

Rainbow Tours S.A.



Price target: PLN 210

Update

Rating: BUY

After a much better-than-expected Q3/25 (18.6%-42.6% above our estimates on EBITDA, EBIT and net income level), we now believe that the last quarter of 2025 also showed significantly better profitability than we had previously forecast. Following our discussions with Rainbow Tours' (RBW) management, we expect that revenues reached PLN 715.1m (-1.2% y-o-y) and net income PLN 25m (Q4/24: PLN 25.1m) as RBW showed continuous cost discipline. Regarding Q1/26, due to the Iran war we forecast a stronger impact especially on results in March, which is in-line with the CEO's public statements. However, as RBW hedges most of its jet fuel and FX exposure and bookings for the summer season 2026E are 10.9% above last year in Poland (Romania: c. 60% higher offering y-o-y), we believe that as long as the Iran war ends by May the most important Q3 (accounts for c. 43% of the company's annual revenues) will be strong this year. The Middle Eastern and East Asian destinations are only relevant for the company in the winter season, which starts in October. We have increased our 2025E profitability estimates by 13.6%-16.9%, however trimmed our 2026E and 2027E forecasts by 2.7-5.1% due to the Gulf war. Because of this, higher WACC and lower peer-group-based FV, our 12-months PT (80% DCF, 20% peer group) decreases from PLN 213.20 to PLN 210 (62.4% upside, BUY rating maintained). The main risk, which we see, is that a prolonged conflict in the Middle East negatively affects travel to Turkey and Egypt, which are among RBW's most popular destinations. In addition, very high jet fuel prices could strongly negatively affect the company's business from October.

9M/25 results In Jan-Sep 2025, RBW generated 12.3% higher revenues y-o-y of PLN 3.8bn. Despite stronger competition, the largest Touristic segment contributed PLN 3.7bn (+11.5% y-o-y) of revenues and a 16.9% gross margin (9M/24: 18.9%). Foreign revenues within this segment surged +143.3% to PLN 131.1m due to first-time consolidation of Romanian Paralela 45 Turizm in Q3. The Hotels segment saw revenues +103.4% to PLN 64.5m (gross margin: 24.6% vs. 17.2% in 9M/24), driven by completed works at the hotels in Kos (RBW's largest one) and Rhodes. Strong cost discipline partially offset the 1.9pp lower group gross margin, delivering EBIT of PLN 306.9m (-6.2% y-o-y; 8.2% margin vs. 9.8%). Net operating cash flow rose 67.9% to PLN 404.5m, boosting net cash to PLN 363.9m (H1/25: PLN 346.6m).

in PLNm	2022	2023	2024	2025E	2026E	2027E
Net sales	2,393.31	3,293.39	4,068.06	4,469.64	4,966.38	5,588.22
EBITDA	54.42	236.89	376.13	364.35	306.14	285.64
EBIT	32.83	215.01	353.68	336.88	278.12	257.06
Net income	21.50	172.84	281.98	269.57	229.35	209.76
EPS	1.53	11.94	19.94	18.52	15.76	14.41
DPS	0.50	6.29	11.00	9.26	7.88	7.21
Dividend yield	0.39%	4.86%	8.51%	7.16%	6.09%	5.57%
RoE	19.53%	108.41%	91.82%	58.34%	40.66%	31.83%
Net gearing	3.43%	-89.39%	-47.74%	-59.51%	-57.41%	-52.22%
EV/Sales	0.63x	0.46x	0.37x	0.34x	0.31x	0.27x
EV/EBITDA	27.91x	6.41x	4.04x	4.17x	4.96x	5.32x
P/E	84.51x	10.83x	6.48x	6.98x	8.20x	8.97x

Company profile

Rainbow Tours is the third-largest travel operator in Poland. In Romania, RBW's subsidiary Paralela 45 is No 5.

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Sector	Travel
Country	Poland
ISIN	PLRNBWT00031
Reuters	RBW.WA
Bloomberg	RBW PW

Share information

Last price	129.30
No of shares (m)	14.55
Market cap. (PLNm)	1881.57
Market cap. (EURm)	439.62
52-week range	PLN 167.50 / PLN 110.60
Average volume	59,720

Performance

4-weeks	-19.64%
13-weeks	-9.58%
26-weeks	-8.75%
52-weeks	5.70%
YTD	-14.60%

Shareholder structure

Slawomir Wysmyk*	11.54%
NN Pension Fund	16.16%
Generali Pension Fund	7.51%
Free float	64.79%

* Mr Wysmyk is one of RBW's founders

Financial calendar

Annual Report 2025	April 23, 2026
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Analyst

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Current trading & our forecasts

