Skonsolidowane sprawozdanie finansowe Grupy Kapitałowej Rainbow Tours 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 Consolidated Financial Statement of the Rainbow Tours Capital Group 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.

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I. SELECTED FINANCIAL DATA

STATEMENT OF FINANCIAL POSITION	PLN'000 As at 31/12/2021	PLN'000 As at 31/12/2020	EUR'000 As at 31/12/2021	EUR'000 As at 31/12/2020
Fixed assets	275 001	240 090	59 791	52 026
Current assets	280 044	234 743	60 887	50 867
Total assets	**555 045**	**474 833**	**120 678**	**102 893**
equity	**149 332**	**92 809**	**32 468**	**20 111**
Issued share capital	1 455	1 455	316	315
Equity attributable to shareholders of the parent company	108 221	92 809	23 529	20 111
Long-term liabilities	118 104	112 232	25 678	24 320
Short-term liabilities	287 609	269 792	62 532	58 463
Book value per share	10.26	6.38	2.23	1.38

STATEMENT OF COMPREHENSIVE INCOME	PLN'000 from 01/01/2021 to 31/12/2021	PLN'000 from 01/01/2020 to 31/12/2020	EUR'000 from 01/01/2021 to 31/12/2021	EUR'000 from 01/01/2020 to 31/12/2020
Continuing operations, sales revenue	1 279 424	434 456	279 503	97 102
Profit /loss on operations	19 888	(45 612)	4 345	(10 194)
Pre-tax profit (loss)	16 960	(49 232)	3 705	(11 004)
Net profit (loss)	**16 480**	**(42 208)**	**3 600**	**(9 434)**
Net profit (loss) attributable to shareholders of the parent company	17 272	(42 208)	3 773	**(9 434)**
Net profit (loss) per ordinary share attributable to shareholders of the parent company (denominated in PLN /EUR per share)				
- basic	1,13	(2,90)	0,25	(0,65)
- diluted	1,13	(2,90)	0,25	(0,65)
Total comprehensive income	**14 620**	**(35 758)**	**3 194**	**(7 992)**
Total comprehensive income attributable to:				
- shareholders of the parent company	15 412	**(35 758)**	3 367	**(7 992)**

CASHFLOW STATEMENT	PLN'000 from 01/01/2021 to 31/12/2021	PLN'000 from 01/01/2020 to 31/12/2020	EUR'000 From 01/01/2021 to 31/12/2021	EUR'000 from 01/01/2020 to 31/12/2020
Net cash flow from operations	145 017	(91 523)	31 680	(20 456)
Net cash from investing activities	(44 359)	(28 913)	(9 691)	(6 462)
Net cash from financing activities	(45 533)	82 149	(9 947)	18 361
Increase (decrease) in net cash and cash equivalents	**55 125**	**(38 287)**	**12 043**	**(8 557)**

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 CONSOLIDATED FINANCIAL STATEMENTS

1. THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION –ASSETS

ASSETS	Note	As at 31/12/2021	As at 31/12/2020
		PLN'000	PLN'000
Fixed assets			
Tangible fixed assets	6	236 868	209 055
Investment property	7	196	196
Goodwill	8	4 541	4 541
other intangible assets	9	4 302	4 945
Deferred tax assets	10	7 443	7 811
Other receivables	11	21 651	13 542
Total fixed assets		**275 001**	**240 090**
Current assets			
Stocks	12	99	115
Trade and other receivables	11	140 975	187 264
Other financial assets	13	46	451
Current tax assets	14	5 845	6 569
Other assets	15	49 145	11 535
Cash and cash equivalents	16	83 934	28 809
Total current assets		**280 044**	**234 743**
Total assets		**555 045**	**474 833**

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

2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION – LIABILITIES

LIABILITIES	Note	As at 31/12/2021	As at 31/12/2020
		PLN'000	PLN'000
EQUITY AND LIABILITIES			
equity			
Issued share capital	17	1 455	1 455
Share premium	17	36 558	36 558
Reserve	18	37	365
Translation of foreign operations		2 956	4 488
Retained earnings	19	67 215	49 943
		108 221	92 809
Equity attributable to shareholders of the parent company		108 221	92 809
Equity attributable to non-controlling interests		41 111	-
Total equity		**149 332**	**92 809**
Long-term liabilities			
Long -term bank loans and credits	20,24,25	80 871	71 574
Pension liability	23	145	221
deferred tax liability	21	-	-
Other liabilities	26	37 088	40 437
Total long-term liabilities		**118 104**	**112 232**
Short-term liabilities			
Trade payables and other liabilities	22	92 252	44 449
Short-term loans, bank loans and credits and lease liabilities	20,24,25	30 986	137 842
Current tax liabilities	14	4 467	1 803
Including income tax		*341*	-
short -term provisions	23	7 011	1 646
Deferred income	26	145 978	76 725
Other liabilities	26	6 915	7 327
Total short-term liabilities		**287 609**	**269 792**
Total liabilities		**405 713**	**382 024**
Total equity and liabilities		**555 045**	**474 833**

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

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

	Note	The period of 12 months ended on 31/12/2021	The period of 12 months ended on 31/12/2020
		PLN'000	PLN'000
continuing operations			
Sales revenue	28	1 279 424	434 456
Cost of sales	29	(1 134 191)	(387 935)
Gross profit (loss) on sales		**145 233**	**46 521**
Selling cost	29	(120 146)	(68 803)
Overheads	29	(34 700)	(24 782)
Other operating proceeds	30	31 150	4 348
Other operating costs	30	(1 649)	(2 896)
Operating profit (loss)		**19 888**	**(45 612)**
Financial revenue	31	1 287	3 080
Financial costs	31	(4 215)	(6 700)
Pre-tax profit (loss)		**16 960**	**(49 232)**
Income tax	32	(480)	7 024
Net profit loss from continuing operations		**16 480**	**(42 208)**
Discontinued operations			
Net profit (loss) from discontinued operations		-	-
NET PROFIT (LOSS)		**16 480**	**(42 208)**
Items, which could be later carried to statement of comprehensive income			
Translation of foreign operations		(1 532)	5 076
hedge accounting		(328)	1 374
total net other comprehensive income		**(1 860)**	**6 450**
TOTAL COMPREHENSIVE INCOME		**14 620**	**(35 758)**
Net profit attributable to:			
Shareholders of the parent company		17 272	(42 208)
non-controlling interests		(792)	-
		16 480	**(42 208)**
Total comprehensive income attributable to:			
shareholders of the parent company		15 412	(35 758)
non-controlling interests		(792)	-
		14 620	**(35 758)**

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

4. THE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued share capital	Share premium	Reserve – hedge accounting	Currency translation from foreign operations	Retained profits	Attributable to shareholders of the parent company	Attributable to non-controlling interests	Total
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
For the period from 01/01/2021 to 31/12/2021								
As at 01/01/2021	**1 455**	**36 558**	**365**	**4 488**	**49 943**	**92 809**	**-**	**92 809**
Net profit for the financial year	-	-	-	-	17 272	17 272	(792)	16 480
(Net) other comprehensive income for the financial year	-	-	(328)	(1 532)	-	(1 860)	-	(1 860)
Total comprehensive income	**-**	-	**(328)**	**(1 532)**	**17 272**	**15 412**	**(792)**	**14 620**
Subscription for shares by FEZ FIZ AN PFR	-	**-**	-	-	-	-	41 903	41 903
Other	-	-	-	-	-	-	-	-
As at 31/12/2021	**1 455**	**36 558**	**37**	**2 956**	**67 215**	**108 221**	**41 111**	**149 332**
For the period from 01/01/2020 to 31/12/2020								
As at 01/01/2020	**1 455**	**36 558**	**(1 009)**	**(588)**	**92 270**	**128 686**	**-**	**128 686**
Net profit for the financial year	-	-	-	-	(42 208)	(42 208)	-	(42 208)
(Net) other comprehensive income for the financial year	-	-	1 374	5 076	-	6 450	-	6 450
Total comprehensive income	**-**	**-**	**1 374**	**5 076**	**(42 208)**	**(35 758)**	**-**	**(35 578)**
Other	-	-	-	-	(119)	(119)	-	(119)
As at 31/12/2020	**1 455**	**36 558**	**365**	**4 488**	**49 943**	**92 809**	**-**	**92 809**

5. THE CONSOLIDATED CASH FLOW STATEMENT

	The period of 12 months ended on 31/12/2021	The period of 12 months ended on 31/12/2020
	PLN'000	PLN'000
I. Pre-tax profit (loss)	**16 960**	**(49 232)**
II. total adjustments	**128 272**	**(40 642)**
Amortization and depreciation	19 445	16 713
Foreign exchange gains (losses)	(1 535)	413
interest and profit sharing (dividend)	-	-
profit (loss) from investing activities	2 427	740
Movement in provisions	5 240	600
movement in stocks	16	677
Movements in receivables and prepaid expenses	66 283	(17 158)
Movements in short-term liabilities and prepayment expenses except for loans and financial lease	55 446	(56 103)
Other adjustments * **	(19 050)	13 476
Net cash from operations	**145 232**	**(89 874)**
Income tax paid	(215)	(1 649)
Net cash flows from operations	**145 017**	**(91 523)**
Interest received	74	3 078
Proceeds from sale of fixed assets	53	209
Borrowings / repayment	8	-
Repayment of loans and credits	-	500
Lending	-	-
Expenditure for purchase of fixed assets	**44 494**	**32 700**
Purchase of a subsidiary	**-**	
Net cash from investing activities	**(44 359)**	**(28 913)**
Proceeds from subscription for shares by FEZ FIZ AN PFR	41 649	-
Borrowings	12 058	132 175
Repayment of loans/ credit	96 691	45 717
Other borrowings	-	518
Repayment of finance lease liabilities	-	-
Interest paid	2 549	4 827
Net cash from financing activities	**(45 533)**	**82 149**
Increase (decrease) in net cash and cash equivalents	**55 125**	**(38 287)**
Balance sheet movement in cash	**55 125**	**(38 287)**
Movement in cash from exchange gains/losses	**-**	**-**
the opening balance of cash and cash equivalents	**28 809**	**67 096**
The closing balance of cash and cash equivalents	**83 934**	**28 809**

The item" other" for the period of 12 months ended on 31 December 2021 refers to waive off of the soft loan granted to the Company by Polish Development Fund from "Financial shield for large companies" (version 1.0) (the state subsidiary program).

**The item "other" for the period of 12 months ended on 31 December 2020 refers to difference in cots of amortization of lease IFRS 16 and reductions in payments received by the Company as a result of imposition of lockdown periods (12,098) PLN thousand

III. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.1. Declaration of compliance

These consolidated financial statements were drafted according to International Financial Reporting Standards (IFRS) approved by the European Union, published and applicable as at 31 December 2021 covering International Accounting Standards (IAS) and interpretations of Standing Interpretation Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) issued and applicable as at the date of drafting these financial statements. The Group applied all IAS and IFRS as they became effective. The entity sets 29 April 2022 as the date of signing and approval of these consolidated financial statements for publication.

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

The scope of the consolidated financial statements was set and is consistent with the requirements of the Minister of Finance of 29 March 2018 on current and periodic information provided by the issuers of securities and conditions of considering as equal information required by the law of non- member state (Journal of Laws of 2018, item 757). These consolidated financial statements covers the data for the financial year 2021 (that is for the period of 12 months ended on 31 December 2021) and in case of the balance sheet (statement of financial position) -the data as at the end of the financial year (that is 31 December 2021) as well as comparative data: for the financial year 2020 (that is the period of 12 months ended on 31 December 2020), and in case of the balance sheet (the statement of the financial situation) – as at the end of the financial year 2020 (that is as at 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 (the consolidated) profit and loss account it is to be understood as "the consolidated statement of comprehensive income". Whenever the financial statements mention the balance sheet it means "the consolidated statement of financial position". The financial statements also interchangeably use the terms "(the consolidated) cash flow account" and "(the consolidated) cash flow statement".

3.2. Comparability of data

These consolidated financial statements were drafted in accordance with the dame principles for the current period and comparative periods.

No changes in the presentation of the items of the financial statements were introduced.

3.3. Continuation of operations

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

(1) Despite that, as at the date of approval of these statements for publication (that is 29 of April 2021) end stage and containment of so called fifth wave of SARS-CoV-2 pandemic and optimistic predictions of low risk of occurrence of subsequent serious waves of the pandemic, there are potential risk factors linked to the pandemic of COVID-19 (caused by spreading of SARS-CoV-2) or its medium-term and long-term effects, including those related to the possibility of re-imposing of any considerable limitations or difficulties in providing tourism services in full scope, effect of those factors on lower consumer awareness with respect to purchasing packaged trips by potential customers of the Company what can adversely influence sales results of the Company and the Group, and consequently, liquidity, c financial situation and profitability of the Parent Company and the Group.;

(2) There are potential risk factors related to the political and economic situation in the world due to unjustified military aggression of the Russian Federation on the territory of Ukraine and a military conflict, in particular: adverse effects on holiday plans of potential customers of the Company and the Group and holiday destinations, especially in the crisis situation (the conflict) or in its aftermath and less desire to travel, in particular due to prolonged war in Ukraine.

The description of potential impact of above factors on operations of the Company is presented in point 3.4. and 3.5.

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.

– Release of the obligation to pay contribution due for social insurance, health insurance, Labour Fund, Solidarity Fund, the Guaranteed Employment Benefit Fund and Bridging Pensions Fund

– 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 POLICIES OF THE GROUP

The main accounting principles applied to drafting of the consolidated financial statement are presented below. The rules were applied continuously in all years covered by the financial statements.

