt incurred to finance construction of new assets and reconstruction of the fixed assets less revenue from the assets is capitalised in the value of the fixed assets in accordance with approach described in IAS 23 “Borrowing costs”. Fixed assets are tested for impairment if there are conditions for impairment.

fixed assets held for sale

The entity recognizes fixed assets as fixed assets held for sale if the economic benefits from these assets will be derived from their sale, and not through continued useful life.

A decision of the Management Board to change the classification is binding. Fixed assets are classified as fixed assets held for sale is their available for immediate sale.

The time when the assets if classified as fixed asset until the moment the asset is held for sale should not exceed one year.

Value of fixed assets held for sale is recognized in the lower of:

1. book value
2. fair value less costs of selling

Fixed assets held for sale are not depreciated. Fair value of fixed assets held for sale is calculated by comparing transaction prices of similar or same assets. Such data are collected by managers of units responsible for the asset. The respective value is calculated as follows:

1. Based on expertise on setting of prices of equivalent items of assets
2. Based on data obtained from intermediaries, which services the entity intends to use
3. Based on offers of purchase

The fair value measured in such a way, is reduced by indispensable selling costs:

1. Estimated costs of sales commission for intermediaries,
2. Estimated cost of necessary repair before the sale can be carried out, estimated costs of taxes and other legal and public payments related to sale, which the entity has to pay pursuant to legal provisions or a sale agreement,
3. All other payments, which are not yet incurred, linked to dismantling or transporting assets to a purchaser

Fixed assets leased or used pursuant to a similar agreement are classified as fixed assets of one of the contracting parties under the rules described in “Fixed assets held under lease or used pursuant to other similar agreement”.

Investment in subsidiaries

Acquired or arisen long-term investments and financial assets are recognized in the accounts as at the acquisition or arising at purchase price. Interest in other subsidiaries and other investments presented in fixed assets (fixed assets available for sale) are measured not less than at the balance sheet date at purchase price less impairment loss. As at the balance sheet date the company carries out impairment tests.

Financial assets measured at amortized cost – Lending and originated receivables

Financial assets measures at amortised cost are assets that comply with the business model, which is meant to hold them to maturity and give rise to cash flows that are solely payments of principal and interest (SPPI).

Lending is recognised in the accounts at the date when transfer of the amounts to the borrower is due according to provisions of the agreement, and it is excluded from the statement of financial position, when contractual right to cash flows from the financial asset expires or the financial asset is transferred with all the risk and benefits derived from holding such asset.

As at the date the asset is entered into the accounts, they are priced at the fair value of money paid plus transaction costs. As at the balance sheet date assets are measured at the amortized cost using effective interest rate embedded in the loan less impairment losses. Effective interest rate is calculated as the interest rate discounting value of all cash flows related with lending to zero.

As at each reporting day the Company should calculate the amount of impairment loss for financial assets measured at amortised cost in the amount equal to expected credit losses:

- till the expected maturity (that is useful life) of an individual financial asset, if credit risk linked to the instrument has risen significantly since its initial recognition,
- Within the next 12 months, if credit risk linked to the instrument has not risen significantly since its initial recognition

Financial instruments – financial assets measured at fair value through financial results

Financial assets measured in fair value through financial results include financial instruments, which were purchased for resale or repurchase in a short-term (not later than within 12 months from the purchase date) to earn short-term profits on fluctuation of market prices. The assets are entered in the accounts at the date of conclusion of the transaction, and derecognized when the contractual rights to cash flows from financial assets expire or when the financial asset is transferred with whole profit and benefits related with holding of the asset. Both at the date of entering in the accounts and at the balance sheet date financial assets in trading portfolio are measured at fair value without deduction of transaction cost of the sale of the instrument. Differences from measurement of instruments are recognized in the statement of comprehensive income.

This category covers instruments, which do not qualify as measured at the amortised costs

Derivatives

Derivatives are financial assets measured at fair value through profit or loss, unless they are hedging cash flows

<u>Accounting policy for measurement of fair value of financial instruments:</u>

According to the Company fair value of assets and liabilities is best reflected as widely available market price at the active public stock exchange market. The market is active if transactions are concluded regularly enough so that the price does need to be adjusted by economic situation, and numbers of transactions should guarantee that:

a. The price is not a result of off the market agreement of the contracting parties,
b. the entity might sell its financial instruments without materially affecting the market price.

If the market fails to meet the criteria of an active market the entity will value the financial instruments to reflect changes in economic environment (with respect to credit rating of the issuer of the instrument, changes in market rates of return, changes in base risk for the issuer) thus adjusting the price that was recently set on the market.

If the instrument is not quoted at the stock exchange market the entity

a. instruments with rights to equity interest, will be valued at the acquisition price adjusted by impairment loss if there are conditions for such impairment,
b. take into account prices set in transactions in financial instruments off the regulated market (if such data is available) and will adjust it by available data on changes in economic environment that affects the price of the instrument,
c. If off the regulated market price is not available, the entity will use generally recognised methods of valuation of individual financial instrument, which would be used by market participants for setting the price of the instrument on arm’s length basis. Especially in case of debt instruments value of an instrument will be estimated with the use of

effective rate of return calculated on the base of all cash flows related to the financial instrument. Any value measured in such a way will be tested for impairment loss, if there is reason for impairment.

Measurement of value of instruments in trading portfolio with the use of effective rate of return. Value of available for sale financial instruments is measured with the use of effective interest in the same way as for lending granted by the Company. If the initial maturity date of the debt instrument is less than 12 months, discounts and interest accounted for using straight-line method are considered to be approximation of effective interest rate, unless the difference is not material for the financial statements taking into account the value of financial instruments held.

Recognition and valuation of derivatives

Derivatives are recognised in the accounts, when the company becomes a party to a binding agreement. The company uses derivatives to minimize risk related to fluctuations in currency exchange rates. As at the balance sheet date derivatives are priced at fair value. Derivatives with fair value exceeding zero are financial assets, and the instruments with negative fair value constitute financial liabilities.

Profit or loss from on hedging derivative instruments is recorded respectively in revaluation reserve or in the cash flow statement as cash flows from operations.

Recognition and valuation of embedded derivatives

As at the balance sheet date the entity assesses whether its contracts do not provide for arrangements, which are in fact derivatives, if the nature of the instruments differs from the nature of the main contract.

Embedded derivatives are conditions stipulated in contracts, which cause that some or all cash flows under the contract change in the same way as if they were affected by stand-alone derivatives. They constitute so called components of host contracts.

An entity assesses if there are derivatives embedded in contracts, in particular in cases, which:

a) The price of purchase or sale stipulated in contracts depends on movements in foreign exchange rates, interest rates or prices of other financial instruments, and this is not ordinary manner of price setting in this type of contracts in a specific economic environment,
b) A purchaser or a seller have options of accounting for (foreign currency or price) under the individual contract.

Stocks

Scope:

The company has current assets, which are stored for trading purposes. Other materials purchased by the company include office and business supplies intended for ongoing consumption.

Accounting policy

Goods are recorded in the inventory register at purchase price. Outflows of goods are recorded at the date of sale. Materials are intended only for direct and ongoing consumption and are recognised at purchase price in costs for the period. This does not distort assets and financial result of the company. Outflow of goods is recorded at the date of their sale according FIFO method.

Receivables

Trade receivables are recognized in the statement of financial position at the date of sale of services, materials or goods according to the policy concerning recognition of sales revenue. Trade receivables are recognized in a nominal value. The entity monitors recoverability of amounts of receivables daily. Rotating items are present in normal operation cycle and thus, they are recorded in company's assets in short-term receivables. Advances paid to contractors that cooperate with the companies pursuant to contracts for reservation of hotel accommodation, are presented as receivables.

The company creates allowance for bad debts according to a simplified model provided for in IFRS 9, that is assessment of future credit loss based on historic data. The estimates are verified from time to time.

Receivables with financing element

For trade receivables, with the maturity dates that are extended enough to contain financing element (according to the company a maturity date for a receivable should exceed 12 months for the delivery to contain financing element) the entity recognizes receivables in the nominal amount less discount calculated using effective rate of return

1. Embedded in the contract if the price of services of goods delivered was set at a different level than in the situation when the payment for the delivery was immediate, or
2. Resulting from assessment of creditworthiness of the recipient and respective loan interest rate which would be granted to the recipient by the entity, if the rate of return embedded in the contract does not exist or fails to meet market conditions

Difference between nominal amounts received from recipients and the value of sales revenue is recognised as financial revenue to be paid

Accounting policy

Receivables are priced at least as at the balance sheet date in the amount payable, that is nominal value of receivables plus default interest due for the company, if any, using prudence, that is allowance for bad debts, if any. Receivables denominated in foreign currency are priced at the balance sheet date by translating them to Polish currency at the average NBP exchange rate set for that date. The exception includes advances, which are measured at historic exchange rate, that is as at the balance sheet date the rules mentioned in the previous sentence do not apply.

Cash and cash equivalents

The entity considers cash in hand and demand deposits as cash. Other monetary assets (equivalents) are short term investments with high liquidity. They are treated as cash equivalents if they are easily convertible for the predetermined amounts of cash and are exposed to insignificant risk of changes in value.

Cash in hand and cash at bank include in particular:

- promissory notes and cheques received,
- Treasury bills and other monetary instruments with original date of redemption that does not exceed 3 months, if there is an active market for them

Accounting policy

Monetary assets are priced during a financial year at the nominal value, while cash in foreign currency as at the date of translation of the exchange rate: of the purchase or sale of foreign currencies used by the company's banker – in case of the transaction of sale or purchase of foreign currencies and payments for receivables and liabilities, set by NBP, for an individual foreign currency at that date – in case of other transactions. As the balance sheet date monetary assets are priced at the amount payable, whereas assets denominated in foreign currencies at average exchange rate set for the given currency by NBP for that date.

Prepaid expenses

The company recognizes prepaid expenses for expenditures incurred for future reporting periods. Costs of organizing package travels, costs of commission from package travels for the next financial year, insurance and subscriptions for the next period are treated as deferred costs.

Write offs of prepaid expenses can be recognized over the course of time or proportionally to the performance. Time and accounting method are justified by the type of the costs with precautionary principle.

The amount of the expenditure is measured at price paid – considering precautionary principle

Remaining / other assets

Scope:

Other / Remaining assets include deferred costs and deferred income tax assets.

Accounting policy

Assets constructed as Other / Remaining assets must meet the following conditions:

- arise on past events, constitute expenses for operational objective of the company and their amount may be reliably assessed,
- result in inflow of economic benefits to the company in the future.

Other / remaining assets may be written off over the course of time or depending on the amount of expenditure. Time and the method of accounting for is justified by the nature of the expenditure considering precautionary principle.

Equity

Scope:

Equity (net assets) is the difference between assets and liabilities of the entity.

Accounting policy

Equity is recognised the nominal value by its types and according to legal regulations and provisions of the Articles of Association.

The authorized capital is presented in the financial statements in the amount defined in the Articles of Association and registered in National Court Register. The authorized capital is recognized at nominal value of the shares delivered in exchange for payments or contributions. The share premium or the surplus of the fair value of the contribution over the nominal value of delivered shares is recognized as the supplementary capital. The amount of the unpaid capital for shares delivered by the entity is recognized in the liabilities of the balance sheet as decrease in equity

Supplementary capital is created for share premiums (or fair value of contributions of assets) over their face value.

Revaluation reserve is recognised in financial statements in the amount of the profit or loss on hedges.

Own shares of the company are recognised in the financial statements in minus, as a decrease in equity. Own shares are valued at the purchase price.

Own shares are valued at purchase price.

The company recognizes equity from merger of the jointly controlled entities. The amount of the equity is a sum of two elements: 1) the difference between the amount of share capital acquired through merger of subsidiaries and the value of interest in those entities presented as at the day preceding the merger 2) sum of other capitals (supplementary capital, reserves and retained profit) of those entities presented at the day preceding the merger.

Retained profits mainly include undistributed financial performance.

Provisions for liabilities

Scope

Provisions are recognized when the Company has a legal or customary obligation resulting from past events and it is probable that the obligation will be met if there is an out flow of resources, and its amount may be reliably assessed. The provisions are recognized and classified to the following groups:

- Provisions for liabilities, linked to contracts, which give rise to the charges, in particular from guarantees, warranties and outcomes of legal proceedings,
- restructuring provisions.

No provisions are recognized for future operating losses.

Provisions for concluded agreements, where inevitable costs of transferring goods or providing services will exceed the expected revenue.

If there are agreements, where inevitable costs of performing the contract exceed economic benefits expected therefrom, the enterprise recognizes loss, which will be presented in the contract in the period when the surplus of the costs was calculated:

For the loss, the entity recognized provision in the following amount:

- Total loss from the contract – if the revenue recognized exceeds incurred costs up to the balance sheet date,
- The difference between the loss from the contract and the surplus of the incurred costs over the obtained revenue – if, till the balance sheet date, the incurred costs exceeded the recognized revenue

Other provisions

Other provisions are recognized in the statement of financial position, if at the balance sheets date there is an obligation of transferring goods or providing the services in the future, which due date or the amount payable is not presently known: In particular, the entity recognizes provisions for:

- Unfavourable outcomes of litigations, in which the entity acts as a defendant (if the respective liabilities are not recognized in other items) if the unfavourable outcome of legal proceedings is probable for the entity. The value of the provision is assessed by the management board of the entity based on the opinion of the lawyer engaged in the case,
- Cost of the uninvoiced commission for the services sold in the financial year, which will be charged by the tour operator to the entity at the beginning of the subsequent year.

Employee benefits

Short-term employee benefits

As at the balance sheet the enterprise calculates value of employee costs linked to deriving additional economic benefits from accrued holiday leaves. The additional cost is recognized in short provisions of as the value of days of accrued holidays worked in an individual or previous year including due mark-ups. The deferred costs are revaluated on ongoing basis. The respective liabilities, which are not accounted for as at the balance sheet date, are not discounted.

Benefits upon termination of employment

Under defined contribution plan the company has the obligation to pay contributions to the pension plan, which is supervised by public administration. Upon payment of defined contributions, the company has no additional obligations. The contributions are recognised as costs of employment benefits at maturity date.

Provisions for retirement pay, which must be paid according to applicable legal regulations, are recognized in the amount estimated by the accounting department individually (valuation for 2020), considering the materiality criterion.

Termination benefits

The company creates provision if it has distinctive obligation to terminate employment with current employees and it cannot withdraw from the commitment or pay termination benefits. The company discounts the benefits if their maturity date falls after a period longer than a year from the balance sheet date.

Deferred tax

The company recognizes provision for the temporary differences between the value of assets and liabilities recognized in accounts and calculates deferred tax assets and liabilities.

The company creates deferred tax assets and liabilities. Deferred tax assets are determined for deductible temporary differences and unused tax losses in the amount, in which it is probable that taxable income will enable to use these assets.

Deferred tax liabilities are recognized for taxable temporary differences in the amount of income tax payable in the future. Book value of assets and liabilities is determined in accordance with International Financial Reporting Standards. Tax value of assets and liabilities is the base to assess income tax liabilities.

Deductible temporary difference arises, when:

Book value < tax value	For assets
Book value > tax value	For liabilities

Taxable temporary difference arises, when

Book value > tax value	For assets
Book value < tax value	For liabilities

If the difference between book value and tax value does not reduce tax liability in the future (the permanent difference), then tax value of this item of the statement of financial position is equal to its book value.

The entity measures value of deferred tax liabilities and assets taking into account rates of income tax in the year when the tax obligation arises, as the product of sum of temporary differences (taxable and deductible) and the rate of the income tax applicable in the year, in which the tax obligation arises.

The deferred tax from revenue and expenditure presented directly in other comprehensive income are also recognized in other comprehensive income.

Liabilities

Scope

Liabilities include obligations (arising from past events) to provide services or goods of reliably measured value, which will lead to consumption of held or future assets of the entity.

Accounting policy

A liability is classified as short-term liability if it meets one of the below criteria:

a. it is expected that the liability will be settled during standard cycle of operations of the company,
b. is held mainly for trading,
c. it is payable within 12 months from the balance sheet date, or
d. the company does not have unconditional right to defer the maturity date within at least 12 months from the balance sheet

All other liabilities are classified as long-term liabilities.

Trade liabilities are classified as financial liabilities valued at amortised cost.

Contingent assets and liabilities

Contingent liabilities are as follows:

1. A probable liability, that arose as an outcome of past events and its existence will be confirmed only through occurrence or absence – of one or more uncertain events in the future, which are not controlled by the Company, or:
2. a present liability, which results from a past event, but is not recognized, since
   a. Outflow of benefits to pay for the liability is highly unlikely
   b. It is impossible to reliably calculate the value of this liability,

Contingent assets are probable assets resulting from past events, which existence will be confirmed or occurrence or absence of one or more future events, over which the Company does not have influence.

Other liabilities

Scope:

Other liabilities are linked to costs and cover probable liabilities in the current financial period, which arise in particular:

- from an obligation of future performance, which is linked to current operation towards unknown person, and the amount may be assessed, despite the fact the liability date is not yet know; including liabilities arising from warranty repairs and warranty for durables

Other liabilities cover also revenue, in particular:

- equivalents of amounts received or payable to contractors for performance in future reporting periods,
- cash received for financing acquisition or construction of fixed assets,
- Including fixed assets under construction and development works, if (according to other laws) they don't increase equity

Accounting policy

Other liabilities are recognized for costs:

- which amount or payment date in uncertain,
- their occurrence is certain or highly probable, they arise from past events and there is an obligation to make performance, which will result in consumption of currently held or future assets of the entity,
- it is possible to reliably assess the amount of provision

Other liabilities are presented in the financial statements as long-term and short-term, whereas short -term cover all settlements referred to standard operation cycle of the entity and all other provisions to be settled within 12 months; others are qualified as long-term settlements.

Assets and liabilities denominated in foreign currencies

The functional currency and the presentation currency for the entity is Polish zloty. The principle of setting an appropriate foreign exchange rate for individual groups of assets and liabilities as at the balance sheet date. The items of the statement of the financial position classified as monetary as at the balance sheet date will be valued using a closing price as at the balance sheet date. This will refer to the following groups of assets: receivables, liabilities, lending, borrowings, and cash.

The items of the statement of financial position classified as non-monetary valued at the fair value will be translated to Polish zloty using the average exchange rate as the date of measuring the fair value. If the company will measure the fair value as at the balance sheet date – the exchange rate applicable for the given currency at the balance sheet date will be uses to translate non-monetary items of the statement of financial positions, which are measured at fair value.

If the fair value of the item of the statement of the financial position will not be measured as at the balance sheet date, its value, translated into Polish zloty, will be measured using foreign exchange rate applicable as at the date at which the fair value of the item of the statement of the financial position was measured for the last time, if the difference will be material for the financial statements. This situation refers to items of fixed assets held for sale.

The remaining items of the statement of financial position (non-monetary valued at historical cost or modified historical cost) will be measured (as at the balance sheet) using foreign exchange rate applicable at the date of the purchase of a given item.

To simplify the matters – for practical purposes – the entity uses the average exchange rate published by NBP as the closing price. The principle of setting proper exchange rates for individual groups of assets and liabilities over the course of a year and recognition of the effects of exchange differences.

Transactions and balances denominated in foreign currencies are translated to the functional currency using the exchange rate applicable for settlement of transaction. The foreign exchange gains and losses from settling of these transactions and from the balance sheet measurement of assets and liabilities denominated in foreign currencies are recognized respectively in the profit and loss account, unless:

1. They are not deferred in equity, when they qualify for recognition as cash flow hedge, and to hedge of share in the net assets and
2. Do not refer to constructed fixed assets in the period of construction, through the financing period – to the amount of adjustment of the cost of interest

The exchange differences (both gains and losses) of transactions connected with obtaining borrowings (loans, credits, lease agreements, and cash and cash equivalents) are presented in financial costs. The currency translation differences from non-monetary items such as equity instruments classified as available for sale financial assets are presented in the capital from fair value measurement. The currency translation differences from financing of constructed fixed assets – to the amount of the adjustment of the interest expense less respective revenue, are subject to capitalisation in the value of the fixed asset. The exchange differences related to other transactions (accounting for and balance sheet measurement of trade estimations) reduce or increase revenue or costs linked to these transactions.

Impairment of assets

The Entity tests assets for impairment by analysing the ability to generate cash flows by the generating cash flow entity. The entity does not separate smaller cash flow generating units.

Conditions for impairment of assets are identified by:

1. Managers of retail stores, who are responsible for providing information to accounting department and financial executive on external conditions proving possible impairment of assets, that is
   a. Substantial loss of market attractiveness of the brand of the tour operator
   b. Changes in market, economic, and legal environment, which directly affect sales of package holidays
2. The accounting department is responsible for informing a financial executive about existence of substantial fluctuation (around 20% compared with the previous year) in current costs.
3. The management board, which is responsible for analysing indication of impairment, which is a result of interest rate changes and substantial changes in exchange rates

If value in use measured according to the scheme below is lower than carrying amount of assets - impairment loss is recognised.

The management board prepares, on the base of provided information, statement of comprehensive income, and on their basis forecasted cash flows. Cash flows should cover expenditures (including necessary investments) related to useful life of assets within the period covered by the forecast and anticipated inflows from liquidated assets and liquidation costs. The financial executive in coordination with the Management Board calculates proper discount rate, which refers to weighted average cost of capital. The discount rate is calculated before taxing and reflects current assessment of market time value of money, and the risk connected with given asset. Value of cash flow in calculations is presented in the Company's financial plans for subsequent years, and in periods not covered by the plans from extrapolation of the planned amounts within the period of economic useful life of basic elements of the unit with prudence (on the assumption that revenues and floating costs in the following years will show the same tendency as the entity observed in three previous years or other based on a decision of the Management Board of the entity).

Rules of recognition and reversal of impairment loss in accounts

If recoverable value is lower than the net book value, the entity recognizes impairment to recoverable value. The impairment loss is treated as period cost, for the period, in which the impairment loss is recognized and presented in the statement of comprehensive income.

To decrease the carrying amount of assets held by the Company, as the cash generating unit - individual assets are written down proportionally to share of carrying amount of each item, unless the statement of financial position includes goodwill. In such case the impairment is in the first place charged to the goodwill, and afterwards is accounted for proportionally to other assets. In case of recognition of impairment loss for carrying amount of the given asset, the asset's value cannot drop below:

1. Its fair value less selling costs (if it is possible to assess the fair value),
2. Its value in use (if it is possible to determine)
3. Zero

The Management Board of the Company can assess, based on provided information, if there is still indication of impairment loss for assets. In such case (based on recalculation of value in use) impairment loss is reversed.

Reversal of impairment loss is recorded only once in the income statement. The amount of reversal is allocated proportionally to each item of the cash generating unit (except goodwill), but value of none of the items of the unit could not go up above lower of: its recoverable value or net book value (i.e., less amortization), which would be recorded in accounts, if impairment loss was not recognised previously.

Discontinued operations

An element of the business entity, which was disposed of or qualified as held for sale is considered by the entity as a discontinued operation and:

a) is a separate, material sector of business or geographical area of operations,
b) is a part of individual coordinated disposal plan of material sector of operations or geographical area of operations, or,
c) Is a subsidiary acquired specifically for resale?

A decision to present such item as discontinued operations is taken by the Management Board of the entity.

Lease

The Company is a lessee with regard to lease contracts for lease of commercial premises, office premises, cars and other equipment.

According to IFRS 16 the Company applies one approach to recognition and valuation of its all lease contract, except for short-term lease and lease of insignificant value. Lease liabilities are valued at the present value of lease payments made to a lessor throughout the lease period, where the discount rate is determined on the base of the lease interest rate, unless (and that is usually the case) it is not easy to determine, and then the marginal interest rate of the company/the group at the lease date is applied. Variable lease payments are included in the valuation of the lease liability only when they are contingent on the index or the rate. In such cases, it is considered, in the initial valuation of the lease liability, that variable element stays the same throughout the whole lease term. Other variable lease payments are recognised in costs in the respective periods.

At the initial recognition the balance sheet value of the lease liability also covers:

- Amounts, which payment is expected as a guaranteed final value.
- the price of exercising an option granted to the company/the Group, if there is sufficient certainty, that the Company will exercise this option,
- All penalties for termination of the lease contract, if the lease contract was estimated that the termination option could be exercised

Right-of-use assets are initially valued at the amount of lease liability less any received lease incentives plus.

- lease payments made at the beginning of lease or before it,
- initial direct costs incurred, and
- the amount of the provision recognized if the Company is contractually bound to disassemble, remove or renovate the leased asset (destruction of the leased object).