Rainbow Tours' Q3/25 showed slightly weaker top-line growth but much stronger bottom-line results than we had expected. This stemmed from higher average prices, lower jet fuel costs y-o-y, a stronger PLN, and better-than-forecast cost discipline. In the July–September quarter — which accounts for c. 43% of annual revenues and c. 60% of net income, making it the company's most critical — results were boosted by the completed renovation/expansion of White Olive hotels on Rhodes (>150 rooms) and Kos (338 rooms, RBW's largest and best-booked hotel in 2025).

in PLNm	Q3/25	Q3/25E	Q3/24	Q3/25 vs, Q3/25 vs.	
				Q3/25E	Q3/24
Net sales	1956.53	2100.54	1736.75	-6.9%	12.7%
EBITDA	211.31	150.00	215.67	40.9%	-2.0%
<i>EBITDA margin</i>	<i>10.8%</i>	<i>7.1%</i>	<i>12.4%</i>		
EBIT	203.93	143.00	209.78	42.6%	-2.8%
<i>EBIT margin</i>	<i>10.4%</i>	<i>6.8%</i>	<i>12.1%</i>		
Net income	160.05	135.00	159.80	18.6%	0.2%
<i>Net margin</i>	<i>8.2%</i>	<i>6.4%</i>	<i>9.2%</i>		

Source: Company information, East Value Research GmbH

While Rainbow Tours likely maintained cost discipline in Q4/25 — and winter season bookings reached 144,605 (+8.2% y-o-y) — Q1/26 was solid only in January and February. The US/Israeli strikes on Iran (started on Feb 28) are likely significantly hurting March bookings, still part of the winter season when many clients target Middle Eastern and Asian destinations. In a PAP interview, CEO Maciej Szczechura emphasized that the critical summer season — with bookings >10% up in Poland and a c. 60% higher offering in Romania — remains unaffected. Clients then focus on Mediterranean destinations like Greece, Turkey and Egypt (RBW's top three markets). That said, travel industry leaders like Ryanair's Michael O'Leary and TUI's Sebastian Ebel have warned of lasting Gulf conflict impacts on Middle East demand, potentially beyond 2026E. Apparently, Asia flights have also grown pricier due to closed Middle Eastern hubs.

Although "exotic" destinations like the Middle East and East Asia account for <5% of RBW's annual revenues, Turkey and Egypt — both Muslim-majority countries — are far more critical (we believe 45-55% of yearly revenues combined). While Rainbow Tours has most of its summer season jet fuel and FX exposure hedged (shielding it from the weakening PLN and record-high fuel prices), a prolonged Iran war (>2 months) would likely hit both top- and bottom-line harder.

PLN vs. EUR and USD over the last 2 years



Source: stooq.pl, East Value Research GmbH

Global jet fuel prices are currently at the highest level since 2022



Source: Financial Times, Argus Media, East Value Research GmbH

While we view Rainbow Tours as a well-managed company with excellent long-term growth prospects — bolstered by its Romanian acquisition — its 2026E performance will hinge on the Iran war's duration. The conflict drives higher fuel prices (Iran has the world's 3rd largest oil reserves and is the No 5 oil producer), weakens the PLN, and creates traveller uncertainty. We expect a relatively weak Q1/26 due to a very soft March (for January, RBW already reported 2.6% higher consolidated revenues of PLN 309.7m) due to cancellations by clients and repatriation costs (according to rp.pl, the transport of RBW's >1,200 customers from the Middle East back to Poland via alternative partners and routes was apparently already completed on March 8th).

If the war ends soon, Q2 & Q3 (the most important period of the year for travel operators) will likely be solid, if not there could be a strong negative impact on RBW's results in whole 2026E.

So far, average travel prices in Poland for the most popular destinations in August 2026 – the Canary Islands, Greece, Turkey, Egypt, Bulgaria - are up between PLN 14 and PLN 328 compared to last year. In Poland, real wage growth (3.9% in January 2026) and falling interest rates (3.75% currently vs. 5.75% in March 2025) continue to support consumption spending and RBW's business. In Romania, where back in January RBW's CEO predicted a 60% higher number of clients/bookings y-o-y of 160,000, despite the highest inflation in the CEE region, based on our discussions with RBW's management we expect a net loss of EUR 4.5m/PLN 19.2m this year due to investments in the offering, travel office network, and online shop. Rainbow Tours owns 70% in its Romanian subsidiary Paralela 45, thus will report 30% of its subsidiary's net loss on its consolidated P&L as minorities.

