



## **Jednostkowe sprawozdanie finansowe Rainbow Tours Spółki Akcyjnej za rok obrotowy zakończony 31.12.2022 r.**

[sporządzone zgodnie z MSSF]

Łódź, dnia 28 kwietnia 2023 roku



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

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## 1. SELECTED FINANCIAL DATA

STATEMENT OF FINANCIAL POSITION	PLN'000	PLN'000	EUR'000	EUR'000
	As at 31/12/2022	As at 31/12/2021	As at 31/12/2022	As at 31/12/2021
Fixed assets	179 979	148 690	38 376	32 328
Current assets	432 402	299 349	92 199	65 084
<b>Total assets</b>	<b>612 381</b>	<b>448 039</b>	<b>130 575</b>	<b>97 412</b>
<b>equity</b>	<b>107 527</b>	<b>118 765</b>	<b>22 927</b>	<b>25 822</b>
Issued capital	1 455	1 455	310	316
Long-term liabilities	79 417	56 008	16 934	12 177
Short-term liabilities	425 437	273 266	90 713	59 413
<b>Book value per share</b>	<b>7.39</b>	<b>8.16</b>	<b>1.58</b>	<b>1.77</b>

STATEMENT OF COMPREHENSIVE INCOME	PLN'000	PLN'000	EUR'000	EUR'000
	from 01/01/2022 to 31/12/2022	from 01/01/2021 to 31/12/2021	from 01/01/2022 to 31/12/2022	from 01/01/2021 to 31/12/2021
Continuing operations, sales revenue	2 352 088	1 264 295	501 693	276 198
Profit /loss on operations	19 898	21 062	4 244	4 601
Pre-tax profit (loss)	17 631	18 587	3 761	4 061
<b>Net profit (loss)</b>	<b>13 921</b>	<b>19 092</b>	<b>2 969</b>	<b>4 171</b>
Net profit (loss) per ordinary share (denominated in PLN/EUR per share)				
- basic	0.96	1.31	0.20	0.29
- diluted	0.96	1.31	0.20	0.29
<b>Total comprehensive income</b>	<b>10 590</b>	<b>18 774</b>	<b>2 259</b>	<b>4 099</b>

CASH FLOW STATEMENT	PLN'000	PLN'000	EUR'000	EUR'000
	from 01/01/2022 to 31/12/2022	from 01/01/2021 to 31/12/2021	from 01/01/2022 to 31/12/2022	from 01/01/2021 to 31/12/2021
Net operating cash flow	66 026	138 387	14 083	30 232
Net cash generated by investing activities	(21 155)	(5 128)	(4 512)	(1 120)
Net cash generated by financing activities	6 729	(78 496)	1 435	(17 148)
<b>Increase (decrease) in net cash and cash equivalents</b>	<b>51 600</b>	<b>54 763</b>	<b>11 006</b>	<b>11 964</b>

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 30.12.2022 (4.6899) and as at 31.12.2021 (4.5994);
- To calculate items of the statement of comprehensive income and cash flow statement – the euro exchange rate being the arithmetic average of average exchange rates fixed by National Bank of Poland, applicable as at the last day of the ended month of the financial period: for the period from 01.01.2022 to 31.12.2022 (4.6883) and for the period from 01.01.2021 to 31.12.2021 (4.5775).

## 2. THE ANNUAL SINGLE FINANCIAL STATEMENTS

### 2.1. Statement of financial position – assets

	Note	As at 31/12/2022	As at 31/12/2021
		PLN'000	PLN'000
<b>ASSETS</b>			
<b>Fixed assets</b>			
Tangible fixed assets	6.2.	46 635	44 824
Investment Property		196	196
Other intangible assets	6.1.	4 453	4 033
Investment in subsidiaries	6.3.	95 369	71 792
Deferred tax assets	6.4.	12 210	7 443
Other receivables	6.6.	21 116	20 402
<b>Total fixed assets</b>		<b>179 979</b>	<b>148 690</b>
<b>Current assets</b>			
Stocks	6.5.	-	-
Trade and other receivables	6.6.	51 375	27 481
Advance payments	6.6.	182 583	147 436
Other financial assets	6.7.	300	346
Current tax assets	6.8.	5 655	3 156
Other assets	6.9.	57 948	37 989
Cash and cash equivalents	6.10.	134 541	82 941
<b>Total current assets</b>		<b>432 402</b>	<b>299 349</b>
<b>Total assets</b>		<b>612 381</b>	<b>448 039</b>

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

## 2.2. Statement of financial position – liabilities

	Note	As at 31/12/2022	As at 31/12/2021
		PLN'000	PLN'000
<b>EQUITY AND LIABILITIES</b>			
<b>equity</b>			
Issued capital	6.11., 6.12.	1 455	1 455
Share premium	6.11.	36 558	36 558
Reserves	6.14.	(3 294)	37
capital from merger of entities		(7 565)	(7 565)
Retained profits		80 373	88 280
<b>Total equity</b>		<b>107 527</b>	<b>118 765</b>
<b>Long-term liabilities</b>			
Long-term borrowings and lease liabilities	6.15.	49 586	18 775
Pension liabilities	6.16.	286	145
Deferred tax liabilities	6.17.	-	-
Other liabilities	6.22.	29 545	37 088
<b>Total long-term liabilities</b>		<b>79 417</b>	<b>56 008</b>
<b>Short-term liabilities</b>			
Trade and other payables	6.18.	93 103	89 648
Short-term borrowings, bank credits and lease liabilities	6.15.	29 828	20 494
Other financial liabilities		4 067	-
Current tax liabilities	6.19.	11 990	3 357
<i>Including from tax liabilities</i>			-
Short-term provisions	6.16.	46 037	6 874
deferred income	6.23.	232 869	145 978
Other liabilities	6.22.	7 543	6 915
<b>Total short-term liabilities</b>		<b>425 437</b>	<b>273 266</b>
<b>Total liabilities</b>		<b>504 854</b>	<b>329 274</b>
<b>Total equity and liabilities</b>		<b>612 381</b>	<b>448 039</b>

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

## 2.3. Statement of profit and loss and other comprehensive income

	Note	The period of 12 months ended 31/12/2022	The period of 12 months ended 31/12/2021
		PLN'000	PLN'000
<b>Continuing operations</b>			
Sales revenue	7.1.	2 352 088	1 264 295
Cost of sales	7.2.	(2 125 369)	(1 127 615)
<b>Gross profit/loss on sales</b>		<b>226 719</b>	<b>136 680</b>
selling cost	7.2.	(163 622)	(113 774)
Overheads	7.2.	(41 957)	(29 059)
Other operating revenue	7.3.	3 889	28 601
Other operating costs	7.4.	(5 131)	(1 386)
<b>profit /loss on operations</b>		<b>19 898</b>	<b>21 062</b>
financial revenue	7.5.	5 735	74
Financial costs	7.6.	(8 002)	(2 549)
<b>Pre-tax profit (loss)</b>		<b>17 631</b>	<b>18 587</b>
Income tax	7.8.	(3 710)	505
<b>net profit (loss) on continuing operations</b>		<b>13 921</b>	<b>19 092</b>
<b>Discontinuing operations</b>			
Net profit (loss) on discontinuing operations		-	-
<b>NET PROFIT (LOSS)</b>		<b>13 921</b>	<b>19 092</b>
<b>Other net comprehensive income</b>			
<b>items, which won't be presented later periods in the statement of comprehensive income</b>			
Revaluation of pension liabilities		-	-
<b>Items, which might be later presented in the statement of comprehensive income</b>			
Cash flow hedges		(3 331)	(328)
<b>Total other net comprehensive income</b>		<b>(3 331)</b>	<b>(328)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>10 590</b>	<b>18 764</b>
<b>Profit (loss) per share</b>			
<b>(In PLN per share)</b>			
On continuing and discontinuing operations			
ordinary	7.11.	0.96	1.31
Diluted	7.11.	0.96	1.31
on continuing operations			
ordinary	7.11.	0.96	1.31
Diluted	7.11.	0.96	1.31

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



## 2.4. Cash flow statement

	Note	The period of 12 months ended on 31/12/2022	The period of 12 months ended on 31/12/2021
		PLN'000	PLN'000
<b>Cash flows from operations</b>			
<b>Profit for the financial year.</b>		<b>13 921</b>	<b>19 092</b>
<b>Adjustments:</b>			
cost of income tax recognized in profit or loss		3 710	(505)
revenue from investment recognized in profit or loss		2 267	2 475
profit on sale of tangible fixed assets		(413)	(48)
amortization and depreciation of fixed assets		14 120	12 196
Amortization of financial contracts		(9 765)	-
Other *		(2 202)	(18 600)
		<b>21 638</b>	<b>14 610</b>
<b>Movement in working capital:</b>			
Increase / decrease in balance of trade and other receivables		(57 957)	37 414
Increase/ decrease in stocks		-	14
Increase / decrease in other assets		(26 524)	(37 160)
increase/ decrease in current tax assets		(2 499)	2 598
Increase (decrease) in balance of trade and other payables		(3 460)	44 132
Increase / (decrease) in provisions		39 304	5 240
Increase / (decrease) in deferred income		86 891	69 253
Increase / decrease in current tax liabilities		8 633	2 286
		<b>66 026</b>	<b>138 387</b>
<b>Cash earned on operations</b>		<b>66 026</b>	<b>138 387</b>
Interest paid		-	-
Income tax paid	8.1.	-	-
<b>net cash from operations</b>		<b>66 026</b>	<b>138 387</b>
<b>cash flow from investing activities</b>			
Payments arising on acquisition of financial assets		(23 577)	(4 548)
Interest received		5 163	74
Expenditure arising on loans contracted by non-related parties		-	-
Payments for tangible fixed assets		(1 263)	(707)
proceeds from sale of tangible fixed assets		456	53
Payments for intangible assets		(1 934)	-
<b>net cash (spent)/ earned/ generated on investing activities</b>		<b>(21 155)</b>	<b>(5 128)</b>
<b>cash flows from financing activities</b>			
proceeds from sale of own shares		-	-
other proceeds		-	-
proceeds from loans and bank credits	8.2.	48 034	12 058
repayment of loans and bank credits	8.2.	(11 474)	(88 005)
Interest paid		(8 002)	(2 549)
Dividend paid		(21 828)	-
<b>net cash used for financing activities</b>		<b>6 729</b>	<b>(78 496)</b>

Single Financial Statements of Rainbow Tours Spółka Akcyjna for the financial year ended on 31.12.2022  
(data in PLN thousand, unless provided otherwise)

	Note	The period of 12 months ended on 31/12/2022	The period of 12 months ended on 31/12/2021
		PLN'000	PLN'000
Increase / Decrease in net cash and cash equivalents		51 600	54 763
cash and cash equivalents at the opening balance		82 941	28 178
Effect of exchange rates on balance on cash in foreign currencies		-	-
<b>cash and cash equivalents, closing balance</b>	<b>6.10.</b>	<b>134 541</b>	<b>82 941</b>

\* \* The item "other" for the period of 12 months ended on 31 December 2021 refers to waive off of the soft loan granted to the Company by Polish Development Fund from "Financial shield for large companies" (version 1.0) (the state subsidiary program).  
The item "other" for the period of 12 months ended on 31 December 2022 refers to waive off of the soft loan granted to the Company by Polish Development Fund from "Financial shield for large companies" (version 2.0)

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

## 2.5. Statement of changes in equity

	Issued capital	Share premium	Reserve capital -hedge accounting	Retained profit	Capital from business combinations	total
	PLN'000	PLN'000	PLN'000	PLN'000		PLN'000
<b>For the period from 01/01/2021 to 31/12/2021</b>						
As at 01/01/2021	1 455	36 558	365	69 188	(7 565)	100 001
Net profit for the financial year	-	-	-	19 092	-	19 092
Pricing of hedging instruments	-	-	(328)	-	-	(328)
<b>Total comprehensive income</b>	-	-	<b>(328)</b>	<b>19 092</b>	-	<b>18 764</b>
As at 31/12/2021	1 455	36 558	37	88 280	(7 565)	118 765
<b>For the period from 01/01/2022 to 31/12/2022</b>						
As at 01/01/2022	1 455	36 558	37	88 280	(7 565)	118 765
Net profit for the financial year	-	-	-	13 921	-	13 921
Pricing of hedging instruments	-	-	(3 331)	-	-	(3 331)
<b>Total comprehensive income</b>	-	-	<b>(3 331)</b>	<b>13 921</b>	-	<b>10 590</b>
Dividend payment	-	-	-	(21 828)	-	(21 828)
As at 31/12/2022	1 455	36 558	(3 294)	80 373	(7 565)	107 527

### 3. BASIS OF PREPARATION OF THE SINGLE FINANCIAL STATEMENTS

#### 3.1. Declaration of compliance

These single financial statements were drafted according to International Financial Reporting Standards (IFRS) covering International Accounting Standards (IAS) and interpretations of Standing Interpretation Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) issued and applicable as at 31 December 2022. Group applied all IAS and IFRS as they became effective. The entity set 28.04.2023 as the date of signing and approval of these single financial statements for publication.

#### 3.2. General information about the financial statements.

These single financial statements are drafted in Polish zloty (PLN), and all amounts are presented in thousands of Polish zloty, unless provided otherwise. Polish zloty is a presentation and functional currency for the parent company.

The scope of the single financial statements was determined and is consistent with the regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and conditions of considering information required under law of non-member states as equivalent (Journal of Laws of 2018, item 757). These single financial statements cover data for the financial year 2022 (that is 12 months ended on 31 December 2022), and in case of the balance sheet (the statement of financial position) – the data at the end of the financial year (that is as at 31 December 2022), and for the comparative data: for the financial year 2021, that is for 12 months ended on 31 December 2021) and the balance sheet (the statement of financial position) - at the end of the financial year 2021 (that is 31 December 2021).

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

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

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

#### 3.3. Comparability of data

These financial statements were drafted according to the same rules for the current and comparative periods.

In these financial statements changes were introduced into presentation of items of the financial statement. The description is provided in the Note 9.18 “Changes introduced to the presentation in the financial statements”. It was assumed that the amount of prepayments to contractors of the Company (hotel contractors and contractors providing air transportation services) is significant regarding the presentation of Receivables in assets of the balance sheet.

#### 3.4. Continuation of operations:

These financial statements for the financial year 2022 were drafted assuming that the Company and Rainbow Tours Group continue their business operations in the foreseeable future and does not provide any adjustments with respect to methods of valuation and classification of assets and liabilities, which could be deemed essential, if the Company was not able to continue operations in the foreseeable future. As at the date of publication of these financial statements (that is as at 28.04.2023) there are no circumstances indicating a threat to continuation of operations by the subsidiaries of Rainbow Tours Group, including the parent Company.

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

When it comes to potential risk factors linked to political and social situation in the world arising from unjustified military aggression of the Russian Federation at the territory of Ukraine and the ensuing military conflict the Management Board of the Parent Company point its attention to the potential effect of those risk factors, although in the opinion of the Management Board probably insignificant, (and their joint and individual negative impact on it is on liquidity, financial position, profitability of the Parent Company and the subsidiaries) including on:

- persistent long-term and medium-term unfavourable level of fuel prices (in the short-term and medium-term the Parent Company introduces provisions on applying average prices of fuel from previous periods in charter contracts and uses calculation buffers setting fuel prices higher than the market price at the given moment.).

- Destabilization and increase in currency exchange rates, including with respect to weakening of Polish zloty against settlement currencies: American dollar (USD and euro (EUR)).

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

The products offered by Rainbow Tours in the territory of Russia or Ukraine didn't have a significant volume (mainly package tours) and didn't constitute significant share in Company's sales operations. The parent company cancelled/ suspended touristic programs pursued in the territory of the Russian Federation, which were planned for 2022 and the years to come. Moreover, the Company cancelled/ suspended offers of flights covering any connections executed by Russian airlines Aeroflot and Rossiya and cancelled/suspended offers of hotel accommodation at the territory of the Russian Federation and hotels with capital ties to Russia in other countries in the world.

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

Due to 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) no adjustments were introduced with respect to the content of the report regarding 2022.

## 4. ACCOUNTING POLICY OF THE COMPANY

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

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

### Recognition of economic transactions

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

### Principle of materiality

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

### 4.1. Rules of valuation of assets and liabilities

#### 4.1.1. Intangible assets

##### Scope

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

##### Accounting policy

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

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

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

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

The Company does not carry out research and development works.

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

#### 4.1.2. Tangible fixed assets

##### Scope:

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

##### Accounting policy:

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

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

If a part of a fixed asset is replaced, the cost of the replaced part is recognized in it carrying amount and simultaneously the carrying amount of the replaced part of the fixed asset is removed from the statement of financial position, irrespective of,

whether it was separately depreciated. Net value of the removed part of the fixed asset is recognized in the statement of comprehensive income.

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

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

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

Periods of depreciation of individual categories of the fixed assets:

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

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

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

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

#### **4.1.3. fixed assets held for sale**

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

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

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

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

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

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

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

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

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

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

#### **4.1.4. Investment in subsidiaries**

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

#### **4.1.5. Financial assets measured at amortized cost – Lending and originated receivables**

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

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

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

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

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

#### **4.1.6. Financial instruments – financial assets measured at fair value through financial results**

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

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

#### **4.1.7. Derivatives**

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

##### Accounting policy for measurement of fair value of financial instruments:

According to the Company fair value of assets and liabilities is best reflected as widely available market price at the active public stock exchange market. The market is active if transactions are concluded regularly enough so that the price does not need to be adjusted by economic situation, and numbers of transactions should guarantee that:

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

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

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

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



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

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

#### Recognition and valuation of derivatives

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

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

#### Recognition and valuation of embedded derivatives

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

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

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

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

Any derivatives identified in such manner are treated as derivatives held for trading and valued at fair value. Changes in the fair value are recognized in the profit and loss account of the entity. Fair value is measured based on fair value of similar financial instruments, for which market value is set based on valuation model generally used for a given type of derivative. Such model will be determined based on identification and classification of embedded derivative.

### **4.1.8. Stocks**

#### Scope:

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

#### Accounting policy

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

### **4.1.9. Receivables**

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

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

#### Receivables with financing element

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

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

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

#### Accounting policy

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

#### **4.1.10. Cash and cash equivalents**

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

Cash in hand and cash at bank include in particular:

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

#### Accounting policy

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

#### **4.1.11. Prepaid expenses**

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

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

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

#### **4.1.12. Remaining / other assets**

##### Scope:

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

##### Accounting policy

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

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

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

#### **4.1.13. Equity**

##### Scope:

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

### Accounting policy

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

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

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

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

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

Own shares are valued at purchase price.

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

Retained profits mainly include undistributed financial performance.

#### **4.1.14. Provisions for liabilities**

##### Scope

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

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

No provisions are recognized for future operating losses.

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

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

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

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

##### Other provisions

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

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

#### 4.1.15. Employee benefits

##### Short-term employee benefits

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

##### Benefits upon termination of employment

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

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

##### Termination benefits

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

#### 4.1.16. Deferred tax

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

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

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

Deductible temporary differences arise, when:

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

Taxable temporary differences arise, when

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

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

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

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

#### 4.1.17. Liabilities

##### Scope

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

##### Accounting policy

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

- a) it is expected that the liability will be settled during standard cycle of operations of the company,
- b) is held mainly for trading,

- c) it is payable within 12 months from the balance sheet date, or
- d) the company does not have unconditional right to defer the maturity date within at least 12 months from the balance sheet.

All other liabilities are classified as long-term liabilities.

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

### **Contingent assets and liabilities**

Contingent liabilities are as follows:

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

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

#### **4.1.18. Other liabilities**

##### Scope:

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

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

Other liabilities cover also revenue, in particular:

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

##### Accounting policy

Other liabilities are recognized for costs:

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

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

#### **4.1.19. Assets and liabilities denominated in foreign currencies**

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

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

If the fair value of the item of the statement of the financial position will not be measured as at the balance sheet date, its value, translated into Polish zloty, will be measured using foreign exchange rate applicable as at the date at which the fair value of

the item of the statement of the financial position was measured for the last time, if the difference will be material for the financial statements. This situation refers to items of fixed assets held for sale.

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

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

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

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

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

#### **4.1.20. Impairment of assets**

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

Conditions for impairment of assets are identified by:

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

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

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

#### Rules of recognition and reversal of impairment loss in accounts

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

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

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

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

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

#### **4.1.21. Discontinued operations**

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

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

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

#### **4.1.22. Lease**

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

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

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

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

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

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

After initial valuation, lease liabilities increase as a consequence of accruing interest at flat rate on unpaid balance and thus decrease lease payments. Right of use assets are depreciated on the straight-line basis during the remaining lease term or the remaining useful life of the assets, if what is rare, the useful life is considered to be longer than the lease term.