Recognition of economic transactions

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

Materiality concept:

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. CONSOLIDATION

Consolidation is aimed at presentation of assets, financial standing and performance of the entities within the Capital Group as if it was one entity. Rainbow Tours Group consists of the parent company and its subsidiaries. The parent company is a business entity, which has one or more subsidiaries.

A subsidiary is a business entity, which is controlled by the parent company. It is assumed that the parent company controls a subsidiary, if the parent company directly or indirectly – through its subsidiaries – holds more than half of the voting rights in a subsidiary. A parent company also has control when the parent company holds half or less of voting rights of the subsidiary and if it:

- has control over the entity, in which investment was made
- its involvement in the invested entity is exposed to variable financial performance or is entitled to variable financial performance, and
- Can use its power over the entity in which investment was made to affect its financial performance

Subsidiaries of Rainbow Tours, which are parent companies for their own subsidiaries, do not draft consolidated financial statements, if they meet the following conditions:

1. minority interest holders of the parent companies were informed about the fact and did not object
2. Debt and equity securities issued by the parent companies are not traded at the official securities market.

The list of entities covered by the consolidated financial statement and the list of entities excluded from consolidation is drawn up using quality criteria supplemented by quantitative criteria. These criteria are applied to relation between the entities to assess if an entity is immaterial for proper presentation of the Capital Group as whole and consequently if it can be excluded from consolidation

The entity cannot be considered immaterial if:

1. Provides goods and services compliant with the core business of the parent company or other entities of the Capital Group, and absence of this enterprise may adversely affect the economic standing of the whole Group.
2. It is a source of the long-term capital or financing used for sustaining core business of the parent company
3. Exposes the parent company at a notable risk resulting from possession of this entity or holding of assets used for deriving majority of the benefits from its operation, carries out activities on behalf of the company, which are consistent with its economic needs – and the parent company derives benefits from them, or holds treasury shares of the parent company

The consolidated financial statements are the financial statements of the capital group drawn up as if they were financial statements of a single business entity. The consolidated financial statements are drafted by parent companies. The consolidated financial statements of the Capital Group comprise

1. the consolidated statement of financial position
2. the consolidated statement of comprehensive income
3. the consolidated cash flow statement
4. the consolidated statement of changes in equity
5. the notes

The consolidated financial statements should present transactions made between the companies of Rainbow Tours Group and external entities. This objective could by achieved through

1. Identification of the companies' accounts where transactions with other Group entities are recorded
2. Reconcile bank accounts and turnovers among each of the consolidated companies.
3. Exclude transactions concerning

a. Value of shares acquired by the parent company (exclusion from the financial statements of the parent company),
b. Some of the equity of the subsidiaries, which is equivalent to the interest of the parent company in the assets of these enterprises (exclusion from financial statements of subsidiaries)
c. Mutual receivables and liabilities and other similar settlements of the consolidated entities
d. revenue from intercompany transactions and their cost of the consolidated entities
e. Profits and losses on the intercompany transactions of consolidated entities, which are linked to consolidated assets

Goodwill of subsidiaries presented in consolidated financial statements is a positive difference between future economic benefits derived from the assets, which cannot be individually identified or separately recorded. Goodwill of subsidiaries is presented in a separate item of assets of the consolidated balance sheet. Goodwill of subsidiaries is not amortized; however, it is reduced by impairment losses, if any.

Goodwill of the subsidiaries is tested for impairment at the end of each financial year. Goodwill is also tested at other balance sheet dates, if there are circumstances indicating the necessity of testing.

Any negative difference between value at purchase price of interest and net assets of the subsidiary and its fair value at the purchase date is recognised in the financial result of the period, in which the interest was purchased.

The financial statements of the Companies in the Group, for which functional currencies differ from presentation currency are translated into the presentation currency as follows

1. Assets and liabilities are recognized at the closing rate effective as at the balance sheet date
2. Income and costs in the statement of comprehensive income are recognized at the average exchange rate being the arithmetic average of closing rates effective at last days of month in a financial period
3. All resulting exchange rates are recognised as separate item of equity

4.2. MEASUREMENT OF ASSETS AND LIABILITIES OF THE CAPITAL GROUP

presented below:

<u>Recognition of business transactions</u>

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

<u>Principle of materiality:</u>

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.

Goodwill

Goodwill of the subsidiaries presented in the consolidated financial statements is a positive difference between future economic benefits derived from the assets, which cannot be individually identified or separately recorded. Goodwill of the subsidiaries is presented in a separate item of the consolidated balance sheet. Goodwill of the subsidiaries is not amortized; however, it is reduced by impairment losses, if any. Goodwill of the subsidiaries is tested for impairment at the end of each financial year. Goodwill is also tested for impairment at other balance sheet dates, if there are circumstances indicating that it needs to be tested.
Any loss, between the value of interest at purchase price and net assets of the subsidiary and its fair value at the purchase date is recognised in the financial result for the period, in which the interest was purchased.

Intangible assets

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.

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. Such situation may occur in case of brands. Intangible assets with indefinite useful life are not amortized. As at each balance sheet date the Group

This report was prepared based on the below presented rules of measurement of assets and liabilities and the measurement of financial result.

- 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 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 companies of the Group do 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

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

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 profit and loss account.

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 used the cost model to calculate book value of net fixed assets. According to the cost model a fixed asset should be initially recognised at a purchase price and subsequently depreciated over the economic useful life to its residual value.

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”.

Financial assets measured at amortized cost – Lending and originated receivables

Financial assets measures at amortised cost are assets that do not 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 lending to the lender is due according to provisions of the agreement, and it is excluded from the balance sheet, when contractual right to cash flows from the financial asset expires or t 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 Group 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 significantly has risen 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 pricing of instruments are presented in the statement of comprehensive income.

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

Derivatives

Accounting policy for measurement of fair value of financial instruments.

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 appraised 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. 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 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

Any financial instruments identified in such manner are treated as instruments held for trading and measured at their fair value. Changes in the fair value are recognised in the income statement of the entity. The fair value is measured based on the fair value of similar financial instruments with calculated market or based on the pricing model that is generally accepted for a specific type of derivative. Such model will be determined based on identification and classification of the embedded derivative.

Stocks

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.

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 balance sheet 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 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.
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 interest rate 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 means that 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

- Received promissory notes and cheques.
- 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.

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 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 and catalogues 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

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

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

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

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).

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.

The retained profits include mainly undistributed financial results.

Liabilities

A liability is an existing obligation of the enterprise to transfer assets or provide services in the future, arising from past events, resulting in consumption of already held or future assets of the Group.

Accounting policy

Liabilities are short-term liabilities, if they meet at least one of the below criteria:

a. it is expected that it will be paid for within the standard operational cycle of the entity
b. it is held mainly for trading
c. It matures with 12 months of the balance sheet date, or
d. The entity is not unconditionally bound to defer the maturity date of the liability for at the least twelve months of the balance sheet date

All other liabilities are long-term liabilities. Trade liabilities are included in the financial liabilities valued at amortised cost.

Finance lease liabilities

The value of finance lease liabilities at the contract date is equal to discounted value of all finance lease payments using the discount interest rate embedded in the lease contract.

In subsequent periods the liability is reduced by principal instalments of each payment. This amount is calculated by deducing financial part of the payment (that is the amount of the liability at the end of the previous reporting period multiplied by discount rate embedded in the lease) from the total payment.

Provisions for liabilities

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 the 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 resulting 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 balance sheet, 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. The company estimates provisions in particular 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

Provisions for retirement benefits, which are payable under the law, are created in the amount assessed by actuarial method including materiality criteria.

Other long-term employee benefits

The entity does not have any regulations regarding jubilee awards or deferred earn out payments – thus, the entity does not have any legal or customary obligations to pay long term employee benefits.

Terminations benefits

The entity recognizes a provision, if it has an expressed obligation to terminate employment with present employees without the possibility to withdraw or paying termination benefits. The entity discounts the benefits if maturity dates are due in a period exceeding a year from the balance sheet date.

Deferred tax

Accounting policy

Income tax covers real tax liability for the specific reporting period calculated in according with applicable provisions on the corporate income tax act and movement in the deferred tax assets or liabilities. The company recognizes deferred tax liabilities and calculates deferred tax assets for temporary differences between the value of assets and liabilities recorded in the accounts and their tax value and tax loss deductible in the future.

Tax value of assets is the amount which reduced income tax base, if the economic benefits are derived indirectly or directly from the assets. If the derivation of economic benefits from specific assets does not reduce income tax base, then the tax a value of the assets is their book value.

The tax value of liabilities is their tax value less amount, which will reduce income tax base.

Deferred tax assets are determined in the amount deducted from the income tax in the future and for deductible temporary differences, which will reduce income tax base and deductible tax loss determined with prudence

Deferred tax liability is recognized in the amount of income tax due in the future in respect of taxable temporary differences, which will increase the tax base in the future.

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

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 non - occurrence – 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 possible assets arising from past events, which existence will be confirmed through occurrence or non-occurrence of one or more future events, over which the company has no influence.

Other liabilities

Scope:

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

- from contractor's performance for the Group, when the amount of the liability may be reliably assessed,
- from an obligation of future performance, which is linked to current operation towards unknown person, whereas 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 financial 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 balance sheet items 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 balance sheet items 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 the foreign exchange rate used to translate non-monetary items of the balance sheet measured at fair value.

If the fair value of the balance sheet item 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 balance sheet was measured for the last time, if the difference will be material for the financial statements. This situation refers to items of assets held for sale.

The remaining items of the balance sheet (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 currency translation 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 share in the net assets
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 currency translation 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

Group tests assets for impairment by analysing the ability to generate cash flows by the generating cash flow entity.

The 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 assets in the balance sheet impairment loss is recognised.

The Management Board of the Parent Company, 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 net book value, the entity recognizes impairment to recoverable value. The impairment loss is treated as period cost, for the period 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 balance sheet 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 financial executive 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 Group is a lessee with regard to lease contracts for lease of commercial premises, office premises, cars and other equipment as well as lease of hotel buildings

The Group according to IFRS 16 adopts 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 Group 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

Assets arising of the right to use the specific asset 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 Group is contractually bound to disassemble, remove or renovate the leased asset (destruction of the leased object).

After initial valuation, lease liabilities increase as a result of accruing interest at the flat interest rate on unpaid balance and are reduced as a consequence of lease payments made. Assets arising out of the right to use the asset are subject to depreciation on the straight-line basis throughout the remaining lease period or the remaining period of economic useful life of the asset, if, what is a rare occurrence it is assessed as a shorter than the lease period.

When the Group reviews an estimate of any lease period (because, for example it assessed the probability of exercising the extension or termination option once again). It 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 group 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, 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 asset arising out of the right to use t was 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 asset arising out of the right to use is reduced in the 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 asset arising of the right to use is adjusted by the same amount.

For contracts which provide the company/ the group 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 Group has the right to terminate rental agreements. The most frequent term of the agreement is 5 to 10 years. Additionally, the Group has long-term contracts for lease of means of transport. The contracts include provision about 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 Group implemented IFRS 16 using the retrospective method.

The Group applied the following admissible practical solutions in respect of leases previously classified as operating leases according to IAS 17

- The Group applied one discount rate for the lease portfolio of similar features
- The Group 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 Group in the first stage recognized the assets arising out of the right to use in the amount equal to lease liabilities. Then the value of asset arising out of the right to use was adjusted by the amount of lease incentives settled over time, which the Group 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 measurement of the standard as at 31.12.20221 came to 5.19%.

Following the implementation of IFRS 16 the Group applied the following judgements and estimates

- The term of lease for agreements with extension option is set by the Group as a term of irrevocable lease together with terms, when extension options are exercised, if there is enough confidence that the option will be exercised, and with terms of lease covering termination options, if there is enough confidence to assume that the option will be exercised.
- It is possible for the Group - under some lease agreements - to extend the term of asset lease. The company uses its judgement to determine if there is enough confidence to exercise extension option. This means that the Group takes into account all material facts and circumstances, which constitute an economic incentive to extend it or the penalty for non-extension. After the beginning of the lease the Group once again assess the term of the lease, in case of occurrence of a significant event or change in circumstances controlled by the Group and if it affects its ability to exercise (non- exercise) the extension option (e.g., change of the business strategy).
- The Group took into account the extension term for some of the agreements – e.g., commercial premises because there was enough confidence to exercise the option. The extension options for agreements of lease of means of transport were not included in the lease term, because the policy of the parent company in respect of lease of these assets provides for maximum period of useful life no longer than the five years, and thus the company do not exercise the extension option. The Group holds lease agreements for indefinite term. The Group 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

For the purposes of its business operations, the company hedges financial risk related to fluctuation of exchange rate by entering into currency forward contracts and zero cost collars (option structures).

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 are set to secure future 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 balance sheet or with highly probable forecasted future transaction and,
- Will influence net profit or loss

Profits and losses arising on variability 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 profit and loss account when it influences statement of comprehensive income.

Effectiveness (efficiency) of hedges is a degree, to which movements in cash flows linked to hedged items 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 led 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 Parent 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.

Discontinuation of hedge accounting

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 won't be used any longer because the hedged item no longer meets 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.

4.3. RULES OF THE MEASUREMENT OF THE FINANCIAL PERFORMANCE

Sales revenue

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

Identification of performance obligation

At the inception of the contract the Group assess the goods or services that have been promised to the customer and identify as performance obligation each promise to transfer 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.

Determine the transaction price

In order to determine the transaction price, the Group takes into account conditions of the contract and past customary business practices. The transaction price is the amount of consideration, to which the Group expects to be entitled in exchange for the transfer 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 in the contract.

