



**Sprawozdanie Zarządu Rainbow Tours S.A.
z działalności Spółki
oraz Grupy Kapitałowej Rainbow Tours
w roku obrotowym 2021**

Łódź, dnia 29 kwietnia 2022 roku

 **RAINBOW**
Archipelag Beztroski

This document is a foreign-language version of the original Report of the Management Board on the activities of the Company/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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The Issuer, pursuant to § 62 section 6 of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information filed by issuers of securities and conditions of recognizing information required by law of non-member states as equivalent (Journal of laws of 2018 item 757), drafts the report on operations of Rainbow Tours S.A. and operations of Rainbow Tours Group as one document covered by this "Report of the Management Board of Rainbow Tours S.A. on operations of the Company and Rainbow Tours Group in the financial year 2021.

1. Basic information about the Company and the Group

1.1. Basic Information on the Parent Company in the Capital Group



Business name of the Company (Parent Company of the Group): **Rainbow Tours Spółka Akcyjna**

The registered office of the Company: 90-361 Łódź, ul. Piotrkowska 270, Polska

NIP (Polish Identification Tax) No: 7251868136

Regon No (business registry No): 473190014

KRS (National Court Register) No: 0000178650

Rainbow Tours Joint Stock Company ("the Company", "the Issuer", "the Parent Company") is registered in the District Court for Łódź – Śródmieście XX Commercial Division in the Register of Entrepreneurs under the KRS No (National Court Register Number) 0000178650 (date of registration 4 November 2003). The main object of the company (according to National Court Register) comprises activities of tour operators (Polish Classification of Activities 7912 Z). According to Warsaw Stock Exchange the company is classified in the sector: 600 [trade and services]/ leisure services / 632 [travel agencies], industry sector: hotels and restaurants.

The Management Board of the Company:

As at 31.12.2021 and as the date of approval of this report for publication that is as at 29.04.2022, the composition of the Management Board 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.

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:

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.

Additionally, due to provisions of art. 387 § in connection with § 1 of the Code of Commercial Companies and Partnerships, Mr Tomasz Czapla and Mr Remigiusz Talarek, before 30.06.2021, ceased to serve as members of the Management Board of the subsidiaries. Mr Tomasz Czapla in the management board of White Olive A.E., White Olive Premium Lindos A.E. and "My Way by Rainbow Tours" and Mr Remigiusz Talarek in the management board of "My Way by Rainbow Tours" Sp. z o.o.

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

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

(-) pursuant to provisions of the Resolution No 23 OGM of the Company of 30.06.2021 the General Meeting, due to the arrangement resolved, in 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, and 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 (29.04.2022) 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 Puchalka - 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 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, that 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 information on voting results was published in the current report ESPI No 10/2021 of 30.06.2021) the General Meeting, taking into account the intention to appoint new members of the Supervisory Board - as of 01.07.2021, and considering the fact that previous members of the Management Board Mr Tomasz Czapla (previously the Vice-chairman of the Management Board and Mr Remigiusz Talarek (previously the Vice-chairman of the Management Board) resigned from membership and their roles in the Management Board and they had the intention to candidate for membership in the supervisory Board for the current sixth joint term of the Supervisory Board – decided, as of 01.07.2021, to increase the number of members of the Supervisory Board from 5 to 7 person and thus to establish that the number of members of the Supervisory Board in the current sixth joint term will be 7.

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

- 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 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 Supervisory Board.

1.2. Selected single financial data from the single financial statement of the Parent Company for the financial year 2021

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

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

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

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

- To calculate items of the statement of financial position – the average euro exchange rate applicable as at the last day of the period, fixed by National Bank of Poland as at 31.12.2021 (4.5994) and as at 29.12.2020 (4.6148);
- To calculate items of the statement of comprehensive income and cash flow statement – the euro exchange rate being the arithmetic average of average exchange rates fixed by National Bank of Poland, applicable as at the last day of the ended month of the financial period: for the period from 01.01.2021 to 31.12.2020 (4.5775) and for the period from 01.01.2020 to 31.12.2020 (4.4742).

1.3. Basic information about Rainbow Tours Group

Rainbow Tours is a parent company, within the meaning of relevant provisions of the act of 29 September 1994 on Accounting (that is Journal of Laws of 2021, item 217) in Rainbow Tours Group.

The chart below presents structure of Rainbow Tours Group as at the balance sheet date (31.12.2021 and as at 31.12.2020. The Group structure covers the Parent Company and its subsidiaries (jointly referred to as "Rainbow Tours Group", "the Capital Group", "the Group")

- "My Way by Rainbow Tours" Sp. z o.o.;
- White Olive A.E. [Anonymi Etaireia – company limited by shares operating under Greek law] – change (reduction of the share capital and share of votes at the general meeting of shareholders of White Olive A.E. from previously 100%/100% to respectively: 65.98%/65.98%, which took place on 30.03.2021 and the completion of the investment of Foreign Expansion Fund Privat Assets Closed-End Fund managed by PFR Towarzystwo Funduszy Inwestycyjnych S.A. (the Group of Polish International Development Fund), which involved equity participation of the fund jointly with Issuer (as the Partner) in White Olive A.E. to finance expansion of operations of White Olive A.E. with respect to provision of tourism services in hotels owned by White Olive A.E. or managed on long-term leases. Due to the 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%;
- Rainbow Tours Destination Services Turkey Turizm Ve Seyahat Hizmetleri A.S. [Anonim Sirketi - 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	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	100% / 100%	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 operator	Commercial Register (Ticaret Sicilinin): 25046; Centra; Registration System (MERSIS): 0734199873400001	100% / 100%	Direct subsidiary



the subsidiaries in Rainbow Tours Group, consolidated as at 31.12.2021

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. – 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 [website: <http://akademiarainbow.pl/>].

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

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

- "White Olive Premium Laganas" – a four-star hotel situated on a Greek island Zakynthos in Laganas, the hotel owned and administered by White Olive A.E.; "White Olive Premium Laganas" offers 137 spacious and modernly decorated four-star hotels, in 6 different types;
- "White Olive Premium Cameo" – a four-star hotel situated in Agios Sostis on the Greek Island Zakynthos, the hotel administered by White Olive A.E. on long-term lease, "White Olive Premium Cameo" offers 125 spacious and modernly furnished four-star hotel rooms in four types, situated in two buildings,
- "White Olive Elite Laganas" – 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" – 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 includes also "White Olive Premium Lindos", which is a property of the indirect subsidiary of the issuer, that is a private limited company operating under Greek law with the name White Olive Premium Lindos A.E. (the direct subsidiary of White Olive A.E.), which was described in the 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 a 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 of the Issuer were presented in Note 3 to the consolidated financial statements of Rainbow Tours Group for the financial year 2021 and point 1.5 of this report, below.

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

White Olive Premium Lindos A.E. (previously: "Oikodomikes Xenodoxeiales Touristikies Kai Emporikies 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.

The respective indirect subsidiary of the Issuer, starting from August 2019, is an owner of a hotel property:

- 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 hotels, "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 took place in the subsequent months at the territory of the Republic of Turkey, 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) on 26 August 2020.

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 - a company limited by shares, 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 also to 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 an increase in profitability of additional services sold to customers of Rainbow Tours Company limited by shares (tours and optional excursions), and at the subsequent stage the subsidiary will be ready to offer touristic products to other market entities (tour operators). The operations of the subsidiary, 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, started from Summer 2021 season.

1.4. The selected consolidated financial data from the financial statements of Rainbow Tours Group for the financial year 2020

STATEMENT OF FINANCIAL POSITION	PLN'000	PLN'000	EUR'000	EUR'000
	As at 31/12/2021	As at 31/12/2020	As at 31/12/2021	As at 31/12/2020
Fixed assets	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 capital	1 455	1 455	316	315
Equity attributable 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	PLN'000	EUR'000	EUR'000
	from 01/01/2021 to 31/12/2021	from 01/01/2020 to 31/12/2020	from 01/01/2021 to 31/12/2021	from 01/01/2020 to 31/12/2020
Continuing operations, sales revenue	1 279 424	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 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)

CASH FLOW STATEMENT	PLN'000	PLN'000	EUR'000	EUR'000
	from 01/01/2021 to 31/12/2021	From 01/01/2020 to 31/12/2020	from 01/01/2021 to 31/12/2021	from 01/01/2020 to 31/12/2020
Net cashflows 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 consolidated 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 31.12.2020 (4.5775) and for the period from 01.01.2020 to 31.12.2020 (4.4742).

1.5. Description of changes in the Group and reasons for changes

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 m². 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.

2. Description of economic and financial data, unusual factors and events.

2.1. Description of basic economic and financial data

In the reporting period of the financial year/calendar year of 2021 the operations of Rainbow Tours Group, and thus the Parent company were affected by the pandemic caused by spreading of SARS-CoV-2, which had considerable impact on financial performance of the Group in 2020. In a consequence of subsequent waves of pandemic, third in Spring 2021 and fourth in autumn of 2021, the financial performance, despite considerable improvement of sales for the Summer 2021 season from June to September 2021) were also adversely impacted linked to reduced desire to travel by potential customers. Limited ability to provide travel services in the full scope had both jointly as well as individually the effect on liquidity, financial situation and profitability of the Company in those periods (especially in 2020, but also in the lesser degree in 2021). The experience of how to cope (gained in 2020) with organization of travel in the pandemic time and related ever changing restrictions and obligations when crossing borders and entering into countries of holiday destinations allowed the Company and the Group to keep positive tendencies in restoring levels of sales recorded in 2019 as well as in the previous years. After relatively weak start of 2021 when it comes to value of sales and number of bookings (low value of sales of package trips and tours from January to April 2021) in the second part of 2021 the Parent Company (and also "hotel" companies) recorded considerable rise in sales levels, which peaked in the most effective months: July and August in 2021.

Revenue of the Parent Company recorded in the whole reporting period of 2021 came to 1,264,295 thousand and thus they rose by 194% against data recorded in the comparative period of 2020 (1 quarter of 2020 recorded growing levels of sales, the sales stopped only in the second half of March 2020 and the subsequent months of II quarter 2020 the Company did not earn any revenues), and it also constituted $\frac{3}{4}$ of the sales reveal from the record 2019.

The detailed presentation of sales revenue of the Company shows that revenue from sales of package holidays rose in 2021 against comparative data of 2020 by 193.5%, and when it comes to other revenue it was twelvefold increase. Taking into account comparative data for 2019 revenue from sales of package holidays came to around 72.2% of the revenue for 2019.

The table below shows specification of revenue of the Parent Company in the reporting period of 2021 against comparative period of 2020 and 2019.

structure of revenue of the Company	2021	2020	Movement	%
	January – December	January – December		
1	2	3	4=2-3	5=4/3
revenue from sales of package holiday	1 261 698	429 893	831 805	193.5%
Other revenue	2 597	198	2 399	1211.6%
Total revenue	1 264 295	430 091	834 204	194.0%

structure of revenue of the Company	2021	2019	Movement	%
	January – December	January – December		
1	2	3	4=2-3	5=4/3
revenue from sales of package holiday	1 261 698	1 735 355	(473 657)	(27.30) %
Other revenue	2 597	877	1 720	196.10%
Total revenue	1 264 295	1 736 232	(471 937)	(27.2) %

In the opinion of the Management Board gradual change of structure of revenue in different distribution channel is an expected event. In earlier years agent channel dominates sales of package holidays. The experience of the Company shows that that own chain of distribution generates lower costs than the amount of commission paid to agents. In previous years, that is until 2019, the Parent Company dynamically expanded its own sales chain. As a result of the pandemic some of the offices were shut down and this event is linked to falling share in the total revenue, the revenue earned through own offices and call centre and increase in sales through agents.

The table below presents revenue of the Company from package holiday in different sales channels:

Description	The period of 12 months ended on 31.12.2021		The period of 12 months ended on 31.12.2020		Dynamics	Dynamics
	PLN'000	Structure %	PLN'000	Structure %	PLN'000	%
sales through agent channel	484 386	38.40%	171 732	39.90%	312 654	182.06%
Sales through of own offices and call centre	627 039	49.70%	208 184	48.40%	418 855	201.19%
Other	150 273	11.90%	49 977	11.70%	100 296	200.68%
Total	1 261 698	100.0%	429 893	100.0%	831 805	193.5%

In 2021 (duration of the economic reality affected by consequences of SARS-CoV-2 pandemic; restoration of level of sales from package holiday for "Summer 2021" season and II half of 2021) the offer of the Parent Company was purchased by 335,258 customers, which is rise in number in customers against the data for 2020 (the beginning of the pandemic and substantial restrictions in I and II wave of the pandemic before introduction of the national COVID-19 vaccination programme in 2021) when the total number of customers of the Parent Company came 98,731. Compared to 2019 (record year for revenue for the Parent Company during the normal operations' period for the Company and the package holiday industry), when the total number of customers of the Parent Company came to 491, and the data for 2021 shows still persistent in 2021 (that is the period of gradual recovery from the pandemic) fall in number of customers against total number of customers for 2019 at the level of 31.7%.

The table below presents number of customers for package holidays organized by the Parent Company (Rainbow Tours S.A.) for 2021 in and in relation to 2020 and 2019.

2021	2020	Dynamics 2021/2020 [%]	2021	2019	Dynamics 2021/2019 [%]
335 258	98 731	339.6%	335 258	491 008	68.3%

Cost of sales of package holidays sold in the reporting period - the year 2021 - came to PLN 1,127,615 thousand, up by around 196.1% in the same category of costs for the comparative period of 2020 (PLN 380.804 thousand) and down in the same category of costs for 2019 (PLN 1,503,801 thousand). Own cost of sales showed higher dynamics of growth against dynamics of sales revenue growth, which was caused predominantly by pandemic restrictions. Gross profit on sales (profit margin on sales) earned in the reporting period 2021 came to PLN 136.680 thousand and the growth dynamics came to as much as 171.3%. Overheads in the reporting period of 2021 came to PLN 142,833 thousand, up by 55,841 thousand against to this category of costs incurred in the comparative period of 2020 (PLN 86,992 thousand), which is growth dynamics up by 64.2%. The Management Board of the Company in 2020 implemented series of restructuring operations, mainly marketing expenses were reduced and rent costs in shopping centres. The Company used subsidiary schemes provided in so called Anti-Crisis Shield and Financial Shield introduced in Poland in that period (also in 2021, if it was available).

The tables below present specification of overheads for the Parent Company:

Overheads of the Company i	The period of 12 months ended on 31.12.2021 r.		The period of 12 months ended on 31.12.2020 r.		Movement	%
	1	2	3	4	4=2-3	5=4/3
Selling costs		113 774	66 145	47 629		72.00%
Overheads		29 059	20 847	8 212		39.40%
Total cost of operations		142 833	86 992	55 841		64.2%

The Parent Company classifies commission paid to agents cooperating with the Issuer, marketing costs and cost of own distribution channels (traditional offices and call centre) in selling costs. Selling costs in the reporting period 2021 came in total to PLN 44,999 thousand up by PLN 20,920 thousand than selling costs incurred in the comparative pandemic year 2020 (PLN 20.083 thousand).

As a consequence of the waive off of 75% of the original amount of the soft loan granted by Polish Development Fund under the Financial Shield of the Polish Development Fund for Large Companies "Ver. 1.0." (Waive off of PLN 18,600 thousand), the Company increased level of other operating revenue. In the reporting period 2021 the Parent Company recorded profit on operations described operating margin (EBIT), which came to PLN 21,062 thousand, while in the comparative pandemic year of 2020 the amount of the operating margin (loss on operations) came to (-) PLN 35.173 thousand. The gross margin for the financial year 2021 came to 10.81% (in the financial year 2020 the value was at 11.68%).

As a consequence of progressing recovery in III quarter from SARS-CoV-2 pandemic (due to growing acceptance for travelling despite SARS-CoV-2 pandemic but also due to characteristic for the tourism industry peak of the holiday season in Poland and Europe) and rising levels of sales the Parent Company recorded, considering the effect and consequences of aid programmes funded by the Polish government in response to negative impact of SARS-CoV-2 in the whole financial year, net profit in the amount of PLN 19,092 thousand, when for the financial year 2020 (the period of occurrence and development of SARS-CoV-2 pandemic; I and II wave of the pandemic, peaks of cases of Covid-19 and severe restrictions) suffered (despite substantial growing trend for results for the period January- February 2022 against January to February 2020) in the amount PLN (-) 29,898 thousand. For the financial year 2019 the Parent Company earned net profit in the amount of PLN 26,118 thousand.

Net profitability for the Parent Company, which is the ratio of net profit /net loss to sales revenue in the reporting period of 2021, came to 1.51%. In the comparative period 2020 the ratio (due to loss) came to (-) 6,93%. EBITDA for the single data in the financial year 2021 z came to PLN 33,258 thousand, higher than EBITDA in the comparative financial year 2020, when EBITDA for the single data was negative and came to (-) 26,655 thousand. It should be mentioned that in the financial year 2021 the cost of borrowing reduced net profit of the Company.

In the single statement of financial position in "Liabilities" in the item deferred revenue the amount of PLN 145,978 thousand refers to prepayments for advance sales (prepayments received for future package holiday). Cash and liquid assets came to PLN 82,941 as at the end of December 2021.

The Capital Group

Due to the fact that the amount of consolidated revenue is considerably affected by value of sales of the Parent Company in the Group (that is Rainbow Tours S.A.), tendencies with respect value of sales revenue of Rainbow Tours Group for the reporting period of 2021 in relation to value of sales for comparative periods of the financial year 2020 and 2019 are the same as for the single data.

Revenue of Rainbow Tours Group in the financial year 2021 went up by around 194 % against the comparative period of the financial year 2020 (I quarter of 2020 had practically rising levels of sales, the sales stopped only in the second half of March 2020) and in subsequent months of II quarter of 2020 the Company didn't earn any revenue) and they also constituted around 73.3% of revenue recorded in "the normal" period (that is not affected by COVID-19) of the financial year 2019. The detailed presentation of revenue of the Group shows that revenue from sales of package holiday grew in 2021 against the data for the financial year 2020 by around 194.3%. Compared to the comparative data for the financial year 2019 revenue from sales of package holiday earned by the Group in 2021 came to 72.7% of the levels earned in "normal" (record for the Parent Company) financial year 2019.

Because hotel operations are seasonal, "hotel companies" (White Olive A.E., White Olive Premium Lindos A.E.) in the model scenario start operations and start earn revenue at the end of April in the calendar year. In 2021 Greek government provided sanitary protocols that made hotel operations possible at the beginning of May 2021, which enabled to open operations only from the half of May 2021.

The tables below provide specification of revenue of Rainbow Tours Group for the financial year 2021 against comparative data for the financial year 2020 and 2019:

Structure of revenue of the Group	The period of 12 months ended on 31.12.2021 r.	The period of 12 months ended on 31.12.2020 r.	Movements	%
	PLN'000	PLN'000	PLN'000	
1	2	3	4=2-3	5=4/3
Revenue from sales of package holiday	1 268 610	431 063	837 547	194.3%
Other sales revenue	10 814	3 393	7 421	218.7%
Total revenue	1 279 424	434 456	844 968	194.5%

Structure of revenue of the Group	The period of 12 months ended on 31.12.2021 r.	The period of 12 months ended on 31.12.2019 r.	Movement	%
	PLN'000	PLN'000	PLN'000	
1	2	3	4=2-3	5=4/3
Revenue from sales of package holiday	1 268 610	1 744 762	-476 152	-27.3%
Other sales revenue	10 814	1 198	9 616	802.7%
Total revenue	1 279 424	1 745 960	-466 536	-26.7%

Consolidated gross profit on sales, described as gross profit margin, came to PLN 145,233 thousand, in the financial year, when in the comparative period of the financial year 2020 the margin came to PLN 46,521 thousand. In the financial year 2019 the

margin came to PLN 238,929. Gross margin on sales for the reporting period of the financial year 2021 came to 11.4% (for the financial year 2020 it was 10.7 and for the financial year 2019: 13.7%).

The table below presents specification of administrative cost of the Group for 2021 and the comparative financial year 2020.

Administrative costs of the Group	The period of 12 months ended on 31.12.2021 r.	The period of 12 months ended on 31.12.2020 r.	Movement	%
	PLN'000	PLN'000	PLN'000	
1	2	3	4=2-3	5=4/3
Selling cost	120 146	68 803	51 343	74.6%
Overheads	34 700	24 782	9 918	40.0%
Total	154 846	93 585	61 261	65.5%

Net margin for the Group, which is the ratio of net profit to revenue in the reporting period 2021 came to 1.29%; in the comparative financial year 2020, it was (-)9.7%, and in the financial year 2019: 1.64%.

Costs of amortization and depreciation in the financial year 2021 came to PLN 19,445 thousand, and in the comparative year 2020 the cost of amortization and depreciation came to PLN 16,713 thousand. EBITDA in the financial year 2021 came to PLN 39,333 thousand and in the comparative financial; year 2020: PLN (-)28.899 thousand.

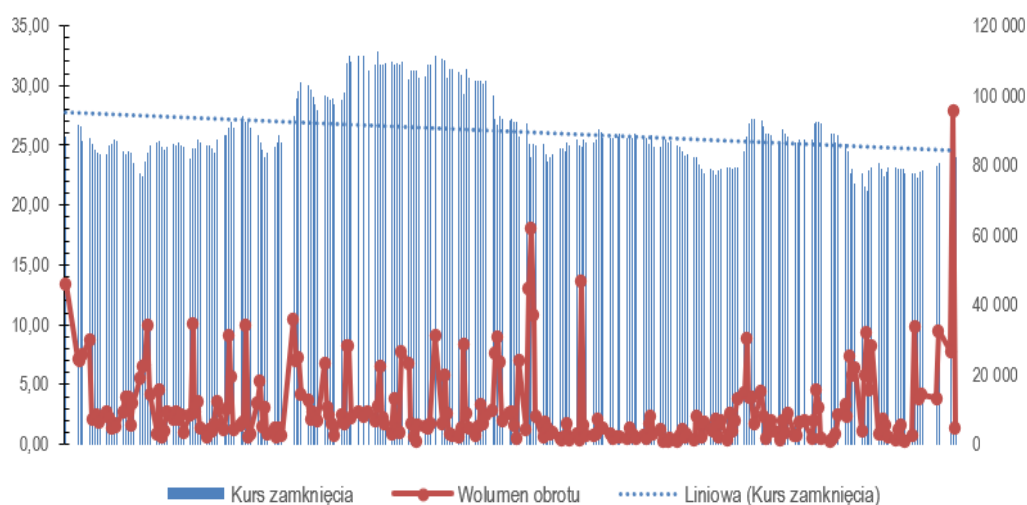
The above facts affected the amount of the consolidated result of Rainbow tours Group for the financial year 2021, which closed with net profit of PLN 16,480 thousand, up by PLN 58 million against the consolidated net loss for the financial year 2020, which amounted to PLN (-) 42.208 thousand, which means reduced net profit against the consolidated net profit of the Group earned in "the normal" (before occurrence of SARS-CoV-2 pandemic) financial year 2019 (net profit in the amount of PLN 28,595).

As at 31.12.2021 the amount of working capital loans came to PLN 10,000 thousand and the cash was at PLN 83,934 thousand. Considering the total financial involvement, that is aid loans granted by agencies of the Polish and Greek governments and also right of use liabilities and total lease liabilities the total financial debt of the Group as at 31.12.2021 came to PLN 111,857 thousand.

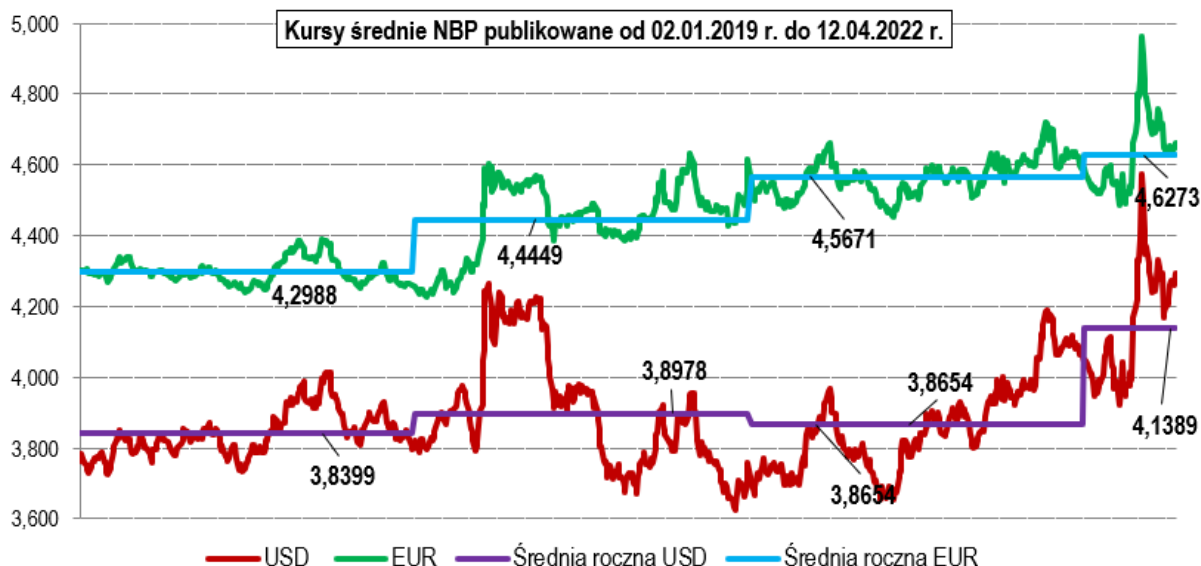
Operations of the Parent Company in 2020 and 2021 in highly adverse pandemic conditions for the tourism industry and the reality directly and indirectly affected by them and which influence economic operations of the Parent Company as well as trading price and stock market quotations of the issuer. Stock prices of the Company at the beginning of 2020 came to PLN 35.10 per share, and at the last session in 2020 the shares were trade at PLN 23.60 per share and at the last session in 2021 the closing price came to PLN 24.00. The highest price for shares of the parent company in 2021 was recorded at the session on 10.05.2021 and it came to PLN 32.90 per share. As at 31.03.2022 the share price came to PLN 23.85. Capitalization of the Company (meaning the product of the share price on the last day of trading in a given calendar year and number of all shares of the Company) as at the last day of 2021 came to PLN 349.2 million, as the last date of 2020 it was PLN 343.4 million and at the last day of 2019 and it amounted to PLN 513.6 million.

The below chart presents the price if shares and the value of trade with shares of Rainbow Tours S.A. for 2021.

Ceny akcji Rainbow Tours S.A. oraz wolumen obrotu w 2021 roku

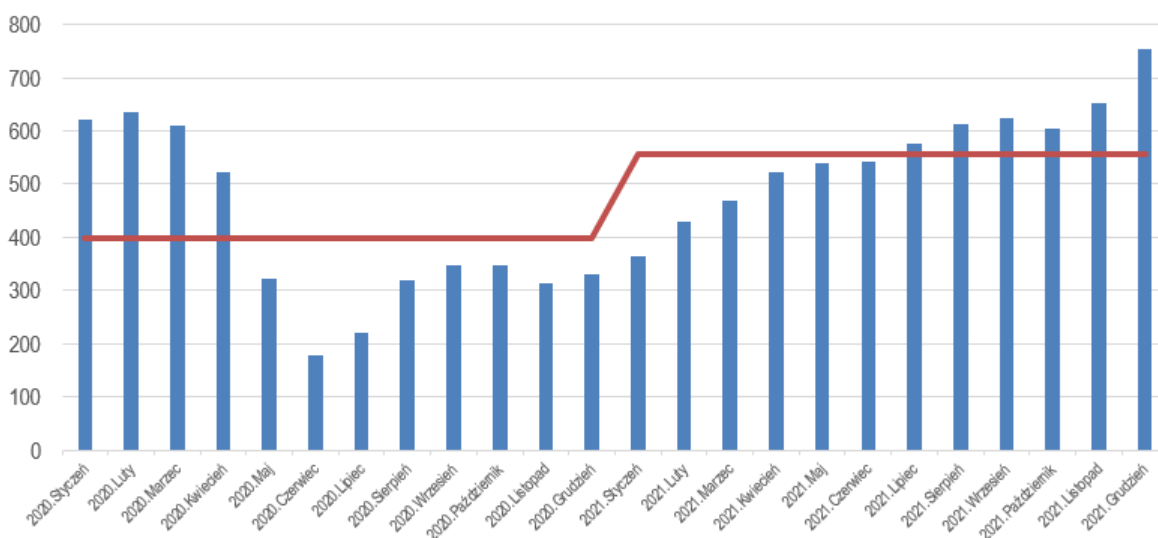


SARS-CoV-2 pandemic affected in 2020 currency prices against the Polish zloty. Market exchange rates of EUR and USD in the whole 2020 rose respectively for EUR by 3.5%, and for USD by 1.5%. In 2021 they continued to grow, and their rise against 2020 came to around 2.7%. The average exchange rate of American dollar in 2021 went slightly down that is by less than 1 p.p. In 2021 the Parent Company continued its currency hedge policy. The Management Board of the Parent Company estimates that in 2021 the system of currency hedges earned profit on exchange rates (the purchase price of the currency compared with the market price on the transaction date) in the amount of PLN 4.8 million (in 2020 the profit came to around 2.6 million). The start of unjustified and aggressive military invasion on the territory of Ukraine at the end of February 2022 caused considerably material effect on foreign exchange rates.



Another factor, independent of the Company, are the prices of aviation fuel, which have considerably material effect on profitability of the Company. The level of market price for aviation fuel in 2021 compared with 2020 rose and is, unfortunately, on the rise. The chart below presents levels of aviation fuel in 2021 and 2020.

Ceny paliwa Jet CIF ARA HIGH w 2020 i 2021 roku



ALTERNATIVE MEASUREMENT OF PERFORMANCE – SELECTED FINANCIAL RATIOS

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

and /or notes. These are measurements calculated on the base of information from financial reports drafted in accordance with IFRS

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

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

Measure: EBIT

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

Measure	Single data		Consolidated data	
	from 01/01/2021 to 31/12/2021	from 01/01/2020 to 31/12/2020	from 01/01/2021 to 31/12/2021	from 01/01/2020 to 31/12/2020
	PLN'000	PLN'000	PLN'000	PLN'000
EBIT = profit / (loss) on operations	21 062	(35 173)	19 888	(45 612)

Measure: Gross Margin

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

Measure	Single data		Consolidated data	
	from 01/01/2021 to 31/12/2021	from 01/01/2020 to 31/12/2020	from 01/01/2021 To 31/12/2021	from 01/01/2020 to 31/12/2020
	PLN'000	PLN'000	PLN'000	PLN'000
Sales revenue	1 264 295	431 183	1 279 424	434 456
Gross profit/loss on sales	136 680	50 379	145 233	46 521
Gross Margin	10.81%	11.68%	11.35%	10.71%

in 2021

Definition: the measure is the main measure of operating profitability used by the management board and it reflects profit on operation before amortization and depreciation and fixed asset impairment.

Measure	Single data		Consolidated data	
	from 01/01/2021 to 31/12/2021	from 01/01/2020 to 31/12/2020	from 01/01/2021 to 31/12/2021	from 01/01/2020 to 31/12/2020
	PLN'000	PLN'000	PLN'000	PLN'000
[A] Profit (loss) on operations	21 062	(35 173)	19 888	(45 612)
[B] Amortization and Depreciation [positive]	12 196	8 518	19 445	16 713
EBITDA = [A] + [B]	33 258	(26 655)	39 333	(28 899)

Measure: Financial Debt

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

Measure	Single data		Consolidated data	
	from 01/01/2021 to 31/12/2021	from 01/01/2020 to 31/12/2020	From 01/01/2021 to 31/12/2021	From 01/01/2020 To 31/12/2020
	PLN'000	PLN'000	PLN'000	PLN'000
[A] overdraft lines of credit	-	59 028	-	59 028
[B] renewable credits	10 000	12 000	10 000	12 000
[C] bank loans – investment loans	-	-	57 839	66 518
[D] subsidy loan	-	24 836	1 961	26 803
[E] capital lease obligations	614	877	614	877
Financial debt = [A] + [B] + [C] + [D] + [E]	10 614	96 741	70 414	165 226

Measure: Net financial debt

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

Measure	Single data		Consolidated data	
	from 01/01/2021 to 31/12/2021	From 01/01/2020 To 31/12/2020	from 01/01/2021 to 31/12/2021	from 01/01/2020 to 31/12/2020
	PLN'000	PLN'000	PLN'000	PLN'000
[A] financial debt	10 614	96 741	70 414	165 226
[B] cash and cash equivalents	82 941	28 178	83 934	28 809
Net financial debt = [B] - [A]	72 327	(68 563)	13 520	(136 417)

Measure: Total Debt

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

Measure	Single data		Consolidated data	
	from 01/01/2021 to 31/12/2021	From 01/01/2020 to 31/12/2020	from 01/01/2021 to 31/12/2021	from 01/01/2020 to 31/12/2020
	PLN'000	PLN'000	PLN'000	PLN'000
[A] financial debt	10 614	96 741	70 414	165 226
[B] right of use liabilities	28 655	22 355	41 443	44 190
Total debt = [A] + [B]	39 269	119 096	111 857	209 416

Measure: Net Total Debt

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

Measure	Single data		Consolidated data	
	From 01/01/2021 To 31/12/2021	From 01/01/2020 To 31/12/2020	From 01/01/2021 To 31/12/2021	From 01/01/2020 To 31/12/2020
	PLN'000	PLN'000	PLN'000	PLN'000
[A] total debt	39 269	119 096	111 857	209 416
[B] cash and cash equivalents	82 941	28 178	83 934	28 809
Total Debt = [B] - [A]	43 672	(90 918)	(27 923)	(180 607)

Measure: Net Margin

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

Measure	Single data		Consolidated data	
	from 01/01/2021 to 31/12/2021	from 01/01/2020 to 31/12/2020	From 01/01/2021 to 31/12/2021	From 01/01/2020 to 31/12/2020
	PLN'000	PLN'000	PLN'000	PLN'000
[A] Sales revenue	1 264 295	431 183	1 279 424	434 456
[B] Net profit (loss)	19 092	(29 898)	16 480	(42 208)
Net margin = [B] / [A]	1.51%	-6.93%	1.29%	-9.72%

2.2. Unusual events

In the reporting period of the financial year/ the calendar year 2021 the effect on operations of Rainbow Tours Group, including the Parent Company was caused by spreading of SARS-CoV-2, which effect materially affected the financial performance of the Group in 2020. Starting from March to June 2020 the Parent Company practically did not pursue its operations of the tour operator, also substantially reduced because of so called COVID-19 pandemic, what considerably affected the level of sales of Rainbow Tours Group and the Parent Company in 2020. As a consequence of subsequent waves of the pandemic, third – in Spring 2021 and fourth in autumn 2021, the financial performance for 2021, despite substantial improvement of sales achieved in the Summer 2021 season (from June to September 2021), was also affected by negative consequences related to less desire to travel by potential customers. The limited possibility to provide tourism services in the full scope, jointly or individually had effect in the specific periods (especially in 2020, but also to a lesser extent in 2021) on liquidity, financial situation and profitability of the Company and the Group, including on (at least potentially) reduction of the carrying amount of assets (shares in subsidiaries, the value of fixed assets in subsidiaries and advances paid to hotels for their future services), the necessity to refund advances paid to customers of the Company for future services, risk of reducing amount of values in loan contracts (covenants), reduction of net cash flows and increased demand for borrowings. Other effects of the pandemic, which impacted operations of the Company and the Group, included reduced sales and cash inflows from services provided in the Summer 2020 and Winter 2020/2021 season, a change in financial situation of the partners of the Company - hotels, which provide hotel services of package holidays offered by the Company, and the situation of the subsidiaries in Greece – owners and operators of hotels.

The experience from 2020 of how to cope with organization of travel during the pandemic, and ensuing restrictions and obligations imposed in respect of crossing borders and entry to countries of holiday destinations, allowed the Company and the Group to keep positive tendencies in restoring levels of sales for 2019 and in earlier years. The following factors were of considerable importance in that case:

- Covid-129 vaccination programme started at the beginning of 2020 and developed in first months of 2021 (stunted in the second half of 2021) not only in Poland but also countries of interest for potential customers of the Group and the Parent Company.
- Positive consumer moods persisting after quenching subsequent waves of the pandemic (in different waves and stages of it) and coming to terms with living and travelling with restrictions and obligations (the testing obligation and increased acceptance of the customers for requirements (when crossing borders) to have negative COVID-19 tests in some destinations). Liberalization in quenching of so called “third wave of the pandemic”, in Summer 2021 season, sanitary protocols in hotels and restaurants and also opening of tourist attractions that is museums, aquaparks etc.)
- Change of interest and increased interest of potential customers in so called exotic holidays (holidays in such destinations as: Dominican Republic, Mexico, Zanzibar, Kenya, Thailand) due to mild restrictions and sanitary limitations or none of them in “exotic” destinations.
- Purchase of package holiday related to so called and pent-up demand for tourism services (package holidays, which did not take place due to second and third wave of COVID-19 pandemic determined by put aside financial resources and positive consumer moods following relative return to normal social life). Current high sales of new bookings linked to pent up demand came to comparable periods to as much as 77% from the similar periods of 2019.
- relatively big customer base of the Parent Company (several dozen of thousand) originally making bookings for 2020, which decided to transfer their bookings for later dates in 2021, additionally: relatively large base of customers, who decided to take touristic vouchers, which were not used previously.
- Undertaking, by the Management Board of the Company, number of action aimed to minimize risk linked to the pandemic caused by spreading of SARS-CoV-2, including by reduction of costs and liabilities of the Company and active use of aid and protective programmes for businesses, which were gradually introduced pursuant to respective decisions of Polish government under so called Anit-crisis Shield and Financial Shield (the Parent Company used a soft loan under so called

Financial Shield for Large Companies 1.0 and obtained the loan in the amount of PLN 24.8 million of which the amount of PLN 18.6 million was waived off.