After initial valuation, lease liabilities increase as a consequence of accruing interest at flat rate on unpaid balance and thus decrease lease payments. Right of use assets are depreciated on the straight-line basis during the remaining lease term or the remaining useful life of the assets, if what is rare, the useful life is considered to be longer than the lease term.
If the Company reviews an estimate of any lease period (because, for example it assessed the probability of exercising the extension or termination option once again), the company adjusts the carrying amount of the lease liability to reflect payments to be made until the end of the changed lease term. The payments are discounted with the same discount rate, which was used at the beginning of the lease.

The carrying amount of lease liabilities is changed in the similar manner, when a variable element of future lease payment contingent on the index or rate is changed. In both cases the carrying amount of right-of-use assets is adequately adjusted, and the changed carrying amount is depreciated for the remaining (modified) lease term.

If the Company renegotiates conditions of the lease contract with the lessor, the accounting treatment is contingent on the nature of the modification:

- if renegotiation result in additional lease of one or more assets for the amount adequate to the unit price of additional rights to use, then the modification is settled as a separate lease according to the above policy.
- in all other cases, when renegotiation extend the scope of lease (whether it is an extension of the term or by adding one or more assets), lease liability is valued again by applying discount rate at the time the modification was agreed, and the right of use asset is adjusted by the same amount.
- If renegotiation result in reduction of the lease scope, then carrying amount of the value of the lease liability as well as the carrying amount of the right of use asset is reduced in the same proportion to reflect partial or total termination of the lease and the resulting difference is presented as a profit or loss. Lease liability is subject to further adjustment to ensure that its carrying amount reflects renegotiated payments during the renegotiated lease and the modified lease payments are discounted with the discount rate of the arranged modification date. The right of use asset is adjusted by the same amount.

For contracts which provide the company with the right to use specific asset and also require provision of services for the company/ the group by the lessor, the company decided to recognize only the rent under the contract as lease, and the other payments under the contract are treated as a cost.

The Company has the right to terminate rental agreements. The most frequent term of the agreement is 5 to 10 years. Additionally, the Company has long-term contracts for lease of means of transport. The contracts include provision concerning monthly instalments.

As a rule, the lessor has the right to terminate the agreement for lease of means of transport with 30-day notice. The agreements do not stipulate limitations in respect of dividend, additional debt or additional lease agreements.

The Company implemented IFRS 16 using the retrospective method.

Rainbow Tours S.A. applied the following admissible practical solutions in respect of leases previously classified as operating leases according to IAS 17:

- The Company applied one discount rate for the lease portfolio of similar features
- The Company applied simplified approach to lease agreement ending before 12 months as of their first application, in this approach the leases are recognized in line with requirements for short-term leases and presentation of costs related with them in disclosure covering incurred costs of short-term lease agreements

As a result of implementation of IFRS 16 the Company in the first stage recognized right of use assets in the amount equal to lease liabilities. Then the value of right of use asset was adjusted by the amount of lease incentives settled over time, which the Company held in its balance sheet as at 1 January 2018 and the value of commission for intermediaries recognized as at 1 January 2018. The average weighted discount rates adopted for the first-time application of the standard came to 3.7%

Following the implementation of IFRS 16 the Company applied the following judgements and estimates:

- The term of lease for agreements with extension option is set by the Management Board of the Company as an irrevocable lease term jointly with terms, which cover options to renew lease, if there is enough confidence that the option will be exercised, and with terms covering options to terminate lease, if there is enough confidence to assume that the option will be exercised.
- It is possible for the Management Board of the Company - under some lease agreements - to renew the term of asset lease. The company uses its judgement to determine if there is enough confidence to exercise option of renewal. This means that the Company takes into account all material facts and circumstances, which constitute an economic incentive to renew it or the penalty for non-renewal. After the beginning of the lease the Management Board of the Company once again assess the term of the lease, in case of occurrence of a significant event or change in circumstances controlled by the Company and if it affects its ability to exercise (non- exercise) the renewal option (e.g., change of the business strategy).
- The Management Board of the Company took into account the renewal term for some of the agreements – e.g., commercial premises because there was enough confidence to exercise the option. The renewal options for agreements of lease of means of transport were not included in the lease term, because the policy of the Company in respect of lease of these assets provides for maximum period of useful life not longer than the five years, and thus the company do not exercise the renewal option. The Company holds lease agreements for indefinite term. The Company sets lease term taking into account enforceability of the agreement. The lease is no longer enforceable if both the lessee and the lessor have the right to terminate the agreement without the need to obtain permission of the other party without paying penalties bigger than insignificant

Hedge accounting

Accounting policy

Hedging for accounting purposes is to compensate movements in fair value of hedged items with movements in fair value of derivatives created as hedges.

Hedges include fair value hedges and cash flow hedges.

Financial assets, which are not derivatives, and financial liabilities, which are not derivatives, may be designated as the hedging instrument, only to hedge currency risk.

Hedging instruments are designated as cash flow hedges. Derivatives hedge cash flows.

A derivative hedging cash flows, is an instrument, which:

–is used to limit cash flow variability and may be attributed to specific type of risk related to an item of assets or liabilities in the statement of financial position or with highly probable forecasted future transaction and
– will influence net profit or loss

Profits and losses arising from movement in of fair value of a cash flow hedge are recognized in a separate item of equity, in such a part that the instrument makes an effective security for the hedged item. The ineffective part is recognized in statement of comprehensive income when the item affects s statement of comprehensive income.

Effectiveness (efficiency) of hedges is a degree, to which movements in cash flows linked to hedged items, which can be attributed to risk hedged, are compensated with movements in cash flows related to hedging instruments.

If the hedged future liability or forecasted transaction leads to recognition of a non-financial asset or liability in the statement of financial position, then at the recognition of the item, all profits and losses from the item are included in the purchase price or other carrying amount of the specific asset or liability.

According to hedging policy adopted by the Company, the designated hedges cannot constitute more than 80% of foreign currency flows in the portfolio of contracts for the given currency.

At the conclusion of transactions, the Company documents the relations between hedging instruments and hedged items as well as the purpose of the transaction. The company also documents its assessment, both as at the date of hedge inception as well as on daily basis, if hedging instruments are effective or if they are expected in the future to be highly effective in compensating movements in cash flows of hedging instruments and hedged items.

<u>Discontinuation of hedge accounting</u>

Derivatives cease to be recognized as hedges if the derivative expires, is sold, terminated or settled if the company stops using the instrument as a hedge. Then, for hedging cash flows, profits or losses arisen in the periods, when the hedge was effective, stay in equity until the hedged item affects statement of comprehensive income.

If the hedge of a future liability or forecasted future transaction will not be used any longer because the hedged item any longer, because the hedge item does not meet the definition of a future liability, or because it is probable that the planned transaction will not be made, then net profit or loss is instantly carried to statement of comprehensive income

4.2. Rules of measurement of financial result

Revenue from sales of products, goods and materials

Rules of recognizing revenue are consistent with IFRS 15 “Revenue from Contracts with Customers”, which provide five step model of recognizing the revenue

Requirements for identification of the contract with customer

A contract with a customer is consistent with its definition, when all the following criteria are met: the parties to the contract concluded the contracts and are obliged to fulfil their obligations, the Company is able to identify rights of each of the parties in respect of goods or services to be transferred, the Company is able to identify conditions of payment for goods or services to be transferred, the contracts has commercial substance and it is probable the Company will receive consideration, to which it is entitled for goods and services provided to the customer.

Identification of performance obligation

At the inception of the contract the Company assess the goods or services that have been promised under the contract with the customer and identifies as performance obligation each promise to provide (to the customer) a good or service (or bundle of good or services) that is distinct or series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Determination of the transaction price

In order to determine the transaction price, the Company takes into account conditions of the contract and past customary business practices. The transaction price is the amount of consideration, the Company expects to be entitled to in exchange for the provision of goods or services to the customer less amounts collected on behalf of the third parties (e.g., some taxes on sale). The consideration provided under the contract with the customer can cover fixed amounts.

Allocation of the transaction price to the performance obligations

The Company allocates the transaction price to all performance obligations (or to a distinct good or service) in the amount, which best reflects the amount of consideration, which according to its expectation, the Company is entitled to in exchange for provision of goods or services promised to the customer.

Recognition of revenue when the entity satisfies a performance obligation

The Company recognizes revenue when the performance obligation is satisfied (or during the performance of the obligation) by provision of a good or service (that is an asset) promised to the customer (the control over the asset is passed to the customer). The revenue is recognised as amounts equal to the transaction price, which would be allocated to the performance obligation.

Scope

Revenue is recognized at the time of receipt of the service by the recipient at the start of a package holidays or delivery of goods. In case of the Company sales revenue comes predominantly from sales of services as follows.

1. Touristic,
2. intermediary
3. other

Accounting policy

For package travel revenues from sales of services are recognized in the month, when the package holidays start. Due to short periods of a package travel – for the sake of simplification – the date the revenue is earned is the date of start of a package tour, also for tours, which start at the end of one financial year and finish at the beginning of another.

The amount of collected advance payments for the services is recognised in the liabilities of the statement of financial position – as liabilities from advance payments for services provided in future periods. In case of revenue from intermediary sales of package holidays, flight and coach tickets, and insurance, the amount of actual commission in this respect is calculated at the time of settlement of sold services with a carrier or a tour operator.

As at the balance sheet date the Company recognizes revenue earned as at the turn of the balance sheet date. Performance made over the course of time is for the Company the base to recognise revenue gradually as the contract is performed. When the contractual performance by the Company will be made at the turn of the periods, the Company performs a materiality test for recognition of revenue proportionally to contractual obligation (provision of service) satisfied and the influence of distortion over the financial statements. If the influence of distortion is material, then revenue will be allocated considering the scope of performance made, proportionally to number of days of package holiday to the relevant reporting period, which is presented in the below algorithm.

Revenue qualified to a specific reporting period corresponding to specific package holidays in PLN (total price of package holidays in PLN/ the time of package holidays in days) * number of days of package holidays in the specific reporting period)

Costs of basic operations

Scope

Costs of basic operations are recognized in the income statement in line with proportionality of revenue and costs (revenue and costs of the same transactions are recorded simultaneously). Costs of basic operations include probable reductions of economic benefits in the reporting period, resulting from statutory activities of the Company with reliably assessed value, which constitute decrease in value of assets or increase in value of liabilities and provisions, and will lead to decrease in equity or increase in its shortage, in other way than withdrawal of funds by shareholders.

Accounting policy

The costs of manufacture, which can be directly attributed to revenue of the entity influence financial performance of the entity for the reporting period, in which the revenue was generated.

The cost of manufacture, which can be only indirectly attributed to revenue or other benefits derived by the entity, influences financial performance of the entity, in the part which it refers to the given reporting period, ensuring proportionality with revenue or other economic benefits.

Operating income and operating costs

Scope

Other operating income and operating costs include costs and revenues indirectly related to operating activities of the entity.

Accounting policy

Other operating revenue and costs include items related to, in particular:

- sale of fixed assets, fixed assets under construction, intangible assets,
- Allowance for bad debts except for receivables and liabilities linked to public and legal institutions, which are not charged to costs,
- recognition and reversal of provisions, except for provisions for financial transactions,
- write-downs of assets of assets and their adjustment, except for write-downs charged to the cost of manufacture of product or goods sold, selling costs and financial costs,
- compensation, financial penalties and fines,
- Transferring or receiving free of charge, also as donation of assets, including cash for purposes other than acquisition or manufacture of fixed assets, fixed assets under construction or intangible assets.

Financial income and costs

Scope

Financial income and financial cost include costs and revenue related to financial activities of the entity.

Accounting policy

Financial income and financial costs include, in particular, as follows:

- interest on company's funds
- interest on lending
- interest on borrowings and lease,
- foreign exchange differences from loans and credits
- sale of financial fixed assets and investments
- revaluation of financial assets and investments,
- revenue from profit sharing in other entities,
- accrued, paid and received interest,
- realized and unrealized foreign exchange differences, which are not related to operating activities of the entity,
- other items related to financial activities.

Financial income and costs are recognised in the financial statements considering prudence and proportionality

Income tax and deferred tax

Accounting policy

Income tax includes actual tax liabilities for a given reporting period, and is assessed according to applicable regulations of Corporate Income Tax Act and movement in deferred tax assets or deferred tax liability. The entity recognizes deferred tax liabilities and creates deferred income tax assets for temporary differences between value of assets and liabilities recognized in accounts and tax loss deductible in the future.

The tax value of assets is the amount, which influences reduction of tax base calculation if economic benefits are, directly or indirectly, derived from the assets. If deriving economic benefits from the assets does not result in reduction of tax base for income tax, then the tax value of assets is their book value.

Tax value of assets is their book value less costs, which will reduce income tax base in the future.

Deferred tax assets are assessed in the amount that is to be deducted from income tax in the future in respect of deductible temporary differences, which will result in reduction of income tax base and deductible tax loss in the future, assessed considering prudence. The deferred income tax liability is recognized in the amount of income tax payable in the future in respect of taxable temporary differences, that is the differences, which will increase income tax base in the future.

The amount of the deferred tax liabilities and deferred tax assets is calculated considering income tax rates applicable in the year, when the tax obligation occurred. Depending on how the tax is presented in the balance sheet (liability or receivable), they are recorded in the statement of financial positions as deferred tax liabilities or deferred tax assets

4.3. Segment reporting

The operations of the company are homogenous. The core business of the company are activities of tour operators. Division to geographical segments based on localization of assets is a supplementary category.

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:

Costs segment include in particular:

- cost of sales
- selling costs

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.

The company uses all assets and liabilities jointly to all segments of operations (industry segments, geographical segments).

(data in PLN thousand – unless stated otherwise)

4.4. Important estimations and assumptions

Accounting estimates

If the transaction is not regulated in any standard or interpretation, the Management Board of the Company uses its subjective judgement to determine and apply accounting policy, which ensures that financial statements will present appropriate and reliable information, and will be:

- accurately, clearly and reliably present material and financial position of the Company, its performance and cash flows,
- reflect the economic content of the transaction,
- objective,
- prepared in accordance with prudent valuation,
- comprehensive in all material aspects.

Subjective assessment carried out as at 31 December 2020 refers to contingent liabilities (Notes 23 and 48) and the assessment of possibility that the advances paid will be used for future services (Note 13) and estimated duration of the pandemic and the effect on financial liquidity (Notes 3.3 and 3.4)

Uncertainty of estimates

Drafting of the financial statements requires the Management Board of the parent company to make estimates, because many data provided in the financial statements may not 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.

Main estimates were described in the following notes:

Note		Type of disclosed information
Accounting policy of the Company –4 .1. "Impairment of assets", "Tangible fixed assets" **9** "Details about shares in subsidiaries""	Impairment of financial instruments and individual fixed and intangible assets	Main assumptions to calculate recoverable amount: indication of impairment, models, discount rate, growth rate
Accounting policy of the Company **4.2.** "Income tax and deferred tax" **10** "deferred tax assets **23.** "deferred tax liabilities	Income tax	Assumptions to recognize deferred tax assets
Accounting policy of the Company – 4.1. "Receivables" **6** "seasonal, cyclical and sporadic receivables **12.** "Receivables"	Trade and other receivables	Impairment loss due to credit risk and related impairment on receivables
22. "Provisions"	Provisions	The Assessment of probability of outflow of economic benefits.
22"Provisions"	Employee benefits	Discount rates, inflation, rise in salaries, expected average employment period, employee turnover
Accounting policy of the Company **– 4.1**. "Intangible assets", "Tangible fixed assets	Economic useful life of fixed assets and intangible assets	Economic useful life and amortization method of assets is verified at least once at the end of each financial year.
Accounting policy of the Company – **4.1 "**Leases"	Discount rate applied	Discount rate used for calculation:5.19%

Estimations and judgements are verified on ongoing basis. They come from experience and other factors, including expectation with respect to future events, which seem likely to occur.

4.5. KIMSF New Accounting Standards and IFRIC Interpretations

The effect of application of new accounting standards and amendments in the accounting policy.

Accounting principles (policy) applied to draft these consolidated financial statements for the financial year ended on 31 December 2021 are consistent with those applied to draft the annual consolidated financial statements for the financial year ended on 31 December 2020

The same principles were applied for the current and the comparative period

Changes resulting from amendments in IFRS effective as at the balance sheet date

The following amendment to standards and interpretations issued by the International Accounting Standards Board (IASB) or International Financial Reporting Interpretations Committee took effect for the first time in respect of the financial report of the Company for 2021.

- **Amendments to IFRS "Financial Instruments", IAS 39 "Financial instruments: recognition and measurement", MSSF 7 "Financial instruments: disclosures", IFRS 4 "Insurance contracts" and IFRS 16 MSSF 16 "Leases"** – reform of benchmark reference rates (stage 2)

  The amendments approved in the European Union on 13.01.2021 (effective for annual periods starting from 1 January 2021 or later)

  Amendments introduced to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRSF 16 allow the entities to reflect effects of transition from benchmark reference rates e.g., interest rates for bank loans and credits and inter-bank deposits (IBOR), to alternative benchmark reference rates without causing accounting effects, which would not provide users of financial statements with useful information

- **Amendments to IFRS 16 "Leases"** - relief in lease payment due COVID-19 after 30.06.2021

  Amendments approved in the European Unions on 30.08.2021 (effective as of 1 April 2021 for the financial years starting from 1 January 2021 and later) reform of benchmark reference rates (stage 2)

  The amendments approved in the European Union on 30.08.2021 (effective for annual periods starting from 1 April 2021 for the financial years starting on 1 January 2021 or later).

  In the original version the modification involved reduction of lease payments linked to amounts payable on 30.06.2021 or before that date. In March 20-21 IFRS extended the scope of the leg up to amounts Payable to 30 June 2022.r.

  In March 2021 IASB change the conditions of the practical solution in IFRS 16 "Leases", which allowed lessees no to apply guidelines of IFRS 16 with respect to modification of relieves in lease payments linked to COVID-19 pandemic. As a practical solution a lessee cannot assess if relieves in lease payments linked to Covid-19 constitute modification of lease within the meaning of IFRS 16. A Lessee that decides to apply the practical solution, recognizes each lease payment resulting from relieves in lease payments linked to COVID-19, in the same way as the amendments are treated with respect to which IFRS 16 is applied, if the change was not lease modification. After the introduction of the amendment the respective solution applies relieves in lease payments, in respect of which any reduction of lease payments refers to amount originally due on 30.06.2022 or before that date on condition that other terms of the practical solutions are applied (As it was above stated before the amendment it was 30.06.2022).

- **Amendments to IFRS 4 "Insurance contracts"** "Extension of previous exemption from application of IFRS 9".

The amendments introduced in the European Union on 16.12.2020 r. (the expiry date of the previous exemption from application of IFRS 16 was extended to 1 January 2021 to annual periods starting from 1 January 2023 or later)

The above-mentioned amendments to the existing standards didn't have material effect on financial statements of Rainbow Tours Group for the financial year 2021.

Non-effective standards (new standards and interpretations).

The Group did not decide to apply early any of the standards, interpretations or amendments, which were published but did not took effect in the light of the European Union law.

The following standards and interpretations were issued by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretations Committee (IFRIC), but did not take effect as at the balance sheet date.

Approved by IASB to be applied after 1 January 2022 and approved for application by the European Union

- Amendments to IFRS 3 "Business combinations" amendments to conceptual assumptions (updating) with amendments to IFRS 3

- Amendments to IAS 16 "Property, plant and equipment" – revenues from products made in the period of preparation of property plant and equipment for operations (revenue received before accepting items of property, plant and equipment for operations.
- Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" – explanations with respect to costs recognized in the analysis whether the contract give rise to liabilities, contracts giving rise to liabilities – cost of fulfilling the terms of the contract,
- Annual programme of amendments 2018-2020 – changes intended mainly to settle irregularities and clarify terms, the amendments provide explanations and clarify guidelines in the standards in respect of recognition and measurement: IFRS1 "First time adoption of International Financial Reporting Standards, IFRS 9 "Financial Instruments", IS 41 "Agriculture" and illustrating examples to IFRS "Leases" (due to the fact that amendments to IFRS -16 refer only to an illustrating example, the effective date for the standard was not provided).

Approved by IASB for adoption and approved for application by the European Union.

- IFRS 17 "Insurance Contracts" and amendments to IFRS 17

  In May 2017 IASB published IFRS 17 "Insurance contracts", a comprehensive new accounting standard intended for insurance contracts and covering such issues as recognition and measurement and presentation and disclosures. After its effective date IFRS 17 will replace IFRS 4 Insurance contracts. In June 2020 IASB published the amendments to IFRS 17, which changed the effective date to 2023.

Amendments, which were not approved for adoption in the European Union.

- IFRS 14 "Regulatory Deferral Accounts" – the European Commission decided not to start the process of approval of this provisional standard for adoption within the territory of the European Union until the release of the final version of IFRS 14
- Amendments to IAS 10 "Presentation of financial statements – classification of liabilities as short-term or long-term (effective for annual; periods starting after 1 January 2023 or later) in June 2021 IASB took the decision to defer the effective date for the amendments from 2020 to at least 1 January 2024.
- Amendments to IFRS 1 "Presentation of financial statements" – Disclosures regarding adopted accounting policy (effective for annual periods starting after 1 January 2023 or later)
- Amendments to IAS "Accounting policies, movements in estimates and adjustment of errors" – definition of estimates (effective for annual periods starting after 1 January 2023 or later)
- Amendments to IAS 12 "Income tax" deferred tax for assets and liabilities from a single transaction ((effective for annual periods starting after 1 January 2023 or later)
- Amendments to IFRS 10 "Consolidated financial statements" and to IAS 28 "Investments in associates and joint ventures" with respect to sale or transfer of assets between the investor and its associates or joint ventures – the effective date was deferred until the end of research over equity method

V. NOTES TO SINGLE FINANCIAL STATEMENTS

Note 1. Data of the Parent Company

Business name of the Company: Rainbow Tours Spółka Akcyjna

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

NIP No (National Tax Identification Number): 7251868136

REGON No (National Business Registry Number): 473190014

KRS No (National Court Registry No): 0000178650

Rainbow Tours Joint Stock Company 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 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 Company 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 29 April 2022.

The Management Board of the Company

As at 31 December 2021 and as at the date of approval of these financial statement for publication that is 29 April 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 financial statements (the financial year 2021) there were following changes in the Management Board of the Parent Company:

1) On 22 June 2021 the members of the Management Board:

   (-) Mr Tomasz Czapla – up to that date the Vice-chairman of the Management Board of the Company and

   (-) Mr Remigiusz Talarek – up to that date the Vice-chairman of the Management Board of the Company and

   Submitted written resignations as of 30 June 2021 from membership in the Management Board of the Company, and that according to the content of the resignations was dictated by their intention of Mr Tomasz Czapla and Mr Remigiusz Talarek to candidate for membership in the Supervisory Management Board of Rainbow Tours Spółka Akcyjna

2) Moreover, according to the provisions of the below mentioned resolutions of the Ordinary General Meeting (OGM) of the Parent Company, which took place on 30.06.2021 The General meeting resolved as follows

   (-) pursuant to provisions of the Resolution No 22 of the OGM of the Company of 30.06. 2021 (the content of all resolutions adopted by the OGM of the Company with the information on voting results was published in the current report ESPI No 10/2021 of 30.06.2021) – The General Meeting of the Company considering the intention to appoint a new member of the Management Group as of 01.07.2021, and taking into account resignations from membership in the Management Board made by two previous members (Mr Tomasz Czapla and Mr Remigiusz Talarek”) as of 30.06.2021 decided, as of 01.07.2021, to reduce the number of members of the Management Board from previous 5 members to 4 members and thus to establish that the number of members of the current fourth five-year term of Management Board will be 4.

   (-) pursuant to provisions of the Resolution No 23 OGM of the Company of 30.06.2021 – The General Meeting due to arrangement, with a separate resolution of OGM of the Company of 30.06.2021 that, the number of members of the current fourth joint five-year term will be 4 decided, as 01.07.2021 to appoint Mr Jakub Puchałka as a member of the

Management Board of the Company for the current fourth joint five-year term and give him the role of the member of the Management Board.

After the balance sheet date (31.12.2021) until approval of this report for publication (29.04.2022), there were no changes in the Management Board of the Parent Company.

As at the date of approval of this report for publication (29.04.202) the composition of the Management Board of the Company was 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

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 December 2020 and the date of approval of these financial statements for publication is as at 29 April 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 financial statements (the financial year 2021) there were following changes in the makeup of the Supervisory Board of the Parent Company.

