



**Sprawozdanie Zarządu Rainbow Tours S.A.
z działalności Spółki
oraz Grupy Kapitałowej Rainbow Tours
w roku obrotowym 2022**

Łódź, dnia 28 kwietnia 2023 roku



This document is a foreign-language version of the original Report of the Management Board on the activities of the Company/Capital Group issued in the Polish version (published via the dedicated ESPI system provided by the Polish Financial Supervision Authority for public companies and companies listed on the Warsaw Stock Exchange) and only the original version is binding. This document is an unofficial version and has been prepared for informational purposes and may only be used for internal purposes. In case of any discrepancies between the Polish and English versions, the Polish version will prevail.

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The Issuer, pursuant to § 62 section 6 of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information filed by issuers of securities and conditions of recognizing information required by law of non-member states as equivalent (Journal of laws of 2018 item 757), drafts the report on operations of Rainbow Tours S.A. and operations of Rainbow Tours Group as one document covered by this "Report of the Management Board of Rainbow Tours S.A. on operations of the Company and Rainbow Tours Group in the financial year 2022"

1. Basic information about the Company and the Group

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



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

NIP (Polish Identification Tax) No: 7251868136

Regon No (business registry No): 473190014

KRS (National Court Register) No: 0000178650

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

Stock Exchange Quotation

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

ISIN code for Companies shares traded in the Warsaw Stock Exchange: PLRNBWT00031.

ISIN code for other, dematerialized Company's shares (registered preference shares A and C1 series), which are not trade in The Warsaw Stock Exchange: PLRNBWT00049. LEI (Legal Entity Identifier) Code for the Company: 25940062QUG3WEUEGE88.

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

As at the drafting date of this report (28.04.2023) the company's WSE industry segment is as follows: "Hotels and restaurants". Shares of the company have following indices: WIG, WIG-Poland, sWIG80, sWIG80TR, sWIG80dvr, WIG140.

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 personal 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.

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

STATEMENT OF FINANCIAL POSITION	PLN'000	PLN'000	EUR'000	EUR'000
	As at 31/12/2022	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
Total assets	612 381	448 039	130 575	97 412
equity	107 527	118 765	22 927	25 822
Issued share 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
Book value per share	7.39	8.16	1.58	1.77

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
Net profit (loss)	13 921	19 092	2 969	4 171
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
Total comprehensive income	10 590	18 774	2 259	4 099

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 cash flow from operations	66 026	138 387	14 083	30 232
Net cash from investing activities	(21 155)	(5 128)	(4 512)	(1 120)
Net cash from financing activities	6 729	(78 496)	1 435	(17 148)
Increase (decrease) in net cash and cash equivalents	51 600	54 763	11 006	11 964

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).

1.3. Information about Rainbow Tours Group

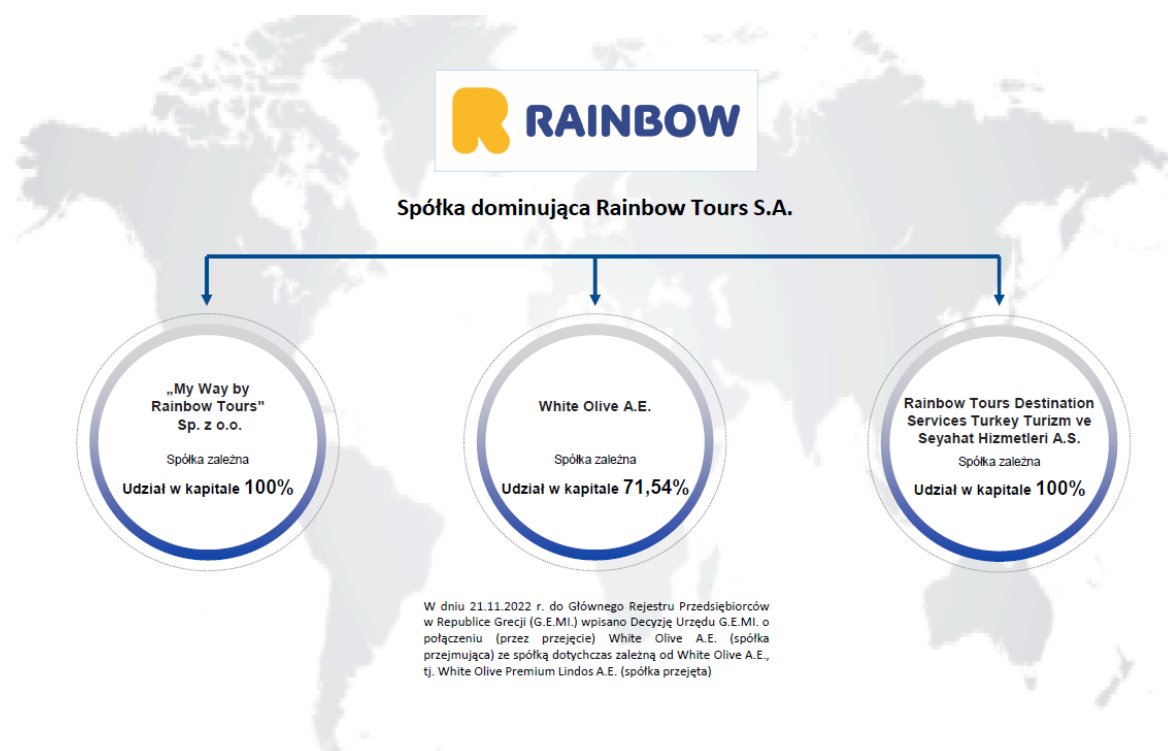
Rainbow Tours is a parent company, within the meaning of relevant provisions of the act of 29 September 1994 on Accounting (that is Journal of Laws of 2023, item 120 as amended) in Rainbow Tours Group.