The Group allocates the transaction price to all performance obligations (or to a distinct good or service) in the amount, relative, according to its expectation, in exchange for transfer of goods or services promised to the customer.

Recognition of revenue when the entity satisfies a performance obligation

The Group recognizes revenue when the performance obligation is satisfied (or during the performance of the obligation by transfer of the good or service promised to customer (the control 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

The revenue is recognized at the of collection of the service of the customer at the start of package travel or transfer of goods. The Group classifies revenue from sales of products mostly as revenue from sales of the following services

1. tourism services
2. intermediary services,
3. other
4. other

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 year and finish at the beginning of another.

The amount of collected advance payments for the services is recognised in the liabilities of the balance sheet – as liabilities from advance payments for services provided in future periods.

In case of revenue from intermediary sales 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 Group recognizes revenue earned as at the balance sheet date. Performance made over the course of time is for the Group the base to recognise revenue as the contract is performed. When the contractual performance by the Group will be made at the turn of the periods, the Group performs a materiality test for recognition of revenue proportionally to contractual obligation (provision of service) 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 tour to the relevant reporting period, which is presented in the below algorithm.

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

Costs of basic operations

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.

The costs of manufacture, which can be directly attributed to revenue of the entity or other benefits received by the company, 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 t financial performance of the entity, only in part which refer to the given reporting period, ensuring proportionality with revenue or other economic benefits.

Other operating income and operating costs

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

Other operating revenue and costs include items related to:

– 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

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

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, interest on borrowings and lease
- 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

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

Dividend pay-out

Dividend paid out to shareholders is recognized as a liability in the Group's financial statements in the period, when they were approved by the General Meeting of Shareholders of the Parent Company

4.4. SEGMENT REPORTING

Basic reportable segments accepted by the Company are industry segments, which are separated based on the source of revenue and functional structure of the entity

- sales of tourism services,
- sales of intermediary services,
- other.

The supplementary segments are geographical segments, which are separated based on the criteria of localization of assets

(Data in PLN thousand, unless otherwise stated)

The Group starting from the data for 2021 changed presentation of segments compared to the data for 2020, which involves putting the segment intermediary operations to sales of package trips. The change in qualification arises from analysis of operations of the Parent Company, which activities are consistent in nature. Moreover, considering the expansion and growth in the value of revenues earned on hotel operations (carried out by subsidiaries: White Olive A.E. and White Olive Premium Lindos A.E.) starting from data for 2021 the Company additionally separated segment of hotel operations (a hotel segment)

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

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

– cost of sales
– selling costs

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).

4.5. IMPORTANT ESTIMATIONS AND ASSUMPTIONS

Professional judgement

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

- clearly and reliably present material and financial position of the Group, 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 2021 refers to contingent liabilities (Notes 25 and 34 and assessment whether the advances paid to hotels for provision of future services will be used for performance of obligations (Note 12) and the estimated time of pandemic and the effect on the financial liquidity (note 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 information revealed
Rules (accounting policies of the Group)– 4.2. “Financial instruments” **Rules (accounting policies of the Group)–** **4.2.** “Impairment of assets” **8 “**goodwill” **14** “other financial assets” **24** “other financial liabilities	Impairment of financial instruments and individual fixed and intangible assets (including goodwill))	Main assumptions to calculate recoverable amount: indication of impairment, models, discount rate, growth rate.
Rules (accounting policies of the Group)– **4.2.** ”Deferred tax” **Rules (accounting policies of the Group)–**	Income tax	Assumption adopted to recognize deferred tax assets

(Data in PLN thousand, unless otherwise stated)

Note		**Type of information revealed**
4.3. "Income tax and deferred tax"" **10.** "Deferred income tax assets" **14.** "Current tax assets and liabilities" **22** "Deferred tax liability		
Rules (accounting policies of the Group)– 4.2. "Receivables" **11** "Receivables	Trade and other receivables	Impairment loss due to credit risk and related allowance to reduce receivables
Rules (accounting policies of the Group)– 4.2. Financial instruments – new principles of measurement and qualification	Impairment of financial instruments other than trade receivables	Impairment loss due to credit risk and related allowance to reduce receivables
23. "Provisions, including for employee and holiday benefits"	Provisions	Assessment if the outflow of economic benefits is probable
23. „Provisions, including for employee and holiday benefits"	Employee benefits	Discount rates, inflation, rise in salaries, expected average employment period, employee turnover
Rules (accounting policies of the Group)– 4.2. "Intangible assets" **Rules (accounting policies of the Group)– 4.2.** "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.
Rules (accounting policies of the Group)– 4.2 "Leases	Applied discount rate	Rate 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.

4.6. 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 "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 THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Data of the Parent Company

Business name of the parent company [the Company, the Issuer, the Parent Company]

Rainbow Tours Spółka Akcyjna

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

NIP No (National Tax Identification Number):7251868136

REGON No (National Business Registry Number): 473190014

KRS No (National Court Registry No): 0000178650

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

Core business, industry sector in WSE:

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

Duration:

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

Information about composition of the Management Board and the Supervisory Board as at 31 December 2020 and as at the date of publication of these financial statements that is as at 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 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 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, 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. Description of the Capital Group with entities subject to consolidation

The chart presents structure of Rainbow Tours Group as at 31 December 2021 and as at 31 December 2020. The Group structure covers the Parent Company and its subsidiaries (jointly referred to as "Rainbow Tours Group", "the Capital Group", "the Group") with presentation of Parent company's percentage share in the equity of individual subsidiaries.

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

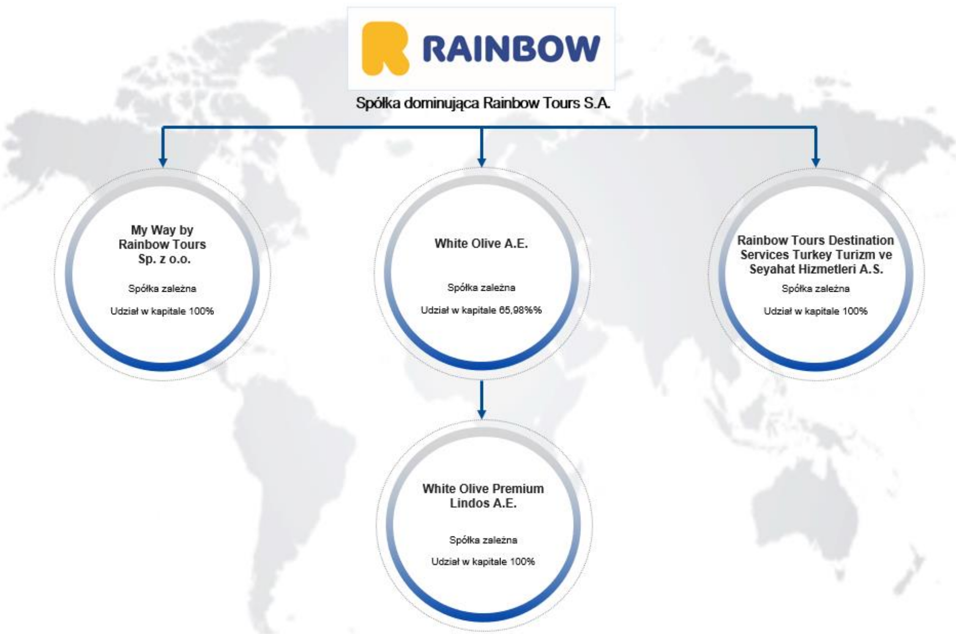
- "My Way by Rainbow Tours" Sp. z o.o.;
- White Olive A.E. [Anonymi Etaireia – company limited by shares operating under Greek law] – change (reduction of the share capital and share of votes at the general meeting of shareholders of White Olive A.E. from previously 100%/100% to respectively: 65.98%/65.98%, which took place on 30.03.2021 and the completion of the investment of Foreign Expansion Fund Private 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 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%;

(Data in PLN thousand, unless otherwise stated)

– 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					
Business name	**Registered office**	**Object**	**The competent court/ the institution keeping the register**	**Share in the share capital / votes h**	**Remarks**
„My Way by Rainbow Tours" Sp. z o.o.	Poland, Łódź	Organizing and providing training for tour guides, leisure time animators, holiday representatives as a part of Rainbow Academy project"	District Court for Łódź-Śródmieście in Łódź, XX Division of the National Court Register (KRS) – KRS No 0000261006	100% / 100%	Direct subsidiary
White Olive A.E.	Greece, Athens	Operations of hotels	GEMI (business register) – No 137576424000	65.98% / 65.98%	Direct subsidiary
White Olive Premium Lindos A.E.	Greece, Athens	Operations of hotels	GEMI (business register) – No 126193120000	100% / 100%	Indirect subsidiary (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

RAINBOW TOURS GROUP AS AT 31.12.2020.



Description of the subsidiaries forming Rainbow Tours Group and consolidated as at 31 December 2021.

1) Rainbow Tours Spółka Akcyjna – Parent Company

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

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

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

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

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

- "White Olive Premium Laganas" – a four-star hotel situated on a Greek island Zakynthos in Laganas, the hotel owned and administered by White Olive A.E.; "White Olive Premium Laganas" offers 137 spacious and modernly decorated four-star hotels, in 6 different types;
- White Olive Premium Cameo" – a four-star hotel situated in Agios Sostis on the Greek Island Zakynthos, the hotel administered by White Olive A.E. on long-term lease, "White Olive Premium Cameo" offers 125 spacious and modernly furnished four-star hotel rooms in four types, situated in two buildings
- "White Olive Elite Laganas" – a newly built five-star hotel complex (opened in July 2019), situated on the Greek Island Zakynthos in Laganas, the hotel owned and administered by White Olive A.E.; "White Olive Elite Laganas" is a modern hotel with 195 spacious and excellently furnished five-star hotel rooms in 3 different types
- "White Olive Elite Rethymno" – a five-star hotel situated in Sfakaki on Crete, in the neighbourhood of Rethymno; the hotel administered by White Olive A.E. is the property of White Olive A.E. and it is run by it (starting from October 2019 to June 2021 the hotel was run by White Olive A.E on a long-term lease);" following complete overhaul in winter 2020/2021, both of hotel rooms and communal spaces of the hotel. Currently White Olive Rethymno offers 70 comfortable and modernly decorated five-star rooms (for 186 people) situated in five-storey main building (hotel offers rooms in 4 different types, large pool of rooms with the sea view, including rooms with direct entry to the swimming pool area).

White Olive hotel chain also include White Olive Premium Lindos" (a direct subsidiary of White Olive A.E.), which was described in point 4 below.

In the reporting period (the financial year 2020) in order to intensify investment process of Foreign Expansion Fund Private 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 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 on long-term lease, works were carried out to complete the investment of the Fund, which in consequence led to Fund's subscription for shares and paying for new ordinary bearer shares of White Olive A.E with the nominal value of EUR 50.00 each for the total issue price coming to EUR 999,992.42 (the equivalent of PLN 4.652 thousand) As a result of the subscription for shares, in the increased share capital of White Olive A.E. the share capital of the Fund comes to 34.02%, and of the Issuer - 65.98%.

Moreover in the reporting period (the financial year 2021) the subsidiary White Olive A.E entered into purchase contract according to which it acquired from a natural person and a private company the hotel property situated on a Greek island, which was a five-star hotel complex situated directly at the seaside (a hotel building and the accompanying buildings] in the locality of Sfakaki on Crete with the land, where the building was erected and additional neighbouring land (potentially for hotel expansion/construction] The hotel, which operates as White Olive Elite Rethymno was previously run by White Olive A.E. on a long-term lease (starting from October 2019) pursuant to the contract, about which the Issuer advised in the current report ESPI No 30 of 08.10.2019.

The details describing changes in organization of the Group were presented in Note 3 to these financial statements.

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

White Olive Premium Lindos A.E. (previously: Oikodomikes Xenodoxeiakes Touristikes Kai Emporikes Epixeiriseis M. B. Kai I. Venetoulis" A.E.) with its registered office in Athens is a subsidiary dependent in 100% on the subsidiary of the Issuer, that is White Olive A.E. with its registered office in Athens.

This indirect subsidiary of the Issuer, since August 2019, is an owner of a hotel property named:

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

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

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

Note 3. Description of changes in Group's organization

In the reporting period covered by 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.

Obtaining funds by White Olive A.E. in 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).

The total area of the acquired land is around 3.895 m^2.. Total purchase price of the property with the land, where the hotel is erected and neighbouring land came to EUR 6.0 million, and it was financed with own funds of White Olive A.E., including payments in respect of the increase in the share capital of White Olive A.E., with the investment of Foreign Expansion Fund Private Assets Closed-End Fund (the Group of Polish International Development Fund). The payment included the amount of EUR 1.0 million from advance payment arising on the sub-lease contract the Issuer informed about in the current report ESPI No 30/2019 on 08.10.2019.

Following the "White Olive Elite Rethymno" hotel overhaul in the winter season 2020/2021, both of the rooms as well as communal spaces, now "White Olive Elite Rethymno" offers 70 comfortable and modernly furnished five-star rooms (hotel accommodation for 186 persons), situated in five-storey main building (hotel offers four types of rooms, many of them with sea view and rooms with direct exit to the hotel swimming pool.

Following completion of the purchase process of the hotel the Issuer and the subsidiary White Olive A.E. started, after summer 2021 season, additional investments and adaptations on the acquired land (neighbouring land) that's is demolishing of old constructions, construction of new buildings housing 35 new rooms and rooms for service and hotel staff, as well as a restaurant a 'la carte serviced wholly by hotel workers, and also works to extend a hotel swimming pool.