If the Company reviews an estimate of any lease period (because, for example it assessed the probability of exercising the extension or termination option once again), the company adjusts the carrying amount of the lease liability to reflect payments to be made until the end of the changed lease term. The payments are discounted with the same discount rate, which was used at the beginning of the lease.

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

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

nature of the modification:

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

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

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

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

The Company implemented IFRS 16 using the retrospective method.

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

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

As a result of implementation of IFRS 16 the Company in the first stage recognized right of use assets in the amount equal to lease liabilities. Then the value of right of use asset was adjusted by the amount of lease incentives settled over time, which the Company held in its balance sheet as at 1 January 2018 and the value of commission for intermediaries recognized as at 1 January 2018. The average weighted discount rates adopted to value the standard amount to 8.62%. as at 31.12.2022.

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

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



#### **4.1.23. Hedge accounting**

##### Accounting policy

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

Hedges include fair value hedges and cash flow hedges.

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

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

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

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

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

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

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

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

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

##### Discontinuation of hedge accounting

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

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

### **4.2. Rules of measurement of financial result**

#### **4.2.1. Revenue from sales of products, goods and materials**

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

##### *Requirements for identification of the contract with a customer*

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

##### *Identification of performance obligation*

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

#### *Determination of the transaction price*

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

#### *Allocation of the transaction price to the performance obligations*

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

#### *Recognition of revenue when the entity satisfies a performance obligation*

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

#### Scope

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

- 1) Touristic,
- 2) intermediary
- 3) other

#### Accounting policy

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

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

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

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

### **4.2.2. Costs of basic operations**

#### Scope

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

#### Accounting policy

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

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

#### **4.2.3. Other operating income and operating costs**

##### Scope

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

##### Accounting policy

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

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

#### **4.2.4. Financial income and costs**

##### Scope

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

##### Accounting policy

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

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

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

#### **4.2.5. Income tax and deferred tax**

##### Accounting policy

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

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

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

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

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

### 4.3. Segment reporting

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

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

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

Costs segment include in particular:

- cost of sales
- selling costs

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

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

### 4.4. Important estimations and assumptions

#### 4.4.1. Professional judgement

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

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

Subjective assessment carried out as at 31 December 2022 refers to contingent liabilities (Notes 6.16 and 9.3) and the assessment of possibility that the advances paid will be used for future services (Note 6.6) and estimated effect on financial liquidity (Notes 3.5).

#### 4.4.2. Uncertainty of estimates

Drafting of the financial statements requires the Management Board of the parent company to make estimates, because many data provided in the financial statements may not be measured precisely. The Management Board verifies the estimates based on changes in factors considered while making estimates, new data or past experience. That is why the estimates made as at 31 December 2022 may be changed in the future.

Main estimates were described in the following notes:

Note		Type of disclosed information
<b>Rules (accounting policies of the Group) 4.1.</b> "Impairment" (4.1.20.), "Tangible fixed assets" (4.1.2.) <b>6.3.</b> "Details about interest in subsidiaries"	Impairment of financial instruments and individual fixed and intangible assets	Main assumptions to calculate recoverable amount: indication of impairment, models, discount rate, growth rate
<b>Rules (accounting policies of the Group)– point 4.2.</b> "Income tax and deferred tax" (4.2.5.) <b>6.4.</b> "Deferred tax assets" <b>6.17.</b> "Deferred tax liability"	Income tax	Assumptions to recognize deferred tax assets

Note		Type of disclosed information
<b>Rules (accounting policies of the Group)– point 4.1.</b> “Receivables” (4.1.9.) <b>5.6.</b> “Seasonal, cyclical and sporadic revenue” <b>6.6.</b> “Receivables”	Trade and other receivables	Impairment loss due to credit risk and related impairment on receivables
<b>6.16.</b> “Provisions”	Provisions	The Assessment of probability of outflow of economic benefits.
<b>6.16.</b> “Provisions”	Employee benefits	Discount rates, inflation, rise in salaries, expected average employment period, employee turnover
<b>Rules (accounting policies of the Group) – point 4.1.</b> “Intangible assets” (4.1.1.), Tangible fixed assets” (4.1.2.)	Economic useful life of fixed assets and intangible assets	Economic useful life and amortization method of assets is verified at least once at the end of each financial year.
<b>Rules (accounting policies of the Group)– point 4.1</b> “Leases” (4.1.22.)	Discount rate applied	Discount rate used for calculation: 8.62%

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

#### 4.5. New accounting standards and IFRIC interpretations

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

Accounting principles (policy) applied to draft these consolidated financial statements for the financial year ended on 31 December 2022 are consistent with those applied to draft the annual consolidated financial statements for the financial year ended on 31 December 2021, except for the amendments described below.

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

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

Since the beginning of 2022 the following new and amended standards and interpretation issued by International Accounting Standards Board (IASB) and International Financial Reporting Integrations Committee (IFRIC) are effective.

- **Amendments to IFRS 3, IAS 16, IAS 37 and annual improvements to standards 2018-2020**

Amendments to those standards were published on 14.05.2020 and are effective to annual periods starting from 01.01.2022 or later. The amendments include introduction of the ban to reduce cost of production of fixed assets by revenue from sale of test products manufactured in the process of creation of the fixed asset and clarifying which costs are taken into consideration in assessment whether a particular contract will incur loss.

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

Amendment to IFRS 16 was published on 31.03.2021 and is effective for annual periods starting on 01.04.2021 or later. The purpose of the amendment was to extend by a year (until 30.06.2022) the period, in which providing relief in lease payments linked to COVID-19 does not have to involve modification in lease contracts. The amendment is strictly linked to the applicable amendment to IFRS 16, which was published in May 2020.

The above-mentioned amendments to the standards did not have significant effect on the financial statements of the Group for the financial year 2022. The above amendments did not impact amounts presented in the previous periods and the significant impact on the current period or future periods should not be expected.

The Group did not make the adjustment in presentation of comparative data as at 31.12.2021 and for the financial year ended on 31.12.2021.

##### 4.5.3. Non-effective standards (new standards and interpretations).

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

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

- **IFRS 17 Insurance contracts**

The new standard was published on 18.05.2017 and then it was amended on 25.06.2020 and is effective for annual periods starting from 01.01.2023 or later. Early application is allowed (with the same time application of IFRS 15 and IFRS 9). The standard replaces previous regulations regarding insurance contracts (IFRS 4). On 25.06.2020 also IFRS 4 amended – with respect to extending the period of insurers' exemption from applying IFRS 9 *Financial Instruments* until 01.01.2023.

The Company applies the amended standard from 01.01.2023. In the Company's opinion as at the date of drafting these financial statements the application of the new standard will not affect the financial statements of the Company.

- **Amendments to IAS 1 Presentation of financial statements: Classification of liabilities as current and non-current.**

Amendment to IAS 1 was published on 23.01.2020 and was subsequently modified in July 2020 and was finally adopted on 31.10.2022. The amendment is applicable to annual periods starting 01.01.2024 or later.

The amendment defines anew the criteria to meet for the liability to be considered as current. The amendment may lead to change in presentation of liabilities and their reclassification between current and non-current liabilities.

The Company will apply the amended standard from 01.01.2024. In the opinion of the Company as the date of drafting these financial statements application of the new standard will not affect the financial statements of the Company.

- **Amendments to IAS 1 – Disclosure of Accounting Policies and IAS 8 – Definition of accounting estimates**

Amendments to these standards were published on 12.02.2021 and are effective for annual periods starting from 01.01.2023 or later. The purpose of these amendments is placing greater impact on disclosure of significant accounting policies and clarifying the nature of differences between changes in estimates and amendments of accounting policies.

The Company applies the amended standards from 01.01.2023. In the opinion of the Company, as at the date of drafting these financial statements, the application of the new standards will not affect the financial statements of the Company.

- **Amendment to IAS 12 Income tax: Deferred tax related to assets and liabilities arising from a single transaction**

The amendment to IAS 12 was published on 07.05.2021 and is effective for annual periods starting from 01.04.2023 or later. The amendments state that the exemption with regard to initial recognition of deferred tax does not apply to transactions, in which at the initial recognition give rise to equal amounts of taxable temporary differences and deductible temporary differences, and the entities are obliged to recognize deferred tax on such transactions, and thus it explains uncertainty whether the exemption applies to transactions such as lease and decommissioning liabilities.

The Company will apply the amendment from 01.01.2023. In the opinion of the Company as at the date of drafting these financial statements the application of the new standards will not affect the financial statements of the Company.

- **Amendment to IFRS 17 Insurance contracts: First Application of IFRS 17 and IFRS 9 – comparative information.**

Amendments to IFRS 17 was published on 09.12.2021 and is effective for annual. periods starting from 01.04.2023 or later. The amendment covers temporary option concerning comparative information on financial assets presented at initial presentation of IFRS 17. The amendment is intended to help entities to avoid temporary accounting mismatch between financial assets and insurance contract liabilities.

The Company will apply the amendment from 01.01.2023. In the opinion of the Company as at the date of drafting these financial statements the application of the new standards will not affect the financial statements of the Company.

- **Amendment to IFRS 16: Lease: Lease liability in sale and leaseback published on 22.09.2022.**

The amendments require the seller-lessee to set lease payments or verified lease payment in order for the seller-lessee not to recognise any amount of profit or loss with regard to right-of-use retained by the seller-lessee.

The Company will apply the amendment from 01.01.2024. As at the date of drafting these financial statements the application of the new standards will not affect the financial statements of the Company.

IFRS in the form approved by EU does not significantly differ from regulations adopted by International Accounting Standards Board (IASB) except for the below standards, interpretations and amendments to them, which as at the date of approval of these financial statements for publication were not yet adopted by the EU countries for application

- Amendments to IAS 1 *Presentation of financial statements: Classification of liabilities as current and non-current* published on 23.01.2020 with subsequent amendments

- Amendments to IFRS 16: *Lease: Lease liability in sale and leaseback* published on 22.09.2022.

## 5. NOTES TO SINGLE FINANCIAL STATEMENTS

### Note 5.1. Data of the Parent Company

**Business name of the Company:** Rainbow Tours Spółka Akcyjna

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

**NIP No (National Tax Identification Number):** 7251868136

**REGON No (National Business Registry Number):** 473190014

**KRS No (National Court Registry No):** 0000178650

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

#### Core business, industry sector in WSE:

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

#### Duration:

Duration of the Company is not limited.

#### Stock Exchange Quotation

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

ISIN code for Companies shares traded in the Warsaw Stock Exchange, in the total number of 10,727,000: PLRNBWT00031. ISIN code for shares not traded at the Warsaw Stock Exchange, remaining dematerialized shares of the Company (registered preferred shares A and C1 series in the total number of: 3,825,000): PLRNBWT00049

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

Rainbow Tours Company Limited by Shares is quoted in continuous trading system at parallel market at Warsaw Stock Exchange, under the short name "Rainbow Tours" and the marking "RBW". ISIN code for Company's shares: PLRNBWT00031.

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

### Note 5.2. Information about composition of the Management Board and the Supervisory Board

Information on composition of the Management Board and the Supervisory Board of the Parent Company as at 31.12.2022 and at the date of approval of these financial statements for publication, that is as at 28.04.2023.

#### The Management Board of the Company

As at 31.12.2022 and the date of approval of these financial statements for publication, that is as at 28.04.2023, the composition of the Management Board is as follows:

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

In the period covered by these financial statements (the financial year 2022), as well as after the balance sheet date (31.12.2022), until the date of approval of this report for publication (28.04.2023 r.), no changes occurred in the composition of the Management Board of the Company.

The current, fourth five-year term of the Management Board ends on 25.08.2025, and the mandates expire at the latest on the day of the general meeting of the company regarding approval of the financial statements for the last full financial year of being a member of the Management Board, mandates of the members of the Management Board expire also due to death, resignation or dismissal of a member of the Management Board.

Due to the amendment (pursuant to the act of 9 of February 2022 on the amendment of the Act – the Code of Commercial Companies and Partnerships and some other acts – Journal of Laws of 12 of April 2022, item 807) the content of article. 369



§ 1 of the Code of commercial companies and partnership, which took effect and is applicable as of 13.10.2022 (and also applies to mandates and terms of office of members of governing bodies, which were in place after the effective date of the act of 09.02.2022 r. that is on 13.10.2022), the current, fourth term of office of the Management Board will be calculated in full financial years (in case of the Management Board of Rainbow Tours S.A. with respect to five full financial years) and thus the current five-year term of office pertains to the period from 25.08.2020 to 25.08.2025, and the mandate of the member of the Management Board of the Company in the current fourth term of office will expire on the date of general meeting held to approve financial statements of the Company for the financial year 2025, that is in 2026.

#### **The Supervisory Board of the Company:**

As at 31.12.2022 and the date of approval of these financial statements for publication that is as at 28.04.2023 the composition of the Supervisory Board 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

In the period covered by these financial statements (the financial year 2022) there were following changes in the composition of the Management Board.

Due to expiry on 30.06.2022 (that is the date the General meeting held to approve the financial statements for the last full financial year of being a member of the Supervisory Board) mandates of members of the Supervisory Board, due to expiry on 24.06.2022 the joint sixth term of office of the Supervisory Board, the General Meeting made the following decisions:

(1) Pursuant to provisions of the resolution No 22 of the Ordinary General Meeting of the Company on 30.06.2022 (the content of all resolutions adopted by the Ordinary General Meeting of the Company, with information about results of the voting was published in the current ESPI report of the Parent Company No 17/2022 of 30.06.2022) – the General Meeting of the Company acting pursuant to § 20 section 8 of the Articles of Association of the Company, decided to determine the number of members of the Supervisory Board of the next (seven) term of office to be seven.

(2) Pursuant to provisions of the resolutions of the Ordinary General Meeting of the Company of 30.06.2022 with numbers from No 23 to 29 – the General Meeting of the Company acting pursuant to § 20 section 2 and § 27 letter g of the Articles of Association in connection with art. 385 § 1 of the Code of Commercial Companies, decided to appoint to the Supervisory Board of the Company of the next (seventh), common, three-year term of office the following persons:

- (-) Mr Tomasz Czapla (the resolution of the OGM 23),
- (-) Ms Monika Kulesza (the resolution of the OGM No 24),
- (-) Mr Paweł Niewiadomski (the resolution of the OGM No 25),
- (-) Mr Paweł Pietras (the resolution of the OGM No 26),
- (-) Ms Joanna Stępień-Andrzejewska (the resolution of the OGM No 27),
- (-) Mr Remigiusz Talarek (the resolution of the OGM No 28),
- (-) Mr Paweł Walczak (the resolution of the OGM No 29).

In the place of Mr Grzegorz Kubica, who previously was the member of the Supervisory Board of the sixth term, whose mandate expired on 30.06.2022, a new member of the Supervisory Board - that is Ms Monika Kulesza, was appointed. Except for the change in the composition of the Supervisory Board of the seventh, common three-year term, no other changes were introduced.

Except for the above facts, in the period covered by these financial statements (the financial year 2022) as well as after the balance sheet date (31.12.2022) to the date of approval of this report for publication (28.04.2023), there were no other changes in the composition of the Supervisory Board of the parent company.

The current, seventh, joint term of office of the Supervisory Board expires on 30.06.2025 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.

Due to the amendment (pursuant to the act of 09.02.2022 to amend the act – the Code of commercial companies and some other acts – Journal of Laws of 12.04.2022, item 807) content of the provision of art. 369 § 1 of the Code of commercial companies, which took effect and is valid from 13.10.2022 (and is applicable to mandates and terms of members of governing bodies, which were in place at the date of the taking effect of the above mentioned act of 09.02.2022, that is on 13.10.2022), the period of current, seventh term of office of the Management Board will be calculated in respect of full financial year, (in case of Rainbow Tours S.A. in respect of three full financial years) and thus, the common term of office of the Management

Board will be valid from 30.06.2022 to 30.06.2025, a mandate of the member of the Supervisory Board of the new seventh term of office will expire with the date of the general meeting of the Company to approve the financial statements for the financial year 2025, that is in the year 2026.

**Note 5.3. Information, whether the financial statements and comparative financial data cover joint data – if the enterprise of the issuer has internal organization units and they prepare independent financial statements.**

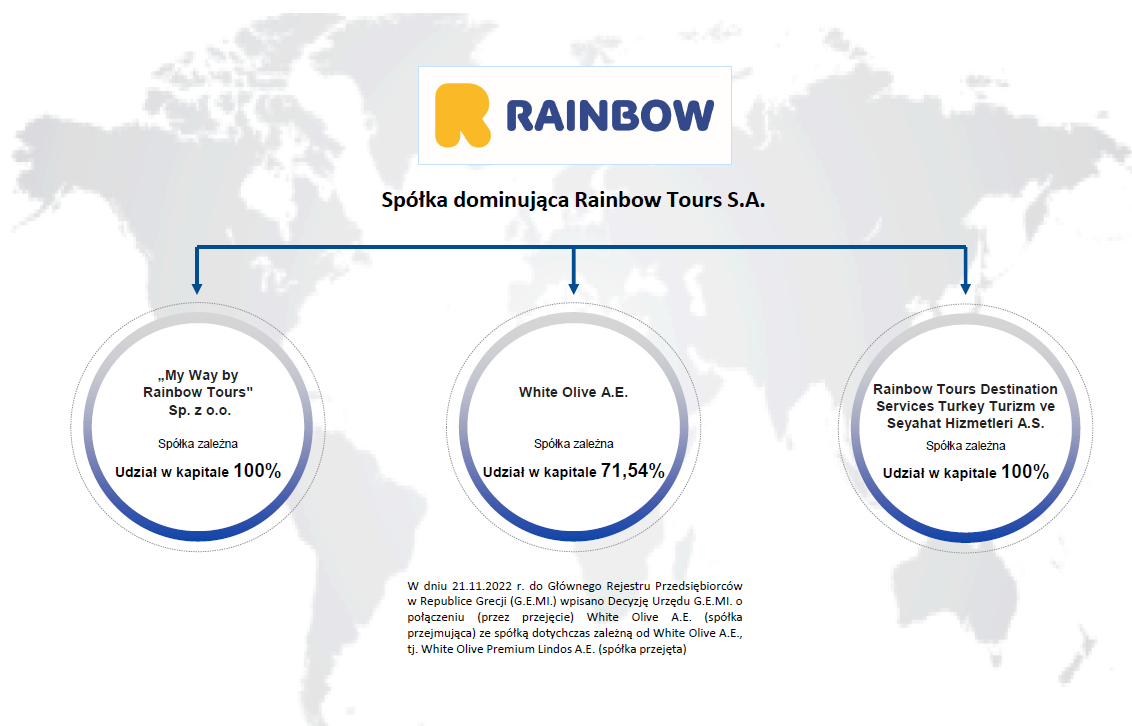
The enterprise of the entity does not have any internal units that prepare independent financial statements.