The table below presents structure of Rainbow Tours Group as at 31 December 2022 and as at 31 December 2021. The Group structure covers the Parent Company and its subsidiaries (jointly referred to as "Rainbow Tours Group", "the Capital Group", "the Group") with presentation of Parent company's percentage share in the equity of individual subsidiaries.

As at the balance sheet date (31 December 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	Object	The competent court/ the institution keeping the register	Share in the share capital / votes h	Remarks
“My Way by Rainbow Tours” Sp. z o.o.	Poland, Łódź	Organizing and providing training for tour guides, leisure time animators, holiday representatives as a part of Rainbow Academy project”	District Court for Łódź-Śródmieście in Łódź, XX Division of the National Court Register (KRS) – KRS No 0000261006	100% / 100%	Direct subsidiary
White Olive A.E.	Greece, Athens	Operations of hotels	GEMI (business register) – No 137576424000	71.54% / 71.54 %	Direct subsidiary
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



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

- “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].

GRUPA KAPITAŁOWA RAINBOW TOURS NA DZIEŃ 31.12.2021 R.					
Business name	Registered office	Object	The competent court/ body keeping the register	Share capital / share of votes	Remarks
"My Way by Rainbow Tours" Sp. z o.o.	Poland, Łódź	Organizing and providing training for tour guides, leisure time animators, holiday representatives as a part of Rainbow Academy project"	District Court for Łódź-Śródmieście in Łódź, XX Division of the National Court Register (KRS) – KRS No 0000261006	100% / 100%	Direct subsidiary
White Olive A.E.	Greece, Athens	Operations of hotels	GEMI (business register) – No 137576424000	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

Description of the subsidiaries forming Rainbow Tours Group and consolidated as at 31 December 2022

1) Rainbow Tours Spółka Akcyjna –Parent Company

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

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

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

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

In January 2016 Rainbow Tours S.A. incorporated the respective company limited by shares operating under Greek law.

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 Main Register of Entrepreneurs in Greece (G.E.MI) about the merger was registered in the G.E.MI. Moreover, in November and December 2022 share capital of White Olive A.E., was increased.

White Olive A.E. carries out hotel activities and after the merger with White Olive Premium Lindos A.E. (previously the subsidiary, the acquired company) is the owner of 4 hotel properties (two hotels on the Greek Island Zakynthos, one on Crete and one on Rhodes) and it additionally leases (on long-term lease) a hotel in Greece on Zakynthos. The hotel chain of White Olive A.E., which is managed directly by White Olive A.E. owns the following hotels:

- **"White Olive Premium Laganas"** – four-star hotel situated on the Greek island Zakynthos in Laganas; the hotel is owned and managed by White Olive A.E.; the hotel "White Olive Premium Laganas" offers 137 spacious and modern furnished four-star hotel rooms in six types. The hotel is situated near the centre of one of the most popular resorts on the island – Laganas, there are shops and taverns, bars, clubs and discotheques 500 m. from the hotel. The hotel is surrounded by National Marine Park and a preserve 2000 and is situated only 100 m from a beautiful sandy wide beach with a good access to the sea.
- **"White Olive Premium Cameo"** – a four-star hotel situated in Agios Sostis on the Greek Island Zakynthos, the hotel administered by White Olive A.E. on long-term lease, "White Olive Premium Cameo" offers 125 spacious and modernly furnished four-star hotel rooms in four types, situated in two buildings. The hotel is situated in Agios Sostis and has outstanding location in beautiful Laganas Bay with a wonderful view on picturesque island Cameo, it is situated on a sandy beach, near shops and taverns.
- **"White Olive Elite Laganas"** – a newly built five-star hotel complex (opened in July 2019), situated on the Greek Island Zakynthos in Laganas, the hotel owned and administered by White Olive A.E.; "White Olive Elite Laganas" is a modern hotel with 194 spacious and excellently furnished five-star hotel rooms in 3 different types, the hotel is surrounded by