Following relatively weak beginning of 2021 (here: relatively low value of sales of package holidays from January to April 2021), in the second half of 2021 the Parent Company (also "hotel" subsidiaries) recorded material rise in levels of sales, which peaked in the most effective months for the tourism industry: July and August 2021.

Occurrence of so called "third wave of the pandemic" in the reporting period of the financial year 2021 – that was second half of February 2021, with its peak at the turn of March and April (the untypical event with consequences for operations of the Parent Company) had impact on operations of the Parent Company and the Group in the I half of 2021, mainly in I quarter of 2021, however, due to considerable improvement of consumer moods following calling off lockdown caused by so called thirds wave of the pandemic (gradual improvement of the epidemic situation in Poland and in the world, including holiday destinations covered by Group's sales offer) led to improvement to improvement of sales results for the Parent Company in II quarter of 2021 (in April and May 2021) and they, in the subsequent period :III quarter of 2021, came to (also due to characteristic seasonal peak for the tourism industry in Poland and Europe) highly satisfactory and exceeding initially planned volumes of sales (almost 2/3 of the revenue from tour operator activities of the Parent Company for the year 2021 – sales of package holiday for tourism season Summer 2021 – were recorded in III quarter of 2021.

With gradual revoking of restrictions and limitations imposed in Poland the Parent Company recorded gradual restoration of consumer optimism in Poland, which led to noticeable rise in current sales (new bookings) in II quarter of 2021 and subsequently considerable rise of sales in III quarter of 2021. Relevant details in this respect were presented by the Issuer in current ESPI reports: No 16/2021 of 05.07.2021, No 19/2021 of 05.08.2021 and also in the periodical reports for I half-year of 2021 PSr 2021, which was published on 30.09.2021, and for III quarter of 2021 QSr 3/2021, which was published on 26.11.2021

Occurrence and escalation of so called IV wave of SARS-CoV-2 pandemic in Poland and Europe, when the peak of infection took place from the end of October and continued in subsequent months of 2021, in consequence affected the operations of the Parent Company and led to slow-down in rise in sales and lower number of bookings and package holidays in the following "Winter 2021/2022 season". Because the onset and the escalation of so called IV wave of the pandemic was for the period after the end of "Summer 2021", and still before actual opening of the Winter 2021//2022 season and its peak, where exotic destinations (the offer of package holidays in such destinations as: Dominican Republic, Mexico, Zanzibar, Kenya and Thailand) are the regions with the lowest rises in infection levels and potentially adverse effects and pandemic restrictions, if any, linked to so called IV wave of SARS-CoV-2 pandemic with less substantial effect of provision of holiday services by the Parent Company in those destinations. However, high number of infections and deaths as well as the persistent tendency in this respect had direct or indirect impact on operations of the Company in IV quarter of 2021 and also in I quarter of 2020.

Due to relatively high number of new bookings and materialization of vouchers value of the revenue for the "Summer 2021" season (services provided in April – October 2021) came to PLN 936.6 thousand, that is at the level of around 74.2% of the amount for the same period of "normal" Summer 2019 season (services provided from April to October 2019)

Detailed information on the effect of SARS-CoV-2 pandemic on operations of the Parent Company and the Group and actions taken by the Management Board in 2020 intended to prevent negative effects of the crisis caused by spreading of SARS-CoV-2 on operations of the Company was presented (for the period of 2020 and the subsequent period until 30.04.2021) i.e., in part III. Point 3.3. "Continuation of Operations" and point 3.4. "The impact of COVID-19 on operations of the Company, activities of the Management Board" in the single financial statements Rainbow Tours S.A. for the financial year 2020, and also in part III, point 3.3 "Continuation of Operations" and point 3.4. "The impact of COVID-19 on operations of the Company, activities of the Management Board" in the consolidated financial statements of the Group for the financial year 2020 (both reports published on 30.04.2021).

Detailed information on the effect of SARS-CoV-2 pandemic on operations of the Parent Company and the Group and on actions taken by the Management Board of the Company in 2021 aimed to prevent negative effects of crisis caused by spreading of SARS-CoV-2 on operations of the Company was presented (for the year 2021 until 26.11.2021) i.e., in Note 4.2. "Continuation of Operations" in the interim extended consolidated report of Rainbow Tours Group- for III quarter of 2021 and accruing for II quarters of 2021 was published on 26.11.2021.

Information on the effect of SARS-CoV-2 pandemic on operations of the Parent Company and the Group in 2021 was presented i.e. in part III point 3.4 of the single financial statements of Rainbow Tours S.A. for the financial year 2021 "The effect of COVID-19 on operations of the Company" and also in part III point 3.4 of the consolidate financial statements of the Group for the financial year 2021 titled "The effect of COVID-19 on operations of the Company" (both reports approved for publication on 29.04.2022).

On 25.04.2022 the Journal of Laws published the regulation of the Council of Ministers 25.04.2022 on imposing restrictions in air traffic (Journal of Laws of 2022, item 894), which provisions impose due to limited access to air navigation services covering air operations and reduction of declared capacity of Terminal Manoeuvring Area (TMA) Warsaw (the area controlled by TMA

Warsaw covers TMA Warsaw covers Warsaw Chopin Airport (EPWA) and Warsaw Modlin (EPMO)]. The regulation, as rule comes into force as of 01.05.2022 and lose its effect 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.

3. Strategy of development of the Company and the Capital Group

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

Despite suppression of economic growth trends in the local as well as global scale, resulting from the pandemic triggered by SARS-CoV-2, the strategy for Rainbow Tours Group for 2021 and the years to follow - similarly as in 2020, provides for consistent creation of strong and recognizable Rainbow brand on mass tourism market and a strong Group, which would cover all aspects of tourism market. The mission of Rainbow Tours Group is to find out what are customers' dream holidays and fulfil those dreams. The main objective of the Group is to create the best tour operator in Poland - with established reputation among all Polish people. The name Rainbow Tours is to be a synonym of quality, reliability and experience of employees. Additionally, it should be associated with 100% holiday satisfaction and finding out true colours of destinations.

Main instruments to implement the strategy are consistent and are continuously improved:

- Diversified offer of package travel directed mostly at mass market customers. The offer is expanded to include new destinations, depending on current trends. The company still expands its operations to include business trips, incentive trips, etc.
- Multi-distribution channel. Apart from a chain of stores, a call centre the Internet will play a bigger role in sales. Bigger share of sales in own stores will allow to relatively lower costs and maintain full control over quality and form of sales.
- Development of new technologies, including own reservation system.
- creation of the hotel chain in Greece, including due to funds obtained under the contract signed in February 2019 with Foreign Expansion Fund FIZ AN (which is a part the Group of Polish Development Fund) and loans from Bank BGK. Development of the hotel chain will enable the Group to earn higher margins
- Optimisation of employment and costs, i.e., by concentration of operations in the parent company, hotels operated by subsidiaries White Olive A.E. and White Olive Premium Lindos A.E.
- Consolidation of charter market to sell tickets with profit to smaller tour operators

- Filling seats in charter planes, because the respective sale affects substantially profitability of whole package holidays.
- Effective currency policy, which has an impact on expansion of financing.

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

The nature of internal and external factors, which are significant for development of the Company and Rainbow Tours Group due to the pandemic caused by SARS-CoV-2 coronavirus, and the description of perspectives for development in the financial year 2021 were presented in point 4 below: "Characteristic of external and internal factors that are significant for Company's growth and perspectives for development in the next financial year".

4. Characteristic of external and internal factors that are significant for Company's growth and perspectives for development in the next financial year.

In the financial years 2020 and 2021 the most significant and basic factor (in this case: external factor), which had material effect on development of the business of the issuer and jointly on operations of Rainbow Tours Group was SARS-CoV-2 pandemic, and its consequences directly and indirectly influencing tourism industry in broad sense, and that due to operations of global economy adversely affected by the pandemic, restrictions and limitations intended to prevent infections and COVID-19. Despite the fact that in 2021 we could see gradual coming to terms with the pandemic and progressive extinguishing following subsequent waves of the pandemic, the effects of the pandemic on the tourism in future periods will also be considerable. According to the data and summary provided by Tourism Guarantee Fund in 2021 some 3.69 million customers purchased offers of the Polish tour operators, that is up by 265% than in strictly pandemic 2020 year, but it is still around 49% less than in the norm (pre-pandemic) 2019¹. The pandemic and post pandemic situation are still negatively perceived, which is of importance for development and restoring norm in packaged holiday industry (it is limited and becoming irrelevant as population is recovering from subsequent pandemic peaks).

Because of the unjustified military aggression of Russian Federation on the territory of Ukraine (starting from 24.02.2022) and thus, inflicted military conflict, the risk of political and economic situation in the world and related military conflict is of primary importance. The Management Board of the Company point to potential effect of those risk factors (their joint or individual potentially adverse effect on liquidity, financial situation and profitability of the Parent Company and companies of the Group) i.e.:

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

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

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

The situation in Ukraine does not affect Rainbow's flight program. All flights take place without changes. Charter planes do not have set routes and do not fly over Ukraine or Russia. Also, package travel planned with the use of airline connections of:

¹ Źródło: „Raport: Cztery miliony klientów biur podróży, ponad połowa wybrała zagranicę”; serwis internetowy turystyka.rp.pl; 25.02.2022 r.; <https://turystyka.rp.pl/biura-podrozy/art35758001-raport-cztery-miliony-klientow-biur-podrozy-ponad-polowa-wybrala-zagranice>

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:

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

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

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

Possible loss of confidence regarding travelling related to worse consumer moods due to the armed conflict and the war in the territory of Ukraine (or potential occurrence of another wave of SARS-CoV-2 pandemic) can impact development of tourism industry, just as rising inflation and rising interest rates which can lead to economic stagnation and rising prices of crude oil - what in turn has direct effect on cost of flight tickets. Negative effects may lead to delaying decisions to go on holiday.

Considering importance of those global factors (SARS-CoV-2 pandemic, armed conflict in Ukraine) positive and optimistic tendencies in this sector of economy and human activities, which already occurred in at the beginning of 2022 will have following effect on perspectives of operations of tourism industry in Poland and in the whole world in 2022:

- Progressive lifting of restriction, limitations and sanitary protocols in many countries with holiday destinations after the peak of fifth wave of the pandemic:

Many countries, including popular (and covered by Rainbow) holiday destinations started to lift travelling restrictions or restriction limiting internal transportation and access to restaurants, hotels etc., which were earlier introduced, to counteract COVID-19 pandemic. As of 15.03.2022 travellers going to Greece do not have to fill in PLF form and as of 05.03.2022 they do not have use disposable gloves to put food on their plates²; lifting anti-covid limitations and restrictions and introduction of other facilitations is undertaken by many countries in full scope (e.g. Dominican

² Źródło: „Grecy łagodzą reżim antycovidowy. Znikają formularze PLF i rękawice jednorazowe”; serwis internetowy turystyka.rp.pl; 03.03.2022 r.; <https://turystyka.rp.pl/zanim-wyjedziesz/art35800171-grecy-lagodza-rezim-antycovidowy-znikaja-formularze-plf-i-rekawice-jednorazowe>

Republic³⁾ or partially (e.g. in Tunisia ⁴, Israel ⁵⁾); from February 2022 the obligation to present both negative result of PCR-RT test as well as vaccination certificate at entry to Madera. During the season for exotic holidays numerous countries of holiday destinations also lift or limit anti-covid restrictions: from 01.03.2022 people who underwent whole vaccination cycle are released from taking PCR/antigen test before take-off to Sri Lanka, from March 2022, quarantine obligation was lifted after arrival to Bali; according to the regulation of the United Arab Emirates as of 26.02.2022 with immediate effect the decision to change conditions for entry to Dubai for all vaccinated people (entry facilitation).

With easing legal provision on international travel by increasing number of countries – holiday destinations, also global organizations such World Tourism Organization (UNWTO) and World Health Organization (WHO) starting cooperation to restore trust in the tourism industry called on for easing or lifting travelling bans (inefficiency of general restrictions in controlling spread of the virus and at the same their negative effect on business operations social relations and development) According to the International Health Regulations Emergency Committee on COVID-19, all measures used with respect to people travelling from abroad should be based on assessment of risk – including on testing, isolation and vaccination⁶⁾ and the financial burden shouldn't be borne by the travellers ⁶.

- keeping positive consumer moods and increase in consumer trust in Europe to holiday packages organised by tour operators (noticeable increase in sales of package holidays in Great Britain ⁷ and Germany ⁸⁾). The Management Board of the Company sees its chance to increase consumer interest in package holiday also in organization of proper information policy directed at potential customers of services offered by the Group e.g. by pointing to the possibility related to informing about possibilities to use vouchers issued for customers as solution introduced in so called Anti-crisis shield for tourism industry or by emphasizing promotion of holiday packages because of their security and benefits: the ability to use protective measures provided for by Tourism Refund Fund operating within Tourism Guarantee Fund, which allows to refund customers of travel services (package holidays) which were not provided.
- Taking into account that potentially tour operators (including the Issuer) may take advantage of the fact that number of customers from Russia went down (due to military conflict in the territory of Ukraine inflicted by Russian Federation and sanction and restrictions imposed, which directly or indirectly affect the ability to travel and organise package holidays for Russian customer) in destinations popular and dependent on Russian tourists (Turkey, Greece) in order to entice tourists from other markets (forced greater competition, reduction of prices of stay). ⁹.

It is worth to mention that the Group has relatively substantial financial resources (including the loan from Bank Gospodarstwa Krajowego in the amount of EUR 15.5 million), allows to purchase and build hotels in Greece, also in cooperation with a passive external partner (in February the Group found a passive investor for investments linked to expansion of operations in own hotels or run on long-term lease - that is Foreign Expansion Fund Private Assets Closed-End Fund managed by PFR TFI, which is a part of the Group of Polish Development Fund). According to existing trend it is becoming considered as the best segment of tourism because of large profits, especially if the owner itself is able to fill hotels, as is the case of the Company and which positively perceived by analysts on market of tourism services.

5. Risk linked to operations of the Company and the Capital Group

The operations of the Parent Company and subsidiaries in the Group may be affected by factors directly and indirectly related to carrying out operations with respect to organization and sales of tourism services, including (as in point 4 above)

- social and economic factors (e.g., consumer mood, which is especially important for demand for products and services satisfying non-basic needs, shaping level and dynamics of real income of households, and in particular their main factor, which is real salaries and wages, the effect of rising social benefits, sports events of major importance – the experience from previous years shows that they have a negative impact on number of package holidays)

³ Źródło: „Dominikana wycofuje wszystkie ograniczenia antycovidowe. Wraca normalność”; serwis internetowy turystyka.rp.pl; 17.02.2022 r.; <https://turystyka.rp.pl/zanim-wyjedziesz/art35709351-dominikana-wycofuje-wszystkie-ograniczenia-antycovidowe-wraca-normalnosc>

⁴ Źródło: „Tunezja: Jesteśmy gotowi na przyjęcie turystów. Znosimy testowanie”; serwis internetowy turystyka.rp.pl; 14.02.2022 r.; <https://turystyka.rp.pl/zanim-wyjedziesz/art35685561-tunezja-jestemy-gotowi-na-przyjecie-turystow-znosimy-testowanie>

⁵ Źródło: „Izrael otwiera się dla turystów niezaszczepionych”; serwis internetowy turystyka.rp.pl; 21.02.2022 r.; <https://turystyka.rp.pl/zanim-wyjedziesz/art35725451-izrael-otwiera-sie-dla-turystow-niezaszczepionych>

⁶ Źródło: „Wspólne stanowisko UNWTO i WHO w sprawie ograniczeń podróży”; serwis internetowy tur-info.pl; 24.02.2022 r.; http://www.tur-info.pl/a/57184_swiatowa-organizacja-zdrowia-swiatowa.html

⁷ Źródło: „Brytyjskie rodziny doceniają wycieczki zorganizowane. Liczy się bezpieczeństwo”; serwis internetowy turystyka.rp.pl; 16.02.2022 r.; <https://turystyka.rp.pl/biura-podrozy/art35694761-brytyjskie-rodziny-doceniaja-wycieczki-zorganizowane-liczy-sie-bezpieczenstwo>

⁸ Źródło: „DER Touristik: Klienci wracają do biura podróży, i to z większymi pieniędzmi”; serwis internetowy turystyka.rp.pl; 08.03.2022 r.; <https://turystyka.rp.pl/biura-podrozy/art35823991-der-touristik-klienci-wracaja-do-biura-podrozy-i-to-z-wiekszymi-pieniedzmi>

⁹ Źródło: „Wojna rosyjsko-ukraińska. Jakie kraje stracą najwięcej turystów z Rosji?”; serwis internetowy turystyka.rp.pl; 28.02.2022 r.; <https://turystyka.rp.pl/nowe-trendy/art35773941-wojna-rosyjsko-ukraina-jakie-kraje-straca-najwiecej-turystow-z-rosji>

- Macro-economic factors (e.g., level and dynamics of prices of package holidays, fluctuation of exchange rates of Polish zloty, in particular against American dollar and euro, fluctuation of prices of crude oil, growth perspectives for Polish economy, including growth dynamics of GDP related to good economic situation in Poland until now, which foster growing consumer demand, new economic programmes of the Polish Government etc.)
- Political factors (changes in the geopolitical situation and potential armed conflicts and terrorist attacks, in different parts of the world, which can affect travel decisions of Polish customer and their destination, in particular in the period directly after the event etc.)
- Climate factors (e.g., it is the factor that supports decision to travel abroad when the weather of Poland is not particularly good)

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

In 2021 because of unjustified military aggression of the Russian Federation in the territory of Ukraine starting from 24 of February 2021 and inflicted armed conflict, the new potentially material risk factor, which can have possible effect on operations of the Company and the Group is the political and economic situation in the world because of the military conflict.

The Management Board of the Company pointed to the potential effect of the above-mentioned risk factors (that is factors linked to SARS-CoV-2 pandemic and the military conflict in+ the territory of Ukraine) and their total or individual potentially negative effect on liquidity, financial situation and profitability of the Parent Company and the companies of the Group, including on:

- Unfavourable level of prices on the fuel market in the long-term or medium-term (due to wavering deliveries of fuel and energy products, also due to any political decisions about embargo imposed on deliveries of energy products from the territory of Russian Federation)
- Destabilisation and rise in exchange rates, including in particular weakening of the Polish zloty (PLN) against settlement currencies: American dollar (USD) and euro (EUR)

What can potentially result in lower profitability of package holidays sold and on operations and thus decreased the amount of net cash flows and increased demand for bank borrowings.

As it was already stated in point 4 above, due to those facts, the Management Board of the Company believes that as at the date of approval of this report for publication, the factors that can have the most significant effect on perspectives of tourism services sector in Poland and in the world in 2022 (indirectly in the following years), and thus primary effect on development of the business of the Parent Company and the Group in the perspective of the financial year 2020 will be:

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

Other factors, which in the assessment of the Issuer may have negative effect on performance of the Group (except for basic factors linked to the occurrence of the effect of the pandemic and its persistence what is related to spreading of SARS-CoV-2 and the effects of the war in the territory of Ukraine and resulting unfavourable level of prices on the fuel market and fluctuation of exchange rates) are also as follows:

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

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

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

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

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

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

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

Detailed information on the effect of SARS-CoV-2 pandemic on operations of the Parent Company and the Group and actions taken by the Management Board in 2020 intended to prevent negative effects of the crisis caused by spreading of SARS-CoV-2 on operations of the Company was presented (for the period of 2021 and the subsequent to 26.11.2021) i.e. in Note 4.2 "Continuation of Operations" of the interim extended consolidated report of Rainbow Tours Group for III quarter of 2021 and accruing for three quarters of 2021, which was published on 26.11.2021.

Information on the effect of SARS-CoV-2 pandemic on operations of the Parent Company and the Group in 2021 was presented i.e. in part III point 3.4 of the single financial statements of Rainbow Tours S.A. for the financial year 2021 "The effect of COVID-19 on operations of the Company" and also in part III point 3.4 of the consolidate financial statements of the Group for the financial year 2021 titled "The effect of COVID-19 on operations of the Company" (both reports approved for publication on 29.04.2022).

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

Risk related to the war in the territory of Ukraine

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

Due to political and economic situation in the world resulting from unjustified military aggression of Russian Federation in the territory of Ukraine and caused by the military conflict. The Management Board of the Parent Company points to potential effect of that situation (its joint or individual potentially negative effect on liquidity, financial situation and profitability of the Parent Company and the companies of the Group), i.e., on:

- Long-term and medium-term unfavourable level of prices on fuel market (in the short-term and medium-term perspective the Parent Company introduces provisions of using average fuel prices from previous periods to charter contracts, and uses calculation buffers with fuel prices higher than market prices in a given moment).
- Destabilization and rise in exchange rates, in particular due to destabilization of the Polish zloty (PLN) against settlement currencies: American dollar (USD) and euro (EUR)

what can potentially result in lower profitability of package holidays sold and on operations and thus decreased the amount of net cash flows and increased demand for bank borrowings.

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

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

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

Risk related to disasters in touristic regions

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

The effect of political and social situation in the world related to the war caused by military aggression in Ukraine was presented in description of "Risk linked to the war in Ukraine" above, and also in the point 4 above "Characteristic of external and internal factors material for development of the business and description of perspective of development in the next financial year." Moreover, description of the effect of political and economic situation linked to the war in Ukraine on operations of the Parent Company and the Group was presented respectively: in part III point 3.5 of the single financial statements of the Company for the financial year 2021 titled "the Impact of political and economic situation linked to the war in Ukraine on operations of the Company" and part III point 3.5 of the consolidated financial statements of Rainbow Tours Group for the financial year 2021 titled "The impact of political and economic situation linked to the war in Ukraine on operations of the Company".

Risk related to competition

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

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

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

Risk related to seasonality of sales

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

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

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

Risk related to financial situation of subsidiaries

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

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

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

Because of potential falls in prices of hotel properties (due to bankruptcy of entities running hotels linked to crisis in the year 2020 and 2021 related to SARS-CoV-2 pandemic.)

Risk related with investment in the Group

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

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

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

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

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

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

Risk related to macroeconomic situation in Poland

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

Risk related to changes in legal regulations

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

Currency risk

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

Risk connected with rising prices of crude oil

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

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

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

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

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

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

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

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

6. Declaration on application of corporate governance.

6.1. Corporate governance rules applied by the Issuer

The parent company, as stock exchange listed company, which shares are quoted on parallel market of Warsaw Stock Exchange adopted and applied in 2021 corporate governance regulated in the following documents applicable at Warsaw Stock Exchange in 2021.

- **In the period from 01.01.2021 to 30.06.2021** – the Parent Company was subjected to corporate governance rules published in the document, which was in force to 30.06.2021 “Best Practice of GPW listed companies 2016” adopted in the resolution No 26/1413/2015 of the Supervisory Board of Warsaw Stock Exchange of 13.10.2015 on adoption of “Best Practice of GPW listed companies 2016”.
- **In the period from 01.07.2021 to 31.12.2021** – the Parent Company was subjected to corporate governance rules published in the document, which was in force from 01.07.2021 Best Practice for GPW listed companies 2021 adopted in the resolution No 13/1834/2021 of 29.03.2021 on adoption of “Best Practice for GPW listed companies 2021”.

From 01.07.2021 new collection of corporate governance rules came into force “Best Practice for GPW listed companies 2021”, which replaced the previous collection of corporate governance rules effective for GPW listed companies that is rules covered by “Best Practice of GPW listed companies 2016”.

Effective. as of 01.07.2021, corporate governance rules, as at the date of approval of this report for publication (29.04.2022), are available for public online on the website of Warsaw Stock Exchange, under the address:

<https://www.gpw.pl/dobre-praktyki>

Regulation on issues regarding best practice for GPW listed companies as at the date of approval of this report for publication (29.04.2022) are available online on the website of Warsaw Stock Exchange under the address:

<https://www.gpw.pl/regulacje-dpsn>

The Exchange rules (the document in the wording adopted by Resolution No 1/1110/2006 of Supervisory Board of the Stock exchange of 04.01.2006 as amended) do not impose the obligation on the company to use the collection of rules, but only to report about them. Considering the rules in “Best Practice for GPW listed companies 2021” similarly as in the case of the previous “Best Practice of GPW listed companies 2016” the formula complies or explain applies. According to provisions of § 29 section 2 of the respective Exchange rules /quote. /: “...the issuers should apply the rules of corporate governance. The rules of corporate governance determined in the resolution are not regulations governing the exchange within the meaning of the Exchange Rules. According to provisions of § 29 section 3 of the Exchange rules (in the wording effective from 01.07.2021 and until publication of this report /quote: “To ensure availability of exhaustive information concerning the current status of compliance with the rules of corporate governance referred to in sub-paragraph 1, the issuer shall publish a report indicating which rules the issuer complies with and which rules the issuer does not comply with on a permanent basis. Concerning rules which the issuer does not comply with, such report shall contain a detailed explanation of the circumstances of and reasons for non-compliance with such rule. If the status of compliance with rules changes or circumstances arise which justify changes to the content of the explanation concerning non-compliance or the manner of compliance with a rule, the issuer shall immediately update a previously published report. Additionally, pursuant to provisions of § 29 section 3a i 3b of the Exchange Rules” (in the wording effective as of 01.07.2021 and until the date of publication of this report) /quote/ “3a. If a specific corporate governance rule is breached incidentally, the issuer shall immediately publish a report concerning that fact, indicating the circumstances of and the reasons for the breach of that rule and an explanation of how the issuer intends to remove effects, if any, of not having applied a given rule or what steps it intends to take to mitigate the risk of the rule not being applied in the future, and indicating whether the rule has been breached incidentally in the last two years. 3b. The Exchange Management Board shall define the specific scope, form, and manner of the publication of reports referred to in sub-paragraphs 3 and 3a.”

The legal basis of drafting the declaration of application of corporate governance rules is art. 49 section 2a of the Act of 29.09.1994 on Accounting (that is Journal of Laws of 2021, item. 217 as amended) and § 70 section 6 point 5) of the Regulation of the Minister of Finance of 29.03.2018 on current and periodic information provided by issuers of securities and conditions of considering equal information required by provisions of law of non-member states (Journal of Laws of 2019 item 757), which require that the report on issuer’s operations cover, separated from the report part of it, that is declaration on application of corporate governance rules, which covers at least data stipulated in the provisions of the Regulation of the Minister of Finance of 29.03.2018.

Additional legal act on corporate governance rules the legal act of the European Law, that is recommendation of the Commission of 09.04.2014 on quality of the reporting with regard to corporate governance rules (the approach observer or explain) [2014/208/E] U.

6.2. Presentation and explanation of departures from application of the corporate governance rules

According to the position of the Urząd Komisji Nadzoru Finansowego (the Office of Financial Supervision Commission) published on 14.04.2022 due to the change of corporate governance rules in 2021 and because of § 70 section 6 point 5 letter a of the Regulation of the Minister of Finance of 29.03.2018 on current and periodic information provided by issuers of securities and conditions of considering equal information required by legal provisions of non-member states (Journal of Law of 2018 item 757) the use of present simple tense, and that means that this report on operations of the issuer should provide the version of corporate governance rules effective at the time of making the declaration. Thus, the declaration provided in this report by the Issuer on 1 July 2021 refers to application of “Best Practice for GPW listed companies 2021” adopted by the Resolution No 13/1834/2021.

Thus, considering the above, the Issuer declined to show and explain departures from application of corporate governance rules covered by the Document “Best Practice of GWP listed companies 2016” which was effective 01.01.2021 to 30.06.2021.

Indication and explanation of departures from application of corporate governance rules effective from 01.07.2021 to 31.12.2021 covered by “Best Practice for GPW listed companies 2021”.

Below we present the scope of departures of the Parent Company from, **effective from 01.07.2021**, corporate governance rules provided in “Best Practice for GPW listed companies” adopted by the resolution of the GPW Supervisory Board No 13/1834/2021 of 29.03.2021 (with explanation of the Company regarding departures from application of corporate governance rules and recommendation in the period from 01.07.2021).

The respective information on application of corporate governance rules by the Parent Company, that are stipulated in “Best Practice for GPW listed companies 2021” was published by the Company in the report of 30.07.2021 transferred through EBI system. In order to ensure timely updates of the Exchange rules WSE commits public companies to inform about the change in scope of application of the rules or occurrence of circumstances justifying change in the content of explanation regarding non-application of the manner of application of the rules stipulated in “Best Practice for GPW listed companies 2021”.

The Company in 2021, in the effective period of “Best Practice of GPW listed companies 2021” departed from application of 16 (sixteen) corporate governance rules 1.1., 1.3.1., 1.4., 1.4.1., 1.4.2., 1.6., 2.1., 2.4., 2.11.6., 3.1., 3.2., 3.3., 3.4., 3.5., 3.6., 4.3.

The information refers to thematic division and internal taxonomy (chapters) of the document “Best Practice for GPW listed companies 2021”.

Chapter I – Disclosure Policy, Investor Communications

In chapter 2 of “Best Practice for GPW listed companies 2021” the Company in the period from 01.07.2021 departed from application of six corporate governance rules: **1.1., 1.3.1., 1.4., 1.4.1., 1.4.2.** and **1.6.** The Company from 01.07.2021 applies or/and declares application (in case of occurrence of respective situations or events referring to a specific recommendation or special rule) rules applying to the Company and provided in chapter 1 of “Best Practice for GPW listed companies 2021”.

Rule 1.1.

„1.1. Companies maintain efficient communications with capital market participants and provide fair information about matters that concern them. For that purpose, companies use diverse tools and forms of communication, including in particular the corporate website where they publish all information relevant for investors.”

Explanation of the company effective as of 01.07.2021

Rainbow Tours S.A. maintains dedicated and separated website of investor relations under the address <https://ir.r.pl>. In the opinion of the Company, the Company reliably informs on its relevant matters i.e., by uploading key information about the Company and its securities on the website. The website of investor relations of Rainbow Tours S.A. covers – in singled out thematic sections – i.e. basic corporate documents, the description of governing bodies (the Management Board, the Supervisory Board) and curricula vitae of its members, information on compliance of members of the supervisory board/committees with independence criteria and information about their skills (knowledge of accounting/the industry, in which the Company operates) and diversity policies in separate section information, on application of “Best Practices for GPW listed companies” (including in previous versions) summary of basic financial data (in the format enabling processing of the date by their recipients and consolidated (with regard to Rainbow Tours Group) quarter, half-year or annual starting from 2011; moreover, current and periodic information, information on changes in share capital and all operations on company’s shares, calendar of corporate events, including publication of reports and General Meeting. The Company continuously supplements and updates information published on the website of investor relations.

The Company does not apply the rule 1.1. because the scope of information provided on the Company’s website of investor relations (the scope required according to Guidelines of Corporate Governance Committee on application of “Best Practice for GPW listed companies 2021) does not cover: (-) materials with details of the Company’s strategy (including ESG issues)

published recommendations and analyses with regard to the Company (because of Communication of the Office of the Financial Supervision Committee of 20.02.2018 on distribution of investment recommendations or other information recommending or suggesting investment strategy (-) records of chats with investors, audio/video recordings from meetings with investors, (-) separate section of questions to the Company asked both by shareholders and non-shareholders with answers provided by the company

With respect to communication and information policy for stakeholders, including i.e., shareholders of the Company, the Management Board participates in cyclical meetings with institutional investors.

Rule 1.3.1.

"1.3. Companies integrate ESG factors in their business strategy, including in particular:

(...) 1.3.1. environmental factors, including measures and risks relating to climate change and sustainable development;"

Explanation of the company effective as of 01.07.2021

ESG factors, including environmental issues, are important for the Company. The Company has undertaken a process of thorough implementation of the issues and intends to apply them and ensure its effective application and monitoring. The Company adopted in order to use (also in the companies of Rainbow Tours Group), pursuant the document titled "Environmental policy of Rainbow Tours Group", rules and aims of the environmental policy. The fulfilment of those aims and application of the rules requires the Company to create thoroughly considered efficiency measures, which will effectively analyse fulfilment of aim of the policy and environmental issues. When it comes to the rule 1.3.1. The Company does not develop and detailed measures to tackle climate change and sustainable development issues.

"Environmental policy of Rainbow Tours Group" was published on the website of investor relations of the Company under the address <https://ir.r.pl/> in the tab "CSR" / "Dokumenty CSR".

The bases of the operations of Rainbow Tours Group constitute passion, interest in the world and the desire to show its beauty. For more than three decades the Company tries to make customer holiday dreams come true and ensure high quality of services, skilful employees and safety during travelling and staying in different destinations in Europe and the world. Being aware of the scale of the effect the Company's operations may have on the natural environment, it tries to operate its business sustainably and observe highest standards, both when it comes to operations in Poland as well as other places, holiday destinations. Because we consider that the environment in which we live and work is our key concern, we aim to jointly create the world, where decisions impacting the natural environment will be thought out, conscious and taken considering rules of sustainable development and social responsibility. Detailed description of tasks undertaken and implemented i.e., with regard to the protection of natural environment is presented by the Company every year in respective reports on non-financial information prepared pursuant to art 49b section 1 and next (with respect to Rainbow Tours S.A.) and pursuant to art. 55 section 2b and next in connection with art. 49b section. 2-8 (with regard to Rainbow Tours Group) of the acts of 29.09.1994 on accounting.

Rule 1.4.

"1.4. To ensure quality communications with stakeholders, as a part of the business strategy, companies publish on their website information concerning the framework of the strategy, measurable goals, including in particular long-term goals, planned activities and their status, defined by measures, both financial and non-financial. ESG information concerning the strategy should among others. (...)"

Explanation of the company effective as of 01.07.2021

The Management Board of the Company understands the idea of ensuring communication with stakeholders concerning adopted business strategy through publication of measurable goals, planned actions and progress in implementation of the strategy (quantified). However due to the fact that in the opinion of the Company the respective detailed information concerning strategy of the Company (sales plans, amounts of intended financial and non-financial indexes etc.) can be or are sensitive data and there is potential possibility that they will be used (or the risk that they will be used), within the course of business operations of the Company by entities from direct or indirect competitive environment of the Company and Rainbow Tours Group, including other tour operators. The Management Board of the Company up till now failed to take decision to publish, on its website, quantified information materials about strategy of the Company and progress of its implementation defined with financial and non-financial indexes.

Information on Company's strategy of operations are published in relevant reports covered by the content of periodical reports (with regard to reports of the Management Board on operations, reports on non- financial information). Information on taking actions concerning non-financial policies and partially quantified (from the point of view of actions taken in historical periods) measurable indexes related to ESG factors (i.e., with regard to the scope of staff issues) are published by the Company and the Group in annual periods in reports on non-financial information.

The Management Board of the Company will consider, in the future, adding (according to the planned perspective to the end of 2022) a tab to the website of investor relations with general information on directions of operations of the business of the

Company and the strategy of Rainbow Tours Group providing partially quantified (for some indexes) strategy of the Company and Rainbow Tours Group.

Rule 1.4.1.

“1.4. (...) ESG information concerning the strategy should among others:

1.4.1. explain how the decision-making processes of the company and its group members integrate climate change, including the resulting risks”

Explanation of the company effective as of 01.07.2021

ESG factors are important for the Company, including environmental issues. The Company has undertaken a process of thorough implementation of the issues and intends to apply them and ensure its effective application and monitoring of solutions in this area. The Company adopted in order to use (also in the companies of Rainbow Tours Group), pursuant the document titled “Environmental policy of Rainbow Tours Group”, rules and aims of the environmental policy.

Information on ESG with regard to the strategy are resulting directly from content of “the Environmental Policy of Rainbow Tours Group”, which can be accessed on the website of investor relations under the following address: <https://ir.r.pl/> in the tab “CSR” / “Dokumenty CSR”.

As regards operations intended to protect the climate the Company presented detailed rules of responsible travelling, which were also published on the website of investor relations under the address: <https://ir.r.pl/> in the tab “CSR” / “Odpowiedzialne podróżowanie”. (Responsible travelling).

Rule 1.4.2.

“1.4. (...) ESG information concerning the strategy should among others:

(...) 1.4.2 present the equal pay index for employees, defined as the percentage difference between the average monthly pay (including bonuses, awards and other benefits) of women and men in the last year, and present information about actions taken to eliminate any pay gaps, including a presentation of related risks and the time horizon of the equality target”

Explanation of the company effective as of 01.07.2021

Due to non-existence, and thus non- implementation of relevant ESG strategy, which would be in compliance with requirements of the rules 1.4 the Company does not apply the rule 1.4.2. The policy of the Company (provided i.e., in the documents “Staff policy of Rainbow Tours Group and Diversity Policy of Rainbow Tours Group) does not include presentation of index of salary equality (so called payment gap). Salaries are fixed individually considering education, experience in a job, engagement, work effects, the level of carrying out tasks and the effect on performance and development of the Company and the Group.