**Note 5.4. The consolidated financial statements**

As at the balance sheet date (31 December 2022) the Issuer was a parent company to the companies (the subsidiaries), presented below, which were consolidated:

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

RAINBOW TOURS GROUP AS AT 31.12.2022 R.					
Business name	Registered office	Core business	Court of jurisdiction the institution keeping the register r	Share capital / share of votes	Notice
“My Way by Rainbow Tours” Sp. z o.o.	Poland, Łódź	Organizing and providing training for tour guides, leisure time animators, holiday representatives as a part of Rainbow Academy project”	District Court for Łódź-Śródmieście in Łódź, XX Division of the National Court Register (KRS) – KRS No 0000261006	100% / 100%	Direct subsidiary
White Olive A.E.	Greece Athens	Operations of hotels	GEMI (business register) – No 137576424000	71.54% / 71.54%	Direct subsidiary
Rainbow Tours Destination Services Turkey Turizm Ve Seyahat Hizmetleri A.S.	Turkey, Alanya	Operation of tour operators	Business register (Ticaret Sicilinin): 25046; Central Registration System (MERSIS): 0734199873400001	100% / 100%	Direct subsidiary



As at 31 December 2021 the Issuer was a parent company to the companies (the subsidiaries), presented below, which were consolidated:

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

RAINBOW TOURS GROUP AS AT 31.12.2021 R.					
Business name	Registered office	Core business	Court of jurisdiction the institution keeping the register r	Share capital / share of votes	Notice
"My Way by Rainbow Tours" Sp. z o.o.	Poland, Łódź	Organizing and providing training for tour guides, leisure time animators, holiday representatives as a part of Rainbow Academy project"	District Court for Łódź-Śródmieście in Łódź, XX Division of the National Court Register (KRS) – KRS No 0000261006	100% / 100%	Direct subsidiary
White Olive A.E.	Greece, Athens	Operations of hotels	GEMI (business register) – No 137576424000	65.98% / 65.98%	Direct subsidiary
White Olive Premium Lindos A.E.	Greece, Athens	Operations of hotels	GEMI (business register) – No 126193120000	100% / 100%	Indirect subsidiary (direct share) – the subsidiary depending directly on White Olive A.E.
Rainbow Tours Destination Services Turkey Turizm Ve Seyahat Hizmetleri A.S.	Turkey, Alanya	Operations of tour operators	Business register (Ticaret Sicilinin): 25046; Central Registration System (MERSIS): 0734199873400001	100% / 100%	Direct subsidiary

Except for these single financial statements of the Company for the financial year 2022 the Company also drafts separate consolidated financial statements of Rainbow Tours Group for the financial year 2022. The consolidated financial statements of the Group for the financial year 2021 are approved for publication with these single financial statements of the Company on 28 April 2023.

### Note 5.5. Description of changes in Group's organization

In the reporting period covered by these financial statements (that is the financial year 2022) there were the following changes in organization of Rainbow Tours Group:

- 1) In October and November 2022 merger (through acquisition) of White Olive A. E (the acquiring company) with previous subsidiary of White Olive A. E that is White Olive Premium Lindos A.E. (the acquired company) took place within the Group, on 21.11.2022 the decision of the Main Register of Entrepreneurs in Greece (G.E.MI) about the merger was registered in G.E.MI.
- 2) in November and December 2022 share capital of White Olive A.E, was increased, the change (increase) of share of Rainbow Tours S.A. in the share capital and votes at the General Meeting of White Olive A.E., from 65.98% to 71.54%, was made pursuant to the resolution of the Extraordinary General Meeting of White Olive A.E. of 25.11.2022, by rising authorised capital (share capital) of White Olive A.E. by EUR 2,901,550 through issue of 58,031 new ordinary registered shares with the face value of EUR 50.00 each at the issue price of EUR 86.16 per shares, as result of registration in Main Register of Entrepreneurs in Greece (G.E.MI.) on 09.12.2022 – the change in the Articles of Association, and the registration of payments for shares with regard to the increase on 16.12.2022, the share capital of White Olive A.E. came to EUR 17,744,750 and covers total of 354,895 ordinary registered shares with the face value of EUR 50.00 each. Following the increase Rainbow Tours S.A. holds in the share capital of White Olive A.E. as follows: 253,897 shares, which is 71.54% of the share and votes at the General Meeting of White Olive A.E. (it was previously 65.98%), and Fundusz Ekspansji Zagranicznej Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, which is managed by PFR Towarzystwo Funduszy Inwestycyjnych S.A. Private Closed-End Fund (PFR Group), holds the remaining 100,998 shares, which is 28.46% of the share and votes at the general meeting White Olive A.E. (the previous share – 34.02%). – in the share capital of White Olive A.E.

In the reporting period of the financial year 2022 as well as after the balance sheet date, up till approval of this report for publication (28.04.2023) there were no other changes in the organization of Rainbow Tours Group.

### Note 5.6. Income and performance per individual segments of operations

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

### Note 5.7. Seasonal, cyclical and occasional revenue

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

The chart below presents amount of revenue from sales of tourism services from January 2011 to January 2023.

The amounts presented refer only to the Company.

Table. –Monthly sales revenue from 2015.01 to 2023.01.

Przychody ze sprzedaży miesięczne na przełomie lat - okres od 2015.01 do 2023.01

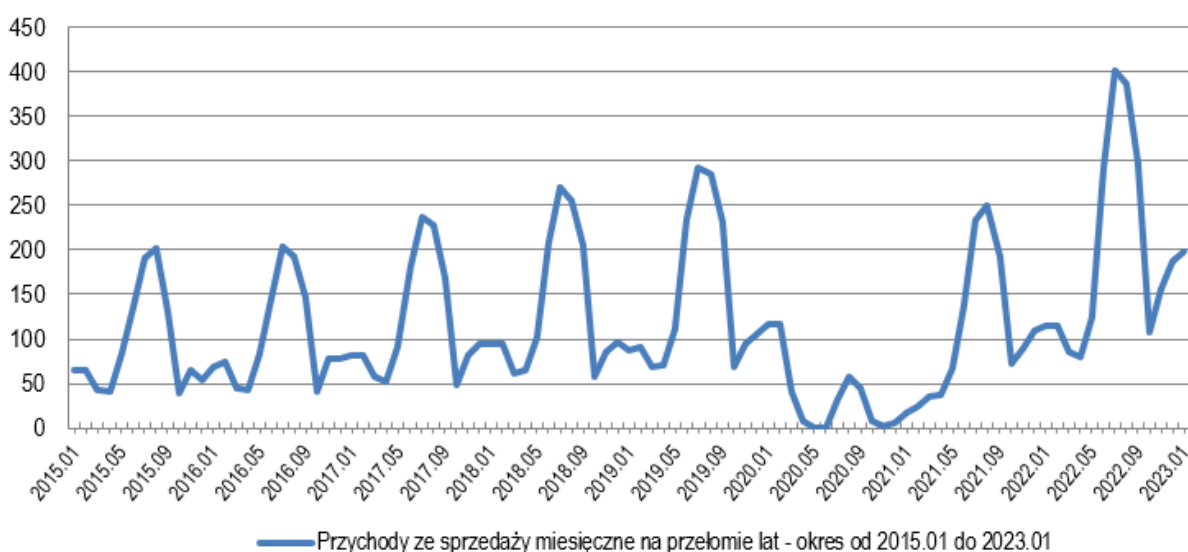


Table. – Comparison of sales revenue on month-on-month basis from 2015 – 2022

Sezonowość - Przychody ze sprzedaży miesięczne [w mln PLN] - lata 2015 - 2022

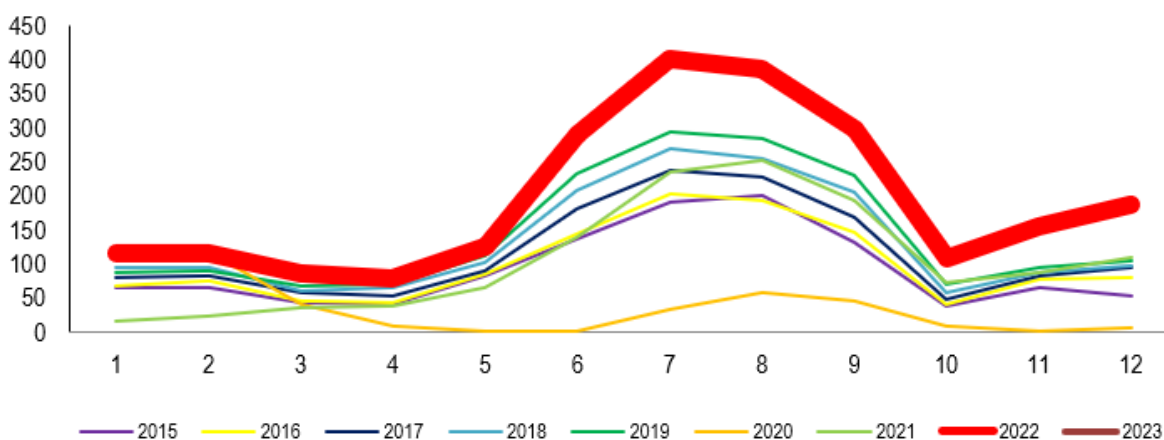
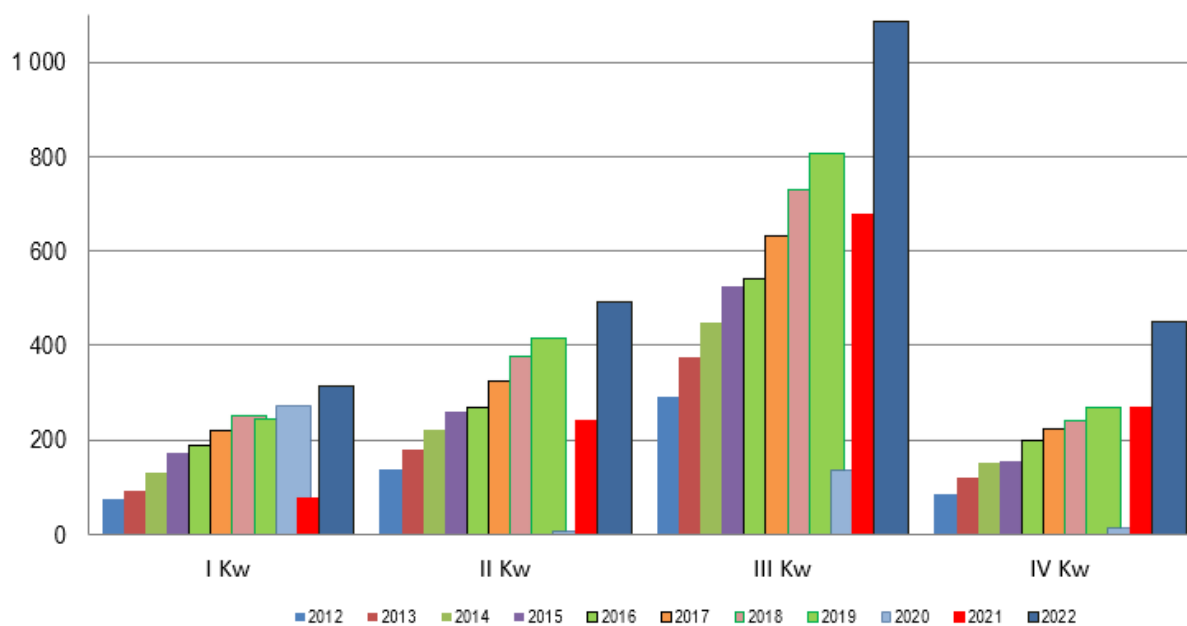


Table. – comparison of quarter-on-quarter revenue from 2012 – 2022

Sezonowość - Przychody ze sprzedaży kwartalnie [w mln PLN] - lata 2012-2022



## 6. NOTES TO THE STATEMENT OF FINANCIAL POSITION

### Nota 6.1. Intangible assets

Carrying amounts	As at 31/12/2022	As at 31/12/2021
	PLN'000	PLN'000
Licences	4 453	4 033
	<b>4 453</b>	<b>4 033</b>

	Capitalised R&D	Patents	Trade marks	Licences	Total
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
<b>Gross amount</b>					
As at 01/01/2021	-	-	-	9 082	9 082
Increases	-	-	-	459	459
As at 31/12/2021 and as at 01/01/2022	-	-	-	9 541	9 541
Increases	-	-	-	1 934	1 934
As at 31/12/2022	-	-	-	11 475	11 475

	Capitalised R&D	Patents	Trade marks	Licences	Total
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
<b>accumulated depreciation and impairment</b>					
As at 01/01/2021	-	-	-	(4 346)	(4 346)
Amortisation cost	-	-	-	(1 162)	(1 162)
As at 31/12/2021 and as at 01/01/2022	-	-	-	(5 508)	(5 508)
Amortisation cost	-	-	-	(1 514)	(1 514)
As at 31/12/2022	-	-	-	(7 022)	(7 022)

### Nota 6.2. Tangible fixed assets

	As at 31/12/2022			As at 31/12/2021		
	TOTAL	Own	Used under lease agreements	TOTAL	Own	Used under lease agreements
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Own land	489	489	-	489	489	-
Right of use assets	37 305	-	37 305	28 655	-	28 655
Buildings	5 399	5 399	-	12 231	12 231	-
Plant and Machinery	1 358	1 358	-	1 219	1 164	55
Motor vehicles	1 227	320	907	1 212	83	1 129
Equipment	845	845	-	1 018	1 018	-
Fixed assets under construction / Advances for fixed assets	12	12	-	-	-	-
<b>total</b>	<b>46 635</b>	<b>8 423</b>	<b>38 212</b>	<b>44 824</b>	<b>14 985</b>	<b>29 839</b>

The claims of Towarzystwo Ubezpieczeń Europa S.A. (Insurance Company Europa S.A) with its offices in Wrocław concerning reimbursement of amounts paid for the benefit of Marshall of Łódzkie Province linked to operations of tour operators or entrepreneurs facilitating acquisition of related tourism services, arising out of the Guarantee No GT 518/2022 of 15 of September 2022 (at the same time security for claims under the insurance guarantee GT 500/2021 of 10 of September 2021, the insurance guarantee GT 359/2020 of 8 of September 2020 amended with the attachment No 1 of 11 of August 2021) pursuant to the contract of 14 of September 2022 to grant insurance guarantee for tour operators or entrepreneurs facilitating

acquisition of related tourism services – are secured by notarised blanket mortgage established on the first free place of the fixed assets of the Company, that is property situated at 270 Piotrkowska street, recorded in the land and mortgage register No: LD1M/00264242/0, LD1M/00264245/1, LD1M/00264246/8, LD1M/00264247/5, LD1M/00264248/2, LD1M/00264253/0, LD1M/00264254/7, LD1M/00264255/4, LD1M/00264257/8, LD1M/00264259/2, LD1M/00264263/3, LD1M/00264264/0, LD1M/00264266/4, LD1M/00187747/6, LD1M/00172644/6, LD1M/00273816/1, LD1M/00273817/8, LD1M/00273818/5, LD1M/00273819/2, LD1M/00273820/2, LD1M/00273822/6, LD1M/00273823/3, LD1M/00273824/0, LD1M/00273825/7, LD1M/00273826/4, LD1M/00273827/1, LD1M/00273843/9, LD1M/00273844/6, LD1M/00273847/7, LD1M/00273846/0, LD1M/00273845/3, LD1M/00272177/2, LD1M/00272179/6, LD1M/00272180/6, LD1M/00272181/3, LD1M/00272182/0, LD1M/00272183/7, LD1M/00272184/4, LD1M/00272185/1, LD1M/00272186/8, LD1M/00272187/5, LD1M/00272188/2, maintained for the District Court for Łódź- Śródmieście in Lodz, XVI Division of Land Register with the value of PLN 13,518,000, which is 120% of the value of the property presented in the appraisal reports. The value of the property at purchase price is PLN 4,506,907.10.

Mortgage on property situated in Laganas on Zakynthos Island, which is the property of Greek companies, was set as security for claims of Bank Gospodarstwa Krajowego with registered office in Warsaw to repay the investment loan incurred by Rainbow Hotels A.E. i White Olive A.E and Rainbow Tours S.A. The value of the mortgage on property of Rainbow Hotels A.E amounts to EUR 3,150 thousand in the form of blanket mortgage, and the value of mortgage on the property of White Olive A.E. amounts to EUR 13,900 thousand in the form of blanket mortgage.

No fixed assets held for sale occurred.

Single Financial Statements of Rainbow Tours Spółka Akcyjna for the financial year ended on 31.12.2022  
(data in PLN thousand, unless provided otherwise)

	Own land at fair value	Buildings	Machinery and Equipment by cos	Cars by cost	Total equipment	Right of use assets	Total
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
<b>Gross amount</b>							
As at 01/01/2021	491	20 954	2 106	3 144	5 359	34 988	(67 042)
Increases	-	406	1 153	284	280	14 464	16 587
Disposals	-	-	-	(146)	-	-	(146)
Fixed assets under construction	-	(10)	-	-	(1 028)	-	(1 038)
Other - liquidations	-	-	-	-	-	-	-
As at 31/12/2021 and as at 01/01/2022	491	21 350	3 259	3 282	4 611	49 452	82 445
Increases	-	396	556	565	299	12 631	14 447
Disposals	-	-	-	(611)	-	-	(611)
Fixed assets under construction	-	12	-	-	-	-	12
Other - liquidations	-	(122)	-	-	-	-	(122)
As at 31/12/2022	491	21 636	3 815	3 236	4 910	62 083	96 171

	Own land at fair value	Buildings	Machinery and Equipment by cos	Cars by cost	Total equipment	Right of use assets	Total
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
<b>Accumulated depreciation and impairment loss</b>							
As at 01/01/2021	(2)	(7 598)	(1 769)	(1 725)	(3 002)	(12 633)	(26 729)
Cost of depreciation	-	(1 521)	(271)	(487)	(591)	(8 164)	(11 034)
Other- liquidation	-	-	-	142	-	-	142
As at 31/12/2021 i 01/01/2022	(2)	(9 119)	(2 040)	(2 070)	(3 593)	(20 797)	(37 621)
Cost of depreciation	-	(1 489)	(417)	(549)	(473)	(9 677)	(12 605)
Other- liquidation	-	79	-	611	-	-	690
As at 31/12/2022	(2)	(10 529)	(2 457)	(2 008)	(4 066)	(30 474)	(49 536)



## Right of use assets

	Land and buildings	Machinery, equipment and vehicles	Total
	PLN'000	PLN'000	PLN'000
<b>As at 01/01/2022</b>	<b>28 655</b>	<b>1 184</b>	<b>29 839</b>
Increases	1 054	565	1 619
Amortization	(9 677)	(505)	(10 182)
modification of lease conditions	11 577	-	11 577
variable lease payments adjustment	-	-	-
Other	-	(337)	(337)
<b>As at 31/12/2022</b>	<b>31 609</b>	<b>907</b>	<b>32 516</b>

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

### Nota 6.3. Detailed information about interests in subsidiaries

Detailed information about the Issuer's interests in subsidiaries as at 31 the balance sheet date 31 December 2022 is as follows

Business name of the subsidiary	Core business	Place of registration and operations	Percentage share of interests and voting rights held by the Company	
			As at 31/12/2022	As at 31/12/2021
White Olive A.E.	Hotel services	Greece	71.54%	65.98%
"My Way by Rainbow Tours" Sp. z o. o.	Training services	Poland	100.00%	100.00%
White Olive Premium Lindos A.E.	Hotel services	Greece	-	100.00%
Rainbow Tours Destination Services Turkey Turizm Ve Seyahat Hizmetleri A.S.	Operations of tour operators	Turkey	100.00%	100.00%

In November and December 2022 share capital of White Olive A.E, was increased, the change (increase) of share of Rainbow Tours S.A. in the share capital and votes at the General Meeting of White Olive A.E., from 65.98% to 71.54%, was made pursuant to the resolution of the Extraordinary General Meeting of White Olive A.E. of 25.11.2022, by rising authorised capital (share capital) of White Olive A.E. by EUR 2,901,550 through issue of 58,031 new ordinary registered shares with the face value of EUR 50.00 each at the issue price of EUR 86.16 per shares, as result of registration in Main Register of Entrepreneurs in Greece (G.E.M.I.) on 09.12.2022 – the change in the Articles of Association, and the registration of payments for shares with regard to the increase on 16.12.2022, the share capital of White Olive A.E. came to EUR 17,744,750 and covers total of 354,895 ordinary registered shares with the face value of EUR 50.00 each. Following the increase Rainbow Tours S.A. holds in the share capital of White Olive A.E. as follows: 253,897 shares, which is 71.54% of the share and votes at the General Meeting of White Olive A.E. (it was previously 65.98%), and Fundusz Ekspansji Zagranicznej Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, which is managed by PFR Towarzystwo Funduszy Inwestycyjnych S.A. Private Closed-End Fund (PFR Group), holds the remaining 100,998 shares, which is 28.46% of the share and votes at the general meeting White Olive A.E. (the previous share – 34.02%). – in the share capital of White Olive A.E.

Business name of the subsidiary	As at 31/12/2022			As at 31/12/2021		
	Cost	Impairment	Net amount	Cost	Impairment	Net amount
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
White Olive A.E.	95 144	-	95 144	71 567	-	71 567
"My Way by Rainbow Tours" Sp. z o. o.	200	-	200	200	-	200

Business name of the subsidiary	As at 31/12/2022			As at 31/12/2021		
	Cost	Impairment	Net amount	Cost	Impairment	Net amount
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Rainbow Tours Destination Services Turkey Turizm Ve Seyahat Hizmetleri A.S.	25	-	25	25	-	25
Total investment in subsidiaries	95 369	-	95 369	71 792	-	71 792

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

The Management Board of the parent company tested White Olive on impairment using income-based approach. The test was carried out based on details of financial forecasts for 10 consecutive years and subsequently residual period without taking into account growth in the residual period. WACC - at the level of 7.9% % (2021: 7.9 %) - was used as a discount rate. WACC was set by using money components based on market data and the assessment made by the expert hired by the Management Board. WACC may change depending on financial market changes, inflation and many other parameters, which has a direct effect on the value of assessment. With such WACC the test showed that there are no reasons to recognized impairment losses. In the opinion of the Management Board, there are not any rational parameters of the model, both in respect of financial forecasts as well as for the discounting factor, that would require to recognize impairment loss for interests in other entities.