National Marine Park and Nature preserve 2000, It is situated just 300 m from a beautiful side sandy beach with good access to the sea, the hotel has two pools, lobby, bar, two restaurants – one - All Inclusive and the other - A'la Carte;

- **“White Olive Elite Rethymno”** –a five-star hotel situated in Sfakaki on Crete, in the neighbourhood of Rethymno; the hotel administered by White Olive A.E. is the property of White Olive A.E. and it is run by it (starting from October 2019 to June 2021 the hotel was run by White Olive A.E on a long-term lease);” following complete overhaul in winter 2020/2021, both of hotel rooms and communal spaces of the hotel. Currently White Olive Rethymno offers 70 comfortable and modernly decorated five-star rooms (for 186 people) situated in five-storey main building (hotel offers rooms in 4 different types, large pool of rooms with the sea view, including rooms with direct entry to the swimming pool area).
- **“White Olive Premium Lindos”** (previously “Pefkos Garden”), that is a four-star hotel situated on Greek Island of Rhodes; “White Olive Premium Lindos” offers 97 spacious and modern four-star hotel rooms, “White Olive Premium Lindos” underwent an overhaul of both hotel rooms as well as communal spaces in winter 2019/2020. The hotel is situated 500 m from the centre of Pefkos, the walk through pebbled- sandy beach takes only 5 minutes. The nearest bus stop is 10 minutes away, and the centre of Lindos town is 4 km away from the hotel, and the main airport is 60 km away from the hotel.

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

As a result of the incorporation process of the subsidiary of Rainbow Tours, which started in February 2020 and was realized in the subsequent months at the territory of the Republic of Turkey, on 26 August 2020, the subsidiary of the Issuer, that is the company limited by shares operating under Turkish law (Business name): Rainbow Tours Destination Services Turkey Turizm Ve Seyahat Hizmetleri Anonim Sirketi was entered to a relevant register by the Commerce and Industry Chamber in Alanya (Alanya Ticaret Ve Sanayi Odasi). The company was provided with the number in the Register of the Chamber (Oda Sicilinin): 24876, the number in a Business Register (Ticaret Sicilinin): 25046, and the number in the Central Registration System (MERSIS): 0734199873400001. The registered office of the subsidiary is in Alanya (Antalya) in the Republic of Turkey. The newly incorporated subsidiary is a company limited by shares and was incorporated under relevant law of the Republic of Turkey. The only shareholder, which holds 100% of the share capital and votes at the General Meeting of the subsidiary, is Rainbow Tours S.A.

The formation of the subsidiary is intended to develop business operations of Rainbow Tours Group in respect of activities of tour operators, as well as to make the internal organization structure of the Group more efficient and save on operating costs and improve effectiveness of Group’s operations. That is in line with the strategy of vertical integration of the Issuer, which according to intention of Rainbow Tours is (with the same time resignation from external suppliers) substantial optimisation of costs of provision of package holidays, as well as increase in profitability of additional services sold to customers of Rainbow Tours Company limited by shares (tours and optional excursions). The Rainbow Tours Destination Services Turkey Turizm Ve Seyahat Hizmetleri Anonim Sirketi started its operations from Summer 2021 season.

1.4. The selected consolidated financial data from the financial statements of Rainbow Tours Group for the financial year 2022

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	287 469	275 001	61 295	59 791
Current assets	438 521	280 044	93 503	60 887
Total assets	725 990	555 045	154 798	120 678
Equity	153 903	149 332	32 816	32 468
Issued capital	1 455	1 455	310	316
Equity attributable shareholders of the parent company	111 959	108 221	23 872	23 529
Long-term liabilities	133 520	118 104	28 470	25 678
Short-term liabilities	438 567	287 609	93 513	62 532
Book value per share	10.58	10.26	2.26	2.23

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	2 393 306	1 279 424	510 485	279 503
Profit (loss) on operations	32 828	19 888	7 002	4 345

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
Pre-tax profit (loss)	28 751	16 960	6 133	3 705
Net profit (loss)	22 330	16 480	4 763	3 600
Net profit (loss) attributable to shareholders of the parent company	21 497	17 272	4 585	3 773
Net profit (loss) per share attributable to shareholders of the parent company (denominated in PLN / EUR per share)				
- basic	1,53	1,13	0,33	0,25
- diluted	1,53	1,13	0,33	0,25
Total comprehensive income	24 721	14 620	5 273	3 194
Total comprehensive income attributable to:				
- shareholders of the parent company	23 888	15 412	5 095	3 367

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 cashflows from operations	82 518	145 017	17 601	31 680
Net cash from investing activities	(20 170)	(44 359)	(4 302)	(9 691)
Net cash from financing activities	(3 866)	(45 533)	(825)	(9 947)
Increase (decrease) in net cash and cash equivalents	58 482	55 125	12 475	12 043

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

- To calculate items of the statement of financial position – the average euro exchange rate applicable as at the last day of the period, fixed by National Bank of Poland as at 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).