Note 4. Income and performance per individual segments of operations

Basic reportable segments accepted by the Company are industry segments, and the supplementary segments – geographic segments, where geographic segments are distinguished based on localization of assets. The Parent Company operates in only one geographical region, which is Poland and the operating companies carry out their activities in other geographical region than Poland.

The Company distinguished the following industry segments:

- Sales of package trips and tours
- sales of hotel services
- other

The revenue for a segment is revenue from sales to external customers or from transactions with other segments presented in the profit and loss account and which can be directly attributed to a specific segment and the part of revenue which can be attributed to a specific segment based on rationale.

The segment costs are costs of segment operations, which can be attributed to it with the part of remaining cots, which could be attributed to the segment based on rationale.

Segment costs are in particular as follows:

- cost of sales
- selling costs
- Overheads

The result for the segment is the difference between revenue and segment costs. It reflects operating profit including overheads. Segment assets are assets from operating activities.

- used by the segment in operations
- That can be directly attributed to a specific segment based on rationale.

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

Table. Revenue per segments of operations for 12 months ended on 31.12.2021

Segments of operations of Rainbow Tours Group for the period 01/01/2021-31/12/2021	Activities of a tour operator		Hotel segment		Other operations		Consolidation adjustments	TOTAL
	Poland	Abroad	Poland	Abroad	Poland	Abroad		
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Continuing operations, sales revenue	**1 261 698**	**44 003**	**-**	**27 811**	**2 983**	**-**	**(57 071)**	**1 279 424**
- in the Group	*4 928*	*32 163*		*18 439*	*1081*	*460*	*(57 071)*	*-*
- from customers	*1 256 770*	*11 840*	*-*	*9 372*	*1 902*	*(460)*	*-*	*1 279 424*
Continuing operations costs of sales	**(1 125 308)**	**(35 913)**	**-**	**(26 407)**	**(2 706)**	**-**	**56 143**	**(1 134 191)**
- in the Group	*(50 757)*	*(4 928)*	*-*	*(458)*	*-*	*-*	*56 143*	*-*
- from customers	*(1 074 551)*	*(30 985)*	*-*	*(25 949)*	*(2 706)*	*-*	*-*	*(1 134 191)*
Gross profit (loss) on sales	**136 390**	**8 090**	**-**	**1 404**	**277**	**-**	**(928)**	**145 233**
Continuing operations, selling cost	**(113 721)**	**(3 239)**	**-**	**(3 133)**	**(53)**	**-**	**-**	**(120 146)**
- in the Group	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
- from customers	*(113 721)*	*(3 239)*	*-*	*(3 133)*	*(53)*	*-*	*-*	*(120 146)*
Continuing operations, overheads	**(27 926)**	**(1 788)**	**-**	**(4 862)**	**(1 159)**	**-**	**1 035**	**(34 700)**
- in the Group	(67)	(60)	-	(908)	-	-	*1 035*	-
- from customers	*(27 859)*	*(1 728)*	*-*	*(3 954)*	*(1 159)*	*-*	*-*	*(34 700)*
Continuing operations, other operating revenue	**28 180**	**38**	**-**	**2 618**	**421**	**-**	**(107)**	**31 150**
- in the Group	*-*	*-*	*-*	*96*	*-*	*11*	*(107)*	**-**
- from customers	*28 180*	*38*	*-*	*2 522*	*421*	*(11)*	*-*	**31 150**
Continuing operations, other operating costs	**(1 383)**	**(79)**	**-**	**(184)**	**(3)**	**-**	**-**	**(1 649)**
- in the Group	*-*	*-*	*-*	*-*	*-*	*-*	*-*	**-**
- from customers	*(1 383)*	*(79)*	*-*	*(184)*	*(3)*	*-*	*-*	**(1 649)**
Profit (loss) on operations	**21 540**	**3 022**		**(4 157)**	**(517)**	**-**	**-**	**19 888**

Table. Revenue per segments of operations for 12 months ended on 31.12.2020

Segments of operations of Rainbow Tours Group for the period	Activities of a tour operator		Hotel segment		Other operations		Consolidation adjustments	TOTAL
	Poland	Abroad	Poland	Abroad	Poland	Abroad		
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Continuing operations, sales revenue	**429 893**	**4 751**	**-**	**9 770**	**1 877**	**-**	**(11 835)**	**434 456**
- in the Group	*699*	*2 882*	*-*	*6 648*	*711*	*895*	*(11 835)*	*-*
- from customers	*429 194*	*1 869*	*-*	*3 122*	*1 166*	*(895)*	*-*	*434 456*
Continuing operations costs of sales	**(379 664)**	**(3 698)**	**-**	**(14 191)**	**(1 685)**	**-**	**11 303**	**(387 935)**
- in the Group	*(9 709)*	*(699)*	*-*	*(895)*	*-*	*-*	*11 303*	*-*
- from customers	*(369 955)*	*(2 999)*	*-*	*(13 296)*	*(1 685)*	*-*	*-*	*(387 935)*
gross profit loss on sales	**50 229**	**1 053**	**-**	**(4 421)**	**192**	**-**	**(532)**	**46 521**
Continuing operations, selling cost	**(66 097)**	**(765)**	**-**	**(1 893)**	**(48)**	**-**	**-**	**(68 803)**
- in the Group	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
- from customers	*(66 097)*	*(765)*	*-*	*(1 893)*	*(48)*	*-*	*-*	*(68 803)*
Continuing operations, overheads	**(19 408)**	**(536)**	**-**	**(3 907)**	**(1 463)**	**-**	**532**	**(24 782)**
- in the Group	(173)	-	-	(359)	-	-	*532*	-
- from customers	*(19 235)*	*(536)*	*-*	*(3 548)*	*(1 463)*	*-*	*-*	*(24 782)*
Continuing operations, other operating revenue	**-**	**-**	**-**	**623**	**3 725**	**-**	**-**	**4 348**

Segments of operations of Rainbow Tours Group for the period	Activities of a tour operator		Hotel segment		Other operations		Consolidation adjustments	TOTAL
	Poland	Abroad	Poland	Abroad	Poland	Abroad		
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
- in the Group	-	-	-	-	-	-	-	**-**
- from customers	-	-	-	*623*	*3 725*		-	**4 348**
Continuing operations, other operating costs	**-**	**(4)**	**-**	**(607)**	**(2 285)**	**-**	**-**	**(2 896)**
- in the Group	-	-	-	-	-	-	-	**-**
- from customers	-	*(4)*	-	*(607)*	*(2 285)*	-	-	**(2 896)**
Profit (loss) on operations	**(35 276)**	**(252)**		**(10 205)**	**121**	**-**	**-**	**(45 612)**

Note 5. 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 parent company. The Group resigned from comparing consolidated data because of various dates of taking control over the subsidiaries and close cooperation of all entities and subsequent exemption of mutual transactions

Table. –Monthly sales revenue from 2015.01 – 2022.02.

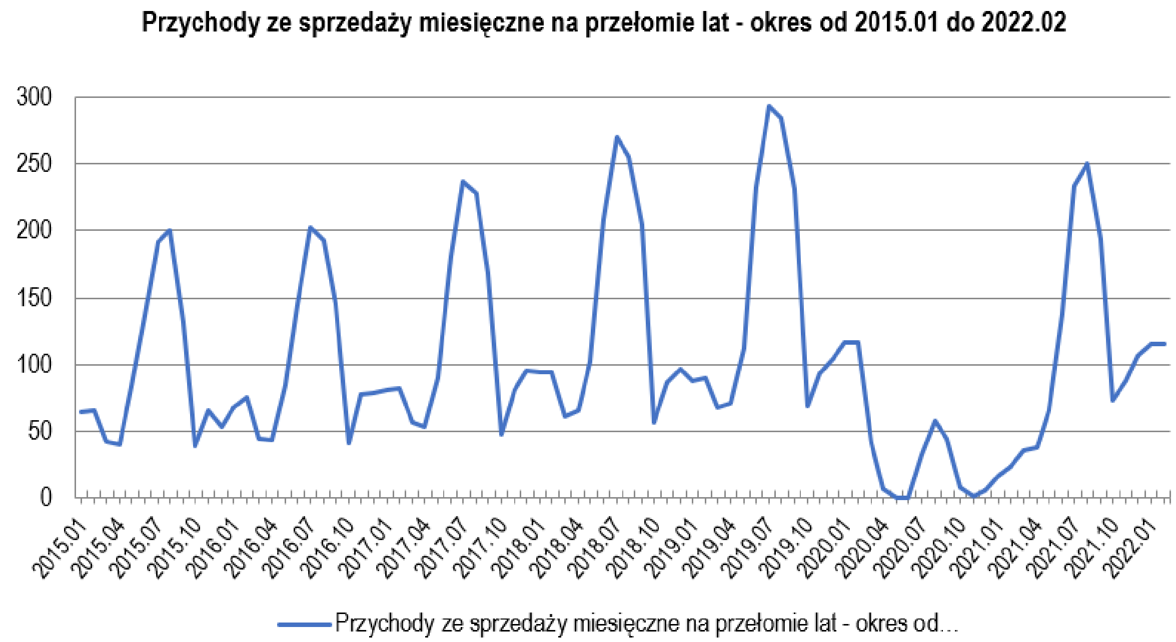


Table. – Comparison of sales revenue on month-on-month basis from 2015 – 2021

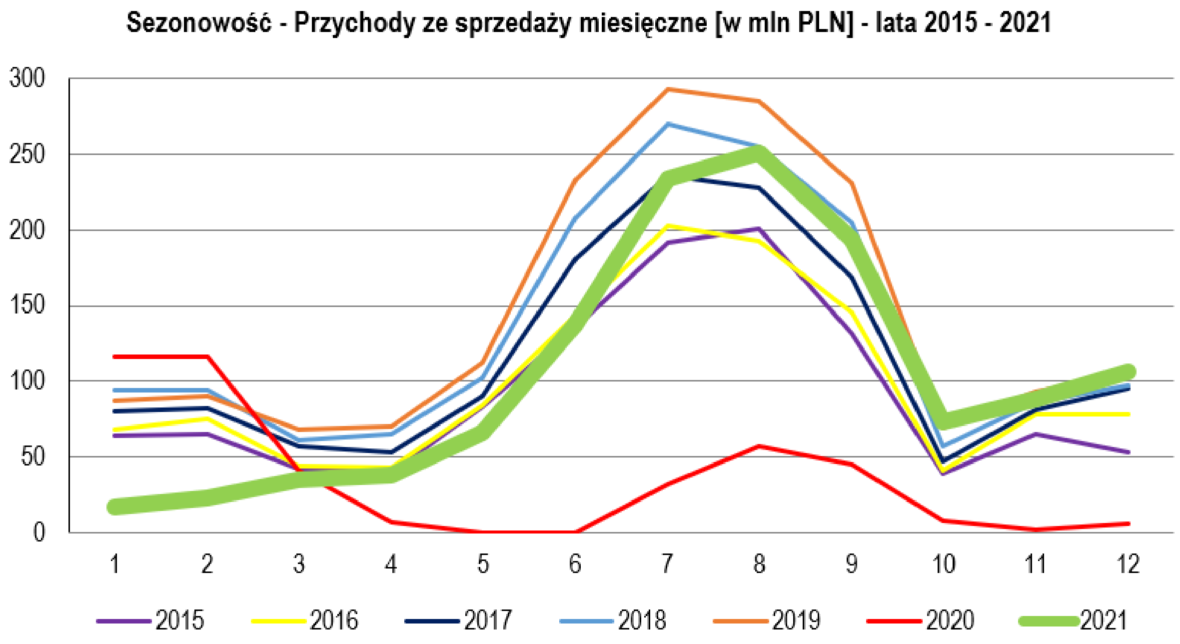
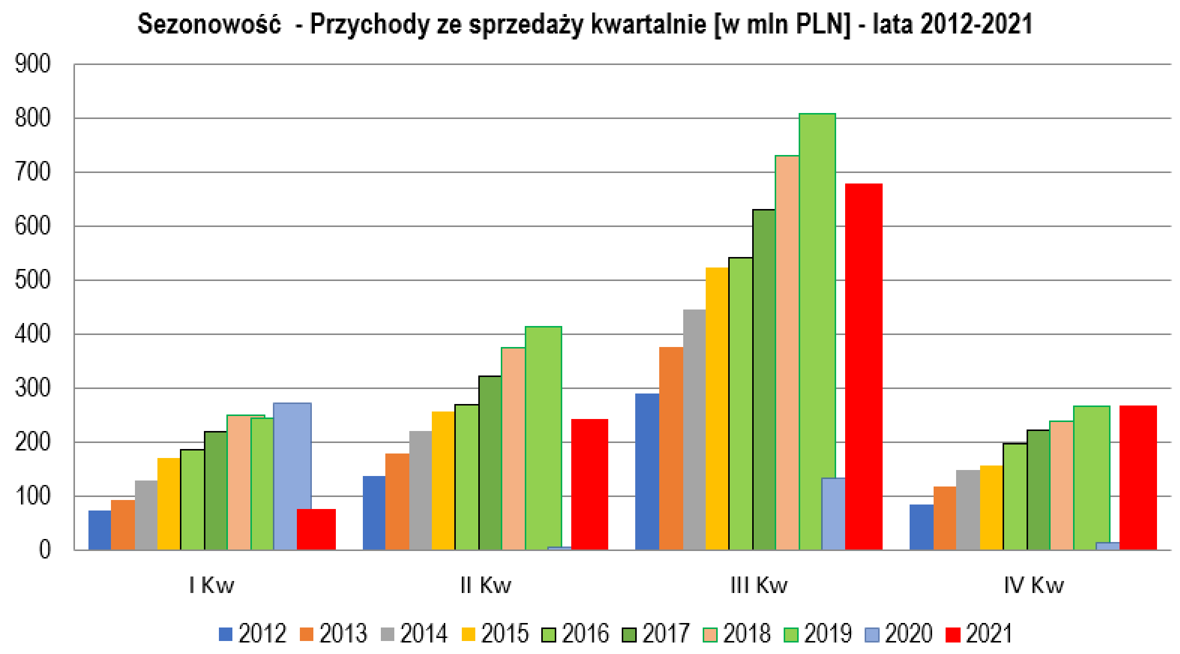


Table. – comparison of quarter-on-quarter revenue from 2012 – 2021



NOTES TO THE STATEMENT OF FINANCIAL POSITION

Note 6. Tangible fixed assets

	As at 31/12/2021			As at 31/12/2020		
	TOTAL	Own	Leased	TOTAL	Own	Leased
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Own land	23 818	23 818	-	22 023	22 023	-
Buildings	145 522	145 522	-	111 952	111 952	-
Right of use assets	49 119	-	49 119	56 954	-	56 954
Plant and Machinery	1 246	1 191	55	371	260	111
Motor vehicles	1 259	130	1 129	1 419	217	1 202
Equipment	15 276	15 276	-	12 757	12 757	-
Capital expenditure	628	628	-	3 579	3 579	-
	236 868	**186 565**	**50 303**	**209 055**	**150 788**	**58 267**

*As at 31.12.2020 the amount of expenditure for construction of new hotels in White Olive A.E.