Pursuant to the provisions of the following resolutions of the General Meeting of the Parent Company (OGM), which took place on 30.06.2021 the General meeting took the following decision

(-) pursuant to provisions of the Resolution No 19 of the OGM of the Company of 30.06.2021 (the content of all resolutions adopted by the OGM of the Company with the information on voting results was published in the current report ESPI No 10/2021 of 30.06.2021). The General Meeting taking into account the intention to appoint new members of the Supervisory Board as of 01.07.2021 and considering the fact that previous members of the Management Board Mr Tomasz Czapla (previously the Vice-chairman of the Management Board and Mr Remigiusz Talarek (previously the Vice-chairman of the Management Board) resigned from membership and their roles in the Management Board and they had the intention to candidate for membership in the supervisory Board for the current sixth joint term of the Supervisory Board – decided, as of 01.07.2021, to increase the number of members of the Supervisory Board from 5 to 7 person and thus to establish that the number of members of the Supervisory Board in the current sixth joint term will be 7.

(-) pursuant to provisions of the Resolution No 20 and Resolution No 21 of OGM of 30.06.2021 – The General Meeting of the Company, due to the fact that it was established in a separate resolution of OGM of the Company of 30.06.202 that number of members of the Supervisory Board in the current, sixth, joint, three-year term will be 7, appointed as of 01.07.2021

- Mr Tomasz Czapla (pursuant to the resolution No 20 of the OGM of the Company of 30.06.2021) and
- Mr. Remigiusz Talarek (pursuant to the resolution No 21 of the OGM of the Company of 30.06.2021)

To the Supervisory Board for the current sixth, joint three-year term of the Supervisory Board.

After the balance sheet date (31.12.2021) until approval of this report for publication, (29.04.2022), there were no changes in the make-up of Supervisory Board of the Parent Company

As at the date of approval of the report for publication (29.04.2022) the make-up of the Supervisory Board of the Parent Company is 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

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

The respective changes in the Management Board are a part of the consistent and systematic changes in the Management Board, which has taken place since 2016 and constitute natural generational changes. New appointments to the Management Board include people who go through a natural career path in the Company and do their work in Rainbow Tours starting from important managerial positions to the appointment to the Management Board. It refers to people who start their work in the Company additionally are highly educated and have thorough working experience in various positions and areas in their working lives, and at the same time it provides the opportunity to use it and develop in Rainbow Tours

Considering the changes in the Company Mr Tomasz Czapla and Remigiusz Talarek who are through their subsidiaries significant shareholders, said that they are willing to change the nature of their roles in Rainbow Project, which was successfully developed by them from the beginning of the Company's existence (that is from 2003) but also earlier in the predecessors of the Company, and transfer from the Management Board to the Supervisory Board and focus on expert's supervision of operations of the Company. Supervision will be exercised by those candidates for members of the Supervisory Board, also within new Committee of Strategy and Business Growth in the Supervisory Board, which primary intention is to counsel and give opinion on strategy of operations and development of the Company as well as monitor and verify works of the Management Board regarding achieving strategic goals and implementation of plans of business and operations and financial plans.

Additionally, considering the provisions of art. 387 § 3 in connection with z § 1 of the Code of Commercial Companies and Partnerships Mr Tomasz Czapla and Remigiusz Talarek before 30.06.2021 stepped down from the Management Board of subsidiaries: Mr Tomasz Czapla from the role in management boards of White Olive A.E., White Olive Premium Lindos A.E. and "My Way by Rainbow Tours" Sp. z o.o., and Mr Remigiusz Talarek from the role in the Management Board of "My Way by Rainbow Tours" Sp. z o.o.

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.

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 Company's shares: PLRNBWT00031.

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. Information, whether the financial statements and comparative financial data cover joint data – if the enterprise of the issuer has internal organization units and they prepare independent financial statements.

The enterprise of the entity does not have any internal units that prepare independent financial statements.

Note 3. The consolidated financial statements

As at the balance sheet date (31 December 2021) and as at 31.12.2020 the Issuer was a parent company to the companies (the subsidiaries), presented below, which were consolidated:

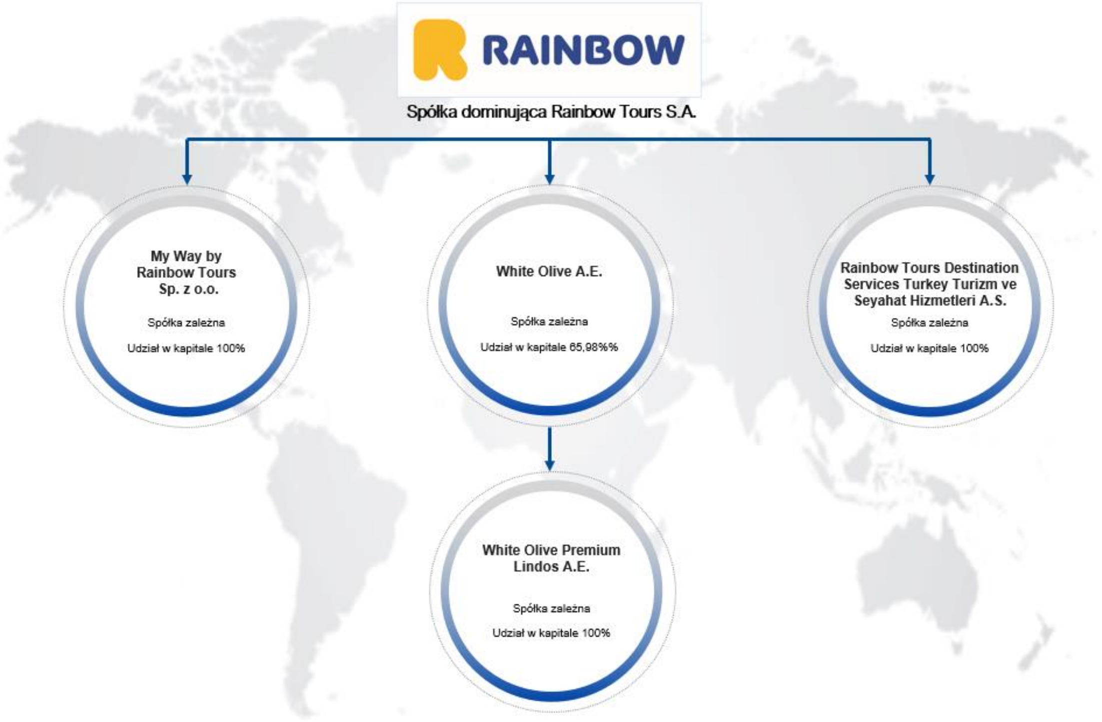
- "My Way by Rainbow Tours" Sp. z o.o.;
- White Olive A.E. [Anonymi Etaireia – company limited by shares operating under Greek law] – change (reduction of the share capital and share of votes at the general meeting of shareholders of White Olive A.E. from previously 100%/100% to respectively: 65.98%/65.98%, which took place on 30.03.2021 and the completion of the investment of Foreign Expansion Fund Privat Assets Closed- End Fund managed by PFR Towarzystwo Funduszy Inwestycyjnych S.A. (the Group of Polish International Development Fund), which involved equity participation of the fund jointly with Issuer (as the Partner) in White Olive A.E. to finance expansion of operations of White Olive A.E. with respect to provision of tourism services in hotels owned by White Olive A.E or managed on long-term leases. Due to the

(data in PLN thousand – unless stated otherwise)

investment the Issuer holds share capital and share of votes coming to 65.98%, and the Fund holds capital shares and share of votes at the meeting of the shareholders of White Olive A. E coming to 34.02%;

- 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 31.12.2021 R.					
Business name	**Registered office**	**Core business**	**Court of jurisdiction the institution keeping the register r**	**Share capital / share of votes**	**Notice**
"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 (direct 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



Except for these single financial statements of the Company for the financial year 2021 the Company also drafts separate consolidated financial statements of Rainbow Tours Group for the financial year 2021. The consolidated financial statements of the Group for the financial year 2021 are approved for publication with these single financial statements of the Company on 29 April 2022

Note 4. Description of changes in Group's organization

In the reporting period covered by these financial statements (that is in the financial year 2021) there were changes in the organization of the Group linked to the investment of Foreign Expansion Fund Private Assets Closed-End Fund ("the Fund") managed by PFR Towarzystwo Funduszy Inwestycyjnych S.A. (the Group of Polish International Development Fund), which involved equity participation of the Fund, jointly with the Issuer (as the partner) in White Olive A.E. to finance expansion of operations of White Olive A.E. regarding provision of tourism services in hotels owned by White Olive A.E. or managed by it on long-term lease. As a consequence of signing attachments to the investment contract by the Issuer (as the Partner) and the subsidiary of White Olive A.E. with registered office in Athens, Greece with the Fund, on 30.03.2021 the parties to the investment contract started completion of the investment for this purpose they undertook the following action on 30.03.2021 and before that date

– The Issuer (as Partner) subscribed for 11,222 new ordinary registered shares of White Olive A.E. with the nominal value of EUR 50.00 each for the total issue price of EUR 999.992,42 (the equivalent of PLN 4,652 thousand), and the shares were paid for through capitalization of liabilities of White Olive A.E. with respect to the Issuer (mutual set-off of Issuer's claims against White Olive A.E. arising on amounts due in the total amount of EUR 999,992.42 with the claim of White Olive A.E. against the Issuer for the newly subscribed shares.

– The Issuer (as a Partner) made a respective declaration to the Fund that confirmed satisfaction of suspension conditions provided in the investment contract (with the set of evidentiary documents) and other declarations required under the investment contract.

– The Fund in order to complete and close the investment on 30.03.2021 paid by a wire transfer to the bank account of White Olive A.E. for the new registered shares of White Olive A.E. with the nominal value of EUR 50 in the total issue price (cash contribution) in the amount of EUR 8,999,931.78) (the equivalent of PLN 41.866 thousand),

– The Issuer (as a Partner), the Company and the Fund on 30.03.2021 completed additional formalities linked to finalization and closing of the investment regarding receiving the status of the shareholder of White Olive A.E. by the Fund, including those required by specific provisions of the Contract, that is: registering the increase in the share capital and the resolution on adopting a new contract in share ledger of White Olive A.E., entering into registered pledge contract by the Issuer as (a Partner) with the Fund, what is required by provisions of the contract, adoption of the resolution about issuance of new share certificates by the Management Board of White Olive A.E. and destroying old share certificates and issuance of the new share certificates to the Fund, receipt of all necessary independent legal opinions by the Fund.

Due to completion of the investment process and as a result of subscription for shares in the increased share capital of White Olive A.E., the share capital of the Fund, and of the issuer is as follows

– The Fund holds shares White Olive A.E., which is 34.02% of total votes at the General Meeting of White Olive A.E.,

– The Issuer (Rainbow Tours S.A.) holds shares of White Olive A.E., which is 65.98% of total votes at the General Meeting of White Olive A.E

Funds obtained by White Olive A.E. regarding the increase of share capital was intended to purchase the hotel and pay for its general overhaul. It was White Olive Elite Rethymno hotel situated in the locality of Sfakaki on Crete in the neighbourhood of Rethymno, which was previously leased and managed on a long-term lease by White Olive A.E.

Due to completion of the investment process and obtaining financial funds by White Olive A.E. in the reporting period covered by the interim abridged consolidated financial statements (that is 9 months ended on 30.09.2021), on 30.06.2021 White Olive A.E. entered into sales contract, pursuant to which it acquired from a natural person and a private company the hotel property situated on Crete, which is a five-star hotel situated directly by the beach (a hotel building and accompanying buildings, including "White Olive Elite Rethymno" hotel managed previously by White Olive A.E. on a long-term lease from October 2019 to June 2021 pursuant to the contract the Issuer informed about in the current report ESPI No 30/2019 of 08.10.2019) in Sfakaki on Crete in the neighbourhood of the town Rethymno with land, where the hotel was erected and additional neighbouring land (with the potential for expansion/ construction).

Note 5. Income and performance per individual segments of operations

The operations of the Company are homogenous. The basic operations of the company are operations of tour operators. The object of the Company (according to National Court Register) is operations of tour operators (PKD 7912Z).

Note 6. Seasonal, cyclical and occasional revenue

The operations of the Group are cyclical in nature with the highest revenue earned in Summer, in III quarter, and the lowest in IV quarter.

The chart below presents revenue from sale of tourism services from January 2011 to February 2022.

The presented amounts refer only to the Company.

Table. –Monthly sales revenue from 2015.01 – 2022.02.

Table. – Comparison of sales revenue on month-on-month basis from 2015 – 2021

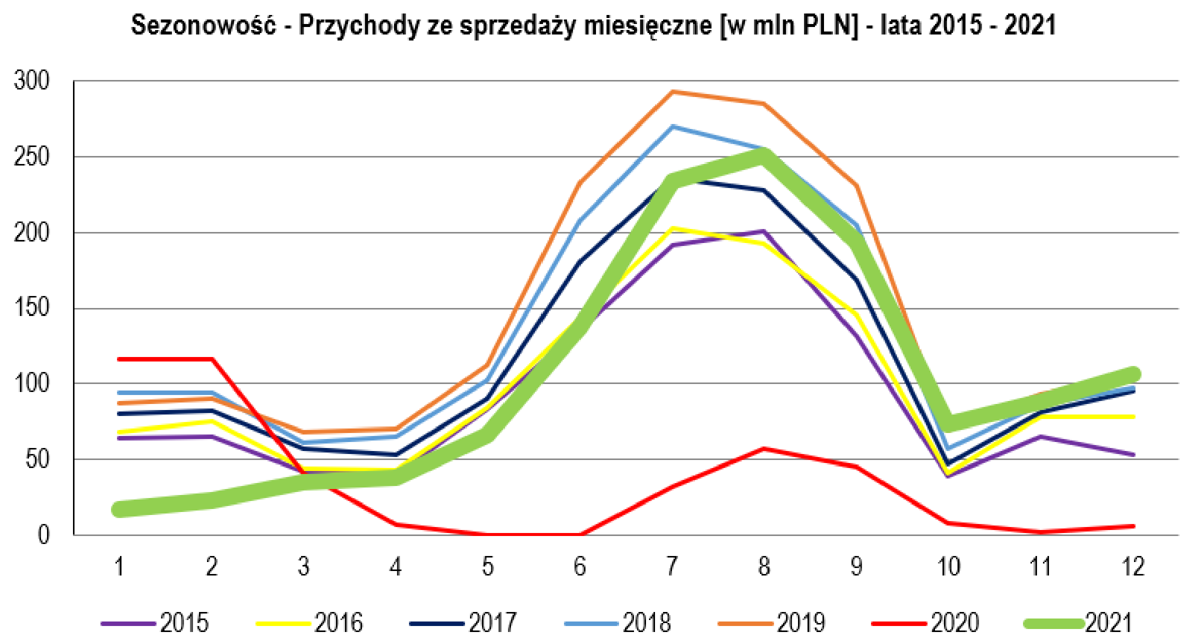
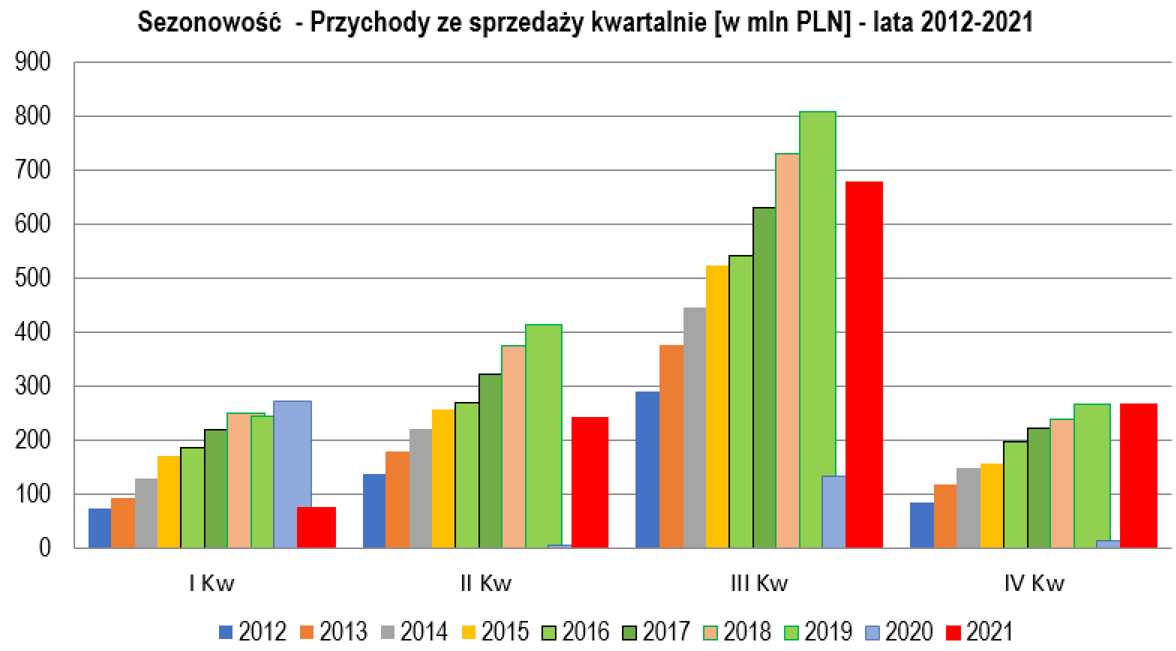


Table. – comparison of quarter-on-quarter revenue from 2012 – 2021



NOTES TO THE STATEMENT OF FINANCIAL POSITION

Note 7. Intangible assets

	As at 31/12/2021	As at 31/12/2020
Carrying amounts	PLN'000	PLN'000
Licences	4 033	4 736
	4 033	**4 736**

	Capitalised R&D	Patents	Trade marks	Licences	Total
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Gross amount					
As at 01/01/2020	**-**	**-**	**-**	**8 764**	**8 764**
Increases	-	-	-	318	**318**
As at 31/12/2020 and 01/01/2021	**-**	**-**	**-**	**9 082**	**9 082**
Increase	-	-	-	459	**459**
As at 31/12/2021	**-**	**-**	**-**	**9 541**	**9 541**

	Capitalised R&D	Patents	Trade marks	Licences	Total
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
accumulated depreciation and impairment					
As at 01/01/2020	**-**	**-**	**-**	**(3 290)**	**(3 290)**
Amortisation cost	-	-	-	(1 056)	**(1 056)**
As at 31/12/2020 and at 01/01/2021	**-**	**-**	**-**	**(4 346)**	**(4 346)**
Amortisation cost	-	-	-	(1 162)	**(1 162)**
As at 31/12/2021	**-**	**-**	**-**	**(5 508)**	**(5 508)**

Note 8. Tangible fixed assets

	As at 31/12/2021			As at 31/12/2020		
	TOTAL	Own	Used under lease agreements	TOTAL	Own	Used under lease agreements
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Own land	489	489	-	489	489	-
Right of use assets	28 655	-	28 655	29 955	-	29 955
Buildings	12 231	12 231	-	5 746	5 746	-
Plant and Machinery	1 219	1 164	55	337	226	111
Motor vehicles	1 212	83	1 129	1 419	217	1 202
Equipment	1 018	1 018	-	1 329	1 329	-
Fixed assets under construction / Advances for fixed assets	-	-	-	1 038	1 038	-
total	**44 824**	**14 985**	**29 839**	**40 313**	**9 045**	**31 268**

The claims of Towarzystwo Ubezpieczeń Europa S.A. (Insurance Company Europa S.A) with its offices in Wroclaw concerning reimbursement of amounts paid for the benefit of Marshall of Łodzkie 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.

There were no fixed assets held for sale.

As at 31.12.2021 the Parent Company updated calculation of lease liabilities resulting from renegotiations of contracts with lessors in exchange for discounts in leases and in consideration of lease payments schedule and new interest rates. The difference between the amount of liability and the amount resulting from the modified contracts has accordingly increased the amount of right of use assets and the amount of lease liabilities.

Shutdown/ closing of retail outlets in II and IIII quarter of 2020.

In the period of II and III quarter of 2020 the company shutdown 15 of retail stores. The Company reduced the amount of capital expenditure in relation to right of use liabilities.

Shutdown/ closing of retail outlets in II and IIII quarter of 2021.

In 2021 the Company did not shut down any of its stores.

Negotiations with shopping centres concerning lease payment conditions in 2020

In 2020 the Company negotiated with owners of shopping centres with regard to possibility of obtaining more favourable lease terms for the premises (Rainbow Tours stores) and the amount and manner of calculating leases (for Rainbow Tours stores). The process started in 2020 and continued in 2021.

Negotiations with shopping centres concerning lease payment conditions in 2021

The Company completed negotiations with owners of shopping centres with regard to possibility of obtaining more favourable lease terms (for Rainbow Tours stores) and the amount and manner of calculating leased (for Rainbow Tours stores). Any changes were updated with respect to valuation of right of use assets and financial right of use liabilities.

	Own land at fair value	Buildings	Machinery and Equipment by cos	Cars by cost	Total equipment	Right of use assets	Total
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Gross amount							
As at 01/01/2020	**491**	**21 622**	**2 062**	**3 523**	**4 924**	**40 141**	**72 763**
Increases	-	352	104	140	144	-	**740**
Disposals	-	-	-	(519)	-	-	**(519)**
Fixed assets under construction	-	10	-	-	572	-	**582**
Other - liquidations	-	(1 030)	(60)	-	(281)	(5 153)	**(6 524)**
As at 31/12/2020 and as at 01/01/2021	**491**	**20 954**	**2 106**	**3 144**	**5 359**	**34 988**	**(67 042)**
Increases	-	406	1 153	284	280	14 464	**16 587**
Disposals	-	-	-	(146)	-	-	**(146)**
Fixed assets under construction	-	(10)	-	-	(1 028)	-	**(1 038)**
Other - liquidations	-	-	-	-	-	-	**-**
As at 31/12/2021	**491**	**21 350**	**3 259**	**3 282**	**4 611**	**49 452**	**82 445**

	Own land at fair value	Buildings	Machinery and Equipment by cos	Cars by cost	Total equipment	Right of use assets	Total
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Accumulated depreciation and impairment loss							
As at 01/01/2020	**(2)**	**(6 490)**	**(1 554)**	**(1 565)**	**(2 519)**	**(9 438)**	**(21 568)**
Cost of depreciation	-	(1 575)	(259)	(562)	(719)	(4 347)	**(7 462)**
Other- liquidation	-	467	44	402	236	1 152	2 301
As at 31/12/2020 and 01/01/2021	**(2)**	**(7 598)**	**(1 769)**	**(1 725)**	**(3 002)**	**(12 633)**	**(26 729)**
Cost of depreciation	-	(1 521)	(271)	(487)	(591)	(8 164)	**(11 034)**
Other- liquidation	-	-	-	142	-	-	142
As at 31/12/2021	**(2)**	**(9 119)**	**(2 040)**	**(2 070)**	**(3 593)**	**(20 797)**	**(37 621)**

Right of use assets

	Land and buildings	Machinery, equipment and vehicles	Total
	PLN'000	PLN'000	PLN'000
As at 01/01/2021	**22 355**	**1 313**	**23 668**
Increases	14 464	284	**14 748**
Amortization	(8 164)	(413)	**(8 577)**
modification of lease conditions	-	-	**-**
variable lease payments adjustment	-	-	**-**
Other	-	-	**-**
As at 31/12/2021	**28 655**	**1 184**	**29 839**

	Land and buildings	Machinery, equipment and vehicles	Total
	PLN'000	PLN'000	PLN'000
As at 01/01/2020	**30 688**	**1 806**	**32 494**
Increases	170	140	**310**
Amortization	(4 347)	(633)	**(4 980)**
modification of lease conditions	-	-	**-**
variable lease payments adjustment	-	-	**-**
Other	(4 156)	-	**(4 156)**
As at 31/12/2020	**22 355**	**1 313**	**23 668**

Note 9. Detailed information about interests in subsidiaries

Detailed information about interests in subsidiaries as at 31 December 2020 is as follows

Business name of the subsidiary	Core business	Place of registration and operations	Percentage share of interests and voting rights held by the Company	
			As at 31/12/2021	As at 31/12/2020
White Olive A.E.	Hotel services	Greece	65.98%	100.00%
"My Way by Rainbow Tours" Sp. z o. o.	Training services	Poland	100.00%	100.00%
White Olive Premium Lindos A.E.	Hotel services	Greece	100.00%	100.00%
Rainbow Tours Destination Services Turkey Turizm Ve Seyahat Hizmetleri A.S.	Operations of tour operators	Turkey	100.00%	100.00%

Because the Issuer (as the partner) jointly with the subsidiary in Rainbow Tours Group, that is a company limited by shares operating under business name White Olive A.E. - with registered office in Athens in Greece, signed relevant attachments to the investment contract, with Foreign Expansion Fund Private-Assets Closed-end Fund ("the Fund") – entered into register of investment funds kept by Regional Court in Warsaw VII Civil and Registration Division under the number RFI 1162, managed by PFR Towarzystwo Funduszy Inwestycyjnych S.A. with registered office in Warsaw, which is part of the Group of Polish Development Fund]– that is equity participation of the Fund, jointly with the Issuer (as the Partner) in the company White Olive A.E. for purposes of financing of operations of White Olive A.E. with respect to provision of tourism services in hotels owned by White Olive. A.E. or managed on a long-term lease - the parties intensified works to complete subsequent stages of the investment. On 30.03.2021 the parties to the investment contract started to finalise the investment and took the following actions before 30.03.2021 and on that day:

- The Issuer (as Partner) subscribed for 11,222 new ordinary registered shares of White Olive A.E. with the nominal value of EUR 50.00 each for the total issue price of EUR 999.992,42 (the equivalent of PLN 4,652 thousand), and the shares were paid for through capitalization of liabilities of White Olive A.E. with respect to the Issuer (mutual set-off of Issuer's claims against White Olive A.E. arising on amounts due in the total amount of EUR 999,992.42 with the claim of White Olive A.E. against the Issuer for the newly subscribed shares.
- The Issuer (as a Partner) made a respective declaration to the Fund that confirmed satisfaction of suspension conditions provided in the investment contract (with the set of evidentiary documents) and other declarations required under the investment contract.