Rule 1.6.

“1.6. Companies participating in the WIG20, mWIG40 or sWIG80 index hold on a quarterly basis and other companies hold at least on an annual basis a meeting with investors to which they invite in particular shareholders, analysts, industry experts and the media. At such meetings, the management board of the company presents and comments on the strategy and its implementation, the financial results of the company and its group, and the key events impacting the business of the company and its group, their results and outlook. At such meetings, the management board of the company publicly provides answers and explanations to questions raised.”

Explanation of the company effective as of 01.07.2021

The Management Board of the Company (which participates in sWIG80) takes part in cyclical (at least twice a year) intended only for Rainbow Tours S.A. meeting with institutional investors. The meetings are attended particularly by representatives of financial institutions (shareholders of the Company) and analysts.

During industry meeting, including organized on site (common practice before COVID-19 pandemic) and online (during teleconferences, including expert panels e.g., organised by internet industry portals or tourism sections in mass-media e.g., Dziennik Rzeczpospolita) representative of the Management Board of the Company participate in meetings with industry experts and media representatives. Numerous meetings are also organized by tourism organization, which the Company or its representatives are member of (i.e., Polska Izba Turystyki (Polish Chamber of Tourism, or Polish Tour Operators Association).

Because no open meetings are organized for broad scope of stakeholders with a required frequency (at least once a quarter) the Company does not strictly apply the rule 1.6

Currently, the Company does not see the need to organize cyclical open meetings for broad scope of stakeholders with a required frequency (at least once a quarter). If the Company obtains information about expectations and need of investors (particularly individual) to participate in cyclical (at least once a quarter meeting with the Management Board of the Company), the Management Board of the Company will possibly take actions intended to increase frequency of organization of respective

meetings for broad scope of stakeholders and will consider (in the planned perspective not earlier than in 2022) organization of open, cyclical that is at least once a quarter investor/ result meetings.

Chapter II – Management Board, Supervisory Board

With regard to chapter II of “Best Practice for GPW listed companies 2021” the Company in the period from 01.07.2021 r departed from application of three corporate governance rules 2.1., 2.4., and 2.11.6. The Company, from 01.07.2021, applies or declares application (in case of occurrence of relevant situations or events referring to a given recommendation or a special rule) of other, effective for the Company rules provided in chapter II of “Best Practice for GPW listed companies 2021”.

Rule 2.1.

“2.1. Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%”

Explanation of the company effective as of 01.07.2021

The Company does not have formalized document covering diversity policy with respect to the Management Board and the Supervisory Board. The Management Board introduced for the Company and Rainbow Tours Group, and applies “Diversity policy for Rainbow Tours Group” in 2017. The content of the policy was published on the website of investor relations under the address: <https://ir.r.pl/> in the tab “CSR” / “Dokumenty CSR” and in the tab “Ład korporacyjny” (Corporate Governance) / “Dokumenty Spółki”. (Documents of the Company).

According to declarations provided in the document “Diversity Policy of Rainbow Tours Group” the Company declares implementation of the diversity policy by (1) by creating friendly working environment and culture of organization free from any discrimination due to sex, age, disability, health, race, nationality, ethnic origin, religion, faith, lack of religious denomination, political beliefs, trade union membership, psychosexual orientation, gender, family status, life style, form, scope and base of employment, other type of cooperation and other premises for discriminatory behaviour (2) transparent rules of appointing members of governing bodies of the Company as well as choice of key managers, which takes place based on merits and predisposition of a given person to do a job (in particular qualifications and work experience consistent with the profile of a position and (3) dissemination of rules of equal treatment in employment and knowledge about bullying and determining the procedure in such events in relevant documents used in the Company (attachment to the applicable Company’s work regulation, separate procedure of providing information about malpractice in so called “Whistleblowing” formula). Additionally, the Company developed and implemented comprehensive human rights policy, which defines Company’s approach in this respect. (

The Company intends to develop, adopt and introduce for application in the future (in the assumed perspective - up to the date of having the next General Meeting, not later than until the end of June 2022) separate diversity policies with respect to the Management Board and the Supervisory Board, adopted by the Supervisory Board (with respect to members of the Management Board) and General Meeting (with respect to members of the Supervisory Board), i.e. in such areas as sex (the share of minority in this body at the level of no less than 30%), field of education, expert knowledge, age and working experience, as well as determining date and manner of fulfilling the goals. Frequency of changes in make-up of the Management Board and Supervisory Board as a rule depend on length of the term of office of the body. In case of the Management Board of the Company the joint term of office is 5 years, and the current term of office of the Management Board of the Company (continuing on the effective date of “Best Practice for GPW listed Companies 2021) ends on 25.08.2025 and mandates expire at the latest on date of the General Meeting to approve financial statements for the last full financial year of being a member of the Management Board. In case of the Supervisory Board the joint term of office is 3 years, and the current term of office of the Supervisory Board of the Company (continuing on the effective date of “Best Practice for GPW listed companies 2021”) ends on 24.06.2022 and mandates expire at the latest on date of General Meeting to approve financial statements of the Company for the last financial year of being a member of the Supervisory Board”.

According to applicable, up to now (until registration of amendments of the articles of association adopted pursuant to resolutions of the Ordinary General Meeting of the Company of 30.06.2021) the body competent to appoint members of the Management Board and the Supervisory Board was General Meeting. Due to changes introduced during OGM of the Company on 30.06.2021 the body competent to appoint members of the Management Board is the Supervisory Board.

By taking relevant corporate actions the Management Board of the Company intends to present to the General Meeting information on declaration of application „Best Practice for GPW listed companies 2021 which pertain to rules of shareholders and the General Meeting in order to make decision on acceptance for application (as declaration and in practice) rules concerning areas within competence of the General Meeting / Shareholders, including adoption of the Diversity Policy of members of the Supervisory Board.

Rule 2.4.

"2.4. The supervisory board and the management board vote in an open ballot unless otherwise required by law"

Explanation of the company effective as of 01.07.2021

According to content of Company's internal documents (which are not law) that is provisions of the articles of association of the Company (§ 23 section 7 – with respect to voting in the Supervisory Board (§ 16 section 9) and provisions of the Regulation of the Management Board (§ 12 section 9), as a rule voting is open. Secret ballot is ordered with respect to staff issues (the Supervisory Board) or upon request of the member of the Supervisory Board/ the Management Board.

By declaring that the bodies of the Company apply transparent rules to consider and take decisions (that is after they are duly discussed and opinions are given by all members of a given body by open voting with respect to full spectrum of issues) The Company will consider introduction of relevant changes in internal documents of the Company to confirm possibility to vote in public in the future.

Rule 2.11.6.

"2.11. In addition to its responsibilities laid down in the legislation, the supervisory board prepares and presents an annual report to the annual general meeting once per year. Such report includes at least the following:

(...) information regarding the degree of implementation of the diversity policy applicable to the management board and the supervisory board, including the achievement of goals referred to in principle 2.1."

Explanation of the company effective as of 01.07.2021

Because the Company does not have formalized document covering diversity policy with respect to the Management Board and the Supervisory Board adopted respectively by the Supervisory Board or General Meeting with all necessary elements the Company does not apply the rule 2.11.6.

The Management Board introduced for the Company and Rainbow Tours Group, and applies "Diversity policy for Rainbow Tours Group" in 2017. The content of the policy was published on the website of investor relations under the address: <https://ir.r.pl/> in the tab "CSR" / "Dokumenty CSR" and in the tab "Ład korporacyjny" (Corporate Governance)/ "Dokumenty Spółki". (Documents of the Company).

The Company intends to develop, adopt and introduce for application in the future (in the assumed perspective - up to the date of having the next General Meeting, not later than until the end of June 2022) separate diversity policies with respect to the Management Board and the Supervisory Board, adopted by the Supervisory Board (with respect to members of the Management Board) and by General Meeting (with respect to members of the Supervisory Board), i.e. in such areas as sex (the share of minority in this body at the level of no less than 30%), field of education, expert knowledge, age and working experience, as well as determining date and manner of fulfilling the goals. Frequency of changes in make-up of the Management Board and Supervisory Board as a rule depend on length of the term of office of the body. In case of the Management Board of the Company the joint term of office is 5 years, and current term of office of the Management Board of the Company (continuing on the effective date of "Best Practice for GPW listed Companies 2021) ends on 25.08.2025 and mandates expire at the latest on date of the General Meeting to approve financial statements for the last full financial year of being a member of the Management Board. In case of the Supervisory Board the joint term of office is 3 years, and the current term of office of the Supervisory Board of the Company (continuing on the effective date of "Best Practice for GPW listed companies 2021) ends on 24.06.2022 and mandates expire at the latest on date of General Meeting to approve financial statements of the Company for the last financial year of being a member of the Supervisory Board".

Chapter III – Internal Systems and Functions

With regard to chapter III of "Best Practice for GPW listed companies 2021" the Company in the period from 01.07.2021 r departed from application of six corporate governance rules **23.1.**, **3.2.**, **3.3.**, **3.4.**, **3.5** and **3.6**. The Company from 01.07.2021 applies or declares application (in case of occurrence of relevant situations or events referring to a given recommendation or special rule) of other, effective for the Company rules provided in chapter II of "Best Practice for GPW listed companies 2021"

Rule 3.1.

"3.1. Listed companies maintain efficient internal control, risk management and compliance systems and an efficient internal audit function adequate to the size of the company and the type and scale of its activity; the management board is responsible for their functioning."

Explanation of the company effective as of 01.07.2021

In the opinion of the Management Board the Company and Rainbow Tours Group have effective systems of internal control, risk management and compliance of operations with law systems which conform to current characteristic of business operation

(homogenous business model) and not considerably differentiated segmentation of operations, relatively low number of companies of the Group. Tasks in these areas are undertaken by the Company with intended higher engagement of members of the Management Board, the Supervisory Board and committees of the Supervisory Board (the Audit Committee and, established as of July 2021, the Committee of Strategy and Business Development, which tasks also include monitoring of fulfilment of strategic goals and plans of business operations and financial plans by the Management Board.)

Because for the Company (which participates in sWIG80) no internal auditor, who would deal with internal audit, was appointed (according to rule 3.3.) the Company does not use the rule 3.1. The Company do not have separated organization units/ positions to deal with risk management, internal control and compliance. The Company did not appoint internal auditor to deal with internal audit.

Internal control system is based on specific division of powers, obligations and responsibilities of individual organizational units of the Company. The system is supervised by heads of organizational units, directors and the Management Board continuously, including current contacts of individual units of the Company and their proper organization. Moreover, internal control is exercised directly by each employee, by a direct supervisor and persons cooperating with him/her with respect to quality and correctness of activities. The aim of these activities is to ensure compliance of activities with requirements, including legal requirements. The Management Board is responsible for total comprehensive control, for minimising level of risk as well as identification of new threats. In March 2019 pilot one-man positions "Financial Controller" was established – the person reports directly to the Management Board and whose scope of duties include: cost and profitability control, control of implementation of plans and budget as well as control and optimization of business processes both in the Company and in subsidiaries. As a result of further changes, in particular due to development of tourism services operations i.e. in hotels owned by the companies of Rainbow Tours Group, the powers of "the Financial Controller" were limited to supervision and control of implementation of plans and budgets and optimization of business processes with respect to subsidiaries providing hotel services (that is White Olive A.E. and White Olive Premium Lindos A.E.).

When it comes to compliance (compliance with law) the Company uses services (adequate to needs and processes) of external entities and advisors. Management of risk, and of events causing risk - which can have negative effect on operations of the Company (business risk, currency risk, operation risk, reputation risk, credit risk) is done in the Company continuously ensuring numerous safeguards to prevent or minimize risk of operations of the Company (e.g., with respect to currency risk the Company uses forwards to hedge future exchange transactions).

When it comes to accounting and drafting financial statements the company implemented efficient internal control system to ensure reliable and transparent presentation of financial situation and financial liquidity of the Company. The supervision over respective system is exercised according to applicable legal regulations, the Management Board of the Company. The Audit Committee has special and verification role in this respect.

The Management Board of the Company considers, in the future, actions to formalize processes of risk management in the Company and operation of internal control and compliance as well as organizational development of internal audit (by introduction of relevant internal procedures, establishment of a dedicated entity etc.). The Management Board of the Company considers potential implementation of procedures regarding reporting of above-standard accounting events. In 2021 the Company carried out and partially completed preparatory and organization works resulting in introduction of relevant provisions (internal regulations of the Company: the Rules of the Management Board, the Rules of the Supervisory Board) to regulating rules of cooperation of potential internal auditor with governing bodies of the Company and accessibility of the governing bodies or persons serving in those capacity (if they are appointed) to representatives of the Management Board and the Supervisory Board.

W 2021 roku w Spółce prowadzono i w części zrealizowano prace przygotowawcze i organizacyjne skutkujące wprowadzeniem do regulacji wewnętrznych w Spółce (Regulamin Zarządu, Regulamin Rady Nadzorczej) stosownych zapisów regulujących zasady współdziałania ewentualnego audytora wewnętrznego z organami Spółki i dostępnością organów lub osób pełniących takie funkcje (o ile zostaną powołane) do przedstawicieli Zarządu i Rady Nadzorczej Spółki

Rule 3.2.

"3.2. Companies' organisation includes units responsible for the tasks of individual systems and functions unless it is not reasonable due to the size of the company or the type of its activity"

Explanation of the company effective as of 01.07.2021

The Company does not have separated organizational units/ positions dedicated to deal with risk managements processes, internal control and compliance. The Company failed to appoint an internal auditor to deal with internal audit.

In the opinion of the Management Board the Company and Rainbow Tours Group have effective systems of internal control, risk management and compliance of operations with law systems which conform to current characteristic of business operation (homogenous business model) and not considerably differentiated segmentation of operations, relatively low number of companies of the Group. Tasks in these areas are undertaken by the Company with intended higher engagement of members of the Management Board, the Supervisory Board and committees of the Supervisory Board (the Audit Committee and,

established as of July 2021, the Committee of Strategy and Business Development, which tasks also include monitoring of fulfilment of strategic goals and plans of business operations and financial plans by the Management Board.)

Because for the Company (which participates in sWIG80) no internal auditor, who would deal with internal audit, was appointed (according to rule 3.3.) the Company does not use the rule 3.1. The Company do not have separated organization units/ positions to deal with risk management, internal control and compliance. The Company did not appoint internal auditor to deal with internal audit.

The Management Board of the Company considers, in the future, actions to formalize processes of risk management in the Company and operation of internal control and compliance as well as organizational development of internal audit (by introduction of relevant internal procedures, establishment of a dedicated entity etc.). The Management Board of the Company considers potential implementation of procedures regarding reporting of above-standard accounting events. In 2021 the Company carried out and partially completed preparatory and organization works resulting in introduction of relevant provisions (internal regulations of the Company: the Rules of the Management Board, the Rules of the Supervisory Board) to regulating rules of cooperation of potential internal auditor with governing bodies of the Company and accessibility of the governing bodies or persons serving in those capacity (if they are appointed) to representatives of the Management Board and the Supervisory Board

Rule 3.3.

“3.3. Companies participating in the WIG20, mWIG40 or sWIG80 index appoint an internal auditor to head the internal audit function in compliance with generally accepted international standards for the professional practice of internal auditing. In other companies which do not appoint an internal auditor who meets such requirements, the audit committee (or the supervisory board if it performs the functions of the audit committee) assesses on an annual basis whether such person should be appointed.”

Explanation of the company effective as of 01.07.2021

Because for the Company no internal auditor, who would deal with internal audit, was appointed. Tasks i.e., in the area of internal audit are undertaken by the Company with intended higher engagement of members of the Management Board, the Supervisory Board and committees of the Supervisory Board (the Audit Committee and, established as of July 2021. the Committee of Strategy and Business Development, which tasks also include monitoring of fulfilment of strategic goals and plans of business operations and financial plans by the Management Board.)

(According to rule 3.3.) the Company does not use the rule 3.1. The Company do not have separated organization units/ positions to deal with risk management, internal control and compliance. The Company did not appoint internal auditor to deal with internal audit.

The Management Board of the Company considers, in the future, actions to formalize processes of risk management in the Company and operation of internal control and compliance as well as organizational development of internal audit (by introduction of relevant internal procedures, establishment of a dedicated entity etc.). The Management Board of the Company considers potential implementation of procedures regarding reporting of above-standard accounting events. In 2021 the Company carried out and partially completed preparatory and organization works resulting in introduction relevant provisions, regulating rules of cooperation of a potential internal auditor with the bodies of the Company with persons serving in those capacity (if they are appointed) to representatives of the Management Board and the Supervisory Board to internal regulations of the Company (the Regulations of the Management Board and the Regulations of the Supervisory Board).

Rule 3.4.

“3.4. The remuneration of persons responsible for risk and compliance management and of the head of internal audit should depend on the performance of delegated tasks rather than short-term results of the company”

Explanation of the company effective as of 01.07.2021

Non-application of the rule 3.4 by the company is a consequence of non-application of 3.2 (the Company did not separate/ did not appoint units/persons responsible for risk management, compliance and managing internal audit.

The Company does not have separated organizational units/positions to deal with risk managements and compliance. t

In the opinion of the Management Board the Company and Rainbow Tours Group have effective systems of internal control, risk management and compliance of operations with law systems which conform to current characteristic of business operation (homogenous business model) and not considerably differentiated segmentation of operations, relatively low number of companies of the Group.

The Management Board of the Company considers, in the future, actions to formalize processes of risk management in the Company and operation of internal control and compliance as well as organizational development of internal audit (by introduction of relevant internal procedures, establishment of a dedicated entity etc.). The Management Board of the Company considers potential implementation of procedures regarding reporting of above-standard accounting events. In 2021 the Company carried

out and partially completed preparatory and organization works resulting in introduction of relevant provisions (internal regulations of the Company: the Rules of the Management Board, the Rules of the Supervisory Board) to regulating rules of cooperation of potential internal auditor with governing bodies of the Company and accessibility of the governing bodies or persons serving in those capacity (if they are appointed) to representatives of the Management Board and the Supervisory Board.

Rule 3.5.

“3.5. Persons responsible for risk and compliance management report directly to the president or other member of the management board.”

Explanation of the company effective as of 01.07.2021

Non-application of the rule 3.5 by the company is a consequence of non-application of 3.2 (the Company did not separate/ did not appoint units/persons responsible for risk management and compliance)

The Company does not have separated organizational units/positions to deal with risk managements and compliance. Tasks i.e. in the area of internal audit are undertaken by the Company with intended higher engagement of members of the Management Board, the Supervisory Board and committees of the Supervisory Board (the Audit Committee and established as of July 2021 the Committee of Strategy and Business Development, which tasks also include monitoring of fulfilment of appoint units strategic goals and plans of business operations and financial plans by the Management Board.) In the opinion of the Management Board the Company and Rainbow Tours Group have effective systems of internal control, risk management and compliance of operations with law systems which conform to current characteristic of business operation (homogenous business model) and not considerably differentiated segmentation of operations, relatively low number of companies of the Group.

The Management Board of the Company considers, in the future, actions to formalize processes of risk management in the Company and operation of internal control and compliance as well as organizational development of internal audit (by introduction of relevant internal procedures, establishment of a dedicated entity etc.) The Management Board of the Company considers potential implementation of procedures regarding „reporting of above-standard accounting events. In 2021 the Company carried out and partially completed preparatory and organization works resulting in introduction of relevant provisions (internal regulations of the Company: the Rules of the Management Board, the Rules of the Supervisory Board) to regulating rules of cooperation of potential internal auditor with governing bodies of the Company and accessibility of the governing bodies or persons serving in those capacity (if they are appointed) to representatives of the Management Board and the Supervisory Board.

Rule 3.6.

“3.6. The head of internal audit reports organisationally to the president of the management board and functionally to the chair of the audit committee or the chair of the supervisory board if the supervisory board performs the functions of the audit committee”

Explanation of the company effective as of 01.07.2021

Non-application of the rule 3.6 by the company is a consequence of non-application of 3.2 (the Company did appoint internal operations to lead internal audit activities)

Tasks i.e., in the area of internal audit are undertaken by the Company with intended higher engagement of members of the Management Board, the Supervisory Board and committees of the Supervisory Board (the Audit Committee and established as of July 2021 the Committee of Strategy and Business Development, which tasks also include monitoring of fulfilment of appoint internal strategic goals and plans of business operations and financial plans by the Management Board.)

The Management Board of the Company considers, in the future, actions to formalize processes of risk management in the Company and operation of internal control and compliance as well as organizational development of internal audit (by introduction of relevant internal procedures, establishment of a dedicated entity etc.). The Management Board of the Company considers potential implementation of procedures regarding „reporting of above-standard accounting events. In 2021 the Company carried out and partially completed preparatory and organization works resulting in introduction of relevant provisions (internal regulations of the Company: the Rules of the Management Board, the Rules of the Supervisory Board) to regulating rules of cooperation of potential internal auditor with governing bodies of the Company and accessibility of the governing bodies or persons serving in those capacity (if they are appointed) to representatives of the Management Board and the Supervisory Board.

Chapter IV – General Meeting, Shareholder Relations

With regard to chapter IV of “Best Practice for GPW listed companies 2021” the Company in the period from 01.07.2021 r departed from application of six corporate governance rules **23.1., 3.2., 3.3., 3.4., 3.5 and 3.6.** The Company from 01.07.2021 applies or declares application (in case of occurrence of relevant situations or events referring to a given recommendation or special rule) of other, effective fort the Company rules provided in chapter II of “Best Practice for GPW listed companies 2021”

Rule 4.3.

“4.3. Companies provide a public real-life broadcast of the general meeting”

Explanation of the company effective as of 01.07.2021

If shareholders of the Company report their expectation to ensure the ability to participate General Meeting using means of electronic communication (e-General Meeting) according to the declaration of the Company covered by the explanations with respect to the rule 3.1 Companies provide a public real-life broadcast of the general meeting. The decision of the real-life broadcast of the General Meeting will take into account all legal arguments in this respect (regarding legal bases and any objections concerning the ability of real-life broadcast of the General Meeting

The Management Board of the Company takes some corporate actions in order to present information on declaration regarding application of “Best Practice for GPW listed companies 2021” to the General Meeting. It refers to rules for shareholders and the General Meeting and intends to decide about adoption and application (as a declaration and in practice) of the rules, which are in power of the General Meeting / Shareholders.

Chapter V – Conflict of Interest, Related Party Transactions

With regard to chapter V of “Best Practice for GPW listed companies 2021” the Company in the period from 01.07.2021 r departed from application of six corporate governance rules **23.1.**, **3.2.**, **3.3.**, **3.4.**, **3.5** and **3.6**. The Company from 01.07.2021 applies or declares application (in case of occurrence of relevant situations or events referring to a given recommendation or special rule) of other, effective fort the Company rules provided in chapter II of “Best Practice for GPW listed companies 2021.

Chapter VI – Remuneration

With regard to chapter VI of “Best Practice for GPW listed companies 2021” the Company in the period from 01.07.2021 r departed from application of six corporate governance rules **23.1.**, **3.2.**, **3.3.**, **3.4.**, **3.5** and **3.6**. The Company from 01.07.2021 applies or declares application (in case of occurrence of relevant situations or events referring to a given recommendation or special rule) of other, effective fort the Company rules provided in chapter II of “Best Practice for GPW listed companies 2021.

6.3. Main features of the internal control and risk management system in respect of drawing up financial statements.

Rainbow Tours S.A. has implemented fully functional internal control system with respect to accounting and drawing up financial statements. The aim of the system is to ensure clear and reliable presentation of the company standing and financial liquidity. Direct supervision over the system is exercised in accordance with applicable legal provisions and internal regulations of the Management Board. The internal control system functions on three levels:

- With respect to accounting rules – a documentation of accounting rules adopted, which describes accounting policy stipulated in the Accounting Act of 29 September 1994 (the consolidated text Journal of Laws. of 2016, item 1047) approved by the Management Board. The accounting rules are applied continuously to ensure comparability of financial statements
- With respect to documentation – the procedure of document flow and approval, which ensures content-related as well as formal control of the documents entered to the computer data processing system
- With respect to computer data processing system – the company uses the systems, which meet the requirements of the points above and applies adequate methods of securing access to data in computer data processing system, including keeping and securing accounts and source documents.

The annual single financial statements of the Issuer and the annual consolidated financial statements of the Capital Group of the Issuer are subject to the verification (audit) of external entity with relevant powers, while the half-year financial statements are reviewed. Rainbow Tours SA’s financial statements are published in accordance with requirements of applicable legal regulations

The Parent Company does not have separated organizational units/positions to deal with risk managements and compliance. Tasks i.e. in the area of internal audit are undertaken by the Company with intended higher engagement of members of the Management Board, the Supervisory Board and committees of the Supervisory Board (the Audit Committee and established as of July 2021 the Committee of Strategy and Business Development, which tasks also include monitoring of fulfilment of the Parent strategic goals and plans of business operations and financial plans by the Management Board). In the opinion of the Management Board the Company and Rainbow Tours Group have effective systems of internal control, risk management and compliance of operations with law systems which conform to current characteristic of business operation (homogenous business model) and not considerably differentiated segmentation of operations, relatively low number of companies of the Group.

Internal control system is based on specific division of powers, obligations and responsibilities of individual organizational units of the Company. The system is supervised by heads of organizational units, directors and the Management Board continuously, including current contacts of individual and proper organization units of the Company. Moreover, internal control is exercised directly by each employee, by a direct supervisor and persons cooperating with him/her with respect to quality and correctness of activities. The aim of these activities is to ensure compliance of activities with requirements, including legal requirements. The Management Board is responsible for total comprehensive control, for minimising level of risk as well as identification of new threats. In March 2019 pilot one-man positions "Financial Controller" was established, who reports directly to the Management Board, which scope of duties include: cost and profitability control, control of implementation of plans and budget as well as control and optimization of business processes both in the Company and in subsidiaries. As a result of further changes, in particular due to development of tourism services operations i.e. in hotels owned by the companies of Rainbow Tours Group, the powers of "the Financial Controller" were limited to supervision and control of implementation of plans and budgets and optimization of business processes with respect to subsidiaries providing hotel services (that is White Olive A.E. and White Olive Premium Lindos A.E.).

When it comes to compliance system (compliance with the law) the Company uses help of external entities and advisors adequate to its needs and implemented process. Risk and events giving rise to risk, which may affect operations of the Company (business risk, currency risk, operational risk, reputation will, credit risk) are managed daily and by planned application of numerous safeguards to prevent and reduce risk posed by operations of the Company (to reduce its credit risk the Company uses currency hedges such as forwards contracts and so-called corridor options).

In 2021 the Company carried out and partially completed preparatory and organization works resulting in introduction of relevant provisions (internal regulations of the Company: the Rules of the Management Board, the Rules of the Supervisory Board) to regulating rules of cooperation of potential internal auditor with governing bodies of the Company and accessibility of the governing bodies or persons serving in those capacity (if they are appointed) to representatives of the Management Board and the Supervisory Board.

The respective changes in the internal regulations were (i) introduced to the Regulation of the Management Board – pursuant to the resolution of the Management Board of the Company No 03/06/21 of 01.06.2021 and approved by the resolution of the Supervisory Board No 5/06/2021 of 02.06.2021 (changes effective as of 01.07.2021) (ii) introduced to the Regulation of the Supervisory Board – pursuant to the resolution of the Supervisory Board of the Company Nr 2/06/2021 of 02.06.2021 and approved by the resolution of the General Meeting of the Company No 36 of 30.06.2021 (changes effective as of 01.07.2021).

6.4. Shareholders holding directly or indirectly blocks of shares

The below information on shares of the parent company held by shareholders (including members of the governing bodies of the Company) holding directly or indirectly 5% of votes at the General Meeting of Shareholders of the Company was prepared on the base of current, as at 31 December 2018, disclosures in the Register of Shares kept by the Company (with respect to registered shares) as well as information from the shareholders fulfilling its obligation imposed on shareholders of public companies pursuant to the Public offering of financial instruments act of 29 May 20005 (art. 69 and art. 69a) and pursuant to provisions of the Regulation of the European Parliament 2003/6/EC and of the Council, and the directive of the Commission 2003/124/EC, 2003/125/EC and 2004/72/EC (MAR Regulation, art. 19). Additionally, information on shares held by the Company is provided based on publicly available data on portfolio engagement and the structure of assets of investment funds or pension funds, including based on information from financial reports of investment funds and pension funds the data may change since the publication of the last information.

The table. List of shareholders that hold directly substantial blocks of shares as at **31.12.2021** and **29.04.2022**, i.e., blocks of shares, which give right to at least 5% of votes at the General Meeting

Shareholder	Number of shares [piece]	Number of votes at GM attached to shares [piece.]	Share capital [%]	Total votes at GM [%]
Slawomir Wysmyk	1 868 346	3 428 346	12.84%	17.78%
Flyoo Sp. z o.o.	1 580 000	2 735 000	10.86%	14.19%
Elephant Capital Sp. z o.o.	1 645 000	2 645 000	11.30%	13.72%
TCZ Holding Sp. z o.o.	1 335 000	2 335 000	9.17%	12.11%
Nationale Nederlanden PTE S.A. (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%

Shareholder	Number of shares [piece]	Number of votes at GM attached to shares [piece.]	Share capital [%]	Total votes at GM [%]
OTHER SHAREHOLDERS	5 397 195	5 407 195	≈37.09%	28.05%
TOTAL	14,552,000	19,277,000	100.00%	100.00%

The table. List of shareholders holding as at **31.12.2021** and as at **29.04.2022** directly and indirectly, substantial blocks of shares of the company, that is blocks of shares, which make at least 5% of the total number of votes at General Meeting of Shareholders

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

In 2021 there were following changes in the ownership structure with regard to substantial blocks of shares:

- 1) On 19.07.2021 the Company was advised, pursuant to art. 19 section 1 of MAR regulation about share acquisition transactions by Mr Remigiusz Talarek – the member of the Supervisory Board of Rainbow Tours S.A., that is person with governing powers in the Company (within the meaning of MAR regulation) according to which Mr Remigiusz Talarek acquired, in session transactions at WSE (XWAR – GPW share market): (i) on 13.07.2021 total of 500 shares of the issuer (for the average transaction price in the amount of PLN 23.52 per share (ii) on 14.07.202 total of 100 shares of the Issuer (for the average transaction price in the amount of 24.30 per share), (iii) on 16.07.2021 total of 100 shares of the Issuer (for the average transaction price in the amount of PLN 24.40 per share) and (IV) on 19.07.2021 total of 350 shares pf the Issuer (for the average transaction price in the amount of PLN 24.79 per share).

Taking into account the content of the notice as a result of the above transactions Mr Remigiusz Talarek – the member of the Supervisory Board, as at the date of approval of this report for publication (29.04.2022), holds directly 1,050 shares of the issuer which give him 1,050 votes at the General Meeting, which is respectively 0.0072% of the share capital of the Company and 0,0054% of votes at the General Meeting. Mr Remigiusz Talarek holds also indirectly (through his subsidiary Elephant Capital Sp. z o.o.) jointly: total of 1,645,000 shares which give right to 2,645,000 votes at the General Meeting of the Company.

- 2) On 07.10.2021 the Company was advised, pursuant to 19 section 1 of MAR Regulation, about transactions with shares of the Issuer made by Mr. Maciej Szczechura – a Member of the Management Board, that is person with governing duties in the Company (within the meaning of MAR regulation), according to which Mr. Maciej Szczechura informed that he, in session transactions at Warsaw Stock Exchange (XWAR – GPW share market): (i) sold on 09.06.2021 245 shares of the Issuer (for the average transaction price in the amount of PLN 30.80 per share (ii) acquired on 07.10.2021 1,647 shares of the Issuer (for the average transaction price in the amount of PLN 24.30 per share) .

Taking into account the content of the notice as a result of the above transactions Mr Maciej Szczechura – the member of the Management Board - as at the date of approval of this report for publication (29.04.2022) holds directly total of 1,647

shares of the issuer, which give him 1,647 votes at the General Meeting, which is respectively 0.0113% of the share capital of the Company and 0.0085% % of votes at the General Meeting. Mr Remigiusz Talarek does not hold any shares indirectly.

- 3) On 21.10.2021 the Company was advised pursuant to 19 section 1 of MAR Regulation about transactions of sale of shares of the Company by Flyoo Sp. z o.o. as a person closely related to Mr Grzegorz Baszczyński – the President of the Management Board that is person with governing duties in the Company (within the meaning of MAR regulation), according to which Flyoo Sp. z o.o (the subsidiary of Grzegorz Baszczyński – the President of the Management Board) sold on 09.06.2021 245 shares of the Issuer (for the average transaction price in the amount of PLN 25,00 per share)

Taking into account the content of the notice and pursuant to separate notice submitted by Flyoo Sp. z o.o. on 21.10.2021 (pursuant to art. 69 of the act on public offering and conditions of introducing financial instruments to organized trade and public companies), due to the above transaction Flyoo Sp. z o.o reduced its share in votes by more than 15% of the total votes and came to (as a result of the reduction) less than 15% of the total number of votes at the General Meeting of the Company. As at the date of approval of this extended consolidated report for III quarter of 2021, that is 26.11.2021 Flyoo Sp. z o. o holds directly total of 1,580,000 shares of the Issuers (with 2,735,000 votes at the General Meeting of the Company), which is accordingly 10.86 % of the share capital and 14.19 % of votes at the General Meeting: Mr. Grzegorz Baszczyński – the President of the Management Board does not hold shares directly.

- 4) On 21.10.2021 the Company was advised pursuant to 19 section 1 of MAR Regulation about transactions of sale of shares of the Issuer by TCZ Holding Sp. z o.o. as a person closely related to Mr Tomasz Czaplą – a member of the Supervisory Board, that is person with governing duties in the Company (within the meaning of MAR regulation), according to which TCZ Holding Sp. z o.o. (the subsidiary of Tomasz Czaplą – a member of the Supervisory Board) sold on 20.10.2021 275,000 shares of the Issuer (for the average transaction price in the amount of PLN 25,00 per share)

Taking into account the content of the notice - due to the above transaction - as at the date of approval of this extended consolidated report for III quarter of 2021 that is as at 26.11.2021 TCZ Holding Sp. z o.o holds directly total of 1,335,000 shares of the Issuers (with 2,335,000 votes at the General Meeting of the Company), which accordingly 9.17% % of the share capital and 12,11% of votes at the General Meeting: Mr. Tomasz Czaplą – a member of the Supervisory Board does not hold shares directly.

- 5) On 25.10.2021 the Company was advised, pursuant to art. 69 of the act on public offering and conditions of introducing financial instruments to organized trade and public companies, by Generali General Open Pension Society S.A. with registered office in Poland, which runs the funds: Generali Open Pension Fund and Generali Voluntary Open Pension Fund (“the Funds”) about their increase in total number of votes at the General Meeting above 5% of the total number of votes of the Company transactions of sale of shares of the Issuer by TCZ Holding Sp. z o.o. as a person closely related to Mr Tomasz Czaplą – a member of the Supervisory Board that is person with governing duties in the Company (within the meaning of MAR regulation).

According to the content of the notice: (i) increase of Funds’ shares in the total number of votes of the Company occurred as a result of the transaction of acquisition of shares on 20.10.2021 (ii) before the change in the share the Funds held 708,459 shares of the issuer, which was 4.87% of the share capital and 708,459 votes at the General Meeting of the Company, which was 3.68% of the votes, including Generali Open Pension Fund held 705,459 of shares, which was 4.85% of the share capital of the Company and 705,459 votes at the General Meeting of the Company, which was 3.66% of the total number of votes (ii) after settlement of the transaction the Fund holds 1,008,459 of shares of the Issuer, which is 6.93% of the share capital of the Company and that gives them 1,008,459 votes, which is 5.23% of the total votes at the General Meeting of the Company.

- 6) On 22.12.2021 the Company was advised, pursuant to art. 69 of the act on public offering and conditions of introducing financial instruments to organized trade and public companies, by Aviva Investors Poland Investment Fund Society S.A. (“the Society”) -acting on authority of the investment funds: Aviva Investors Open Investment Fund, Aviva Investors Special Open Investment Fund and Aviva Investors Special Open Investment Fund of Large Companies (the Funds) about their reduction of level of involvement of the Funds in total number of votes at the General Meeting of the Company to less than 5% of the total number of votes in the Company.

According to the content of the notice: (i) reduction of the Funds’ level of involvement in total number of votes at the general meeting of the Company occurred as a result of the transaction of sale of shares on 17.12.2021 (ii) before the change in the share the Funds held 974,943 shares of the issuer, which was 5.06% of the share capital and 974,943 votes, which was 5.06% of the votes at the General Meeting of the Company , (iii) after the change the Funds hold total of 944,943 of shares of the Issuer, which is 4.90% of the share capital of the Company and gives them 944,943 votes, which is 4.90% % of the total votes at the General Meeting of the Company.

In the period following the reporting period, that is after 31.12.2021, until the date of approval of this report for publication (29.04.2022), there were no changes in the ownership structure of substantial blocks of shares of the Issuer.

6.5. Holders of securities with special controlling powers with the description of the powers.

There are no shares or any other securities, which give special controlling powers, in the capital structure of the parent company.