	Latest	Prev. Year	change y-o-y
Pre-bookings for the summer season 2026*	266,477	240,286	10.9%
Pre-bookings for the winter season 2025/26**	144,605	133,707	8.2%
Sum	411,082	373,993	9.9%

* sales related to the summer season appear in RBW's revenues from April to October

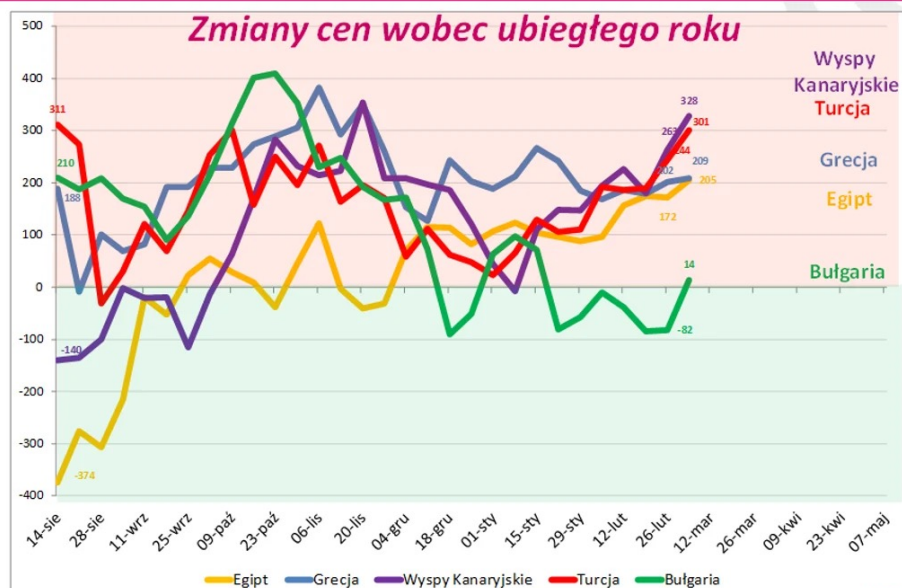
** sales related to the winter season appear in RBW's revenues from November to March

Source: Company information, East Value Research GmbH

Y-o-Y change of prices for travel in August 2026 to Bulgaria, Greece, Canary Islands, Turkey and Egypt

RYNEK: LATO 2026 - Sierpień 2026 All Inclusive

Średnie ceny wycieczek na głównych kierunkach z wylotami w pierwszym tygodniu sierpnia



Source: Traveledata.pl, rp.pl, East Value Research GmbH

GDP growth, inflation and unemployment rates in Poland and Romania 2026E-2027E

	2026E	2027E
Poland		
GDP growth	3.5%	2.8%
Inflation	2.9%	3.7%
Unemployment	3.1%	3.0%
Romania		
GDP growth	1.1%	2.1%
Inflation	5.9%	3.8%
Unemployment	5.8%	5.6%

Source: Eurostat, East Value Research GmbH

Below are our detailed estimates for Rainbow Tours' results in 2025E-2027E. Our forecasts for 2026E and 2027E reflect the record high oil prices, a weakening PLN and potentially weaker travel demand following the war with Iran. Our net profit estimates now also account for higher minorities related to a likely higher-than-expected loss of Paralela 45. We would like to emphasize that one of the reasons, why we believe Rainbow Tours will be a great long-term growth story, is the fact that in its markets Poland and Romania household spending on travel is still significantly below developed markets (3% and 1.7% of total expenditures in Poland and Romania vs. 6.1% in Germany).

in PLNm	2025E	2026E	2027E
Touristic events	4,228.97	4,572.36	5,130.19
<i>Share in total sales</i>	<i>94.6%</i>	<i>92.1%</i>	<i>91.8%</i>
Gross margin	18.7%	16.1%	14.9%
Number of bookings	828,704	878,426	966,268
Average price per booking	5,103	5,205	5,309
Hotel business	71.27	72.60	72.60
<i>Share in total sales</i>	<i>1.6%</i>	<i>1.5%</i>	<i>1.3%</i>
Gross margin	22.5%	20.5%	18.5%
Number of rooms	930	1,000	1,000
Avg. capacity utilisation	95.0%	90.0%	90.0%
Avg. Room rate	52	52	52
Avg. FX rate	4.25	4.25	4.25
Others (incl. brokerage of flights, bus trips, travel)	1.40	1.41	1.43
<i>Share in total sales</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
Gross margin	17.9%	16.9%	15.9%
Paralela 45	168.00	320.00	384.00
<i>Share in total sales</i>	<i>3.8%</i>	<i>6.4%</i>	<i>6.9%</i>
Gross margin	-25.0%	4.0%	6.0%
Total net sales	4,469.64	4,966.38	5,588.22
(change y-o-y)	9.9%	11.1%	12.5%

Source: East Value Research GmbH

in PLNm	2025E		2026E		2027E	
	new	old	new	old	new	old
Net sales	4469.64	4546.54	4966.38	5234.68	5588.22	5889.08
EBITDA	364.35	311.78	306.14	314.76	285.64	294.02
<i>EBITDA margin</i>	<i>8.2%</i>	<i>6.9%</i>	<i>6.2%</i>	<i>6.0%</i>	<i>5.1%</i>	<i>5.0%</i>
EBIT	336.88	288.30	278.12	290.82	257.06	269.60
<i>EBIT margin</i>	<i>7.5%</i>	<i>6.3%</i>	<i>5.6%</i>	<i>5.6%</i>	<i>4.6%</i>	<i>4.6%</i>
Net income	269.57	237.31	229.35	236.87	209.76	219.25
<i>Net margin</i>	<i>6.0%</i>	<i>5.2%</i>	<i>4.6%</i>	<i>4.5%</i>	<i>3.8%</i>	<i>3.7%</i>