– The Fund in order to complete and close the investment on 30.03.2021 paid by a wire transfer to the bank account of White Olive A.E. for the new registered shares of White Olive A.E. with the nominal value of EUR 50 in the total issue price (cash contribution) in the amount of EUR 8,999,931.78) (the equivalent of PLN 41.866 thousand),

– The Issuer (as a Partner), the Company and the Fund, on 30.03.2021, completed additional formalities linked to finalization and closing of the investment regarding receiving the status of the shareholder of White Olive A.E. by the Fund, including those required by specific provisions of the Contract, that is: registering the increase in the share capital and the resolution on adopting a new contract in share ledger of White Olive A.E., entering into registered pledge contract by the Issuer as (a Partner) with the Fund, what is required by provisions of the contract, adoption of the resolution about issuance of new share certificates by the Management Board of White Olive A.E. and destroying old share certificates and issuance of the new share certificates to the Fund, receipt of all necessary independent legal opinions by the Fund.

Due to completion of the investment process and as a result of subscription for shares in the increased share capital of White Olive A.E., the share capital of the Fund, and of the issuer is as follows:

– The Fund will hold shares White Olive A.E., which is 34.0% of total votes at the General Meeting of White Olive A.E.,

– The Issuer (Rainbow Tours S.A.) holds shares of White Olive A.E., which is 66.00 % of total votes at the General Meeting of White Olive A.E

Business name of the subsidiary	As at 31/12/2021			As at 31/12/2020		
	Cost	Impairment	Net amount	Cost	Impairment	Net amount
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
White Olive A.E.	71 567	-	71 567	67 019	-	67 019
„My Way by Rainbow Tours" Sp. z o. o.	200	-	200	200	-	200
Rainbow Tours Destination Services Turkey Turizm Ve Seyahat Hizmetleri A.S.	25	-	25	25	-	25
Total investment in subsidiaries	**71 792**	**-**	**71 792**	**67 244**	**-**	**67 244**

Interests in other entities are valued at purchase price taking into account impairment, if any.

The Management Board of the Company tested value of the interests in White Olive for impairment. Test was performed in accordance with income-based valuation, taking into account detailed financial forecasts for the next 10 years, and then the residual period without planned growth in the residual period. WACC at the level of 7.9% (in 2021: 7.7%) was used as a discount rate. The analyses showed that there are no reasons to recognize impairment.

In the opinion of the Management Board, there are not any rational parameters of the model, both in respect of financial forecasts as well as for the discounting factor, that would require to recognize impairment loss for interests in other entities.

Note 10.Deferred tax assets

Deferred tax	The period ended on 31/12/2021	The period ended on 31/12/2020
	PLN'000	PLN'000
Deferred tax assets	8 408	7 920
deferred tax asset – accounted for equity	(950)	-
deferred tax liabilities - accounted for profit or loss	(6)	(24)
Deferred tax liabilities – accounted for equity	(9)	(85)
Balance of deferred tax	**7 443**	**7 811**

deferred tax assets	As at 01/01/2021	Movement (+ /-) Recognised in equity	Movement (+ /-) Recognised in the profit or loss for the current period	As at 31/12/2021
	PLN'000	PLN'000	PLN'000	PLN'000
Provision for employee benefits	213	-	15	228
Recognition of other provisions	125	-	981	1 106
Measurement/ impairment of assets	549	-	32	581

deferred tax assets	As at 01/01/2021	Movement (+ /-) Recognised in equity	Movement (+ /-) Recognised in the profit or loss for the current period	As at 31/12/2021
	PLN'000	PLN'000	PLN'000	PLN'000
Measurement of derivatives	-	-	-	-
Unrealized foreign exchange losses	18	-	115	133
Other	7 015	(950)	(655)	5 410
total	**7 920**	**(950)**	**488**	**7 458**

** as at the balance sheet date 31.12. 2021 deferred tax assets were offset with estimated deferred tax liabilities

deferred tax assets	As at 01/01/2020	Movement (+ /-) Recognised in equity	Movement (+ /-) Recognised in the profit or loss for the current period	As at 31/12/2020
	PLN'000	PLN'000	PLN'000	PLN'000
Provision for employee benefits	213	-	-	213
Recognition of other provisions	11	-	114	125
Measurement/ impairment of assets	400	-	149	549
Measurement of derivatives	237	(237)	-	-
Unrealized foreign exchange losses	15	-	3	18
Other	257	-	6 758	7 015
total	**1 133**	**(237)**	**7 024**	**7 920**

* * as at the balance sheet date 31.12.2020 deferred tax assets were offset with estimated deferred tax liabilities

Note 11.Stocks

	Stan na 31/12/2021	Stan na 31/12/2020
	PLN'000	PLN'000
Promotional materials	-	14
Works in progress	-	-
Finished goods	-	-
	-	14

Stocks include marketing material used during a cycle of standard operations of the Company. The company did not recognize impairment for stocks.

Note 12.Receivables

	As at 31/12/2021	As at 31/12/2020
	PLN'000	PLN'000
Trade receivables	24 518	11 181
Allowance for bad debt	(3 843)	(3 843)
Net trade receivables	**20 675**	**7 338**
The remaining receivables		
Other receivables	4 254	794
Other receivables – deposits and bank deposits	18 856	10 854
Other receivables – advances paid - hotels	130 561	206 866
Allowance for bade debt – advances paid - hotels	(2 946)	(7 946)
Other receivables – advances paid - air transport	10 477	3 916
cash and cash equivalents – settlements	2 531	-
	163 733	**214 484**

	As at 31/12/2021	As at 31/12/2020
	PLN'000	PLN'000
Current assets	164 006	209 402
Fixed assets	20 402	12 420
Total	**184 408**	**221 822**

Tour operator activities dominate the structure of sales revenue. Services are sold in two channels (own distribution channel - retails stores and call centre, and through network of agents). In case of services sold by the stores, customers have to pay for package holidays immediately. Receivables occur only in case of sales through agents (which have specified deadlines for payment for package holidays). 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 the Company starts cooperation with a new agent the Company, it uses an external assessment system to assess credit worthiness of an agent (which is used as a base to set credit limit for the agent). Limits and scores of an agent are verified twice a year. Receivables are also secured by blank promissory notes with promissory note contract, guarantees provided by a bank, and the system of deposits.

	As at 31/12/2021	As at 31/12/2020
	PLN'000	PLN'000
Gross trade receivables *	**24 518**	**11 181**
Undue	2 092	2 311
Past due:		
To 30 days	8 944	989
31-90 days	3 101	362
91-120 days	3 538	1 468
Above 120 days	6 843	6 051
Total	**24 518**	**11 181**

*The age analysis does not include advances because they do not have maturity dates. According to the Management Board the items are fully recoverable and there is no need to recognize allowance for doubtful accounts

the table below presents allowance for bad debt.

Trade receivables	The period of 12 months ended on 31/12/2021	The period of 12 months ended on 31/12/2020
	PLN'000	PLN'000
Opening balance	**3 843**	**3 058**
Allowance for bad debt	-	785
Amounts written off as bad debt	-	-
Amounts recovered during the year	-	-
Reversal of allowance for bad debt	-	-
Unwind of discount	-	-
Closing balance	**3 843**	**3 843**

Receivables – hotel advances	The period of 12 month ended on 31/12/2021	The period of 12 month ended on 31/12/2020
	PLN'000	PLN'000
Opening balance	**7 946**	**7 946**
Allowance for bad debt	(5 000)	-
Amounts written as bad debt	-	-
Amounts recovered during the year	-	-
Reversal of allowance for bad debt	-	-

Receivables – hotel advances	The period of 12 month ended on 31/12/2021	The period of 12 month ended on 31/12/2020
	PLN'000	PLN'000
Unwind of discount	-	-
Closing balance	**2 946**	**7 946**

In order to assess the level of recoverability of trade receivables the entity takes into account changes in the quality of trade receivables from the date the credit was granted to the date of drafting of the financial statements. Concentration of credit risk is limited due to a wide scope of the customer basis no relations between them.

The amount of allowance for bad deb covers individual trade receivables, which lost value, in the amount of PLN 3,843 thousand (year 2020: 3,843 thousand) and refers to contractors that went bankrupt. Impairment losses constitute difference between carrying amount of such trade receivables and current value of expected inflows from liquidation of the trade receivables. The Company does not hold any hedges for the above amounts.

It was not necessary to recognized allowance for other overdue receivables. Allowance for potential credit risk of contractors providing hotel services, which was recognized in 2019 was reversed due to Covid-19 pandemic.

According to classification of receivables (resulting from the accounting policy) the Management Board analyses estimates of allowance for doubtful accounts from time to time.

1) receivables from individual customer (acquired by own distribution channel or by an agent),
2) receivables from organizations,
3) advances transferred to entities providing tourism services.

Ad.1)

According to general conditions of participation in a package travel, an individual customer should make advance payment of 30% and pay the remaining amount of 70% 30 days before the start of a package travel. The respective receivables are not prone to credit risk. If the customer resigns from the package travel, the amounts paid – depending on the date of resignation, are proportionally reimbursed. In such situation the Company places a package holiday offer on the market again.

In case of sale of package travel by agents the receivables are secured by deposits, bank guarantees, promissory note agreements and a declaration about voluntary submission to enforcement.

In the opinion of the Management Board of the company the risk of losing value for such receivables is marginal. In historic periods the company did not recognize allowance for bad debts for such receivables.

Ad.2) The receivables arise generally as a result of sales of blocks in charter planes. Such contracts are concluded with organizations, which financial standing is analysed before signing contracts. The date of repayment of amounts due is set for 7 days before departure. Such receivables are secured with deposits and bank guarantees (for amounts estimated as value of 1 week of flights). The respective receivables are strictly controlled. Lack of payments for sold blocks at due dates provides the right to use the security – deposits and bank guarantees. Such receivables arise mainly in high season, that is in II and III quarter of a calendar year. In 2021 the Parent Company did not recognized allowance for bad debt for such receivables.

The Company sees that the opportunity to sell block of seat in planes will be decreasing in the years to come. Fewer opportunities to sell blocks are a consequence of development of the tourism market in Poland. Seats in planes are used to serve needs of the Company to cater for the increased number of package travel organised by the Company.

Ad. 3) The company pays advances/ deposits to book attractive hotels. The amounts in each following period rise in correlation with growth of Company's operations. The amounts transferred constitute receivables to settle in the period longer than 3 years in respect of hotel services.

	12.2021	12.2020
	PLN'000	PLN'000
Hotel deposits	127 615	198 920
Total assets	448 039	388 191
Sales revenue	1 264 295	431 183
total deposits to assets	28.48%	51.24 %
deposits to revenue in the period	10.09%	46.13 %

For the funds transferred, the company has security in the form promissory note agreements, and in special cases, establishes mortgage on a hotel property, The company reversed impairment on advances for future hotel services in the amount of PLN 5.000 thousand, due to lapse of premises to recognized it. The impairment as at 2021 comes to PLN 2,946 thousand.

Age analysis for overdue receivables, which lost value

	As at 31/12/2021 PLN'000	As at 31/12/2020 PLN'000
Impaired trade receivables		
60-90 days	-	-
91-120 days	-	-
over 120 days	3 843	3 843
Total	**3 843**	**3 843**

Note 13.Other financial assets

	Stan na 31/12/2021 PLN'000	Stan na 31/12/2020 PLN'000
Derivatives designated and effective as hedges recognised in fair value.		
Exchange forward contracts	46	451
	46	**451**
Lending recognised at amortised cost		
Lending to related parties	300	300
Lending to other parties	-	-
	300	**300**
Total	**346**	**751**
Current assets	346	751
Fixed assets	-	-
	346	**751**

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

Note 14.Current tax assets

	As at 31/12/2021 PLN'000	As at 31/12/2020 PLN'000
Current tax assets		
VAT refundable	2 876	871
CIT refundable	280	90
Contributions to Social Insurance Institutions	-	3 666
Other	-	1 127
	3 156	**5 754**

Note 15.Other assets

	Stan na 31/12/2021 PLN'000	Stan na 31/12/2020 PLN'000
Prepaid expenses		
Costs of package travel off season *	44 464	8 425
Costs of catalogues off season	46	208
Commission off season **	961	142
Insurance off season	1 479	580
Other off season TFP commission	1 950	2 017
	48 900	**11 372**
Current assets	48 900	11 372
Fixed assets	-	-

	Stan na 31/12/2021	Stan na 31/12/2020
	PLN'000	PLN'000
	48 900	**11 372**

* 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 16.Short-term investment

For the purpose of preparing the cash flow statement, cash and cash equivalents include cash in bank and cash on hand, including unsettled overdraft line of credits. Cash and cash equivalents at the end of the financial year (recognized in cash flow statement) may be presented in an item of the statement of financial position, in the following way:

	As at 31/12/2021	As at 31/12/2020
	PLN'000	PLN'000
Cash in bank and cash on hand	82 941	28 178
Other cash	-	-
	82 941	**28 178**
Cash and cash equivalents classified as held for sale	-	-
	82 941	**28 178**

Note 17.Issued capital

	As at 31/12/2021	As at 31/12/2020
	PLN'000	PLN'000
Share capital	1 455	1 455
Share premium	36 558	36 558
	38 013	38 013
Share capital covers		
As at 31/12/2020 and 01/01/2021		
4,725,000 vote preferred shares, fully paid in capital and 9,827,000 ordinary shares fully paid in capital	473	473
As at 31/12/2021		
4,725,000 vote preferred shares, which are fully paid up in capital and 9,827,000 ordinary shares fully paid in capital	982	982
	1 455	**1 455**

Preferred shares fully paid in capital

	Number of shares	Share capital	Share premium
	piece	PLN'000	PLN'000
As at 01/01/2020	5 780 000	578	-
Increases/ decreases - transferred to ordinary shares	(1 055 000)	(106)	-
As at 31/12/2020 and as at 01/01/2021	4 725 000	472	-
Increases/ decreases - transferred to ordinary shares	-	-	-
As at 31/12/2021	4 725 000	472	-

Fully paid-up preferred shares with the nominal value of PLN 0.10 are equal to two votes at the General Meeting of the Company and give right to dividend.

Ordinary shares fully paid

	Number of shares	Share capital	Share premium
	piece	PLN'000	PLN'000
As at 01/01/2020.	8 772 000	877	32 384
Increases/ decreases - transferred from preferred shares	1 055 000	106	-
As at 31/12/2020 and as at 01/01/2021	9 827 000	983	32 384
Increases/ decreases - transferred from preferred shares	-	-	-
As at 31/12/2021	9 827 000	983	32 384

Note 18. Share capital / Shareholders

Table information on shares in the share capital as the balance sheet date (31.12.2021) and as at 31.12.2020

Series / Issue	Type of shares	Number of shares [piece]	Nominal amount of issue [PLN]	Type of capital paid in	Date of registration	Right to dividend
A series share	registered preferred (x 2 vote)	4 505 000	450 500	Cash	2003-11-04	yes
AA series shares	Ordinary bearer shares	495 000	49 500	Contribution in kind	2020-09-30	yes
B series shares	Ordinary bearer shares	2 000 000	200 000	Contribution in kind	2005-01-20	yes
C1 series shares	registered preferred (x 2 vote)	220 000	22 000	Contribution in kind	2007-01-29	yes
C2 series shares	Ordinary bearer shares	1 000 000	100 000	Contribution in kind	2007-01-29	yes
C3 series shares	Ordinary bearer shares	200 000	20 000	Contribution in kind	2017-09-12	yes
C4 series shares	Ordinary bearer shares	120 000	12 000	Contribution in kind	2017-09-12	yes
C5 series shares	Ordinary bearer shares	900 000	90 000	Contribution in kind	2018-12-12	yes
C6 series shares	Ordinary bearer shares	560 000	56 000	Contribution in kind	2020-09-30	yes
D series shares	Ordinary bearer shares	52 000	5 200	Cash	2007-11-12	yes
E series shares	Ordinary bearer shares	2 000 000	200 000	Cash	2009-03-02	yes
F series shares	Ordinary bearer shares	2 500 000	250 000	Cash	2011-01-14	yes
	Total number of shares	**14 552 000**				
	Total share capital (PLN		**1 455 200**			
	Nominal value per share (PLN]:			**0,10**		

As at the date of approval of this report for publication (29.04.2022) AA, B, C2-C6, D, E and F series of shares in the total amount of 9,827,000 (which is total of 67.53% of the Company's share capital) and which represent 9,827,000 votes at the General Meeting of the Company (which is total 50.98% of votes at the General Meeting of the Company), were traded on regular market, at Warsaw Stock Exchange.

Table. List of shareholders, holding directly or indirectly, as at the balance sheet date (31.12.2021) 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	Number of votes at GM from shares held	Share capital [%]	Share of total votes at GM [%]
Sławomir 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. (through managed funds)	1 718 000	1 718 000	11.81%	8.91%
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%**

(data in PLN thousand – unless stated otherwise)

Table. List of shareholders, holding directly as at 31.12.2021 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]	Company's share capital i [%]	Total votes at GM [%]
Sławomir 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%
	RAZEM:	**14 552 000**	**19 277 000**	**100.00%**	**100.00%**

List of shareholders, holding directly or indirectly, significant blocks of company's shares, which represent at least 5% of the total number of votes as at 31 December 2020

shareholder	Number of shares [piece]	Number of votes at GM from shares [piece	Company's share capital [%]	Total votes at GM [%]
Sławomir Wysmyk	1 868 346	3 428 346	12.84%	17.78%
Flyoo Sp. z o.o.	1 855 000	3 010 000	12.75%	15.61%
Elephant Capital Sp. z o.o.	1 645 000	2 645 000	11.30%	13.72%
TCZ Holding Sp. z o.o.	1 610 000	2 610 000	11.06%	13.54%
Nationale Nederlanden PTE S.A. (through managed funds	1 718 000	1 718 000	11.81%	8.91%
Aviva Investors Poland TFI S.A. (through managed funds	999 197	999 197	6.87%	5.18%
OTHER SHAREHOLDERS	4 856 457	4 866 457	33.37%	25.24%
TOTAL	**14.552.000**	**19.277.000**	**100.00%**	**100.00%**

Table List of shareholders, holding directly or indirectly, as at 31.12.2020, 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 [%]
Sławomir Wysmyk	directly	1 868 346	3 428 346	12.84%	17.78%
Grzegorz Baszczyński	Indirectly, through the subsidiary: Flyoo Sp. z o.o.	1 855 000	3 010 000	12.75%	15.61%
Remigiusz Talarek	Indirectly, through the subsidiary: Elephant Capital Sp. z o.o.	1 645 000	2 645 000	11.30%	13.72%

shareholder		Number of shares [piece]	Number of votes at GM from shares [piece	Company's share capital [%]	Total votes at GM [%]
Tomasz Czapla	Indirectly, through the subsidiary: TCZ Holding Sp. z o. o	1 610 000	2 610 000	11.06%	13.54%
Nationale-Nederlanden PTE S.A.	Indirectly (through managed funds)	1 718 000	1 718 000	11.81%	8.91%
Aviva Investors Poland TFI S.A.	Indirectly (through managed funds)	999 197	999 197	6.87%	5.18%
OTHER SHAREHOLDERS		4 856 457	4 866 457	33.37%	25.24%
	TOTAL	**14 552 000**	**19 277 000**	**100.00%**	**100.00%**

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).

Note 19.Own shares

As at 31.12.2020, as at the balance sheet date (that is 31.12.2021), and as at the date of approval of this report for publication (that is 29.04.2022) the company did not hold any own shares.

Note 20.Reserve

Provision for cash flow hedges is an accumulated part of profit and losses resulting from movement in fair value of hedges, which are held by the company as cash flow hedges. Accumulated profits or losses arising from movements in fair value of hedges, recognized and accumulated in provision for cash flow hedging, are carried to results, only if the hedged transaction affects the results or as an adjustment of the base of non-financial item hedges in accordance with relevant accounting principles).

	As at 31/12/2021	As at 31/12/2020
	PLN'000	PLN'000
Hedge accounting	37	365
	37	**365**

There were no write-offs of net profit during the financial year.

Note 21.Bank loans, credits and lease liabilities

	As at 31/12/2021	As at 31/12/2020
	PLN'000	PLN'000
Hedged – according to amortised cost		
overdrafts	10 000	59 028
Bank loans	-	12 000
Loans from other entities of PFR	-	24 836
Transfer of receivables	-	-
Finance lease liabilities	614	877
Right of use liabilities	28 655	22 355
	39 269	**119 096**
short -term liabilities	20 494	67 886
long-term liabilities	18 775	51 210
	39 269	**119 096**

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 31.12.2021 the company used bank credits (the revolving credit) in the total amount of PLN 10 000 thousand. As at 31.12.2020 the Company used bank credits (the overdraft and the revolving credit) for the total amount of PLN 71,027 thousand.

As at 31.12.2021 the Issuer updated its calculation of lease liabilities from renegotiation of contracts with lessors concerning renewal of contracts in exchange for reduction in leases considering lease payment schedule and new interest rates. The difference between the amount of the liability and the amount from modified contracts increased respectively right of use assets and lease liabilities.

The period from 01/01/2021 to 31/12/2021	Land and buildings	Machinery, equipment and vehicles	Total
	PLN'000	PLN'000	PLN'000
As at 01/01/2021	**22 355**	**877**	**23 232**
Increase	14 463	294	**14 757**
Cost of interest	(169)	(24)	**(193)**
Modification of lease conditions	-	-	**-**
variable lease payments adjustments	-	22	**22**
Lease payments	(7 994)	(555)	**(8 549)**
Exchange differences	-	-	**-**
As at 31/12/2021	**28 655**	**614**	**29 269**

The period from 01/01/2020 to 31/12/2020	Land and buildings	Machinery, equipment and vehicles	Total
	PLN'000	PLN'000	PLN'000
As at 01/01/2020	**30 711**	**1488**	**32 199**
Increase	170	132	**302**
Cost of interest	(558)	-	**(558)**
Modification of lease conditions	-	-	**-**
variable lease payments adjustments	(5 323)	-	**(5 323)**
Lease payments	(2 645)	(743)	**(3 388)**
Exchange differences	-	-	**-**
As at 31/12/2020	**22 355**	**877**	**23 232**

As at 31/12/2021	to 3 months	from 3 to 12 months	From 1 year to 2 years	From 2 to 5 years	Above 5 years
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Lease liabilities	122	389	103	-	-
Right of use liability with respect to premises	2 297	6 405	11 344	6 578	2 031
	2 419	**6 794**	**11 447**	**6 578**	**2 031**

As at 31/12/2020	to 3 months	from 3 to 12 months	From 1 year to 2 years	From 2 to 5 years	Above 5 years
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Lease liabilities	120	287	284	186	-
Right of use liability with respect to premises	1 683	4 761	5 076	7 146	3 689
	1 803	**5 048**	**5 360**	**7 332**	**3 689**

Detailed information about loans and credits are presented in Notes 26 and 45. The data presented in the table do not cover long term rental of premises used to carry out business operations.