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.

	Own land	Buildings	Plant and machinery according to cost	Motor vehicles	Equipment	Right to use assets	Fixed assets under construction	TOTAL
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Gross value								
As at 01/01/2020	**20 361**	**107 862**	**2 275**	**3 512**	**13 897**	**87 947**	**927**	**236 781**
Increase	-	15 838	104	140	4 177	-	15 521	**35 780**
Disposals	-	(693)	(1)	(519)	(5)	-	-	**(1 218)**
Effect of exchange differences	1 662	9 016	(41)	4	321	(3 263)	2 275	**9 974**
Other – transfer of assets in types of groups	-	-	-	-	-	-	(15 144)	**(15 144)**
As at 31/12/202 and as at 01/01/2021	**22 023**	**132 023**	**2 337**	**3 137**	**18 390**	**84 684**	**3 579**	**266 173**
Increase	1 857	39 902	1 153	337	4 811	14 464	775	63 299
Disposals	-	-	-	(146)	-	-	-	(146)
Effect of exchange differences	(62)	758	(1)	-	(216)	(42)	(5)	432
Other	-	(10)	-	-	(992)	(12 324)	(3 721)	(17 047)
As at 31/12/2021	**23 818**	**172 673**	**3 489**	**3 328**	**21 993**	**86 782**	**628**	**312 711**

	Own land	Buildings	Plant and machinery according to cost	Motor vehicles	Equipment	Right to use assets	Fixed assets under construction	TOTAL
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Accumulated depreciation and impairment loss								
As at 01/01/2020	**-**	**(13 704)**	**(1 729)**	**(1 554)**	**(3 541)**	**(21 974)**	**-**	**(42 502)**
Elimination resulting from disposal of assets	-	-	-	-	-	-	-	**-**
Depreciation costs	-	(5 986)	(266)	(562)	(1 925)	(6 908)	**-**	**(15 647)**
Effect of exchange differences	-	(381)	1 152	29	398	(167)	-	1 031
Other	-	-	-	-	-	-	-	**-**
As at 31/12/2020 and as at 01/01/2021	**-**	**(20 071)**	**(1 966)**	**(1 718)**	**(5 633**	**(27 730)**	**-**	**(57 118)**
Elimination resulting from disposal of assets	-	-	-	-	-	-	-	
Depreciation costs	-	(7 082)	(277)	(493)	(1 660)	(9 933)	-	(19 445)
Effect of exchange differences	-	2	-	-	576	-	-	578
Other	-	-	-	142	-	-	-	142
As at 31/12/2021	**-**	**(27 151)**	**(2 243)**	**(2 069)**	**(6 717)**	**(37 663)**	**-**	**(75 843)**

Right of use assets

	Land and buildings	Plant and machinery and motor vehicles	Total
	PLN'000	PLN'000	PLN'000
As at 01/01/2021	**56 954**	**1 313**	**58 267**
Increase	14 464	284	**14 748**
Depreciation	(9 933)	(413)	(10 346)
Modification of lease conditions	-	-	-
Adjustment of variable lease payments	-	-	-
Other	(12 324)	-	(12 324)
Exchange differences	(42)	-	(42)
As at 31/12/2021	**49 119**	**1 184**	**50 303**

*The amount Other include reduction in liabilities due to purchase of fixed asset, which was previously leased

	Land and buildings	Plant and machinery and motor vehicles	Total
	PLN'000	PLN'000	PLN'000
As at 01/01/2020	**65 973**	**1 806**	**67 779**
Increase	-	140	**140**
Depreciation	(6 908)	(633)	**(7 541)**
Modification of lease conditions	-	-	**-**
Adjustment of variable lease payments	-	-	**-**
Other	(3 263)	(110)	**(3 373)**
Exchange differences	1 152	110	**1 262**
As at 31/12/2020	**56 954**	**1 313**	**58 267**

Note 7. Investment property

	As at 31/12/2021	As at 31/12/2020
	PLN'000	PLN'000
Fair value of completed investment property	196	196

	The period ended on 31/12/2021	The period ended on 31/12/2020
	PLN'000	PLN'000
opening balance	196	196
Increases	-	-
closing balance	**196**	**196**

Note 8. Goodwill

	Stan na 31/12/2021	Stan na 31/12/2020
	PLN'000	PLN'000
by cost	4 541	4 541
Accumulated impairment loss	-	-
	4 541	**4 541**

	The period ended on 31/12/2021	The period ended on 31/12/2020
	PLN'000	PLN'000
By cost		
opening balance	**4 541**	**4 541**
Other – consumption of write -offs resulting from merger of the Group entities	**-**	**-**
closing balance	**4 541**	**4 541**
Accumulated impairment losses		
opening balance	**-**	**-**
Impairment losses over the year	-	-
Derecognized after merger of subsidiaries	-	-
Classified as assets for sale	-	-
Effect of foreign exchange differences	-	-
closing balance	**-**	**-**

Goodwill derived from purchase of interests in subsidiaries Rainbow Hotels A.E. merged with White Olive A.E.

The Management Board of the parent company tested White Olive on impairment using income-based approach. The test was carried out based on details of financial forecasts for 10 consecutive years and subsequently residual period without taking into account growth in the residual period. WACC - at the level of 7.9% % (2021: 7.9 %) - was used as a discount rate. WACC was set by using money components based on market data and the assessment made by the expert hired by the Management Board. WACC may change depending on financial market changes, inflation and many other parameters, which has a direct effect on the value of assessment. With such WACC the test showed that there are no reasons to recognized impairment losses.

Note 9. Other intangible assets

Carrying amounts	As at 31/12/2021	As at 31/12/2020
	PLN'000	PLN'000
Licences	4 302	4 945
	4 302	**4 945**

	Capitalized R&	Patents	Trade marks	Licences	TOTA
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Gross amount					
As at 01/01/2020	**-**	**-**	**-**	**9 047**	**9 047**
Increases resulting from individual purchases	-	-	-	318	**318**
Other	-	-	-	66	**66**
As at 31/12/2020 and as at 01/01/2021	**-**	**-**	**-**	**9 431**	**9 431**
Increases resulting from individual purchases	**-**	**-**	**-**	561	561
Other	-	-	-	(1)	**(1)**
As at 31/12/2021	-	-	-	**9 991**	**9 991**

	Capitalized R&	Patents	Trade marks	Licences	TOTA
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
accumulated depreciation and impairment loss					
As at 01/01/2020	**-**	**-**	**-**	**(3 389)**	**(3 389)**
Amortisation cost	-	-	-	(1 096)	**(1 096)**
Other	-	-	-	(1)	**(1)**
As at 31/12/2020 and as at 01/01/2021	**-**	**-**	**-**	**(4 486)**	**(4 486)**
Amortisation cost	-	-	-	(1 203)	(1 203)
Other	-	-	-	-	-
As at 31/12/2021	**-**	**-**	**-**	**(5 689)**	**(5 689)**

Note 10.deferred tax assets

Deferred tax assets	As at 01/01/2021	Movement (+ /-) recognized in capitals	Movement (+ /-) recognized in the result 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	163	-	943	1 106
Measurement/ impairment of assets	549	-	32	581
Measurement of derivatives	85	(76)	-	9
other assets	6 825	-	(350)	6 475
Unrealised foreign exchange losses – basic	(24)	-	18	(6)
Unrealised foreign exchange losses – shares	-	(950)	-	(950)
Total	**7 811**	(1 026)	658	**7 443**

*As at the balance sheet date 31.12.2021 the deferred tax assets were set off with the estimated amount of deferred tax liabilities

Deferred tax assets	Stan na 01/01/2020	Movement (+ /-) recognized in capitals	Movement (+ /-) recognized in the result for the current period	Stan na 31/12/2020
	PLN'000	PLN'000	PLN'000	PLN'000
Provision for employee benefits	213	-	-	213
Recognition of other provisions	11	-	152	163
Measurement/ impairment of assets	400	-	149	549
Measurement of derivatives	237	(152)	-	85
other assets	401	-	6 424	6 825
Unrealised foreign exchange losses – basic	(27)	-	3	(24)
Unrealised foreign exchange losses – shares	(126)	-	126	-
Total	**1 109**	**(152)**	**6 854**	**7 811**

*As at the balance sheet date 31.12.2020 the deferred tax assets were set off with the estimate amount of deferred tax liabilities

Note 11.Receivables

Receivables are presented in the table below:

	As at 31/12/2021	As at 31/12/2020
	PLN'000	PLN'000
Trade receivables	22 120	12 623
Allowance for doubtful debts	(3 843)	(3 843)
	18 277	**8 780**
Deferred sales proceeds		
Other receivables	2 531	2 926
Other receivables - deposits	18 856	6 701
Other receivables – advances paid – hotels	115 431	186 429
write-off of doubtful debts	(2 946)	(7 946)
other receivables - advances paid – air transport	10 477	3 916
	162 626	**200 806**
Fixed assets	21 651	13 542
Current assets	140 975	187 264
Total	**162 626**	**200 806**

The table below present receivable and movement in allowance for bad debts

	The period ended on 31/12/2021	The period ended on 31/12/2020
	PLN'000	PLN'000
Opening balance	**11 789**	**11 004**
Impairment losses recognised on receivables	(5 000)	785
Amounts written off as a bad debt	-	-
Amounts recovered during the year	-	-
Reversal of impairment loss	-	-
Unwind of discount	-	-
Closing balance	**6 789**	**11 789**

Age analysis for overdue receivables, which are not recognized in allowance for doubtful accounts. The amount of allowance for doubtful accounts includes specific trade receivables, which lost their value (2020: PLN 9,267 thousand), and refers to contractors, which went bankrupt. The allowance for doubtful debt is the difference between the carrying amount of the trade receivables and the current value of expected inflows from liquidation. The Company holds no security for these amounts

No necessity to recognize write-offs for overdue receivables. The write off for potential credit risk (caused by the pandemic) of contractors providing hotel services was derecognized for the period of 2019.

	As at 31/12/2021	As at 31/12/2020
	PLN'000	PLN'000
30-90 days i	12 481	989
Over 90 days	5 796	7 791
Total	**18 277**	**8 780**
Average age of receivables (in days)	**58**	**56**

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 stores, customers have to pay for a package tour immediately. The receivables arise only in case of sales through agents, which have specified deadlines for payment for package tours. Additionally, the parent company sells package travel as part of its intermediary activities [sales of plane tickets, sales of blocks of seats in planes] and other services, which support tourism services

Before it starts cooperation with a new agent the Company uses the external assessment system to assess credit worthiness of an agent and use it as a base to set credit limit for the agent. Limits and the scores of the agent are verified twice a year.

Receivables are secured also by blank promissory notes with promissory note contract, guarantees provided by a bank, and a system of deposits.

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.

According to the 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 institutions,
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 package travel. The respective receivables are not prone to credit risk. If a customer resigns from package travel the amounts paid – depending on the date of resignation, are proportionally reimbursed. In such situation the Company place the offer of the package travel on the market again.

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

As regards IFRS 9, the Management Board of the Company thinks that risk of recognizing impairment loss on receivables is marginal. In the historic period the Parent Company did not recognize allowance 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 the worth 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 the calendar year.

The Group sees that the opportunity to sell block of seat in planes will be decreasing in the years to come. The reduced abilities to sell blocks are a consequence of the development of the tourism market in Poland. Seats in planes are used to serve the need of increased number of package travel organised by the Group.

Ad. 3) The parent company pays advances/ deposits to book attractive hotels. The amounts in each following period (before COVID-19 pandemic) rose 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.

	2017	2018	2019	2020	2021
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Hotel deposits	151 943	164 301	167 090	198 920	127 615
Total assets	307 091	372 137	415 225	388 191	448 039
Sales revenue	1 400 162	1 596 019	1 736 232	431 183	1 264 295
total deposits to assets	49.48%	44.15%	40.24%	51.24 %	28.48%
deposits to revenue in the period	10.85%	10.29%	9.62%	46.13 %	10.09%

When the parent company transfers funds, it has security for the amounts in the form promissory note agreements, and in special cases, it establishes mortgage on a hotel property. The company reversed the impairment for advances paid for future hotel services in the amount of PLN 5,000 thousand because the reasons to create impairment loss ceased to exist. The impairment as at 2021 amounts to EUR 2,946.