The capital structure of the Company includes registered shares with voting preference, in that 2 votes are attached to 1 share at the general meeting of the Company. These are A and C1 series shares held by subsidiaries of the members of the governing bodies of the Company (Flyoo Sp. z o.o – the subsidiary of Grzegorz Baszczyński, the President of the Management Board of the Company, TCZ Holding Sp. z o.o – the subsidiary of Tomasz Czapla – the Vice-chairman of the Management Board of the Company and Elephant Capital Sp. z o.o – the subsidiary of Remigiusz Talarek – the Vice-chairman of the Management Board of the Company).

As at 31.12.2021 and 29.04.2022 A and C1 series shares (registered preferred shares) were held by the following shareholders

Shareholder	Number of A series shares	Number of C1 series shares	Total preference shares
Sławomir Wysmyk	1,350,000	210,000	1,560,000
Flyoo Sp. z o.o. (subsidiary of Grzegorz Baszczyński – the President of the Management Board)	1,155,000	-	1,155,000
Elephant Capital Sp. z o.o. (subsidiary of Remigiusz Talarek – the member of the Supervisory Board of the Company)	1,000,000	-	1,000,000
TCZ Holding Sp. z o.o. (subsidiary of Tomasz Czapla – the member of the Supervisory Board of the Company))	1,000,000	-	1,000,000
Mariusz Rejmanowski	-	2,500	2,500
Janek Rejmanowski	-	2,500	2,500
Anna Rejmanowska	-	2,500	2,500
Julia Rejmanowska	-	2,500	2,500
TOTAL	4,505,000	220,000	4,725,000

6.6. Limitations with respect to exercising voting rights.

The Parent Company has no limitations with respect to exercising voting rights, except for those resulting from generally applicable law.

6.7. Limitations concerning transferring ownership of Issuer's securities

According to the provision of the Articles of Associations, the shareholder is obliged to give written notice to the Management Board of the Company about the intention to dispose preference shares, so that the Management Board could inform other holders of preference shares with pre-emptive rights:

According to provisions of § 11 of the Articles of Association:

“1. The Shareholder is obliged to inform in writing the Management Board about the intention to dispose preference shares and should provide all information, which would enable to assess the Management Board the conditions of the transaction of disposal of preference shares, including its legality, and the shareholder is in particular obliged to provide following information: the data of the contractor (including direct contact data), number of shares for disposal, the transaction price agreed with the contractor (total and per unit), conditions of payment. To fulfil the obligations the shareholder is especially obliged to present any copies of documents, which are the base of agreements with the contractor concerning the disposal of preference shares (the letter of intent, preliminary agreement of share disposal, contingent agreement of share disposal, etc.)

2. In connection with the provisions of the section above, the Management Board of the Company is entitled to verify all factual and legal circumstances related with the transaction of preference shares disposal and in this respect it may ask questions and demand from the shareholder wishing to dispose preference shares, including, however, any limitations resulting from law or other legal acts which prohibit to disclose personal data, the secret of the company, protection of classified data etc. In case of limitations mentioned above, before receipt of data subject to limitations, the Management Board is obliged to present declaration of confidentiality if this will be sufficient to obtain the information or data effectively and without its infringement.

3. The Management Board will immediately advise in writing about the intention to dispose shares of other shareholders holding preference shares. The companies holding preference shares have the right of pre-emption, where the conditions of transactions of preference share disposal in such case cannot be less attractive for the person disposing the shares with respect to transaction price and dates of payment – from the conditions presented by the shareholder and confirmed by the Management Board pursuant to section 1 and 2 of this provision of the Articles of Association. The pre-emptive right may be exercised by submitting to the Management Board a written declaration of the intention to acquire shares within two weeks from receipt of the notification.

4. If other shareholders with preference shares won't provide declaration about the intention to exercise the pre-emptive right or its partial exercise, the Management Board may, within two weeks of the lapse of the date of submitting the offers of purchase of preference shares, indicate a third person as the acquirer, where the conditions of preference share disposal in such case cannot be less attractive for the person disposing shares – with respect to the transaction price and dates payment from the conditions presented by the shareholder and confirmed by the Management Board pursuant to section 1 and 2 of this provision of the Articles of Association

5. If there are no recommendations of the Management Board or if the indicated acquirer (the third party) won't pay the price within two weeks of the submission of the declaration, the shareholder may freely dispose its shares

The disposal of shares in other way is ineffective towards the company

6.8. Rules of appointment and dismissing executive officers and their powers

Rules of appointing, dismissing and operations of the Management Board of the Company, including its powers and obligations are strictly defined in "the Regulation of Rainbow Tours S.A." (the regulation adopted pursuant to provisions of the Resolution of the Company No 01/12/16 of 05.12.2016 and approved with the Resolution No 02/12/2016 of the Supervisory Board of the Company of 20.12.2016 r. with amendments effective as of 01.07.2021 r resolved pursuant to the Resolution of the Supervisory Board No 03/06/21 of 01.06.2021 approved in a single text of the Regulation under the Resolution of the Supervisory Board No 5/06/2021 of 02.06.2021), in the Articles of Association of Rainbow Tours S.A., and moreover in generally applicable provisions of law regulating these issues.

In 2021 provisions of the Articles of Association of the Issuer were amended with regard to change of the body authorized to appoint Members of the Management Board. Pursuant to provisions of the Resolution No 25 of the Ordinary General Meeting of the Company of 30.06.2021 and the General Meeting of the Company, acting pursuant to art.430 of the Code of Commercial Companies and Partnerships as well as § 27 section 2 letter h) of the Articles of Association, decided to introduce amendments to § 16 of the Articles of Association, amendments of sections marked as "section 1", "section. 2" and "section. 5", which have new wording as follows:

"1. The Management Board has 2 to 5 members appointed and dismissed by the Supervisory Board of the Company. The Member of the Management Board may be dismissed or suspended in their activities also by the General Meeting.

"2. Members of the Management Board are appointed for period of joint term of office. Joint term of office of the Management Board is three years. To the current joint term of office of the members of the Management Board previous provisions of the Articles of Association apply, and thus the period of current joint term of office of the Management Board (effective as at the date of registration of the amendment to the Articles of Association defining the period of term of office of the Management Board stipulated in the previous sentence) until its expiry is five years" (...)

"5. Number of persons in the Management Board as well as capacity in which the members of the Managements serve, including of the President of the Management Board, the Vice-Chairman of the Management Board or a Member of the Management Board are defined by the Supervisory Board of the Company."

Pursuant to the above-mentioned resolution the amendment was introduced to the Articles of Association regarding granting power to appoint members of the Management Board to the Supervisory Board. Pursuant to the previously applicable provisions of the Articles of association the General Meeting had the power to appoint members of the Management Board; additionally, the respective amendment introduced – starting from the next term of office of the Management Board of the Company (that is from the beginning of fifth term of office of the Management Board) – the term of office of three years. Pursuant to the previously applicable provisions of the Articles of Association of the Company the period of joint term of office of the Management Board of the Company was five years. With respect to current fourth joint term of office of members of the Management Board the previous provisions of the Articles of Association apply and thus the period of current joint term of office of the Management Board (effective as at the registration date of the amendment defining the period of the term of office of the Management Board provided in the previous sentence) until its expiry is five years.

The fourth joint term of office of the Management Board ends on 25.08.2025 and the mandates expire at the latest on the date of the General Meeting approving financial statements for the last full financial year of serving as a member of the Management Board; mandates of members of the Management Board expire also due to death, resignation or dismissal of a member from the Management Board.

Introduction of provisions defining powers of the Supervisory Board to the Articles of Association (in place of the General Meeting) with respect to appointment of members of the Management Board and reduction of the period of the joint term of office of members of the Management Board (from the beginning of the next term of office – reduction of the term of office from five to three years) is linked to changes in the Company, according to which Mr Tomasz Czapla and Remigiusz Talarek, who were for many years, and still are (through their subsidiaries), significant shareholders of Rainbow Tours S.A. – proposed change of the nature of their participation in "Rainbow project" and transfer from the Management Board to the Supervisory Board, and focus

on expert control of the operations of the Company, additionally as members of the Supervisory Board participation in decisions of appointment and dismissal of members of the Management Board.

The respective amendments of the Articles of Association (i.e.) were registered by the Regional Court for Łódź Śródmieście in Łódź XX Economic Division of the National Court Register and pursuant to the decision of 16.08.2021

Appointing and dismissing the members of the Management Board of the Company:

- The Management Board comprises 2-5 members appointed and dismissed by the General Meeting of the Company. The Management Board of the Company comprises: A President, a Vice-chairman (Vice-chairmen) and a member or members of the Management Board.
- Members of the Management Board are appointed for the joint term of office. The joint term of office of the Management Board is three years. With regard to current fourth joint term of office of members of the Management Board (fourth joint term of office of the Management Board of the Company expires on 25.08.2025) previous provisions of the Articles of Association applies, and thus the period of joint fourth term of office of the Management Board (effective as at the date of registration of amendments in the Articles of Association that is 16.08.2021) until its expiration is five years. The members of the Management Board are appointed for the common term of the office by the General Meeting of the Company. The common term of the office is five years.
- The same persons may be reappointed for another term of offices of the Management Board.
- The number of the members of the Management Board as well as their roles in the Management Board (including the roles of: The President of the Management Board, the vice-chairman of the Management Board, the member of the Management Board) shall be defined by the Supervisory Board of the Company
- The Management Board or its individual members may be dismissed before the end of the common term of the office.
- the mandate of the member of the Management Board expires at the latest on the day of the meeting of General Meeting to approve financial statement of the Company for the last full financial year, while serving as a member of the Management Board,
- the mandate of the member of the Management Board expires in case of death or resignation, also before expiry of the term of office of the Management Board
- the mandate of the member of the management board appointed before expiry of the term office expires when the mandates of other members of the Management Board expire.
- The members of the Management Board may act based on their appointment as member of the Management Board, including the roles of: The President of the Management Board, the Vice- chairman of the Management Board or member of the Management Board, under employment contract or any other civil law contract.
- The company is represented by the Supervisory Board or an agent appointed under resolution of the General Meeting in an employment contract or any other civil law agreement entered between the Company and the member of the Management Board

Powers of the Management Board

- The Management Board is the governing body of the company stipulated in the Articles of Association and is governed by the Code of Commercial Companies and Partnerships, other generally applicable provisions of law and the Regulations of the Management Board
- The Management Board manages day-to-day operations of the Company, represents the Company in external dealings with authorities, public offices and third parties, in proceedings before court and outside it
- The Management Board has the power to run all affairs except for issues and decisions, which are within competence of other bodies of the Company
- The Management Board defines the strategy of development and main objectives of its operations as well action plans for the company and its enterprise, and it is responsible for their implementation and realization.
- The Management Board is obliged to manage the assets and affairs of the company with due diligence required in business trading, including to observe applicable law, provisions of the Articles of Association, Regulations of the Management Board and resolutions adopted by the governing bodies of the Company in their capacity, where the General Meeting and the Supervisory Board cannot give the Management Board binding orders on management of the affairs of the company.
- The members of the Management Board should take decision on Company's affairs considering limits of justified business risk, that is having in mind and all information, analyses and opinion which according to the reasonable opinion the Management Board should be taken with the best interest of the company in mind. To determine its interest, the company should consider interest of shareholders in a long run, including minority interest with less than 5% of share in votes at the General Meeting of the Company, creditors, employees of the companies and other entities and persons cooperating in business with the company and as much as possible the interest of local communities.
- A member of the Management Board should be loyal to the Company. A member of the Management Board must not reveal secrets of the Company, also after expiry of their mandates.

According to the provisions of § 17 of the Articles of Association each member individually, proxy and an agent within the powers of its authorizations are authorized to perform legal acts in the name of the Company subject to that following person are authorized to incur liabilities

- 1) Individually member of the Management Board serving as a member of the Management Board – for incurring liabilities up to the amount of PLN 1,000,000 (one million zloty)
- 2) Individually member of the Management Board serving as the President of the Management Board or the Deputy President of the Management Board – to incur the liability to the amount of up to: PLN 3,000,000 (three million zloty),
- 3) Two members of the Management Board irrespective of their role in the Management Board acting jointly or one member of the Management Board with a proxy – to incur liability exceeding PLN 3,000,000 (three million zloty).

6.9. Amendments of the Articles of the Association or company's memorandum of association

Decisions to amend the Article of Association is a power of the General Meeting of Shareholders (§ 27 section 2 letter h of the Articles of Association). The Articles of Association are amended through resolution of the General Meeting of Shareholders and require an entry of the amendment in the register of entrepreneurs by the competent registry court.

Each time the amendments are registered in the Articles of Association, the consolidated text of the Articles of Association is determined by the Supervisory Board

6.10. Mode of operations of the general meeting and its essential powers

In 2021 the manner of operations of the General Meeting was described (and still is) in provisions of the Articles of Association and the Regulations of the General Meeting of Rainbow Tours S.A. - resolved pursuant to provisions of Resolution No 6 of the Extra-Ordinary General Meeting of Rainbow Tours S.A. of 29 March 2011 concerning annulment of the previous Regulations and resolving new the Rules of the General Meeting of the Company (based on the resolution of the General Meeting in connection with amendments introduced to the Commercial Companies Code, especially those related to organization and rules of participation in the General Meetings of public companies). In pursuance of § 27.2 letter s of the Articles of Association the General Meeting decided to annul whole previous Regulations of the General Meeting, approved by resolution No 1/05/2007 of the Ordinary General Meeting of 14 May 2007, and resolved new Regulations of the General Meeting of the Company).

Pursuant to the Resolution No 37 of the Ordinary General Meeting of 30.06.2021 the single text of the amended "Regulation of the General Meeting of Rainbow Tours Spółka Akcyjna" due to introduction [because of amendment of provisions of the Code of Commercial Companies and Partnerships, which took place in 2020 – the amendment of provisions of art. 406(5)] to the content of the regulation of the General Meeting of the Company (but also in separate regulation resolved by the Supervisory Board with regard to participation in the General Meeting of the Company using means of electronic communication) of relevant provisions establishing and regulating the ability to participate in General Meeting of Rainbow Tours S.A.. The changes were accompanied by relevant planned amendments of the Articles of Association of the Company (introduction of new amendments marked as "§ 26a" and "§ 26b to the Articles of Association). The new amended regulations of the General Meeting constitute an adjustment to new provisions with regard to rules of participation in the General Meetings, using means of electronic communication; it was also intended to consolidate provisions of the Regulation of the General Meeting with the regulation of participation in the General Meeting of the Company using means of electronic communication, which was resolved by the Supervisory Board. Moreover, relevant changes in order and adjusting changes were introduced to the Regulation of the General Meeting. They were related to loss of relevance of some of provisions of the Regulation (due to changes in applicable law). Changes covered the following editorial units of the regulation of the General Meeting § 1 section 2-4; § 2 section. 1-2; § 5 section 2 and section 4; § 6 section 2, section. 3-point 2 letter e), letter h), section 7-8; § 7 section 3-4, section 7-8; § 8; § 9 section 2 letter a-c, section 3-4, section. 10-11; § 10 section 1, section 7-9, section 12; added § 10a; § 11 section 1-2; § 12 section 7; § 13 section 14; § 14 section 2; § 15 section 1; § 16 section 2 letter f) and letter u); § 17.

By implementing processes of detailed verification of effective internal regulations in the Company in 2021 (i.e. introduced by the Ordinary General Meeting of the Company of 30.06.2021 the above amendments of "Regulation of the General Meeting of Rainbow Tours S.A.") the Supervisory Board, considering its powers and obligations of the Supervisory - pursuant to art. 406⁵ § 3 of the Code of Commercial Companies and Partnerships - adopted, for application in the Company, new solutions covered by Regulation of participation in the Ordinary General Meeting of Rainbow Tours S.A. using means of electronic communication". Works related to adoption, of the *Regulation of participation in the Ordinary General Meeting of Rainbow Tours S.A. using means of electronic communication*, by the Supervisory Board, were undertaken by the Company, to update and adjust internal regulations to applicable law what was reflected in the content of the resolution No 32 of the Ordinary General Meeting of the Company of 30.06.2021, pursuant to which it was decided about introduction of new articles marked as § 26a i § 26b to the Articles of Association (the amendments of the Articles of Association currently being registered in the register of businesses). They are as follows:

"§ 26a. 1. One can take part in the General Meeting also by using means of electronic communication, unless the person summoning a given General Meeting decides so. Such participation involves in particular a) bilateral real-life communication,

when shareholders or other authorised person may speak during the General Meeting and at the same time stay at a location different from the place of the meeting, b) personal exercise of voting rights before or during the General Meeting.

2. The Company ensures real-life broadcast of General Meeting, which enable persons to participate by means of electronic communication.

3. Details rules of the participation of General Meeting by means of electronic communications is defined by the Supervisory Board in the form of the regulation.

§ 26b. The General Meeting resolves Regulation of the General Meeting defining in details the manner of summoning the General Meeting, convening the meeting and other matters or procedures related to convening the General Meeting. The draft of the Regulations of the General Meeting is presented by the Management Board of the Company.

As a result of the above, pursuant to relevant Resolution No 6/07/2021 of 13.07.2021, the Supervisory Board of the Company defined rules of participation in the General Meeting of the Company by means of electronic communications in the form of regulations and decided to adopt for application in the Company "the Regulation of participation in General Meeting of Rainbow Tours S.A. by means of electronic communication", which came into force as of 13.07.2021.

Due to the above the company declares application of the rule 4.1 from "Best Practice for GPW listed companies 2021" ("4.1. Companies should enable their shareholders to participate in a general meeting by means of electronic communication (e-meeting) if justified by the expectations of shareholders notified to the company, provided that the company is in a position to provide the technical infrastructure necessary for such general meeting to proceed") if shareholders report to the company their expectations in this respect, considering however, the position of the Company that introduction of the above rule should be gradual and evolutionary without substantial financial and organizational burden, and subject to ensuring technical infrastructure necessary to proceed with General Meeting by means of electronic communication. Previous experience of the Company shows and confirms that shareholders of Rainbow Tours S.A. do not report any expectation to the Company regarding the need and validity of organization of the General Meeting by means of electronic communication. Existence of natural and legal factors, which may potentially affect proper course of the General Meeting (i.e. with respect to possibility to identify shareholders and verify legitimacy to participate in the General Meeting, which affect potential ability to recognize effectiveness of adopted resolutions what is linked risk of occurrence of technical problems e.g. Internet connection or potential external interference in IT systems) in the opinion of the Management Board may constitute arguments for organization of General Meetings on site, which are personally attended by shareholders or their proxies in General Meetings.

The General Meeting can be ordinary or extraordinary. The Ordinary General Meeting is summoned annually by the Management Board not later than within 6 months after the end of each financial year.

Extraordinary General Meeting is summoned by the Management Board on its own initiative, at the request of the Supervisory Board, or the request of a shareholder or shareholders representing at least one twentieth of the share capital of the company. The request of the Supervisory Board should be filed in writing and provide relevant justification - at the latest in month before the date of the extraordinary General Meeting proposed by the Supervisory Board.

Shareholder or shareholders representing at least one twentieth of the share capital may require putting specific items on the agenda of the General Meeting. The request to call Extraordinary General Meeting should be filed to the Management Board in writing or by means of electronic communication. The request should be justified. The Extraordinary General Meeting should be convened within two weeks of two weeks of the date of request receipt.

The Supervisory Board, as well as a shareholder or shareholders representing at least one twentieth of the share capital may require putting specific items on the agenda of the next General Meeting.

Moreover, the Supervisory Board is obliged to summon the General Meeting in case when the Management Board failed to summon the Ordinary General Meeting in the required time limit and in case, when, despite filing of the request, the Management failed to summon the Extraordinary General Meeting.

Shareholders representing at least half of the share capital or at least half of the votes in the Company may summon Extraordinary General Meeting of Shareholders. Shareholders appoint the chairman of the meeting.

The Supervisory Board, as well as a shareholder or shareholders representing at least one twentieth of the share capital may require putting specific items on the agenda of the next General Meeting. The request should be filed to the Management Board not later than within 21 (twenty-one) days before setting the date of the Meeting. The request should contain justification or draft resolution referring to the proposed item of the agenda. The request may be filed using electronic means of communication

The Management Board is obliged to announce immediately, however, not later than 18 (eighteen) days before the date set for a General Meeting, amendments introduced in the agenda at the request of the shareholders or Supervisory Board. The announcement is made in a way to typical for summoning of the General Meeting.

A shareholder, personally or through an agent (based on power of attorney granted in writing or by electronic communication means), as well as members of the Management Board and Supervisory Board and other persons indicated by the relevant legal provisions and the Regulations of the General Meeting have the right to participate in General Meeting.

Powers of the General Meeting:

The powers of the General Meeting include matters reserved in the Code of Commercial Companies and Partnerships, provisions of other statutes, subject to the fact the powers of the General Meeting are in particular as follows:

- Reviewing and approving the directors' report and the financial statements for the previous financial year,
- distribution of profit and loss coverage
- setting the dividend date and the date of dividend payment.
- granting approval of the performance of duties
- changing the scope of Company's business
- appointing and dismissing members of the Supervisory Board and setting rules of remuneration, and in case of members of committees of the Supervisory Board indicated in § 20 section 9 and 10 of the Articles of Association (the audit committee, other option committees to deal with issues both permanent and temporary, which support works of the Supervisory Board) setting minimum and maximum amount of their fixed remuneration and criteria for its setting and delegating powers for the Supervisory Board to determine additional fixed remuneration based on guidelines and criteria set by the General Meeting
- amending the articles of association
- increasing and reducing share capital
- issuing all types of bonds
- share buyback in circumstances stipulated in Article 362 section 1 point 2 of Code of Commercial Companies and Partnerships
- redemption of shares
- using supplementary capital
- creating special funds
- consolidation, transformation and division of the company
- dissolution and liquidation of the Company
- disposal and leasing of the enterprise or its organized part and establishing limited property right with respect to them
- all provisions concerning claims to redress the damage resulting from the management and supervision tasks
- resolving the Regulations of the General Meeting
- approval of the Regulations of the Supervisory Board
- Adopting by resolution not less often than every four years, remuneration policy for members of the Management Board and the Supervisory Board, which is mentioned in the relevant law on the public offering and conditions of admitting financial instruments to organized trading and public companies

Shareholders' rights and execution of the rights

Rights and obligations attached to shares of the Company are specified in provisions of the Polish Code of Commercial Companies and Partnerships and other regulations. These are i.e., as follows:

- the pre-emptive right to subscribe new shares in relation to the number of shares (pre-emptive right) and by complying to requirements, which are mentioned in art. 433 of the Code of Commercial Companies and Partnerships; the shareholder may be deprived of this right in part or as a whole pursuant to the resolution of the General Meeting adopted by majority of four fifths of votes, if it is in interest of the Company (with inclusions), shareholders may be deprived of pre-emptive right, in case when it was announced in the agenda of the General Meeting.
- Right to dividend
- Right to share in company assets remained after satisfying or securing creditors in case of liquidation of the company. The Articles of Association does not provide for any preferential treatment in this respect,
- Right to establish pledge or usufruct on shares held. In the period, when shares of public companies on which pledge or usufruct has been established, are recorded in securities account of brokerage house or bank holding securities account, the shareholder has the right to vote attached to shares (article 340 section 3 of Commercial Companies Code
- Right to participate in General Meeting (article 412 section 2 of Commercial Companies Code and the right to vote at the General Meeting (article 411 section 1 of Commercial Companies Code). One vote at General Meeting is ascribed to each share
- Right to file a request concerning summoning of the General Meeting
- Right to appeal resolutions of the General Meeting
- Right to request election of the Supervisory Board by separate groups,
- Right to obtain information about the Company,

- Right to request copy of the Directors' report and the financial statements
- Right to look through list of shareholders at the premises of the Management Board
- Right to demand copies of request filed concerning issues on the agenda in one week before the date of the General Meeting (article 407 section 2 of Commercial Companies Code)

6.11. Composition, changes and description of the governing bodies of the Company

The Management Board

In 2021 the Management Board of the Company consisted of the following persons

- Grzegorz Baszczyński —who was the President of the Management Board (during the whole financial year 2021, that is in the period from 01.01.2021 to 31.12.2021)
- Piotr Burwicz –who was the Member of the Management Board of the Company (during the whole financial year 2021, that is in the period from 01.01.2021 to 31.12.2021)
- Tomasz Czapla – who was the Vice- Chairman of the Management Board from 01.01.2021 to 30.06.2021 (starting from 01.07.2021 Pan Tomasz Czapla was appointed to the Supervisory Board and as at the date of approval of this report for publication is a member of the Supervisory Board in the current sixth joint term of office of the Supervisory Board, which expires on 24.06.2022),
- Jakub Puchałka – who was the Member of the Management Board of the Company from 01.07.2021 till 31.12.2021
- Maciej Szczechura – who was the Member of the Management Board of the Company (during the whole financial year 2021. that is in the period from 01.01.2021 to 31.12.2021)
- Remigiusz Talarek –who was the Vice- Chairman of the Management Board from 01.01.2021 to 30.06.2021 (starting from 01.07.2021 Pan Tomasz Czapla was appointed to the Supervisory Board and as at the date of approval of this report for publication is a member of the Supervisory Board in the current sixth joint term of office of the Supervisory Board, which expires on 24.06.2022.

The current fourth joint five- year term of office of the Management Board expires on 25 August 2025, and mandates expire at the latest at the date of the annual general meeting to approve financial statements for the last full financial year of fulfilling the role of the member of the Management Board, mandates of the members of the Management Board expire also as a result of death, resignation or dismissal of the member from the Management Board.

Description of changes in the Management Board of the Company, which took place in the financial year 2021 was presented in point 1.1. of this report. After the balance sheet date (that is after 31.12.2021) until the date of approval of this report for publication (29.04.2022) no changes occurred in the make-up of the Management Board.

Works of the Management Board are managed by the President of the Management Board.

When it comes to internal relations of the Company powers of the President of the Management Board are as follows

- 1) Summoning meeting of the Management Board on their own initiative, upon request of any of members of the Management Board or upon request of the Supervisory Board with regard to adoption of resolutions pursuant to the provision of § 12a of the Regulation of the Management Board, (that is outside meetings in writing or by means of electronic distant communication)
- 2) sitting over the meetings of the Management Board
- 3) appointing replacement from members of the Management Board, when a competent and authorised member of the Management Board is absent, and the issue within his competence requires immediate actions
- 4) coordination, supervision and organization of works of the Management Board
- 5) representing the Management Board before Supervisory Board and General Meeting of the Shareholders, with other members of the Management Board

The President has the following powers in external relations, especially:

- 1) representing the company as the manager of the enterprise of the Company, especially in contact with state authorities and tax organs and when law requires to name the manager of the enterprise.,
- 2) Representative role

In absence of the President or when he is unable to perform his role, he can name another member or members to take his role.

The meetings of the Management Board are summoned by the President of the Management Board on its own initiative, upon request of any of members of the Management Board or upon request of the Supervisory Board especially in case requiring immediate decision of the Management Board or advise about key issues for the Company. In absence of the President or his

inability to summon a meeting, the meeting is summoned by a member of the Management Board named by the President or if no one was named two cooperating members of the Management Board.

Starting from 01.07.2021 (the effective date for comprehensive changes in the Regulations of the Management Board) the Members of the Management Board may take part in meetings of the Management Board also by means of direct distant communication, if these means enable them simultaneous communication and identification of all persons taking part in the meeting in such manner. (e.g. teleconferences, videoconferences) and the notice about the meeting will include the information about the participation in such a way.

As a rule, the Management Board takes decisions on issues within its competence in the form of resolutions. Resolutions are adopted on meetings of the Management Board summoned according to the provisions of Regulations of the Management Board. Resolutions may be adopted outside meetings of the Management Board or using means of distance communication or by voting in writing or by means of electronic communication. Detailed manner of adoption of resolutions by the Management Board is determined pursuant to provisions of 12a of the Regulations of the Management Board (the provision applicable from 01.07.2021). The detailed rules of participation in the meeting of the Management Board by means of direct distant communication are determined in § 8a of the Regulation of the Management Board (the provision applicable from 01.07.2021).

Subject to generally applicable provisions of law or internal regulations of the company, which impose an obligation of acting in form and manner of resolutions on the Management Board, the following decisions and matters require resolutions of the Management Board:

- 1) All matters, which must be presented for decision or opinion of the General Meeting of the Shareholders and the Supervisory Board
- 2) Demand to summon the Supervisory Board or summoning of the Supervisory Board in the mode described in art. 389 § 2 of the Code of Commercial Companies and Partnerships
- 3) Issue of securities by the Company, unless the decision to issue is the obligation of or within competence of the Management Board
- 4) Adoption of plans of actions of the Company and its enterprise as well as strategy of expansion of the company and actions related to realization of the strategy having internal and external effect on the Company, presented to the Supervisory Board of the Company
- 5) Adoption of annual and long-term forecasts or estimates of financial performance of the Company or the Capital Group of the Company
- 6) Determination of annual and long-term economic and investment plans of the Company (factual and financial),
- 7) Opening and operating departments, branches, plants or agencies
- 8) appointment of proxies
- 9) establishment, formation or joining the Company to other commercial company or entities
- 10) joining by the company to economic organizations (industrial, professional, other).
- 11) all decisions with respect to which at least one member of the Management Board will object,
- 12) Division of competences between members of the Management Board in the form of organization chart with describing supervision exercised over Organizational Units
- 13) Defining general internal regulations affecting proper operation of the company or pertaining to employee issues, including the Regulations of the Management Board

Details of the operations of the Management Board, its composition, rules of representation, mode of work and the mode of adopting resolutions are described in detail in Regulations of the Management Board, and in the Articles of Associations, which are available i.e. on the company's page of investor relations, under the address: <http://ir.r.pl>

Supervisory Board of the company

In 2021 (and as at the date of drawing up this report) the Supervisory Board of the company was as follows:

- Tomasz Czaplą – who was the member of the Supervisory Board from 01.07.2021 to 31.12.2021
 - Grzegorz Kubica – who was the Member of the Supervisory Board (during the whole financial year 2021, that is in the period from 01.01.2021 to 31.12.2021)
- Paweł Niewiadomski – who was the Vice-chairman of the Supervisory Board (during the whole financial year 2021, that is in the period from 01.01.2021 to 31.12.2021)
- Paweł Pietras – who was the Member of the Supervisory Board (during the whole financial year 2021, that is in the period from 01.01.2021 to 31.12.2021)
- Joanna Stępień-Andrzejewska – who was the Member of the Supervisory Board (during the whole financial year 2021, that is in the period from 01.01.2021 to 31.12.2021)
- Remigiusz Talarek – who was the member of the Supervisory Board from 01.07.2021 to 31.12.2021

- Paweł Walczak –who was the Chairman of the Supervisory Board (during the whole financial year 2021, that is in the period from 01.01.2021 to 31.12.2021)

The current, sixth, joint term of office of the Supervisory Board expires on 24 June 2022 and the mandates expire at the latest on the date of the annual general meeting to approve financial statements of the company for the last full financial year of being a member of the Supervisory Board.

Description of changes in the Supervisory Board of the Company, which occurred in the financial year 2021 was presented in point 1.1. of this report. After the balance sheet date (that is after 31.12.2021) there were no changes in the make-up of the Supervisory Board.

The Supervisory Board has at least 5 five members appointed and dismissed by the General Meeting of the Company. Its members are appointed for the common term of 3 years. The mandates expire with the date of convening the General Meeting to approve financial statements of the Company for the last financial year of serving as a member of the Supervisory Board, and in the event of death, dismissal or resignation of the member of the Supervisory Board.

According to section 20 point 5 and 6 of the Articles of Association:

“5. In case of the expiration of a mandate of one or more members of the Supervisory Board before the end of common term of office, in the period before convening General Meetings, the Supervisory Board loses its capacity to adopt resolutions, other members of the Supervisory Board have the right to co-opt one or more members of the Supervisory Board so that the Supervisory Board comprise at least 5 members

6. The member of the Supervisory Board elected in accordance with the previous point must be approved by the next General Meeting. In case when the General Meeting fails to approve a new member or members of the Supervisory Board co-opted, the General Meeting will elect the new member of the Supervisory Board in the place of the member not approved. Supervisory activities and decisions taken by the member or with participation of the member, which appointment through co-optation was not approved – are valid in the period from appointment (co-option) up till adoption of the resolution concerning lack of approval to the member

The specific powers of the Supervisory Board – except for those presented in the Code of Commercial Companies and Partnerships, other statutes and internal regulations of the Company, including in other provisions of the Articles of Association - are as follows:

- Supervising the activities of the Company in all domains of its activities on ongoing basis
- assessment of directors' reports and financial statements and proposals of the Management Board with respect to the distribution of a profit and covering a loss, as well as submitting an annual report on the results of this assessment in writing
- drafting of annual report for the last financial year in writing and submitting it to the Management Board. The report should provide information at least prescribed in relevant provision of applicable law and internal regulations
- appointing and dismissing members of the Management Board
- concluding and terminating employment contracts with members of the Management Board including determination of remuneration rule according to remuneration policy adopted i for the Company and subject to applicable provisions on public offering and conditions of introducing financial instruments to organized trade and about public companies.
- appointment of an auditor
- reviewing and giving opinion to the plans of operations of the company and its enterprises submitted by the Management Board
- giving opinions on all documents and requests of the Management Board submitted to the meeting of the General Meeting of Shareholders
- approval of the Regulations of the Management Board
- resolving regulation of the Supervisor Board and the regulations defining rules of participation in a General Meeting by means of electronic communication.
- accepting conditions of every incentive plan introduced in the Company by simple majority vote of all members of the Management Board
- forming other enterprise by the Company
- permitting the Management Board to acquire and dispose of the of real property, perpetual usufruct or share in the real property or in perpetual usufruct right by the company
- specifying base on authorization and in the limits previously set by the General Meeting elements of remuneration policy of members of the Management Board and the Supervisory Board permitted by relevant provisions on public offering and conditions of introducing financial instruments to organized trade and about public companies
- setting additional fixed remuneration for members of committees of the Supervisory Board specified in § 20 section 9 and 10 of Articles of Association (Audit Committee and other optional permanent or temporary committees to deal with different issues) based on criteria specified by the General Meeting, according to the remuneration policy adopted for the Company

- subject to applicable provisions on public offering and conditions of introducing financial instruments to organized trade and about public companies.
- Drafting annual reports on remuneration, which provide comprehensive review of remuneration, including all benefits, irrespective of their form, received in particular by members of the Management Board and the Supervisory Board in the last financial year, according to the remuneration policy for members of the Management Board and the supervisory Board adopted for the Company.

Composition, the mode of appointment of the Supervisory Board, rights and obligations of the members of the Supervisory Board, competence, managing works, summoning meeting, convening meeting of the Supervisory Board and adopting resolutions are described in detail in the Regulations of the Supervisory Board, and the Articles of Association which are available at the investor relations website under the address: <http://ir.r.pl>

Pursuant to provisions of the resolution No 03/12/2016 of 20 December 2016 the Supervisory Board adopted new "Regulations of the Supervisory Board of Rainbow Tours Joint Stock Company", which – pursuant to provisions of § 23 section 11 of Articles of Association was approved by the General Meeting of Shareholders and resolution No 18 of the Ordinary General Meeting of 19 June 2017.

Pursuant to provisions of the resolution No 2/10/2017 of the Supervisory Board of Rainbow Tours Joint Stock Company of 9th October 2017 and in connection with the fact the new Act on statutory auditors, audit companies and public supervision of 11th May 2017 (Journal of Laws of 2017, item 1089) came to force as of 21 June 2017 after the review of the applicable Rules of the Supervisory Board of Rainbow Tours Joint Stock Company the Supervisory Board, decided to adopt amendments to the Rules of the Supervisory Board, with respect to section 2, section 10 subsection 4, section 11 and thus, it decided to adopt the consolidated text of the amended Rules of the Supervisory Board. The consolidated text of "the Rules of the Supervisory Board of Rainbow Tours Spółka Akcyjna" was approved by the General Meeting pursuant to provisions of the resolution No 6 of the Extraordinary General Meeting of the Company of 19 March 2018.

Pursuant to provisions of the resolution No 3/01/2020 of the Supervisory Board of Rainbow Tours Spółka Akcyjna of 29 January 2020 the Supervisory Board of the Company decided to add changes to the Rules of the Supervisory Board in § 2 point 3, § 2 point 11, § 3 section 5, § 3 section 7 and section 8, a and thus it decided to adopt the consolidated text of the Rules of the Supervisory Board. Changes to "Rules of the Supervisory Board" were introduced in relation to changes in the Act of 29 July 2005 on public offering, conditions of introducing financial instruments to organized trading and public companies, pursuant to the amending act of 16 October 2019, that is changes related to introduction of Chapter 4 a "Remuneration Policy and Remuneration Reports" (art. 90c and next in the respective act of 29 July 2005) and Chapter 4 b "Transactions with related parties" (art. 90h and next in the respective act of 29 July 2005).

Pursuant to the resolution No 2/06/2021 of 02.06.2021 the Supervisory Board due to corporate changes introduced in the Company in 2021, including personal changes in bodies of the Company, and also in order to implement ordinal, adjusting and substantive changes, and also considering amendments of the Articles of Association (regarding grant of power to appoint and dismiss and members of the Management Board to the Supervisory Board) - adjusting changes permitting the ability to adopt resolutions in writing or by means of electronic communication and convening meetings by means of direct distant communication, and also changes intended to specify relations of the Supervisory Board with persons in the Company responsible for risk management, internal audit and supervision of compliance,- resolved amendments to the wording of the Rules of the Supervisory Board (amendments in § 2, § 3, § 4 section 2, § 6 section 1 and 6, in § 12 section 1 point 1, in § 13; adding new § 15a, amendments in § 16; adding new § 16a and § 16b; amendments to § 17 section 2 point 2, in § 18 point 7 and in § 21 of the Regulation) and adopted consolidated text of the amended Regulation of the Supervisory Board.