	Minimum lease payments		Present value of minimum lease payments	
	As at 31/12/2021	As at 31/12/2020	As at 31/12/2021	As at 31/12/2020
	PLN'000	PLN'000	PLN'000	PLN'000
No longer than 1 year	557	452	511	407
Longer than 1 year to 5 years	113	494	103	470
Above 5 years	-	-	-	-
	670	946	614	877
Less future financial charges	(56)	(69)	-	-
Current value of minimum lease payments	**614**	**877**	**614**	**877**

	As at 31/12/2021	As at 31/12/2020
	PLN'000	PLN'000
Included in the single financial statements as		
short-term bank loans and credits	511	470
long- term bank loans and credits	103	407
	614	**877**

Note 22.Provisions

	As at 31/12/2021	As at 31/12/2020
	PLN'000	PLN'000
Employee benefits (i)	1 058	902
Employee benefits (ii)	145	221
Other provisions	56	56
Other provisions – estimated costs of airplanes and hotels (iii)	4 000	600
other provisions – estimated costs of marketing	-	-
other provisions – estimated costs - other	1 760	-
	7 019	**1 779**
Short-term provisions	6 874	1 558
Long-term provisions	145	221
	7 019	**1 779**

(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.

	Employee benefits (i)	Employee benefits (ii)	Costs of complaints	Other provisions costs
	PLN'000	PLN'000	PLN'000	PLN'000
As at 01/01/2021	**902**	**221**	**56**	**600**
Recognition of additional provisions	156	(76)	-	5 160
As at 31/12/2021	**1 058**	**145**	**56**	**5 760**

Valuation of pension provisions as at 31.12.2021 was done by actuarial office.

	Employee benefits (i)	Employee benefits (ii)	Costs of complaints	Other provisions costs
	PLN'000	PLN'000	PLN'000	PLN'000
As at 01/01/2020	**902**	**221**	**56**	**-**
Recognition of additional provisions	-	-	-	600
As at 31/12/2020	**902**	**221**	**56**	**600**

(data in PLN thousand – unless stated otherwise)

Measurement of provisions for retirement pay as at 31.12.2021 was maintained at the level of the provision from 2020 and was made by actuarial office. In 2020 the Company took the benefit of reduced number of work hours due to COVID-19 pandemic during the year and as at 31.12.2020. Acceptance of data with reduced number of work hours could lead to distortion between the number of estimates and the amount of payment of resulting benefits in the future.

Measurement of provisions for retirement pay, if any, as at 31.12.2021 was made by actuarial office. The applied method of calculation complies with International Financial Reporting Standards (IAS19). It is so called projected unit method. According to the method, accrued number of years of service gives rise to employer's commitment to pay out in-work benefits in the future. In the light of the definition, the number of future commitments is calculated as the part of future benefits, which was estimated taking into account forecasted remuneration as the base for calculations. The company calculated discount rate taking into account the market yield for 10-year treasury bonds, which amount to 3.25%. 3.5% was approved as the annual long-term growth rates of remuneration (actually 1.00% per year above the forecasted inflation rate of 2.5%). As at 31.12.2021 estimated probability of quitting job was determined based on the analyses of the data from previous years (taking into account age, gender, years of service) and based on information about the labour market in Poland. Following consultation with company's representatives the probability of quitting job was determined as follows:

Employees employed	**sex**	**Age**					
		20	**30**	**40**	**50**	**60**	**65**
Fixed-term contract	Female	14.0%	14.0%	10.4%	5.2%	0.0%	0.0%
	Male	14.0%	14.0%	10.8%	6.5%	2.2%	0.0%
Permanent contract	Female	14.0%	14.0%	10.4%	5.2%	0.0%	0.0%
	Male	14.0%	14.0%	10.8%	6.5%	2.2%	0.0%

Note 23.Deferred tax liabilities

Deferred tax liabilities	As at 01/01/2021	Movement (+ /-) recognized in capitals	Movement (+ /-) recognized in the result for the current period	As at 31/12/2021
Measurement of derivatives	86	(77)	-	9
Unrealized foreign exchange losses – basic	24	-	(18)	6
Unrealized foreign exchange losses – shares	-	-	-	-
Unrealized foreign exchange losses – measurement of advances from previous years	-	-	-	-
Total	**110**	**(77)**	**(18)**	**15**

* As at the balance sheet date: 31.12.2021 deferred tax liabilities were offset with estimated deferred tax assets

Deferred tax liabilities	As at 01/01/2020	Movement (+ /-) recognized in capitals	Movement (+ /-) recognized in the result for the current period	As at 31/12/2020
Measurement of derivatives	-	86	-	**86**
Unrealized foreign exchange losses – basic	24	-	-	24
Unrealized foreign exchange losses – shares	-	-	-	-
Unrealized foreign exchange losses – measurement of advances from previous years	-	-	-	-
Total	**24**	**86**	**-**	**110**

* As at the balance sheet date: 31 December 2020 deferred tax liabilities were offset with estimated deferred tax assets

Note 24.trade and other payables

	Stan na 31/12/2021 PLN'000	Stan na 31/12/2020 PLN'000
Trade payables	75 700	36 728
Payroll liabilities	3 347	1 556
Other liabilities – accounts receivables and payables from purchase of shares	2 600	2 600
Other liabilities – recorded after the balance sheet date	-	-
Other liabilities – remaining	8 001	871
Total	**89 648**	**41 755**

Note 25.other financial liabilities

	Stan na 31/12/2021 PLN'000	Stan na 31/12/2020 PLN'000
Current tax liabilities		
Other	120	62
PIT payable	924	672
CIT payable	-	-
Social insurance	2 313	337
	3 357	**1 071**

Note 26.Lines of credit as at 31.12.2021

Under the contract, the amount of the credit is the amount of the line of credit available

Business name of the company, legal form	Credit product	Registered office	Amount of credit/loan according to the contract		Amount of credit/loan to repay		Interest rate	Payment date	Insurance
			PLN'000	Currency	PLN'000	Currency			
Bank Millennium S.A.	Working capital loan	Warsaw	10 000	PLN	10 000	PLN	Market	09.07.2022	Liquidity security by Bank Gospodarstwa Krajowego for the amount of 80% of the loan, power of attorney to a bank account, voluntary submission to enforcement.
Bank Millennium S.A.	overdraft	Warsaw	38 878	PLN	0	PLN	Market	07.12.2022	Liquidity security by Bank Gospodarstwa Krajowego for the amount of 80% of the loan, power of attorney to a bank account, voluntary submission to enforcement
Bank Gospodarstwa Krajowego	overdraft	Warsaw	30 000	PLN	0	PLN	Market	03.01.2023	power of attorney to a bank account, voluntary submission to enforcement
Santander Bank Polska S.A.	overdraft	Warsaw	20 000	PLN	0	PLN	Market	12.11.2022	Liquidity security by Bank Gospodarstwa Krajowego for the amount of 80% of the loan, power of attorney to a bank account, voluntary submission to enforcement
Santander Bank Polska S.A.	Renewable credit	Warsaw	30 000	PLN	0	PLN	Market	30.06.2022	Liquidity security by Bank Gospodarstwa Krajowego for the amount of 80% of the loan, power of attorney to a bank account, voluntary submission to enforcement
	Total		**128 878**		**10 000**				

Note 27.Lines of credit as at 31 December 2020

Under the contract, the amount of the credit is the amount of the line of credit available

Business name of the company, legal form	Credit product	Registered office	Amount of credit/loan according to the contract		Amount of credit/loan to repay		Interest rate	Payment date	Insurance
			PLN'000	Currency	PLN'000	Currency			
Polski Fundusz Rozwoju S.A.	Soft loan	Warsaw	24 800	PLN	24 836*	PLN	Market	30.09.2024	Power of attorney to a bank account, voluntary submission to enforcement
Bank Millennium S.A.	overdraft	Warsaw	10 000	PLN	10 000	PLN	Market	09.07.2022	Liquidity security by Bank Gospodarstwa Krajowego for the amount of 80% of the loan, power of attorney to a bank account, voluntary submission to enforcement
Bank Millennium S.A.	overdraft	Warsaw	38 878	PLN	25 295	PLN	Market	07.12.2022	Liquidity security by Bank Gospodarstwa Krajowego for the amount of 80% of the loan, power of attorney to a bank account, voluntary submission to enforcement
Bank Gospodarstwa Krajowego	overdraft	Warsaw	30 000	PLN	17 637	PLN	Market	30.08.2021	Power of attorney to a bank account, voluntary submission to enforcement
Santander Bank Polska S.A.	Renewable credit	Warsaw	20 000	PLN	16 097	PLN	Market	12.11.2022	Liquidity security by Bank Gospodarstwa Krajowego for the amount of 80% of the loan, assignment of rights, power of attorney to a bank account, voluntary submission to enforcement.
Santander Bank Polska S.A.	overdraft	Warsaw	30 000	PLN	2 000	PLN	Market	30.06.2022	Liquidity security by Bank Gospodarstwa Krajowego for the amount of 80% of the loan, assignment of rights, power of attorney to a bank account, voluntary submission to enforcement
	Total		**153 678**		**95 865**				

* *interest accrued: PLN 36 thousand

Note 28.Other liabilities

	Stan na 31/12/2021	Stan na 31/12/2020
	PLN'000	PLN'000
liabilities towards customer taken over by Insurance Guarantee Fund	44 003	45 260
Liabilities towards customers	-	2 504
Total	**44 003**	**47 764**
Short-term liabilities	6 915	7 327
Long-term liabilities	37 088	40 437
	44 003	**47 764**

The Company used aid measures introduced by the government of Poland to prevent, counteract, and combat COVID-19, and crisis arising therefrom. The respective measures used by the company included soft loans for reimbursement of customers' payments for cancelled package holidays (due to the crisis related to SARS-CoV-2) – which are financed from a dedicated fund pooling financing for tourists and tour operators for cancelled package holidays [Tourist Reimbursement Fund operating with Insurance Guarantee Fund, which reimburses money for cancelled holiday packages, while tour operators contribute 7.5% of funds (on the base of requests of a tour operator and a customer)].

The Parent Company, as an eligible entity, made relevant requests (to the Tourist Guarantee Fund) to pay out some of the funds - as a reimbursement for advances paid to the Company to customers, who as a result of the outbreak of the pandemic withdrew from their contracts for package holidays or the contracts were terminated by a tour operator. Payments made by Tourist Guarantee Fund on behalf of the Company constitute a loan granted by the Tourist Guarantee Fund, and the loan must be repaid in 72 equal instalments starting as of December 2021 (the change in the original repayment date (starting as of April 2021) according to the act of 24.06.2021 changing the act on special solutions related to prevention, counteracting and combating COVID-19, other infectious diseases and resulting situations therefrom, and other acts – Journal of Laws, item 1192) that is the first instalment paid to 31.12.2021, other instalments, except for the first one will be repaid on 21 of each months starting from January 2022.

Because the Company used the soft loan, the Company had debt towards Touristic Reimbursement Fund operating with Insurance Guarantee Fund (debt to customers taken over by the Fund)

- as at 31.12.2021 in the amount of PLN 44,003 thousand.
- As at 31.12.2020 in the amount of PLN 45,260 thousand

Note 29.Deferred income

	As at 31/12/2021	As at 31/12/2020
	PLN'000	PLN'000
Advances paid by customers *	145 978	76 725
	145 978	**76 725**
short-term	145 978	76 725
long-term	-	-
	145 978	**76 725**

* Advances received from customers for future services (package travel), which will be provided in the future.

Note 30.book value per share

	The period of 12 months ended on 31/12/2021	The period of 12 months ended on 31/12/2020
	PLN'000	PLN'000
Total equity	118 765	100 001
Total equity for the purpose of calculating book value per total shares	**118 765**	**100 001**
Book value per share	8,16	6,87

	The period of 12 months ended on 31/12/2021	The period of 12 months ended on 31/12/2020
	PLN'000	PLN'000
Diluted book value per share	8,16	6,87
Weighted average number of ordinary shares used to calculate profit per share	14 552	14 552

Note 31.Manner of calculating diluted number of shares

To calculate average number of shares in a calendar year, the company calculates average arithmetic of total shares of the Company registered in the register of businesses of the National Court Register as at the last day of each financial month. In the financial year 2020 and 2019 total number of shares was not changed and amounts to 14,552,000 shares

NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

Note 32.Net sales revenue

Analysis of sales revenue of the company for the current year, including for continuing operations, is as follows:

	The period of 12 months ended on 31/12/2021	The period of 12 months ended on 31/12/2020
	PLN'000	PLN'000
Revenue from sales of package travel	1 261 698	429 893
Other revenue	2 597	1 290
	1 264 295	**431 183**

The Company recognizes sales revenue upon satisfaction of the performance obligation (in practice the service is provided over time). The end of the package travel is that moment for the Company, but because recognition of revenue at the turn of the reporting periods (the package travel started in one period and ended in the other) is insignificant, the Company simplifies the matter and recognizes revenue at the first day of the package travel. In case of charter services (plane seats) the date of provision of the service by the carrier is the date of recognition of the revenue.

In its activities, the Company does not distinguish variable elements of consideration, which materially affect how the respective revenue is recognized. It is not necessary, for the Company, to discount deferred payments. Prepayments for package travel do not need special treatment.

The table below presents the amount of revenue earned at the turn of the balance sheet date and allocated to sales revenue at the start of the package travel.

	The period of 12 months ended on 31/12/2021	The period of 12 months ended on 31/12/2020
	PLN'000	PLN'000
Sales revenue of the Parent Company recognized in the comprehensive income	1 264 295	431 183
– *including: the amount of revenue earned at the turn of the year (the balance sheet date*	*43 902*	*5 571*
Share of revenue at the turn of the balance sheet date in total revenue	3.47%	1.29%

In order to examine the effect of the value of sales revenue, the amounts of revenue earned at the turn of the year (the balance sheet date) were settled against the number of days of individual package travel.

The table below presents the amount of adjusted revenue of the Company for the financial year 2021 and 2020.

Allocation of revenue	The period of 12 months ended on	The period of 12 months ended on 31/12/2020
	PLN'000	PLN'000
sale revenue recognized in comprehensive income	**1 264 295**	**431 183**
Adjustment by revenue earned at the turn of 2020 and 2021	(43 902)	(5 571)
adjusted revenue from sales of package travel recognized in comprehensive income	**1 220 393**	**425 612**
revenue earned at the turn of 2019 and 2020 settled on the straight-line basis and their allocation to individual periods.	-	18 474
Revenue earned at the turn of 2020 and 2021 settled on the straight-line basis and their allocation to individual periods.	2 237	3 334
Adjustment by revenue earned at the turn of the year settled on the straight-line basis	22 938	21 808
Adjusted sales revenue recognized in the comprehensive income	1 245 568	447 420
revenue recognized in comprehensive income less adjusted revenue	(18 727)	16 237
revenue recognized in comprehensive income to adjusted revenue	(1.48%)	3.77%

The table below shows the effect of revenue adjustment on Company's performance.

Description	The period of 12 months ended on 31/12/2021	The period of 12 months ended on 31/12/2020
	PLN'000	PLN'000
sales revenue recognized in comprehensive income	1 264 295	431 183
Adjusted sales revenue recognized in comprehensive income	1 245 568	447 420
difference between the amount recognized in the comprehensive income and adjusted revenue	**(18 727)**	**16 237**
operating margin (profit on sales/ sales revenue)	10,81%	11,68%
amount of the operating margin	(2 025)	1 897
income tax on operating margin	385	-360
The operating margin les income tax on operating margin	(1 640)	1 537
Net profit (loss) recognized in comprehensive income	19 092	(29 898)
Adjusted net profit (loss)	**17 452**	**(28 361)**

The effect of the simplification as at the end of 2021 and 2020 is not material

Geographical information

The table below present revenue from internal customers per areas of operations and localization of assets:

Revenue from external customers	The period of 12 months ended on 31/12/2021	The period of 12 months ended on 31/12/2020
	PLN'000	PLN'000
Poland	1 254 393	426 971
Lithuania	2 786	1 551
Czech Republic	7 116	2 661
Other	-	-
	1 264 295	**431 183**

Note 33. Costs by type

	The period of 12 months ended on 31/12/2021	The period of 12 months ended on 31/12/2020
	PLN'000	PLN'000
Amortization and depreciation	(12 196)	(8 518)
Consumption of raw and other materials	(1 979)	(1 490)
Outsourcing	(1 156 151)	(408 699)
costs of employee benefits	(53 117)	(33 367)
Taxes and charges	(904)	(2 139)
other costs	(46 101)	(13 583)
Value of goods and materials sold	-	-
Total costs of operations	**(1 270 448)**	**(467 796)**
Cost of sales	(1 127 615)	(380 804)
Selling costs	(113 774)	(66 145)
Overheads	(29 059)	(20 847)
Total	**(1 270 448)**	**(467 796)**

The Company, as an entity carrying out activities marked with the code *79.12.Z "Activities of tour operators" received in 2021 as a part of governmental aid, provided by relevant provisions of law, which were issued to prevent counteract and combat COVID-19 and also to support traders - affected by COVID-19 pandemic, and also to relevant decision of the Social Security Institution – was released from the obligation to pay amounts due for social security contributions in specified industries (the right to be released from the obligation to pay due social security contributions, health insurance contributions, contributions for Labour Fund, Solidarity Fund, Guaranteed Employment Fund or Bridge Pension Fund) in the total amount of PLN 1.326 thousand.

The Company, as entity carrying out business activities - marked with the code 79.12.Z "Activities of tour operators", was released, as a part of aid instruments provided for under art. 31zo section 8 of the act of 2 March 2020 about specific solutions linked to preventing, counteracting and combating COVID-19, other infectious diseases and resulting therefrom crises, and also pursuant to the Ordinance of the Council of Ministers of 19 January 2021 on support for participants of trade affected by COVID-19 pandemic, according to the relevant decisions of Social Insurance Institution, from the obligations to pay due contributions by contribution payers in certain industries (right to be released of the obligation to pay contributions in respect of social insurance, health insurance, Labour Fund, Solidarity Fund, Guaranteed Employment Benefit Fund or Bridging Pensions Fund) in the total amount of PLN 3,661 thousand. The respective release was recorded in the financial statements as an adjustment (reduction) in costs by type, that is costs of employee benefits.

Note 34.Other operating revenue

	The period of 12 months ended on 31/12/2021	The period of 12 months ended on 31/12/2020
	PLN'000	PLN'000
profits on sale of assets		
profits on sale of fixed assets	48	62
Profits on sale of investment property	-	-
Derecognized impairment loss:		
Other	5 000	-
Other operating revenue		
subsidies	4 790	2 477
Waive off of the soft loan (PFR –" Financial Shield for Large Companies" 1.0.)	18 600	-
Other, including:	163	1 186
penalties and fines	17	38
Compensations	117	196
Write-off of overdue receivables i	-	851
Other	29	101
	28 601	**3 725**

* The write off for potential credit risk of contracts providing hotel services caused by COVID-19 pandemic – recognized in 2019 was reversed.

** Because of introduction of economic downtime and reduced number of work hours (in respect of certain groups of employees) from 1 April 2020 to 30 June 2020 hours (in the Company), the Company, as an enterprise, which recorded reduced turnovers as result of occurrence of COVID-19, obtained financing from Guaranteed Employment Benefit Fund for salaries of employees subjected to the economic downtime and reduced number of work hours in the amount of PLN 1,934 thousand. The remaining number of subsidies for the period of 12 months ended on 31 December 2020 refers to subsidies received from governments of foreign countries (Italy, Bulgaria and Macedonia).

** Because of introduction of economic downtime and reduced number of work hours (in respect of certain groups of employees) from 01.02.2021 to 31.07.2021, the Company, as an enterprise, which recorded reduced turnovers as result of occurrence of COVID-19, obtained financing from Guaranteed Employment Benefit Fund for salaries of employees subjected to the economic downtime and reduced number of work hours in the amount of PLN 4,745 thousand.

Note 35.other operating costs

	The period of 12 months ended on 31/12/2021	The period of 12 months ended on 31/12/2020
	PLN'000	PLN'000
Loss on sale of assets		
loss on sale of fixed assets	-	-
Allowance for bad debt		
Trade receivables	-	(785)
Receivables – hotel advances	-	-
Other operating costs:		
Other including:	(1 386)	(1 500)
penalties and fines	(4)	(2)
Donations	(3)	-
Complaints	(1 066)	(502)
Value of reinvoiced goods and services at purchase price	(168)	(118)
Other	(145)	(878)
	(1 386)	**(2 285)**

Note 36.financial revenue

	The period of 12 months ended on 31/12/2021	The period of 12 months ended on 31/12/2020
	PLN'000	PLN'000
Lease revenue:		
operating lease revenue	-	2
	-	2
Interest revenue:		
Bank deposits	74	361
other loans and receivables	-	125
	74	486
Total	**74**	**488**

financial revenue analysed by category of assets:	The period of 12 months ended on 31/12/2021	The period of 12 months ended on 31/12/2020
	PLN'000	PLN'000
Interest revenue		
Assets valued at amortised cost (cash on hand, bank deposits and lending)	74	486
Profit on sale of financial investment	-	2 590
Financial revenue from non-financial assets	-	2
Total	**74**	**3 078**

Note 37.financial costs

	The period of 12 months ended on 31/12/2021	The period of 12 months ended on 31/12/2020
	PLN'000	PLN'000
Interest costs:		
liabilities valued at amortised cost - interests on loans, credits and overdraft lines of credit (except for those received from related entities)	741	2 503
liabilities valued at amortised cost – interest on finance lease liabilities	24	38
other interest cost	267	81
Total cost of interest	**1 032**	**2 622**
less: amounts recognized in the cost of assets meeting capitalization requirements	-	-
	1 032	2 622
Other financial costs:	1 517	2 205
Other financial costs, including	1 030	1 170
cost of tour operator guarantee	317	518
costs of credit products	170	517
	2 549	**4 827**

Note 38.Profit (loss) on sale of all or some of interest in subsidiaries.

In 2021 and 2020 the item did not occur.

Note 39.Income tax

Income tax	The period of 12 months ended on 31/12/2021	The period of 12 months ended on 31/12/2020
	PLN'000	PLN'000
Gross profit (loss)	18 587	(36 922)
Permanent differences increasing the tax base	(21 431)	186
Temporary differences in the tax base	7 933	1 560

Income tax	The period of 12 months ended on 31/12/2021	The period of 12 months ended on 31/12/2020
	PLN'000	PLN'000
Tax base	**5 089**	**(35 176)**
	19.0%	19.0%
Current tax	967	-
Deferred tax	(1 472)	(7 024)
Income tax recognised in the account	**(505)**	**(7 024)**
effective tax rate	**19.0%**	**-19.02%**

Deferred tax	The period of 12 months ended on 31/12/2021	The period of 12 months ended on 31/12/2020
	PLN'000	PLN'000
Deferred tax assets	8 408	7 920
Asset for deferred tax- accounted for equity	(950)	-
Deferred tax liabilities - accounted for equity	(9)	(85)
Deferred tax liabilities - accounted for the profit or loss	(6)	(24)
Balance of the deferred tax	**7 443**	**7 811**

Note 40.Net profit (loss) sharing of subsidiaries accounted for using the equity method

The company do not use equity method for valuation.

Note 41.Profit sharing/ covering loss

The Management Board has proposed to keep net profit for 2021, in the amount of PLN **19,092,313.67 (**nineteen million ninety-two thousand three hundred thirteen Polish zloty 67/100 grosz) in the Company as retained profit.