Note 12.Stocks

	As at 31/12/2021	As at 31/12/2020
	PLN'000	PLN'000
foodstuffs	99	115
	99	**115**

Note 13. Other financial assets

	As at 31/12/2021	As at 31/12/2020
	PLN'000	PLN'000
Derivatives designated and effective as hedging instruments carried at fair value through profit of loss		
Currency forward contracts	46	451
	46	451
Assets valued at amortised costs – lending		
Loans to related parties	-	-
Loans to other parties	-	-
	-	-
Total	**46**	**451**
Current assets	46	451
Fixed assets	-	-
	46	**451**

Note 14.Current tax assets and liabilities

	Stan na 31/12/2021	Stan na 31/12/2020
	PLN'000	PLN'000
current tax assets		
CIT refund recoverable	280	90
VAT, Social Insurance Institution's contribution to recover	5 565	6 479
	5 845	6 569
Current tax liabilities		
Income tax payable	341	-
Other - social insurance, PIT	4 126	1 803
	4 467	1 803

Note 15.Other liabilities

	As at 31/12/2021	As at 31/12/2020
	PLN'000	PLN'000
Prepaid expenses:		
Costs of package travel off season	44 464	8 171
Costs of catalogues off season	46	208
Commission off season **	961	142
insurance off season	1 479	580
other off season	245	417
other commission of Tourism Assistance Fund	1 950	2 017
	49 145	**11 535**
Current assets	49 145	11 535
Fixed assets	-	-
	49 145	**11 535**

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

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

Note 16.Cash and cash equivalents

	As at 31/12/2021	As at 31/12/2020
	PLN'000	PLN'000
Cash at bank and in hand	83 934	28 809
	83 934	**28 809**

Note 17. Issued share 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 is made of ::		
As at 31/12/2020 and as at 01/01/2021		
4,725,000 ordinary shares fully paid up in capital	473	473
9,827,000 ordinary shares fully paid up in capital		
As at 31/12/2021		
4,725,000 ordinary shares fully paid up in capital and 9,827,000 ordinary shares fully paid up 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 Parent 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

Share capital/ shareholders

(Data in PLN thousand, unless otherwise stated)

Table. Information on shares in the share capital of the parent company as at the balance sheet date (31.12.2021) and as at 31.12.2020.

Share series	Type of shares	number of shares [piece.]	Total nominal value of issue [PLN]	Shares paid for by	Registration date	Right to dividend
A series shares	Registered vote preference (x 2)	4 505 000	450 500	Cash	2003-11-04	yes
AA series shares	Ordinary bearer shares	495 000	49 500	Cash	2020-09-30	yes
B series shares	Ordinary bearer shares	2 000 000	200 000	Cash	2005-01-20	yes
C1 series shares	Registered vote preference (x 2)	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 [piece]:		**14 552 000**				
Total share capital [PLN]:			**1 455 200**			
Face value per share [PLN]:				**0.10**		

As at the date of approval of these financial statements for publication (29.04.2022), series AA, AA, B, C2-C6, D, E and F in the total amount of 9,827,000 (which is total of 67,53% of the Company's share capital) representing 9,827,000 votes at the General Meeting of the Company (which is 50.98 % of the total votes at the General Meeting of the Company) are listed on the main market in the Warsaw Stock Exchange.

Table. List of shareholders, holding directly as at the balance sheet date (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	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%**

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 [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%

(Data in PLN thousand, unless otherwise stated)

shareholder		Number of shares [piece]	Number of votes at GM from shares [piece]	Company's share capital i [%]	Total votes at GM [%]
	Indirectly, through the subsidiary: Elephant Capital Sp. z o.o.	1 645 000	2 645 000	11.30%	13.72%
	Total – Directly and indirectly	1 646 050	2 646 050	11.31%	13.73%
Tomasz Czapla	Indirectly, through the subsidiary: TCZ Holding Sp. z o. o	1 335 000	2 335 000	9.17%	12.11%
Nationale Nederlanden PTE S.A. (through managed funds)	Indirectly (through managed funds)	1 718 000	1 718 000	11.81%	8.91%
Generali PTE S.A. (through managed funds)	Indirectly (through managed funds)	1 008 459	1 008 459	6.93%	5.23%
OTHER SHAREHOLDERS		5 396 145	5 406 145	≈37.08%	≈28.05%
	TOTAL	**14 552 000**	**19 277 000**	**100.00%**	**100.00%**

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	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 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.	1 855 000	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%
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 18.Reserve

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

Reserve for hedging

	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	365	(1 009)
Recognised profit (loss) from movement in fair value of cash flow hedges		
Forwards and foreign exchange options	(451)	1 245
Income tax linked to recognised profits and losses presented in other comprehensive income	86	(236)
Forwards and foreign exchange options	46	451
Income tax linked to amounts carried to profit or loss	(9)	(86)
Closing balance	**37**	**365**

Note 19.Retained profits and dividends

	As at 31/12/2021	As at 31/12/2020
	PLN'000	PLN'000
Retained earnings	67 215	49 943

	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	**49 943**	**92 270**
Net profit attributable to owners of the parent company	17 272	(42 208)
Difference from sale of shares in the company	-	-
Dividend payment	-	-
Other	-	(119)
Closing balance	**67 215**	**49 943**

Note 20. Borrowings and lease liabilities

	As at 31/12/2021	As at 31/12/2020
	PLN'000	PLN'000
Hedged – at amortised cost		
Overdrafts	-	59 028
Renewable credit	10 000	12 000
Bank loans – investments	57 839	66 518
Loans from governmental entities	-	26 803
Other subsidiary funds	1 961	-

	As at 31/12/2021	As at 31/12/2020
	PLN'000	PLN'000
Transfer of receivables	-	-
Finance lease liabilities	614	877
Liabilities arising out of the right	41 443	44 190
	111 857	**209 416**
Short-term liabilities	30 986	137 842
Long-term liabilities	80 871	71 574
	111 857	**209 416**

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

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

Lease liabilities

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

	Land and buildings	Machinery, equipment and motor vehicles	total
	PLN'000	PLN'000	PLN'000
As at 01/01/2020	**56 381**	**1 488**	**57 869**
Increase	170	132	302
Cost of interest	(558)	-	(558)
Modification of lease terms	-	-	-
variable lease payments adjustments	(5 323)	-	(5 323)
Lease payments	(6 480)	(743)	(7 223)
Exchange differences	-	-	-
As at 31/12/2020	**44 190**	**877**	**45 067**

As at 31/12/2021	To 3 months	from3 to 12 months	from 1 year to 2 years	From 2 to 5 years	More than 5 years
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Lease liabilities	2 625	8 161	14 373	9 676	7 222

As at 31/12/2020	To 3 months	from3 to 12 months	from 1 year to 2 years	From 2 to 5 years	More than 5 years
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Lease liabilities	2 671	5 875	11 267	7 879	17 375

Note 21. Deferred tax liabilities

Deferred tax liabilities	As at 01/01/2021	Movement (+ /-) recognized in capitals	Movement (+ /-) recognized int the result for the current period	As at 31/12/2021
	PLN'000	PLN'000	PLN'000	PLN'000
Measurement of assets	-	-	-	-
measurement of derivatives	86	(77)	-	9
unrealized exchange losses – basic	24	-	(18)	6
Unrealized exchange losses – interests	-	-	-	-
Other	-	-	-	-
Total	**110**	**(77)**	**(18)**	**15**

Deferred tax liabilities	As at 01/01/2020	Movement (+ /-) recognized in capitals	Movement (+ /-) recognized int the result for the current period	As at 31/12/2021
	PLN'000	PLN'000	PLN'000	PLN'000
Measurement of assets	-	-	-	-
measurement of derivatives	-	86	-	86
unrealized exchange losses – basic	24	-	-	24
Unrealized exchange losses – interests	-	-	-	-
Other	-	-	-	-
Total	**24**	**86**	**-**	**110**

The amount of the estimated liabilities was compensated with deferred tax assets.

Note 22.Trade and other payables

	As at 31/12/2021	As at 31/12/2020
	PLN'000	PLN'000
Trade payables	82 050	39 946
Payroll liabilities	3 948	1 806
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	3 654	97
Total	**92 252**	**44 449**

Note 23.Provisions, including provisions for employee benefits and accrued holiday leave provision

	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
Costs of complaints i	56	56
Other provisions – unreceived costs	5 897	688
	7 156	**1 867**
Short- term provisions	7 011	1 646
Long -term provisions	145	221
	7 156	**1 867**

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

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

	Employee benefits (i) PLN'000	Employee benefits (ii) PLN'000	Costs of complaints PLN'000	Other provisions costs PLN'000
As at 01/01/2020	**902**	**221**	**56**	**688**
Recognition of additional provisions	156	(76)	-	5 209
As at 31/12/2021	**1 058**	**145**	**56**	**5 897**

Measurement of provisions for retirement pay as at 31 December 2021 was made by actuarial office. The applied method of calculation complies with International Financial Reporting Standards (IAS 19). It is so called projected unit method. In this method accrued number of years of service give 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 that were calculated on the base of remuneration forecasts. The company calculated discount rate taking into account the market yield for 10-year treasury bonds of 3.9%. The long-term annual salary growth rate is at 3.50% (actually 1.0% per year above forecasted inflation rate at the level of 2.5%). As at 31 December 2021 the estimated probability of quitting the job was assessed according to the analysis of the previous years' data (including age, gender, and years of service) and based on information about the labour market in Poland. Following consultation with representatives of the Company it was assumed that the probability of quitting job is as in the below table.

Employees with	sex	Age					
		20	30	40	50	60	65
Permanent contracts	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%
Fixed-term contracts	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%

	Employee benefits (i) PLN'000	Employee benefits (ii) PLN'000	Costs of complaints PLN'000	Other provisions costs PLN'000
As at 01/01/2020	**902**	**221**	**55**	
Recognition of additional provisions	-	-	1	688
As at 31/12/2020	**902**	**221**	**56**	**688**

Measurement of provisions for retirement pay, if any, as at 31 December 2021, was provided by actuarial office and maintained at the level of provision for 2019. The company took advantage of reduced working hours due to occurrence of COVID-19 pandemic during the year as at 31.12. 2021. Assumption of data with reduced number of working hours could lead to distortion between value of estimate and the amount of future pension payments.

Note 24.Credit lines as at 31.12.2021.

The amount of the facility is the amount of available line of credit under the contract.

Business name and legal form	Credit product	Registered office	Amount of the borrowing under the contract		Amount of borrowing to be repaid		Type of interest	Due date	Securities
			PLN'000	Currency	PLN'000	Currency			
Bank Gospodarstwa Krajowego	Investment loan	Warsaw	15 500	EUR	57 838	PLN	Market	30.08.2027	Power of attorney to a bank account, mortgage on property, pledging of shares of the subsidiary
Greece	Soft loan	Athens	112	EUR	516	PLN	Market	30.04.2025	None
Greece	Soft loan	Athens	169	EUR	782	PLN	Market	30.04.2025	None
Greece	Soft loan	Athens	144	EUR	664	PLN	Market	30.04.2025	None
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	-	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 appropriation of the amount that is 1,000 KPLN
Bank Gospodarstwa Krajowego	Overdraft	Warsaw	30 000	PLN	-	PLN	Market	31.01.2023	Power of attorney to a bank account, voluntary submission to enforcement
Santander Bank Polska S.A.	Overdraft	Warsaw	20 000	PLN	-	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 loan	Warsaw	30 000	PLN	-	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				**68 900**				

** the amount of the loan used is an equivalent of EUR 12.732 thousand less costs of financing in the amount of EUR 158 thousand

Note 25.Credit lines as at 31.12.2020

Under the contract the amount of facility is the amount of the line of credit.

Business name and legal form	Credit product	Registered office	Amount of the borrowing under the contract		Amount of borrowing to be repaid		Type of interest	Due date	Securities
			PLN'000	Currency	PLN'000	Currency			
Bank Gospodarstwa Krajowego	Investment facility	Warsaw	15 500	EUR	66 517**	PLN	Market	30.08.2027	Power of attorney to a bank account, mortgage on property, pledging of shares of the subsidiary
Greece	Promotional loan	Athens	112	EUR	518	PLN	Market	30.04.2025	None
Greece	Promotional loan	Athens	169	EUR	784	PLN	Market	30.04.2025	None
Greece	Promotional loan	Athens	144	EUR	666	PLN	Market	30.04.2025	None
Polski Fundusz Rozwoju S.A.	Promotional 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.	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	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.	Overdraft	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.	Renewable loan	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				**164 350**				

*Interest accrued: PLN 36 thousand

** the amount of the loan used is an equivalent of EUR 14,139 thousand less costs of financing in the amount of EUR 210 thousand

Note 26.other liabilities

	Stan na 31/12/2021	Stan na 31/12/2020
	PLN'000	PLN'000
advances paid by customer	145 978	76 725
liabilities towards customer taken over by Insurance Guarantee Fund	44 003	45 260
Liabilities towards customer	-	2 504
Government subsidies	-	-
	189 981	**124 489**
Short-term	152 893	84 052
Long-term	37 088	40 437
	189 981	**124 489**

Note 27.Liabilities directly linked to fixed assets held for sale

No liabilities directly linked to fixed assets held for sale occurred. The entity failed to classify any fixed assets as assets held for sale as at 31.12.2021 and 31.12.2020.

NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

Note 28.Revenue from sales of services, materials and goods

	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 sale of package travel	1 268 610	431 063
Other revenue	10 814	3 393
	1 279 424	**434 456**

The Group recognizes sales revenue upon performance of the obligation to provide services (in practice the service is provided over time). The end of the package travel is considered to be this moment, but because recognition of revenue at the turn of the reporting periods (the package travel starting in one period and ending in the other) is insignificant, the Group simplifies the matter and recognizes revenue at the first day of the package travel. In case of charter services (plane seats) the date of recognition of the revenue is the date of provision of the service by the carrier.

In its activities the Group does not distinguish variable elements of consideration, which materially affect how the respective revenue is recognized. It is not necessary for the Group 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 recognized in 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*
Revenue at the turn of the balance sheet date in total revenue	3,47%	1,29%

In order to examine the effect on 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 Parent Company for the financial year 2021 and 2020.

Allocation of 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
Sales revenue of the Parent Company recognized in the 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 the specific periods.	-	18 474
revenue earned at the turn of 2020 and 2021settled on the straight-line basis and their allocation to the specific 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
the difference between the amount of revenue recognized in the comprehensive income and the adjusted revenue	(18 727)	16 237
the percentage difference between the amount recognized in the comprehensive income and adjusted revenue	(1.48%)	3.77%

The table shows the effects of revenue adjustment on the results of the Parent Company.

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 the comprehensive income	1 245 568	447 420
The difference between the amount of revenue recognized in the comprehensive income and the adjusted revenue	**(18 727)**	**16 237**
the operating margin (profit on sales/ sales revenue)	10,81%	11,68%
The amount of the operating margin	(2 025)	1 897
income tax on operating margin	385	-360
the effect of the amount on net performance of the Company	(1 640)	1 537
Net profit (loss) recognized in the comprehensive income	19 092	(29 898)
Adjusted net profit loss	**17 452**	**(28 361)**

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

Geographic information

Revenue from external customers	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 countries	15 129	3 273
	1 279 424	**434 456**

Note 29. 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	19 445	16 713
Consumption of raw and other materials	8 218	3 917
Outsourcing	1 145 145	405 383
costs of employee benefits	66 419	38 582
Taxes and charges	2 840	3 116
other costs	46 970	13 809
Value of goods and materials sold	-	-
Total	**1 289 037**	**481 520**
Cost of sales	1 134 191	387 935
Selling cost	120 146	68 803
overheads	34 700	24 782
Total	**1 289 037**	**481 520**

* the Company, as entity carrying out business activities marked with the code 79.12.Z "Activities of tour operators", was released in 2021 of the obligations to pay due contributions for social insurance, health insurance, Labour Fund, Solidarity Fund, Guaranteed Employment Benefit Fund or Bridging Pensions Fund) in the total amount of PLN 1,326 thousand (as a part of aid instruments provided for relevant provisions of Law to prevent, counteract and combat

COVID-19, and as a part of support for participants of trade affected by COVID-19 pandemic pursuant to relevant decisions of Social Security Institution to release of the obligation to pay social security contributions in certain industries.

* the Company, as entity carrying out business activities marked with the code 79.12.Z "Activities of tour operators", was released of the obligations to pay due contributions for 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 (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). The respective release was recorded in the financial statements as an adjustment (reduction) in costs by type that is costs of employee benefits.

Note 30.Other operating revenue/ 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
profits on sale of assets		
profits on sale of fixed assets	48	62
Profits on sale of investment property	-	-
	48	62
Reversal of impairment losses		
Intangible assets	-	-
Tangible fixed assets	-	-
financial assets	-	-
trade receivables	-	-
Other	5 000	-
	5 000	-
Other operating revenue:		
Profits from measurement of investment property	-	-
subsidies	25 562	2 477
Penalties and fines	117	196
Damages	22	38
Write – off of overdue debt	-	851
Other	401	724
	31 150	**4 348**

Reversal of impairment loss for the period of 2019 for potential loan risk of contractors providing hotel services that was caused by COVID-19 pandemic.

* Because of introduction of economic downtime, reduced number of work hours in the Company from 1 April 2020 to 30 June 2020 for specific groups of workers the Company, as an enterprise, which recorded reduced turnover 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 and the waive off of the soft loan granted by the Polish Development Fund S.A. under the subsidiary program so called "Shield for Large Companies" (version 1.0) in the amount of PLN 18.600 thousand. The remaining amount 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, reduced number of work hours in the Company from 1 April 2020 to 30 June 2020. The Company, as an enterprise, which recorded has reduced turnover 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 amount 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, reduced number of work hours in the Company from 1 February 2021 to 31 July 2021 for specific groups of workers the Company, as an enterprise, which recorded reduced turnover 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. White Olive A.E. as an entrepreneur, which recorded reduced turnovers as a consequence of COVID-19 pandemic obtained financing from Greek government in the amount of EUR 481 thousand (the equivalent of PLN 2,230.6 thousand) as a part of suspension of tax payments (CIT) and social security contributions.

	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	-	-
loss on sale of investment property	-	-
	-	-
Impairment losses recognized on:		
goodwill	-	-
intangible assets	-	-
tangible fixed assets	-	-
Financial assets	-	-
Trade receivables	-	785
other receivables: advances	-	-
	-	785
other operating costs:		
loss on measurement of investment property	-	-
cost of liquidation of fixed and current assets	-	595
Complaints	1 066	502
other (aggregated not material items)	583	1 014
	1 649	**2 896**

Note 31.Financial revenue / financial costs

Lease 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
operating lease income	-	4

Interest revenue	As at 31/12/2021	As at 31/12/2020
	PLN'000	PLN'000
Assets valued at amortised cost (cash in hand and bank deposits)		
Total interest revenue		
Financial revenue from non-financial assets		
Total		

Cost of interest	The period of 12 months ended on 31/12/2021	The period of 12 months ended on 31/12/2020
	PLN'000	PLN'000
Liabilities valued at amortised cost – interest on loans and overdrafts	947	4 150
Interest on finance lease obligations	24	38
Other cost of interest	2 044	81
Total cost of interest	3 015	4 269
Less: amounts stated in costs of assets complying with capitalization conditions	-	-
	3 015	4 269
Other financial costs:		
Costs of tour operator guarantee	1 030	1 170
Credit costs	-	518
Another discount	170	743
Other financial costs	-	-
	4 215	**6 700**

Note 32.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)	16 960	(49 232)
Permanent differences increasing the tax base	(21 431)	(1 085)
Temporary differences in the tax base	7 933	540
Tax base	**3 462**	**(49 777)**
Tax rate	19,00%	19,00%
Current tax	1 952	-
deferred tax	(1 472)	7 024
Income tax recognized in the profit and loss account	**(480)**	**7 024**
effective tax rate	**13,90%**	**14,11%**

income tax charged to financial profit or loss	Stan na 31/12/2021	Stan na 31/12/2020
	PLN'000	PLN'000
current income tax		
for the current year	-	-
	-	**-**
deferred income tax:		
for the current year	480	7 024
	480	**7 024**
Total tax cost on continuing operations recognised in the current year	**-**	**-**

Note 33.Discontinuing operations

No subsidiary of the Group was sold or liquidated either in 2021 or 2020.

NOTES TO CASH FLOW STATEMENT

. Note to cash flow statement explaining balance sheet movements for the amounts presented in the cash flow statement.

	As at 31.12.2020	As at 31.12.2021	Balance sheet movement	Exclusion of items not affecting the cash flows in this area	Adjustment of cash flows from operations
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
(increase) / decrease in current tax assets	6 569	5 845	(724)	1 935	1 211
Increase / (decrease) in current tax liabilities	1 803	4 467	2 664	17	2 681

Current tax	1 952
Paid tax	(985)
	967

Note to the cash flow statement explaining balance sheet movements and presenting movements in financial liabilities

	S as at 31.12.2020	Cash flows (inflows)	Cash flows (outflows)	Non-monetary changes			
				Increases/ Decreases	Effect of exchange differences	Movement in fair value	As at 31.12.2021
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Borrowings	164 349	12 058	(86 247)	-	(1 723)	(18 637) *	69 800
Lease liabilities	877	-	(557)	294	-	-	614
Lease liabilities	36 790	-	(9 887)	14 757	(217)	-	41 443
Liabilities from financing activities	**202 016**	**12 058**	**(96 691)**	**15 051**	**(1 940)**	**(18 637)**	**111 857**

* Waive off of a soft loan grated by Polish Development Fund S.A. – from subsidy programme so called "Shield for Large Companies" (version 1.0)

	As at 31/12/2019	Cash flows (inflows)	Cash flows (outflows)	Non-monetary changes			
				Increases/ Decreases	Effect of exchange differences	Movement in fair value	As at 31/12/2020
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Borrowings	63 921	132 043	(36 996)	-	5 381	-	164 349
Lease liabilities	1 488	132	(743)	-	-	-	877
Lease liabilities	55 627	-	(7 978)	(11 974)	1 115	-	36 790
Liabilities from financing activities	**121 036**	**132 175**	**(45 717)**	**(11 974)**	**6 496**	**-**	**202 016**

OTHER NOTES

Note 34.Contingent items

GUARANTEES AND WARRANTIES

Transactions limits for derivatives

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

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

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

As at 31 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
Santander Bank Polska S.A.	1 421

The issuing bank	The amount of issued guarantees PLN'000
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, will be used as the current deposit

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).

<u>The Guarantee Contract No GT 500/2021</u>

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.

a) 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

(Data in PLN thousand, unless otherwise stated)

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

SPRAWY SPORNE

As at 31 December 2020 and at the date of approval of this report for publication (29.04.2022) the Parent Company is, and has been, a party to a court proceeding, in which total amount of the disputed issue exceeds 10% of equity of the Parent Company. The proceedings 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 parent company is not a party to any court or arbitration proceedings, in which value per unit or total value of the object at issue would exceed 10% of equity of the issuer. Moreover, as at 31.12.2021 and as at the date of approval of these financial statements for publication (29.04.2022), neither of the subsidiaries of the Group is a party to court or arbitration proceedings, which value per unit or total value of the object at issue would exceed 10% of equity of the Group.

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

he Group thinks that as at 31.12.2021 it recognised the accurate provisions for identified and quantifiable tax risk

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

Note 35.Information on transactions with related parties

Under IAS 24, apart from consolidated subsidiaries, also members of the management board and the supervisory board are related parties

RELATED PARTIES

the list of related parties covered by the consolidated financial statements:

No.	Business name of the company	Registered office of the company	Share capital	Share of Votes at GM	Date of taking over control
1	„My Way by Rainbow Tours" Sp. z o.o.	Poland Łódź	100.00%	100.00%	2006

No.	Business name of the company	Registered office of the company	Share capital	Share of Votes at GM	Date of taking over control
2	White Olive A.E.	Greece, Athens	65.98%	65.98%	2016
3	White Olive Premium Lindos A.E. *	Greece, Athens	100.00%	100.00%	2019
4	Rainbow Tours Destination Services Turkey Turizm Ve Seyahat Hizmetleri A.S.	Turkey Alanya	100.00%	100.00%	2020

* White Olive Premium Lindos A.E. is an indirect subsidiary of Rainbow Tours S.A. White Olive Premium Lindos A.E. is a direct subsidiary of White Olive A.E., which holds 100% of shares in the share capital and votes at the general meeting of White Olive Premium Lindos A.E.

List of entities with personal ties

As at the date of approval of these financial statements for publication that is 29.04.2022

– Mr Grzegorz Baszczyński, who is the President of the Management Board, holds indirectly, through the subsidiary, pursuant to art 4 point 15 in connection with art. 14 of the Act on Public Offering of 29 July 2005, that is FLYOO Sp. z o.o. with its seat in Lodz (Grzegorz Baszczyński holds 99.97% of the share capital and voting rights at the General Meeting of Shareholders of the FLYOO Sp. z o.o.) 1,580,000 shares of the company with 2,735,000 votes at General Meeting, which makes accordingly: 10.86% of the share capital of the Company and 14.19% of votes at the General Meeting of the Issuer. Mr Grzegorz Baszczyński does not hold any shares of the Company directly

– Mr Remigiusz Talarek, who is the member of the Supervisory Board, holds indirectly, through the subsidiary, pursuant to art. 4 point 15 in connection with art. 14 of the Act on Public Offering of 29 July 2005, that is through Elephant Capital Sp. z o.o. with its seat in Lodz (Mr Remigiusz Talarek holds 99.97% of the share capital and number of votes at the Shareholders Meeting of Elephant Capital Sp. z o.o.) 1,645,000 shares of the issuer with 2,645,000 votes at the General Meeting of the Issuer, which is accordingly: 11.30% of the share capital of the Company and 13.72% of the number of votes at the General Meeting of the Company. Remigiusz Talarek holds directly 1.050 shares of the Company with 1,050 votes at the General Meeting of the Company, which is respectively 0.0072% of the share capital of the Company and 0,0054% of votes at the General Meeting of the Company, Mr Remigiusz Talarek holds jointly, directly and indirectly 1.646,050 shares with 2,646,050 votes at the General Meeting, which is accordingly 11.31% of the share capital of the Company and around 13.73% of share of votes at the General Meeting of the Company.

– Mr Tomasz Czapla, who is the member of the Supervisory Board, holds indirectly, through a subsidiary, pursuant to art. 4 point 15 in connection with point 14 of the Act on Public Offering of 29 July 2005 ,that is TCZ Holding Sp. z o.o. with its seat in Lodz (Mr Tomasz Czapla holds in TCZ Holding Sp. z o.o. 99.97% of the share capital; voting rights at the Shareholders Meeting) 1,335,000 shares of the Company with 2,335,000 votes at the General Meeting, which is accordingly: 9.17% of the share capital and 12.11% of the votes at the General Meeting. Mr Tomasz Czapla does not hold any shares directly.

INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

All sale transactions were typical and routine and result from basic operations of the entities. Sale transactions among companies of Rainbow Tours Group in the period from 01.01.2021 to 31.12.2021 and the comparative period from 01.01.2020 to 31.12.2020 are presented in the table below.

	Sale 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.	18 535	6 648	1 355	1 254
White Olive Premium Lindos A.E.	469	895	-	-
"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"	11 728	2 882	2 665	699
Rainbow Tours S.A.	5 823	1 058	50 824	9 882
Total	**57 178**	**11 835**	**57 178**	**11 835**

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

The following amounts are presented at the closing balance:	Amounts due from related parties		Amounts payable to the related parties	
	As at 31/12/2021	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.	17 820	17 785	24 534	23 542
White Olive Premium Lindos A.E.	28	14	17 745	17 758
"My Way by Rainbow Tours" Sp. z o. o.	10	61	-	-
Rainbow Tours Destination Services Turkey Turizm Ve Seyahat Hizmetleri A.S.	2 174	-	27	28
„Rainbow Tours Spółka Akcyjna - Branch in Athens"	2 370	-	103	134
Rainbow Tours S.A.	24 561	23 663	4 554	61
Total	**46 963**	**41 253**	**46 963**	**41 523**

Lending to the related parties

	As at 31/12/2021	As at 31/12/2020
	PLN'000	PLN'000
Lending to the subsidiary	300	300

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

In the financial year 2021 the Company concluded transactions with Flyoo Sp. z o.o. for the amount of PLN 12.4 thousand net. In 2020 the Company concluded transaction Flyoo sp. z o.o. in the total amount of PLN 686 thousand, net.

Except for the above specified transactions, there were no other significant transactions with entities personally related in the period from 01.01.2021 to 31.12.2021 and the comparative period from 01.01.2020to 01.01.2020.

Note 36.Mergers, acquisitions and sales of businesses

In the reporting period covered by this report (that is in the financial year 2021) there were changes in the organization of the Group related to investment of Foreign Expansion Fund Private Assets Closed-End Fund managed by PFR Towarzystwo Funduszy Inwestycyjnych S.A. 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.. The Issuer (as the Partner) subscribed 11,222 new ordinary bearer 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. to the 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 Fund in order to compete and close the investment on 30.03.2021 paid for and subscribed for 100,998 new ordinary bearer shares of White Olive A.E. for the total issue price (cash contribution) of EUR 8,999,931.78 (the equivalent of PLN 41,866 thousand). Taking into account the investment process and share subscription in the increased share capital of White Olive A.E., the share capital of White Olive A.E., the Fund and the Issuer is as follows:

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

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

Details of the changes in the structure of Rainbow Tours Group were described in Note 3 to these consolidated financial statements.

(Data in PLN thousand, unless otherwise stated)

Note 37.Interests in joint ventures

Note 38. Companies in Rainbow Tours' Group do not hold shares in joint ventures.

Note 39.Remuneration for members of the Management Board and the Supervisory Board

Remuneration for members of the governing bodies of the parent company was presented collectively and in categories as required by IAS 24 "Related Parties – Disclosures" The members of the Management Board of the parent company do not receive remuneration from subsidiaries.

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	paid
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 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
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 otherwise stated)

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	due	paid
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 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	
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 40.Objectives and rules of financial risk management

FINANCIAL RISK MANAGEMENT POLICY

The Capital Group manages capital to ensure that its entities will be able to continue operations and, at the same time, maximise profitability for shareholders. The parent company and the subsidiaries obtain borrowings for current and future operations, including investments and acquisitions, mainly on financial market (facility contracts). The parent company is also able to buy back 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 entities include debt consisting of loans and credits, cash and cash equivalents, and the equity of the Group, including issued shares, reserve capitals and retained earnings. For additional needs the parent company can obtain borrowings within the Capital Group, from companies with free cash. The entity is not subjected to any equity requirements except for the fact that, in accordance with art. 396 §1 of the Code of commercial companies and partnerships, which is applicable for the company, losses are covered from the supplementary capital, which needs to be created by the company and where at least 8% of the profit for an individual financial year is transferred until the capital is not equal to at least one third of the share capital. This share of the supplementary capital (retained earnings) cannot be distributed to shareholders.

Main areas of risk for Rainbow Tours Capital Group include risk of changes in exchange rates and the risk of movement in prices at the fuel market, resulting from volatility on the cash market and the equity market.

The group follows consistent policy of financial risk management and it continuously monitors risk areas using available strategies and mechanisms to minimise negative effects of market volatility.

The group limits financial risk (defined as cash flow fluctuations) as well as risk connected with volatility of cash market and equity market in the manner described below:

The policy and the strategy of risk management is defined and monitored by the Management Board, and the respective current obligations are complied with by the professional units of Rainbow Tours S.A. and the companies of Rainbow Tours Capital Group.

CATEGORIES OF FINANCIAL INSTRUMENTS

categories of financial instruments	As at 31/12/2021	As at 31/12/2020
	PLN'000	PLN'000
Financial assets	**102 257**	**38 040**
Financial assets valued at amortised cost		
cash and other monetary assets	83 934	28 809
trade receivables	18 277	8 780
Financial assets valued at fair value through financial profit or loss	-	-
Derivative instruments in designated hedge accounting relationships	46	451
Financial liabilities	**193 907**	**249 362**
Financial liabilities valued at amortised cost		
Borrowings	69 800	164 349
Lease liabilities	42 057	877
Amortised cost – trade liabilities	82 050	39 965
Derivative instruments in designated hedge accounting relationships	-	-

Fair value of assets and liabilities, measured at fair value on daily basis

	31/12/2021	31/12/2020	
Financial assets			
Currency derivatives	46	451	Level 2
Financial liabilities			
Currency derivatives			

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

Level 2	Foreign exchange derivatives, - currency forwards and options	Fair value for currency forwards was calculated based on the pricing model for forward transactions, whereas the model used NBP exchange rates as at the pricing date and forward 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 parent company.
In the reporting period, as well as in the comparative period, there was no shift to level 3 of instruments qualified to level 1 and 2 in the parent company.

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

Carrying amount as at:	31/12/2021	31/12/2020
Financial assets	**PLN'000**	**PLN'000**
Trade receivables	18 277	8 780
Lending	-	-
Cash and cash equivalents	83 934	28 809
Financial liabilities	**PLN'000**	**PLN'000**
Borrowings	111 243	164 349
Lease	614	877
Trade and other payables	82 050	39 946

Fair value of financial instruments, which are not measured at fair value daily and were held by the Capital Group as at 31.12.2021 and 31.12.2020, was not materially different from the value presented in the 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, borrowings, cash, other liabilities),
- instruments refer to transactions made on arm's length basis (for receivables and liabilities bearing interest rates, loans and credits with interest rate calculated on arm's length basis)

OBJECTIVES OF FINANCIAL RISK MANAGEMENT

The financial department along with the Management Board of the Group coordinate access to national and foreign financial markets and manage 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 at the 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 parent company uses derivatives.

MARKET RISK

Entities' operations are exposed to financial risk of movements in exchange rates, and to 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 parent company settles payments for organization of package travels, with contractors in foreign currencies (usually Euro or American Dollar). However, package holidays are sold in national currency to customers in Poland. Unfavourable changes in foreign exchange rates in the period between the inflow of fund paid by customers and payments to foreign contractors may lower profitability and profits earned by the Parent Company. Some of the risk is hedged by Rainbow Tours S.A. by "natural hedging" by resale of seats in charter plane to its contractors in foreign currencies. The remaining risk is hedged with currency forwards and corridor options. The parent company has a policy of currency hedges, which is used continually. In 2019 the company did not trade in options, and only settled earlier contracts

The Group is also exposed to foreign exchange risk related to movements in Euro exchange rates in respect of settlement of costs of package holidays. The risk of movements in EUR and USD exchange rates is partially minimized by previously paid in advances resulting from the system prepayment system used by service providers (hotel operators and transportation 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 carrying amount 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**	**124 959**	**174 185**
	USD in PLN	26 930	28 141
	EUR in PLN	98 029	146 044
b)	**Liabilities**	**73 856**	**19 983**
	USD in PLN	21 007	2 500
	EUR in PLN	52 849	17 483

SUSCEPTIBILITY TO FOREIGN EXCHANGE RISK

The Group is exposed mainly to risk related to USD and EUR currency. The degree of the entity's susceptibility to 10% rise and 10% fall in exchange rate of PLN to foreign currencies is presented in the table below. These are parameters used in internal reports on foreign exchange risk, drafted for the management board, and they reflect the management board's assessment concerning possible changes in foreign exchange rates. The analysis of susceptibility covers only unsettled cash positions denominated in foreign currencies and adjusts currency conversion at the end of the financial period by 10% change in exchange rates. The analysis covers trade receivables, 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 for EUR at the end of 2021 is the opposite.

		31/12/2021	31/12/2020
		PLN'000	PLN'000
a)	**the effect the foreign currency fall**	**(5 110)**	**(15 420)**
	USD in PLN	(592)	(2 564)
	EUR in PLN	(4 518)	(12 856)
b)	**the effect of foreign currency rise**	**5 110**	**15 420**
	USD in PLN	592	2 564
	EUR in PLN	4 518	12 856

The effect on the equity is the same as the effect on the profit/loss for the period. The entity's susceptibility to foreign exchange risk in the current period has not changed materially

INTEREST RATE RISK MANAGEMENT

The entity is exposed to interest rate risk only to a limited extent, because lines of credit are not used for overdraft lines of credit. All credit contracts for overdrafts lines of credit bear variable interest rates calculated based on 1M WIBOR adjusted by the bank margin and EURLIBOR 1 adjusted by the bank margin. Market situation is monitored on daily basis and, if interest rates rise, the Company will take actions to minimize risk exposure in this area. The entities' exposure to interest rate risk in respect of financial assets is described in detail in the note on liquidity risk management. The effective as at the balance sheet date (31.12.2021) amendments in accounting standards (amendments to IFRS "Financial Instruments, IAS 39 "Insurance Contracts: recognition and measurement", IFRS 7 "Financial instruments: Disclosures", IFRS 4 "Insurance Contracts" an and IFRS 16 "Leases", which pertain to reform of benchmark reference rates (stage 2) mentioned in the note 4.6 "New accounting standards and IFRIC interpretations" presented in Part IV of these financial statements "Accounting Policy of the Group"/ do not affect these financial statements.

CREDIT RISK MANAGEMENT

Credit risk is defined as the probability that company's debtors will not meet their obligations, and that means that the Company will incur financial losses. The companies are exposed to credit risk, mainly in three areas as follows:

- trade receivables,
- cash and bank deposits,
- derivative transactions (refers to the parent company).

The Management Board of the Group is responsible for management of the credit risk in the Companies and compliance with the policy. Receivables are monitored on ongoing basis in all companies of the Group. The parent company allocates its financial surpluses arising on cash trading only in safe instruments, which are available only in banks. The credit risk in respect of 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 is the maximum amount exposed to credit risk

COLLATERALS AGAINST CREDIT RISK

The entity monitors credit risk on ongoing basis and holds collaterals against credit risk in respect of trade receivables. These are deposits paid by agents or legal security submitted by agents. The carrying amount of liabilities arising on the deposits amounts to PLN 1.2 million as at 31 December 2020 (PLN 1.3 million as at 31 December 2019).

LIQUIDITY RISK MANAGEMENT

The companies monitor financial liquidity. Their liquidity is secured by the type of sale transactions – mainly in system of prepayments, and by obtaining working capital credits to secure liquidity gaps in periods when proceeds are low. The parent company has adequate limits of instruments securing liquidity in the form of lines of credits. It also places great emphasis on collection of current receivables due to the companies of the Group.

The management board is ultimately responsible for liquidity risk management. The management board worked out an appropriate system to manage short-, mid- and long- term requirements for financing and managing liquidity. Liquidity risk management is to sustain appropriate level of reserves, stand-by credit lines, and to monitor forecasted and actual cash flows on ongoing basis.

Tables: liquidity risk and interest rate risk

Tables below present contractual maturity dates for non-derivative financial liabilities with fixed payment dates, which as at the balance sheet date include trade payables

	Weighted average	Weighted average of effective interest rate	to 1 month	Above 1 month to 3 months	Above 3 months 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		72 297	5 607	4 146	-	-	82 050
31.12.2021	Interest-bearing		49	847	1 331	16 697	50 876	69 800
31.12.2020	Non-interest bearing		9 814	8 800	4 128	8 591	8 613	39 946
31.12.2020	Interest-bearing		-	809	1 214	23 708	138 618	164 349

The note provides details on unused credit lines held by the company as instruments to reduce liquidity risk.

Secured credits	As at 31/12/2021	As at 31/12/2020
	PLN/000	PLN'000
The amount used	10 000	71 029
The amount not used	119 738	57 849
Total	**129 738**	**128 878**

Note 41.Valuation at fair value

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

Note 42.Adjustment of errors

No adjustments of errors were introduced in this report.

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 Parent 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

Making 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 Parent 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 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).

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 Parent 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 Parent 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 Parent 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 Parent 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 otherwise stated)

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,
a) 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,
b) 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,
c) 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 2020

And decided to entrust the auditor activities to the following entity

Name of the company	BDO spółka z ograniczoną odpowiedzialnością sp.k.
Office address	(Previously: BDO Sp. z o.o.)
Registration data:	02-676 Warszawa, ul. Postępu 12
National Council of Statutory Auditors No:	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

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 otherwise stated)

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	(Previously: BDO Sp. z o.o. – BDO limited liability partnership)
Registration data:	02-676 Warszawa, ul. Postępu 12
National Council of Statutory Auditors No:	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): 0000293339

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 201thousand, 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