In the opinion of the Management Board of the Parent Company no rational models of adopted models are possible, both for financial forecasts as well as discounting factor, which would prove that it is necessary to recognize impairment of interest held in other entities.

#### Nota 6.4. Deferred tax assets

Deferred tax	The period ended on	The period ended on
	31/12/2022	31/12/2021
	PLN'000	PLN'000
Deferred tax assets	11 578	8 408
deferred tax asset – accounted for equity	773	(950)
Deferred tax asset- accounted for profit or loss	-	-
deferred tax liabilities - accounted for profit or loss	(141)	(6)
Deferred tax liabilities – accounted for equity	-	(9)
<b>Balance of deferred tax</b>	<b>12 210</b>	<b>7 443</b>

deferred tax assets	As at 01/01/2022	Movement (+/-) Recognised in equity	Movement (+/-) Recognised in the profit or loss for the current period	As at 31/12/2022
	PLN'000	PLN'000	PLN'000	PLN'000
Provision for employee benefits	228	-	58	286
Recognition of other provisions	1 106	-	7 410	8 516
Measurement/ impairment of assets	581	-	1 911	2 492
Measurement of derivatives	-	772	-	772
Unrealized foreign exchange losses	133	-	(133)	-
Other	5 410	-	(5 124)	286
<b>total</b>	<b>7 458</b>	<b>772</b>	<b>4 122</b>	<b>12 352</b>

deferred tax assets	As at 01/01/2021	Movement (+/-) Recognised in equity	Movement (+/-) Recognised in the profit or loss for the current period	As at 31/12/2021
	PLN'000	PLN'000	PLN'000	PLN'000
Provision for employee benefits	213	-	15	228

deferred tax assets	As at 01/01/2021	Movement (+ /-) Recognised in equity	Movement (+ /-) Recognised in the profit or loss for the current period	As at 31/12/2021
	PLN'000	PLN'000	PLN'000	PLN'000
Recognition of other provisions	125	-	981	1 106
Measurement/ impairment of assets	549	-	32	581
Measurement of derivatives	-	-	-	-
Unrealized foreign exchange losses	18	-	115	133
Other	7 015	(950)	(655)	5 410
<b>total</b>	<b>7 920</b>	<b>(950)</b>	<b>488</b>	<b>7 458</b>

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

### Nota 6.5. Stocks

	As at 31/12/2022	As at 31/12/2021
	PLN'000	PLN'000
Promotional materials	-	-
Works in progress	-	-
Finished goods	-	-
	<u>-</u>	<u>-</u>

### Nota 6.6. Receivables

	As at 31/12/2022	As at 31/12/2021
	PLN'000	PLN'000
Trade receivables	25 083	24 518
Allowance for bad debt	(4 331)	(3 843)
<b>Net trade receivables</b>	<b>20 752</b>	<b>20 675</b>
Remaining receivables		
Other receivables	11 914	4 255
Other receivables – deposits and bank deposits	21 116	20 422
cash and cash equivalents – settlements	18 709	2 531
	<u>51 739</u>	<u>27 208</u>
Current assets	51 375	27 481
Fixed assets	21 116	20 402
<b>Total</b>	<b>72 491</b>	<b>47 883</b>

### Advance payments

	As at 31/12/2022	As at 31/12/2021
	PLN'000	PLN'000
Advance payments - advances paid to hotels	169 189	141 470
Allowance for non-performing receivables	(5 838)	(2 946)
Other receivables – advances paid – air transportation	19 232	8 912
	<u>182 583</u>	<u>147 436</u>

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

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

In the item other receivables – deposits cover money deposits in the amount of PLN 18,986,000 made in the bank account of Towarzystwo Ubezpieczeń Europa S.A.

	As at 31/12/2022	As at 31/12/2021
	PLN'000	PLN'000
Gross trade receivables *	25 083	24 518
Undue	7 672	2 092
Past due:		
To 30 days	6 314	8 944
31-90 days	4 301	3 101
91-120 days	3 249	3 538
Above 120 days	3 547	6 843
<b>Total</b>	<b>25 083</b>	<b>24 518</b>

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

the table below presents allowance for bad debt.

Trade receivables	The period of 12 months ended on 31/12/2022	The period of 12 months ended on 31/12/2021
	PLN'000	PLN'000
<b>Opening balance</b>	<b>3 843</b>	<b>3 843</b>
Allowance for bad debt	488	-
Amounts written off as bad debt	-	-
Amounts recovered during the year	-	-
Reversal of allowance for bad debt	-	-
Unwind of discount	-	-
<b>Closing balance</b>	<b>4 331</b>	<b>3 843</b>

Advance payments – hotel advances and air transportation	The period of 12 month ended on 31/12/2022	The period of 12 month ended on 31/12/2021
	PLN'000	PLN'000
<b>Opening balance</b>	<b>2 946</b>	<b>7 946</b>
Allowance for bad debt	2 892	(5 000)
Amounts written as bad debt	-	-
Amounts recovered during the year	-	-
Reversal of allowance for bad debt	-	-
Unwind of discount	-	-
<b>Closing balance</b>	<b>5 838</b>	<b>2 946</b>

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

The amount of allowance for bad deb covers individual trade receivables, which lost value, in the amount of PLN 4,331 thousand (year 2021: 3,843 thousand) and refers to contractors that went bankrupt. Impairment losses constitute difference between carrying amount of such trade receivables and current value of expected inflows from liquidation of the trade receivables. The Company does not hold any hedges for the above amounts.

It was not necessary to recognize allowance for other overdue receivables.

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

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

Ad. 1) According to general conditions of participation in a package travel, an individual customer should make advance payment of 30% and pay the remaining amount of 70% 30 days before the start of a package travel. The respective receivables are not prone to credit risk. If the customer resigns from the package travel, the amounts paid – depending on the date of resignation, are proportionally reimbursed. In such situation the Company places a package holiday offer on the market again.

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

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

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

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

Ad. 3) The company pays advances/ deposits to book attractive hotels. The amounts in each following period (before COVID-19 pandemic) rise in correlation with growth of Company's operations. In the presented periods the indices were disturbed. The amounts transferred constitute receivables to settle in the period longer than 3 years in respect of hotel services.

	12.2022	12.2021
	PLN'000	PLN'000
Hotel deposits	163 351	138 524
Total assets	612 381	448 039
Sales revenue	2 352 088	1 264 295
total deposits to assets	26.67%	30.92%
deposits to revenue in the period	6.94%	10.96%

For the funds transferred, the company has security in the form promissory note agreements, and in special cases, establishes mortgage on a hotel property. In 2021 the company reversed impairment on advances for future hotel services in the amount of PLN 5.000 thousand, due to lapse of premises to recognized it. The impairment as at 2021 comes to PLN 2,946 thousand, and in 2022 the company recognized additional write-offs in the amount of 3,380 thousand. The amount of write-offs at the end of 2022 came to PLN 6,326 thousand.

#### Age analysis for overdue receivables, which lost value

	As at 31/12/2022	As at 31/12/2021
	PLN'000	PLN'000
<b>Impairment of trade receivables</b>		
60-90 days	-	-
91-120 days	-	-
over 120 days	4 331	3 843
<b>Total</b>	<b>4 331</b>	<b>3 843</b>

### Nota 6.7. Other financial assets

	As at 31/12/2022	As at 31/12/2021
	PLN'000	PLN'000
<b>Derivatives designated and effective as hedges recognised in fair value.</b>		
Exchange forward contracts	-	46
	-	46
<b>Lending recognised at amortised cost</b>		
Lending to related parties	300	300
Lending to other parties	-	-
	300	300
<b>Total</b>	<b>300</b>	<b>346</b>
Current assets	300	346
Fixed assets	-	-
	300	346

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

### Nota 6.8. Current tax assets

	As at 31/12/2022	As at 31/12/2021
	PLN'000	PLN'000
<b>Current tax assets</b>		
VAT refundable	5 375	2 876
CIT refundable	280	280
Contributions to Social Insurance Institutions	-	-
Other	-	-
	5 655	3 156

### Nota 6.9. Other assets

	As at 31/12/2022	As at 31/12/2021
	PLN'000	PLN'000
<b>Prepaid expenses</b>		
Costs of package travel off season *	50 483	33 553
Costs of catalogues off season	-	46
Commission off season **	2 665	961
Insurance off season	3 156	1 479
Other off season TFP commission	1 644	1 950
	57 948	37 989
Current assets	57 948	37 989
Fixed assets	-	-
	57 948	37 989

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

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

### Nota 6.10. Short-term investment

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

	As at 31/12/2022	As at 31/12/2021
	PLN'000	PLN'000
Cash in bank and cash on hand	134 541	82 941
Other cash	-	-
	<b>134 541</b>	<b>82 941</b>
Cash and cash equivalents classified as held for sale	-	-
	<b>134 541</b>	<b>82 941</b>

### Nota 6.11. Issued capital

	As at 31/12/2022	As at 31/12/2021
	PLN'000	PLN'000
Share capital	1 455	1 455
Share premium	36 558	36 558
	<b>38 013</b>	<b>38 013</b>
Share capital covers		
Registered vote preferred shares *	382	472
Ordinary bearer shares *	1 073	983
	<b>1 455</b>	<b>1 455</b>

\* As at 31/12/2021 and 01/01/2022 the share capital (authorized share capital) of the Company fully paid in capital 4,725,000 shares with voting preference at the General Meeting and 9,827,000 ordinary bearer shares. As at 31/12/2022 the share capital (authorised share capital) covered fully paid-up shares: with voting preference at the General Meeting and 10,727,000 ordinary shares

### Preferred shares fully paid in capital

	Number of shares	Share capital	Share premium
		PLN'000	PLN'000
<b>As at 01/01/2021 r.</b>	4 725 000	472	-
Increases/ decreases - transferred to ordinary shares	-	-	-
<b>As at 31/12/2021 r. i na 01/01/2022 r.</b>	4 725 000	472	-
Increases/ decreases - transferred to ordinary shares	900 000	90	-
<b>As at 31/12/2022 r.</b>	<b>3 825 000</b>	<b>382</b>	<b>-</b>

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

### Ordinary shares fully paid

	Number of shares	Share capital	Share premium
		PLN'000	PLN'000
<b>As at 01/01/2021</b>	9 872 000	983	32 384
Increases/ decreases - transferred from preferred shares	-	-	-
<b>As at 31/12/2021 and 01/01/2022</b>	9 872 000	983	32 384
Increases/ decreases - transferred from preferred shares	900 000	90	-
<b>As at 31/12/2022</b>	<b>10 727 000</b>	<b>1 073</b>	<b>32 384</b>

## Nota 6.12. Share capital / Shareholders

Table: information on shares in the share capital as the balance sheet date (31.12.2022)

Series / Issue	Type of shares	Number of shares [piece]	Nominal amount of issue [PLN]	Type of capital paid in	Date of registration	Right to dividend
A series shares	Registered vote preference (x 2)	3 605 000	360 500	Cash	2003-11-04	yes
AA series shares	Ordinary bearer shares	495 000	49 500	Cash	2020-09-30	yes
AB series shares	Ordinary bearer shares	900 000	90 000	Cash	2022-09-01	yes
B series shares	Ordinary bearer shares	2 000 000	200 000	Cash	2005-01-20	yes
C1 series shares	Registered vote preference (x 2)	220 000	22 000	Contribution in kind	2007-01-29	yes
C2 series shares	Ordinary bearer shares	1 000 000	100 000	Contribution in kind	2007-01-29	yes
C3 series shares	Ordinary bearer shares	200 000	20 000	Contribution in kind	2017-09-12	yes
C4 series shares	Ordinary bearer shares	120 000	12 000	Contribution in kind	2017-09-12	yes
C5 series shares	Ordinary bearer shares	900 000	90 000	Contribution in kind	2018-12-12	yes
C6 series shares	Ordinary bearer shares	560 000	56 000	Contribution in kind	2020-09-30	yes
D series shares	Ordinary bearer shares	52 000	5 200	Cash	2007-11-12	yes
E series shares	Ordinary bearer shares	2 000 000	200 000	Cash	2009-03-02	yes
F series shares	Ordinary bearer shares	2 500 000	250 000	Cash	2011-01-14	yes
<b>Total number of shares [piece]:</b>		<b>14 552 000</b>				
<b>Total share capital [PLN]:</b>			<b>1 455 200</b>			
<b>Face value per share [PLN]:</b>				<b>0,10</b>		

As at the date of approval of this report for publication (28.04.2023) AA, AB, C2-C6, D, E and F series of shares in the total amount of 10,727,000 (which is total of 73.72% of the Company's share capital) and which represent 10,727,000 votes at the General Meeting of the Company (which is total 58.37% % of votes at the General Meeting of the Company), were traded on regular market, at Warsaw Stock Exchange.

Table: information on shares in the share capital as at 31.12.2021.

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

As at 31.12.2021 AA, B, C2-C6, D, E and F series of shares in the total amount of 9,827,000 (which is total of 67.53% of the Company's share capital) and which represent 9,827,000 votes at the General Meeting of the Company (which is total 50.98% of votes at the General Meeting of the Company), were traded on regular market, at Warsaw Stock Exchange.



Table. List of shareholders, holding directly as at the balance sheet date (31.12.2022) significant block of company's shares, that is blocks of shares, which represent at least 5% of the total number of votes at the General Meeting.

shareholder	Number of shares [piece]	Number of votes at GM from shares [piece]	Company's share capital i [%]	Total votes at GM [%]
Slawomir Wysmyk	1 868 346	3 428 346	12.84%	18.66%
Flyoo Sp. z o.o.	1 580 000	2 435 000	10.86%	13.25%
Elephant Capital Sp. z o.o.	1 645 000	2 345 000	11.30%	12.76%
TCZ Holding Sp. z o.o.	1 335 000	2 035 000	9.17%	11.07%
Nationale-Nederlanden PTE S.A. (through managed funds)	1 718 000	1 718 000	11.81%	9.35%
Generali PTE S.A. (through managed funds)	1 008 459	1 008 459	6.93%	5.49%
OTHER SHAREHOLDERS	5 397 195	5 407 195	≈37.09%	29.42%
<b>TOTAL:</b>	<b>14.552.000</b>	<b>18.377.000</b>	<b>100.00%</b>	<b>100.00%</b>

Table. List of shareholders, holding directly and indirectly, as at the balance sheet date (31.12.2022) significant block of shares of the Parent Company that is blocks of shares, which represent at least 5% of the total number of votes at the General Meeting.

shareholder		Number of shares [piece]	Number of votes at GM from shares [piece]	Company's share capital [%]	Total votes at GM [%]
Slawomir Wysmyk	directly	1 868 346	3 428 346	12.84%	18.66%
Grzegorz Baszczyński	Indirectly, through the subsidiary: Flyoo Sp. z o.o.	1 580 000	2 435 000	10.86%	13.25%
Remigiusz Talarek	directly	1 050	1 050	0.0072%	0.0057%
	Indirectly, through the subsidiary: Elephant Capital Sp. z o.o.	1 645 000	2 345 000	11.30%	12.76%
	<b>Total – Directly and indirectly</b>	<b>1 646 050</b>	<b>2 346 050</b>	<b>11.31%</b>	<b>12.77%</b>
Tomasz Czaplą	Indirectly, through the subsidiary: TCZ Holding Sp. z o. o	1 335 000	2 035 000	9.17%	11.07%
Nationale-Nederlanden PTE S.A. (Through managed funds)	Indirectly (through managed funds)	1 718 000	1 718 000	11.81%	9.35%
Generali PTE S.A. (Through managed funds)	Indirectly (through managed funds)	1 008 459	1 008 459	6.93%	5.49%
OTHER SHAREHOLDERS		5 396 145	5 406 145	≈37.08%	≈29.42%
<b>RAZEM:</b>		<b>14 552 000</b>	<b>18 377 000</b>	<b>100.00%</b>	<b>100.00%</b>

Table. List of shareholders, holding directly as at 31.12.2021 significant block of company's shares, that is blocks of shares, which represent at least 5% of the total number of votes at the General Meeting of the Company.

shareholder	Number of shares [piece]	Number of votes at GM from shares [piece]	Company's 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%
OTHER SHAREHOLDERS	5 397 195	5 407 195	≈37.09%	28.05%
<b>TOTAL</b>	<b>14,552,000</b>	<b>19,277,000</b>	<b>100.00%</b>	<b>100.00%</b>

Table. List of shareholders, holding directly and indirectly as at 31.12.2021 significant block of company's shares, that is blocks of shares, which represent at least 5% of the total number of votes at the General Meeting.

Shareholder		Number of shares	Number of votes at GM	Share capital [%]	Share if 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%
	<b>Total – Directly and indirectly</b>	<b>1 646 050</b>	<b>2 646 050</b>	<b>11.31%</b>	<b>13.73%</b>
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%
<b>TOTAL</b>		<b>14 552 000</b>	<b>19 277 000</b>	<b>100.00%</b>	<b>100.00%</b>

The above information, provided in the note, about shares of the Parent Company held by shareholders with at least 5% of the total votes at the General Meeting of the Parent Company was drafted in particular based on information obtained from shareholders meeting their obligation imposed on shareholders of public companies pursuant to relevant provisions, including based on the provisions of the act of 29.07.2005 on public offering and conditions of introducing financial instruments to trading and on public companies (art. 69 and art. 69a) and pursuant to provisions of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (MAR art.19). Additional information on the ownership of the Company's shares are provided based on publicly available data on portfolio engagement and the structure of assets of investment funds or pension funds, including based on information about the number of registered shares at the General Meeting of the Parent Company (data are available periodically i.e. based on information from financial statements of investment funds and pension funds – the data may change from the date of publication of the last information).

### Nota 6.13. Own shares

As at 31.12.2021, as at the balance sheet date (that is 31.12.2022), and as at the date of approval of this report for publication (that is 28.04.2023) the company did not hold any own shares.

### Nota 6.14. Reserve

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

	As at 31/12/2022	As at 31/12/2021
	PLN'000	PLN'000
Hedge accounting	(3 294)	37
	<b>(3 294)</b>	<b>37</b>

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

## Nota 6.15. Bank loans, credits and lease liabilities

	As at 31/12/2022	As at 31/12/2021
	PLN'000	PLN'000
<b>Hedged – according to amortised cost</b>		
overdrafts	20 380	10 000
Bank loans	26 851	-
Loans from other entities PFR	-	-
Transfer of receivables	-	-
Finance lease liabilities	574	614
Right of use liabilities	31 609	28 655
	<b>79 414</b>	<b>39 269</b>
short-term liabilities	29 828	20 494
long-term liabilities	49 586	18 775
	<b>79 414</b>	<b>39 269</b>

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

As at 31.12.2022 the company used bank credits (the renewable loan) in the total amount of PLN 47,231 thousand. As at 31.12.2021 the Company used bank credits (the renewable loan) for the total amount of PLN 10 000 thousand.

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

The period from 01/01/2022 to 31/12/2022	Land and buildings	Machinery, equipment and vehicles	Total
	PLN'000	PLN'000	PLN'000
<b>As at 01/01/2022</b>	<b>28 655</b>	<b>614</b>	<b>29 269</b>
Increase	1 054	569	1 629
Cost of interest	(2 432)	(28)	(2 460)
Modification of lease conditions	-	-	-
variable lease payments adjustments	14 009	9	14 018
Lease payments	(9 677)	(590)	(10 267)
Exchange differences	-	-	-
<b>As at 31/12/2022</b>	<b>31 609</b>	<b>574</b>	<b>32 183</b>

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

Single Financial Statements of Rainbow Tours Spółka Akcyjna for the financial year ended on 31.12.2022  
(data in PLN thousand, unless provided otherwise)

As at 31/12/2022	to 3 months	from 3 to 12 months	From 1 year to 2 years	From 2 to 5 years	Above 5 years
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Lease liabilities	65	295	214	-	-
Right of use liability with respect to premises	2 359	6 729	7 112	12 385	3 024
	<b>2 424</b>	<b>7 024</b>	<b>7 326</b>	<b>12 385</b>	<b>3 024</b>

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

Detailed information about loans and credits are presented in Notes 6.20, 6.21 and 9.2. The data presented in the table do not cover long term rental of premises used to carry out business operations.