Note 42.Profit per share

	The period of 12 months ended on 31/12/2021	The period of 12 months ended on 31/12/2020
	PLN per share	PLN per share
Basic profit per share:		
on continuing operations	1.31	(2.05)
on discontinuing operations	-	-
total basic profit per share	1.31	(2.05)
diluted profit per share:		
on continuing operations	1.31	(2.05)
on discontinuing operations	-	-
total diluted profit per share	1.31	(2.05)

	The period of 12 months ended on 31/12/2021	The period of 12 months ended on 31/12/2020
	PLN'000	PLN'000
Profit for the financial year attributable to shareholders of the company	19 092	(29 898)
Profit used for measurement of basic profit per share on continuing operations	**19 092**	**(29 898)**

(data in PLN thousand – unless stated otherwise)

	The period of 12 months ended on 31/12/2021	The period of 12 months ended on 31/12/2020
	Thousand pieces.	Thousand pieces.
Weighted average number of ordinary shares used to calculate profit per share	14 552	14 552

Rules of calculating dividend per share

Calculation of the total amount of dividends and the respective amount of dividend per share each time takes into account current, as at the date of making the final decision about the manner of Company's net profit sharing (that as at the date of Management Board request that the Supervisory Board issue opinion on the manner of net profit sharing), political and economic situation and any other external factors, independent of the company, which may affect Company's operations and necessity to secure by the Management Board, safe and undisturbed operations of the company, if any, and its liquidity. While calculating the amount of proposed total dividend and dividend per share the Management Board considers also economic environment of the Company and its investment needs, if any, and development plans of the Company and the Capital Group. The Management Board takes into account current number of own shares held by the Company in calculation of the proposed total amount of dividend (and the resulting proposed amount of dividend per share) and art. 364 section 2 of the Code of Commercial Companies and Partnerships, pursuant to which, the company does not exercise share-based rights from its own shares, except for rights to sell them or to undertake actions aimed at maintaining the rights. The company also does not exercise its rights to collect dividend from own shares.

NOTES TO CASH FLOW STATEMENT

Note 43. Note to cash flow statement explaining balance sheet movements with respect to amounts recognized in the cash flow statement

	As at 31.12.2020	As at 31.12.2021	Balance sheet movement	Excluding of items not affecting cash flows in this area	Correction of cash flows from operating activities
(increase) / decrease in current tax assets	5 754	3 156	(2 598)	950	(1 648)
Increase / (decrease) in current tax liabilities	1 071	3 357	2 286	17	2 303

Current tax	967
Tax paid	-
	967

Note 44. Note to cash flow statement explaining balance sheet movements in financial liabilities.

	As at 31.12.2020	Cash flows (expenses)	Cash flows (inflows)	Non-monetary movements			As at 31.12.2021
				Increases	The effect of foreign exchange differences	Movement in fair value *	
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Long term and short -term loans	95 864	(79 322)	12 058	-	-	(18 600)	10 000
Lease liabilities	23 232	(8 683)	-	14 719	-	-	29 268
Liabilities arising on financial activities	119 096	(88 005)	12 058	14 719	-	(18 600)	39 268

- Waive off of the soft loan granted by Polish Development Fund S.A. from the aid programme so called "Shield for Large Companies "(version 1.0)

	As at 31.12.2019	Cash flows (expenses)	Cash flows (inflows)	Non-monetary movements			As at 31.12.2020
				Increases	The effect of foreign exchange differences	Movement in fair value *	
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Long term and short -term loans	-	(34 343)	130 207	-	-	-	95 864
Lease liabilities	32 199	(4 347)	-	140	-	(4 760)	23 232
Liabilities arising on financial activities	32 199	(38 690)	130 207	140	-	-	119 096

OTHER NOTES

Note 45.Information on financial instruments and risk management principles

Capital risk management

The entity manages the capital to ensure that its entities will be able to continue operations and at the same time to maximise profitability for shareholders. The company obtains financing for current and future operations, including investments and takeovers, mainly on the financial market (loan contracts). The company is also able to buy back own shares to finance investment projects, if any. The general strategy of operations of the entities did not change since 2017. The capital structure of the company covers debt (from loans and liabilities), which is reduced by cash and cash equivalents, and the equity of the company, including issued shares, reserve capitals and retained earnings. At the end of 2021 the company used borrowings in considerably lower amount, in contrast to the end of 2020 - when the company the company used borrowings to repay loans and credits. If there are additional needs the Company is able to obtain funds in the Group from subsidiaries with free cash. The Company is not subjected to any external capital obligations except that according to art. 396 § of the Code of Commercial Companies and Partnerships (which is applicable for the company), in order to cover loss, the company must recognize supplementary capital, to which at least 8% of the profit for the given financial year is transferred until the capital reaches at least one third of the share capital. This part of the supplementary capital (retained earnings) cannot be distributed to shareholders.

Categories of financial instruments

	Categories of financial instruments	31/12/2021	31/12/2020
		PLN'000	PLN'000
a)	**Financial assets**	**103 962**	**36 267**
	Valued at amortised cost		
	Cash and other monetary assets	82 941	28 178
	Trade receivables	20 675	7 338
	Lending	300	300
	Valued at fair value through financial profit or loss		
	Derivative instruments in designated hedge accounting relationships	46	451
b)	**Financial liabilities**	**114 969**	**155 824**
	Valued at fair value through financial result	-	-
	Derivative instruments in designated hedge accounting relationships	-	-
	Valued at amortised cost	-	-
	Trade payables	75 700	36 728
	Loans and credits	10 000	95 864
	Lease liabilities	29 269	23 232

Fair value of financial assets and liabilities, measured at fair value on daily basis (disclosure of fair values is required):

	31/12/2021	31/12/2020
Foreign exchange derivatives	46	451
Financial assets	**46**	**451**
Foreign exchange derivatives	-	-
Financial liabilities	**-**	-

Measurement techniques and basic input data set for measurement of fair value

Level 2	Foreign exchange derivatives - currency forwards and options	Fair value for symmetrical currency forwards was assessed based on the pricing model for forward transactions, which used exchange rates of the National Bank of Poland as at the pricing date and term structure for interest rates.

Both in the reporting period as well as in the comparative period, there was no shift of financial instruments between level 1 and 2 in the company.

Fair value of financial assets and liabilities, which are not measured at fair value daily (disclosures of fair values are required). Financial assets / liabilities.

	Amount as at 31/12/2021	Amount as at 31/12/2020
	PLN'000	PLN'000
Financial assets	**175 708**	**103 060**
Shares not quoted	71 792	67 244
Trade receivables	20 675	7 338
Lending	300	300
Cash and cash equivalents	82 941	28 178
Financial liabilities	**114 969**	**155 824**
Trade and other payables	75 700	36 728
Borrowings	10 000	95 864
Lease liabilities	29 269	23 232

Fair value of financial instruments, which are not measured at fair value daily, held by the Company as at 31.12.2021 and 31.12.2020, was not materially different from the value presented in financial statements for individual years for the following reasons:

- the discount effect, if any, for short-term instruments is not material (trade receivables and payables, lending, cash, other liabilities).
- The instruments refer to transactions made on arm's length basis (for receivables and liabilities bearing interest rates)

Objectives of financial risk management

The financial department along with the Management Board coordinate access to national and foreign financial markets and manages financial risk of operations. Types of risk include market risk (mainly foreign exchange risk), credit risk and liquidity risk. The entities strive to minimize influence of risk by monitoring current situation on foreign exchange market and by purchasing foreign currencies if the exchange rates are favourable (according to analyses provided by external specialized consultancies), analysing and monitoring contractors (recipients) obtaining borrowings for current and investing needs. The company uses derivatives

Market risk

Company's operations are exposed to financial risk of movements in exchange rates (note 52), and in a lesser degree, to the risk of interest rates. The entity's exposure to market risk and management risk have not changed. The company does not use quantification methods to measure risk exposure (VaR).

Foreign exchange risk management

The company settles payments with contractors for organization of package holidays in foreign currencies (usually Euro or American Dollar). However, package holidays are sold to customers in Poland in national currency. Unfavourable changes in foreign exchange rates, in the period between the inflow of costumer payments and payments to foreign contractors, may lower profitability and profits earned by the Company. Some of the risk is hedged by Rainbow Tours S.A. through natural hedging by resale of seats in charter planes to contractors, in foreign currencies. The remaining risk is hedged with currency forwards and corridor options. The company applies its policy of foreign exchange hedges on daily basis. In 2019 the company did not contract options and settled contracts made in previous periods.

The Company is also exposed to foreign exchange risk arising on fluctuations in Euro exchange rates related to settlement of costs of package holidays. The risk of movements in EUR and USD exchange rates is partially minimized by previously paid advances, resulting from the system of advances used by service providers (hotelkeepers, transport companies). The volume of purchases paid for in EUR and USD is fixed and comes to around 60% for EUR and 40% for USD. The company is exposed to foreign exchange risk related to payment for services contracted and purchased in EUR and USD. The value of assets (trade receivables, cash) and monetary liabilities (trade payables) of entities denominated in foreign currencies as at the balance sheet date is as follows:

	Currency items	As at 31/12/2021	As at 31/12/2020
		PLN'000	PLN'000
a)	**Assets**	**214 475**	**262 442**
	USD in PLN	26 930	28 141
	EUR in PLN	187 545	234 301
b)	**Liabilities**	**67 050**	**16 826**

Currency items	As at 31/12/2021	As at 31/12/2020
	PLN'000	PLN'000
USD in PLN	21 007	2 500
EUR in PLN	46 043	14 326

Susceptibility to foreign exchange risk

The company is exposed mainly to risk related to USD and EUR currency. The degree of the entity's susceptibility ranges from 10% rise to 10% fall with respect to exchange rates of PLN to foreign currencies and is presented in the table below. These are parameters used in internal reports concerning foreign exchange risk. The reports are drafted for the management board and reflect the management board's assessment of probable changes in foreign exchange rates. The analysis of susceptibility covers only unsettled cash items denominated in foreign currencies and adjusts currency conversion at the end of the financial period by 10% in exchange rates. The analysis covers trade receivables and payables and cash in foreign currencies. As at the end of 2021 the value of receivables in USD exceeded the value of liabilities in this currency – as a result - 10% rise of the exchange rate would increase profit and equity. The situation is similar for EUR currency as at the end of 2021.

	Effect of movement on performance and equity of the Company	As at 31/12/2021	As at 31/12/2020
		PLN'000	PLN'000
a)	**effect of foreign currency fall**	**(14 742)**	**(24 562)**
	USD in PLN	(592)	(2 564)
	EUR in PLN	(14 150)	(21 998)
b)	**effect of foreign currency rise**	**14 742**	**24 562**
	USD in PLN	592	2 564
	EUR in PLN	14 150	21 998

The effect on the equity is the same as in case of the effect on the profit/loss for the period.

Interest rate risk management

The entity is exposed to interest rate risk in limited degree since lines of credit are used for overdraft. All bank loans and credits have variable interest rate set based on WIBOR 1M adjusted by the bank margin. The market situation is monitored continuously and in case of rise in interest rates the Company will take actions to minimise risk exposure in this area. Interest rate risk related to financial assets was described in detail in the note on liquidity risk management. Amendments to the accounting standards, effective as at the balance sheet date (31.12.2021) - IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" IFRS 7 "Financial Instruments: Disclosures" IFRS 4 "Insurance contracts "and IFRS 16 "Lease" - refer to reform of benchmark interest rates (Stage 2) provided in the Note 4.5. "New accounting standards and interpretations of IFRIC" presented in Part IV of these financial statements "Accounting Rules of the Company" do not affect these financial statements.

Credit risk management

Credit risk is understood as the possibility that debtors of the company will not meet their obligations, which means that the Company will incur financial losses. The company is exposed to credit risk mainly in three areas as follows:

- trade receivables,
- cash and bank deposits,
- derivative transactions

The Company's Management Board is responsible for credit risk management in the Company and observance of the respective policy. The receivables are monitored on ongoing basis in all companies of Rainbow Tours Group. The parent company allocates its financial surpluses arising on cash trading only in secure instruments, which are available only in banks. The credit risk for liquid funds is limited because company's contractors are banks with high credit rating assessed by international credit rating agencies. According to the Management Board the carrying amount of financial assets in forms of loans and own receivables is the maximum amount exposed to the credit risk.

credit risk collateral

The entity monitors credit risk on ongoing basis and holds credit risk collaterals related to trade receivables, in form of deposits paid by agents or legal safeguards submitted by agents. The carrying amount of liabilities arising on the deposits paid on 31 December 2021 amounts to PLN 1.2 million.

liquidity risk management

The Company monitors financial liquidity. The company's liquidity is secured by types of sales, which it realizes - mainly in prepayment system, and by obtaining working capital loans to secure liquidity gaps in periods when proceeds are low. The Company has adequate limits of liquidity instruments in the form of lines of credits. Great emphasis is placed also on recovery of current receivables of the Company.

The Management Board is ultimately responsible for liquidity risk management. It has worked out a relevant system of managing short-, mid-, and long- term requirements of financing and liquidity management. Liquidity risk management in the company involves keeping proper level of reserve capital, reserve lines of credits and continuous monitoring of forecasted and actual cash flows.

Tables of risk liquidity and interest rates

The tables below present contractual maturity dates of financial liabilities (without derivates) with fixed payment dates, which include bank loans and credits (lease liabilities are insignificant) and trade liabilities as at the balance sheet date. The analysis shows that the Company is capable of settling its liabilities using its financial assets and available credit lines.

	Weighted average	Weighted average of effective interest rate	to 1 month	Above j 1 to 3 months	Above 3 to 6 months	above 6 months to 1 year	Above 1 year	Total
			PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
31.12.2021	Non–interest bearing	0%	65 947	5 607	4 146	-	-	75 700
31.12.2021	Bearing interest rate	4,7%	-	-	-	10 000	-	10 000
31.12.2020	Non–interest bearing	0%	6 615	8 800	4 128	8 591	8 613	36 747
31.12.2020	Bearing interest rate	3%	-	-	-	17 637	78 227	95 864

The table below presents forecasts of maturity dates for the entity's financial assets, which are not derivatives, except for lending for subsidiaries. It was devised based on undiscounted amounts of financial assets payable including due interest. Overdue trade receivables were presented in the category "less than 1 month".

	Weighted average	Weighted average of effective interest rate	to 1 month	Above j 1 to 3 months	Above 3 to 6 months	above 6 months to 1 year	Above 1 year	Total
			PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
31.12.2021	Non–interest bearing	0%	11 036	3 101	3 538	1 270	1 730	20 675
31.12.2020	Non–interest bearing	0%	3 324	362	1 468	1 415	769	7 338

The Note provides details about unused lines of credit, which are used by the company as tools of liquidity risk reduction

Secured credits	31/12/2021	31/12/2020
	PLN'000	PLN'000
used amount	10 000	71 029
unused amount	119 738	57 849
Total	**129 738**	**128 878**

Measurement at fair value

According to the Management Board of the Company, carrying amounts of assets and liabilities – lending, trade receivables and payables - recognized in the single financial statement, constitute approximation of their fair value.

Fair value of these items is included in Level 3 of hierarchy. They were calculated according to adopted measurement models based on analysis of discounted cash flows. However, the discount rate, which reflect contractor's credit risk, constitutes the most significant input data.

Note 46.financial liabilities

As at 31.12.2021 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 guarantee 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 31.12.2021 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 6,668 thousand as at that date.

As at 31 December 2020 the Parent Company used overdraft line of credit in the amount of PLN 25,295 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.

The limit in the form of multipurpose facility is used for re-financing of total debt, firs the multipurpose facility granted by Bank Ochrony Środowiska S.A. 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 December 2021 the Parent Company neither used overdraft line of credit nor line of bank guarantees.

As at 31 December 2020 the Parent Company used overdraft line of credit in the amount of 17,636 and did not use line of bank guarantees. As at 31 December 2019 did not use the overdraft and 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 December 2021 the Parent Company did not use neither the overdraft line nor the renewable credit and the line of bank guarantees was used for the amount calculated to PLN that is PLN 1,421 thousand as at that date.

As at 31.12.2020 the Company used overdraft for the amount of PLN 16,096 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 Companies1.0".

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).

According to the Soft Loan Contract, which was made after all stages of obtaining financing were completed, in particular after finalization of all works and analytical process undertaken by PFR (and external entities which cooperated with PFR), receiving satisfactory results of due diligence examination, and completion of the negotiation process as well as signing of transactions documents, the basic terms of the soft loan from the Governmental Programme "Financial Shield of Polish Development Fund for Large Companies" ("the Loan" or "the Soft Loan") were as follows:

1) the amount of the Soft Loan came to PLN 24,800,000
2) The loan could have been 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) The term of repayment of the Soft Loan: the loan was paid in quarterly instalments with the final repayment date on 30.09.2024; the date of first instalment of the Soft Loan was on 31.12.2021.

4) interest rate of the Soft Loan: flat rate per year and for each year of financing - equal to the margin proper for each year of financing, which is a) 1.25% p.a. in the first year from the date of signing the Loan Contract b) 1.75% p.a. in the second and third year from the date of signing the Loan Contract and c) 2.75% p.a. for the fourth year from the date of signing the Loan Contract, pursuant to the provisions of the attachment of 16.09.2021 to the Soft Loan Contract in relation to the amendment in regulations concerning applying for participation in the Programme after conclusion of the Loan and issuance of i.e. Decision of European Commission of 17.06.2021 SA.62752 amending the decision of the European Commission of 29.05.2020, SA.57054 - in order to reflect provisions of the amended regulations of the Programme the value of the margin, which was the base of calculating of interest rate for the Loan, was changed and from 01.07.2021 interest rates for a given year of financing were as follows 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) according to the terms of the Governmental Programme "Financial Shield of the Polish Development Fund for Large Companies" and the Contract, there is a possibility of loan write-off up to 75% of the amount of the soft loan.

Upon the respective request of the Company to pay out the Loan (after confirmation that all documents and declarations required by the Contract are filed - suspension conditions), Polish Development Fund S.A. (as a lender), on 20 November 2020, paid out, for the Company (as a borrower), funds (stipulated in the Promotional Loan Contract) in the total amount of PLN 24,800,000.

On 26.03.2021 the Company submitted to the Polish Development Fund – according to conditions of the Governmental Programme "Financial Shield of the Polish Development Fund for Large Companies ver. 1.0 - the respective application for waive off of the loan,

- the amount of loan waives -off is a discretionary decision of PFR, which depends on satisfactory meeting of conditions of the loan waive off by the Company (as the Lender), stipulated in the Loan Contract
- the decision to grant Loan waive off and the amount of loan waive off was adopted by PFR not later than at the date provided in the Regulation of the Programme (to 30.09.2021). In case of a positive decision PFR will send the Company (the lender) a statement in writing indicating the amount of loan waive off and date on which the Company (the lender) was released from the debt. (While it can be the date before or after the date the decision was issued).
- the loan can be effectively waived off under the condition that the Company (the lender) will, within the time limit provided on the notice, send the PFR return written declaration, that it accepts release from the debt in the amount of loan waive off.
- any decisions concerning loan waive off as well as any amounts of the Loan waive off can only be made by PRF and are not appealable. Any actions of the Company (the Lender) which result, in the opinion of the PFR, overstating of so called "Actual COVID-19 Damage" may lead to reduction of the waive off amount or rejection to waive off the loan.
- The waive off of the Loan cannot be granted to a lender, which in the opinion of PFR, among others caused so called "Actual COVID-19 Damage", did not operate with considerable care, operated unlawfully or did not take measures to reduce the level of so called "Actual COVID-19 damage".

  the amount of the loan waive of is not subject to limitations stipulated in the provisions of law and the Loan Contract.

The fact that the Company obtained the respective financing under the Programme considerably and materially improved liquidity of the Company and operations of the Company and Rainbow Tours Group.

On 15.09.2021 the Company received from the Polish Development Fund the 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 of the Loan waive off, which the Company received on 15.09.2021,

1) And according to art. 508 act of 23.04.1964 of the Civil Code, 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 of 24.09.2021.

The Loan was waived off subject to its acceptance by the Company (as the lender) in the form of declaration (according to a sample declaration, which is an attachment to the respective Declaration on the Loan Waive Off) until 17.09.2021 ("the

Declaration of the Company"). Pursuant to relevant provision of the Loan contract the loan can be effectively waived off on condition that the Company (as the lender) will deliver to PFR return declaration in writing stating that it accepts the release from the debt in the amount of the Loan Waive Off.

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) pursuant to the relevant declaration PFR confirmed that on 19.11.2021, the debt arising from the Loan Contract of 10.11.2020 made between PFR and the Company, expired, and thus the Loan Contract was finalised and all obligations arising from the Loan Contract.

<u>"Financial Shied of the Polish Development Fund for Large Companies" 2.0.</u>

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").

As a result of making the application to PFR, on 22.09.2021 and on 03.11.2021 the company was informed that the application to the governmental programme "Financial Shield for Large Companies" was qualified to another stage of the programme that is in-depth analysis (so called "stage of analyses:").

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 h 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).

The soft loan cannot be granted to entities, which did not take measures in order to limit damage caused by restrictions related to COVID-19 pandemic and which are also responsible for the damage or did not operate with considerable care or operated unlawfully.

The financing granted has flat interest rate.

- 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: from 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 oof employee benefits) for the year 2019
- 25% of the total turnover in the business for 2019

The Polish Development Fund undertook took grant borrowings in the amount of PLN 2,936.

The soft loans can be used for settlements of current payments by businesses, including (i) payment of salaries, (ii) trade liabilities, including purchase of goods and materials or coverage of operating costs used to manufacture a product or service,

(iii) 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".

Note 47.Data on off sheet balance items, especially contingent liabilities, including guarantees and warranties (including promissory notes), separately for related parties

Transactions limits for derivatives

The issuer has limits of derivative deals, which enable to close derivative deals. The company uses derivative instruments to hedge future foreign currency flows through forward deals.

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

Bank	type	The amount of limit	Effective till
		PLN'000	
Santander Bank Polska S.A.	Transaction limit	15 000	2022-11-15

As at 31 December 2021 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 December 2021 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	8 500	34 473
EUR	1 000	4 628

As at 31 December 2020 the Parent Company had no forward contracts for purchase of USD and EUR for PLN. The table below presents information on open positions with closing date after 31 December 2021 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	4 000	14 579
EUR	-	-

As at the date of approval of this report for publication (that is 29 April 2022) the Company had forward contracts for purchase of USD and EUR for PLN, which were performed from 01.01.2022,

Currency	Amount contracted in the currency	Amount in PLN as at the date of the contract performance
USD	30 300	122 197
EUR	1 000	4 628

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

description	01/01/2021-31/12/2021	01/01/2020-31/12/2020
	PLN'000	PLN'000
Revaluation reserve opening balance	451	(1 245)
Created on purpose	-	-
Other increases (valuation of currency hedge transactions)	46	451
Used on purpose o	-	-
Reclassed to profit or loss – recognition in cost of sales	(451)	1 245
Reserve closing balance	46	451

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 31.12.2021. The amounts of guarantees issued in currencies were translated using the average exchange rate set by NBP as of 31.12.2021.

The issuing bank	The amount of issued guarantees
	PLN'000
Bank Millennium S.A.	5 247

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

The table below presents guarantees issued as at 31.12.2020.

The issuing bank	The amount of issued guarantees PLN'000
Bank Millennium S.A.	8 122
Santander Bank Polska S.A.	-
total	**8 122**

Insurance guarantees granted by Towarzystwo Ubezpieczeń Europa S.A. (Europa Insurance Company

Guarantee Contract No GT 359/2020

On 08.09.2020, the parent company concluded [with Towarzystwo Ubezpieczeń Europa Company Limited by Shares with its registered office in Wroclaw ("the Guarantor")] the insurance guarantee contract No 359/2020 of 08.09.2020, with supporting documents (the contract to issue insurance guarantee, deposit contract, promissory note contract) hereinafter referred to as "the Guarantee Contract GT 359/2020" for granting insurance guarantee (by the Guarantor) to Rainbow Tours S.A. as a tour operator and an entrepreneur facilitating acquisition of tourism related services, which benefits the Marshall of Łodzkie Province ("the Beneficiary") and each travelling person, who during the Guarantee period concluded with contract with the Obligor (the Beneficiary).

The subject matter of the contract is to determine rules of granting the insurance guarantee ("the Guarantee") by the Guarantor for Rainbow Tours S.A. as a tour operator and an entrepreneur facilitating acquisition of related services, which benefits the Marshall of the Łódzkie Province (the Beneficiary) and each traveller, who during the effective term of the Guarantee made a new insurance guarantee with the Company (the Obligor) according to art 7, section 1 point 1 and section 2 point 1 of the Act on package holidays and related tourism services of 24 November 2017 (Journal of Laws, 2019, item 584 as amended), and because of its obligation, to provide the customers with following performance in case of insolvency

a) Payment of amount sufficient to refund the cost of continuation of the package holidays or cost of return of Obligor's customers from holidays to the country, especially cost of transportation and accommodation, as well as justified costs incurred by customers, if the tour operator or the entrepreneur facilitating acquisition of related tourism services fails to ensure the continuation or return despite its obligation.

b) repaying the amounts paid by customers for package holidays, or each service paid for, to the entrepreneur facilitating acquisition of related services when it was tour operator's or the entrepreneur facilitating acquisition of related services or persons' acting on their behalf fault that the package holiday did not take place or any of the services paid for to the entrepreneur facilitating acquisition of related tourism services was not provided.

c) reimbursing some of customer's payment for a package holiday, which is equivalent to the part of the package holidays that did not take place or each service paid for, to the entrepreneur facilitating acquisition of related services, which service is corresponding with the service was not or won't be provided at the fault of the tour operator or the entrepreneur facilitating acquisition of related services or persons acting on their behalf.