Currently applicable consolidated text of "the Rules of the Supervisory Board of Rainbow Tours S.A." was approved by the General Meeting pursuant to provisions of the resolution No 36 of the Ordinary General Meeting of the Company of 30.06.2021 and is effective (as a rule) from 01.07.2021.

In the Supervisory Board of the Company there are

- the Committee of Strategy and Business Development
- The Audit Committee

There are no other committees in the Supervisory Board.

The Committee of Strategy and Business Development"

Due to changes introduced in 2021 in the Company (i.e. with respect to changes in composition of governing bodies of the Company) and transfer of the previous member of the Management Board (Mr Tomasz Czapla and Mr Remigiusz Talarek) to the increased (from five to seven members) Supervisory Board, previous members of the Management Board (who were until 30.06.2021 Vice-Chairmen of the Management Board and from 01.07.2021 members of the Supervisory Board pursuant to

provisions of the resolution No 1/07/2021 of the Supervisory Board of 13.07.2021 were appointed to the newly established Committee of Strategy and Business Development .

The Committee of Strategy and Business Development is a permanent committee of the Supervisory Board and provides consultation, advice and opinion for the Supervisory Board of the Company with respect to strategy of operations and development of the Company and verification of works of the Management Board regarding achievement of set strategic objectives as well as monitoring results of the Company.

The composition of the Committee of strategy and Business Development as at the balance sheet (31.12.2021) and the date of approval of this report for publication (29.04.2021 r.):

- Remigiusz Talarek – who is the chairman of the Committee of Strategy and Business Development,
- Tomasz Czaplą – who is the member of the Committee of Strategy and Business Development

The Committee of Strategy and Business Development has 2 (two) members, including the Chairman of the Committee. Members of Committee of Strategy and Business Development are appointed for the joint term of office - the same as the term of office of members of the Supervisory Board.

Audit Committee

Audit Committee is a permanent committee of the Supervisory Board of Rainbow Tours and consultation and advisory role for the Supervisory Board and exercise other powers and obligations provided by provision of applicable law, in particular provided by relevant provisions of the Act of 11 May 2018 on expert auditors, audit companies and public supervision and 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*.

The composition of the Audit Committee, current as at the balance sheet date (31.12.2021) and as at the date of approval of this report for publication (29.04.2021):

- Grzegorz Kubica – who is the Chairman of the Audit Committee
- Paweł Pietras – who is a member of the Audit Committee
- Joanna Stępień-Andrzejewska – who is a member of the Audit Committee

The Audit Committee has at least 3 (three) members, including the Chairman of the Audit Committee. Members of the Audit Committee are appointed by the Supervisory Board for the joint term of office – the same as the term of office of the Supervisory Board. Term of office and a mandate of a member of an Audit Committee expire on the same date as the term of office and a mandate in the Supervisory Board.

Description of operations of the Audit Committee is presented in point 6.12 of this report above.

6.12. Operations of the Audit Committee

Pursuant to the provisions of § 20 section 9 of the Articles of Association the Company has an audit committee, which carries its activities pursuant to relevant provisions on expert auditors, audit companies and public supervision, and it is an audit committee stipulated in the Regulation of European Parliament of 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. The members of the audit committee are appointed by the Supervisory Board.

Pursuant to provision of the resolution No 1/10/2017 of 9 October 2017 the Supervisory Board – acting in compliance with art. 128 section 1 second sentence of the Act on statutory auditors, audit companies and public supervision of 11 May 2017 (Journal of Laws of 2017, item 1089) and with the objective to adjust the composition of the Audit Committee to the requirements of the act – decided to appoint members of the Audit Committee of the Supervisory Board of Rainbow Tours Joint Stock Company, which functions and tasks were previously entrusted to the Supervisory Board acting in gremio (pursuant to provisions of art. 86 section 3 of the previous Act on statutory auditors, their self-government and the entities authorised to audit financial statements and public supervision of 7 May 2009)

As a consequence of expiry of the mandates of the members of the Supervisory Board on 24 June 2019, and as result of the lapse of the common three-year fifth term of office of the Supervisory Board on 21 June 2019, and thus the term of office of the members of the audit committee also ended (according to § 4 section 7 of the Rules and Regulations of the Audit Committee its members are appointed for the common term corresponding with the term of office of the members of the Supervisory Board, and the term of office ends and the mandates expire with the date of expiry of the end of office and expiry of the Supervisory Board) and adoption of the resolution on appointment of members of the Supervisory Board of Rainbow Tours S.A. for new term of office. by the General Meeting on 24 June 2019. The new audit committee comprise all persons, which were members of the audit committee of the Supervisory Board in the previous term of office

Pursuant to the resolution No 4/07/2021 of 13.07.2021 the Supervisory Board assessed if individual members of the Supervisory Board, including those in the Audit Committee of the Supervisory Board, meet independence criteria within the meaning of relevant regulations and provisions of law, including based on declarations made by members of the Supervisory Board concerning independence of a member of the Supervisory Board. This was done due to changes in composition of the Supervisory Board – increase of numbers of members of the Supervisory from previous number of 5 members to 7 members from 01.07.2021 and appointment from 01.07.2021 two new members of the Supervisory Board, and periodical verification of independence of members of the Supervisory Board and the Audit Committee of the Supervisory Board (based on relevant declarations made upon request to members of the Supervisory Board by the Chairman of the Supervisory Board) and acting pursuant to provisions of the act of 11 May 2021 on expert auditors, audit companies and public supervision art. 129 section 1 first sentence (the audit committee has at least 3 members), art. 129 section 1 second sentence (“At least one member of the audit committee has knowledge and skills regarding accounting or audit of financial statements”) art 129 section 5 (“Members of the Audit Committee have knowledge and skills regarding industry, in which the entity of the public interest operate. The condition is considered met, if at least one member of the Audit Committee has knowledge and skills with respect to this industry or individual members have knowledge and skills regarding the industry in specified scope) and art. 129 section 6 (“the Chairman of the Committee is appointed by members of the audit committee or the Supervisory Board or other supervising or controlling body of the public interest entity, decided to dismiss the following persons: Mr Paweł Niewiadomski, who was a member of the Audit Committee and Mr Paweł Walczak, who was a member of the Audit Committee, from the Audit Committee of the Supervisory Board of Rainbow Tours in the current term of office (which is the same as a term of office of members of the Supervisory Board, that is sixth three-year term of office of the Supervisory Board, which expires on 24.06.2022, and thus to established the Audit Committee in the current term of office (which is the same as the term of office of the Supervisory Board that is current six three-year joint term of office of the Supervisory Board, which expires on 24.06.2022) has three members.

Members of the Audit Committee, which meet independence criteria and have expertise and skills in accounting or auditing financial statements, how they acquired the respective knowledge and skills, persons with knowledge of the industry

According to relevant declarations made by members of the Supervisory Board submitted to assess if individual members of the Supervisory Board, including those in the Audit Committee of the Supervisory Board of Rainbow Tours S.A., meet independence criteria within the meaning of relevant regulations and legal provisions. According to the Resolution No 3/07/2021 of the Supervisory Board of 13.07.2021, and as at the balance sheet date 31.12.2021, independence members of the Audit Committee, within the meaning of the act of 11.05.2017 on expert auditors, audit companies and public supervision and considering independence criteria provided in the provisions of the art. 129 section 3 and 4 of the above-mentioned act of 11.05.2017 and relevant provisions of the regulations of the Audit Committee, are as follows:

- Mr Grzegorz Kubica, the member of the Supervisory Board, and the chairman of the Audit Committee, independent member of the Audit Committee
- Mr Paweł Pietras – the member of the Supervisory Board, and member of the Audit Committee,

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

Following internal collective assessment of knowledge, skills and education of members of the Audit Committee, which took place in July 2021, including by considering degrees and professional education, experience confirmed by previous career (including their long-time work in the Supervisory Board of Rainbow Tours S.A.) and positions and work done by members of the Supervisory Board (in the past and now), the Supervisory Board confirmed (pursuant to a separate resolution of the Supervisory Board No 3/07/2021 of 13.07.2021), the following:

- Members of three- member Audit Committee, which meet the condition and disposition provided by provisions of art. 129 section 1, second sentence of the above act of 11.05.2017, that is members of the Audit Committee, who have knowledge and skills in respect of accounting and audit of financial statements are:
 - Mrs Joanna Stępień-Andrzejewska – due to its education, professional qualifications and positions, that is University degree in economy (graduation of studies at Łódź University, at the Economy and Sociology faculty, master’s degree in economic cybernetics and information technology and additionally in years 1991-1992 studies at Newcastle Polytechnic, in Great Britain, in 1994 as a Research worker at Glasgow University, Great Britain), PhD in Economic Studies (the degree received in 2005 at Łódź University, Faculty of Management with respect to management, specialty: accounting) experience as a university lecturer of accounting at Łódź University, lecturer at trainings for members of Supervisory Boards, judges and public prosecutors, trainings for entrepreneurs and managerial staff on financial accounting and keeping accounts, also an author of academic books on financial accounting, financial management and derivatives. In years 1992-2005. Mr Joanna Stępień-Andrzejewska was research and teaching assistant at Łódź University and since 2005 she is Assistant Professor the Łódź University, Faculty of Management, Accounting Department.

- Mr Paweł Pietras – due to his education (from 2009-2010 - he finished post-graduate studies at Lodz University of Technology Faculty of Management and Organization)
- Members of three- member Audit Committee, which meet the condition and disposition provided by provisions of art. 129 section 1 second sentence of the above act of 11.05.2017 that is members of the Audit Committee, who have knowledge and skills in respect of the industry the Company operates as a public interest entity are:
 - Mr Grzegorz Kubica – due to his professional experience confirmed by his career and roles, that is long-time member of the Supervisory Board of Rainbow Tours S.A.(from 2010, as a member of the Supervisory Board) and a member of the Audit Committee of the Supervisory Board of Rainbow Tours S.A. (from 2017, as the Chairman of the Audit Committee) as well as a member of the committee took part in preparation and floating of shares at Warsaw Stock Exchange (Series F shares, including preparation and other process involved with public offering of series F shares and their floating at WSE (2010-2011), including documentation with regard to Company and the industry the Company operate in.
 - Mr Paweł Pietras – due to his professional experience confirmed with his career and his roles that is as a long-time member of the Supervisory Board Rainbow Tours S.A. (from 2011, as a member of the Supervisory Board) and a member of the Audit Committee of the Supervisory Board of Rainbow Tours S.A. (from 2017, as a member of the Audit Committee).
 - Mrs Joanna Stępień-Andrzejewska –due to her professional experience confirmed with her career and her roles, that is as a long-time member of the Supervisory Board Rainbow Tours S.A. (from 2011, as a member of the Supervisory Board) and a member of the Audit Committee of the Supervisory Board of Rainbow Tours S.A. (from 2017, as a member of the Audit Committee).

Due to the fact that Mr Paweł Walczak (who is the Chairman of the Supervisory Board) is not a member of the Audit Committee according to rule 2.9. of “Best Practice for GPW listed companies 2021” the Chairman to the Supervisory of the Company does not join his function with managing works of the Audit Committee of the Supervisory Board of the Parent Company.

Members of the Audit Committee are appointed by the Supervisory Board for the period of the joint term of office, which is the same as the term of office of the Supervisory Board. Term of office and a mandate of the Audit Committee expire on the date of expiry of respectively term of office and a mandate of the Supervisory Board of the Company.

The Supervisory Board appoints members of the audit Committee, including the Chairman, on the first meeting of the term of the Supervisory Board. In case of (i) expiry of the mandate of the member of the Supervisory Board, who is the member of the Audit Committee before the end of common term of the Supervisory Board, (ii) resignation from the role in the Audit Committee, (iii) dismissal of the member of the Audit Committee by the Supervisory Board – the Supervisory Board immediately supplements the Audit Committee by appointing (through relevant resolution) its new member for the period to the end of the ongoing term of the Supervisory Board. The Supervisory Board may elect not to supplement the Audit Committee, which was mentioned in the preceding sentence, if the number of members of the Audit Committee is at least 3 (three), and at the same time: (-) at least one member has knowledge and skills of accounting or auditing financial statements and (-) at least one member of the Audit Committee has knowledge and skills of the industry, in which the company operates, and (-) most members of the Audit committee, including its Chairman is independent of the committee according to the criteria of independence provided for by relevant provisions of the Act on statutory auditors, auditing companies and public supervision of 11 May 2017 and those stipulated in the Rules of the Audit Committee.

Rules of operation of the Audit Committee followed by the Company.

Regulations concerning operations of the Audit Committee of the Supervisory Board, including regulations required by the relevant provisions of the Act on statutory auditors, auditing companies and public supervision of 11 of May, 2017 cover:

- “Rules of the Auditing Committee of the Supervisory Board of Rainbow Tours Joint Stock Company”
- “Policy regarding election of an audit company to audit and review financial statements of Rainbow Tours Joint Stock Company”
- “Procedure of electing the audit company to audit and review financial statements in Rainbow Tours Joint Stock Company”
- “Policy of provisions of permitted services, which do not constitute audit by the audit company carrying out audit in Rainbow Tours Joint Stock Company, by the entities linked to the auditing company and by a member of the chain of auditing companies”

Scope of operations and Tasks of the Audit Committee

The scope of operations and tasks of the Audit Committee includes – subject to the tasks of the Committee resulting from provisions of the applicable law, including the provisions of the Act on statutory auditors, auditing companies and public

supervision of 11 May 2017 and the Regulation of the European Parliament and the Council No 537/2014 of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission decision 2005/909/EC (Journal of Laws of EU L 158 of 27 May 2014 page 77 and Journal of Laws of EU L of 11 June 2014 page 66) – monitoring, advising and giving opinion on controlling and supervising obligations provided in the relevant act and articles of association, with respect to the following areas of operations of the Company:

- 1) Consolidated and single financial reporting
- 2) Financial planning and implementation of company's and its enterprise's plans of operations, which were presented for examination and opinion to the Supervisory Board, including the Company's growth strategy, particularly financial plans
- 3) Process of financial revision, review and audit of single and consolidated financial statements,
- 4) systems of internal and external controls, including internal audit
- 5) risk management system,
- 6) process of assessment of significant transactions concluded by the company with related parties,
- 7) Other processes and areas of operations of the Company or the Capital Group regarding broadly defined financial and accounting reporting, financial information, internal control systems, internal audit and risk management.

The specific tasks of the Audit Committee regarding monitoring, advising, giving opinion on controlling and supervisory obligations provided in the statutes and articles of association, include:

- 1) Monitoring of financial reporting processes in the Company, among others:
 - a) Analysis, assessment and reporting any reservations to schedules of review or audit of financial statements of the Company or the Capital Group
 - b) monitoring of timeliness of financial reporting process
 - c) giving opinion on accounting policy adopted by the company and rules applied to draft financial statements, especially complicated or unusual transactions, any changes made to the respective rules and forecasts, estimates and assumptions accepted by the Management Board, if any.
 - d) Verification of financial statements before publication, in cooperation with the Management Board or/and statutory auditor and/or person in the capacity of Financial Director of the Company and/or accounting Staff, and the assessment and giving opinion on accuracy and exhaustiveness of the information provided in it.
 - e) Analysis of statutory auditor reports on audit of financial statements, including the information about limitation of the scope of audit, access to information, refusal to make the audit to give opinion on it, and any difference between the statutory auditor and the Management Board.
 - f) Presentation of the recommendations regarding assessment of company's annual financial statements audited by the audit company to the Supervisory Board and support of the Supervisory Board in preparation of assessment of the respective financial statements.
 - g) Assessment of the process of financial information assessment, including any forecasts and current financial information presented to media, analytics, investors and supervision institutions
- 2) Monitoring effectiveness of internal control systems and internal audit (regarding financial reporting)
 - a) Assessment of effectiveness of individual elements of Company's internal control system, particularly with respect to financial reporting, compliance and safety of informational technology used
 - b) Assessment of purposefulness and the way the Management Board uses systems of identification, monitoring and reducing threats to operations of the company
 - c) Analysis of the Management Board reports concerning irregularities discovered in the internal control system with respect to financial reporting process
 - d) Assessment of observing the financial discipline and accurate operation of systems and solution limiting the possibility for irregularities to occur in Company's operations.
 - e) Assessment of implementation of internal audit plans and activities taken up by the Management Board in response to issues identified in internal audit, and in case if the company fails to appoint internal audit unit – the assessment of the need to appoint internal audit unit and the assessment of effectiveness of solutions others than appointment of the internal audit unit.
 - f) Audit of reports and recommendations of internal regulative or inspection bodies concerning compliance of Company's operations with the provisions of law and verification of actions taken by the company because of reports or recommendations.
 - g) Presentation, at least once a year, conclusions and results of the assessment of internal control system and internal audit by the Audit Committee to the Supervisory Board
- 3) Monitoring effectiveness of risk management systems, including:

- a) Assessment of effectiveness of risk management by the Management Board with respect to Company's financial, operational and strategic risk, including methodology, tools and ways of managing risk occurring in operations of the company
 - b) Assessment of processes and solutions used by the company with respect to risk management and presentation of respective recommendations, if any, assessment of rules of capital management and planning
 - c) Assessment of property insurance policy and third-party liability insurance of members of the company's governing bodies
 - d) Presentation, at least once a year, conclusions and results of the assessment of risk management system by the Audit Committee to the Supervisory Board
- 4) Monitoring of carrying out financial revision activities, especially auditing financial statement of the company or the Capital Group by the auditing company considering any conclusions and determinations of Audit Oversight Commission resulting from inspection in the respective audit company, including
- a) Verifying effectiveness of work of statutory auditor or the audit company, especially through daily contact with the statutory auditor during audit with respect to used audit procedures, progress of audit works, qualification and availability of accounting personnel, explaining arising uncertainties or reservations to financial revision process, etc
 - b) Monitoring timeliness of financial revision process within the scope of audit works: interim audit of financial statements and review or audit of financial statements
 - c) Discussing with the statutory auditor the scope and results of audits and review of financial statements of the Company or the Capital Group, including any changes in accounting norms, rules and regulations (regarding exhaustiveness of disclosures required by the relevant standard and financial reporting practice)
 - d) Monitoring of reaction of the Management Board or other executives to recommendations provided by statutory auditors during review or audit of financial statements, and after completing of the respective processes, analysing comments/ reservations of the statutory auditor, which were not considered/ corrected by the Company.
 - e) Assessment and analysis of the additional report for the Audit Committee drafted by the statutory auditor or the audit company, which is mentioned in art. 11 of the Regulations of the European Parliament and the Council (EU) No 537/2014 of 16 April 2014 on specific requirements regarding statutory audit for public-interest entities repealing Commission decision r 2005/909/EC and discussing by the key statutory auditor – with the Audit Committee (and also the Management Board or the Supervisory Board) key issues resulting from the audit of financial statements, which were named on the respective additional report for the Audit Company ,
 - f) Assessment of work of the statutory auditor or the audit company and presentation of relevant conclusions or opinions to the Supervisory Board
- 5) Assessment of the independence of the statutory auditor and the audit company and approval of provision of permitted services, which do not constitute an audit of the financial statements by the statutory auditor and the audit company to the Company, in accordance with relevant policy of providing permitted services, which do not constitute an audit of the financial statements by the audit company auditing the financial statements, by the entities related with that company and by member of chain of auditor companies.
- 6) Inspecting and monitoring of independence of the statutory auditor and the audit company auditing financial statements of the Company and the Capital Group, in particular when the audit company provides for the Company services other than the audit – in accordance with relevant provisions of the Act on statutory auditors, audit companies and public supervision, including by demanding that the statutory auditor and the audit company provide respective statements and verification and discussing threats to independence with the statutory auditor or the representative of the audit company
- 7) Providing information to the Supervisory Board about results of the audit of financial statements of the company and the Capital Group and explaining how the audit contributed to reliability of financial reporting in the Company, and what was the role of the Audit Company in the auditing process.
- 8) Drafting and approving policy of election of the audit company to audit financial statements of the Company and the Capital Group
- 9) Drafting and resolving the policy of performance of some permitted services, which do not constitute an audit of the financial statement for the Company the auditing company, which audits the financial statements
- 10) Drafting and resolving procedure concerning the election of an audit company by the Company – in the event when the audit company chosen by the Supervisory, which meets the criteria pointed out in art. 130 section 3 point 20 of the act of 11 May 2017 on statutory auditors, audit companies and public supervision.
- 11) Presentation to the Supervisory Board recommendation concerning appointment of the statutory auditor or audit company, which carry out audits of the financial statements of the Company and/or the Capital Group in accordance with the requirements provided for by relevant provisions of the Regulation of the European Parliament and the Council (EU) No 537/2014 of 16 April 2016 on specific requirements regarding statutory audit of public-interest entities and repealing

commission decision 2005/909/EC, the Act on statutory auditors, audit companies and public supervision (art. 130 section 2 and 3) and the policy and the procedure mentioned in point 8-10 above

- 12) Presenting the Supervisory Board and the Management Board with recommendations aimed at ensuring reliability of the financial reporting process in the Company.

Subject to generally applicable provisions of law and internal regulations of the Company, the Supervisory Board may entrust the Audit Committee with carrying out the tasks other than the above, such as monitoring, advising and giving opinions on inspection and supervision obligations, provided or in the acts and the articles of association and the powers of the Supervisory Board concerning financial reporting, monitoring the effectiveness of internal control systems and risk management systems and internal audit, as well as with respect to activities of statutory auditors in the financial review process carried out in the company with respect to financial statements of the Company and the Capital Group.

Information on provision of any permitted services, which are not the audit, by the company auditing financial statements of the Company and Rainbow Tours Group

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 of 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 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.

The audit company, which audited financial statements of the Parent Company and Rainbow Tours Group (BDO Spółka z ograniczoną odpowiedzialnością Sp. k.), provided, in 2021, the respective permitted service, which was not an audit - that is the service intended to evaluate the report on remuneration of the Company for the years 2019-2020 with respect to completeness of information in the report and required pursuant to art. 90g section 1-5 and 8 of the act of 29 July 2005 on the public offering and introducing financial instruments to organized trade and about public companies. On 27.05.2021 the expert auditor issued a report for the General Meeting and the Supervisory Board of the Company on provision of the services ensuring certain rational certainty with regard to evaluation of the respective report on remuneration.

The General Meeting of the Parent Company, acting pursuant to art. 395 § 2(1) of the Code of Commercial Companies and Partnerships - in connection with art. 90g section 6 of the act of 29.07.2005 on public offering and conditions of introducing financial instruments to organised trade and about public companies - and after becoming familiar with the evaluation of the report – about completeness of the information provided in the report – made by the expert auditor Krzysztof Maksymik (register number 11380), acting on behalf of BDO Spółka z ograniczoną odpowiedzialnością Sp. k. in Warsaw (the entity registered on the list of audit companies under the number 3355), presented in "the Report of the independent expert auditor on provision of service, which gives rational certainty with respect to evaluation of the report on remuneration", pursuant to provisions of the resolution No 35 of the Ordinary General Meeting of 30.06.2021, gave positive opinion on the report on remuneration of members of the Management Board and Supervisory Board of Rainbow Tours S.A. for years 2019 and 2020, which was drafted and approved by the Supervisory Board.

The respective report is uploaded on Company's website under the address:

<https://ir.r.pl/lad-korporacyjny/dokumenty-spolki> (In the part titled "Remuneration Policy")

And it is accessible for free at least for 10 years from the end of General Meeting, during which a resolution providing opinion on the report will be taken. If the Company provides access to the document, the report does not provide any personal data of members of the Management Board and the Supervisory Board.

Main assumptions of the policy followed by the Company to select an audit company to carry out audit

Since the audit company hired to carry out statutory audit for the Company and the Capital Group, that is statutory annual audit of the financial statements, is selected by the Supervisory Board of the Company, which is a body different than specified in art. 66 section 4 of the Accounting Act, and which is not a governing body that approves financial statements of the company, each time the audit company is selected the Audit Committee presents to the Supervisory Board its recommendation every time the audit company is selected. The recommendation is to:

- 1) propose the audit company to carry out audit
- 2) declare that the recommendation is free from interference of third parties

- 3) that the company as an audited public trust entity and did not make any contracts containing clauses, which are specified in art.66 section 5 a of the Accounting Act

In the situation, when the audit company is selected for the Company and the Capital Group to carry out audit (a statutory audit of annual financial statements) is not linked to renewing the contract to audit financial statements, the recommendation of the Audit Committee:

- 1) provides at least two proposals of audit companies with justification and the company preferred by the Audit company with relevant explanation for its choice
- 2) is drawn up following the selection procedure adopted by the Company, that is based on "the Procedure of selection of the audit company to audit and review financial statement in Rainbow Tours Joint Stock Company", which was drafted and accepted by the Audit Committee, and which meets the criteria specified in art. 130 section 3 point 2) of the Act on certified auditors, audit companies and public surveillance

If the Supervisory Board chooses an audit company that differs from recommendation of the Audit Company, the Supervisory Board justifies its reasons for not complying with the recommendation of the Audit Committee and provides the explanation to the General Meeting as the body that approves financial statements

The Audit Committee in the recommendation process and by the Supervisory Board in selecting the audit company and the certified auditor to audit and review financial statements consider the following factors:

- 1) confirmation that the audit company and members of the audit team, including key certified auditor meet the requirements of independence stipulated in art. 69-73 of the Act on certified auditors, audit companies and public surveillance as well as the capacity of the audit company and the members of the audit team, including key certified auditor to ensure impartiality, independence and high quality of audit works in the course of financial revision,
- 2) experience of the audit company and/or members of the audit team, including key certified auditor, in audit/ review of the financial statements of public interest entities, which are issuers of securities admitted to trading at the regulated market of EU member states, including at the Warsaw Stock Exchange, as well as issuers of financial instruments quoted in alternative trading system at NewConnect or Catalyst market.
- 3) assessment of the previous cooperation with the audit company and/or the certified auditor with respect to financial revision carried out in the Company (in case of potential renewing of the contract to audit financial statements).
- 4) the amount of the proposed price and terms and conditions of payment for financial revision by the audit company for the Company
- 5) readiness to provide all services of financial revision that is audit and review single financial statements of the Company and audit and review the consolidated financial statement of the Capital Group.
- 6) capacity to carry out financial revision according to flexible schedule, which would ensure timely completion of audit works, the schedule agreed with the Company
- 7) ensure that financial revision will be carried out according to appropriate professional standards and international standards of financial revision, as well as to ensure that internal inspection rules of quality of the works will be followed.
- 8) accessibility of the key auditor and key members of the audit team to cooperate with representatives with the company, including the Management Board of the Company, its employees and persons supervising the Company with impartiality, independence and transparency,
- 9) description of the methodology proposed to be used by the audit company or the certified auditor during audit works, including the plan of the audit that would ensure appropriate service and application of technologies used to conduct the audit
- 10) readiness of the key auditor or other members of the audit team to participate in meetings with the Audit Committee, in particular, to discuss scope and outcomes of the audits and reviews of the financial statements of the Company and/or the Capital Group concerning any changes in standards, rules and accounting practice, considerable adjustments resulting from audit works, compliance with applicable accounting law and regulations (with respect to completeness of disclosures required by relevant standards and practice of financial reporting).
- 11) Readiness, if needed, to take part in the General Meeting of the Company to make any explanations and provide information on significant issues arising in the course of financial revision
- 12) Reputation of the audit company on the financial revision market.

The audit company to carry out statutory audit of financial statements of the Company and the Capital Group is selected in consideration of the job rotation in respect of the audit company and the certified auditor provided for in the Act on certified

auditors, audit companies and public surveillance and the Regulation 537/2014 as well as rules on grace period stipulated therein.

After the audit company and the certified auditor to audit and review financial statements of the Company and the Capital Group is selected, the company applies the procedure specified in the document: Procedure of selection of an audit company to audit and review financial statements in Rainbow Tours Joint Stock Company, which was drafted and approved by the Audit Committee, subject to compliance with conditions and requirements of the Act on certified auditors, audit companies and public surveillance and Regulation 537/2014, as well as requirement and conditions stipulated in "the Policy of selection of the audit company to audit and review financial statements in Rainbow Tours Joint Stock Company".

Main assumptions of the policy of provisions of permitted services, which do not constitute an audit, by the audit company carrying out audit, by the entities linked to the audit company and by the member of the network of audit companies.

Neither the certified auditor, the audit company carrying out statutory audit in the Company, nor any of the members of the network, which the certified auditor or audit company is part of, do not provide directly or indirectly for the company, or its entities in the Group, any services, which do not constitute an audit of financial statements, as prohibited services according to Regulation 537/2014

- 1) Tax services such as
 - a) Provision of tax advisory services
 - b) Payroll tax,
 - c) Custom duties
 - d) Identification of public grants and tax incentives, unless the support of the certified auditor or the audit company in respect of such services is required by law
 - e) support for tax inspections carried by tax authorities, unless the support of the certified auditor or the audit company in respect of such inspections is required by law,
 - f) calculation of direct and indirect tax and deferred income tax
 - g) tax consulting services
- 2) services, which constitute participation in management or decision process in the Company, as an audited entity
- 3) keeping accounts and preparation of accounting records,
- 4) Payroll services
- 5) Working out and implementation of internal control procedures or risk management procedures linked to preparation of controlling financial information or developing and implementation of technological systems related to financial information;
- 6) ricing services, including in connection with actuarial services and support to solve legal disputes
- 7) legal services including
 - a) providing general legal advice,
 - b) negotiating on behalf of the audited entity
 - c) acting as a spokesperson in settling a dispute
- 8) services linked to internal audit of the Company as the audited entity,
- 9) services linked to financing, capital structure and allocation of the capital and investment strategy of the Company, as a client, who ordered the audit, except assurance services related to financial statements such as issuance of comfort letters in respect of prospectus of the Company as the audited company
- 10) promoting activities and trading in shares of the company on its own account or underwriting issuance of shares of the Company as the audited company.
- 11) human resources services with respect
 - a) Management, which could exert material influence over preparation of accounting records or financial statements subjected to statutory audit, if such services include
 - recruitment of candidates for such positions,
 - Checking recommendations of candidates for the positions

- b) working out organizational structure, and
- c) Cost control

Neither the certified auditor, the audit company carrying out the statutory audit in the Company, nor a member of the network, which is the certified auditor or the audit company is a part of, provide directly or indirectly prohibited services, which are not an audit of financial statements for the company or any of the entities of its Group, in the respective periods as follows:

- from the start of the audit period to delivery of the audited financial statements,
- In the financial year directly preceding the period from the start of the audited period to the delivery of the audited financial statements.

Subject to other relevant provisions of “the Policy of provision of permitted services, which are not an audit, by the audit company carrying out an audit in Rainbow Tours Joint Stock Company or by entities related to the audit company or a member of the network of the audit company”, the certified auditor or the audit company carrying out statutory audit may directly or indirectly provide services, which are not an audit of the financial statements for the Companies or the entities controlled by it within European Union. These are the following services:

- 1) Services specified in art. 15 section 3 of the act on operations of co-operative banks, of 7 of December 2000 their uniting and uniting banks as far as the services are useful to the Companies or the entities controlled by the Company within the European Union;
- 2) services
 - a) carrying out due diligence procedures with respect to economic and financial situation
 - b) issuance of confirming letters
 - for a prospectus of the Company as the audited company, carried out according to national standard of related services, which consist in of carrying out agreed procedures
- 3) Assurance services for financial information *pro forma*, forecasts of performance of estimates of results presented in the prospectus of the Company as the audited company
- 4) Audit of historical financial information to the prospectus, which is specified in Commission Regulation (EC) No 809/2004 of 29 April 2009 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements;
- 5) verification of consolidation packages;
- 6) confirmation of compliance with terms and conditions of credit contracts based on analysis of financial date form financial statements audited by the respective audit company,
- 7) assurance services with respect to reporting of corporate governance, risk management and corporate social responsibility
- 8) assessment of consistency of information presented by financial institutions and investment companies with requirements of presentation of information on capital adequacy and variable components of remuneration
- 9) confirmation in respect of reports or other financial information intended for supervisory body, the Supervisory Board or the owners exceeding the scope of the statutory audit and aimed to help those bodies to fulfil their statutory obligations.

Information on recommendation concerning choice of audit company in the financial year

In 2021 the Supervisory did not select an audit company to audit financial statements of the Company because in 2021 the Audit Committee operating in the Supervisory Board of the Rainbow Tours did not give recommendation concerning selection of an audit company.

In 2021 pursuant to provisions of the resolution No 1/05/2021 of 14.05.2021 the Audit Committee of the Supervisory Board of the Company agreed that the expert auditor, who makes statutory audit, will provide permitted services, which is not an audit, in the scope of attestation service for evaluation of the report of the Supervisory Board on remuneration of the Management Board and the Supervisory Board of the Company for the years 2019 and 2020. Pursuant to the resolution No 4/05/2021 of 14.05.2021 the Supervisory Board of the Company acting pursuant to the above resolution No 1/05/2021 of the Audit Committee of the Supervisory Board of 14.05.2021 decided to accept and approve the offer of the audit company BDO Spółka z ograniczoną odpowiedzialnością Sp. k. to evaluate, by the expert auditor who makes statutory audits in the Company, the “Report on remuneration for members of the Management Board and Supervisory Board of Rainbow Tours S.A for years 2019 and 2020” (drafted by the Supervisory Board of Rainbow Tours S.A.), which is stipulated in art. 90g of the Act of 29.07.2005 on public offering and conditions of introducing financial instruments to organized trade and about public companies.

Number of meetings of the Audit Committee in 2021

In 2021 the Audit Committee had two meetings on site. 1 meeting of the Audit Committee took place in the manner provided pursuant to provisions of § 12 section 7 of the Regulation of the Audit Committee, that is by means of direct distant communication; moreover, the Audit Committee took part in 2 teleconferences with the Expert Auditor. The results and arrangements made by the Audit Committee during meeting and teleconferences with the Expert Auditor regarding the audit of the single financial statements of the Company and the consolidated financial statements of Rainbow Tours Group for 2020, and also in respect of preliminary results and substantial matters resulting from the preliminary audit were discussed during meetings of the Supervisory Board. The Supervisory Board at its meeting also discussed progress of audit works, efficiency and timeliness of the financial audit process (audit, review of the financial statements). In 2021 the audit committee also agreed that the expert auditor, who makes statutory audits in the Company, would provide permitted services, which do not constitute the audit, that is attestation service intended to assess the report of the Supervisory Board on remuneration of the Management Board and the Supervisory Board of Rainbow Tours S.A. for 2019 -2020.

6.13. Declaration of the Parent Company on diversity policy

In 2017 the Company developed for the Group, including the Parent Company, a diversity policy, which primarily aims to ban all discrimination because of gender, age, disability, health, race, nationality, ethnic origin, religion, secularity, political views, trade union affiliation, psycho-sexual orientation, gender identity, family status, lifestyles, form, scope and the type of employment contract, other type of cooperation and other circumstances, which could lead to discrimination.

Rainbow Tours Capital Group, and the company as the parent company of the Group, seeks to create safe and friendly working environment, that is why it takes into account respect for diverse multicultural society and emphasises the policy of equal treatment of gender, sex, disability, health, race, nationality, ethnic origin, religion, secularity, political views, trade union affiliation, psycho- sexual orientation, gender identity, family status, lifestyles, form, scope and the type of employment contract, other type of cooperation and other circumstances, which could lead to discrimination

The Group sees diversity not only as local but also global value, and the diversity policy as covering three principal areas: local employees in Poland and employees working in destinations, workers in the supply chain, customers, and visitors. The Group's policy follows provisions of national and international law, as well as requirements for listed companies stipulated in "Best Practices for GPW companies, 2016". The Group also strives to relate to provisions and guidelines provided for in the Diversity Charter.

The diversity policy has also its application to the governing bodies of the Company and its key managers. The members of the governing bodies of the Company are appointed (the power of General Meeting, both in the case of appointment of the members of the Management Board as well as the Supervisory Board) and key managers are employed primarily considering merits and suitability of a person to perform a role, particularly qualifications and professional experience corresponding with the post, including diversity of education and working experience related to those posts (which areas of company's activities the persons are in charge of), however other factors such as gender of the person should not be a determinant of or barrier to employment or recruitment. Although only men are members of the Management Board, there is also one woman in five-member supervisory Board, and the Staff of the company is balanced when it comes to relations of men to women in key manager posts.

Details about the diversity policy of Rainbow Tours Capital Group and the Company required under section 70 subsection 6 point 5) letter m) of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information filed by issuers of securities and conditions of recognizing as equivalent information required by provisions of non -member states (that is Journal of Laws of 2018, item 757 as amended) were provide in the 49b section 1 and next, and art. 55 section 2b in connection with 49b section 2-8 of the Accounting act of 29 September of 1994 in accordance with art. 49b section 9 and art. 55 section 2c of the Accounting Act.