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

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.

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

2.1. Description of basic economic and financial data

In the periods preceding the financial year 2022, that is in years 2020 and 2021 the most significant and primary factor (in this case: external), which had essential impact on the development of the business of the Issuer and comprehensively on operations of Rainbow tours Group was SARS-CoV-2 pandemic and its effects, which directly and indirectly influenced widely understood tourism industry, and that within the context of the global economy affected by negative effects of the pandemic, limitations and restrictions introduced to prevent infections and COVID-19. In 2021 we could have seen gradual getting used to the pandemic situation, and also gradual quenching of the pandemic following subsequent waves of pandemic. The last wave of SARS-CoV-2, which was relatively significant for operations of the Group, occurred at the turn of 2021 and 2022 (SARS-CoV-2 omicron variant), but consequently since the start of 2022 the impact of SARS-CoV-2 pandemic lost its importance. Starting from the third decade of February 2022, the factor, which directly and indirectly influenced operations of the parent company was the military aggression of the Russian Federation at the territory of Ukraine, which started on 24.02.2022. The beginning of military operations affected global political and economic situation in the world (falling of economic indices, rising price of fuel, unfavourable exchange rates, inflation crisis). Potential loss of confidence in travelling among Polish people due worse consumer moods linked to armed conflict and the war at the territory of Ukraine was noticed in the initial period, directly after the start of the war (substantial slow-down in sales in the period from the end of the February and March 2022. In the following months the level of sales and advance sales in the Group are gradually restored to levels expected in so called standard conditions of carrying out tourism operations. Relatively low level of infections and epidemic situation linked to COVID-19 pandemic (despite news about new, more infectious Kraken coronavirus subvariant) also didn't lead to fall in number in reservations and value of advance sales of package travels for the Group with respect to touristic seasons Summer 2022 and Winter 2022/2023 season and thus it didn't have significant impact on operations of the tour operator.

The financial year 2022 in respect of tourism activities had relatively high impact and there were numerous external factors affecting activities of tour operators. As a consequence of the outbreak of war in Ukraine (which at the same time was a decisive factor attributed to low consumer moods among potential customers and it led to substantial drops in sales in respect of the Company in March 2022), in the first half of 2022 record high prices of jet fuel (with their peaks in March, April and then in June 2022) had effect on operations of the Company. Since 2022 high exchange rates of American dollar (payments made for package travels budgeted before Summer 2022 season and the outbreak of the war in Ukraine at a high USD exchange rate) and with record levels in September and October 2022, were significant determinant of the operations. Before outbreak of the war in Ukraine prices of package holiday were budgeted using relatively low - looking from later perspective (after the start of the war in Ukraine) prices of jet fuel and exchange rates of basic settlement currencies, which led to extremely low margin or in case of some of them loss on sale.

Analyses and news, which occurred starting from September 2022, about possible economic stagnation in Poland and all over the world due to economic decline linked to growing inflation, rise in interest rates and high rises of crude oil (which are essential from the perspective of tour operators), as well as news about possible significant shortages in raw materials and energy (limited access to coal, other fuel, and that raise fears with regard to heating for retail consumers), despite negative effect on consumer mood, however they did not have substantial effect on level of sales for upcoming Winter 2022/2023 and Summer 2023 seasons. As the results for those seasons show sales are at high level.

According to the current report published by the Company – regarding advance sales of package holidays (the current report ESPI No 2/2023 of 21.02.2023) the value of advance sales of package holidays for the Group from the Summer 2023 season (package holidays taking place from April to October 2023) from the start of advance sales till 15.02.2023 (according to bookings data as at 15.02.2023) came to 155,333 people, which means rise in level of advance sales for the Summer 2023 (till 15.02.2023) by around 43.9% compared to the same period of 2022 that is compared to level of advance sales for Summer 2022 season, as at the booking data as at 15.02.2022 with the number of 107,950 people for that period.

According to the last current report published by the Company – regarding advance sales of package holidays (the current report ESPI No 8/2023 of 19.04.2023) the value of advance sales of package holidays for the Group from the Summer 2023 season (package holidays taking place from April to October 2023) from the start of advance sales till 15.04.2023 (according to bookings data as at 15.04.2023) came to 223,651 people, which means rise in level of advance sales for the Summer 2023 (till 15.04.2023) by around 47.4% compared to the same period of 2022 that is compared to level of advance sales for Summer 2022 season, as at the booking data as at 15.04.2022 with the number of 151,763 people for that period.