The Guarantee covered by the Guarantee contract No 359/2020 secures payment of claims arising from occurrence of events specified in point 1 letter a), b) and c) above, which result from contracts to provide tourism services and contracts for related tourism services entered into by Rainbow Tours with customers from 17.09.2020 to 16.09.2021, even if the contracts were not performed in that period

If the Guarantor exercises the guarantee for the Beneficiary of the Guarantee, the Obligor will reimburse the Guarantor the amount paid under the Guarantee within 7 days of the receipt of the request for payment with all incurred Guarantor's costs due to exercise of the Guarantee. In case of delayed payment - additionally with statutory interest. The Obligor will reimburse the Guarantor the amount paid to the Beneficiary under the Guarantee, irrespective of any objections about validity of payment, made upon instruction of the beneficiary of the guarantee, regarding grounds for demanding payment of Obligor's debt under the Guarantee, which it could make or actually made. The guarantor is entitled to account the funds collected from the Obligor under this contract for repayment of amounts payable to Guarantor from the Obligor, arising from this contract in the following sequence (1) contractual interest, (2) costs, (3) the principal.

According to the provisions of the Guarantee contract No GT 359/2020 its value upon signature, and at the same time the value of the guarantee provided by the Guarantor for the Beneficiary (the Amount of the Guarantee), is PLN 60,000,000, (which is equivalent of EUR 14,094,101.62 translated using the average euro exchange rate published by National Bank of Poland for the first time in the year of issuance of the guarantee, that is on 02.01.2020 (1 euro= PLN 4.2571)

Owing to the fact that the guarantee contracts No GT 359/2020 of 08.09.2020 was concluded, the security of the Guarantor's claims to reimburse amounts paid under the Guarantee for the beneficiary is as follows:

a) the deposit in the amount of PLN 10,550,000 set in the bank account of Towarzystwo Ubezpieczeń Europa, while the deposit in the amount of 10,550,000 set under the deposit contract of 29.08.2019 and the Arrangement of 21.04.2020 with Towarzystwo Ubezpieczeń Europa S.A in relation to guarantee that was valid till 16.09.2020, that is the guarantee No GT 400/2019 z of 29.08.2019,

b) notarised blanket mortgage established on the first free place in the fixed asset of Rainbow Tours, that is the company's property in Lodz, at 270 Piotrkowska, entered to the Land and Mortgage Register with 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, kept by the District Court for Łódź Śródmieście in Łódź XVI Division of Land and Mortgage Register with the value of PLN 13,518,000, which is 120% of the property value presented in the appraisal reports of 10.09.2018 and 28.02.2020

c) Blank promissory note with no protest clause, which may be filled to the amount of PLN 60,000,000, which is the equivalent of the Guarantee Amount

Total commission payable to the Guarantor from the Obligor for issuance of the Guarantee was set in the market value that is in the amount of PLN 600 thousand.

Neither the respective Guarantee contract No GT 359/2020 nor the contracts and supporting documentations (the insurance guarantee contract, deposit contract) provide penalty clauses

<u>Arrangement of 11.08.2021 to the contract of 08.09.2020 r concerning grant of insurance guarantee for tour operators and entrepreneurs facilitating acquisition of related tourism services (the guarantee contract)</u>

Pursuant to the attachment to the guarantee No GT 359/2020 the upper limit of Guarantor's liability with respect to the Guarantee (the Sum of the Guarantee) was increased from the previous amount of PLN 60,000,000 (the equivalent of EUR 14,094,101.62) to PLN 90,000,000 (the equivalent of EUR 21,141,152.43) using the average euro exchange rate published by the National Bank of Poland for the first time in the year of issuance of the guarantee, that is on 02.01.2021 in the amount of PLN 4.2571) that is by PLN 30,000,000 (the equivalent of EUR 7,047,050.81

The Sum of the Guarantee was increased to guarantee Company's fulfilment of the requirements and instructions with respect to the minimum amount of the guarantee sum, which is stipulated in the Regulations of the Minister of Development and Finance of 27.12.2017 on the minimum sum of the bank guarantee and the sum of insurance required due to activities carried out by tour operators and entrepreneurs facilitating acquisition of tourism related services.

The Guarantee increased to PLN 90,000,000 (the equivalent of EUR 21,141,152.43) secures repayment of claims occurring because of events taking place under package travel contracts and contracts to provide related tourism services, entered by the Parent Company with customers from 17.09.2020 to 16.09.2021, although they didn't have be performed in that period (annual post-guarantee period). The increased sum of the Guarantee is valid and refers to contracts for provision of tourism services made in the period from 17.09.2020 to 31.07.2021 are covered by the guarantee to the amount of PLN 60,000,000 (the equivalent of EUR 14,094,101.62).

Due to signing the attachment of the Guarantee Contract No GT 359/2020, and thus due to increase of the Guarantee Sum - the security for claims of the Guarantor to repay the amounts under the Guarantee to the Beneficiary remained as previously established - that is the following security: (a) deposit in the bank account of Towarzystwo Ubezpieczeń Europa S.A.; (b) notarized mortgage on the first free item in the fixed assets of Rainbow Tours S.A., that is property situated at Piotrkowska 270 street in Łódż; (c) blank promissory note with no protest clause.

Additional commission for the Guarantor due with respect to signing the Guarantee Contract No GT 359/2020 was set on arm's length basis, proportionally to the period of protection period covered by the increased Sum of the Guarantee in the amount of PLN 56.25 thousand. Thus, the total amount of commission due to the Guarantor form the Obligor for the issuance of the Guarantee and the increase of the Guarantee was determined on arm's length basis, that is in the amount of PLN 656.25 thousand (the previous commission was paid in the amount of PLN 600 thousand).

The Guarantee Contract No GT 500/2021

On 10.09.2021, the parent company concluded [with Towarzystwo Ubezpieczeń Europa Company Limited by Shares with its registered office in Wroclaw ("the Guarantor")] the insurance guarantee contract No GT 500/2021 of 10.09.2021, with supporting documents (the contract to issue insurance guarantee, the deposit contract, the promissory note contract) hereinafter referred to as "the Guarantee Contract No GT 500/2021" for granting insurance guarantee by the Guarantor to Rainbow Tours S.A. as a tour operator and an entrepreneur facilitating acquisition of tourism related services, which benefits the Marshall of Łodzkie Province ("the Beneficiary") and each travelling person, who during the Guarantee period concluded with contract with the Obligor (the Beneficiary).

The subject matter of the contract is to determine rules of granting the new insurance guarantee ("the Guarantee") by the Guarantor for Rainbow Tours S.A. as a tour operator and an entrepreneur facilitating acquisition of related services, which benefits the Marshall of the Łódzkie Province (the Beneficiary) according to art 7, section 1 point 1 and section 2 point 1 of the Act on package tours and related tourism services of 24 November 2017 (Journal of Laws, 2019, item 548 1 as amended), and because of its obligation to provide the customers with following performance in case of insolvency.

a) Payment of sufficient amount to refund cost of continuation of package holidays or cost of return of Obligor's customers from holidays to the country, especially cost of transportation and accommodation, as well as justified costs incurred by customers, if a tour operator or an entrepreneur facilitating acquisition of related tourism services fails to ensure the continuation or return despite its obligation,

b) repaying amounts paid by customers for package holidays, or each service, to the entrepreneur facilitating acquisition of related services, when it was tour operator's or the entrepreneur' facilitating acquisition of related services or persons' acting on their behalf fault that package holidays services were not provided or any of the services paid for to the business facilitating acquisition of related tourism services.

c) reimbursing some of customer's payment for package holidays, which is equivalent to the part of the package holidays that did not take place or for each service paid for to the entrepreneur facilitating acquisition of related services, which service is corresponding with the service was not or will not be provided at the fault of the tour operator or the entrepreneur facilitating acquisition of related services or persons acting on their behalf

The Guarantee covered by the Guarantee Contract No 500/2021 secures payment of claims arising from occurrence of events specified in point 1 letter a), b) and c) above, which result from contracts to provide tourism services and contracts for related tourism services entered into by Rainbow Tours with customers from 17.09.2021 to 16.09.2022, even if the contracts were not performed in that period.

If the Guarantor exercises the guarantee for the Beneficiary of the Guarantee, the Obligor will reimburse the Guarantor the amount paid under the Guarantee within 7 days of the receipt of the request for payment with all incurred Guarantor's costs due to exercise of the Guarantee and in case of delayed payment - additionally with statutory interest. The Obligor will reimburse the Guarantor the amount paid to the Beneficiary under the Guarantee, irrespective of any objections about validity of the payment made upon instruction of the beneficiary regarding grounds for demanding payment of Obligor's debt under the Guarantee, which it could make or actually made. The guarantor is entitled to account the funds collected from the Obligor under this contract for repayment of amounts payable to Guarantor from the Obligor, arising from this contract in the following sequence (1) contractual interest, (2) costs, (3) the principal.

According to the provisions of the Guarantee contract No GT 500/2021, its value upon signature and at the same time the value of the Guarantee provided by the Guarantor for the Beneficiary, hereinafter referred to as "the Amount of the Guarantee" is PLN 90,000,000, which is equivalent of EUR 19,786,742,88 translated using the average euro exchange rate published by National Bank of Poland for the first time in the year of issuance of the guarantee, that is on 04.01.2021 (1 euro= PLN 4.5485).

Owing to the fact that the Guarantee Contract No GT 500/2021 of 10.09.2021 was concluded, the security of the Guarantor's claims to reimburse amounts paid under the Guarantee for the beneficiary is as follows:

a) the deposit in the amount of PLN 18,550,000 set in the bank account of Towarzystwo Ubezpieczeń Europa S.A. and the deposit was set by paying additional amount of PLN 8,000,000 to the account of Towarzystwo Ubezpieczeń Europa S.A to the deposit in the amount of PLN 10,550,000 of 08.09.2020 (the deposit in the amount of PLN 10,550,000.00 set pursuant to the deposit contract made by the Company with Towarzystwo Ubezpieczeń Europa S.A. of 08.09.2020 was counted toward the deposit)

b) notarised blanket mortgage established on the first free place in the fixed assets of Rainbow Tours, that is the property in Lodz, at 270 Piotrkowska, entered to 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, kept by the District Court for Łódź Śródmieście in Łódź XVI Division of Land and Mortgage Register with the value of PLN 13,518,000 (thirteen million five hundred eighteen thousand), which is 120% of the property value presented in the appraisal reports of 10.09.2018 and 28.02.2020 until 16.10.2023.

c) Blank promissory note with no protest clause, which may be filled to the amount of PLN 9,000,000, which is the equivalent of the Sum of the Guarantee

Total commission payable to the Guarantor from the Obligor for issuance of the Guarantee was calculated on arm's length, and came to PLN 1,890,000.

Neither the respective Guarantee contract No GT 500/2021 nor contracts and supporting documentations (the insurance guarantee contract, the deposit contract) provide penalty clauses

Tax settlements

Legal tax regulations concerning taxes, including VAT, personal and corporate income tax are often amended, thus, in many cases, there are no reference standard regulations or legal precedents. Applicable provisions of law are often inconsistent, and that results in differences of opinions about interpretation of tax provisions among state authorities as well as between state authorities and entrepreneurs. Tax and other settlements (customs, or exchange) may be inspected by authorities, which are authorised to levy high fines, and any additional amounts of liabilities calculated in the course of inspection have to be paid with interest.

Polish tax authorities are entitled to examine tax declarations for five years; however, the companies may offset receivables with current income tax payables.

According to the Group recognised tax liabilities, which may be examined by tax authorities, are correct for all fiscal years. The judgement is based on assessment of many factors, including interpretation of tax law and experience from previous years. However, facts and circumstances, which may occur in the future, can affect assessment of correctness of existing or future tax liabilities

Contingent receivables

Before starting cooperation with a new agent, the Parent Company uses a system of external credit assessment to assess creditworthiness of the agent. And on the base of it sets limits of credit for an individual agent. Limits and scores of the individual agent are verified twice a year. Receivables are also secured by blank promissory notes with blank promissory note agreement and bank guarantees, and also the system of deposits

Court Disputes

As at 31 December 2020 and at the date of approval of this report for publication (29.04.2022) 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 Company. The proceedings is pending against the contractor of the company Verikios Grigorios & SIA E.E., with claim to pay amounts arising out of the tour operators contracts (in respect of three hotels situated in Greece) concluded by the parent company (as a part of its usual business), and additionally estimated value of the contractual penalties regarding non-performance of obligations arising out of the contractor's contracts is the base to recognize that the total amount in controversy exceeds 10 % of the Parent Company's equity. According to the contracts the estimated amount in controversy is EUR 5,269,560 EUR. A common court in Greece issued a decision to attach contractor's assets and personal property of the natural person to the amount of EUR 5,269,560. The enforcement proceedings have been in progress.

Except for the above proceedings, as at 31.12.2021 and as at the date of approval of these financial statements for publication (29.04.2022), the 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.

Note 48. Information on revenue, costs and performance on discontinued operations in the reporting period or to be discontinued in the next period

There were no such transactions in 2021 and 2020.

Note 49. Information on costs of production of fixed assets under construction and fixed assets generated internally.

The company does not generate fixed assets internally and did not capitalize costs or other items, which were directly related to acquisition of fixed assets.

Note 50.Information on incurred or planned investment expenditure within next 12 months from the balance sheet date, including non-financial fixed assets

Investment costs:

In 2021 the Company incurred the following investment costs:

- cost of on new localizations in the amount of PLN 370 thousand
- purchase of machinery and equipment in the amount of PLN 388 thousand
- cost of construction of new programmes in the amount of PLN 318 thousand.

The company did not incur any costs for protection of the natural environment

Plans in respect of investment costs

In 2022 the company plans to invest in new localizations and a purchase of machinery and equipment in the amount of PLN 500 thousand.

The company's profile does not require incurring any costs for protection of the natural environment.

Note 51.Information on transactions with related parties, referring to assignment of rights and obligations

All sales transactions have been typical and routine and arising from core operations of the entities. Sales of goods and services realized among the companies of Rainbow Tours Group in the period from 01.01.2020 to 31.12.2020 are presented in the table below

	Sales of services		Purchase of services	
	The period of 12 months ended on 31/12/2021	The period of 12 months ended on 31/12/2020	The period of 12 months ended on 31/12/2021	The period of 12 months ended on 31/12/2020
	PLN'000	PLN'000	PLN'000	PLN'000
White Olive A.E.	21 007	359	895	6 648
White Olive Premium Lindos A.E.	-	-	-	-
„My Way by Rainbow Tours" Sp. z o. o.	186	-	-	352
Rainbow Tours Destination Services Turkey Turizm Ve Seyahat Hizmetleri A.S.	20 437	-	2 334	-
„Rainbow Tours Spółka Akcyjna – Branch in Athens"	11 726	-	2 594	-
Rainbow Tours S.A.	5 823	-	53 356	-
Total	**59 179**	**359**	**59 179**	**7 000**

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

As at the end of the reporting period:	Amounts due from related parties		Amounts due to related parties	
	As at 31/12/2021	As at 31/12/2020	As at 31/12/2021	As at 31/12/2020
	PLN'000	PLN'000	PLN'000	PLN'000
White Olive A.E.	-	23 542	24 534	-
White Olive Premium Lindos A.E.	-	-	-	-
"My Way by Rainbow Tours" Sp. z o. o.	10	-	-	61
Rainbow Tours Destination Services Turkey Turizm Ve Seyahat Hizmetleri A.S.	2 174	28	27	-
"Rainbow Tours Spółka Akcyjna – branch in Athens"	2 370	-	-	-
Rainbow Tours S.A.	24 561		4 554	-
Total	**29 115**	**23 570**	**29 115**	**61**

Lending to related parties:

	Stan na 31/12/2021	Stan na 31/12/2020
	PLN'000	PLN'000
Lending to the subsidiary	300	300

Except for the above-mentioned transactions there were no other material transaction with entities related by personal ties.

Note 52. Information on joint – ventures, which are not subject to consolidation

The company drafts consolidated financial statements and discloses mutual transactions and settlements with all companies of the Capital Group. As at 31 December 2021, the company did not hold joint-ventures under contracts, which would be subject to consolidation.

Note 53. Information on average employment by professional groups

a. Average employment under employment contract:

Employees	2021	2020
Blue–collar workers	1	1
White-collar workers	570	551
Total	**571**	**552**

b. Average employment (number of persons):

Employees	2021	2020
Blue–collar workers	1	1
White-collar workers	591	614
Total	**592**	**615**

Note 54. Value of remuneration and rewards, paid or due, separately for members of the management board and the supervisory board in the issuer's enterprise and for a role in bodies of the subsidiaries

Rules and frameworks of granting remuneration to members of the Management Board and the Supervisory Boards are defined in the "Policy of remuneration for members of the Management Board and the Supervisory Board" ["the Policy"], which is applied towards persons in the Management Board – the governing body of the Company, and who have the following roles: the President of the Management Board, the Vice-chairman of the Management Board, the Member of the Management Board and also persons forming the Supervisory Board - the supervising body in the Company, and which have the following roles: the Chairman of the Supervisory Board, the Vice-chairman of the Supervisory Board, the Secretary of the Supervisory Board, the Member of the Supervisory Board and roles in committees established in the Supervisory Board.

The Policy was drafted and introduced for application in the Company pursuant to the provisions covered by Chapter 4a "Policy of remuneration and report on remuneration" of the act of 29 July 2005 of the public offering and conditions of introducing financial instruments to trading and on public companies, and also by including rules stipulated in the directive of the European Parliament and the Council (EU) amending Directive 2007/36/EC as regards the encouragement of shareholder to long-term engagement and subject to Company's compliance with corporate governance rules (to the fullest scope possible), which are stipulated in "the Best Practices of GPW listed companies, 2016" or any other, which would replace it, and Commission Recommendation of 14 December 2004 on fostering an appropriate regime for the remuneration of directors of listed companies with the Commission Recommendation of 30 April 2009 supplementing the recommendations 2004/913/EC and 2005/162/EC on fostering an appropriate regime for the remuneration of directors of listed companies with the Commission Recommendation (2009/385/EC).

The draft of the Policy and the draft of the amendments to the Policy has been developed by the Management Board. The Supervisory Board gives opinions on and introduces amendments, if any, to the Policy presented by the Management Board. The Supervisory Board or its member - selected by the Supervisory Board, presents the Policy to the General Meeting. The General Meeting defines and adopts final wording of the Policy in the form of a resolution.

Pursuant to provisions of the resolution No 38 of the Ordinary General Meeting of the Company of 30.06.2021 the General Meeting adopted amendments to "Remuneration policy for members of the Management Board and the Supervisory Board of Rainbow Tours S.A. and adopted consolidated text of the amended "Remuneration policy for members of the Management Board and the Supervisory Board of Rainbow Tours SA" (the content of all resolutions adopted during Ordinary General Meeting of 30.06.2021 with documents related to the General Meeting and voted on during the course of the Ordinary General Meeting" were published in the current report No 10/2021 of 30.06.2021. The Company uploaded the current consolidated text of "the Remuneration Policy for members of the Management Board and the Supervisory Board of Rainbow Tours S.A." and relevant provisions concerning remuneration policy with the date of their adoption and voting results on its investor relations webpage in the tab "Ład korporacyjny/Dokumenty spółki". (Corporate Governance/Company's documents).

(data in PLN thousand – unless stated otherwise)

Amount of remuneration paid to members of the bodies of the Company (the Management Board and the Supervisory Board) in the financial year 2021.

Table. Gross remuneration for members of the Management Board – due and paid in 2021 [PLN

Title of payment	Fixed remuneration under employment contract in Rainbow Tours S.A..		Fixed remuneration for the role in the Management Board of Rainbow Tours S.		Variable remuneration (bonuses – awards) in Rainbow Tours S. A		Total	
person	due	paid	due	paid	due	paid	due	due
Grzegorz Baszczyński	174 432	174 432	300 000	300 000	851 541	800 631	1 325 973	1 275 063
Tomasz Czapla *	74 886	74 886	436 500	136 500	385 362	385 362	896 748	596 748
Remigiusz Talarek *	74 886	74 886	436 500	136 500	385 362	385 362	896 748	596 748
Piotr Burwicz	244 800	244 800	-	-	635 770	586 315	880 570	831 115
Jakub Puchałka **	60 000	60 000	60 000	60 000	184 919	159 464	304 919	279 464
Maciej Szczechura	225 150	225 150	-	-	295 770	275 315	520 920	500 465
Total	**854 154**	**854 154**	**1 233 000**	**633 000**	**2 738 724**	**2 592 449**	**4 825 878**	**4 079 603**

**) Mr Tomasz Czapla and Remigiusz Talarek in 2021 sat on the Management Board of the Company from 01/01/2021 to 30/06/2021. On 22.06.2021 members of the Management Board (-) Mr Tomasz Czapla – previously Vice-chairman of the Management Board of the Company and (-) Mr Remigiusz Talarek – previously Vice-chairman of the Management Board of the Company, made resignations in writing as of 30.06.2021 from membership in the Management Board and being Vice-chairmen of the Management Board of the Company and that, according to their resignations, was dictated by the intention of Mr Tomasz Czapla and Mr Remigiusz Talarek to candidate to the Supervisory Board of Rainbow Tours Spółka Akcyjna. Pursuant to provisions of the resolutions of the Ordinary General Meeting of the Company of 30.06.2021 – the General Meeting decided to appoint (as of 01.07.2021) Mr Tomasz Czapla (pursuant to the resolution No of OGM of the Company of 30.06.2021) and Remigiusz Talarek (pursuant to the resolution No 21 of OGM of the Company of 30.06.2021) to the Supervisory Board of the Company for the sixth joint three-year term of the Supervisory Board.*

***) Mr Jakub Puchałka in 2021 sat on the Management Board of the Company from 01/01/2021 to 30/06/2021. Pursuant to the provisions of the resolution No 23 of the Ordinary General Meeting of the Company of 30.06.2021 – the General Meeting decided, as of 01.07.2021, appoint Mr Jakub Puchałka to the Management Board of the Company for the fourth joint five-year term of the Management Board and entrust him with the role of the Member of the Management Board.*

Table. Gross remuneration for members of the Supervisory Board due and paid in 2021 [PLN]

Title of payment	Fixed remuneration for the role in the Supervisory Board of Rainbow Tours S. A		Fixed remuneration under employment contract in Rainbow Tours S.A..		total	
Person	due	paid	due	paid	due	paid
Tomasz Czapla *	247 033.74	205 861.45	-	-	247 033.74	205 861.45
Grzegorz Kubica	42 630.00	39 585.00	-	-	42 630.00	39 585.00
Paweł Niewiadomski	42 630.00	39 585.00	-	-	42 630.00	39 585.00
Paweł Pietras	42 000.00	39 000.00	-	-	42 000.00	39 000.00
Joanna Stępień-Andrzejewska	42 630.00	39 585.00	-	-	42 630.00	39 585.00
Remigiusz Talarek *	247 033.74	205 861.45	-	-	247 033.74	205 861.45
Paweł Walczak **	54 810.00	51 765.00	146 160.00	146 160.00	200 970.00	197 925.00
total	**718 767.48**	**621 242.90**	**146 160.00**	**146 160.00**	**864 927.48**	**767 402.90**

**) see reference to the table * "Gross remuneration for members of the Management Board due and paid in 2021"*

**) Mr Paweł Walczak, irrespective of his role in the Supervisory Board, is a junior level employee of the company since 01.11.2016 (he is not a senior manager) and holds the position of Investor Relations Consultant, who is responsible for provision of consulting services, cooperation with and support to departments of investor relations, finance and accounting. According to the declaration made on 2 November 2016 Mr Paweł Walczak holds status of the "dependent member" of the Supervisory Board because he does not meet the criteria of independence of the member of the Supervisory Board provided in the point II.Z. of "Best Practice for GPW listed companies in 2016" as well as provision § 24 of the Articles of Association.*

(data in PLN thousand – unless stated otherwise)

Amount of remuneration paid to members of the bodies of the Company (the Management Board and the Supervisory Board) in the financial year 2020.