	Minimum lease payments		Present value of minimum lease payments	
	As at 31/12/2022	As at 31/12/2021	As at 31/12/2022	As at 31/12/2021
	PLN'000	PLN'000	PLN'000	PLN'000
No longer than 1 year	392	557	360	511
Longer than 1 year to 5 years	235	113	214	103
Above 5 years	-	-	-	-
	<b>627</b>	<b>670</b>	<b>574</b>	<b>614</b>
Less future financial charges	(53)	(56)	-	-
Current value of minimum lease payments	<b>574</b>	<b>614</b>	<b>574</b>	<b>614</b>

	As at 31/12/2022	As at 31/12/2021
	PLN'000	PLN'000
<b>Included in the single financial statements as</b>		
Short-term leases	360	511
Long-term leases	214	103
	<b>574</b>	<b>614</b>

## Nota 6.16. Provisions

	As at 31/12/2022	As at 31/12/2021
	PLN'000	PLN'000
Employee benefits (i)	680	1 058
Employee benefits (ii)	286	145
Other provisions	56	56
Other provisions – estimated costs of airplanes and hotels (iii)	44 580	4 000
other provisions – estimated costs of marketing	-	-
other provisions – estimated costs - other	721	1 760
	<b>46 323</b>	<b>7 019</b>
Short-term provisions	46 037	6 874
Long-term provisions	286	145
	<b>46 323</b>	<b>7 019</b>

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

which the company will be obliged to pay out in case of retirement of employees (iii) Provisions for costs of airplanes and hotels estimated based on comparative analysis of budget costs with documents. The proven budget costs should be considered as costs incurred in the period

	Employee benefits (i)	Employee benefits (ii)	Costs of complaints	Other provisions costs
	PLN'000	PLN'000	PLN'000	PLN'000
<b>As at 01/01/2022</b>	<b>1 058</b>	<b>145</b>	<b>56</b>	<b>5 760</b>
Recognition of additional provisions	(378)	141	-	39 541
<b>As at 31/12/2022</b>	<b>680</b>	<b>286</b>	<b>56</b>	<b>45 301</b>

Valuation of pension provisions as at 31.12.2022 was done by actuarial office.

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

Measurement of provisions for retirement pay as at 31.12.2021 was made by actuarial office.

Measurement of provisions for retirement pay, if any, as at 31.12.2022 was made by actuarial office. The applied method of calculation complies with International Financial Reporting Standards (IAS19). It is so called projected unit method. According to the method, accrued number of years of service gives rise to employer's commitment to pay out in-work benefits in the future. In the light of the definition, the number of future commitments is calculated as the part of future benefits, which was estimated taking into account forecasted remuneration as the base for calculations. The company calculated discount rate taking into account the market yield for 10-year treasury bonds, which amount to 6.74%. 4.5% was approved as the annual long-term growth rates of remuneration (actually 4.5 % per year, not above inflation rate). As at 31.12.2021 estimated probability of quitting job was determined based on the analyses of the data from previous years (taking into account age, gender, years of service) and based on information about the labour market in Poland. Following consultation with company's representatives the probability of quitting job was determined as follows:

Employees with	sex	age					
		20	30	40	50	60	65
Fixed-term contract	women	12.8%	12.8%	9.4%	4.7%	0.0%	0.0%
	men	12.8%	12.8%	9.8%	5.9%	2.0%	0.0%
Permanent contract	women	12.8%	12.8%	9.4%	4.7%	0.0%	0.0%
	men	12.8%	12.8%	9.8%	5.9%	2.0%	0.0%

#### Nota 6.17. Deferred tax liabilities

Deferred tax liabilities	As at 01/01/2022	Movement (+/-) recognized in capitals	Movement (+/-) recognized in the result for the current period	As at 31/12/2022
Measurement of derivatives	9	(9)	-	-
Unrealized foreign exchange losses – basic	6	-	136	142
Unrealized foreign exchange losses – shares	-	-	-	-
Unrealized foreign exchange losses – measurement of advances from previous years	-	-	-	-
<b>Total</b>	<b>15</b>	<b>(9)</b>	<b>136</b>	<b>142</b>

\* As at the balance sheet date: 31.12.2022 deferred tax liabilities were offset with estimated deferred tax assets

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

Deferred tax liabilities	As at 01/01/2021	Movement (+ /-) recognized in capitals	Movement (+ /-) recognized in the result for the current period	As at 31/12/2021
Unrealized foreign exchange losses – measurement of advances from previous years	-	-	-	-
<b>Total</b>	<b>110</b>	<b>(77)</b>	<b>(18)</b>	<b>15</b>

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

### Nota 6.18. trade and other payables

	As at31/12/2022	As at31/12/2021
	PLN'000	PLN'000
Trade payables	73 777	75 700
Payroll liabilities	3 807	3 347
Other liabilities – accounts receivables and payables from purchase of shares	2 600	2 600
Other liabilities – recorded after the balance sheet date	-	-
Other liabilities – remaining	12 919	8 001
<b>Total</b>	<b>93 103</b>	<b>89 648</b>

### Nota 6.19. current financial liabilities

	As at31/12/2022	As at31/12/2021
	PLN'000	PLN'000
<b>Current tax liabilities</b>		
Other	150	120
PIT payable	810	924
CIT payable	7 695	-
Social insurance	3 335	2 313
	<b>11 990</b>	<b>3 357</b>

### Nota 6.20. Lines of credit as at 31.12.2022

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

Business name of the company, legal form	Credit product	Registered office	Amount of credit/loan according to the contract		Amount of credit/loan to repay		Interest rate	Payment date	Insurance
			PLN'000	Currency	PLN'000	Currency			
Bank Millennium S.A.	Working capital loan	Warsaw	10 000	PLN	-	PLN	Market	2024-06-29	Liquidity security by Bank Gospodarstwa Krajowego for the amount of 80% of the loan, power of attorney to a bank account, voluntary submission to enforcement
Bank Millennium S.A.	Overdraft	Warsaw	29 002	PLN	1	PLN	Market	2024-12-07	Liquidity security by Bank Gospodarstwa Krajowego for the amount of 80% of the loan, power of attorney to a bank account, voluntary submission to enforcement
Bank Gospodarstwa Krajowego	Overdraft	Warsaw	30 000	PLN	9 949	PLN, USD, EUR	Market	2023-01-31	Power of attorney to a bank account, mortgage on property, pledging of shares of the subsidiary
Santander Bank Polska S.A.	Overdraft	Warsaw	20 000	PLN	10 430	PLN, USD, EUR	Market	2024-11-10	Liquidity security by Bank Gospodarstwa Krajowego for the amount of 80% of the loan, power of attorney to a bank account, voluntary submission to enforcement
Santander Bank Polska S.A.	Working capital loan	Warsaw	30 000	PLN	26 851	PLN, USD, EUR	Market	2024-06-30	Liquidity security by Bank Gospodarstwa Krajowego for the amount of 80% of the loan, power of attorney to a bank account, voluntary submission to enforcement
<b>Total</b>			<b>119 002</b>		<b>47 231</b>				

\*The contract No: 9619/16/M/04 of 2016-06-21. The amount of global limit: PLN 60,000,000.00. The duration of the global limit: 2024-12-07. Overdraft for the amount of PLN 60,000,000,00 with maturity date to 2024-12-07. Guarantee line: the amount under the facility: PLN 40,000,000; duration: 2024-12-07.

### Nota 6.21. Lines of credit as at 31.12.2021

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

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



## Nota 6.22. Other liabilities

	As at 31/12/2022	As at 31/12/2021
	PLN'000	PLN'000
liabilities towards customer taken over by Insurance Guarantee Fund	37 088	44 003
Liabilities towards customers	-	-
<b>Total</b>	<b>37 088</b>	<b>44 003</b>
Short-term liabilities	7 543	6 915
Long-term liabilities	29 545	37 088
	<b>37 088</b>	<b>44 003</b>

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

The Parent Company, as an eligible entity, made relevant requests (to the Tourist Guarantee Fund) to pay out some of the funds - as a reimbursement for advances paid to the Company to customers, who as a result of the outbreak of the pandemic withdrew from their contracts for package holidays or the contracts were terminated by a tour operator. Payments made by Tourist Guarantee Fund on behalf of the Company constitute a loan granted by the Tourist Guarantee Fund, and the loan must be repaid in 72 equal instalments starting as of December 2021, that is the first instalment paid to 31.12.2021, other instalments, except for the first one will be repaid till 21 of each month starting from January 2022.

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

- As at 31.12.2022 in the amount of PLN 37,088 thousand
- As at 31.12.2021 in the amount of PLN 44,003 thousand.

## Nota 6.23. Deferred income

	As at 31/12/2022	As at 31/12/2021
	PLN'000	PLN'000
Advances paid by customers *	232 869	145 978
	<b>232 869</b>	<b>145 978</b>
short-term	232 869	145 978
long-term	-	-
	<b>232 869</b>	<b>145 978</b>

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

## Nota 6.24. book value per share

	The period of 12 months ended on 31/12/2022	The period of 12 months ended on 31/12/2021
	PLN'000	PLN'000
Total equity	107 527	118 765
Total equity for the purpose of calculating book value per total shares	<b>107 527</b>	<b>118 765</b>
Book value per share	7,39	8,16
Diluted book value per share	7,39	8,16
Weighted average number of ordinary shares used to calculate profit per share	14 552	14 552

**Nota 6.25. Manner of calculating diluted number of shares**

To calculate average number of shares in a calendar year, the company calculates average arithmetic of total shares of the Company registered in the register of businesses of the National Court Register as at the last day of each financial month. In the financial year 2022 and 2021 total number of shares was not changed and amounts to 14,552,000 shares.

## 7. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

### Nota 7.1. Net sales revenue

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

	The period of 12 months ended on 31/12/2022	The period of 12 months ended on 31/12/2021
	PLN'000	PLN'000
Revenue from sales of package travel	2 347 482	1 261 698
Other revenue	4 606	2 597
	<b>2 352 088</b>	<b>1 264 295</b>

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

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

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

	The period of 12 months ended on 31/12/2022	The period of 12 months ended on 31/12/2021
	PLN'000	PLN'000
Sales revenue of the Parent Company recognized in the comprehensive income	2 352 088	1 264 295
– including: the amount of revenue earned at the turn of the year (the balance sheet date)	63 757	43 902
Share of revenue at the turn of the balance sheet date in total revenue	2.71%	3.47%

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

Table. Presentation of the amount of adjusted revenue of the Company for the financial year 2022 and 2021.

Allocation of revenue	The period of 12 months ended on 31/12/2022 PLN'000	The period of 12 months ended on 31/12/2021 PLN'000
<b>sale revenue recognized in comprehensive income</b>	<b>2 352 088</b>	<b>1 264 295</b>
Adjustment by revenue earned at the turn of 2021 and 2022	(63 757)	(43 902)
<b>adjusted revenue from sales of package travel recognized in comprehensive income</b>	<b>2 288 331</b>	<b>1 220 393</b>
revenue earned at the turn of 2020 and 2021 settled on the straight-line basis and their allocation to the specific periods.	-	2 237
revenue earned at the turn of 2021 and 2022 settled on the straight-line basis and their allocation to the specific periods.	20 964	22 938
revenue earned at the turn of 2022 and 2023 settled on the straight-line basis and their allocation to the specific periods.	32 863	-
Adjustment by revenue earned at the turn of the year settled on the straight-line basis	53 827	25 175
<b>Adjusted sales revenue recognized in the comprehensive income</b>	<b>2 342 158</b>	<b>1 245 568</b>
the difference between the amount of revenue recognized in the comprehensive income and the adjusted revenue	(9 930)	(18 727)
the percentage difference between the amount recognized in the comprehensive income and adjusted revenue	(0.42%)	(1.48%)

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

Description	The period of 12 months ended on 31/12/2022	The period of 12 months ended on 31/12/2021
	PLN'000	PLN'000
sales revenue recognized in comprehensive income	2 352 088	1 264 295
Adjusted sales revenue recognized in comprehensive income	2 342 158	1 245 568
<b>difference between the amount recognized in the comprehensive income and adjusted revenue</b>	<b>(9 930)</b>	<b>(18 727)</b>
operating margin (profit on sales/ sales revenue)	9,64%	10,81%
amount of the operating margin	(957)	(2 025)
income tax on operating margin	182	385
<b>The operating margin less income tax on operating margin</b>	<b>(775)</b>	<b>(1 640)</b>
Net profit (loss) recognized in comprehensive income	(775)	19 092
<b>Adjusted net profit (loss)</b>	<b>13 146</b>	<b>17 452</b>

The effect of the simplification as at the end of 2022 and 2021 is not material.

### Geographical information

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

Revenue from external customers	The period of 12 months ended on 31/12/2022	The period of 12 months ended on 31/12/2021
	PLN'000	PLN'000
Poland	2 338 781	1 254 393
Lithuania	2 428	2 786
Czech Republic	10 879	7 116
Other	-	-
	<b>2 352 088</b>	<b>1 264 295</b>

### Nota 7.2. Costs by type

	The period of 12 months ended on 31/12/2022	The period of 12 months ended on 31/12/2021
	PLN'000	PLN'000
Amortization and depreciation	(14 120)	(12 196)
Consumption of raw and other materials	(3 894)	(1 979)
Outsourcing	(2 159 416)	(1 156 151)
costs of employee benefits	(76 842)	(53 117)
Taxes and charges	(2 052)	(904)
other costs	(74 624)	(46 101)
Value of goods and materials sold	-	-
<b>Total costs of operations</b>	<b>(2 330 948)</b>	<b>(1 270 448)</b>
Cost of sales	(2 125 369)	(1 127 615)
Selling costs	(163 622)	(113 774)
Overheads	(41 957)	(29 059)
<b>Total</b>	<b>(2 330 948)</b>	<b>(1 270 448)</b>

\* The Company as the entity carrying out operation marked with the code 79.12.Z Activities of tour operators\* received in 2021 as an aid instrument provided pursuant to relevant provisions of law issued to prevent, counteract and combat COVID-19, as well as to support traders affected by COVID-19 pandemic, pursuant to relevant decisions of the Social Insurance Institution exemption from the obligation to pay amount due to social security for payers of social security contributions in certain industries (the exemption from payment of social security contributions due to social security insurance, health insurance, Labour Fund, Solidarity Fund and Guaranteed Employment Benefit Fund or the Bridging Pension Fund ) in the total amount of PLN 1,326 thousand. (In 2020 the amount of exemption came to 3,661.) The respective exemption was presented in the financial statements as an adjustment (reduction) in primary costs that is costs of employment benefits.

### Nota 7.3. Other operating revenue

	The period of 12 months ended on 31/12/2022	The period of 12 months ended on 31/12/2021
	PLN'000	PLN'000
profits on sale of assets		
profits on sale of fixed assets	413	48
Profits on sale of investment property	-	-
Derecognized impairment loss:		
Other	-	5 000
Other operating revenue		
Subsidies**	116	4 790
Waive off of the soft loan (PFR – "Financial Shield for Large Companies")	2 202	18 600
Other, including:	1 158	163
penalties and fines	84	17
Compensations	387	117
Write-off of overdue receivables i	-	-
vouchers	661	-
Other	26	29
	<b>3 889</b>	<b>28 601</b>

\* In 2021 the write off for potential credit risk of contractors providing hotel services caused by COVID-19 pandemic – recognized in 2019 was reversed.

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

### Nota 7.4. other operating costs

	The period of 12 months ended on 31/12/2022	The period of 12 months ended on 31/12/2021
	PLN'000	PLN'000
<b>Loss on sale of assets</b>		
loss on sale of fixed assets	-	-
<b>Allowance for bad debt</b>		
Trade receivables	-	-
Receivables – hotel advances	(3 380)	-
<b>Other operating costs:</b>		
Other including:	(1 751)	(1 386)
penalties and fines	(61)	(4)
Donations	(109)	(3)
Complaints	(875)	(1 066)
Value of reinvoiced goods and services at purchase price	(235)	(168)
Other	(471)	(145)
	<b>(5 131)</b>	<b>(1 386)</b>

### Nota 7.5. financial revenue

	The period of 12 months ended on 31/12/2022	The period of 12 months ended on 31/12/2021
	PLN'000	PLN'000
<b>Lease revenue:</b>		
operating lease revenue	-	-
	-	-

	The period of 12 months ended on 31/12/2022	The period of 12 months ended on 31/12/2021
	PLN'000	PLN'000
<b>Interest revenue:</b>		
Bank deposits	5 735	74
other loans and receivables	-	-
	<u>5 735</u>	<u>74</u>
<b>Total</b>	<b>5 735</b>	<b>74</b>

financial revenue analysed by category of assets:	The period of 12 months ended on 31/12/2022	The period of 12 months ended on 31/12/2021
	PLN'000	PLN'000
<b>Interest revenue</b>		
Assets valued at amortised cost (cash on hand, bank deposits and lending)	5 735	74
Profit on sale of financial investment	-	-
Financial revenue from non-financial assets	-	-
<b>Total</b>	<u><b>5 735</b></u>	<u><b>74</b></u>

## Nota 7.6. financial costs

	The period of 12 months ended on 31/12/2022	The period of 12 months ended on 31/12/2021
	PLN'000	PLN'000
<b>Interest costs:</b>		
liabilities valued at amortised cost - interests on loans, credits and overdraft lines of credit (except for those received from related entities)	1 762	741
liabilities valued at amortised cost – interest on finance lease liabilities	29	24
other interest cost	12	267
<b>Total cost of interest</b>	<u><b>1 803</b></u>	<u><b>1 032</b></u>
less: amounts recognized in the cost of assets meeting capitalization requirements		-
	<u>1 803</u>	<u>1 032</u>
<b>Other financial costs:</b>		
Other financial costs, including	6 199	1 517
cost of tour operator guarantee	2 817	1 030
costs of credit products	950	317
other discount	2 432	170
	<u><b>8 002</b></u>	<u><b>2 549</b></u>

## Nota 7.7. Profit (loss) on sale of all or some of interest in subsidiaries.

In 2022 and 2021 the item did not occur.

## Nota 7.8. Income tax

Income tax	The period of 12 months ended on 31/12/2022	The period of 12 months ended on 31/12/2021
	PLN'000	PLN'000
Gross profit (loss)	17 631	18 587
Permanent differences increasing the tax base	1 899	(21 431)
Temporary differences in the tax base	47 357	7 933
<b>Tax base</b>	<u><b>66 887</b></u>	<u><b>5 089</b></u>
	19,0%	19,0%

Income tax	The period of 12 months ended on 31/12/2022	The period of 12 months ended on 31/12/2021
	PLN'000	PLN'000
Current tax	12 708	967
Deferred tax	(8 998)	(1 472)
<b>Income tax recognised in the account</b>	<b>3 710</b>	<b>(505)</b>
<b>effective tax rate</b>	<b>21,0%</b>	<b>19,0%</b>

Deferred tax	The period of 12 months ended on 31/12/2022	The period of 12 months ended on 31/12/2021
	PLN'000	PLN'000
Deferred tax assets	11 578	8 408
Asset for deferred tax- accounted for equity	773	(950)
Asset for deferred tax - accounted for profit or loss	-	(9)
Deferred tax liabilities - accounted for equity	-	-
Deferred tax liabilities - accounted for the profit or loss	(141)	(6)
<b>Balance of the deferred tax</b>	<b>12 210</b>	<b>7 443</b>

#### Nota 7.9. Net profit (loss) sharing of subsidiaries accounted for using the equity method

The company do not use equity method for valuation.

#### Nota 7.10. Profit sharing/ covering loss

The Management Board of the Company recommends to allocate net profit for the financial year 2022 in the amount of PLN 13,920,583.32 (thirteen million nine hundred twenty thousand five hundred- and eighty-three-zloty 32/100 grosz) as follows:

- The amount of PLN 7,276,000.00 (seven million two hundred and seventy-six thousand zloty) allocates for dividend payment in the amount of PLN 0.50 (fifty grosz) per share, number of shares covered by the dividend will be 14,552,000 (fourteen million five hundred and fifty-two thousand) shares, from the total number of shares of the Company coming to 14,552,000 (fourteen million five hundred and fifty-two thousand) shares.
- The remaining amount of PLN 6,644,583.32 (six million six hundred forty-two thousand five hundred- and eighty-three-zloty 32/100 grosz) leave in the Company as retained profits and allocate them to supplementary capital.