7. Court proceedings, arbitration proceedings, proceedings before administrative body.

As at 31.12.2021, and at the date of approval of this report for publication, the Company is (and has been) a party to a court proceeding, in which total amount of the disputed issue exceeds 10% of equity of the Parent Company. The proceedings are pending against the contractor of the company Verikios Grigorios & SIA E.E., with the claim to pay (amounts arising out of the tour operator's contracts - in respect of three hotels situated in Greece) concluded by the parent company (as a part of its usual business). Additionally estimated value of the contractual penalties regarding non-performance of obligations arising out of the contractor's contracts is a ground to recognize that the total amount in controversy exceeds 10 % of the Parent Company's equity. According to contracts and applicable decisions of the common court situated in Greece a decision was issued to attach contractor's assets and personal property of the individual to the amount of EUR 5,269,560. The enforcement proceedings have been pending.

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

8. Information on basic products and services and outlets

Rainbow Tours Group, mainly through operations of the Parent Company in the Group, that is through operations of Rainbow Tours S.A., concentrate its efforts on organization and sale of own tourism services. It also deals with sale of flight, coach and ferry tickets. Exceptionally profitable package tours, exotic package holidays and offers combining exotic package tours and holidays are important part of the Company' offer.

Revenues of the Parent Companies comprise mostly of sales of foreign holidays (package holidays) - both organised by the companies as well as sold by the company as intermediary, sales of airline tickets offered by other providers. The respective volumes and values are as follows:

99% of the products provided by Rainbow Tours Capital Group are offered on the Polish market.

Hotel operations in own hotels or those leased on long -term lease by Greek subsidiaries: White Olive A.E. and White Olive Premium Lindos A.E. are the segment operations, which have been gradually expanded.

In the period covered by the financial statements (12 months ended on 31.12.2021) the Parent Company did not see any dependence on one or more of recipients or suppliers, that is dependence on one recipient or supplier, which would reach at least 10% of total sales revenue.

9. Information on agreements significant for the operations of the Group

In the financial year 2021, to recognise the agreement as significant for the operations of Rainbow Tours S.A., the parent company applied provisions of the Regulation of the European Parliament and the Council (EU) No 596/2014 of 16 April 2014 on market abuse and repealing the directive 2003/EC of the European Parliament and the Council and Commission directive 2003/124/EC, 2003/125/EC and 2004/72/EC ("MAR regulation"). Because Polish law is not adapted to MAR the parent company considered that significant agreements for the operations of the Group are confidential as are confidential information perceived in the context of MAR Regulation and considering published and non-binding positions of Polish Financial Supervision Authority, including "the position of the office of the Polish Financial Supervision Authority". on some of consequences of non- adaptation of Polish law to provisions of MAR Regulation till 3 July of 2016"

The parent company considered that the following agreements (effective in the financial year 2019, the reporting period of 2020 and in 2021 till the date of approval of this report for publication) are material for the Capital Group

1. The agreement of 5 April 2018 entered into by the Company, acting jointly with its subsidiaries (jointly as solidary borrowers), that is joint stock companies operating under Greek Law: White Olive A.E. with registered office in Athens (Greece) and Rainbow Hotels A.E. with registered office in Athens (Greece) (both referred to as "Project Companies") a loan contract (a long-term loan contract extended in euros, hereinafter referred to as the "Loan") with Bank Gospodarstwa Krajowego, a Joint Stock Company with registered office in Warsaw (as the Lender). The purpose of the loan is:
 - a) Financing investments (hereinafter referred to jointly "the Project") situated at the property owned by the subsidiaries of the Company that is the property owned by "Project Companies", that is construction, repair and furnishing White Olive 3 hotel, which is a part of White Olive Premium complex, as well as e (ii) investment of construction, repair and furnishing White Olive Elite hotel,
 - b) . Repayment of the debt incurred by the subsidiary Rainbow Hotels A.E. in Alpha Bank A.E. with its registered office in Athens (Greece), where the amount intended for the purpose will not exceed EUR 500,000.

The Company informed about conclusion of the respective contract in the Current Repot No 15/2018 of 5 April 2018.

According to the loan contract:

- The principal of the financing of the loan amount to total of EUR 15,500,000 split into three tranches: (i) Tranche I –to the amount of EUR 2,700,000 EUR, (ii) Tranche II – to the amount of EUR 12,300,000, (iii) Tranche III –to the amount of EUR 500,000;
- The loan is available for 18 months from the contract date (that is from 5 April 2018)

- The Company is obliged before first draw down to ensure own financial contribution at the level of minimum EUR 3,800,000, however not less than 20% of expenses in the net budget of the Project. Financing for the contribution may be equity, bonds, lending White Olive A.E. / Rainbow Hotels A.E. – depending on recommendation of legal advisor that is renown international law firm, which was chosen jointly by the Company and the Bank. According to the financing offer it is possible to credit outlays incurred for the Project and confirmed by technical advisor (that is established international technical advisor selected jointly by the Company and the Bank) to own contribution
 - Final repayment date is not later than after 7.5 - year (seven and half a year) the loan is no longer available. The tranches will be repaid in quarterly instalments (principal), and the first instalment will be paid at the end of the first full calendar after the completion of the project and according to the schedule devised with the Bank.
 - The annual interest rate on the loan was calculated on arm's length basis based on variable reference rate EURIBOR 3M, plus Bank's margin set according to market conditions
 - Other loan fees and charges (including arrangement fee, the commitment fee, loan prepayment fee) were calculated according to market conditions
 - The basic loan collateral include: (i) blanket mortgage on hotel property covered by the Project: (ii) a blanket mortgage/ the mortgage on hotel property covered by the Development: (iii) first ranking registered pledge and financial pledge on existing and future shares of White Olive A.E. and Rainbow Hotel A.E. (where Bank Gospodarstwa Krajowego S.A. agreed for merger of Development Companies, and thus, before the first draw down the request will be submitted to establish first ranking registered and financial pledge on shares of White Olive A.E., and in case of no merger of Development companies till 30 June 2018, the request will be submitted to establish registered and financial pledge on shares of Rainbow Hotels A.E., (iv) assignment of rights of White Olive A.E. and Rainbow Hotel A.E. from insurance policies (v) assignment of rights from loans granted by individuals to White Olive A.E. and Rainbow Hotel A.E., (vi) assignment of rights from dividends paid out by White Olive A.E. and Rainbow Hotel A.E., (vii) first ranking pledge on bank borrower's accounts opened in Bank Gospodarstwa Krajowego S.A. with the power of attorney for those bank accounts (viii) notarized declaration of the company to voluntary submission to enforcement pursuant to art. 777 of the Code of the Civil Procedure in the value of 150% of the loan (ix) blank promissory note: of borrowers (the Company and the Development Companies) with promissory note contracts, (x) turnover clause reviewed on quarterly basis (effective of 30 September 2018);
 - The suspending conditions for the first draw down of the loan are standard for this type of transactions and include among others: signing of loan documents, including security documents, establishment of security or submission of respective correct requests).
 - Financial ratios calculated for the loan are standard for this type of transactions
2. The charter agreement of 17 December 2018 (Air Transport Charter Agreement with attachments) entered into between Rainbow Tours S.A. and Enter Air Sp. z o.o. The company advised about the agreement in the Current Report No 55/2018 of 17.12.2018.
- The agreement, effective till 24.04.2020, is made for the purchase of seats in the airplanes and the crew and provision of air charter services by Travel Service Polska Sp. z o.o for Rainbow Tours in the Summer 2019" season and Winter 2019/2020 season, which are necessary for basic business operations and cover charter services to different holiday destinations stipulated in the agreement. The performance of the agreement (the first charter flight) starts on 25.04.2019, and the last flight is scheduled for 24.04.2020.
- According to the provisions of this agreement the value of the services is estimated at USD 35,678,145 million which is equivalent of PLN 135,116,702.90 translated using average exchange rate of American dollar as of 17.12.2018 (3.7871), published by National Bank of Poland in the table No 169/A/NBP/2017
3. The agreement of 13 February 2019 entered into by the Parent Company (as a Partner) with its subsidiary forming Rainbow Tours Group, that is a joint stock company operating under Greek law under business name White Olive A.E. with registered office in Athens, Greece "White Olive A.E." with Fundusz Ekspansji Zagranicznej A Closed-End Fund ("the Fund"), which is entered into register of investment funds maintained by Regional Court in Warsaw VII Civil and Registry Division under No RFI 1162 and managed by PFR Towarzystwo Funduszy Inwestycyjnych(PFR an Investment Fund Company) a joint stock company with its registered office in Warsaw, which is a part of Polish Development Fund Group, an investment contract ("the Contract" or "the Investment Contract") to invest in participation of the Fund, jointly with the Company (as a Partner) in White Olive A.E. to finance growth of operations in respect of provision of tourism services in hotels owned by White Olive A.E. or managed by the respective entity on a long term lease. The Company informed about the contract in the Current Report No 4/2019 of 13 February 2019.

The Annexes to the investment contract to jointly invest in development of the subsidiary of the Issuer (the contract of 24 August) made with Polish International Development Fund FIZ AN, which is managed by PFR TFI,

- The Annex No 1 (dated 1 August 2019, finally signed on 8 August 2019) - the Company informed about signing of the respective Annex in the Current Report No 24/2019 of 9 August 2019
- The Annex No 2 (finally signed on 29 October 2019) - the Company informed about signing of the respective Annex in the Current Report No 32/2019 of 04 November 2019
- The Annex No 3 of 23 December 2019 - the Company informed about signing of the respective Annex in the Current Report No 40/2019 of 23 December 2019
- The Annex No 4 of 31 March 2020 - the Company informed about signing of the respective Annex in the Current Report No 17/2020 of 31 March 2020
- The Annex No 5 of 29 May 2019 - the Company informed about signing of the respective Annex in the Current Report No 24/2020 of 29 May 2020
- The Annex No 6 of 30 July 2020 - the Company informed about signing of the respective Annex in the Current Report No 28/2020 of 30 July 2020
- The Annex No 7 of 25 September 2020 - the Company informed about signing of the respective Annex in the Current Report No 36/2020 of 25 September 2020
- The Annex No 8 of 30 December 2020 - the Company informed about signing of the respective Annex in the Current Report No 45/2020 of 30 December 2020
- The Annex No 9 of 3 February 2021 - the Company informed about signing of the respective Annex in the Current Report No 3/2021 of 3 February 2021
- The Annex No 10 of 25 February 2021 - the Company informed about signing of the respective Annex in the Current Report No 4/2021 of 25 February 2021
- The Annex No 11 (dated 29 March 2021, finally signed on 30 March 2021) – which covers acknowledgement of actions taken to complete and close an investment process carried out by the Fund with the Company (with respect to joint financing of expansion of operations by White Olive A.E. - which allowed the Fund to become a shareholder of White Olive A.E.) – the Company informed about this fact in the Current Report No 5/2021 of 30 March 2021

On 30 March 2021 the parties to the investment contract started the process of completion of the investment, and as a part of the process, including actions taken before 30 March 2021 and on that day. The following actions were undertaken:

- The Issuer (as a “Partner”) took up 11,222 new ordinary registered shares of White Olive A.E. with the nominal value of EUR 50.00 each and for the total issue price of EUR 999,992.42; the payment for the shares was made as capitalization of liabilities of White Olive A.E. to the Issuer (mutual exclusion of Issuer’s receivables - amounts due to White Olive A.E. in the total amount of EUR 999,992.42 - the equivalent in PLN – PLN 4,652 thousand with the receivables of White Olive A.E., to the Issuer - a payment for newly taken up shares).
- the Issuer (as a Partner) submitted a relevant declaration (confirming fulfilment of suspensions conditions provided in the investment contract - with a full set of documentary evidence and other statements required under the investment contract) to the Fund
- The Fund - in order to complete the investment on 30 March 2021, paid, by transfer to the bank account of White Olive A.E., for the new ordinary registered shares of White Olive A.E. taken up by the Fund - 100,998 shares of the nominal value of EUR 50 each for the total issue price (money contribution) in the amount of EUR 8,999,931.78 (the equivalent in PLN – PLN 41,866 thousand).
- The Issuer (as a Partner), White Olive A.E. and the Fund completed, on 30 March 2021, additional formal activities linked to finalizing and closing the investment and acquiring the status of the shareholder of White Olive A.E. by the Fund, including those required by provisions of the Contract - that is registration in the share ledger of White Olive A.E., increase of the share capital and adoption of the resolution on approval of the new contract of White Olive A.E., conclusion of (by the Issuer - as a Partner) a registered pledge agreement (required by provisions of the Contract) with the Fund, adoption of (by the Management Board of White Olive A.E.) the resolution concerning issuing new share certification and destroying old certificates, issue of new share certificates to the Fund, receipt of relevant independent legal opinions by the Fund, etc.

As a result of completion of the investment process and taking up shares in the increased share capital of White Olive A.E., the interest in the share capital of White Olive A.E., the Fund and the Issuer will be as follows:

- the Fund will hold shares of White Olive A.E. constituting 34.0% of the total number of votes at the Meeting of Shareholders of White Olive A.E.,
- the Issuer (Rainbow Tours S.A.) will hold shares of White Olive A.E. constituting 66.0% of the share in the total number of votes in the total number of votes at the Meeting of Shareholders of White Olive A.E

Funds obtained by White Olive A.E. in the respective increase in share capital will be used for financing of purchase of a hotel and its general modernisation. The hotel operates as White Olive Elite Rethymno” and is situated in the town Sfakaki on Crete Island in the neighbourhood of the town Rethymno. The hotel was managed by White Olive A.E currently under long-term lease from October 2019 to June 2021.

According to the provisions of the respective investment contract and the annexes amending the said contract

- the time horizon of the investment of the Fund is 4 to 10 years, calculated from the date of acquisition (taking up) and paying for shares of White Olive A.E. by the Fund; the shares of White Olive A.E. will be bought not later than after 10 years of the date of conclusion of the investment contract, according to the irrevocable binding offer of the Issuer for 15 years of the date of entering into the investment contract
 - value of the Fund's investment was set in the amount of EUR 9 million, however, according to relevant provisions of the investment contract the Issuer and the Fund may negotiate on further increase in the share capital of White Olive A.E. in the future and the amount of any additional financial contribution will not be higher than EUR 3.5 million, that is jointly not more than EUR 12.5 million, and the upper limit of the Issuer's investment was not set.
 - the Issuer and the Fund are obligated not to sell shares of White Olive A.E. without consent of the other party throughout the term of the investment contract (the Fund for 10 years as of the date of making the investment contract), except for two circumstances allowed in the investment contract
4. The Contract of 29 August 2019 to grant insurance guarantee No GT 400/2019 with supporting documents (the contract to issue insurance guarantee, deposit contract, promissory note contract) hereinafter referred to as “the Guarantee Contract GT 400/2019” 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 Łódzkie Province (“the Beneficiary”) and each travelling person, who during the Guarantee period concluded a contract with the Obligor (the Beneficiary). The Company provided the information on conclusion of the respective contract in the Current Report No 27/2019 of 29 August 2019

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 paid for 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 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

According to the provisions of the Guarantee contract No GT 400/2019, 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 190,000,000, (one hundred and ninety million Polish zloty), which is equivalent to EUR 44,169,611.31 (forty four million one hundred and sixty-nine thousand six hundred and eleven and thirty one eurocents), 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 2 January 2019 (1 euro= PLN 4.3016)

The Guarantee covered by the Guarantee Contract No GT 400/2019 secures payment of claims arising from occurrence of events specified above (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 September 2019 to 16 September 2020, even if the contracts were not performed in that period

Arrangement of 21 April 2020 to the contract of 29 August 2019 concerning grant of insurance guarantee for tour operators and entrepreneurs facilitating acquisition of related tourism services (the guarantee contract) and to the deposit contract of 29 August 2019

The company pursues preventive actions against the pandemic caused by SARS-CoV-2 coronavirus, aimed at long term solutions to counteract potential negative effects of the pandemic on operations of Rainbow Tours S.A., (as a tour operator and the entrepreneur facilitating acquisition of tourism related services), including: to secure liquidity of the Company - and to this end the Company entered into the Arrangement with Towarzystwo Ubezpieczeń Europa Spółka Akcyjna with its registered office in Wrocław ("the Guarantor") on 21 April 2020 - to the contract of 29 August 2019 to grant insurance guarantee to tour operators of entrepreneurs facilitating acquisition of related tourism services ("the Guarantee contract") and the deposit contract of 29 August 2019 ("the Deposit Contract") concerning insurance guarantee No GT 400/2019 of 29 August 2019 ("the Guarantee"), under which part of the deposit in the amount of PLN 1,350,000 (one million three hundred and fifty thousand Polish zloty), referred in § 7 section 1 point 1 of the Guarantee Contract and § 2 section 1 of the Deposit Contract, was replaced by a security in the form of increase in notarised blanket mortgage at the first place on the additional fixed assets of the Company, which constitute separate commercial premises situated at the eight floor of the office building – ninth level in the office building erected on the land situated in Łódź, at Piotrkowska street 270 (and covered in the Land and Mortgage Registers with the following numbers: 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), that is to increase notarise blanket mortgage established at the first place, jointly at the property situated at Piotrkowska street 270 in Łódź recorded in the mortgage and land 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 from the amount of PLN 11,358,000 (eleven million three hundred fifty eight thousand Polish zloty) to the amount of PLN 13,518,000 (thirteen million five hundred and eighteen thousand Polish zloty), that is by the amount of PLN 2,160,000 (two million one hundred and sixty thousand Polish zloty). The amount of 13,518,000 (thirteen million five hundred and eighteen thousand Polish zloty) is 120% of the property value presented in the appraisal reports made by Andrzej Zarychta (of 10 September 2018 and 28 February 2020).

As a consequence of making the Arrangement, Towarzystwo Ubezpieczeń Europa S.A. reimbursed part of the deposit in the amount of PLN 1,350,000 (one million three hundred fifty thousand Polish zloty) for the Company. The remaining amount of the deposit at PLN 10,444,969 (ten million four hundred and forty-four thousand Polish zloty and nine hundred and sixty-nine) became a legal security for claims of Towarzystwo Ubezpieczeń Europa S.A. (under the contracts)

5. Charter Agreement (Aircraft Charter Framework Agreement with annexes) of 26 September 2019 entered into Rainbow Tours S.A., and Smartwings Poland Sp. z o.o. (previously: Travel Service sp. z o.o.) The Company informed about conclusion of the respective agreement in the Current Report No 29/2019 of 26 September 2019.

The respective Charter Agreement, effective till 15 May 2021, refers to the purchase of (by Rainbow Tours S.A.) 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 2020 and Winter 2020/2021. 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) starts on 25 April 2020, and ends (the last charter flight) on 22 April 2021.

According to provisions of the Charter Agreement, upon the date of its signing, the value of services provided under the Charter Agreement for Summer 2021 season is estimated for the amount of USD 35,620,534.29, [which is equivalent of PLN 142,809,846.00, translated using the average American dollar exchange rate of 26 September 2019, published by National Polish Bank in the table No 187/A/NBP/2019 (the exchange rate 4.0092)]. Due to the fact that a number of variable factors (including variable costs) affect value of services under the Charter Agreement, and because it is not possible to measure 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).

The annex (dated 6 January 2020) to the contract to provide charter services for Rainbow Tours S.A. by Smartwings Poland Sp. z o.o. – the Company, upon receipt of information about signing of the annex by the contractor, provided the information about signing the respective Annex in the Current Report No 2/2020 of 7 January 2020

Pursuant to provisions of the Annex No 1 to the Charter Agreement (signed between Rainbow Tours S.A. and Smartwings Poland Sp. z o.o.) the parties extended the subject matter of the charter contract of 26 September 2019 (Aircraft Charter Framework Agreement with Annexes) and services provided by Smartwings Poland Sp. z o.o. to the Company by introducing additional blocks of flights to different holiday destinations. The Charter Contract concerns purchase of seats in planes and a crew by Rainbow Tours and provision of charter flight services (air transportation of passengers and luggage) by Smartwings Sp z o.o. to Rainbow Tours S.A. The services are to be provided in Summer 2020 season and Winter 2020/2021 and are necessary (for the issuer) to provide its tourism services, including charter flight services covered by the Charter Contract (with the amendments introduced by the Annex No 1) in different holiday destinations. Pursuant to provisions of the Annex No 1 to the Charter Contract additional flights were introduced in different holiday destinations.

Due to signing of the Annex No1 value of services stipulated in the Charter Contract is estimated in the total amount of USD 54,946,347.40, which is equivalent of PLN 220,290,896.00 translated according to the average exchange rate of American dollar of the date of making the Charter Contract, that is 26 September 2019, and published by National Bank of Poland in the table No 187/A/NBP/2019 (the exchange rate 4.0092)

6. Long-term sublease contract of a hotel property (dated 5 October 2019) made by the subsidiary of the Issuer, that is White Olive A.E. (as a sublessee). The Company provided the information about conclusion of the contract in the Current Report No 30/2019 of 8 October 2019 upon receipt of the information about signing of the contract by the contractors

The respective long-term sublease contract of a hotel property ("the Sublease contract") was entered to implement plans (which started in 2015 and were continued in subsequent periods) of development of operations in respect of tourism services, i.e., in hotels owned by the companies in Rainbow Tours Group or leased on a long-term lease. Under the respective Sublease Contract the hotel property: "Agelia Beach Hotel", situated in Sfakaki on Crete, (Greece) was rented by White Olive A.E. (as a sublessee), upon the agreement of and in participation of the owners, natural persons) for the period of at least 15 (fifteen) years, from 18 October 2019 to 17 October 2034 with a possibility of renewing the lease for another 5 (five) years -under the condition of building additional 20 rooms on the property. Total value of the Sublease Contract for the period of 20 years is EUR 4,250 thousand.

The hotel property covered by the respective Sublease Contract, which previously operated as "Agelia Beach Hotel" (currently it operates as "White Olive Elite Rethymno"), was run by White Olive A.E. under sub-lease contract (on long-term lease) from October 2019 to June 2021. Currently the hotel „White Olive Elite Rethymno” is a property of White Olive A.E. The property was acquired by White Olive A.E. in I half of 2021 from payments made by Foreign Expansion Fund Private Assets Closed- End Fund managed by PFR Towarzystwo Funduszy Inwestycyjnych S.A., which is a part of the Group of Polish Development Fund intended to increase share capital (the investment made under investment contract of 13.02.201). The Company advised about acquisition of the respective property in the Current Report No 14/2021 of 30.06.2021)

7. The contract of 4 December 2019 (the charter agreement, Air Charter Transport Agreement with Annexes) made by Rainbow Tours S.A., and Enter Air Sp. z o.o. the Company provided information about conclusion of the respective agreement in the Current Report No 34/2019 of 4 December 2019

The respective Charter Agreement, effective till 30 April, 2021, 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 Enter Air Sp. z o.o. for Rainbow Tours S.A. in the touristic season Summer 2020 and Winter 2020/2021. 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.

According to provisions of the Charter Agreement, the value of services provided under the Charter Agreement for Summer 2021 season (upon the date of its signing) is estimated for the amount of USD 49,8 million, which is equivalent of PLN 192,5 million - translated using the average American dollar exchange rate of 4 April 2019 published by National Polish Bank in the table No 234/A/NBP/2019 (the exchange rate 3.8647). Due to the fact that a number of variable factors (including variable costs) affect value of services under the Charter Agreement, and because it is not possible to measure 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 the number of flights provided under the Charter Agreement according to increasing or decreasing market demand, and that can also affect value of total Charter Agreement

8. The insurance guarantee contract to grant insurance guarantee No GT 359/2020 of 8 September 2020, with supporting documents (the contract to issue insurance guarantee, the deposit contract, the promissory note contract) 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 Łódzkie Province ("the Beneficiary") and each travelling person, who during the Guarantee period concluded a contract with the Obligor (the Beneficiary). The Company informed about conclusion of the respective contract in the Current Report No 33/2020 of 8 September 2020

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 the cost of continuation of the package tour 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 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 tour did not take place or any of the services paid for to the business facilitating acquisition of related tourism services was not provided
- c) reimbursing some of customer's payment for package holidays, which is equivalent to the part of the package tour 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 September 2019 to 16 September 2020), even if the contracts were not performed in that period.

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, hereinafter referred to as "the Amount of the Guarantee" is PLN 60,000,000 (sixty million Polish zloty), which is equivalent to EUR 14,094,101.62 (fourteen million ninety four thousand one hundred and one and sixty two eurocents) 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 2 January 2020 (1 euro= PLN 4.2571)

Attachment of 11.08.2021 to the contract of 08.09.2020 to grant insurance guarantee for tour operators or business facilitating acquisition of related tourism services (the guarantee contract)

Pursuant to the attachment to the guarantee contract No GT 359/2020 the upper limit of the Guarantor liability in respect of the Guarantee (the Sum of Guarantee) was increased from the previous amount of PLN 60,000,000 (an equivalent of EUR 14,094,101.62) to the amount of PLN 90,000,000 (the equivalent of EUR 21,141,152.43 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 02.01.2021 in the amount of PLN 4.2571 that is by amount of PLN 30,000,000 (the equivalent of EUR 7,047,050.81).

The increase of the Guarantee Sum was intended to guarantee satisfaction of requirements, by the Company, and dispositions with respect to minimum sum of the guarantee, which is specified in the Regulation of the Development and Finances of 27.12.2017 on minimum amount of the bank guarantee and insurance required with respect to operations of tour operators and entrepreneurs facilitating acquisition of related tourism services.

The amount of Guarantee increased to PLN 90,000,000 (the equivalent of EUR 21,141,152.43) secures repayment of claims resulting from occurrence of events arising under package holiday contracts and contract to provide related tourism services, made by the Parent Company with customers in the period from 17.09.2020 to 16.09.2021- even if they wouldn't take place in that period (yearly post-guarantee period), and the increased sum of the Guarantee is effective for contracts to provide tourism services made in the period from 01.08.2021 to 16.09.2021. The contracts to provide tourism services made from 17.09.2020 to 31.07.2021 are covered by the guarantee up to the amount of PLN 60,000,000 (the equivalent of EUR 14,094,101.62

As a consequence of signing the Guarantee contract No 359/2020, and in connection with increase of the Guarantee Sum, the security for claims of the Guarantor to repay amounts paid from Guarantee for a Beneficiary were maintained, that is the following securities: a) deposit set in the bank account of Towarzystwo Ubezpieczeń Europa S.A., b) notarised blanket mortgage the established on the first free place in the fixed asset of Rainbow Tours, that is the company's property located at ul. Piotrkowska 270 in Łódź, 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 from 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).

9. The Soft Loan Contract from the Government Programme "Financial Shield of the Polish Development Fund for Large Companies of 10 November 2020 made by the Company (as a borrower) with Polish Development Fund Company Limited by Shares with registered office in Warsaw (as a lender, "PFR"), upon relevant application to receive programme financing (the application No: 20200716/85703) to the PFR (application No 20200716/85703). The Company informed about conclusion of the respective contract in the Current Report No 42/2020 of 10 November 2020.

According to the Soft Loan Contract basic terms of the soft loan obtained by the Company under the Governmental Programme "Financial Shield of the Polish Development Fund for Large Companies" ("the Loan", or "Soft loan") are as follows:

- (1) the amount of the soft loan is PLN 24,800,000.
- (2) The Loan may be used by the Company (as a borrower) for financing ongoing operations of the Company, including for working capital, and in particular to: settle trade payables of the Company, pay out salaries to employees of the Company and workers hired under civil law contracts with persons, who have contract for constant cooperation (for whom the company is the main contractor), purchase of goods and materials (including advances for purchase of goods and materials) or other operating costs involved in creation of a product or service (provided in the course of usual operations of the Company), settling public and legal liabilities, including taxes to be paid by the Company.
- (3) the date of repayment of the soft loan - the loan repaid in quarterly instalments with the final payment date on 30 September 2024, the date of payment of the first instalment of the soft loan is 31 December 2021.
- (4) the interest rate of the soft loan: the flat interest rate per year and for each year of financing equal to the margin respective for the specific year of financing a) 1.25% p.a. in the first year as of signing the loan contract, b) 1.75% p.a. in the second and third year as of signing of the loan contract and c) 2.75% p.a. in the fourth year as of the date of signing of the contract loan
- (5) according to the terms of the Governmental Programme "Financial Shield of the Polish Development Fund for Large Companies" and the Contract, there is a possibility of loan write-off up to 75% of the amount of the soft loan

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

On 26.03.2021 the Company submitted to the Polish Development Fund – according to conditions of the Governmental Programme "Financial Shield of the Polish Development Fund for Large Companies ver. 1.0. – the respective application for waive off of the loan, while the amount of loan waive -off was a discretionary decision of PFR, which depends on satisfactory meeting of conditions of the loan waive off, stipulated in the Loan Contract, by the Company (as a lender); the decision to grant Loan waive off and the amount of loan waive off was adopted by PFR not later than at the date provided in the Regulation of the Programme (to 30.09.2021). Due to a positive decision PFR send the Company (the lender) a statement in writing indicating the amount of loan waive off and date on which the Company (the lender) was released from the debt. The loan was successfully waived off because the Company (the lender) sent a declaration in writing to PRF that it accepted the release from the debt in the amount of the loan waive off. Any decisions concerning loan waive off, as well as any amount of Loan waive off, can be made only by PFR and are not subject to appeal procedure. The amount of loan waive off is subject to limitations defined in provisions of law and the Loan Contract.

On 15.09.2021 the Company received from the Polish development Fund declaration (a decision) on partial release of the debt and the amount of waive off of the soft loan from the Governmental Programme "Financial Shield of Polish Development Fund for Large Companies ("Declaration of the Loan Waive Off")

The Company advised about receipt of the declaration, from the Polish Development Fund, on partial release from the debt and the amount of waive off of the soft loan from the governmental programme the Financial Shield for Large Companies 1.0 in the Current Report No 23/2021 of 15.09.2021

Pursuant to the Declaration on Loan Release received by the Company:

- 1) Pursuant to art. 508 act of 23.04.1964 of the Civil Code, PFR declared that it partially waives off loan in the amount of PLN 18,600,000.00 PLN ("Loan Waive Off);
- 2) PFR declared that Waive Off of the Loan takes effect of 24.09.2021

The Loan was waived off subject to its acceptance by the Company (as the lender) in the form of declaration (according to a sample declaration, which is an attachment to the respective Declaration on the Loan Waive Off) until 17.09.2021 (“the Declaration of the Company”). Pursuant to relevant provision of the Loan contract the loan can be effectively waived off on condition that the Company (as the lender) will deliver to PFR return declaration in writing stating that it accepts the release from the debt in the amount of the Loan Waive Off.

Pursuant to the Declaration of the Company of 16.09.2021 made in relation to the relevant provision of the Loan Contract and pursuant to art. 508 of the act of 23.04.1964 the Code of Commercial Companies and Partnerships persons, acting on behalf of the Company (as the lender), The Company submitted the respective declaration that it accepts release of the debt on conditions specified in the Declaration of the Loan Waive Off, in particular, that it accept the Loan waive off in the amount of PLN 18,600,000.00 and the Loan Waive Off was effective as of 24.09.2021.

Due to the fact that the Company repaid the amount of the soft loan that wasn't waived off (the principal in the amount of PLN 6,200,000 with accrued interest) on 19.11.2021, the debt arising from the Loan Contract of 10.11.2020 expired.

10. The agreement of 20 April 2021 entered by the Parent Company with Smartwings Poland Sp. z o.o. with its registered office in Warsaw to provide charter flight services. The Company informed about conclusion of the respective contract in the Current Report No 7/2021 of 20 April 2021

The respective Charter Agreement (Aircraft Charter Framework Agreement with Annexes, the Charter Agreement), effective till 15 May 2022, 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 2021 and Winter 2021/2022. 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) starts on 29 April 2021, and ends (the last charter flight) on 23 April 2022.

According to the provisions of the Charter Agreement, upon the date of its signing, the value of services provided under the Charter Agreement for Summer 2021 season is estimated for the amount of USD 13,018,076, which is equivalent of PLN 49,126,313.40 PLN, translated using the average American dollar exchange rate of 20 April 2021 published by National Polish Bank in the table No 075/A/NBP/2021 (the exchange rate 3.7737). 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 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 the 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 of cancelling flights by Rainbow Tours S.A. (and that number is dependent on the notice about flight cancellation).

11. Charter Agreement (Air Charter Transport Agreement with annexes) of 06.07.2021 entered into by the Parent Company, with Enter Air Sp. z o.o. with registered office in Warsaw referring to provision of charter flight services by Enter Air Sp. z o.o for Rainbow Tours S.A. The Company informed about conclusion of the respective agreement in the Current Report No 17/2021 of 06.07.2021.

The respective agreement (“Charter Agreement with Annexes”) 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 2021 and Winter 2021/2022. And is directly related to basic operation of Rainbow Tours S.A. as a tour operator. The respective charter agreement was concluded for a defined period starting from 30.04.2022 and regulates rules of provision of air transport services of persons and luggage by Enter Air sp. z o.o. in the respective period.

The estimated amount of the Charter Agreement came to USD 31,000,000 USD, which is the equivalent of PLN 117,865,100 calculated according to average exchange rate of American dollar in NBP as at 06.07.2021 (Table No 128/A/NBP/2021), which amounts to 3.8021. Total value of performance arising from the charter agreement is not possible to determine precisely, thus the data are estimates. The value of performance arising from the charter agreement is affected by numerous variables, including mode of resignation and variable components of costs, which were provided under the Charter Agreement. Settlements under the Charter Agreement will take place continuously and according to the schedule of charter flights. The Charter Agreement does not provide unusual provisions, which would substantially differ from conditions of similar contracts made by Rainbow Tours with other carriers.

The Contract of 10.09.2021 to grant insurance guarantee No GT 500/2021 with supporting documents (the contract to issue insurance guarantee, the deposit contract, the promissory note contract) 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 Łódzkie Province ("the Beneficiary") and each travelling person, who during the Guarantee period concluded with contract with the Obligor (the Beneficiary). The Company advised about the respective contract in the Current Report No 22/2021 of 10.09.2021.

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

- a) Payment of sufficient amount to refund cost of continuation of package holidays or cost of return of Obligor's customers from holidays to the country, especially cost of transportation and accommodation, as well as justified costs incurred by customers, if a tour operator or an entrepreneur facilitating acquisition of related tourism services fails to ensure the continuation or return despite its obligation,
- b) repaying amounts paid by customers for package holidays, or each service, to the entrepreneur facilitating acquisition of related services, when it was tour operator's or the entrepreneur' facilitating acquisition of related services or persons' acting on their behalf fault that package holidays services were not provided or any of the services paid for to the business facilitating acquisition of related tourism services.
- c) reimbursing some of customer's payment for package holidays, which is equivalent to the part of the package holidays that did not take place or for each service paid for to the entrepreneur facilitating acquisition of related services, which service is corresponding with the service was not or will not be provided at the fault of the tour operator or the entrepreneur facilitating acquisition of related services or persons acting on their behalf

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

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

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

Due to the above facts, that is in relations to conclusion of the guarantee contract No GT 500/2021 of 10.09.2021, the security for claims of the Guarantor to repay amounts paid from the Guarantee for a Beneficiary are as follows: a) deposit in the amount of PLN 18,550,000, 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 asset of Rainbow Tours, that is the company's property located at ul. Piotrkowska 270 in Łódź, with the value of PLN 13,518,000, which is 120% of the value of the property presented in the appraisal reports of 10.09.2018 and 28.02.2020 until 16.10.2023) 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.

12. Attachment to the framework charter agreement marked HC/132/09 of 29.10.2021 (“the attachment”, “the Charter agreement”) signed by the Parent Company with Polish Airlines LOT S.A. with registered office in Warsaw (“PLL LOT”) determining the programme of flights and rules of providing charter flight services in the touristic season Winter 2021/2022 by PLL LOT for Rainbow Tours S.A. The Company advised about signing of the respective attachment to the agreement in the Current Report No 29/2021 of 29.10.2021

The respective charter agreement refers to provision of charter flight services by PLL LOT for the Company in the touristic season “Winter 2021/2022”, with Boeing 787-8 Dreamliner. The flight services are necessary for basic operation of the Issuer in the touristic winter season to exotic destinations. According to arrangements covered by the attachment with regard to the touristic season “Winter 2021/2022” provision of charter services start on 4 November 2021 and they end is anticipated to up to (optionally) sixth May of 2022.

According to the Attachment to the Charter Agreement, on the date of signing the Attachment, the value of charter services (flights confirmed, without taking into account value of optional flights) provided in the season “Winter 2021/2022” was estimated as the sum of the amounts denominated in Polish zloty and a foreign currency USD (using the average exchange rate of USD as of the of signing the attachment, that is as at 29.10.2021, published in the table No 211/A/NBP/2021) and constitute total estimated equivalent of value of charter services in Polish zloty in the amount of PLN 109,297.6 thousand. According to provisions of the Attachment the price of service can change i.e., in case of change of aviation fuel, port charges, etc. Settlements of charter services will be done continuously and according to schedule of individual charter flights. The Issuer is able to change number of flights (block hours in the programme of flights) to respond to changes in market demand in specified destinations, including to cancel them free of charge (in the limited percentage of the value of block hours), which can translate to change in total value of charter services provided by the attachment to Charter Agreements.

The charter (the Issuer) is obligated to have minimum specific number of flying block hours under the flight programme covered by the Attachment.