Table. Gross remuneration for members of the Management Board – due and paid in 2020 [PLN

Title of payment	Fixed remuneration under employment contract in Rainbow Tours S.A..		Fixed remuneration for the role in the Management Board of Rainbow Tours S.		Variable remuneration (bonuses – awards) in Rainbow Tours S. A		Total	
person	due	paid	due	paid	due	paid	paid	due
Grzegorz Baszczyński	174 432	174 432	300 000	300 000	300 000	300 000	774 432	774 432
Tomasz Czapla	149 772	149 772	273 000	273 000	240 000	240 000	662 772	662 772
Remigiusz Talarek	144 134	144 134	273 000	273 000	240 000	240 000	657 134	657 134
Piotr Burwicz	244 800	244 800	-	-	394 291	394 291	639 091	639 091
Maciej Szczechura	228 000	228 000	-	-	110 000	110 000	338 000	338 000
Total	**941 138**	**941 138**	**846 000**	**846 000**	**1 284 291**	**1 284 291**	**3 070 429**	**3 070 429**

Table. Gross remuneration for members of the Supervisory Board due and paid in 2020 [PLN]

Title of payment	Fixed remuneration for the role in the Supervisory Board of Rainbow Tours S. A		Fixed remuneration under employment contract in Rainbow Tours S.A..		total	
Person	due	paid	due	paid	due	paid
Grzegorz Kubica	24 360	24 360	-	-	24 360	24 360
Paweł Niewiadomski	24 360	24 360	-	-	24 360	24 360
Paweł Pietras	24 000	24 000	-	-	24 000	24 000
Joanna Stępień-Andrzejewska	24 360	24 360	-	-	24 360	24 360
Paweł Walczak *	36 000	36 000	139 382	139 382	175 392	175 392
Total	**133 080**	**133 080**	**139 382**	**139 382**	**272 462**	**272 462**

**) Mr Paweł Walczak, irrespective of his role in the Supervisory Board, is a junior level employee of the company since 01.11.2016 (he is not a senior manager) and holds the position of Investor Relations Consultant, who is responsible for provision of consulting services, cooperation with and support to departments of investor relations, finance and accounting. According to the declaration made on 2 November 2016 Mr Paweł Walczak holds status of the "dependent member" of the Supervisory Board because he does not meet the criteria of independence of the member of the Supervisory Board provided in the point II.Z. of "Best Practice for GPW listed companies in 2016" as well as provision § 24 of the Articles of Association.*

Note 55. Information on significant events referring to previous years, recognised in the financial statements for the current period.

In the period covered by the financial statements the company did not disclose any significant events referring to previous years, which should be disclosed in the performance for 2021.

Note 56. Financial statements adjusted by inflation rate

The respective financial statements have not required correcting for inflation rate

Note 57. Differences between the data disclosed in the financial statements and the previously drafted and published reports

Not applicable. The company did not disclose financial data earlier.

Note 58. Changes in accounting principles (policy) and the manner of drafting financial statements compared with the previous financial year(s), reasons for changes, titles and resulting effect of the financial outcomes on assets and financial position, liquidity and profitability.

During the preparation of this report no changes were introduced in the applied principles (polices) of accounting and in the manner of drafting financial statements compared with the previous financial year (financial years).

Note 59. Correction of errors, reasons for errors, titles and the effect on assets, financial position, liquidity, financial result and profitability

The company did not change presentation of the data presented as at 31.12.2021.

Note 60.Information on uncertainty about continuing operations, description of uncertainty and description of actions undertaken or planned to eliminate the uncertainty.

These single financial statements were drafted on assumptions that the Company and the Group will continue to carry out its business operations in the foreseeable future, despite occurrence of circumstances and risk factors related to the pandemic triggered by SARS-CoV-2 that could affect the operations of the company in the future.

These single financial statements were drafted on assumptions that the operations of the Company and the Group will be continued in the foreseeable future despite circumstances and risk factors related to the pandemic caused by spreading of SARS-CoV-2, which affects continuation of operations in the future. Currently, the Company does not identify any significant threats, which could influence continuation of operations of the company in the future considering the conflict and military operations of the Russian Federation in the territory of Ukraine.

These single financial statements were drafted on assumptions that the Company and the Group will continue to carry out its business operations in the foreseeable future, despite occurrence of circumstances and risk factors related to the pandemic triggered by SARS-CoV-2 that could affect the operations of the company in the future.

The details of potential threats and actions taken by the Management Board to minimize risk of the pandemic related to spreading of SARS-CoV-2 were presented in point III of this report "Base of preparation of the single financial statements".

Information on the opinion and assumptions of continuing business operations by the Company and the Group were presented in part III point 3.3 of these single financial statements of Rainbow Tours S.A. for the financial year 2021 "Continuation of operations".

Information on the effect on SARS-CoV-2 pandemic on operations of the Parent Company and the Group in 2021 were presented in part II point 3.4 of these single financial statements of Rainbow Tours S.A. for the financial year 2021 "COVID-19 effect on operations of the Company".

Information of the effect of political and economic situation linked to the armed conflict in the Ukraine on operations of the Company were presented in part III point 3.5 of these single financial statements of Rainbow Tours S.A. for the financial year 20121 "the effect of political and economic situation linked to armed conflict in the Ukraine on operations of the Company".

Note 61.Drafting of the consolidated financial statements

The Company drafts and publishes consolidated financial statements. The following entities were consolidated in respect of 2021:

- My Way by Rainbow Tours Sp. z o.o. with registered office in Łódź,
- White Olive A.E. with registered office in Athens *[*a company limited by shares operating according to Greek law],
- White Olive Premium Lindos A.E. with registered office in Athens *[a company limited by shares operating according to Greek law]*,
- Rainbow Tours Destination Services Turkey Turizm Ve Seyahat Hizmetleri A.S. with registered office in Alanya *[a company limited by shares operating according to Turkish law].*

VI. EVENTS AFTER THE BALANCE SHEET DATE

Military conflict started by the Russian Federation on the territory of Ukraine

On 24 February the Russian Federation started unjustified military conflict in the territory of Ukraine.

Description of the potential effect of political and social situation linked to the military conflict in Ukraine on operations of the Company is presented in part II "the base of preparation of the consolidated financial statements" in Note 3.5 to this report.

Entering into the agreement to provide charter services by Smartwings for Rainbow Tours S.A.

On 24.03.2022 the Company entered with Smartwings Poland Sp. z o.o. with its registered office in Warsaw in the charter agreement (Aircraft Charter Framework Agreement with annexes) hereinafter referred to as "the Charter Agreement".

The respective Charter Agreement, effective till 24.04.2023, refers to the purchase, by Rainbow Tours S.A., of plane seats with a crew and provision of charter services (air transportation of passengers and luggage) by Smartwings Sp. z o.o. for Rainbow Tours S.A. in the touristic season Summer 2022 and Winter 2022/2023. The services are necessary for provision of tourism services by Rainbow Tours S.A. and cover charter services under the Charter Agreement in different holiday destinations. The provision of charter services under the Charter Agreement (the first charter flight in Summer 2022 season) starts on 25.04.2022 and ends (the last charter flight in Winter 2022/2022) on 24.04.2023.

According to the provisions of the Charter Agreement, upon the date of its signing, the value of services provided is estimated for the amount of PLN 184,059 thousand translated using the average American dollar exchange rate of 24.03.2022 published by National Polish Bank in the table No 058/A/NBP/2022 (the exchange rate 4,3310). Due to the fact that a number of variable factors (including variable costs) affect the value of services under the Charter Agreement, and because it is not possible to measure the value of services for the Winter 2021/2022 season as at the date of signing the Charter Agreement – the final and actual value of services may differ from the given estimate. The issuer is able to change number of flights provided under the Charter Agreement according to the increasing or decreasing market demand, and that can also affect the value of the total Charter Agreement.

Settlements under the Charter Agreement will be made on ongoing basis and according to a charter flight schedule.

The Charter Agreement contains standard provisions in respect of its termination by the Parties, if any. The Charter Agreement does not stipulate provisions on contractual penalties; however, it specifies payments for reduction of the flight programmes in the event that Rainbow Tours S.A. cancels fights. The amount is dependent on the advance notice about flight cancellation.

A Soft loan contract with Polish Development Fund under the Governmental Subsidiary Programme "Financial Shield of Polish Development Fund for Large Companies" – edition 2.0

On 25.03.2022 the Company (as the borrower) entered into the contract with Polish Development Fund with registered office in Warsaw (as the lender, further: "PFR") – pursuant to a relevant application to grant funds from the programme (application No 20210930/73424) - made to PFR on 22.09.2021 – that is the Soft Loan Contract from the governmental programme "Financial Shield of Polish Development Fund for Large Companies", edition 2.0 so called Financial Shield for Large Companies (the details of the Programme of Soft Loans from the new version/edition of the governmental programme "Financial Shield of Polish Development Fund for Large Companies" published on 14.09.2021) ("Contract 2.0" or "the Soft Loan Contract 2.0").

As a result of making the application to PFR, on 03.11.2021, the company was informed that the application to the governmental programme "Financial Shield for Large Companies" was qualified to another stage of the programme that is in-depth analysis (so called "stage of analyses:")

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: fixed 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 wave off up to 75% of the loan amount according to the conditions provided in the Lona 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 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:

- 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 oof 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 any distribution whatsoever to owners or related parties, acquisition of shares for redemption, mergers, servicing interest, coupons, payment of commissions and fees, re-financing or early debt repayment, other.

Regulation of the Council of Minister of 25 of April 2022 on introducing restrictions in air traffic

On 25.04.2022 the Journal of Law published Regulation of the Council of Ministers of 25 of April 2022 on introduction restrictions in air traffic (Journal of Law of 2022, item. 894), which provisions introduced limited access to air navigation services, which service flight operations and limitation of declared capacity of terminal manoeuvring area (TMA) Warsaw, restrictions in ability to undertake flight operations in TMA Warsaw [TMA Warsaw covers Warsaw Chopin Airport (EPWA) and Warsaw Modlin (EPMO)]. The regulation takes effect as a rule as of 01.05.2022 and expires on 31.05.2022.

According to the respective regulation, starting as of 01.05.2022:

- flight operations can be undertaken only from 09.30–17.00 of the local time
- in the above time frame arrival of airplane, which intends to subsequently to take off on the same day can be undertaken at the latest up to 15.45 of the local time
- In order to ensure the widest access to regular flight services in TMA Warsaw, priority will be given to flight operations at Warsaw Chopin Airport. Additionally, the respective regulation enumerates airports, where priority flight operations will not be allowed.

Considering the publication of the respective Regulation the Management Board of the Company as at the date of approval of this report for publication states that the event does not affect these financial statements for 2021. At the same time the

Management Board of the Company monitors the situation on day-to-day basis and prepares emergency plans of transporting passengers from other local airports in Łódź, Katowice or Poznań, which declared that can take over some of the Warsaw's flight operations. Thus, the Management Board of the Company believes that the effect of this event on financial performance in May 2022 can be insignificant at best or it doesn't have to occur, especially because experts think that the conflict between Polish Air Navigation Services Agency and air traffic controllers (air navigation services attend flight operations) should end with an agreement at the latest in 7 to 10 days

In the opinion of the Management Board of the Company there were no other important events, except for those mentioned, which were not presented in the financial statements, between the balance sheet date and the date of approval of this report for publication (29.04.2022).

(data in PLN thousand – unless stated otherwise)

VII. INFORMATION ABOUT THE AUDITOR – THE ENTITY AUTHORISED TO AUDIT FINANCIAL STATEMENTS

The entity authorised to audit financial statements, which reviewed and audited the financial statements of the company for the financial year 2020

On 14 June 2019, the Supervisory Board, as a body selecting the audit company and the expert auditor to audit and review financial statements, which are mentioned in § 1 section 1 of "the Policy of selecting audit company to audit and review financial statements of Rainbow Tours Company limited by Shares" ("the Policy") that is the body, other than the one specified in art.66 section 4 of the Accounting Act of 29 September 1994, and which is not a body that approves financial statements of the entity, and acting pursuant to provisions of § 22 letter d) of the Articles of Association and § 3 section 5 point 3) of the Regulations of the Supervisory Board and also by taking into account provisions of § 10 section 2 and section 5 of "Procedure of selection of an audit company to audit and review financial statements in Rainbow Tours Company Limited by Shares" ("the Procedure"), pursuant to the resolution of the Supervisory Board No 1/06/2019 of 14 June 2019, decided – upon learning the "Recommendation of the Audit Committee for the Supervisory Board of Rainbow Tours Company Limited by Shares in respect of the proposal to select the audit company to audit and review financial statements of the Company and Rainbow Tours Group" in the process of appointing an expert auditor/ an audit company specified by the Policy and the Procedure – to choose an audit company to carry out statutory review and audit of single financial statements of Rainbow Tours S.A. and consolidated financial statements of Rainbow Tours Group for the period of three consecutive financial years of 2019, 2020 and 2021, including for the following periods of the financial year 2019, covering review and audit of the following financial statements.

a) review the single financial statements of Rainbow Tours Company Limited by Shares for six months of 2020, that is from 1 January 2020 to 30 June 2020, drafted as at 30 June 2020,
b) review the consolidated financial statements of Rainbow Tours Capital Group for six months of 2020, that is for the period from 1 January 2020 to 30 June 2020, drafted as at 30 June 2020
c) audit the single financial statements of Rainbow Tours Company limited by shares for the financial year 2020, that is from 1 January 2020 to 31 December 2020, drafted as at 31 December 2020
d) audit the consolidated financial statements of Rainbow Tours Company limited by shares for the financial year 2020, that is from 1 January 2020 to 31 December 2020, drafted as at 31 December 2

And decided to entrust the auditor activities to the following entity:

Name of the company	BDO spółka z ograniczoną odpowiedzialnością sp.k. (Previously: BDO Sp. z o.o.)
Office address	02-676 Warszawa, ul. Postępu 12
Registration data:	the company entered into the register of entrepreneurs kept by the District Court for the capital city of Warsaw, in Warsaw, XIII Commercial Division of the National Court Register, under KRS No (the National Court Register No): 0000729684
National Council of Statutory Auditors No:	The entity entered into the List of Auditing Companies under No 3355

The audit company was chosen according to the selection procedure provided by § 5 section 1 of the Procedure, pursuant to which the Audit Committee of the Supervisory Board decided not to make request for proposal - specified in § 4 section 1 of the Procedure, and took the decision to renew the contract with the same audit company as the company auditing financial statements in the Company for the past periods, following the analysis of previous cooperation with BDO Limited Liability Company, limited partnership company. The decision was taken subject to fulfilment of requirements concerning obligatory rotation of the audit company and the expert auditor, grace periods, and in respect of the term of the contract specified in the act of 11 May 2017 on expert auditors, audit companies and public supervision (the Act on Expert Auditors), the Regulation of the European Parliament and the Council (EU) No 537/2014 of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC, hereinafter referred to as "the Regulation 537/2004", the Accounting Act and the Company's Policy.

In Assessment of the audit company BDO Limited liability Company Limited Partnership the Supervisory Board learnt about findings and conclusions provided in the annual report of the Audit Supervision Committee (committee specified in art 90 section 5 of the Act on Expert Auditors - the Report of the Audit Supervision Committee for 2018 of 24 May 2019 collected from the website of Ministry of Finance).

In consideration of the respective decision and the provision of art. 66 section 5 of the Accounting Act of 29 September 1994, the Supervisory Board of the Company authorised and obligated the Management Board (as the executive of the entity) to conclude with BDO Spółką z ograniczoną odpowiedzialnością (BDO a limited liability company) the respective contract(s) to review and audit financial statements (single and consolidated). The contract was entered into on 27 August 2019

Moreover, pursuant to the resolution No Nr 4/05/2021 of 14.05.2021, the Supervisory Board of the Company acting pursuant to the provisions of the resolution No 1/05/2021 of the Audit Committee of the Supervisory Board of 14.05.2021 on Audit Committee's agreement for the expert auditor to carry out the statutory audit in the Company and permitted services, which do not constitute the audit within the scope of attestation service regarding evaluating the report if the Supervisory Board on remuneration for the Management Board and the Supervisory Board of Rainbow tours for 2019 – 2020, decided to accept and approve the offer of the audit company BDO Spółka z ograniczoną odpowiedzialnością Sp. k. concerning the evaluation of the "Report on remuneration of the members of the Management Board and the Supervisory Board for the years 2019 and 2020" (which is mentioned in Art. 90g of the act of 29 of July 2005 on public offering and conditions of introducing financial instruments to organized trade and on public companies) to be done by the expert auditor, who carries out the statutory audit in the Company. The Supervisory Board obligated and authorised the Management Board to make a respective contract to provide the permitted attestation service with the audit company.

Up to the date of drafting of these financial statements BDO Limited Liability Company provided the following services for the company for the financial year 2020:

- reviewed the abridged interim single financial statements of Rainbow Tours S.A. for the period of six consecutive months starting from 01.01.2020 and ended on 30.06.2020,
- reviewed the abridged interim consolidated financial statements of Rainbow Tours Group for the period of six consecutive months starting from 01.01.2020 and ended on 30.06.2020,
- carried out preliminary audit of the single financial statements of the company for the financial year 2020,
- audited the single financial statements of the Company for the financial year 2020, that is for the period from 01.01.2020 to 31.12.2020, drafted as at 31.12.2020,
- audited the consolidated financial statements of Rainbow Tours Group for the financial year 2020, that is for the period from 01.01.2020 to 31.12.2020, drafted as at 31.12.2020,
- provided attestation service to evaluate the report on remuneration in the Company for the years 2019-2020 concerning comprehensiveness of the presented information, which is required under Art. 90g section 1-5 and 8 of the acts on public offering and conditions of introducing financial instrument to organized trade and about public companies.

In 2020 the auditor hired to review and audit financial statement (that is BDO Spółka z ograniczoną odpowiedzialnością Sp. k – a limited liability company limited partnership) did not provide any other services than the above, including any permitted services, which do not constitute an audit.

The remuneration for the entity for services provided in 2020:

- For the review of the single and consolidated financial statements for six months of 2020 – PLN – 66 thousand, net,
- For the audit of the single and consolidated financial statements for 2020 - PLN 113 thousand, net.
- For the provision of the attestation service to evaluate the report on remuneration on the Company for the years 2019 and 2020 – PLN 10.8 thousand, net,

Total value of services for 2020: PLN 189,8 thousand, net.

<u>The entity authorised to audit financial statements, which reviewed and audited the financial statements of the company for the financial year 2021</u>

On 14 June 2019, the Supervisory Board, acting as a body authorised to choose the audit company and the expert auditor to audit and review financial statements, which are mentioned in § 1 section 1 of "the Policy of selecting audit company to audit and review financial statements of Rainbow Tours Company limited by Shares" ("the Policy") - that is the body, other than the one specified in art.66 section 4 of the Accounting Act of 29 September 1994, and which is not a body that approves financial statements of the entity, and acting pursuant to provisions of § 22 letter d) of the Articles of Association and § 3 section 5 point 3) of the Regulations of the Supervisory Board and also by taking into account provisions of § 10 section 2 and section 5 of "Procedure of selection of an audit company to audit and review financial statements in Rainbow Tours Company Limited by Shares" ("the Procedure"), pursuant to the resolution of the Supervisory Board No 1/06/2019 of 14 June 2019, decided – upon learning the "Recommendation of the Audit Committee for the Supervisory Board of Rainbow Tours Company Limited by Shares in respect of the proposal to select the audit company to audit and review financial statements of the Company and Rainbow Tours Group" in the process of appointing an expert auditor/ an audit company specified by the Policy and the Procedure – to choose an audit company to carry out statutory review and audit of single financial statements of Rainbow Tours S.A. and consolidated financial statements of Rainbow Tours Group for the period of three consecutive financial years of 2019, 2020 and 2021, including for the following periods of the financial year 2019, covering the review and audit of the following financial statements:

(data in PLN thousand – unless stated otherwise)

a) review the single financial statements of Rainbow Tours Company Limited by Shares for six months of 2021, that is from 01.01.2021 to 30.06.2021, drafted as at 30.06.2021
b) review the consolidated financial statements of Rainbow Tours Capital Group for six months of 2021, that is from 01.01.2021 to 30.06.2021, drafted as at 30.06.2021,
c) audit the single financial statements of Rainbow Tours Company limited by shares for the financial year 2021, that is from 01.01.2021 to 31.12.2021, drafted as at 31.12.2021,
d) audit the consolidated financial statements of Rainbow Tours Company limited by shares for the financial year 2021, that is from 01.01.2021 to 31.12.2021, drafted as at 31.12.2021.

and decided to entrust the auditor activities to the following entity:

Name of the company:	BDO spółka z ograniczoną odpowiedzialnością sp.k. (BDO limited liability company limited partnership
Office address:	02-676 Warszawa, ul. Postępu 12
Registration data:	the company entered into the register of entrepreneurs kept by the District Court for the capital city of Warsaw, in Warsaw, XIII Commercial Division of the National Court Register, under KRS No (the National Court Register No: 0000729684
National Council of Statutory Auditors No:	The entity entered into the List of Auditing Companies under No 3355

The audit company was chosen according to the selection procedure provided by § 5 section 1 of the Procedure pursuant to which the Audit Committee of the Supervisory Board decided not to make request for proposal - specified in § 4 section 1 of the Procedure, and took the decision to renew the contract with the same audit company as the company auditing financial statements in the Company for the past periods, following the analysis of previous cooperation with BDO Limited Liability Company, limited partnership company. The decision was taken subject to fulfilment of requirements concerning obligatory rotation of the audit company and the expert auditor, grace periods, and in respect of the term of the contract specified in the act of 11 May 2017 on expert auditors, audit companies and public supervision (the Act on Expert Auditors), the Regulation of the European Parliament and the Council (EU) No 537/2014 of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC, hereinafter referred to as "the Regulation 537/2004", the Accounting Act and the Company's Policy.

By assessing the audit company BDO Limited liability Company Limited Partnership the Supervisory Board learnt about findings and conclusions provided in the annual report of the Audit Supervision Committee, which committee is specified in art 90 section 5 of the Act on Expert Auditors (the Report of the Audit Supervision Committee for 2018 of 24 May 2019 collected from the website of Ministry of Finance).

In consideration of the respective decision and the provision of art. 66 section 5 of the Accounting Act of 29 September 1994, the Supervisory Board of the Company authorised and obligated the Management Board (as the executive of the entity) to conclude with BDO Spółką z ograniczoną odpowiedzialnością (BDO a limited liability company) the respective contract(s) to review and audit financial statements (single and consolidated). The contract was entered into on 27 August 2019.

Till the date of drafting of this report BDO Limited Liability Company Limited Partnership provided the services in respect of the financial year 2021 as follows

– reviewed the abridged interim single financial statements of Rainbow Tours S.A. for the period of six consecutive months starting from 01.01.2021 and ended on 30.06.2021,
– reviewed the abridged interim consolidated financial statements of Rainbow Tours Group for the period of six consecutive months starting from 01.01.2021 and ended on 30.06.2021,
– carried out preliminary audit of the single financial statements of the company for the financial year 2021,
– audited the single financial statements of Rainbow Tours Group for the financial year 2021, that if for the period from 01.01.2021 to 31.12.2021, drafted as at 31.12.2021,
– audited the consolidated financial statements of Rainbow Tours Group for the financial year 2021, that if for the period from 01.01.2021 to 31.12.2021, drafted as at 31.12.2021.

In 2021 the audit company, which reviewed and audit financial statements of the Company, did not provide any other services, exceeding the scope of the services above mentioned, and the audit company did not provide any permitted services, which do not constitute the audit.

The remuneration for the entity for services provided in 2021:

– For the review of the single and consolidated financial statements for six months of 2021 – PLN 66 thousand, net,
– For the audit of the single and consolidated financial statements for 2021 – PLN 113 thousand, net,

– attestation services – verification of "tagging" of the consolidated financial statements for 2021 (due to the obligations of the issuers (which securities are listed on the main market), to prepare electronic uniform ESEF reporting format and prepare single and consolidated financial statements in XHTML format and additionally tag consolidated financial statements with XBRL marks - so called tagging, for the reports for financial years starting on January 2021 or later) – PLN 22 thousand, net.

Total value of services for 2021: PLN 201 thousand, net.

This report was approved for publication on 29 April 2022.

The Management Board of **Rainbow Tours Spółka Akcyjna / persons responsible for keeping the accounts:**

Łódź, 29 April 2022

Grzegorz Baszczyński the President of the MB	Piotr Burwicz the member of the MB	Jakub Puchałka the member of the MB	Maciej Szczechura the member of the MB