Source: East Value Research GmbH

in PLNm	Q1/23	Q2/23	Q3/23	Q4/23	2023	Q1/24	Q2/24	Q3/24	Q4/24	2024	Q1/25	Q2/25	Q3/25	Q4/25E	2025E
Net sales	556.03	709.05	1,434.04	594.26	3,293.39	721.60	885.77	1,736.75	723.95	4,068.06	869.93	928.13	1,956.53	715.05	4,469.64
<i>y-o-y change</i>	<i>76.1%</i>	<i>40.5%</i>	<i>26.6%</i>	<i>35.1%</i>	<i>37.6%</i>	<i>29.8%</i>	<i>24.9%</i>	<i>21.1%</i>	<i>21.8%</i>	<i>23.5%</i>	<i>20.6%</i>	<i>4.8%</i>	<i>12.7%</i>	<i>-1.2%</i>	<i>9.9%</i>
EBITDA	30.58	49.62	146.40	10.28	236.89	51.15	77.09	215.67	32.23	376.13	75.64	40.59	211.31	36.81	364.35
<i>EBITDA margin</i>	<i>5.5%</i>	<i>7.0%</i>	<i>10.2%</i>	<i>1.7%</i>	<i>7.2%</i>	<i>7.1%</i>	<i>8.7%</i>	<i>12.4%</i>	<i>4.5%</i>	<i>9.2%</i>	<i>8.7%</i>	<i>4.4%</i>	<i>10.8%</i>	<i>5.1%</i>	<i>8.2%</i>
EBIT	24.27	43.24	142.62	4.89	215.01	46.00	71.59	209.78	26.31	353.68	69.77	33.24	203.93	29.94	336.88
<i>EBIT margin</i>	<i>4.4%</i>	<i>6.1%</i>	<i>9.9%</i>	<i>0.8%</i>	<i>6.5%</i>	<i>6.4%</i>	<i>8.1%</i>	<i>12.1%</i>	<i>3.6%</i>	<i>8.7%</i>	<i>8.0%</i>	<i>3.6%</i>	<i>10.4%</i>	<i>4.2%</i>	<i>7.5%</i>
Net income	19.82	34.71	110.83	7.48	172.84	38.17	58.96	159.80	25.05	281.98	57.71	26.85	160.05	24.96	269.57
<i>Net margin</i>	<i>3.6%</i>	<i>4.9%</i>	<i>7.7%</i>	<i>1.3%</i>	<i>5.2%</i>	<i>5.3%</i>	<i>6.7%</i>	<i>9.2%</i>	<i>3.5%</i>	<i>6.9%</i>	<i>6.6%</i>	<i>2.9%</i>	<i>8.2%</i>	<i>3.5%</i>	<i>6.0%</i>

Source: Company information, East Value Research GmbH

Valuation

Despite a higher net cash figure after 9M/25 (PLN 363.9m vs. PLN 346.6m as of 30/06/2025), due to lower estimates for 2026E-2027E, a higher WACC of 10.6% (prev. 10.5%) and lower peer-group-based fair value (PLN 146.38 vs. PLN 185.68) our 12-months PT (80% DCF, 20% peer group) for Rainbow Tours goes down from PLN 213.20 to PLN 210. Our new PT implies an upside of 62.4% at present and we continue to rate Rainbow Tours a BUY.

Below are the key assumptions of our WACC calculation:

- (1) *Risk-free rate*: Current yield of Polish long-term government bonds with maturity in 2047E is 5.68% (Source: www.boerse-stuttgart.de)
- (2) *Beta*: 4y average unlevered beta of companies from the Recreation sector of 0.93x (Source: www.damodaran.com)
- (3) *Equity risk premium (Poland)*: 5.33% (Source: www.damodaran.com)
- (4) *Effective tax rate*: 19%
- (5) *Target equity ratio*: 100%
- (6) *After-tax debt costs*: 5.7%
- (7) *WACC = Equity costs*: 10.6%
- (8) Free cash flows and residual values are discounted to March 16th, 2026