Moreover, according to the Attachment, the Parties have the right to cancel the flight and change the scope of the agreement for reasons beyond control in case when, because of SARS-CoV-2 epidemic, Polish authorities impose restrictions in the territory of the country (types of restrictions are enumerated) of the authorities of the country, in case when the plane is heading the country of destination will impose restrictions (types of restrictions are enumerated with regard to restrictions, which will prevent flight operations in according to the provisions of the Charter Agreement).

The Attachment to the Charter Agreement does not provide provisions on contractual penalties, except for contractual penalties related to potential situations linked to cancellation of the flights by the Charterer (the Issuer) in violation of terms of cancellation by the Charterer which were permitted in stipulated pursuant to the Attachment with respect to periods of reporting cancellation that is in the period shorter than the one specified before planned date of flight.

Other provisions of the Attachment and the Charter Agreement are standard for this type of agreements.

13. The agreement of 24.03.2022 (the Charter Agreement) entered by the Parent Company with Smartwings Poland Sp. z o.o. with its registered office in Warsaw to provide charter flight services. The Company informed about conclusion of the respective contract in the Current Report No 4/2022 of 24.03.2022

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 Poland 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 start of the performance of the Charter Agreement and provision of charter services (the first charter flight, in the Winter 2022/2023 season) was planned for 24.04.2023.

The value of services provided under the Charter Agreement, upon the date of its signing is estimated for the amount of USD 42,498 million, which is equivalent of PLN 184,059 million - 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 the effect on value of performance under the Charter Agreement has number of variable factors (including variable costs) the final and real value of performance under the Charter Agreement may differ from the above estimate. The Issuer has the right to change number of booked flights under the Charter Agreement with growing or falling demand, which can also translate to the total value of the Charter Agreement.

Settlements from the Charter Agreement will be made continuously and according to schedule of individual flights.

The Charter Agreement provides standard provisions regarding its termination by the Parties. The Charter Agreement does not provide contractual penalties; however, it stipulates charges for reduction of flight programme in the event of cancellation of flights by Rainbow Tours and their amount is dependent on. i.e., the notice about flight cancellation.

14. The Soft Loan Contract from the Governmental Programme “Financial Shield of the Polish Development Fund for Large Companies”, edition 2.0 of 25.03.2022 (“the Contract 2.0, “the Soft Loan Contract 2.0) made by the Company (as the Lender)

with the Polish Development Fund S.A. in Warsaw (as the lender, also "PFR") according to the application for borrowings from the Programme on 22.09.2021 (Application No 20210930/73424).

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

- (1) the amount of the Loan: PLN 2,936,321
- (2) The loan can be used by the Company (as the borrower) only for financing current operations of the Company, including for working capital, in particular for settlement of trade liabilities, payment of salaries for the staff of the Company (including social security contributions) and people hired under civil law contracts with individuals with ties to the company by contracts for permanent cooperation, for whom the company is the main contractor for purchase of goods and materials (including advances for purchase of goods and materials) or other costs of operations linked to manufacturing of a product or providing a service in day-to day operations of the Company, settlement of legal and public expenses including taxes.
- (3) repayment mechanism: quarterly instalments, with the final payment at the latest on 31.03.2028.
- (4) interest rate: 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

10. Information on organizational or capital ties in the Group. Description of main national and international investments of the Company and the Capital Group

Investments of the Parent Company

The table below presents main organizational ties and capital investments in shares of related parties of the Parent Company and the subsidiary of the Issuer that is White Olive A.E. as at 31.12.2021.

No	Subject of investments	The object of investment	Relation	Value in PLN thousand	Financing
1	Interest	"My Way by Rainbow Tours" Sp. z o.o.	subsidiary (100%)	200	cash
2	shares	White Olive A.E.	subsidiary (65.98%)	71 566	Cash
3	shares	White Olive Premium Lindos A.E.	Direct subsidiary of the subsidiary White Olive A.E (100%); Issuer's indirect subsidiary	11 179	cash
4	shares	Rainbow Tours Destination Services Turkey Turizm Ve Seyahat Hizmetleri A.S.	subsidiary (100%)	25	cash

All above subsidiaries are consolidated and covered by the consolidated financial statements of the Group for the financial year 2021.

As at the date of approval of this report for publication (29.04.2022) Rainbow Tour holds around 66% of the share capital and votes at the General Meeting of White Olive A.E., the remaining 34 % share capital and votes at the Genera; Meeting of White Olive A.E. is held by Foreign Expansion Fund - PFR Group (due to completion of the investment process in 2021) The description of changes in organization of the Group was presented in point 1.5 of this report.

As at 31.12.2021 and as at 31.12.2020 the amount of lending provided by the Parent Company to the related parties is as follows:

Lending:	Repayment (+) / Granting (-)	Lending as at 31.12.2021			Lending as at 31.12.2020		
		Principal	Interest	Total	Principal	Interest	Total
		PLN/000	PLN/000	PLN/000	PLN/000	PLN/000	PLN/000
"My Way by Rainbow Tours" Sp. z o.o.		300	-	300	300	-	300
White Olive A.E.		-	-	-	-	-	-
White Olive Premium Lindos A.E.		-	-	-	-	-	-
Rainbow Tours Destination Services Turkey Turizm		-	-	-	-	-	-

Lending:	Repayment (+) / Granting (-)	Lending as at 31.12.2021			Lending as at 31.12.2020		
		Principal	Interest	Total	Principal	Interest	Total
	PLN/000	PLN/000	PLN/000	PLN/000	PLN/000	PLN/000	PLN/000
Ve Seyahat Hizmetleri A.S.							
Total		300	-	300	300	-	300

Investments of Rainbow Tours Group

Issuer's subsidiary that is White Olive A.E. (the Greek company) carries out hotel activities (provides hotel services for Rainbow Tours S.A. and other tour operators) and owns two hotel properties and additionally leases (on long-term lease) hotel property in Greece on Zakynthos. 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” – 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; hotel administered by White Olive A.E. on long-term lease (starting from October 2019); “White Olive Elite Rethymno” offers and 75 modernly and well-furnished five-star hotel rooms in 4 different types, “White Olive Elite Rethymno” was completely refurbished in winter 2019/2020 - both 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” chain includes also “White Olive Premium Lindos”, which is a property of indirect subsidiary of the issuer that is a private limited company operating under Greek law with the name White Olive Premium Lindos A.E. (previously: “Oikodomikes Xenodoxeikes Touristikis Kai Emporikes Epixeiriseis M. B. Kai I. Venetoulis A.E.”; the direct subsidiary of White Olive A.E.).

Investing in development of White Olive own hotel chain is an element of Rainbow Tours Group strategy for subsequent years, including with the capital share of Polish International Development Fund Closed- Ended Fund of Private Assets, which is managed by PFR Towarzystwo Funduszy Inwestycyjnych S.A., (PFR Investment Fund Society), and is a part of the Polish Development Fund Group. Having an own hotel base gives not only more possibilities to create and manage the product, but it also enables to earn bigger and more stable financial results. The development of the hotel chain will enable to earn higher sales margin for the Group.

Additionally, Rainbow Tours Group include the subsidiary Rainbow Tours Destination Services Turkey Turizm Ve Seyahat Hizmetleri Anonim Sirketi, which was formed and appointed in 2020 in the territory of Turkey. The parent Company holds 100% of the share capital and votes at the general meeting of the respective company limited by shares.

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.

11. Information on significant transactions concluded by the issuer or its subsidiary with related entities, which are not arm's length transactions

The issuer concludes sale transactions with majority of related entities. All transactions are arm's length transactions made pursuant to the conditions for transaction with other entities.

12. Informacje o zaciągniętych i wypowiedzianych w danym roku obrotowym umowach dotyczących kredytów i pożyczek

As at 31.12.2021 the Parent Company cooperated with three banks. The Company had three credit limits and limits for bank guarantees in the following banks: Santander Bank Polska S.A., Bank Millennium S.A. and Bank Gospodarstwa Krajowego.

In April 2018 the subsidiaries (that companies limited by shares operating under Greek law: Rainbow Hotels A.E. and White Olive A.E.) with the Parent Company signed the investment loan contract with Bank Gospodarstwa Krajowego. The respective information was advised in the current reports ESPI No 14/2018 of 04.04.2018 and 15/2018 of 05.04.2018. The Parent Company is solidary borrower, and the loan granted is a debt of special purpose vehicle (currently White Olive A.E.).

Financing of the Company

Bank Millennium S.A. – the multipurpose line

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

Pursuant to the annex No A7/9619/16/M/04 of 5 November to the respective multifacility contract No 9619/16/M/04, final due date was extended till 7 December 2020. Pursuant to the annex No A8/9619/16/M/04 of 25 November 2020 financing granted under the multifacility contract No 9619/16/M/04 was extended to 7 December 2022. The liquidity guarantees in the amount of PLN 36.700 thousand (effective until till 7 March 2023) granted by Bank Gospodarstwa Krajowego - under portfolio of the line guarantee contact of Liquidity Guarantee Fund PLG-FGP – is the security for partial repayment of the facility The Guarantee secures 80% of the amount of the facility.

On 9 July 2020 the Parent Company made a working capital loan contract No 13890/20/400/04 for the amount of 10,000 thousand (available until 9 July 2022) with Bank Millenium S.A. The liquidity guarantees in the amount of PLN 8,000thousand effective until till 8 October 2022 - granted by Bank Gospodarstwa Krajowego - under the portfolio of the line guarantee contact of Liquidity Guarantee Fund PLG-FGP is the security for the partial repayment of the facility. The Guarantee secures 80% of the amount of the facility.

As at 31 December 2021 the Parent Company used the overdraft line of credit in the amount of PLN 10,000 thousand and a working capital loan in the amount of PLN 10,000 thousand, and the used line of bank guarantees, as at that date, was the equivalent of PLN 6,668 thousand.

As at 31 December 2020 the Parent Company used the overdraft line of credit in the amount of PLN 25,295 thousand and a working capital loan in the amount of PLN 10,000 thousand, and the used line of bank guarantees, as at that date, was the equivalent of PLN 8,122 thousand.

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

On 31.08.2018 the Parent Company concluded with Bank Gospodarstwa Krajowego Multipurpose line of credit contract No 4618-00453. Under the respective contract Bank Gospodarstwa Krajowego granted the Company a line of credit – a multipurpose facility for the amount of PLN 30.000 thousand for the period of 36 months from the date of entering into the Multipurpose Line of Credit Contract. On 31.08.2021 the Parent Company signed the attachment No 2 to the Multipurpose Line of Credit Contract, under which Bank Gospodarstwa Krajowego extended the effective term of the line of credit in the form of multipurpose facility for the amount of 30,000 thousand for the period of subsequent 5 months with the effective term until 31.01.2022. On 31.01.2022 the Company signed the Attachment No 3 ("the Attachment") to the Multipurpose facility, under which Bank Gospodarstwa Krajowego extended effective term of the line of credit in the form of multipurpose facility for the amount of PLN 30,000 thousand for another 12 months with the effective term until 31.01.2022 r.

The line is intended to refinance entire debt, firstly in respect of the multipurpose line extended by Bank Ochrony Środowiska S.A. Under the facility the company can use the following products

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

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

As at 31.12.2021 the Parent Company failed to use the overdraft facility and the limit for bank guarantees.

As at 31.12.2021 the Parent Company didn't use the overdraft line and the line of bank guarantees.

As at 31 December 2020 the Parent Company used the overdraft line in the amount of PLN 17,637 thousand and did not use and the line of bank guarantees. As at 31 December 2019 the Parent Company did not use the respective limit

Santander Bank Polska S.A

On 10.10.2018 the Parent Company concluded with Santander Bank Polska S.A. Multipurpose Facility No K00787/18 (amended with the attachment No 1 of 15.11.2019 and the attachment No 2 of 30.06.2020) with the global limit for the amount of PLN 50,000 thousand. The Company can use the overdraft facility for the amount of PLN 20,000 thousand or in the equivalent in the currencies of USD or / and EUR during total term of the facility availability and can also use renewable loan for the amount of PLN 30,000 thousand from 02.01.2020 to 30.06.2020. The date of total repayment of the facility is 15.11.2020 (for the overdraft facility) subject to the fact that pursuant to the Attachment No 2 to the Multipurpose Facility No K00787/18 of 30.06.2020. The renewable loan, which contract was made originally as one of two contracts in the multipurpose facility contract (that is Multipurpose Facility Contract No K00787/18 of 10.10.2018), was replaced with the renewable loan contract No K00787/18b, pursuant to which the effective term for the renewable loan for PLN 30,000 thousand was renewed to 30.06.2022 and the security for claims of the Bank arising under the respective contract is a liquidity guarantee PLG-FGP for the amount of 80% of the Facility amount that is PLN 24,000 thousand for the term from the date of registering the Facility and Liquidity Guarantee PLG FGP to the register of liquidity guarantees PLG FGP kept by the Bank, until 30.09.2022. On 25.11.2020 the Parent Company made with Santander Bank Polska S.A the Attachment No 4 to the Multipurpose Facility No K00787/18a, which renews until 12.11.2022 availability of the overdraft facility and of the limit in the foreign currency account for the amount of PLN 20,000,000.00. The Security for the facility is the Liquidity Guarantee PLG FGP for the amount of 80,00% of the amount the Facility that is PLN 16,000,000.00 for the period from 11.02.2023 and declaration of submission to enforcement and blank promissory note.

The Company can use overdraft line of credit for the amount of PLN 20,000 thousand or the equivalent in USD or/and EUR (during whole period of the line availability) and can use the renewable contract in the amount of PLN 30,000 thousand from 2 January 2020 to 30 June 2020. The due date for full repayment of the line of credit was set for 15 November 2020 (for the overdraft line of credit), except that (under the annex No 2 to the Multifacility Credit No K00787/18 of 30 June 2020) the renewable credit contract, which was originally made as one of two contracts forming the multifacility contract (that is the Multifacility Contract No K00787/18 of 10 October 10.10.2018), was replaced with the renewable contract No K00787/18b - under which the line of renewable credit in the amount of PLN of 30,000 thousand was extended to 30 June 2022, the liquidity guarantee PLG-FGP (in the amount, which is 80% of the amount of facility, that is PLN 24,000 thousand) for the period from entering the Facility and the Liquidity Guarantee PLG FGP to the register of liquidity guarantees maintained by the bank, till 30 September 2022, is the security for receivables of the bank (arising from the respective contract).

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

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

As at 31 December 2020 the Parent Company used an overdraft line in the amount of PLN 16,096 thousand and a revolving loan in the amount of PLN 2,000 thousand, and the limit for bank guarantees was not used as at the indicated date.

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

“Financial Shield of the Polish Development Fund for Large Companies 1.0”.

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

Detailed description of funding granted under the Soft Loan, the amount of the Loan, the amount of Loan Waive off and current status of the debt – was presented on point 9 of the report “Information on contracts, which are material for operations of the Group” (point 9).

On 15.09.2021 the Company received from the Polish Development Fund declaration (a decision) on partial release of the debt and the amount of waive off of the soft loan from the Governmental Programme “Financial Shield of Polish Development Fund for Large Companies (“Declaration of the Loan Waive Off”). Pursuant to the Declaration on Loan Waive off received by the Company on 15.09.2021: pursuant to art. 508 act of 23.04.1964 of the Civil Code (that is Journal of Laws of 2020 item 1740 as amended) PFR declared that it partially waives off loan in the amount of PLN 18,600,000.00 PLN (“Loan Waive Off”); 2) PFR declared that Waive Off of the Loan takes effect on 24.09.2021.

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

“Financial Shield of the Polish Development Fund for Large Companies” 2.0.

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

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

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

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

Soft loan 2.0 from the governmental programme “Financial Shield of the Polish Development Fund for Large Companies” is intended to cover the damage resulting from disturbance in economy linked to 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 of employee benefits) for the year 2019
- 25% of the total turnover in the business for 2019

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

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

Financial liabilities of subsidiaries

Bank Gospodarstwa Krajowego –multi facility line, derivative master agreement

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

- Financing investments (hereinafter referred to jointly "the Project") situated at the property owned by the subsidiaries of the Company that is the property owned by "Project Companies", that is construction, repair and furnishing White Olive 3 hotel, which is a part of White Olive Premium complex, as well as e (ii) investment of construction, repair and furnishing White Olive Elite hotel
- Repayment of the debt incurred by the subsidiary Rainbow Hotels A.E. in Alpha Bank A.E. with its registered office in Athens (Greece), where the amount intended for the purpose will not exceed EUR 500,000

According to the loan contract

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

As at 31 December 2021 the amount of the investment loan to be repaid by White Olive A.E was EUR 12,733.

As at 31 December 2020 White Olive A.E. used the investment loan in the amount of EUR 14,139 thousand.

The Parent Company is obligated to comply with number of parameters stipulated in loan contracts i.e.: to maintain specific amounts of transfers to bank accounts, ratios (covenants) and others. Adverse development of SARS-CoV-2 coronavirus may lead to reduction in value of ratios stipulated in loan contracts (covenants), and (in extreme cases) exceed boundary conditions specified in these contracts, what may result in negative changes in terms of financing (increased costs of borrowings) or limited bank financing. According to data for 2021 the covenants were not breached.

13. Information on warranties and guarantees in the financial year

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

The Parent company holds lines of bank guarantees, which are used to issue bank guarantees for the benefit of contractors cooperating with Rainbow Tours S.A. In 2019, the company ordered issuance of bank guarantees outside its limits.

The table below presents bank guarantees issued as at 31.12.2021. The amounts of banks guarantees issued in foreign currencies were translated using average NBP exchange rate of 31.12.2021.

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

The table below presents guarantees issued as at 31 December 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 Guarantee granted by Towarzystwo Ubezpieczeń Europa S.A.

Guarantee contract No GT 359/2020

On 8 September August 2020, the parent company concluded with Towarzystwo Ubezpieczeń Europa Company Limited by Shares with its registered office in Wrocław ("the Guarantor") the insurance guarantee contract No GT 359/2020 of 8 September 2020, 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 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 Łódzkie Province ("the Beneficiary") and each travelling person, who (during the Guarantee period) concluded with contract with the Obligor (the Beneficiary).

Information on the respective guarantee contract No GT 359/2020 were presented in point 9 of this report. The Company informed about conclusion of the respective contract in the Current Report No 33/2020 of 8 September 2020.

Guarantee contract No GT 500/2021

On 10.09.2021, the parent company concluded with Towarzystwo Ubezpieczeń Europa Company Limited by Shares with its registered office in Wrocław ("the Guarantor") the insurance guarantee contracts No GT 500/2021 with supporting documents (the contract to issue insurance guarantee, the deposit contract, the promissory note contract) 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 Łódzkie Province ("the Beneficiary") and each travelling person, who (during the Guarantee period) concluded with contract with the Obligor.

Information on the respective guarantee contract No GT 500/2021 were presented in point 9 of this report. The Company informed about conclusion of the respective contract in the Current Report No 22/2021 of 10.09.2021.

14. Issue proceeds

In 2021 the Issuer (Rainbow Tours S.A.) did not issue securities.

15. Explanation of differences between financial results and previously published forecasts for the year in question

The parent company did not publish forecasts of the consolidated financial results for 2021.

16. Structure of assets and liabilities of the consolidated statement of financial position of the Capital Group

The Parent Company organizes financing for subsidiaries of Rainbow Tours Group. The Parent Company, except for own funds, has lines of credits to secure liquidity of the Capital Group. In the opinion of the Management Board the value of lines of credits of Rainbow Tours Group is adequate to the size of operations of the Capital Group. At the end of 2021 the cash in bank, bank deposits and cash equivalents came to PLN 83,934 thousand and made 15.1 % of the assets of the company. According to the consolidated statement of assets and liabilities receivables of the Capital Group came respectively to PLN 140,975 thousand, which is 25.4% of the balance sheet total. Total current assets as at 31.12.2021 came to PLN 555,045 thousand.

The table below presents structure of individual groups of assets in the consolidated statement of assets and liabilities

ASSETS	As at 31/12/2021	As at 31/12/2020	Change	dynamics
	PLN'000	PLN'000	PLN'000	%
Fixed assets				
Tangible fixed assets	236 868	209 055	27 813	13,3%
Investment property	196	196	-	0,0%
goodwill	4 541	4 541	-	0,0%
Other intangible assets	4 302	4 945	-643	-13,0%
Investment in associates	-	-	-	0,0%
Investment in joint ventures	-	-	-	0,0%
Deferred tax assets	7 443	7 811	-368	-4,7%
Finance lease receivables	-	-	-	0,0%
Other financial assets	-	-	-	0,0%
Other assets	21 651	13 542	8 109	59,9%
Total fixed assets	275 001	240 090	34 911	14,50%

ASSETS	Stan na 31/12/2021	Stan na 31/12/2020	Movement	dynamics
	PLN'000	PLN'000	PLN'000	%
Current assets				
Stocks	99	115	-16	-13,9%
Trade and other receivables	140 975	187 264	-46 289	-24,7%
Finance lease receivables	-	-	-	0,0%
Receivables from construction contracts	-	-	-	0,0%
Other financial assets	46	451	-405	-89,8%
Current tax assets	5 845	6 569	-724	-11,0%
Other assets	49 145	11 535	37 610	326,1%
cash and cash equivalents	83 934	28 809	55 125	191,3%
Assets classified as held for sale	-	-	-	0,0%
Total current assets	280 044	234 743	45 301	19,30%

ASSETS	Stan na 31/12/2021	Stan na 31/12/2020	Movement	dynamics
Current assets	PLN'000	PLN'000	PLN'000	%
Total assets	555 045	474 833	80 212	16,90%

As at the balance sheet date (31.12.2021) equity of the Group amounted to PLN 149,332 thousand, which is 26.9% of the carrying amount (equity and liabilities) as at 31.12.2021, and borrowed capitals i.e., long-term and short-term liabilities amount to total of PLN 405,713 thousand, which is 73.1% of the balance sheet total (equity and liabilities) as at 31.12.2021.

The table below presents the structure of the individual groups of the equity and liabilities in the consolidated statement of financial position.

EQUITY AND LIABILITIES	As at 31/12/2021	As at 31/12/2020	Change	dynamics
	PLN'000	PLN'000	PLN'000	%
Equity				
Issued share capital	1 455	1 455	-	0.0%
Share premium	36 558	36 558	-	0.0%
Reserve capital	37	365	-328	-89.9%
Translation of foreign operations	2 956	4 488	-1 532	-34.1%
Own shares	-	-	-	0.0%
Retained earnings	67 215	49 943	17 272	34.6%
	<u>108 221</u>	<u>92 809</u>	<u>15 412</u>	<u>16.6%</u>
Amounts directly recognised in equity related to assets classified as held for sale	-	-	-	-
Equity attributable to shareholders of the parent company	108 221	92 809	15 412	16.6%
Equity attributable to non -controlling interest	41 111	-	41 111	0.0%
Total equity	149 332	92 809	56 523	60.9%
Long-term liabilities				
Long -term loans and bank credits	80 871	71 574	9 297	13.0%
Other financial liabilities	-	-	-	0.0%
Pension liabilities	145	221	-76	-34.4%
Deferred tax liabilities	-	-	-	0.0%
long- term provisions	-	-	-	0.0%
Deferred income	-	-	-	0.0%
Other liabilities	37 088	40 437	-3 349	-8.3%
Total long-term liabilities	118 104	112 232	5 872	5.2%
Short-term liabilities				
Trade and other payables	92 252	44 449	47 803	107.5%
Liabilities arising on construction contracts	-	-	-	0.0%
Short-term loans and bank credits	30 986	137 842	-106 856	-77.5%
Other financial liabilities	-	-	-	0.0%
Current tax liabilities	4 467	1 803	2 664	147.8%
Short-term provisions	7 011	1 646	5 365	325.9%
Deferred income	145 978	76 725	69 253	90.3%
Other liabilities	6 915	7 327	-412	-5.6%

EQUITY AND LIABILITIES	As at	As at	Change	dynamics
	31/12/2021	31/12/2020		
	PLN'000	PLN'000	PLN'000	%
	287 609	269 792	17 817	6.6%
Liabilities directly related to fixed assets classified as held for sale	-	-	-	-
Total short-term liabilities	287 609	269 792	17 817	6.6%
Total liabilities	405 713	382 024	23 689	6.2%
Total equity and liabilities	555 045	474 833	80 212	16.9%

The ratio of short-term to long-term liabilities to current assets as at 31.12.2021 the balance sheet date amounts to 1.62. The substantial effect on the level of the ratio results from results from long-term investment financing used to finance fixed assets of the Group and introduction of IFRS 16.

17. Assessment of financial resources management

The tour operator incurs substantial expenses on preparation of the offer for summer season. The process takes place in III and IV quarter of calendar year. In this period, financial expense is incurred for preparation of the offer (catalogues) and promotion (marketing campaigns in media). Additionally, the company pays guarantee deposits in advance to book accommodation in hotels. At this stage, the company transfers own liquid assets or as in previous years uses bank credits. The key, moment is the period of so-called advance sales for summer season, which starts from rollout of the offer till the date of services provision. Advance sales enable the issuer to obtain prepayments from future customers. Thus, the interest for the offer in the advance sales period has considerable effect on liquidity of the company. Monitoring advance sales of the offer shows accuracy of the offer and willingness to choose the brand, as well as the situation of the national economy. As at the end of 2020 liquid assets came to PLN 28.8 million. The increase in fixed assets is a result if investments made for hotels, which were financed with the Group's own funds.

Statement of financial position of Rainbow Tours Capital Group									
	2021		2020			2021		2020	
	PLN'000	%	PLN'000	%		PLN'000	%	PLN'000	%
Fixed assets	275 001	49.5%	240 090	50.60%	equity	149 332	26.9%	92 809	19.50%
Current assets	280 044	50.5%	234 743	49.40%	Liabilities	405 713	73.1%	382 024	80.50%
Including short-term investments	83 934	15.1%	28 809	6.10%					
Total	555 045	100.0%	474 833		Total	555 045	100.0%	474 833	100.00%

18. The assessment of the probability to go ahead with the investments, including capital investments

The Management Board of the Parent Company intends to concentrate its efforts to guarantee financing for the Parent Company and the companies in the Group, as at the approval of this report for publication the Management Board of the Parent Company does not intend to implement investments in the Company and the subsidiaries.

19. Assessment of factors and untypical events affecting the operations in the financial year

Description and assessment of factors and unusual events, which affects the performance of the Company and the Group is presented on point 2.2 of this report.

20. Changes in basic rules of Management of the issuer's enterprise and the Group.

The Management Board of the Parent company consequently implements its management policy and takes care of its best quality and efficiency. Procedures aimed at optimizing the process of management, efficient flow of information in the company and exchange of information in the group and in the nearest environment of the company are continuously improved.

Information obligation, due to floating of shares and the status of the Company as a public company makes the Company transparent. All decisions are taken in right time and are intended for the good of the Company.

Subject to operations pursued by the Management Board of the Issuer intended to minimise adverse effect of COVID-19 pandemic on activities of the Group, there were no material changes in the business model and rules of the management of the Parent Company.

Information on the effect of SARS-CoV-2 pandemic on operations of the Parent Company and the Group in 2021 was presented i.e. in part III point 3.4 of the single financial statements of Rainbow Tours S.A. for the financial year 2021 "The effect of COVID-19 on operations of the Company" and also in part III point 3.4 of the consolidated financial statements of the Group for the financial year 2021 titled "The effect of COVID-19 on operations of the Company" (both reports approved for publication on 29.04.2022).

Detailed information on the effect of SARS-CoV-2 pandemic on operations of the Parent Company and the Group and actions taken by the Management Board in 2020 intended to prevent negative effects of the crisis caused by spreading of SARS-CoV-2 on operations of the Company was presented (for the period of 2021 and the subsequent to 26.11.2021) i.e. in Note 4.2 "Continuation of Operations" of the interim extended consolidated report of Rainbow Tours Group for III quarter of 2021 and accruing for three quarters of 2021, which was published on 26.11.2021.

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

21. Contracts entered into with members of the Management Group providing for compensation in case of resignation or dismissal.

As at the date of publication of this report there are no agreements concluded with members of the management, which would provide for compensation in case of resignation or dismissal from the post.

22. Remuneration policy in the parent company

22.1. General information on remuneration system adopted in the Parent company

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

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

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

Currently applicable Policy was adopted in the draft by the Management Board pursuant to the resolution of the Management Board No 01/07/20 of 27 July 2020, and then the opinion on the resolution was provided in the form of a resolution of the Supervisory Board No 2/07/2020 of 29 July 2020. Pursuant to the provisions of the resolution No 25 of the Annual General Meeting of 25 August 2020 on adoption of "the Policy of remuneration for members of the Management Board and Supervisory Board of Rainbow Tours S.A. (the notarial deed drafted by the Notary Public in Łódź, Anna Bald, Repertory No 3833/2020, the Annual General Meeting adopted the Policy, and it took effect on 25 August 2020. Because of the adoption of the Policy, the previously applicable "Policy of remuneration for members of the governing body of Rainbow Tours S.A." lost its effect on the effective date of the respective resolution of Annual General Meeting, and subject to provisions of § 16 section 4 and 5 of the Policy (transitional provisions), the previous "Remuneration policy for members of the Management Board of Rainbow Tours Spółka Akcyjna" approved by the resolution of the Supervisory Board of Rainbow Tours S.A. No 04/12/2016 of 20.12.2016 (as amended) lost its effect.

Pursuant to provisions of the resolution No 38 of the Ordinary General Meeting of the Company of 30.06.2021 (the resolution proceeded by the resolution of the Management Board No 02/06/21 of 01.06.2021 on adoption of the draft of amendments in the document "Policy of remuneration of the members of the Management Board and the Supervisory Board of Rainbow Tours S.A. in order to submit it for opinion of the Supervisory Board and submit it for adoption by the General Meeting of the Company and by the resolution No 3/06/2021 of the Supervisory Board of 02.06.2021 on acceptance of the opinion of the Supervisory Board regarding assessment of amendments to "the Policy of remuneration of the members of the Management Board and the Supervisory Board of Rainbow Tours S.A.", which were prepared by the Management Board of the Company with the intention to submit them to the General Meeting for adoption) the General Meeting adopted amendments to "the policy of remuneration for the members of the Management Board and the Supervisory Board of Rainbow Tours S.A."

The Supervisory Board of the Parent Company does not have a remuneration committee

Employee remuneration and rules of remuneration payment are defined each time considering the "Rules of remuneration for employees of Rainbow Tours Joint Stock Company in Łódź". Remuneration is determined individually in employment contracts.

To issues not regulated in the "Rules of remuneration of employees of Rainbow Tours Joint Stock Company in Łódź" provisions of labour law shall apply.

The attachment to remuneration rules defines rules of calculation and payment of incentive bonuses and rewards for customer service employees of Rainbow Tours S.A. and rules of making that conditional on performance and quality of work. An incentive bonus is the effect of engaging the employee in sales of products, and the amount of the bonus is determined according to the criteria provided for in the Rules and is dependent on the volume of sales of tourism products and other products available in the offer (charter, coach and ferry tickets, etc), quality of work as well as meeting targets defined by a director or a deputy director of Sales Department and accepted by the Management Board or a member of the Management Board responsible for Sales Department. Part - time employees receive bonuses proportionate to number of hours worked

Rewards are granted by the Management Board of the Company or one of the members of the Management Board upon request of a Director or a Deputy Director, for the performance of non -standard or not directly related to sales tasks (participation in promotion actions, check – ins, etc or special accomplishments at work).

Rules of promotion and pay rise are conditional on: meeting the criteria of seniority in Rainbow Tours and seniority in a position (quantified conditions) (ii) meeting the criteria of a post held (quantified conditions) (iii) receiving positive work assessment, according to quantified criteria (iv) having satisfactory performance supported by an opinion of a director or a Deputy Director of Sales Department.

22.2. Information on conditions and amounts of remuneration for the members of the Management Board of the Company, including key parameters determining variable elements of remuneration; other information on remuneration of members of the Management Board of the Company and key managers

FIXED REMUNERATION FOR THE MEMBERS OF THE MANAGEMENT BOARD

According to "the Policy of remuneration for members of the Management Board and the Supervisory Board" applicable for the Parent Company ("the Policy"), members of the Management Board receive fixed remuneration, which may include:

- 1) remuneration for work under employment contracts for directors made with members of the Management Board
- 2) remuneration due to appointment to the Management Board and performing the role of a President of the Management Board, a Vice-chairman of the Management Board or a Member of the Management Board

and individual members of the Management Board may be granted remuneration consisting of both elements of the fixed remuneration above, or only one of the elements (on formal and legal grounds).

Ad. 1) Fixed remuneration for work under employment contract for directors made with members of the Management Board

The company makes employment contracts for indeterminate time with members of the Management Board, and in especially justified cases, the Supervisory Board may take a decision to make employment contract for a definite period. The contracts cover job positions in which an individual member of the Management Board is employed in the organizational structure of the Company. Employment contracts are made with each member of the Management Board based on work regulations and rules of remuneration applicable in the company. The employment contracts of the members of the Management Board may be terminated under the rules stipulated in Labour Code, and the expiration of the mandate of the member of the Management Board may be a ground for termination of his employment contract, subject to appropriate advance notice. The period of advance notice is provided in the Labour Code. Pursuant to § 19 section 2 second sentence and § 22 letter c) of the Articles of Association the amount of remuneration of the member of Management Board under the employment contract is determined each time by the Supervisory Board.

Ad. 2) remuneration for appointment to the Management Board and roles in the Management Board

The member of the Management Board may receive fixed remuneration, paid monthly, remuneration for his role in the Management Board, during the time they performs this role. A decision to grant remuneration for the role in the Management Board is taken by the Supervisory Board. According to the provisions of § 16 section 1 of the Articles of Association, appointment to the Management Board takes place pursuant to a resolution of the Annual General Meeting. Persons appointed to perform roles in the Management Board of the Company are entitled to monthly remuneration - from the time of the appointment to the Management Board until expiration of the mandate of the member of the Management Board, according to provisions of art. 369 of the Code of Commercial Companies and Partnerships, and unless the employment contract was concluded with such person (in such case rigours concerning time of remuneration entitlement under employment contract are applied).

The amount of the fixed monthly remuneration for members of the Management Board for appointment and role in the Management Board – as base remuneration (“Base Remuneration”) – for each calendar month is determined by the Management Board in a resolution, which is adopted not later than on 31 January of the calendar year, to which the remuneration pertain. The amount of the monthly base remuneration for individual members of the Management Board appointed to perform roles in the Management Board of the Company is as follows.

- 1) for the person performing the role of the President of the Management Board – 100.00% (one hundred per cent) of the Base Remuneration determined by the Supervisory Board, in a resolution, which is specified in section 10 above,
- 2) for the person performing the role of the Vice- Chairman of the Management Board – not more than 91 % (ninety-one per cent) of the Base Remuneration determined by the Supervisory Board, in a resolution, which is specified in section 10 above, rounded up in Polish zloty
- 3) for the person performing the role of the member of the Management Board - not more than 91 % (ninety-one per cent) of the Base Remuneration determined by the Supervisory Board, in a resolution, which is specified in section 10 above, rounded up in Polish zloty

Pursuant to a relevant resolution of the Supervisory Board fixed remuneration, which was previously determined for a specific calendar year - for the appointment to the Management Board and performing the role (of the President of the Management Board, the Vice-chairman of the Management Board, the Member of the Management Board) may be changed during a calendar year, to which it pertains, especially in the case, when it will be dictated by necessity to ensure appropriate and careful management of the operations of the Company, and also care for capital and financial liquidity of the Company and the interest of shareholders. Moreover, pursuant to a relevant resolution, the Supervisory Board may also (during a calendar year) decide to grant fixed remuneration for the appointment to the Management Board and the role in the Management Board to a Member, who was not previously granted fixed remuneration for appointment to the Management Board and the role in the Management Board, and only received remuneration under employment contract.

The company does not project possibility of payment of additional remuneration for dismissal or resignation of the member of the Management Board, and it does not breach the rights under employment contract concluded with the member of the Management Board. And also except for cases when payment of additional remuneration will be a special case and justified by i.e. long-period of service of a member of the Management Board in management structures of the Company and in the Management Board of the Company (at least two full terms of office and not less than 10 years) exceptional achievements and contribution of a member of the Management Board in creating value of the Company and expansion of its operations, and also any other factors related to contribution of a member of the Management Board to introduce innovative or progressive solutions on the tourism services market. The factors considered with respect to granting any additional remuneration for a member of the Management Board of the Company can also be action related to substantial participation to obtain financing for the Company or companies of the Supervisory Board (also as a part of the floating of shares at the Warsaw Stock Exchange). Additional Payment of remuneration, which is mentioned in this section is made according to relevant decisions of the Supervisory Board and also based on justified application of a member of the Management Board or ex-member of the Management Board, who applies for additional remuneration, if it was granted pursuant to the application of the person requesting remuneration.

VARIABLE REMUNERATION FOR MEMBERS OF THE MANAGEMENT BOARD

According to the Policy members of the Management Board may receive variable remuneration, which is dependent on variable criteria, and especially on financial or non-financial results of the Company, taking into account social interest, contributing to protection of natural environment and actions intended to prevent negative social outcomes of operations of the company and their elimination. Variable remuneration may take following forms:

- 1) annual bonus, according to determined criteria and conditions (specified in § 6 of the Policy) or
- 2) monthly bonus, according to determined criteria and conditions (specified in § 7 of the Policy)
- 3) participation in an incentive scheme and the ability to obtain conditional right to receive relevant cash settlement in the future

and individual members of the Management Board may be granted on or two elements of variable remuneration, specified above in point 1 ad 2 - that is an annual bonus and/ or monthly bonus, and does not exclude the ability of the member of the Management Board to be covered by the incentive scheme, which is mentioned in point 3 above.