#### Nota 7.11. Profit per share

	The period of 12 months ended on 31/12/2022	The period of 12 months ended on 31/12/2021
	PLN per share	PLN per share
<b>Basic profit per share:</b>		
on continuing operations	0.96	1.31
on discontinuing operations	-	-
<b>total basic profit per share</b>	<b>0.96</b>	<b>1.31</b>
<b>diluted profit per share:</b>		
on continuing operations	0.96	1.31
on discontinuing operations	-	-
<b>total diluted profit per share</b>	<b>0.96</b>	<b>1.31</b>
	The period of 12 months ended on 31/12/2022	The period of 12 months ended on 31/12/2021
	PLN'000	PLN'000

Single Financial Statements of Rainbow Tours Spółka Akcyjna for the financial year ended on 31.12.2022  
(data in PLN thousand, unless provided otherwise)

Profit for the financial year attributable to shareholders of the company	13 921	19 092
Profit used for measurement of basic profit per share on continuing operations	<b>13 921</b>	<b>19 092</b>

	The period of 12 months ended on 31/12/2022	The period of 12 months ended on 31/12/2021
	thousand	thousand
Weighted average number of ordinary shares used to calculate profit per share	14 552	14 552

Rules of calculating dividend per share

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



## 8. NOTES TO CASH FLOW STATEMENT

### Nota 8.1. Note to cash flow statement explaining balance sheet movements with respect to amounts recognized in the cash flow statement

	As at 31.12.2021	As at 31.12.2022	Balance sheet movement	Excluding of items not affecting cash flows in this area	adjustment of cash flows from operating activities
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
(increase) / decrease in current tax assets	3 156	5 655	2 499	5 374	7 873
Increase / (decrease) in current tax liabilities	3 357	11 990	8 633	2 321	10 954
Current tax		12 708			
Tax paid		-			
		12 708			

### Nota 8.2. Note to cash flow statement explaining balance sheet movements in financial liabilities.

	As at 31.12.2021	Cash flows (expenses)	Cash flows (inflows)	Non-monetary movements			As at 31.12.2022
				Increases	The effect of foreign exchange differences	Movement in fair value *	
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Long term and short -term loans	10 000	(8 601)	48 034	-	-	(2 202)	47 231
Lease liabilities	29 268	(2 873)	-	5 788	-	-	32 183
Liabilities arising on financial activities	39 268	(11 474)	48 034	5 788	-	(2 202)	79 414

\* Waive off of the soft loan granted by Polish Development Fund S.A. from the aid programme so called "Shield for Large Companies (2.0)

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

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

## 9. OTHER NOTES

### Nota 9.1. Information on financial instruments and risk management principles

#### 9.1.1. Capital risk management

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

#### 9.1.2. Categories of financial instruments

Categories of financial instruments	31/12/2022	31/12/2021
	PLN'000	PLN'000
<b>a) Financial assets</b>	<b>155 593</b>	<b>103 962</b>
<i>Valued at amortised cost</i>		
Cash and other monetary assets	134 541	82 941
Trade receivables	20 752	20 675
Lending	300	300
<i>Valued at fair value through financial profit or loss</i>		
Derivative instruments in designated hedge accounting relationships	-	46
<b>b) Financial liabilities</b>	<b>157 258</b>	<b>101 699</b>
<i>Valued at fair value through financial result</i>		
Derivative instruments in designated hedge accounting relationships	4 067	-
<i>Valued at amortised cost</i>		
Trade payables	73 777	75 700
Loans and credits	47 231	10 000
Lease liabilities	32 183	29 269

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

	31/12/2022	31/12/2021
Foreign exchange derivatives	-	46
<b>Financial assets</b>		<b>46</b>
Foreign exchange derivatives	4 067	-
<b>Financial liabilities</b>		<b>-</b>

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

Level 2	Foreign exchange derivatives - currency forwards and options	Fair value for symmetrical currency forwards was assessed based on the pricing model for forward transactions, which used exchange rates of the National Bank of Poland as at the pricing date and term structure for interest rates.
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Both in the reporting period as well as in the comparative period, there was no shift of financial instruments between level 1 and 2 in the company.

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

	Amount as at 31/12/2022	Amount as at 31/12/2021
	PLN'000	PLN'000
<b>Financial assets</b>	<b>250 962</b>	<b>175 708</b>
Shares not quoted	95 369	71 792
Trade receivables	20 752	20 675
Lending	300	300
Cash and cash equivalents	134 541	82 941
<b>Financial liabilities</b>	<b>153 191</b>	<b>114 969</b>
Trade and other payables	73 777	75 700
Borrowings	47 231	10 000
Lease liabilities	32 183	29 269

Fair value of financial instruments, which are not measured at fair value daily, held by the Company as at 31.12.2022 and 31.12.2021, was not materially different from the value presented in financial statements for individual years for the following reasons:

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

### 9.1.3. Objectives of financial risk management

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

### 9.1.4. Market risk

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

### 9.1.5. Foreign exchange risk management

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

The Company is also exposed to foreign exchange risk arising on fluctuations in Euro exchange rates related to settlement of costs of package holidays. The risk of movements in EUR and USD exchange rates is partially minimized by previously paid advances, resulting from the system of advances used by service providers (hotelkeepers, transport companies). The volume of purchases paid for in EUR and USD is fixed and comes to around 60% for EUR and 40% for USD. The company is exposed to foreign exchange risk related to payment for services contracted and purchased in EUR and USD.

The value of assets (trade receivables, cash) and monetary liabilities (trade payables) of entities denominated in foreign currencies as at the balance sheet date is as follows:

Currency items	As at 31/12/2022	As at 31/12/2021
	PLN'000	PLN'000
<b>a) Assets</b>	<b>263 140</b>	<b>214 475</b>
USD in PLN	61 268	26 930
EUR in PLN	201 872	187 545

Currency items	As at 31/12/2022	As at 31/12/2021
	PLN'000	PLN'000
<b>b) Liabilities</b>	<b>57 051</b>	<b>67 050</b>
USD in PLN	23 427	21 007
EUR in PLN	33 624	46 043

#### 9.1.6. Susceptibility to foreign exchange risk

The company is exposed mainly to risk related to USD and EUR currency. The degree of the entity's susceptibility ranges from 10% rise to 10% fall with respect to exchange rates of PLN to foreign currencies and is presented in the table below. These are parameters used in internal reports concerning foreign exchange risk. The reports are drafted for the management board and reflect the management board's assessment of probable changes in foreign exchange rates. The analysis of susceptibility covers only unsettled cash items denominated in foreign currencies and adjusts currency conversion at the end of the financial period by 10% in exchange rates. The analysis covers trade receivables and payables and cash in foreign currencies. As at the end of 2022 the value of receivables in EUR exceeded the value of liabilities in this currency – as a result - 10% rise of the exchange rate would increase profit and equity. The situation is similar for USD currency as at the end of 2021.

Effect of movement on performance and equity of the Company	As at 31/12/2022	As at 31/12/2021
	PLN'000	PLN'000
<b>a) effect of foreign currency fall</b>	<b>(20 609)</b>	<b>(14 742)</b>
USD in PLN	(3 784)	(592)
EUR in PLN	(16 825)	(14 150)
<b>b) effect of foreign currency rise</b>	<b>20 609</b>	<b>14 742</b>
USD in PLN	3 784	592
EUR in PLN	16 825	14 150

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

#### 9.1.7. Interest rate risk management

The entity is exposed to interest rate risk in limited degree since lines of credit are used for overdraft. All bank loans and credits have variable interest rate set based on WIBOR 1M adjusted by the bank margin. The market situation is monitored continuously and in case of rise in interest rates the Company will take actions to minimise risk exposure in this area. Interest rate risk related to financial assets was described in detail in the note on liquidity risk management. Amendments to the accounting standards, effective as at the balance sheet date (31.12.2022) concerning reform of reference interest rates (stage 2) do not affect these financial statements.

#### 9.1.8. Credit risk management

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

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

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

#### 9.1.9. credit risk collateral

The entity monitors credit risk on ongoing basis and holds credit risk collaterals related to trade receivables, in form of deposits paid by agents or legal safeguards submitted by agents. The carrying amount of liabilities arising on the deposits paid on 31 December 2022 amounts to PLN 1,080 thousand.

### 9.1.10. liquidity risk management

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

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

#### Tables of risk liquidity and interest rates

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

Weighted average	Weighted average of effective interest rate	to 1 month	Above j 1 to 3 months	Above 3 to 6 months	above 6 months to 1 year	Above 1 year	Total
		PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
31.12.2022 Non-interest bearing	0%	67 780	2 319	2 870	808	-	73 777
31.12.2022 Bearing interest rate	6,8%	-	-	26 851	10 431	9 949	47 231
31.12.2021 Non-interest bearing	0%	65 947	5 607	4 146	-	-	75 700
31.12.2021 Bearing interest rate	4,7%	-	-	-	10 000	-	10 000

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

Weighted average	Weighted average of effective interest rate	to 1 month	Above j 1 to 3 months	Above 3 to 6 months	above 6 months to 1 year	Above 1 year	Total
		PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
31.12.2022 Non-interest bearing	0%	13 986	4 301	2 465	-	-	20 752
31.12.2021 Non-interest bearing	0%	11 036	3 101	3 538	1 270	1 730	20 675

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

Secured credits	31/12/2022	31/12/2021
	PLN'000	PLN'000
used amount	47 231	10 000
unused amount	71 771	119 738
<b>Total</b>	<b>119 002</b>	<b>129 738</b>

### 9.1.11. Measurement at fair value

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

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

### Nota 9.2. Financial liabilities

As at 31.12.2022 the Company cooperated with three banks. The Company had three credit limits and limits for bank guarantees in the following banks: Santander Bank Polska S.A., Bank Millennium S.A. and Bank Gospodarstwa Krajowego.

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

### **Financing of the Parent Company**

#### **Bank Millennium S.A. –the guarantee line**

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

Pursuant to the annex No A7/9619/16/M/04 of 05 November 2020 to the respective multifacility contract No 9619/16/M/04, the final date of repayment was extended until 07 December 2020. Pursuant to the annex No A8/9619/16/M/04 of 25 November 2020 to the respective multifacility contract No 9619/16/M/04, the date of final repayment was extended to 07 December 2022. Liquidity guarantee in the amount of 37,600 thousand (valid until 7 March 2023) granted by Bank Gospodarstwa Krajowego under portfolio line of guarantee contract of Liquidity Guarantee Fund PLG-FGP is a partial security for loan repayment. The guarantee secures 80% of the loan amount: On 7th December pursuant to the attachment No A10/9619/16/M/04 the date of full repayment was extended to 7<sup>th</sup> December 2024 and the amount of the global limit was increased, and the limit in the amount of 60,000 is applicable from 08.12.2022 to 16.10.2024, and in the period from 17.10.2024 to 07.12.2024 the limit amounts to PLN 45,000 thousand. Under the limit the company can use the following products:

- Overdraft in the amount in PLN:
  - a) PLN 60,000 thousand for the period from 08.12.2022 to 16.10.2024
  - b) PLN 45,000 thousand for the period from 17.10.2024 to 07.12.2024
- guarantee line to the amount of
  - a) PLN 40,000 thousand for the period from 08.12.2022 to 16.10.2024
  - b) PLN 25,000 thousand for the period from 17.10.2024 to the end of duration of the global limit.

The partial security for the credit repayment is transfer of ownership (pursuant to art., 102 of the Banking law) in the amount of PLN 1,000 thousand, declaration of submission to enforcement, pursuant to art. 777 § 1 point 5 of the code of commercial companies and partnership, regarding all assets concerning obligation to pay to the bank any amounts of money due to obligations arising out of the Multifacility and guarantee contract (also called "crisis guarantee") in the amount of PLN 48,000 thousand with duration longer by 3 months than the credit period, that is until 07.03.2025 granted by Bank Gospodarstwa Krajowego ("BGK") under portfolio guarantee contract under Crisis Guarantee Fund PLG-FGK. The guarantee secures 80 % of the credit amount. The interest rate was set on arm's length basis based on WIBOR 1M + bank's margin.

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

On 30.06.2022 the Company made a renewable loan contract with Bank Millenium S.A. No 15386/22/475/04, pursuant to which the company obtained financing in the amount of PLN 10,000 thousand with availability period from 30.06.2022 to 29.06.2024. The security for the respective contract includes:

- blank promissory note with promissory note agreement issued by the Company.

- The guarantee (also called "liquidity guarantee") in the amount of PLN 8,000,000 with the duration longer by 3 months than the credit period, that is to 29.09.2024 granted by Bank Gospodarstwa Krajowego ("BGK") under portfolio line of guarantee contract of Liquidity Guarantee Bank PLG-FGP. The guarantee secures 80% of the credit amount.

As at 31.12.2022 the Company did not use renewable credit, in case of the overdraft the amount used was PLN 1 thousand, and the total amount of guarantees issued was equivalent of PLN 45,356 thousand, bank guarantees under the limit amounted to equivalent of PLN 30,998 thousand, and outside the limit to PLN 14,358 thousand.

As at 31.12.2021 the Company did not use overdraft, and it used only renewable credit in the amount of PLN 10,000 thousand, and the guarantee line was used in the amount equivalent of PLN 6,668 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 the line of credit – a multipurpose facility for the amount of PLN 30,000 thousand for the period of 36 months from the date of entering into the Multipurpose Line of Credit Contract. On 31.08.2021 the Parent Company signed the attachment No 2 to the Multipurpose Line of Credit Contract, under which Bank Gospodarstwa Krajowego extended the effective term of the line of credit in the form of multipurpose facility for the amount of 30,000 thousand for the period of subsequent 5 months with the effective term until 31.01.2022. On 31.01.2022 the Company signed the Attachment No 3 ("the Attachment") to the Multipurpose facility, under which Bank Gospodarstwa Krajowego extended effective term of the line of credit in the form of multipurpose facility for the amount of PLN 30,000 thousand for another 12 months with the effective term until 31.01.2023. On 31.01.2023 the Company signed the Attachment No 4 ("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 31.01.2024.

Under the facility the company can use the following products:

- the overdraft line of credit to the amount equivalent to PLN 30,000 thousand in PLN, USD and EUR,
- bank guarantees to the amount of PLN 15,000 thousand in PLN, USD and EUR,

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

As at 31.12.2022 the Company used overdraft line of credit in the amount of PLN 9,949 thousand and did not use the guarantee line as at 31.12.2022.

As at 31.12.2021 the Company used neither the overdraft nor the guarantee line.

#### **Santander Bank Polska S.A.**

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

On 25 November 2020 the Parent Company signed the Annex No 4 to the Multifacility contract No K00787/18a with Santander Bank Polska S.A., which renews availability of the overdraft line of credit and foreign exchange credit line in the amount of up to PLN 20,000,000.00 till 12 November 2022. Liquidity Guarantee PLG FGP, which is 80.00% of the amount of the Facility, that is PLN 16,000,000.00 for the period till 11 February 2023 and the declaration on submission to enforcement and blank promissory note. On 10 November 2022 pursuant to the attachment No 5 to the Overdraft Contract and Foreign Currency Contract No K00787/18a the parties extended the duration of the availability of the product till 10.11.2024. The security for the contract is the Guarantee under the Crisis Guarantee Fund PLG FGK for the period till 10.02.2024, which constitutes 80% of the Credit amount, that is PLN 16,000,000.00.

Also, on 10 October 2018, the Company made (with Santander Bank Polska S.A.) the Multifacility contract No K00788/18 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 from the date of signing the contract 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 duration of the availability was set at 12 of October 2022. On 10 November 2022 pursuant to the Attachment No 7 to the Multiline contract No K00788/18 the parties extended availability of the product till 10 February 2025 in the amount of 80% of the Multiline, that is PLN 13,108,760.00 translated to PLN at average exchange rate set by NBP published on the working date preceding the date of drafting the contract (PLN 4.6817 of 09.11.2022).

As at 31.12.2022 the Company used the renewable loan in the amount equivalent of PLN 26,851 thousand, as at 31.12.2022 the Company used the overdraft in the amount of PLN 10,430 thousand, and guarantee line as at that date was not used.

As at 31.12.2021 the Company neither used the overdraft nor the renewable loan, and guarantee line as at that date was used in the amount translated to Polish zloty in the amount of PLN 1,421 thousand.

### **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). The soft loan amounted to PLN 24,800,000.

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

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

#### **"Financial Shied 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). The respective soft loan 2.0 from the governmental programme "Financial Shield of the Polish Development Fund for Large Companies" was used to compensate for the damage resulting for turbulence in economy due to COVID-19 pandemic.

The loan amounted to PLN 2.936.321. Based on the application of the company to pay out the loan (which was filed, when the company received confirmation that all documents and declarations required under the Contract (suspending conditions), Polish Development Fund (as a lender) on 10.05.2022 made payment of funds to the Company (as the borrower) under the Loan Contract in the amount of PLN 2,936,321.



At the same time, according to the conditions of the Governmental Programme “the Financial Shield of the Polish Development for Large Companies” ver. 2.0 and the contract made, the Company, on 27.04.2022, made the application to waive 75% of the respective loan.

On 24.08.2022 the Parent company received from the Polish Development Fund with registered office in (PFR” Polski Fundusz Rozwoju) a declaration (the decision) about partial waive off the loan and the amount of the waive off of the soft loan (the amount of the loan: PLN 2,936,321.00 and the amount of the waive off: PLN 2,202,240.75), which the Company received from the governmental programme under “Financial Shield of the Polish Development Fund for Large Companies” (“declaration about the loan waive-off) – edition 2.0.

Pursuant to the Declaration about the Loan waive off of 24.08.2022: (1) pursuant to art. 508 of the act of 23.04.1964 the Civil code, the PFR declared partial waive-off of the loan in the amount PLN 2,202,240.75 (“the loan waive off”) (2) PFR declared the Loan Waive off is effective as of 31.08.2022.

Due to the declaration made by the Parent Company of 25.08.2022 about acceptance of the loan waive off, the loan was waived off in the amount of PLN 2,202,240.75 with the effect as of 31.08.2022. On 02.09.2022 the Parent Company based on relevant consent of the Lender repaid the loan in full (total principal due with the last interest payment).

Pursuant to relevant declaration of PFR of 22.09.2022, on 06.09.2022 the amount due under the soft loan from the governmental programme “Financial Shield of the Polish Development Fund for large companies” made on 25.03.2022 between PFR and the Company expired.

### **Nota 9.3. Data on off sheet balance items, especially contingent liabilities, including guarantees and warranties (including promissory notes), separately for related parties**

#### **9.3.1. Transactions limits for derivatives**

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

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

Bank	type	The amount of limit	Effective till
		PLN'000	
Santander Bank Polska S.A.	Transaction limit	15 000	2023-10-31
Polska Kasa Opieki Bank Polski S.A.	Transaction limit	41 520	2023-12-14

As at the date of approval of this report for publication (that is 28.04.2023) limit of derivatives in Santander Bank Polska S.A. was renewed for another 12 months.

Table. Information on open positions with closing date after 31 December 2022 in thousands of PLN and respectively (if its applicable) in USD and EUR.

Currency	Amount contracted in the currency	Amount in PLN as at the date of the contract performance
USD	22 300	102 772
EUR	-	-

As at 31 December 2021 the Company had forward contracts for purchase of USD and EUR for PLN.

Table. 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 24.03.2023 the Company had forward contracts for purchase of USD and EUR for PLN closing from 31.12.2022 to September 2023.

Currency	Amount contracted in the currency	Amount in PLN as at the date of the contract performance
USD	70 550	317 167
EUR	-	-

Table. Changes in valuation of the portfolio in the individual reporting periods (without effect of the deferred tax).

description	01/01/2022-31/12/2022	01/01/2021-31/12/2021
	PLN'000	PLN'000
Revaluation reserve opening balance	46	451
Created on purpose	-	-
Other increases (valuation of currency hedge transactions)	(4 067)	46
Used on purpose o	-	-
Reclassified to profit or loss – recognition in cost of sales	(46)	(451)
Reserve closing balance	(4 067)	46

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

The parent company holds lines of bank guarantees used to order issue of bank guarantees for the benefit of contractors cooperating with Rainbow Tours S.A.