The improved consumer moods and the rise in sales was affected by factors, which have occurred from the mid-December 2022, as follows: failure of the negative scenarios to be fulfilled concerning access to raw materials and energy carries in winter 2022 and 2023 (-) relatively high level of willingness and motivation to travel (despite earlier bad news on economic slowdown and

potential recession) i.e. in the group of targeted customers that is people aged 40 to 60 (which are significant from the perspective of the Company) with stabilized financial and family situation, and which are not affected by high interest rates (with paid up mortgage) and not impacted by high inflation and rising costs of living (-) previous experience of potential customers of the Company regarding low availability of last minute offers and increase in their prices in Summer 2022 season (as a result of the outbreak of War in the Ukraine, exchange rates and prices of jet fuel) and the willingness to purchase first minute offers (-) full opening of Asian destinations i.e. Vietnam, Thailand and Caribbean destinations (which led to very good sales of exotic destination offered in Winter 2022/2023 season). With regard Summer 2023 season the prices of package holidays were budgeted taking into account higher (for Summer 2022 season) exchange rates (USD and EUR) and higher determined jet fuel. Because the economic forecasts and predictions did not turned out as negative as expected (with respect to Poland and global economy) and with respect to raw materials (relatively without much problems – despite initial bad predictions and assumptions – provision in raw materials and fuels) which led to lower prices of jet fuel and exchange rates than expected, the return on sales in I quarter of 2023 was at relatively high level compared to average return on sales for 2022 and key Summer 2022 season.

Revenue of the parent company recorded in the whole financial year 2022 (here the period of leaving behind the effects of SARS-CoV-2 pandemic and recovery of sales in the historically record year 2022 for the Company when it comes to revenue) came to PLN 2,352,088 thousand and thus it increased by 86.0% in relations to data recorded in the comparative year 2021 (here: the period of Company's operation in pandemic reality) and it also came to more than 35,5% against the level of revenue for 2019 (here the period of normal operation for the Company in previous historically record year 2019 for the Company before SARS-CoV-2 pandemic). The tables below provide specification of revenue for the Parent Company in the financial year 2022 against comparative periods that is 2021 and 2019.

Table. Revenue of the Parent Company in the financial year 2022 against the comparative period of 2021

structure of revenue of the Company	2022	2021	Movement	%
	January – December	January – December		
	PLN'000	PLN'000	PLN'000	
1	2	3	4=2-3	5=4/3
revenue from sales of package holiday	2 347 482	1 261 698	1 085 784	86.10%
Other revenue	4 606	2 597	2 009	77.40%
Total revenue	2 352 088	1 264 295	1 087 793	86.0%

Table. Revenue of the Parent Company in the financial year 2022 against the comparative period of 2019

structure of revenue of the Company	2022	2021	Movement	%
	January – December	January – December		
	PLN'000	PLN'000	PLN'000	
1	2	3	4=2-3	5=4/3
revenue from sales of package holiday	2 347 482	1 735 355	612 127	35.30%
Other revenue	4 606	877	3 729	425.20%
Total revenue	2 352 088	1 736 232	615 856	35.5%

In the opinion of the Management Board gradual change of structure of revenue in different distribution channel is an expected event. In earlier years agent channel dominates sales of package holidays. The experience of the Company shows that that own chain of distribution generates lower costs than the amount of commission paid to agents. In previous years, that is until 2019, the Parent Company dynamically expanded its own sales chain. As a result of the COVID-19 pandemic some of the offices were shut down and this event, in relation to 2019, is linked to falling share in the total revenue, the revenue earned through own offices and call centre and increase in sales through agents.

Table. Revenue of the parent company from sales of package holiday in various sales channels.

Description	The period of 12 months ended on 31.12.2022		The period of 12 months ended on 31.12.2021		Dynamics	Dynamics
	Structure	Structure	Structure	Structure		
	PLN'000	%	PLN'000	%	PLN'000	%
sales through agent channel	853 354	36.40%	484 386	38,40%	368 968	76.17%
Sales through of own offices and call centre	1 163 556	49.60%	627 039	49,70%	536 517	85.56%
Other	330 572	14.00%	150 273	11,90%	180 299	119.98%

In 2022 (duration of the economic reality affected by consequences of SARS-CoV-2 pandemic; restoration of level of sales in the record high revenue for the Company in 2022) the offer of the Parent Company was purchased by 505,836 customers, which is rise in number in customers by around 50.9% in 2022 against the data for 2021 (the period of economic reality affected by consequences of SARS-CoV-2; restoration of level of sales regarding offer of package holidays in the "Summer 2021 season" in 2nd half-year of 2021) when the total number of customers of the Parent Company came 335,258. Compared to 2019 (record year for revenue for the Parent Company during the normal operations' period for the Company and the package holiday industry, that is before SARS-CoV-2 pandemic), when the total number of customers of the Parent Company came to 491,008, and the data for 2022 also show growing numbers of customers by 3.0% against total number of customers for 2019.

Table. Number of persons participating in package holiday organised by the parent company (Rainbow Tours S.A.) for 2022 against the data for 2021 and 2019.