DCF model

in PLNm	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Net sales	4,966.38	5,588.22	6,160.10	6,795.11	7,500.94	8,276.37	9,137.49	10,094.59	11,122.05
(y-o-y change)	11.1%	12.5%	10.2%	10.3%	10.4%	10.3%	10.4%	10.5%	10.2%
Operating profit	278.12	257.06	271.04	278.60	300.04	314.50	328.95	353.31	377.98
(operating margin)	5.6%	4.6%	4.4%	4.1%	4.0%	3.8%	3.6%	3.5%	3.4%
NOPLAT	225.27	208.22	219.55	225.67	243.03	254.75	266.45	286.18	306.17
+ Depreciation & amortisation	28.02	28.58	29.15	29.73	30.33	30.93	31.55	32.18	32.83
= Net operating cash flow	253.29	236.80	248.70	255.40	273.36	285.68	298.00	318.37	338.99
- Total investments (Capex and WC)	-61.15	-86.31	-85.12	-53.24	-65.32	-72.02	-122.88	-55.23	-55.52
Capital expenditures	-53.58	-64.28	-65.00	-30.95	-31.13	-31.81	-32.53	-33.27	-33.99
Working capital	-7.57	-22.03	-20.12	-22.28	-34.19	-40.20	-90.35	-21.96	-21.53
= Free cash flow (FCF)	192.14	150.49	163.58	202.16	208.04	213.66	175.13	263.14	283.47
PV of FCF's	177.31	125.52	123.31	137.75	128.12	118.93	88.10	119.65	116.50
PV of FCFs in explicit period	1,135.18								
PV of FCFs in terminal period	1,422.16								
Enterprise value (EV)	2,557.34								
+ Net cash / - net debt (30 September 2025)	363.91								
+ Investment / - minorities	-1.16								
Shareholder value	2,920.09								
Number of shares outstanding (m)	14.55								
		Terminal EBIT margin							
		0.4%	1.4%	2.4%	3.4%	4.4%	5.4%	6.4%	
WACC	10.6%	6.6%	7.6%	8.6%	9.6%	10.6%	11.6%	12.6%	13.6%
Cost of equity	10.6%	151.57	237.12	322.67	408.22	322.67	408.22	493.76	493.76
Pre-tax cost of debt	7.0%	141.92	206.75	271.59	336.42	271.59	336.42	401.25	401.25
Normal tax rate	19.0%	134.23	185.00	235.77	286.54	235.77	286.54	337.31	337.31
After-tax cost of debt	5.7%	127.83	168.53	209.24	249.95	209.24	249.95	290.65	290.65
Share of equity	100.0%	122.32	155.55	188.78	222.02	188.78	222.02	255.25	255.25
Share of debt	0.0%	117.48	145.00	172.52	200.04	172.52	200.04	227.55	227.55
Fair value per share in PLN	200.67	113.16	136.21	159.26	182.32	159.26	182.32	205.37	205.37
Fair value per share in PLN (in 12 months)	222.02	109.26	128.76	148.25	167.75	148.25	167.75	187.25	187.25

Source: East Value Research GmbH

Peer Group Analysis

Our peer group analysis includes tour operators e.g. TUI, Voyageurs du Monde and companies that provide online travel services such as Booking Holdings and Expedia.

In Poland, Rainbow's main competitors are Itaka Holdings and TUI Poland. Itaka, which is based in Opole, is privately owned by four Polish investors, including its founders. It generates c. 12% of its revenues abroad, through its activity in the Czech Republic, Slovakia, the Baltics and Hungary. TUI Poland is a subsidiary of the listed TUI Group designated to operate in the Polish market. With c. 1.4m clients served in 2024, it has the largest customer base in Poland. According to RBW, it uses aggressive pricing (in contrast to RBW, which focuses on profitability) and targets a younger age group (RBW's target group are the 40-60 year olds, who are more affluent and often book highly profitable round trips and exotic destinations).

- (1) *TUI AG*: TUI, which is headquartered in Hanover/Germany, is the world's largest tour operator company. TUI offers a broad suite of travel products, including boat cruises, airline tickets, hotel rentals, travel packages. The TUI Group operates and owns c. 130 aircraft, >460 own hotels and c. 20 cruise ships. The German company serves >21m clients annually and has over 65k employees. The TUI AG comprises >260 direct and indirect subsidiaries as well as c. 20 affiliated companies and >20 joint ventures. In its latest financial year ending in 09/2025, TUI generated revenues of EUR 24.2bn and an EBITDA margin of 4.9%. Its ROCE equalled 7.7%. Currently, TUI has a market cap of EUR 3.3bn.
- (2) *Booking Holdings Inc.*: Booking Holdings, which is based in Norwalk/USA, is the world's leading online travel company, offering comprehensive platforms that facilitate travel purchases between travel service suppliers and travellers. With over 21k employees, it provides services to international customers through six recognisable brands. In 2025, Booking generated revenues of USD 26.9bn, an EBITDA margin of 37.6% and ROCE of 59.6%. The company currently has a market cap of USD 134.4bn.
- (3) *Voyageurs du Monde SA*: Voyageurs du Monde, which is based in Paris/France, is a leading French tour operator that specializes in tailor-made individual and adventure travel and cycling holidays. The French company has c. 18 sales outlets in various countries (mostly Europe) and >1,700 employees. In 2024, Voyageurs generated revenues of EUR 735.3m, an EBITDA margin of 9.3% and ROCE of 20.2%. Its current market cap equals EUR 613.8m.
- (4) *On the Beach Group PLC*: On the Beach, which is based in Manchester/UK and was founded in 2004, is one of the UK's largest online package holiday specialists with c. 2m customers annually. Since its inception, the company has evolved from short haul beach destinations to also offering long haul and premium beach holidays, and city breaks in an asset-light and tech-powered model. In 2024/25, On the Beach generated revenues of GBP 121.4m, an EBITDA margin of 22.5% and a ROCE of 11.5%. Currently, the company has a market cap of GBP 234.7m.