In 2022 the Issuer ordered issuance of guarantees outside limits in the amount of PLN 14,358 thousand.

The table below presents guarantees issued as at 31.12.2022. The amounts of guarantees issued in currencies were translated using the average exchange rate set by NBP as of 30.12.2022.

Table. Amounts of issued guarantees as at 31.12.2022.

The issuing bank	The amount of issued guarantees
	PLN'000
Bank Millennium S.A.	45 356
Santander Bank Polska S.A.	-
<b>Total</b>	<b>45 356</b>

Table. Amounts of guarantees issued as at 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
<b>Total</b>	<b>6 668</b>

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

#### The Guarantee Contract No GT 500/2021

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

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

- a) Payment of sufficient amount to refund cost of continuation of package holidays or cost of return of Obligor's customers from holidays to the country, especially cost of transportation and accommodation, as well as justified costs incurred by customers, if a tour operator or an entrepreneur facilitating acquisition of related tourism services fails to ensure the continuation or return despite its obligation,
- b) repaying amounts paid by customers for package holidays, or each service, to the entrepreneur facilitating acquisition of related services, when it was tour operator's or the entrepreneur' facilitating acquisition of related services or persons'

acting on their behalf fault that package holidays services were not provided or any of the services paid for to the business facilitating acquisition of related tourism services.

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

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

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

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

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

- a) the deposit in the amount of PLN 18,550,000 set in the bank account of Towarzystwo Ubezpieczeń Europa S.A. and the deposit was set by paying additional amount of PLN 8,000,000 to the account of Towarzystwo Ubezpieczeń Europa S.A. to the deposit in the amount of PLN 10,550,000 of 08.09.2020 (the deposit in the amount of PLN 10,550,000.00 set pursuant to the deposit contract made by the Company with Towarzystwo Ubezpieczeń Europa S.A. of 08.09.2020 was counted toward the deposit)
- b) notarised blanket mortgage established on the first free place in the fixed assets of Rainbow Tours, that is the property in Lodz, at 270 Piotrkowska, entered to the Land and Mortgage Register No: LD1M/00264242/0, LD1M/00264245/1, LD1M/00264246/8, LD1M/00264247/5, LD1M/00264248/2, LD1M/00264253/0, LD1M/00264254/7, LD1M/00264255/4, LD1M/00264257/8, LD1M/00264259/2, LD1M/00264263/3, LD1M/00264264/0, LD1M/00264266/4, LD1M/00187747/6, LD1M/00172644/6, LD1M/00273816/1, LD1M/00273817/8, LD1M/00273818/5, LD1M/00273819/2, LD1M/00273820/2, LD1M/00273822/6, LD1M/00273823/3, LD1M/00273824/0, LD1M/00273825/7, LD1M/00273826/4, LD1M/00273827/1, LD1M/00273843/9, LD1M/00273844/6, LD1M/00273847/7, LD1M/00273846/0, LD1M/00273845/3, LD1M/00272177/2, LD1M/00272179/6, LD1M/00272180/6, LD1M/00272181/3, LD1M/00272182/0, LD1M/00272183/7, LD1M/00272184/4, LD1M/00272185/1, LD1M/00272186/8, LD1M/00272187/5, LD1M/00272188/2, kept by the District Court for Łódź Śródmieście in Łódź XVI Division of Land and Mortgage Register with the value of PLN 13,518,000 (thirteen million five hundred eighteen thousand), which is 120% of the property value presented in the appraisal reports of 10.09.2018 and 28.02.2020 until 16.10.2023.
- c) Blank promissory note with no protest clause, which may be filled to the amount of PLN 9,000,000, which is the equivalent of the Sum of the Guarantee

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

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

The Annex of 23.06.2022 to the insurance guarantee contract (with relevant attachments to the supporting documentations, the annex to promissory note agreement) No GT 500/2021 of 10.09.2021.

On 23.06.2022, the parent company signed with Towarzystwo Ubezpieczeń Europa Joint Stock Company (the Guarantor) the annex to the insurance guarantee contract (with relevant attachments to the supporting documentation, the annex to the guarantee, the annex to the promissory note agreement) No GT 500/2021 of 10.09.2021, pursuant to which the upper limit of the Guarantors liability under the Guarantee (the Amount of the Guarantee) was increased from the previous amount of PLN 90,000,000 (the equivalent of EUR 19,786,742.88, calculated using the average exchange rate published by the National Bank of Poland for the first time in the year of the issuance of the guarantee, that is on 02.01.2021, in the amount of EUR 4,5485)

to the amount of PLN 150,000,000 (the equivalent of EUR 32,977,904.80) that is by the amount of PLN 60,000,000 (the equivalent of EUR 13,191,161.92).

The Guarantee amount was increased because of substantial rise in real income earned by the Company compares with the ones previously assumed and in order to guarantee that the Company complies with requirement and instructions concerning minimum guarantee amount - what is specified in the Regulation of the Minister of Finance of 27.12.2017 on obligatory insurance for the benefit of customers in respect of operations of tour operators and entrepreneurs facilitating acquisition of related tourism services.

The increased guarantee – PLN 150,000,000 (the equivalent of EUR 32,977,904.80) secures payment of claims arising from events that occurred and were specified in contracts for provision of tourism services and contracts for related services concluded by the Parent Company with customers in the period from 17.09.2021 to 16.09.2022, even if the services were not provided in that period, whereas the contracts to provide tourism services concluded in the period from 17.09.2021 to 13.05.2022 are covered by the guarantee to the amount of PLN 90,000,000 (the equivalent of EUR 19,786,742.88) and that means that the increased Amount of the Guarantee is valid and refers to contracts for provision of tourism services in the period from 14.05.2022 to 16.09.2022.

For the purpose of securing claims of the Guarantor to repay amounts paid under the Guarantee to the Beneficiary the Company maintains two types of security, that is (a) a deposit in the bank account of Towarzystwo Ubezpieczeń Europa S.A., (b) notarised blanket mortgage established on the first free place of the fixed assets of the Company, that is property situated at 270 Piotrkowska street (increase of the mortgage as a consequence of revaluation and increase in the value of the property) and (c) blank promissory note with no protest clause (the amendment of the content of the promissory note agreement and increase of the amount the promissory note can be filled for).

Additional commission for the Guarantor, which is due because of signing the annex to the Guarantee Contract No 500/2021, was set in the market value, proportionally to the protection period covered by the increased Sum of the Guarantee, in the amount of PLN 600 thousand.

#### The Guarantee Contract No GT 518/2022

On 15.09.2022 the parent company obtained, from Towarzystwo Ubezpieczeń Europa Company Limited by Shares with its registered office in Wroclaw (“the Guarantor”), the insurance guarantee issued by Towarzystwo Ubezpieczeń for tour operators or entrepreneurs facilitating acquisition of related tourism services, which benefits the Marshall of the Łódzkie Voivodeship and each customer, which in the period of the validity of the Guaranteed entered into contract with Obligor (‘the Beneficiary) and which was issued by the Guarantor under the number GT 518/2022 and also pursuant to the guarantee contract entered by the Parent Company with Towarzystwo Ubezpieczeń Europa Company Limited by Shares with its registered office in Wroclaw (“the Guarantor”) on 14.09.2022, and which is referred to as the “Guarantee Contract No 518/2022” which concerns granting the insurance guarantee to Rainbow Tours S.A as a tour operator and an entrepreneur facilitating acquisition of related tourism services, which benefits the Marshall of the Łódzkie Voivodeship and each customer, which in the period of the validity of the Guaranteed entered into contract with Obligor (‘the Beneficiary).

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

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

The Guarantee covered by the Guarantee Contract No 518/2022 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 17.09.2022 to 16.09.2023, 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 518/2022, 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 150,000,000.00 which is equivalent of EUR 32,687,572.18 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 03.01.2022 (1 euro= PLN 4.5889).

Owing to the fact that the Guarantee Contract No GT 518/2022 of was concluded, the security of the Guarantor's claims to reimburse amounts paid under the Guarantee for the beneficiary is as follows:

- a) money deposit in the amount of PLN 18,986,000 set in the bank account of Towarzystwo Ubezpieczeń Europa S.A. and the deposit include: (i) deposit in the amount of PLN 18,550,000 set pursuant to the deposit contracts of 10.09.2021 and which at the same time is the security for the Guarantee No GT 518/2022 and the Guarantee No GT 500/2021 (securing repayment of claims arising on occurrence of events provided for in the package holiday contracts and contracts for related tourism services, made by the Obligor with customers in the period from 17.09.2021 up to 16.09.2022) and (II) interest in the amount of PLN 435,915.86 due in respect of bank deposits in the period from 20.10.2020 to 20.10.2022 and set pursuant to deposit contracts of 10.09.2021 and the one of 08.09.2020.
- b) notarised blanket mortgage established on the first free place in the fixed assets of Rainbow Tours, that is the property in Lodz, at 270 Piotrkowska, entered to the Land and Mortgage Register No: LD1M/00264242/0, LD1M/00264245/1, LD1M/00264246/8, LD1M/00264247/5, LD1M/00264248/2, LD1M/00264253/0, LD1M/00264254/7, LD1M/00264255/4, LD1M/00264257/8, LD1M/00264259/2, LD1M/00264263/3, LD1M/00264264/0, LD1M/00264266/4, LD1M/00187747/6, LD1M/00172644/6, LD1M/00273816/1, LD1M/00273817/8, LD1M/00273818/5, LD1M/00273819/2, LD1M/00273820/2, LD1M/00273822/6, LD1M/00273823/3, LD1M/00273824/0, LD1M/00273825/7, LD1M/00273826/4, LD1M/00273827/1, LD1M/00273843/9, LD1M/00273844/6, LD1M/00273847/7, LD1M/00273846/0, LD1M/00273845/3, LD1M/00272177/2, LD1M/00272179/6, LD1M/00272180/6, LD1M/00272181/3, LD1M/00272182/0, LD1M/00272183/7, LD1M/00272184/4, LD1M/00272185/1, LD1M/00272186/8, LD1M/00272187/5, LD1M/00272188/2 kept by the District Court for Łódź Śródmieście in Łódź XVI Division of Land and Mortgage Register with the value of PLN 17,484,000.00 (, which is 120% of the property value presented in the appraisal reports made by Andrzej Zarychta of 19.10.2021 the mortgage is at the same time security for insurance guarantee No GT 359/2020 of 08.09.2020 amended with the annexe No 1 of 11.08.2021 and the insurance guarantee No GT 500/2021 of 10.09.2021 amended with the annexe No 1 of 23.06.2022.
- c) Blank promissory note with no protest clause with promissory note agreement.
- d) Bank guarantee/ bank guarantees (issued before the date of granting the Guarantee No GT 528/2022, where the Guarantee Contract provided for that the security may be replaced in whole or partly by a security in the form of additional money deposit

Total commission payable to the Guarantor from the Obligor for issuance of the Guarantee was calculated on arm's length, and came to PLN 3,625,479.00

Neither the respective Guarantee contract No GT 518/2022 nor contracts and supporting documentations (the insurance guarantee contract, the deposit contract) provide penalty clauses.

#### 9.3.4. Tax settlements

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

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

According to the Group recognised tax liabilities, which may be examined by tax authorities, are correct for all fiscal years. The judgement is based on assessment of many factors, including interpretation of tax law and experience from previous years.

However, facts and circumstances, which may occur in the future, can affect assessment of correctness of existing or future tax liabilities.

#### **9.3.5. Contingent receivables.**

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

#### **9.3.6. Court disputes**

As at 31 December 2022 and at the date of approval of this report for publication the Parent Company is, and has been, a party to a court proceeding, in which total amount of the disputed issue exceeds 10% of equity of the Parent Company. The proceedings is pending against the contractor of the company Verikios Grigorios & SIA E.E., with claim to pay amounts arising out of the tour operators contracts (in respect of three hotels situated in Greece) concluded by the parent company (as a part of its usual business), and additionally estimated value of the contractual penalties regarding non-performance of obligations arising out of the contractor's contracts is the base to recognize that the total amount in controversy exceeds 10 % of the Parent Company's equity. According to the contracts the estimated amount in controversy is EUR 5,269,560 EUR (the equivalent in EUR was calculated using the exchange rate of the National Bank of Poland of 30.12.2022 and it amounts to PLN 24,713,709.44 and the common court in Greece issued a decision to attach contractor's assets and personal property of the natural person to the amount of EUR 5,269,560. The enforcement proceedings have been pending.

Apart from the above, as at 31.12.2022 and as at the date of approval of these financial statements for publication the Company is not 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.

#### **Nota 9.4. Information on revenue, costs and performance on discontinued operations in the reporting period or to be discontinued in the next period**

There were no such transactions in 2022 and 2021.

#### **Nota 9.5. Information on costs of production of fixed assets under construction and fixed assets generated internally**

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

#### **Nota 9.6. Information on incurred or planned investment expenditure within next 12 months from the balance sheet date, including non-financial fixed assets**

##### **Investment costs:**

In 2022 the Company incurred the following investment costs

- cost of on new localizations in the amount of PLN 396 thousand
- purchase of machinery and equipment in the amount of PLN 854.9 thousand
- cost of creation of new programmes in the amount of PLN 1,933.9 thousand

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

##### **Plans in respect of investment costs**

In 2023 the company plans to invest in new localizations and a purchase of machinery and equipment in the amount of PLN 1,000 thousand.

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

#### **Nota 9.7. Information on transactions with related parties, referring to assignment of rights and obligations**

All sales transactions have been typical and routine and arising from core operations of the entities.

In October and November 2022 merger (through acquisition) of White Olive A. E (the acquiring company) with previous subsidiary of White Olive A. E that is White Olive Premium Lindos A.E. (the acquired company) took place within the Group,

on 21.11.2022 the decision of the Main Register of Entrepreneurs in Greece (G.E.MI) about the merger was registered in G.E.MI.

Table. Sales of goods and services realized among the companies of Rainbow Tours Group in the period from 01.01.2022 to 31.12.2022 and the comparative period from 01.01.2021 – 31.12.2021.

	Sales of services		Purchase of services	
	The period of 12 months ended on 31/12/2022	The period of 12 months ended on 31/12/2021	The period of 12 months ended on 31/12/2022	The period of 12 months ended on 31/12/2021
	PLN'000	PLN'000	PLN'000	PLN'000
White Olive A.E.	24 072	18 535	611	1 355
White Olive Premium Lindos A.E.	-	469	-	-
"My Way by Rainbow Tours" Sp. z o. o.	389	186	-	-
Rainbow Tours Destination Services Turkey Turizm Ve Seyahat Hizmetleri A.S.	24 134	20 437	4 926	2 334
Rainbow Tours Spółka Akcyjna – Branch in Torremolinos" – Branch in Spain.	9 414	-	1 622	-
"Rainbow Tours Spółka Akcyjna – Branch in Athens" – Branch in Athens	16 018	11 728	4 239	2 665
Rainbow Tours S.A.	11 187	5 823	73 816	50 824
<b>Total</b>	<b>85 214</b>	<b>57 178</b>	<b>85 214</b>	<b>57 178</b>

Table. Trade receivables/ liabilities presented in the statement of financial position of Rainbow Tours S.A. with the companies of the Group.

As at the end of the reporting period:	Amounts due from related parties		Amounts due to related parties	
	As at 31/12/2022	As at 31/12/2021	As at 31/12/2022	As at 31/12/2021
	PLN'000	PLN'000	PLN'000	PLN'000
White Olive A.E.	359	17 820	5 248	24 534
White Olive Premium Lindos A.E.	-	28	-	17 745
"My Way by Rainbow Tours" Sp. z o. o.	60	10	-	-
Rainbow Tours Destination Services Turkey Turizm Ve Seyahat Hizmetleri A.S.	-	2 174	2 025	27
"Rainbow Tours Spółka Akcyjna – Branch in Torremolinos" – Branch in Spain	746	-	-	-
"Rainbow Tours Spółka Akcyjna – Branch in Athens" – Branch in Greece	4 066	2 370	359	103
Rainbow Tours S.A.	7 234	24 561	4 833	4 554
<b>Total</b>	<b>12 465</b>	<b>46 963</b>	<b>12 465</b>	<b>46 963</b>

Lending to related parties:

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

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

#### Nota 9.8. Information on joint – ventures, which are not subject to consolidation

The company drafts consolidated financial statements and discloses mutual transactions and settlements with all companies of the Capital Group. As at 31 December 2022, the company did not hold joint-ventures under contracts, which would be subject to consolidation.

#### Nota 9.9. Information on average employment by professional groups

- a) Average employment under employment contract:

Employees	2022	2021
Blue-collar workers	1	1
White-collar workers	689	570
<b>Total</b>	<b>690</b>	<b>571</b>

b) Average employment in persons

Employees	2022	2021
Blue-collar workers	1	1
White-collar workers	697	591
<b>Total</b>	<b>698</b>	<b>592</b>

**Nota 9.10. Value of remuneration and rewards, paid or due, separately for members of the management board and the supervisory board in the issuer's enterprise and for a role in bodies of the subsidiaries**

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

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

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

The currently applicable policy in the Company was initially adopted by the Management Board (in a draft) pursuant to the resolution of the Management Board No 01/07/20 of 27.07.2020 and then the Supervisory Board issued opinion about it pursuant to the resolution of the Supervisory Board No 2/07/2020 of 29.07.2020. Pursuant to provisions of the resolution No 25 of the General Meeting of the Company of 25.08.2020 concerning adoption of "the Remuneration policy for the members of the Management Board and the Supervisory Board of Rainbow Tours Spółka Akcyjna" (the notarial deed made by Notary in Łódź, Anna Bald, Rep. A No 3833/2020), the General Meeting of the Company adopted the Policy and its provisions became effective on 25.08.2020. Because of the Policy adoption, upon effective date of the respective resolution of the General Meeting of the Company and subject to provisions of § 16 section 4 and 5 of the Policy (transitional provisions), the previous "Remuneration policy for the members of the governing body of Rainbow Tours Spółka Akcyjna," which was previously adopted by the resolution of the Supervisory Board of Rainbow Tours SA No 04/12/2016 of 20.12.2016 (as amended), lost its effect. Pursuant to provisions of the resolution No 38 of the General Meeting of the Company of 30.06.2021 the General Meeting of the Company adopted amendments to "Remuneration Policy for members of the Management Board and the Supervisory Board of Rainbow Tours Spółka Akcyjna" and adopted consolidated text of the amended "Remuneration Policy for members of the Management Board and the Supervisory Board of Rainbow Tours Spółka Akcyjna" (the content of resolutions adopted during General Meeting of Rainbow Tours S.A. on 30.06.2021 with the content of documents related to convening the General Meeting – which were the subject of voting during General Meeting of the Company, was published in the current report ESPI No 10/2021 of 30.06.2021). Pursuant to the resolution No 31 of the Ordinary General Meeting of the Company of 30.06.2022, the General Meeting adopted another amendments to "Remuneration Policy for members of the Management Board and the Supervisory Board of Rainbow Tours Spółka Akcyjna" (content of resolutions adopted during Ordinary General Meeting of 30.06.2022 with content of documents related with convening the General Meeting – which were subject of voting during the General Meeting of the Company, was published in the current report ESPI No 17/2022 of 30.06.2022). The Company uploads the present consolidated text of "Remuneration Policy for members of the Management Board and the Supervisory Board of



Rainbow Tours Spółka Akcyjna” and relevant resolutions concerning remuneration policy with their adoption date and voting results at its investor relations webpage in the tab „Ład korporacyjny/Dokumenty spółki”.