2022	2021	Dynamics 2022/2021 [%]	2022	2019	Dynamics 2022/2019 [%]
505 836	335 258	50,9%	505 836	491 008	3.0%

Cost of sales of package holidays sold in the reporting period - the year 2022 - came to PLN 2,125,369 thousand, up by around 88.5% in the same category of costs for the comparative period of 2021 (PLN 1,127,615 thousand) and higher by 41.3% in the same category of costs for 2019 (PLN 1,503,801 thousand). Own cost of sales showed higher dynamics of growth against dynamics of sales revenue growth, which was caused predominantly by SARS-CoV-2, as well as change in prices of aviation of jet fuel and rising exchange rates, which is the consequence of the war in Ukraine. Gross profit on sales (profit margin on sales) earned in the reporting period 2022 came to 226,719) and the growth dynamics came (in relation to the item "gross profit" for the period 2021, when the amount came to PLN136,680 thousand) came 65.9 %. Overheads in the reporting period of 2022 came to PLN 205 579 thousand, up by PLN 62,746 thousand against to this category of costs incurred in the comparative period of 2021 (PLN 142,833 thousand), which is growth dynamics up by 44.1%.

Table. Overheads of the Parent Company.

Overheads of the Company	The period of 12 months ended on 31.12.2022 r.		The period of 12 months ended on 31.12.2021 r.		Movement	%
	PLN'000		PLN'000			
1	2		3		4=2-3	5=4/3
Selling costs	163 622		113 774		49 848	43.8%
Overheads	41 957		29 059		12 898	44.4%
Total cost of operations	205 579		142 833		62 746	43.9%

The Parent Company classifies commission paid to agents cooperating with the Issuer, marketing costs and cost of own distribution channels (traditional offices and call centre) in selling costs. Selling costs in the reporting period 2022 came in total to PLN 163,622 thousand, up by PLN 49,848 thousand than selling costs incurred in the comparative pandemic year 2021 (PLN 113,774 thousand), which was the consequence higher costs of commissions for agents, higher rents in shopping centres, re-imposed after the COVID-29 pandemic period, as well as increased remuneration of employers in respect of the variable element of remuneration, depending on level on sales (sales bonuses)

As a consequence of the waive off of 75% of the original amount of the soft loan granted by Polish Development Fund under the Financial Shield of the Polish Development Fund for Large Companies "Ver. 2.0." (Waive off of PLN 2,202,240.75 thousand), the Company increased level of other operating revenue. In the reporting period 2022 the Parent Company recorded profit on operations described operating margin (EBIT), which came to PLN 19.898 thousand, while in the comparative pandemic year of 2021 the amount of the operating margin (loss on operations) came to (-) PLN 21,062 thousand. The gross margin for the financial year 2022 came to 9.64% (in the financial year 2021 the value was at 10.81%). The lower level of operating margin was certainly affected by negative factors impacting margin and profitability of operations in 2022 that is the start of military operations in Ukraine by Russian Federation, rise in exchange rates of PLN to USD and rise in prices of jet fuel, which led to increase in prices of package holidays sold and budgeted at exchange rates and prices of jet fuel set before military aggression at the territory of Ukraine (the exchange rates and prices of jet fuel at lower levels).

Taking into account adverse external factors and cost creating factors, which due to military aggression of Russian Federation in Ukraine dominated, after sales of the Parent Company (rise in exchange rates of USD and EUR, increase in prices of jet fuel) also in consequence of rise in level of sales revenue in the characteristic period for the tourism industry in Poland and Europe – peak of summer touristic season. The parent company in the whole financial year 2022 recorded, including certain effect and consequences of the subsidiary programmes provided by the Polish government in response to negative effects of SARS-CoV-2 pandemic (waive-off of the soft loan from the programme: "Financial shield of the Polish Development Fund for Large Companies ver. 2.0: soft loan in the amount of PLN 2,936,3 thousand and the waive off in the amount of PLN 2,202,2 thousand),

single net profit in the amount of PLN 13,921 thousand, while the single net profit for the financial year 2021 came to PLN 19,092 thousand. For the financial year 2020 (the period of spreading of SARS-CoV-2 pandemic and its immense negative effect on the operations) the Company made a net loss in the amount of (-) 29,898 thousand, for the year 2019 the company earned a net profit in the amount of PLN 26,118 thousand.

Net profitability for the Parent Company, which is the ratio of net profit /net loss to sales revenue in the reporting period of 2022, came to 0.59%. In the comparative period 2021 the ratio (due to loss) came to 1.51%. EBITDA for the single data in the financial year 2022 came to PLN 34,018 thousand, higher than EBITDA in the comparative financial year 2021, when EBITDA for the single data was negative and came to 33,258 thousand. It should be mentioned that in the financial year 2022 the cost of borrowing reduced net profit of the Company, despite earning higher financial revenue (revenue from bank deposits).

In the single statement of financial position in "Liabilities" in the item "deferred revenue" the amount of PLN 232,869 thousand refers to prepayments for advance sales (advance payments received for future package holiday). Cash and liquid assets as at 31.12.2022 came to PLN 134,541 as at the end of December 2022, and at the end of December 2021, the item came to PLN 82,941 thousand.