- (5) *Lastminute.com NV*: Lastminute, which is headquartered in Amsterdam/the Netherlands, is an European online travel and leisure retailer. Lastminute sells a variety of travel related products and services, including holiday packages, transportation tickets, hotel and vacation rentals, adventure experiences, and ancillaries. With over 1,700 employees, the company focuses on holiday packages in five core markets, located in Western Europe. In 2024, Lastminute Group reported revenues of CHF 282.2m, an EBITDA margin of 8.8% and ROCE of 20.4%. Currently, the company's market cap equals CHF 133.8m.
- (6) *Expedia Group Inc.*: Expedia, which is based in Seattle/USA, is a global online travel provider. It operates and owns various online travel websites and travel metasearch engines, including Trivago, Hotels.com and Orbitz. It creates travel products and services, including airplane tickets, boat cruises, travel packages, car rentals, accommodations, and adventure experiences. With >200 travel sites in >70 countries, it offers over 3m bookable properties and >220 unique activities. In 2025, Expedia generated revenues of USD 14.7bn, an EBITDA margin of 15.6% and a ROCE of 21.9%. Currently, the company has a market capitalization of USD 28bn.
- (7) *Jet2 PLC*: Jet2, which is based in Leeds/UK, engages in the leisure travel business primarily in the United Kingdom. The company operates scheduled holiday flights to leisure destinations in the Mediterranean, the Canary Islands, and European leisure cities. It is also involved in the package holiday and non-ticket retail activities, as well as passenger and charter aircraft operations. In addition, it engages in the aircraft leasing and financing services. In 2024/25, Jet2 generated revenues of GBP 7.2bn, an EBITDA margin of 8.4% and a ROCE of 11.8%. Currently, it is valued at GBP 2.1bn.

Company	EV/Sales			EV/EBITDA			P/E		P/BVPS	EBITDA margin	Net gearing	
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E	Latest	Last FY	Latest
TUI AG (EUR)	0.33x	0.32x	0.31x	6.77x	3.31x	3.09x	5.64x	4.75x	4.20x	1.97x	4.85%	212.14%
Booking Holdings Inc. (USD)	5.06x	4.55x	4.19x	13.46x	12.11x	10.89x	25.62x	15.84x	13.54x	neg	37.56%	n.a
Voyageurs du Monde SA (EUR)	0.48x	0.46x	0.44x	5.08x	4.85x	4.62x	12.69x	12.12x	12.03x	3.24x	9.25%	-134.53%
On the Beach Group PLC (GBP)	1.20x	1.08x	0.93x	5.33x	3.03x	2.60x	10.80x	7.71x	6.48x	1.50x	22.49%	-57.08%
Lastminute.com NV (CHF)	0.31x	0.29x	0.27x	2.04x	1.93x	1.76x	n.a	6.65x	5.90x	2.77x	8.75%	-65.67%
Expedia Group Inc. (USD)	2.04x	1.88x	1.76x	13.04x	7.56x	6.88x	23.28x	11.83x	9.99x	21.79x	15.62%	58.72%
Jet2 PLC (GBP)	0.01x	0.01x	0.00x	0.06x	0.06x	0.05x	5.32x	5.83x	5.05x	1.03x	8.41%	-101.15%
Median	0.48x	0.46x	0.44x	5.33x	3.31x	3.09x	11.75x	7.71x	6.48x	2.37x	9.25%	-61.38%
Rainbow Tours S.A. (PLN)	0.34x	0.31x	0.27x	4.17x	4.96x	5.32x	6.98x	8.20x	8.97x	3.59x	9.25%	-69.47%
Premium/Discount	-28.5%	-33.2%	-38.4%	-21.8%	50.1%	71.8%	-40.6%	6.3%	38.4%			
Fair value per share Rainbow Tours (PLN)	146.38											

Source: CapitalIQ, marketscreener.com, bankier.pl, East Value Research GmbH

As the table below shows, Rainbow Tours is No 3 in Poland in terms of the number of monthly website visitors. Its subsidiary Paralela 45 is No 4 in Romania. Regarding customer ratings for the Romanian travel agencies, they are based on a Perplexity search due to limited alternative sources.