Amount of remuneration paid to members of the bodies of the Company (the Management Board and the Supervisory Board) in the financial year 2022

**Table. Gross remuneration for members of the Management Board – due and paid in 2022 [PLN]**

Title of payment person	Fixed remuneration under employment contract in Rainbow Tours S.A..		Fixed remuneration for the role in the Management Board of Rainbow Tours S.		Variable remuneration (bonuses – awards) in Rainbow Tours S. A		Total	
	due	paid	due	paid	due	paid	due	due
Grzegorz Baszczyński	174 432	174 432	300 000	300 000	1 090 614	1 089 881	1 565 046	1 564 313
Piotr Burwicz	245 529	244 800	-	-	656 476	700 109	902 005	944 909
Jakub Puchalka	122 000	121 600	120 000	120 000	469 759	469 392	711 759	710 992
Maciej Szczechura	226 800	226 800	-	-	545 308	544 941	772 108	771 741
<b>Total</b>	<b>768 761</b>	<b>767 632</b>	<b>420 000</b>	<b>420 000</b>	<b>2 762 157</b>	<b>2 804 323</b>	<b>3 950 918</b>	<b>3 991 955</b>

**Table. Gross remuneration for members of the Supervisory Board due and paid in 2022 [PLN]**

Title of payment Person	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 Czaplą *	607 105	903 639	-	-	607 105	903 639
Grzegorz Kubica **	30 450	35 525	-	-	30 450	35 525
Monika Kulesza ***	30 000	25 000	-	-	30 000	25 000
Paweł Niewiadomski	60 900	60 900	-	-	60 900	60 900
Paweł Pietras	60 000	60 000	-	-	60 000	60 000
Joanna Stępień-Andrzejewska	60 900	60 900	-	-	60 900	60 900
Remigiusz Talarek *	607 105	903 639	-	-	607 105	903 639
Paweł Walczak ****	73 080	73 080	155 295	155 250	228 375	225 330
<b>total</b>	<b>1 529 540</b>	<b>2 122 683</b>	<b>155 295</b>	<b>155 250</b>	<b>1 684 835</b>	<b>2 274 933</b>

\*) The part of the remuneration due/paid for 2020 for Mr. Tomasz Czaplą and Mr. Remigiusz Talarek – the members of the Supervisory Board, is the remuneration due/paid for the role in the Management Board of the Company (Mr Tomasz Czaplą and Mr Remigiusz Talarek were vice-chairmen of the Management Board of the Company until 30/06/2021).

\*\*) Mr Grzegorz Kubica in 2020 was the member of the Supervisory Board in the sixth, joint three-year term of office of the Supervisory Board in the period from 01/01/2022 to 30/06/2022. The sixth, joint term of office of the Supervisory Board ended on 30/06/2022.

\*\*\*) Ms. Monika Kulesza in 2022 was the member of the Supervisory Board of the Company in the period from 01/07/2022 to 31/12/2022. Pursuant to provisions of the Resolution No 24 of the Ordinary General Meeting of the Company of 30.06.2022. – the General Meeting of the Company made the decision, starting from 01.07.2021 to appoint Ms. Monika Kulesza as a member of the Supervisory Board for another (seventh) joint three-year term of office.

\*\*\*\*). Mr. Paweł Walczak, irrespective of his role in the Supervisory Board, is, as of 01.11.2016, lower-level employee of the Company (that is, he is not a senior manager) at the position of the Investor Relation Consultant, who is in charge consultation, cooperation and support for departments of investor relations, finance, and accounting. Mr. Paweł Walczak does not meet at least one of the criteria provided by § 24 of the Articles of Association, corporate governance rules No 2.3. from “Best practice for GPW listed companies 2021”, the act of 11.05.2017 on statutory auditors and public oversight and the attachment II to Commission Recommendation (EU) 2005/162/EC and thus he does not have a status required to be independent member of the Supervisory Board of Rainbow Tours S.A

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

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

Title of payment Person	Fixed remuneration under employment contract in Rainbow Tours S.A..		Fixed remuneration for the role in the Management Board of Rainbow Tours S.		Variable remuneration (bonuses – awards) in Rainbow Tours S. A		Total	
	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 Czaplą *	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

Title of payment	Fixed remuneration under employment contract in Rainbow Tours S.A..		Fixed remuneration for the role in the Management Board of Rainbow Tours S.		Variable remuneration (bonuses – awards) in Rainbow Tours S. A		Total		
	Person	due	paid	due	paid	due	paid	due	paid
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
<b>Total</b>		<b>854 154</b>	<b>854 154</b>	<b>1 233 000</b>	<b>633 000</b>	<b>2 738 724</b>	<b>2 592 449</b>	<b>4 825 878</b>	<b>4 079 603</b>

\*) Mr. Tomasz Czapla and Remigiusz Talarek in 2021 sat on the Management Board of the Company from 01/01/2021 to 30/06/2021. On 22.06.2021 members of the Management Board (-) Mr. Tomasz Czapla – previously Vice-chairman of the Management Board of the Company and (-) Mr. Remigiusz Talarek – previously Vice-chairman of the Management Board of the Company, made resignations in writing as of 30.06.2021. from membership in the Management Board and being Vice-chairmen of the Management Board of the Company and that, according to their resignations, was dictated by the intention of Mr. Tomasz Czapla and Mr. Remigiusz Talarek to candidate to the Supervisory Board of Rainbow Tours Spółka Akcyjna. Pursuant to provisions of the resolutions of the Ordinary General Meeting of the Company of 30.06.2021 – the General Meeting decided to appoint (as of 01.07.2021) Mr. Tomasz Czapla (pursuant to the resolution No 20 of OGM of the Company of 30.06.2021) and Remigiusz Talarek (pursuant to the resolution No 21 of OGM of the Company of 30.06.2021) to the Supervisory Board of the Company for the sixth joint three-year term of the Supervisory Board.

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

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

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

\*) 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, as of 01.11.2016, lower-level employee of the Company (that is, he is not a senior manager) at the position of the Investor Relation Consultant, who is in charge consultation, cooperation and support for departments of investor relations, finance, and accounting. Mr. Paweł Walczak does not meet at least one of the criteria provided by § 24 of the Articles of Association, corporate governance rules No 2.3. from "Best practice for GPW listed companies 2021", the act of 11.05.2017 on statutory auditors and public oversight and the attachment II to Commission Recommendation (EU) 2005/162/EC and thus he does not have a status required to be independent member of the Supervisory Board of Rainbow Tours S.A.

#### **Nota 9.11. Information on significant events referring to previous years, recognised in the financial statements for the current period.**

In the period covered by the financial statements the company did not disclose any significant events referring to previous years, which should be disclosed in the performance for 2022.

#### **Nota 9.12. Financial statements adjusted by inflation rate**

The respective financial statements have not required correcting for inflation rate.

#### **Nota 9.13. Differences between the data disclosed in the financial statements and the previously drafted and published reports**

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

#### **Nota 9.14. Changes in accounting principles (policy) and the manner of drafting financial statements compared with the previous financial year(s), reasons for changes, titles and**

### resulting effect of the financial outcomes on assets and financial position, liquidity and profitability.

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

#### Nota 9.15. Correction of errors, reasons for errors, titles and the effect on assets, financial position, liquidity, financial result and profitability

The company did not change presentation of the data presented as at 31.12.2022.

#### Nota 9.16. Information on uncertainty about continuing operations, description of uncertainty and description of actions undertaken or planned to eliminate the uncertainty.

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

Information on the opinion and assumptions of continuing business operations by the Company and the Group were presented in part III point 3.3 of these single financial statements of Rainbow Tours S.A. for the financial year 2022 "Continuation of operations".

Information of the effect of political and economic situation linked to the armed conflict in the Ukraine on operations of the Company were presented in part III point 3.5 of these single financial statements of Rainbow Tours S.A. for the financial year 2022 "the effect of political and economic situation linked to armed conflict in the Ukraine on operations of the Company".

#### Nota 9.17. Drafting of the consolidated financial statements

The Company drafts and publishes consolidated financial statements. The following entities were consolidated in respect of 2022:

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

#### Nota 9.18. Changes in presentation introduced in the financial statements.

In these financial statements changes were introduced in presentation of assets of the financial statement. It was assumed that the item prepayment for contractors (hotel contractors and contractors providing air transportation services) is significant regarding presentation of the Receivables in the assets of the balance sheet.

ASSETS	WAS:		IS:
	As at31/12/2021	Change	As at31/12/2021
	PLN'000	PLN'000	PLN'000
<b>Fixed assets</b>			
Tangible fixed assets	44 824	-	44 824
Investment property	196	-	196
Goodwill,	-	-	-
Other intangible assets	4 033	-	4 033
investment in subsidiaries	71 792	-	71 792
Deferred tax assets	7 443	-	7 443
Finance lease receivables	-	-	-
Other financial assets	-	-	-
Other receivables	20 402	-	20 402
<b>Total fixed assets</b>	<b>148 690</b>	<b>-</b>	<b>148 690</b>

Single Financial Statements of Rainbow Tours Spółka Akcyjna for the financial year ended on 31.12.2022  
(data in PLN thousand, unless provided otherwise)

ASSETS	WAS:		IS:
	As at31/12/2021	Change	As at31/12/2021
	PLN'000	PLN'000	PLN'000
<b>Current assets</b>			
Stocks	-	-	-
trade and other receivables	164 006	(136 525)	27 481
Advance payments	-	147 436	147 436
finance lease receivables	-	-	-
Receivables from financial contracts	-	-	-
Other financial assets	346	-	346
Current tax assets	3 156	-	3 156
Including from income tax	280	-	280
Other assets	48 900	(10 911)	37 989
Cash and cash equivalents	82 941	-	82 941
	299 349	-	299 349
Assets classified as held for sale	-	-	-
<b>Total current assets</b>	<b>299 349</b>	<b>-</b>	<b>299 349</b>
<b>Total assets</b>	<b>448 039</b>	<b>-</b>	<b>448 039</b>

## 10. EVENTS AFTER THE BALANCE SHEET DATE

### Entering into the agreement to provide charter services by Enter Air Sp. z o.o. for Rainbow Tours S.A.

On 24.02.2023 the company made with the contractor, that is z Enter Air a limited liability company with registered office in Warsaw, the Charter Agreement (Air Charter Transport Agreement with the attachment) referred to as “the Charter Agreement” for purchase, by Rainbow Tours S.A. of plane seats with crew and provision of charter services by Enter Air Sp. z o.o. for (air transportation of passengers and luggage) in the touristic season “Summer 2023” and “Winter 2023/2024”, which is directly related to business object of Rainbow Tours S.A. as a tour operator.

The respective Charter Agreement was made for a fixed period from 30.04.2024 and governs rules of providing charters services by Enter Air sp. z o.o. for Rainbow Tours S.A. for the specified touristic seasons covered by the Company’s offer.

The estimated amount of the Charter Agreement amounts to USD 44.1 million (forty-four million one hundred thousand American dollars), which is equivalent of PLN 196,818,300 (one hundred ninety-six million eight hundred and eighteen thousand three hundred Polish zloty) at average exchange rate of American dollar in the National Bank of Poland as at 24.02.2023 (Table No 039/A/NBP/2023), which amounts to PLN 4.4630. Total value of services under the Charter Agreement is not possibly to precisely calculate, thus the above amounts are estimates and the final amount of the Charter Agreement may differ from the estimates provided above. The value of services under the Charter Agreement is affected by series of factors, including mode of resignation from individual flights and variable elements of costs provided for in the Charter Agreement. The amounts under the Charter Agreements will be settled on daily basis and according the charter flight schedule. The Charter Agreement does not provide for untypical provisions, which would substantially differ from terms and conditions in similar agreements made by Rainbow Tours S.A. with other carriers

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

On 31.03.2023 the Parent Company entered with Smartwings Poland Sp. z o.o. with its registered office in Warsaw in the charter agreement (Aircraft Charter Framework Agreement with annexes) hereinafter referred to as “the Charter Agreement”.

The respective Charter Agreement, effective till 15.05.2025, 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 2023, Winter 2023/2024, Summer 2024 and Winter 2024/2025. The services are necessary for provision of tourism services by Rainbow Tours S.A. and cover charter services under the Charter Agreement in different holiday destinations. The provision of charter services under the Charter Agreement (the first charter flight in Summer 20223 season) starts on 28 April 2023 and ends (the last charter flight in Winter 2024/2025) in April 2025. The parties have agreed that the detailed flight schedule for seasons Summer 2023 and Winter 2023/2024 will be the same for seasons Summer 2024 and Winter 2024/2025, and the detailed flight schedule will be updated and adjusted to appropriate days in a calendar year, while the number of rotations and destinations will stay the same.

According to the provisions of the Charter Agreement, upon the date of its signing, the value of services provided is estimated for the amount of USD 39,784.3, which is equivalent of around PLN 170,809.9 thousand translated using the average American dollar exchange rate of 31.03.2023 published by National Polish Bank in the table No 064/A/NBP/2023 (the exchange rate 4.2934). Due to the fact that a number of variable factors (including variable costs) affect the value of services under the Charter Agreement, the final and actual value of services may differ from the given estimate.

The issuer is able to change number of flights provided under the Charter Agreement according to the increasing or decreasing market demand, and that can also affect the value of the total Charter Agreement. Settlements under the Charter Agreement will be made on ongoing basis and according to a charter flight schedule.

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

In the opinion of the Management Board of the Company there were no significant events, except for the above mentioned, which were not presented in these financial statements between the balance sheet date and the date of approval of this report for publication (28.04.2023)

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

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

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

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

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

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

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

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

In consideration of the respective decision and the provision of art. 66 section 5 of the Accounting Act of 29 September 1994, the Supervisory Board of the Company authorised and obligated the Management Board (as the executive of the entity) to

conclude with BDO Spółką z ograniczoną odpowiedzialnością (BDO a limited liability company) the respective contract(s) to review and audit financial statements (single and consolidated). The contract was entered into on 27 August 2019.

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

- reviewed the abridged interim single financial statements of Rainbow Tours S.A. for the period of six consecutive months starting from 01.01.2021 and ended on 30.06.2021,
- reviewed the abridged interim consolidated financial statements of Rainbow Tours Group for the period of six consecutive months starting from 01.01.2021 and ended on 30.06.2021.
- carried out preliminary audit of the single financial statements of the company for the financial year 2021,
- audited the single financial statements of Rainbow Tours Group for the financial year 2021, that if for the period from 01.01.2021 to 31.12.2021, drafted as at 31.12.2021.
- audited the consolidated financial statements of Rainbow Tours Group for the financial year 2021, that if for the period from 01.01.2021 to 31.12.2021, drafted as at 31.12.2021.
- provided attestation service covered by the catalogue of financial review according to relevant provisions of the act of 11.05.2017 on statutory auditors, audit companies and public oversight with regard to assessment of the "Report on remuneration for members of the Management Board and the Supervisory Board of Rainbow Tours S.A. for the financial year 2021"

The remuneration for the entity for services provided in 2021:

- For the review of the single and consolidated financial statements for first six months of 2021 – PLN 66 thousand, net,
- For the audit of the single and consolidated financial statements for 2021 – PLN 113 thousand, net
- attestation services – verification of "tagging" of the consolidated financial statements for 2021 (due to the obligations of the issuers (which securities are listed on the main market), to prepare electronic uniform ESEF reporting format and prepare single and consolidated financial statements in XHTML format and additionally tag consolidated financial statements with XBRL marks, so called tagging, for the reports for financial years starting on January 2021 or later) – PLN 22 thousand, net.
- Attestation service – assessment of the Report on remuneration for the members of the Management Board and the Supervisory Board for the financial year 2021 - PLN 6 thousand, net.

Total value of services for 2021: PLN 207 thousand, net.

In 2021 the audit company, which reviewed and audited the financial statement of the Company (that's BDO Spółka z ograniczoną odpowiedzialnością Sp. k) did not provide any other services, except for the above mentioned, including any permitted services, which were not the audit.

#### The entity authorised to audit financial statements, which reviewed and audited the financial statements of the company for the financial year 2022.

On 14 June 2022, the Supervisory Board, acting as a body authorised to choose the audit company and the expert auditor to audit and review financial statements, which are mentioned in § 1 section 1 of "the Policy of selecting audit company to audit and review financial statements of Rainbow Tours Company limited by Shares" ("the Policy") - that is the body, other than the one specified in art.66 section 4 of the Accounting Act of 29 September 1994, and which is not a body that approves financial statements of the entity, and acting pursuant to provisions of § 22 letter d) of the Articles of Association and § 3 section 5 point 3) of the Regulations of the Supervisory Board and also by taking into account provisions of § 10 section 2 and section 5 of "Procedure of selection of an audit company to audit and review financial statements in Rainbow Tours Company Limited by Shares" ("the Procedure"), pursuant to the resolution of the Supervisory Board No 5/06/2022 of 14 June 2022, decided – upon learning the "Recommendation of the Audit Committee for the Supervisory Board of Rainbow Tours Company Limited by Shares in respect of the proposal to select the audit company to audit and review financial statements of the Company and Rainbow Tours Group" in the process of appointing an expert auditor/ an audit company specified by the Policy and the Procedure – to choose an audit company to carry out statutory review and audit of single financial statements of Rainbow Tours S.A. and consolidated financial statements of Rainbow Tours Group for the period of three consecutive financial years of 2022, 2023 and 2024, including for the following periods of the financial year 2022, covering the review and audit of the following financial statements:

- a) Review of the single financial statements of Rainbow Tours Company Limited by Shares for six months of 2022, that is from 01.01.2022 to 30.06.2022, drafted as at 30.06.2022,
- b) Review of the consolidated financial statements of Rainbow Tours Capital Group for six months of 2022, that is from 01.01.2022 to 30.06.2022, drafted as at 30.06.2022,
- c) audit of the single financial statements of Rainbow Tours Company limited by shares for the financial year 2022, that is from 01.01.2022 to 31.12.2022, drafted as at 31.12.2022,

- d) audit of the consolidated financial statements of Rainbow Tours Company limited by shares for the financial year 2022, that is from 01.01.2022 to 31.12.2022, drafted as at 31.12.2022.

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

Name of the company	BDO spółka z ograniczoną odpowiedzialnością sp.k. (BDO limited liability company limited partnership)
Office address	02-676 Warszawa, ul. Postępu 12
Registration data:	the company entered into the register of entrepreneurs kept by the District Court for the capital city of Warsaw, in Warsaw, XIII Commercial Division of the National Court Register, under KRS No (the National Court Register No): 0000729684
Polish Audit Oversight Agency No	The entity entered on the list of Auditor businesses maintained by Polish Audit Oversight Agency under the No 3355

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

By assessing the audit company BDO Limited liability Company Limited Partnership the Supervisory Board learnt about findings and conclusions provided in the annual report of the Audit Supervision Committee, which committee is specified in art 90 section 5 of the Act on Expert Auditors (the Report of the Polish Agency for Audit Oversight for 2021, downloaded on 14.06.2022 from the website of the Polish Agency for Audit Oversight <https://pana.gov.pl/sprawozdania/>).

In consideration of the respective decision and the provision of art. 66 section 5 of the Accounting Act of 29 September 1994, the Supervisory Board of the Company authorised and obligated the Management Board (as the executive of the entity) to conclude with BDO Spółką z ograniczoną odpowiedzialnością (BDO a limited liability company) the respective contract(s) to review and audit financial statements (single and consolidated). The contract was entered into on 22.08.2022.

Till the date of drafting of this report BDO Limited Liability Company Limited Partnership provided the services in respect of the financial year 2022 as follows:

- reviewed the abridged interim single financial statements of Rainbow Tours S.A. for the period of six consecutive months starting from 01.01.2022 and ended on 30.06.2022.
- reviewed the abridged interim consolidated financial statements of Rainbow Tours Group for the period of six consecutive months starting from 01.01.2022 and ended on 30.06.2022.
- carried out preliminary audit of the single financial statements of the company for the financial year 2022,
- audited the single financial statements of Rainbow Tours Group for the financial year 2022, that if for the period from 01.01.2022 to 31.12.2022, drafted as at 31.12.2021.
- audited the consolidated financial statements of Rainbow Tours Group for the financial year 2022, that if for the period from 01.01.2022 to 31.12.2022, drafted as at 31.12.2022.

The remuneration for the entity for services provided in 2022:

- For the review of the single and consolidated financial statements for six months of 2022 – total of PLN 100 thousand, net.
- For the audit of the single financial statements for 2022 – PLN 128 thousand, net.
- For the audit of the annual consolidated financial statements for 2022 with attestation service (Assessment of companies of the annual financial statements and consolidated financial statements drafted in European Single Electronic Format - ESEF/XBRL – with requirements of Commission Delegated Regulation (EU) 2019/815 of 17.12.2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format – PLN 62.5 thousand, net.

Total value of services for 2022: PLN 290.5 thousand, net

In 2022 the audit company, which reviewed and audit financial statements of the Company, did not provide any other services, exceeding the scope of the services above mentioned, and the audit company did not provide any permitted services, which do not constitute the audit.



## 12. APPROVAL FOR PUBLICATION

This report was approved for publication on 28 of April 2023.

**The Management Board of Rainbow Tours Spółka Akcyjna / persons responsible for keeping the accounts:**  
Łódź, 28 of April 2023

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Grzegorz Baszczyński  
the President of the MB

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Piotr Burwicz  
the member of the MB

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Jakub Puchałka  
the member of the MB

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Maciej Szczechura  
the member of the MB