The Capital Group

Due to the fact that the amount of consolidated revenue is considerably affected by value of sales of the Parent Company in the Group (that is Rainbow Tours S.A.), tendencies with respect value of sales revenue of Rainbow Tours Group for the reporting period of 2022 in relation to value of sales for comparative periods of the financial year 2021 and 2019 are the same as for the single data.

Revenue of Rainbow Tours Group in the financial year 2022 went up by around 87.1 % against the comparative period of the financial year 2021, and it was a rise by around 37.1% against the revenue recorded in "the normal" period (that is not affected by COVID-19 and the effects of the armed conflict in Ukraine) of the financial year 2019. The detailed presentation of revenue of the Group shows that revenue from sales of package holiday grew in 2022 against the data for the financial year 2021 by around 86.5%. Compared to the comparative data for the financial year 2019 revenue from sales of package holiday earned by the Group in 2022 came to 36.3% of the levels earned in "normal" (record for the Parent Company) financial year 2019.

Because hotel operations are seasonal, "hotel companies" (White Olive A.E., White Olive Premium Lindos A.E.) in the model scenario, the hotels start operations and start to earn revenue at the end of April in the calendar year. In the comparative period 2021 Greek government provided sanitary protocols that made hotel operations possible at the beginning of May 2021. The tables below present specification of revenue of Rainbow Tours Group for the financial year 2022 against comparative data for the financial year 2021 and 2019.

Table. Revenue for Rainbow Tours Group for the financial year 2022 against the comparative data for the financial year 2021.

Structure of revenue of the Group	The period of 12 months ended on 31.12.2022	The period of 12 months ended on 31.12.2021.	Movements	%
	PLN'000	PLN'000		
1	2	3	4=2-3	5=4/3
Revenue from sales of package holiday	2 365 707	1 268 610	1 097 097	86.5%
Sales revenue from hotel operations	23 382	9 372	14 010	149.5%
Other sales revenue	4 217	1 442	2 775	192.4%
Total revenue	2 393 306	1 279 424	1 113 882	87.1%

Table. Revenue of Rainbow Tours Group for the financial year 2022 against comparative data for the financial year 2019.

Structure of revenue of the Group	The period of 12 months ended on 31.12.2022	The period of 12 months ended on 31.12.2021.	Movements	%
	PLN'000	PLN'000		
1	2	3	4=2-3	5=4/3
Revenue from sales of package holiday	2 365 707	1 735 355	630 352	36.3%
Sales revenue from hotel operations	23 382	9 408	13 974	148.5%
Other sales revenue	4 217	1 197	3 020	252.3%
Total revenue	2 393 306	1 745 960	647 346	37.1%

Consolidated gross profit on sales, described as gross profit margin, in the financial year 2022 came to PLN 254,843 thousand, when in the comparative period of the financial year 2021 the margin came to PLN 145,233 thousand. In the financial year 2019 the margin came to PLN 238,929. Gross margin on sales for the reporting period of the financial year 2022 came to 10.7% (for the financial year 2021 it was 11.4 % and for the financial year 2019: 13.7%).

Table. Overheads of the Group for the financial year 2022 and the comparative year 2021.

Administrative costs of the Group	The period of 12 months ended on 31.12.2022 r.	The period of 12 months ended on 31.12.2021 r.	Movement	%
	PLN'000	PLN'000	PLN'000	
1	2	3	4=2-3	5=4/3
Selling cost	(172 394)	(120 146)	(52 248)	43.5%
Overheads	(48 524)	(34 700)	(13 824)	39.8%
Total	(220 918)	(154 846)	(66 072)	42.7%

Net margin for the Group, which is the ratio of net profit to revenue in the reporting period 2022 came to 0.93%; in the comparative financial year 2021, it was 1.29%, and in the financial year 2019: 1.64%. Similarly as in the case of single data the effect on the lower net margin for 2022 against 2021 is attributed to negative factors affecting the margin in 2022 that is caused by start of military operations in Ukraine by the Russian Federation, rise in exchange rate of PLN against USD and rise in prices of jet fuel, which increased the price of holiday packages sold and budgeted in line with exchange rates and prices of jet fuel fixed before unjustified military aggression in the territory of Ukraine (exchange rates and prices of jet fuel at lower level).

Costs of amortization and depreciation in the financial year 2022 came to PLN 21,588 thousand, and in the comparative year 2021 the cost of amortization and depreciation came to PLN 19,445 thousand. Consolidated EBITDA in the financial year 2022 came to PLN 54,416 thousand and in the comparative financial; year 2021 it came to PLN 39,333 thousand.