	Feb-26		Average	Number of
	Total visits	Country rank	customer ratings	opinions
r.pl	4.25m	249	6/10	2,608
itaka.pl	4.46m	222	5.3/10	3,394
tui.pl	4.36m	244	n.a	n.a
coraltravel.pl	1.3m	746	5.4/10	3,052
paralela45.ro	192.1k	1,071	mixed	n.a
karpaten.ro	578.8k	346	rather negative	n.a
dertour.ro	434.4k	429	rather positive	n.a
christiantour.ro	795.4k	273	n.a	n.a

Source: Similarweb.com, wakacje.pl, Perplexity for Romanian agencies, East Value Research GmbH

Price target calculation

Valuation method	Fair value	Weight
DCF model	200.67	80%
Peer-group-based fair value	146.38	20%
Weighted average (present value)	189.81	
In 12-months (PV * (1+WACC))	210.00	

Source: East Value Research GmbH

Profit and loss statement

in PLNm	2022	2023	2024	2025E	2026E	2027E
Revenues	2,393.31	3,293.39	4,068.06	4,469.64	4,966.38	5,588.22
Cost of goods sold	-2,116.88	-2,724.09	-3,298.10	-3,702.84	-4,204.59	-4,787.12
Gross profit	276.43	569.31	769.97	766.80	761.79	801.10
Other operating income	6.01	10.90	2.95	2.00	1.90	1.81
Distribution costs	-172.39	-255.62	-287.06	-299.47	-332.75	-374.41
Administration costs	-48.52	-76.82	-96.70	-98.33	-109.26	-122.94
Other operating expenses	-7.10	-10.88	-13.02	-6.65	-15.54	-19.91
EBITDA	54.42	236.89	376.13	364.35	306.14	285.64
Depreciation	-21.59	-21.88	-22.45	-27.47	-28.02	-28.58
Operating income	32.83	215.01	353.68	336.88	278.12	257.06
Net financial result	-4.08	0.44	-0.10	-4.00	-2.00	-1.80
Gain/Loss from at-equity investments	0.00	0.00	0.00	0.00	0.00	0.00
EBT	28.75	215.45	353.57	332.88	276.12	255.26
Income taxes	-6.42	-41.69	-70.52	-63.25	-52.46	-48.50
Minorities	-0.83	-0.92	-1.07	-0.06	5.70	3.00
Net income / loss	21.50	172.84	281.98	269.57	229.35	209.76
EPS	1.53	11.94	19.94	18.52	15.76	14.41
DPS	0.50	6.29	11.00	9.26	7.88	7.21
Share in total sales						
Revenues	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Cost of goods sold	-88.45 %	-82.71 %	-81.07 %	-82.84 %	-84.66 %	-85.66 %
Gross profit	11.55 %	17.29 %	18.93 %	17.16 %	15.34 %	14.34 %
Other operating income	0.25 %	0.33 %	0.07 %	0.04 %	0.04 %	0.03 %
Distribution costs	-7.20 %	-7.76 %	-7.06 %	-6.70 %	-6.70 %	-6.70 %
Administration costs	-2.03 %	-2.33 %	-2.38 %	-2.20 %	-2.20 %	-2.20 %
Other operating expenses	-0.30 %	-0.33 %	-0.32 %	-0.15 %	-0.31 %	-0.36 %
EBITDA	2.27 %	7.19 %	9.25 %	8.15 %	6.16 %	5.11 %
Depreciation	-0.90 %	-0.66 %	-0.55 %	-0.61 %	-0.56 %	-0.51 %
Operating income	1.37 %	6.53 %	8.69 %	7.54 %	5.60 %	4.60 %
Net financial result	-0.17 %	0.01 %	0.00 %	-0.09 %	-0.04 %	-0.03 %
Gain/Loss from at-equity investments	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
EBT	1.20 %	6.54 %	8.69 %	7.45 %	5.56 %	4.57 %
Income taxes	-0.27 %	-1.27 %	-1.73 %	-1.42 %	-1.06 %	-0.87 %
Minorities	-0.03 %	-0.03 %	-0.03 %	0.00 %	0.11 %	0.05 %
Net income / loss	0.90 %	5.25 %	6.93 %	6.03 %	4.62 %	3.75 %