If the member of the Management Board participates in the incentive scheme, the Supervisory has the right, according to § 19 section 2 second sentence and § 22 lit. c) Articles of Association, to decide about permanent or temporary suspension of application – for the duration of the incentive scheme – the provisions of the Policy with respect to variable elements of remuneration, which are specified in point 1 and 2 above, and thus to assume that members of the Management Board will not be entitled and will not be awarded – for the duration of the incentive scheme – a bonus, which is specified in point 1 and 2 above

If members of the Management Board will be granted remuneration in the form of financial instruments, the Policy or resolution of the Supervisory Board (which makes it more precise) will provide periods, - when the entitlements to receive remuneration in such form will be acquired, rules of disposal of those financial instruments and explanation how the grant of remuneration in the form of financial instruments contributes to meeting objectives specified in relevant provisions of the Policy (§ 2 of the Policy)

If an element of variable remuneration is granted, rules of its granting may state periods of payment deferral and the ability to demand return of elements of variable remuneration by the Company.

Mutual proportions of elements of fixed remuneration to elements of variable remuneration of the members of the Management Board are diversified. It is not possible to determine exact mutual proportion of variable and fixed elements of remuneration, and variable remuneration of the Member of the Management Board may constitute more than 100% of their fixed remuneration.

Ad. 1) variable remuneration of the members of the Management Board – a monthly bonus

Due to appointment to perform the role in the Management Board of the Company members of the Management Board may receive variable remuneration in the form of an annual bonus (the Annual Bonus), which amount is dependent on the level of financial performance of the Company or the Group

The amount of the Annual Bonus is a product of the base of the Annual Bonus and the ratio of the Annual Bonus

- the base of the Annual Bonus is net profit earned by the Company, which results from financial statements for a specific financial year - audited by the entity entitled to audit financial statements; it is presented in the financial statement approved by the Annual General Meeting
- the ratio of the Annual Bonus is determined in a separate resolution of the Supervisory Board, which is adopted in a calendar year after the financial year, to which the Annual Bonus refers (within 14 days of the date of approval of financial statements of the Company or the Group, to which refers the Annual Bonus), and which is approved by the Annual General Meeting, especially, upon request of the Management Board in this respect, in the amount of no less than 6.0% (six per cent) The Supervisory Board determines the amount of the ratio, which is mentioned in the previous sentence, especially by taking into account diversified, (at least) three criteria as follows:
 - financial performance of the Company and the Group for the previous year, in which the Annual Bonus was granted, or
 - stock exchange quotations of Company's shares
 - Non-financial performance of the company, in the following areas: (i) the Company's contribution to protection of the natural environment, including e.g., by reduction in consumption of materials, or (ii) considering social interests, including i.e., employees' issues, or (iii) prevention off negative effects of social activities of the Company and their elimination, including e.g., by promoting sustainable tourism.

Rules of granting and payment of remuneration of the Annual Bonus for members of the Management Board for a specific financial year are as follows:

- the amount of the Annual Bonus is charged to costs of operations of the Company in the year, when the Annual General Meeting to approve the annual consolidated financial statements for the financial year, to which the Annual Bonus refers, took place
- each member of the Management Board is entitled to receive the Annual Bonus for the period of performing a role in a given calendar year, for which year the Annual Bonus is planned and in the event of expiry of a mandate during given financial year and non-appointment to perform a role in the Management Board of the Company for the next term – proportionally to number of months of fulfilling his obligations in the financial year, subject to the fact that each month, which began and in which the role is performed, is treated as a full month of performing the role.
- the condition to receive the Annual Bonus, each time, is awarding a grant of approval in the financial year, for which the Annual Bonus is allotted, to a given member of the Management Board by the Ordinary General Meeting
- pay-out of the Annual Bonus for a given financial year to members of the Management Board will be made from funds of the Company, not earlier than following the adoption of the respective resolution to approve financial statement of the Company for a given financial year by the Ordinary General Meeting, and not later than within 30 (thirty days) from adoption of the resolution
- distribution (among individual members of the Management Board) of the total amount of the Annual Bonus for a given financial year will take place pursuant to a relevant resolution of the Supervisory Board of the Company
 - a) the gross amount of the Annual Bonus, which is awarded to a person appointed as a President of the Management Board, will be determined each time in the gross amount of not less than 30% (thirty per cent) of the total gross amount of the Annual Bonus
 - b) total gross amount of the Annual Bonus, which is awarded to the remaining members of the Management Board, appointed as a Vice-chairman of the Management Board or a Member of the Management Board, is determined each time in the total gross amount, which is a difference between 100% (one hundred per cent) of the amount of the Annual Bonus, and the amount of the Annual Bonus awarded to the person appointed as a the President of the Management Board, that is not less than 70% (seventy per cent) of the amount of the Annual Bonus and the total gross amount of the Annual Bonus, which is calculated in such manner, is distributed among persons performing roles of a Vice-chairman of the Management Board and a Member of the Management Board
 - c) the gross amount of the Annual Bonus awarded to one of the members of the Management Board appointed as a Vice-chairman cannot be lower than the gross amount of the Annual Bonus awarded to one of the members of the Management Board appointed as a Member of the Management Board
- The amount of the Annual Bonus to be paid is reduced by the amount of the advance for the Annual Bonus or other public or legal charges.
- The annual bonus is subject to personal income tax

Ad. 2) variable remuneration of the members of the Management Board – a monthly bonus

The Supervisory Board may decide to award additional remuneration in the form of the monthly bonus (“the Monthly Bonus”) to a member of the Management Board. The amount and conditions and criteria of calculating and payment of the Monthly Bonus to a member of the Management Board are determined by the Supervisory Board in advance for each calendar year pursuant to a respective resolution of the Supervisory Board. The resolution is adopted each time not later than at the end of each February of the calendar year, to which the Monthly Bonus refers or, in justified cases, at a later date set by the Supervisory Board. The resolution provides, in particular the monthly base amount of the Monthly Bonus (“the Base Amount”) and types and weights of the bonus objectives (“the Objectives). The Objectives are defined by the Supervisory Board by taking into account three criteria referring to the below indicate areas:

- Financial performance of the Company or the Group for the year preceding the year, for which the Annual Bonuses is awarded, or
- stock exchange quotations of Company’s shares
- Non-financial performance of the company, in the following areas: (i) the Company’s contribution to protection of the natural environment, including e.g., by reduction in consumption of materials, or (ii) considering social interests, including i.e., employees’ issues, or (iii) prevention off negative effects of social activities of the Company and their elimination, including e.g., by promoting sustainable tourism.

In special cases the Supervisory Board may decide to calculate the Base Amount and types and weights of the Objectives in different amounts for different months or different periods of a given financial year.

- 1) the level of the Objectives met in a given monthly period will be calculated as a percentage in reference to base amounts for a given period in a manner specified in sections below and multiplied by the weight of a specific Objective
- 2) The final total of products in respect of objectives met and their weights will be summary meeting of the Objective in a given monthly period

The Supervisory Board determines value and parameters of Objectives for a specific calendar year; those bonus objectives are divided to basic and ambitious (the Basic Objective and the Ambitious Objective) and will be determined for each of the Objectives per calendar months in a given calendar year. Objectives for a specific calendar year, are additionally set and determined, using proportions in respect of the values of individual Objectives met in a preceding year, for individual monthly periods and allocated to each calendar month to carry out monthly calculations of the level of meeting the Objective, which is linked to monthly periods of payment of the Monthly Bonus. In justified cases that is e.g., an unexpected or extraordinary change in market situation, the Supervisory Board may decide to change parameters and values of the Objectives upon any arrangements with and acknowledgements of a member of the Management Board, which would be affected by the change

Calculation of the level of meeting the Objective will be made according to the following assumptions.

- Meeting the Basic Objective in full will result in calculating of the objective met in 100%, and the lower value of the of the Basic Objective will be calculated proportionally to the level of the objective met
- The objective met above the value determined for the Basic Objective will result in calculation of the Objective met according to the assumption, and the values within the limits for the Basic Objective and the Ambitious Objective will constitute additional 100% of the Objective met above the Objective, which is specified in the preceding point, and thus, the percentage surplus of the level of the Objective above the Basic Objective is counted towards 100% of the Basic Objective. The assumption made in the preceding sentence applies to whole surplus of the level of the Objective met over the Basic Objective, and because of that, in a special circumstance of the Objective met above, value determined for the Ambitious Objective may give rise to calculation of the Objective met at the level exceeding 200%
- In a specific circumstance, in respect of the Objective related to the financial performance of the Company - in situation when for a given monthly period it was assumed, e. g. because of seasonality, the level of the objective met will be negative (e.g. gross loss = gross negative profit), level of the Objective met is calculated in the same manner, according to the ules presented in previous points and with the presumption that the lower gross loss of the Company, the higher level of the Objective met.

Calculation of the level of the Objective met (for the purpose of determining the amount of the Monthly bonus) is each time made by the member of the Management Board, who is affected by the calculation and the right to receive the Monthly Bonus or the President of the Management Board of the Company for all members of the Management Board, who were granted the Monthly Bonus and presents it for verification and approval by the Chairman of the Supervisory Board, and in the event of his absence, by the Vice- chairman of the Supervisory Board or a Member of the Management Board designated by the Chairman of the Supervisory Board. In case of disputes concerning calculation or non-approval for the calculation – it is presented for verification and approval by the Supervisory Board acting jointly.

The Supervisory Board, after the end of a given financial year (the settling period), prepares summary of aggregate level of Objectives met and set for a given calendar year on annual basis. The summary of the level of Objectives met, which were set for a specific calendar year for the full year is binding and pursuance and made immediately after the end of the calendar year, to which it refers.

CHANGE IN REMUNERATION OF THE MEMBERS OF THE MANAGEMENT BOARD

If it is necessary to pursue long-term interest and maintain financial stability of the Company or to guarantee its profitability, especially in the case when it was dictated by the necessity to ensure proper and careful management of operations of the Company, and also care for capitals and financial liquidity and interest of Company's shareholders - in the event of occurrence of substantial impediment to paying of remuneration, which results in necessity to allocate financial funds for other goals related to operations of the Company.

- 1) The Supervisory Board may, in a resolution, decide to temporary suspend whole or part of the payment of the remuneration granted to a given member of the Management Board, according to the remaining provisions of the Policy, that is fixed remuneration for the role in the Management Board or variable remuneration [in respect to one of all elements of variable remuneration, that is the annual bonus or the monthly bonus]. In the resolution, which is mentioned in the preceding sentence, the Management Board defines grounds for suspension of whole or part of remuneration, the amount of remuneration subject to suspension and the amount of remuneration subject to payment (in case of partial suspension of remuneration), and additionally defines a period of suspension or conditions of payments of remuneration suspended in part or in whole. Before the Supervisory Board adopts the resolution may consult it with the Management Board of the Company in respect of conditions of the planned suspension of the payment of remuneration.

- 2) The Management Board of the Company, in a relevant and unanimous resolution of the Management Board, may decide to withhold payment of remuneration granted according to the provisions of the Policy, that is fixed remuneration for the role in the Management Board as well as whole or part of the variable remuneration - that is the annual bonus or monthly bonus for all entitled members of the Management Board or individual members of the Management Board or decide about payment of remuneration in the amount or amounts lower than amounts due. The Resolution must be approved by the Supervisory Board of the Company.

NON-MONETARY BENEFITS

Each member of the Management Board has the right to receive the following non-monetary benefits from the Company

- 1) the right to accede to employee capital plan on conditions specified in the act of 4 October 2018 on employee capital plans and the right to accede to a pension scheme, which will be eventually applied in the Company
- 2) the ability to obtain additional non-monetary benefits provided by the Company, including the package of private health care, "a sport card" and other financial benefits from Employees' Social Benefits Fund
- 3) the ability to use the property of the Company, including the ability to use company car also for private purposes
- 4) cover costs related to the role in the Management Board, including subsistence allowance, transportation costs, hotel accommodation and entertainment expenses
- 5) insurance of members of the Management Board related to the role in the Management Board, including liability insurance, D&O insurance
- 6) covering costs related to staying in hotels, accommodation or renting a flat, if the residence of the member of the Management Board is situated more than 100 kilometres from the registered office of the Company
- 7) covering costs of education of members of the Management Board, which are partially or in whole related to the scope of duties fulfilled by them personally for the Company
- 8) Any other benefits arising from labour law and due for members of the Management Board under the employment contract

The scope and rules of non-monetary benefits due for members of the Management Board are specified in details in the resolution of the Supervisory Board or the employment contract.

Information on the amount of remuneration of each member of the Management Board of the Company in the financial year 2020 with respect to fixed and variable elements of remuneration was presented in point 2.3 of this report

22.3. Information on conditions and amounts of remuneration of the Supervisory Board of the Company

According to "the Policy of remuneration for members of the Supervisory Board and the Supervisory Board S.A." applicable in the Parent Company from 25 August 2020 (with amendments introduced from 30.06.2021), members of the Supervisory Board receive only fixed remuneration, which can have the following elements:

- 1) remuneration for appointment to the Supervisory Board and the role in the supervisory body, which pursuant to § 27 section 2 letter. g) of the Articles of Association is set and determined by the General Meeting, or
- 2) Remuneration for work under contracts made with members of the Supervisory Board or companies in the Group.

A member of the Supervisory Board, who is also a member of the Audit Committee or a member of any other committees created in the Supervisory Board may receive additional remuneration on permanent basis and set by the supervisory Board, including subject to the fact that a minimum and maximum amount of such remuneration and the criteria for its setting are resolved in the resolution of the General Meeting pursuant to provisions of § 27 section 2 letter. g) of the Articles of Association.

The amount of remuneration of members of the Supervisory Board for their roles and criteria of setting the amount are specified in the resolution of the General Meeting. Wynagrodzenie Przewodniczącego Rady Nadzorczej, Wiceprzewodniczącego Rady Nadzorczej albo Sekretarza Rady Nadzorczej lub z uwagi na pełnione przez osoby pełniące te funkcje i zwiększony nakład pracy mogą być wyższe od wynagrodzenia pozostałych członków Rady Nadzorczej.

If the appointment or dismissal of a member of the Management Board took place during a calendar month, the remuneration due for a calendar month, in which a member was appointed or dismissed, was calculated proportionally to the number of days, when the member of the Management Board was performing his role, in a calendar year.

The company does not provide possibility to pay additional remuneration for dismissal or resignation of the member of the Supervisory Board, except for the fixed remuneration specified in the resolution of the General Meeting.

Pursuant to provisions of the resolution No 39 of the Ordinary General Meeting of 30.06.2021 the amount of remuneration of members of the Supervisory Board of the Parent Company was set. Starting from July 20121 (paid in August 2021) persons

appointed to the Supervisory Board have the right to monthly remuneration, due to the appointment to the Supervisory Board of the Company and serving as members of the Supervisory in their capacities, in the following amounts:

- 1) the Chairman of the Supervisory Board of the Company – monthly remuneration for appointment to the Supervisory Board in the amount of PLN 6.000 a month (six thousand)
- 2) the Chairman or the Secretary of the Supervisory Board (if members of the Supervisory Board are entrusted with such roles and Members of the Supervisory Board (that is members who do not perform role of the Chairman or Vice-chairman or the Secretary of the Supervisory Board of the Company) – remuneration for the appointment to the Supervisory Board of the Company in the amount of PLN 5,000 (five thousand) gross a month, for each of those members of the Supervisory Board.

Additionally pursuant to provisions of the resolution No 39 of the Ordinary General Meeting of 30.06.2021, OGM also set rules of payment of remuneration to members of the Committee of Strategy and Business Development, which is appointed by the Supervisory Board. It was established that members of the Supervisory Board appointed to the Committee of Strategy and Business Development have the right to permanent additional remuneration for their membership in the Committee. The amount of the remuneration is ultimately set by the Supervisory Board for periods of a calendar year in the amount not less than one average monthly remuneration in the national economy in a previous year and not more than 10 x of average monthly remuneration in the national economy in a previous year (remuneration for serving as member of the Committee of Strategy and Business Development in the first years of operations of the Committee, that is the year 2021 in the amount equal to 7 x of average monthly remuneration in the national economy in the previous calendar year). After the end of each calendar year the Supervisory Board evaluates work of members of the Committee of Strategy and Business Development and sets (updates) remuneration of members of the Committee for the next year. In setting (updating) the amount of remuneration of members of the Committee of Strategy and Business Development the Supervisory Board is obligated to consider, in particular, amount of work and engagement of members of the Committee in its operations, quality and substantive value of conclusions, positions, recommendations and other documents submitted to the Supervisory Board by the Committee. Remuneration for members of the Committee of Strategy and Development is each time paid from funds of the Company, not later than to tenth day of the month following after the month for which remuneration is due.

A member of the Supervisory Board has the right to receive the following non-monetary benefits from the Company

- 1) the right to accede to employee capital plan on conditions specified in the act of 4 October 2018 on employee capital plans and the right to accede to a pension scheme,
- 2) the ability to use the property of the Company,
- 3) insurance of members of the Supervisory Board related to the role in the Supervisory Board, (D&O insurance)
- 4) cover costs related to participation in works in the Supervisory Board, including hotel accommodation and transportation costs
- 5) covering costs of education of members of the Management Board, which are partially or in whole related to the scope of duties fulfilled by them personally for the Company.

Members of the Supervisory Board employed in the Company under art. 387 of the Code of Commercial Companies and Partnerships may be entitled to additional non-monetary benefits related to the employment.

- 1) The ability to obtain additional non-monetary benefits provided by the Company, including the package of private health care, "a sport card" and other financial benefits from Employees' Social Benefits Fund
- 2) the ability to use the property of the Company, including the ability to use company car also for private purposes
- 3) cover costs related to the role in the Management Board, including subsistence allowance, transportation costs, hotel accommodation and entertainment expenses
- 4) Any other benefits arising from labour law and due for members of the Management Board under the employment contract

If a member of the Management Board is delegated to exercise supervision constantly and individually according to art. 390 § 3 of the Code of Commercial Companies and Partnerships, he receives separate remuneration, which amount is set by the General Meeting. The General Meeting may state that the remuneration is determined by the Supervisory Board.

If a member of the Supervisory Board is delegated (under art. 383 § 1 of the Code of Commercial Companies and Partnerships) to temporarily undertake duties of a member of the Management Board, who was dismissed or resigned or cannot fulfil his duties for any other reasons, the delegated member of the Supervisory Board for the period of delegation does not receive remuneration for their role in the Supervisory Board, however, at this time they are entitled to remuneration for temporary delegation to the Management Board, in the amount set by the Supervisory Board.

The Supervisory Board of the Company in its relevant and unanimous resolution may decide to withhold payment of remuneration granted according to the remaining provisions of the Policy, that is fixed remuneration for the role in the Supervisory Board for all entitled members of the Supervisory Board or individual members of the Supervisory Board or decide to pay remuneration in the amount or amounts lower than amounts due. The respective resolution of the Supervisory Board must be approved by the next General Meeting

Information on the amount of remuneration of each member of the Supervisory Board of the Company in the financial year 2020 was presented in point 23 of this report.

22.4. Significant changes in remuneration policy in the last financial year

In the financial year 2021 – pursuant to resolution No 38 of the Ordinary General Meeting of the Company of 30.06.2021 (the resolution in the competence of the General Meeting pursuant to provisions of art. 90d section 1 of the act of 29.07.2005 on public offering and conditions of organized trade in financial instruments and about public companies) – amendments were introduced in the policy of remuneration related to introduction to “the Remuneration Policy for members of the Management Board and Supervisory Board of Rainbow Tours S.A.” as well as solutions providing formal ground to pay remuneration for members of the new Committee of Strategy and Business Development, which is to be formed in the Supervisory Board (it was ultimately established starting from July 2021).

The respective changes related to the changes planned in the Company, according to which the composition of the Supervisory Board was extended from 5 to 7 persons and two new members were appointed to the Supervisory Board, that is previous long-term members of the Management Board of the Company; Mr Tomasz and Remigiusz Talarek (both were previously vice-chairmen of the Management Board of the Company). The changes in the Supervisory Board, and at the same time 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, due to changes, which took place in 2021, in governing bodies of the Company, pursuant to the above-mentioned resolution No 38 of the Ordinary General Meeting of the Company of 30.06.2021, there were amendments introduced to provisions of § 4 section 15 of the applicable remuneration policy, which were intended to change rules of remunerating member of the Management Board of the Company. This solution is to be applied as an exception, which provide opportunity for the Company to honour any of previous long-term members of the Management Board of the Company with monetary gratification, in the form of additional remuneration for dismissal or resignation of a member of the Management Board of the Company (financial reward). Payment of such additional remuneration will be exceptional and must be justified and long-years of service of a member of the Management Board in management structures of the Company and in the Management Board of the Company (at least two full terms of office and not less than 10 years) exceptional achievements and contribution of a member of the Management Board to creating value of the Company and expansion of its operations, and also any other factors related to contribution of a member of the Management Board to introduce innovative or progressive solutions on the tourism services market. The factors considered with respect to granting any additional remuneration for a member of the Management Board of the Company can also be action related to substantial participation in obtaining financing for the Company or companies of the Supervisory Board (also as a part of the floating of shares at the Warsaw Stock Exchange). Additional Payment of remuneration, which is mentioned in this section is made according to relevant decisions of the Supervisory Board and also based on justified application of a member of the Management Board or ex-member of the Management Board, who applies for additional remuneration, if it was granted pursuant to the application of the person requesting remuneration.

The above mentioned amendments in the policy of remuneration were primarily adopted by the resolution of the Management Board of the Company No 02/06/21 on 01.06.2021 regarding acceptance of the draft of amendments to the document “the Policy of Remuneration for members of the Management Board and Supervisory Board of Rainbow Tours S.A. in order to submit it for opinion by the Supervisory Board and submit it for acceptance by the General Meeting of the Company, and then the amendments with the opinion given pursuant to the resolution 3/06/2021 of the Supervisory Board of 02.06.2021 on acceptance

of the opinion of the Supervisory Board regarding evaluation of amendments to “the Policy of remuneration for members of the Management Board and the Supervisory Board of the Company, which were prepared by the Management Board, with the intention to submit it to the General Meeting for adoption. The General Meeting adopted amendments to “The Policy of Remuneration for members of the Management Board and the Supervisory Board of Rainbow Tours S.A. pursuant to provisions of the consolidated text of the amended “Remuneration policy for members of the Management Board and the Supervisory Board of Rainbow Tours S.A.” pursuant to provisions of resolution No 38 of the Ordinary General Meeting of the Company of 30.06.2021.

The new policy of remuneration was introduced and is effective in the Parent Company due to the amendment of provisions of the act on public offering and conditions of organised trade in financial instruments (the amending act of 16.10.2019 Journal of Laws of 2019, item 2217) and introduction of a new chapter 4a to the act i (art. 90c – 90g) “Policy of remuneration and reports on remuneration”. According to disposition of these provisions works were carried in the Parent Company (as a public company) related to development and adoption, by relevant bodies (the Management Board, the General Meeting), a new remuneration policy for members of the Management Board and the Supervisory Board, which according to strict requirements provided by the respective provisions, covers in particular description of fixed and variable components of remuneration, all bonuses and other monetary and non-monetary benefits, which may be awarded to members of the bodies, including proportion of the components, terms of employment contracts or similar contracts, and if there is no contract - indication of type and period of the legal relationship between a member of the body with the Company, and the period and conditions of terminating such legal relationship, explanation how terms of work and pay for employees of the company – other than members of the management board and the supervisory board, were covered in determination of the remuneration policy, description of main features of pension schemes and early retirement schemes, description of the decision process implemented in order to establish remuneration policy, description of measures taken to prevent conflict of interest, indication how remuneration policy will contribute to implementation of the business strategy, long-term interest and stability of the Company.

If variable components of remuneration are awarded to members of the bodies, the remuneration policy should provide clear, comprehensive and diversified criteria with respect to financial and nonfinancial results concerning award of variable components of remuneration and explanation how the above criteria contribute to implementation of the business strategy, long-term interest and stability of the Company. Pursuant to new, and applicable as of 2020, provisions, the Supervisory Board is obliged to prepare annual reports on remuneration with comprehensive review of remuneration for members of the Management Board and the Supervisory Board, and also benefits awarded to persons closest to members of the Management Board and the Supervisory Board. The report was reviewed by an expert auditor. The first report was submitted by the Company for year 2019 and 2020. “The report on remuneration for members of the Management Board and the Supervisory Board of Rainbow Tours S.A. for 2019 and 2020” was adopted by the Supervisory Board pursuant to the resolution No 3/05/2021 of 14.05.2021 and was subjected to the opinion of an expert auditor (“the report of the independent expert auditor on provision of service which provides rational certainty with respect to evaluation of the report on remuneration” of 27.05.2021) and approved (reviewed) pursuant to provisions of the resolution No 35 of the Ordinary General Meeting of the Company of 30.06.2021.

22.5. Assessment of the functioning of the remuneration policy

According to the Management Board of the Company, the company's remuneration policy ensures stability of company's operations and long-term worth growth for shareholders of the company, which is secured especially through following features of remuneration policy

- Motivating Company's workers and persons of key importance to its operations, including members of the governing bodies of the company and key managers, to take actions consistent with the interest of the company.
- relating the amount of remuneration with company's situation.
- Ensure sufficient level of control over levels of fixed and variable elements of remuneration as well as non - monetary benefits

The Company has a policy of remuneration for members of the Management Board and the Supervisory Board, which is governed by internal regulation verified (in respect of consistency and transparency) by the Supervisory Board and approved (adopted) by the General Meeting. The Policy is prepared and implemented according to applicable provisions of the amended act of the public offering and conditions of trading in financial instruments to the organized trading system and on public companies (the amending act of 16 October 2019, Journal of Laws of 2019, item 2217 as amended), which are covered by provisions of the new Chapter 4a (art.90c -90g) “Policy of remuneration and the report on remuneration”, and which provisions were introduced in the respective act.

The new “Policy of remuneration for members of the Management Board and the Supervisory Board of Rainbow Tours S.A” and solutions adopted in the document was systemised and improved previous solutions with respect to remuneration of members of governing bodies of the Company and was constructed in such a manner to contribute to:

- 1) implementation of business strategy of the Company, which is to strengthen its market position and competition and the rise in its value for shareholders.
- 2) implementation of long-term interest of the Company responding to shareholders' interest (including minority shareholders) and taking into account (in particular associates and customers).
- 3) ensure stability of the Company, including composition of its individual bodies, by
 - determining level of remuneration of members of the Management Board and members of the Management Board at a level, which is sufficient to acquire, keep and motivate persons with skills essential to proper management and operations of the Company, and also to supervise the Company
 - introduction of transparent rules of remuneration for members of the Management Board and the Supervisory Board and costs incurred by the Company in this respect.
 - introduction of solutions intended to maintain objective and market proportions between costs of operations of the Company (each time by taking into account current financial situation of the Company and the Group) and the mechanisms aimed at motivating members of the bodies of the Company, in particular members of the Management Board of the Company
- 4) Application of and compliance with, in the broadest scope possible, corporate governance rules published by Warsaw Stock Exchange (specified from 01.07.2021 in the document "Best Practice of GWP listed companies 2021", previously in the document "Best Practice of GPW listed companies 2016) and with Commission Recommendation of 14.12.2004 on fostering an appropriate regime for the remuneration of directors of listed companies (2004/913/EC) with the Commission Recommendation of 30.04.2009 supplementing the recommendations 2004/913/EC and 2005/162/WE on remuneration policies in the financial services sector as regards the regime for the remuneration of directors of listed companies (2009/385/EC).

23. Amounts of remuneration, rewards and benefits of the Management Board and the Supervisory Board of the Parent Company

Table. Gross remuneration for the 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.A.		Variable remuneration (bonuses - awards) in Rainbow Tours S.A.		total	
	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 Puchalka **	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 Mr Remigiusz Talarek in 2021 served in the Management Board from 01/01/2021 to 30/06/2021. On 22.06.2021 members of the Management Board of the Company (-) Mr Tomasz Czapla – who was previously serving as a vice-chairman of the Management Board of the Company and (-) Mr Remigiusz Talarek – who was previously serving as a vice-chairman of the Management Board of the Company made resignations in writing, as of 30.06.2021, from membership in the Management Board of the Company and serving in the capacity of Vice-chairmen of the Management Board of the Company, what - according to the resignations - was dictated by their intention to candidate, by Mr : Tomasz Czapla and Mr Remigiusz Talarek, to the Supervisory Board of Rainbow Tours S.A. Pursuant to provisions of the resolutions of the Ordinary General Meeting of the Company of 30.06.2021 – the General Meeting decided to, starting 01.07.2021, appoint Mr Tomasz Czapla (pursuant to the Resolution No 20 of OGM of the Company of 30.06.2021) and Mr Remigiusz Talarek (pursuant to the resolution No 21 of OGM of the Company of 30.06.2021) to the sixth, joint three-year term of office of the Supervisory Board / the Supervisory Board.*

****) Mr Jakub Puchalka, in 2021, served on the Management Board in the period from 01/01/2021 to 30/06/2021. Pursuant to provisions of the resolution No 23 of the Ordinary General Meeting of 30.06.2021 – the General Meeting of the Company decide, starting from 01.07.2021 appoint Mr Jakub Puchalka to the fourth joint five-year term of office of the Management Board of the Company and entrust him with role of a member of the Management Board.*

Table. Gross remuneration for members of the Supervisory Board due and paid in 2021 [in 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	
	Due	Paid	Due	Paid	Due	Paid
Tomasz Czapla *	247 033.74	205 861.45	-	-	247 033.74	205 861.45

Title of payment	Fixed remuneration for the role in the Supervisory Board of Rainbow Tours S.A.		Fixed Remuneration under employment contract in Rainbow Tours S.A.		total		
	Person	Due	Paid	Due	Paid	Due	Paid
Grzegorz Kubica		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

Table. Gross remuneration for the 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.A.		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 Czaplą		149 772	149 772	273 000	273 000	240 000	240 000	662 772	662 772
Remigiusz Talarek		144 134	144 134	273 000	273 000	240 000	240 000	657 134	657 134
Piotr Burwicz		244 800	244 800	-	-	394 291	394 291	639 091	639 091
Maciej Szczechura		228 000	228 000	-	-	110 000	110 000	338 000	338 000
Total		941 138	941 138	846 000	846 000	1 284 291	1 284 291	3 070 429	3 070 429

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

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

*) Mr Paweł Walczak, irrespective of its role in the Supervisory Board, is a lower-level employee of the company since 01.11.2016 (that is not being an executive) at the position of Investor Relations Consultant, who is responsible for provision of consulting services, cooperation 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

24. Total number and value of shares of the parent company held by members of the Management Board and the Supervisory Board

As at the date of approval of this report for publication that is 29.04.2022

- Two members of the four-member Management Board of the Parent Company (Mr Jakub Puchałka and Mr Maciej Szczechura, who are members of the Management Board) hold shares directly, and one member of the Management Board (Mr Grzegorz Baszczyński, who is the President of the Management Board) holds shares indirectly.

- One member of seven-member Supervisory Board of the Company (Mr Remigiusz Talarek, who is a member of the Supervisory Board) holds share directly and indirectly (through the subsidiary) and one member of the Supervisory Board (Mr Tomasz Czapla, who is a member of the Supervisory Board) holds shares of the Company indirectly (through the subsidiary)

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

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

The Share capital of the Parent Company includes registered preferred shares – two votes are attached to one share at the general meeting. Registered shares are series A and C1 shares. Registered preferred shares series A – are indirectly – through subsidiaries, held by one person in the Management Board of the Issuer (Mr Grzegorz Baszczyński – the President of the Management Board) and two persons in the Supervisory Board of the Issuer (Mr Tomasz Czapla – a Member of the Supervisory Board and Mr Remigiusz Talarek – a Member of the Supervisory Board), according to the below table (as at 31.12.2021 and as at the date of approval of this report for publication, that is as at 29.04.2022:

Shareholder	Number of A series shares [piece]	Number of C1 shares [piece]	Total preferred shares [piece]
Flyoo Sp. z o.o. (the subsidiary of Grzegorz Baszczyński – the President of the Management Board of the Company)	1,155,000	-	1,155,000
Elephant Capital Sp. z o.o. (the subsidiary of Remigiusz Talarek – a Member of the Supervisory Board)	1,000,000	-	1,000,000
TCZ Holding Sp. z o.o. (the subsidiary of Tomasz Czapla – a Member of the Supervisory Board)	1,000,000	-	1,000,000

25. Information about contracts, which could change the structure of the share capital in the future

To the best of the knowledge of the Management Board of the Parent Company as at 31.12.2021 and as the date of publication of this report (29.04.2022) there were no contracts, which could change Company's share capital structure in the future or the structure of shareholders

26. Description of material off balance sheet items in respect of object, subject and value

Transactions limits for derivatives

The Issuer 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	The amount of limit	Valid until
		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	-	-
Reclassified to profit or loss – recognition in cost of sales	(451)	1 245
Reserve closing balance	46	451

Information on:

- bank guarantees granted by banks to contractors of the Parent Company (the Company has lines of bank guarantees, and use these facilities to order issuance of bank guarantees for the contractors cooperating with the Company)
 - insurance guarantees for the Parent Company as a tour operator and tourism intermedia (currently as a tour operator and an entrepreneur facilitating acquisition of related tourism services), which benefits the Marshall of Łódzkie Province
- were presented in point 13 of this report “Information on guarantees and warranties granted and received in the financial year”.

27. Information on system controlling the share incentive programme

In 2021 the Issuer did not operate and currently is not operating or is a member of any share incentive programmes.

28. Information on the entity authorised to audit financial statements.

Information on:

- a) On the date of concluding the contract with the audit company to audit single financial statements and consolidated financial statements and the term of the contract,
- b) services of the audit used by the issuer, and their scope
- c) the body, which chose the audit company
- d) remuneration of the audit company paid or due for the financial year and the previous financial year, separately for the audit of the financial statements, other assurance services, including review of the financial statements, tax consulting, and other services

Were presented in point VII "Information on the audit company – the entity authorised to audit financial statements" of the single financial statement of the Company for the financial year 2021 and in point VII "Information on the audit company – the entity authorised to audit financial statements" consolidated financial statements of Rainbow Tours Group for the financial year 2021.

29. Statement on non—financial information

The Company, in order to meet its obligation stipulated in art. 49b section 1 and next (in respect of Rainbow Tours S.A.) and pursuant to art. 55 section 2b and next in relations to art. 49b section 2-8 (in respect of Rainbow Tours Group) of the Accounting act of 29 September (that is Journal of Laws of 2019 , item 351 as amended), and also acting as the Parent Company in Rainbow Tours Group, pursuant to art. 49b section 9 and art. 55 section 2c of the Accounting act, drafted – instead of drafting and publishing non-consolidated declaration on non-financial information and consolidated declaration on non-financial information as separate parts of the report of the Management Board on operations of the Company and Rainbow Tours Group in the financial year 2019 – the separate report of non-financial information for non-consolidated and consolidated data ("the Report on non-financial information of Rainbow Tours SA. and Rainbow Tours Group for 2021").

In order to draft this "Report on non-financial information of Rainbow Tours S.A. and Rainbow Tours Group for 2020", the Company, also acting as a parent company in Rainbow Tours Group, carried out internal analysis of its actions, policies and due diligence procedures. The analyses were conducted i.e., according to the Global Reporting Initiative (GRI) G4 version. As a consequence, pursuant to art. 49b section 8 of the Accounting Act, which is used also in respect of information on non-financial information on consolidated level, pursuant to art. 55 section 2b, own rules (in respect of non-financial issues and as necessary to assess development, performance and situation of the Company and Rainbow Tours Group) were determined. At the same time "the Report on non-financial information of Rainbow Tours S.A. and Rainbow Tours Group for 2020" cannot be treated as drafted in accordance with Global Reporting Initiative (GRI) GRI Standards version

Owing to the fact that operations of the Group are concentrated mainly in the Parent Company that is Rainbow Tours, information provided in "the Report on non-financial information of Rainbow Tours S.A. and Rainbow Tours Group for 2021" were, in many aspects, described and presented from non-consolidated perspective – that is the perspective of Rainbow Tours S.A.

"The Report on non-financial information of Rainbow Tours S.A. and Rainbow Tours Group for 2021" was drafted on 31 March 2021 with this Report of the Management Board on operations of the Company and Rainbow Tours Group in the financial year 2021, approved for publication on 29 of April 2022.

On the date of publication of the annual single report (the Annual Report R 2021) and the annual consolidated report (the Annual; Report RS 2021) that is on 29 April 2022, the Company published "the Report on non-financial information of Rainbow Tours S.A. and Rainbow Tours Group for 2021" on the web page of Company's investors' relations under the address <https://ir.r.pl> in the tab CSR/Dokumenty CSR.

Niniejsze sprawozdanie zostało zatwierdzone do publikacji w dniu 29 kwietnia 2022 roku.

This report was approved for publication on 29 April 2022

The Management Board of Rainbow Tours Company Limited by Shares

Łódź, 29 April 2022

Grzegorz Baszczyński
the President of the
Management Board

Piotr Burwicz
A member of the Management
Board

Jakub Puchałka
A member of the Management
Board

Maciej Szczechura
A member of the Management
Board