Balance sheet

in PLNm	2022	2023	2024	2025E	2026E	2027E
Cash and equivalents	142.42	275.63	287.63	451.57	474.96	472.89
Short-term financial assets	0.16	2.02	6.29	0.00	0.00	0.00
Inventories	0.18	0.19	0.24	0.27	0.31	0.35
Trade accounts and notes receivables	27.91	39.27	53.68	89.59	133.57	188.57
Other current assets	267.86	325.27	438.90	452.07	465.63	479.60
Current assets, total	438.52	642.38	786.74	993.50	1074.46	1141.40
Property, plant and equipment	243.79	236.62	383.10	400.00	425.00	460.00
Other intangible assets	4.69	4.34	4.61	5.07	5.63	6.33
Goodwill	4.54	4.54	4.54	44.06	44.06	44.06
Other long-term assets	22.24	72.58	112.36	0.27	0.27	0.28
Deferred tax assets	12.21	22.97	7.89	30.00	0.00	0.00
Non-current assets, total	287.47	341.05	512.51	479.39	474.96	510.67
Total assets	725.99	983.43	1299.24	1472.89	1549.42	1652.07
Trade payables	73.22	74.81	117.93	108.60	145.04	178.06
Other short-term liabilities	274.86	471.47	560.98	560.98	560.98	560.98
Short-term financial debt	44.23	40.20	27.09	80.00	70.00	60.00
Provisions	46.26	72.35	44.45	80.45	49.66	44.71
Current liabilities, total	438.57	658.82	750.45	830.03	825.68	843.74
Long-term financial debt	102.02	50.49	66.10	64.00	54.00	44.00
Other long-term liabilities	30.98	23.18	16.44	18.06	20.06	22.58
Other provisions	0.52	1.17	15.02	0.00	0.00	0.00
Long-term liabilities, total	133.52	74.84	97.55	82.06	74.06	66.58
Total liabilities	572.09	733.65	848.00	912.09	899.75	910.32
Shareholders equity, total	111.96	206.91	407.30	516.80	611.37	706.45
Minority interests	41.94	42.87	43.94	44.00	38.30	35.30
Total equity and debt	725.99	983.43	1299.24	1472.89	1549.42	1652.07

Cash Flow Statement

in PLNm	2022	2023	2024	2025E	2026E	2027E
Net income / loss	21.50	172.84	281.98	269.57	229.35	209.76
Depreciation	21.59	21.88	22.45	27.47	28.02	28.58
Change of working capital	3.80	-5.09	-65.77	-45.27	-7.57	-22.03
Others	35.64	66.48	23.95	105.72	-12.35	-16.42
Net operating cash flow	82.52	256.10	262.61	357.49	237.45	199.89
Cash flow from investing	-20.17	-18.74	-82.06	-84.34	-53.58	-64.28
Free cash flow	62.35	237.36	180.55	273.15	183.87	135.61
Cash flow from financing	-3.87	-104.15	-168.93	-109.21	-160.49	-137.68
Change of cash	58.48	133.21	12.00	163.94	23.39	-2.07
Cash at the beginning of the period	83.93	142.42	275.63	287.63	451.57	474.96
Cash at the end of the period	142.42	275.63	287.63	451.57	474.96	472.89

Financial ratios

	2022	2023	2024	2025E	2026E	2027E
Profitability and balance sheet quality						
Gross margin	11.55%	17.29%	18.93%	17.16%	15.34%	14.34%
EBITDA margin	2.27%	7.19%	9.25%	8.15%	6.16%	5.11%
EBIT margin	1.37%	6.53%	8.69%	7.54%	5.60%	4.60%
Net margin	0.90%	5.25%	6.93%	6.03%	4.62%	3.75%
Return on equity (ROE)	19.53%	108.41%	91.82%	58.34%	40.66%	31.83%
Return on assets (ROA)	3.52%	17.53%	21.71%	18.57%	14.93%	12.81%
Return on capital employed (ROCE)	8.87%	53.42%	51.59%	42.45%	31.13%	25.76%
Economic Value Added (in PLNm)	-5.09	138.87	224.74	204.47	148.27	122.21
Net debt (in PLNm)	3.84	-184.95	-194.43	-307.57	-350.96	-368.89
Net gearing	3.43%	-89.39%	-47.74%	-59.51%	-57.41%	-52.22%
Equity ratio	15.42%	21.04%	31.35%	35.09%	39.46%	42.76%
Current ratio	1.00	0.98	1.05	1.20	1.30	1.35
Quick ratio	0.39	0.48	0.46	0.65	0.74	0.78
Net interest cover	-8.05	488.67	-3467.40	-84.22	-139.06	-142.81
Net debt/EBITDA	0.07	-0.78	-0.52	-0.84	-1.15	-1.29
Tangible BVPS	7.65	13.98	28.48	32.49	38.99	45.52
Capex/Sales	1.20%	0.44%	4.16%	1.89%	1.08%	1.15%
Working capital/Sales	-1.89%	-1.07%	-1.57%	-0.42%	-0.22%	0.19%
Cash Conversion Cycle (in days)	-8	-6	-8	-7	-6	-5
Trading multiples						
EV/Sales	0.63	0.46	0.37	0.34	0.31	0.27
EV/EBITDA	27.91	6.41	4.04	4.17	4.96	5.32
EV/EBIT	46.27	7.06	4.29	4.51	5.46	5.91
P/Tangible BVPS	16.91	9.25	4.54	3.98	3.32	2.84
P/E	84.51	10.83	6.48	6.98	8.20	8.97
P/FCF	30.18	7.93	10.42	6.89	10.23	13.87

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