The above facts affected the amount of the consolidated result of Rainbow tours Group for the financial year 2022, which closed with net profit of PLN 22,330 thousand, up by PLN 5,850 thousand against the consolidated net loss for the financial year 2021, which amounted to PLN 16,480 thousand, which means reduced net profit by PLN 6,265 thousand against the consolidated net profit of the Group earned in "the normal" (before occurrence of SARS-CoV-2 pandemic) financial year 2019 (net profit in the amount of PLN 28,595).

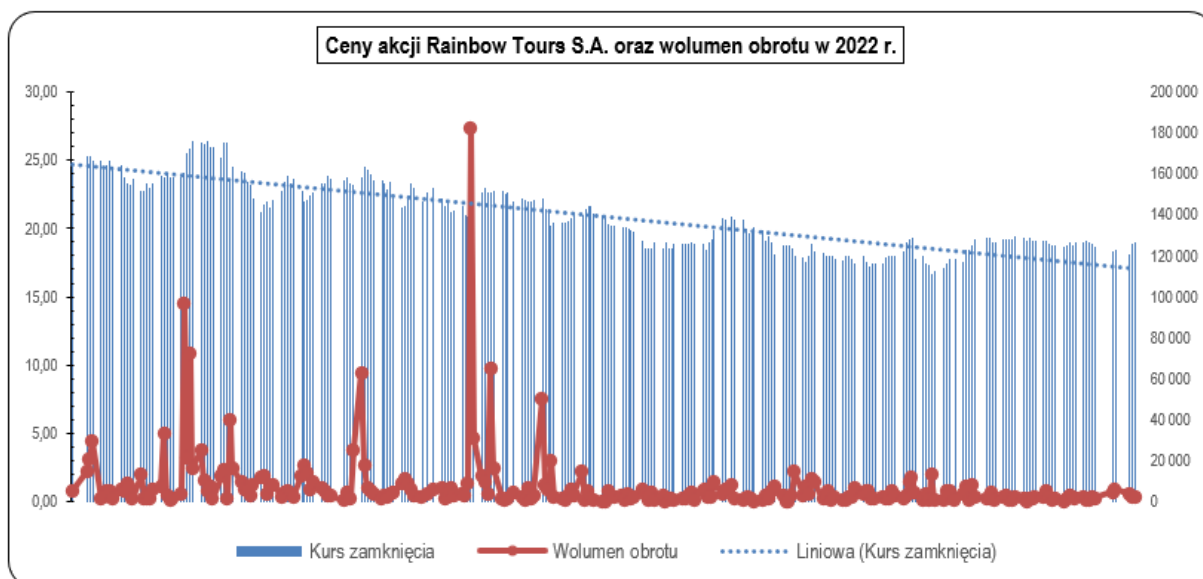
As at 31.12.2022 the amount of working capital loans borrowed by the Group (without investment loan and other soft loans linked to COVID-19 pandemic) came to PLN 47,231 (as at 31.12.2021: PLN 10,000 thousand) (as at 31.12.2021 PLN 10,000 thousand) and the cash was at PLN 142,415 thousand (as at 31.12.2021 PLN 83,934 thousand). Considering the total financial involvement, that is soft loans granted by agencies of the Polish and Greek governments and also right of use liabilities and total lease liabilities the total financial debt of the Group as at 31.12.2022 came to PLN 142,187 thousand (as at 31.12.2021 it came to PLN 111,857 thousand).

Operations of the Parent Company in 2020 and 2021 in highly adverse pandemic conditions for the tourism industry and the reality directly and indirectly affected by consequences, which influenced economic operations of the Parent Company, had significant effect on trading price and stock market quotations of the issuer. In 2022 external factors, which could have impact on stock exchange quotations of the Parent Company on the Warsaw stock Exchange were linked to military aggression of the Russian Federation in Ukraine.

Stock prices of the Parent Company at the Warsaw Stock Exchange at the beginning of 2020 (closing price as of 02.01.2020) came to PLN 35.10 per share, and at the last session in 2020 the shares were trade at PLN 23.60 per share, and at the last session in 2021 the closing price came to PLN 24.00 (closing price as of 30.12.2021). The first quotations of shares of Rainbow Tours S.A. in 2022 (closing price as of 03.01.2022) came to PLN 24.50, and as at the last day of 2022 the quotation came to PLN 18.96 per share. The highest price for shares of the parent company in 2022 was recorded at the session on 11.02.2022 and on 16.02.2022 and it came to PLN 26.35 per share. The lowest price for shares of the Parent Company in 2022 was quoted at the session on 26.10.2022 and came to PLN 16.64.

Since the beginning of 2023 the rise in share prices of the Issuer is a visible trend with the peak (the highest price) with respect to the first quarter of 2023 with the closing price of PLN 30.10 per share. Capitalization of the Company (which is the product of the share price on the last day of the session in a given calendar year and the number of all shares of the Company) as at the last date of 2022 came to PLN 275.9 million, as at the last day of 2021 it came to PLN 349.2 million, and as at the last day of 2020 it came to PLN 343.4 million, and as at the last day of 2019 it came to PLN 513.7 million).

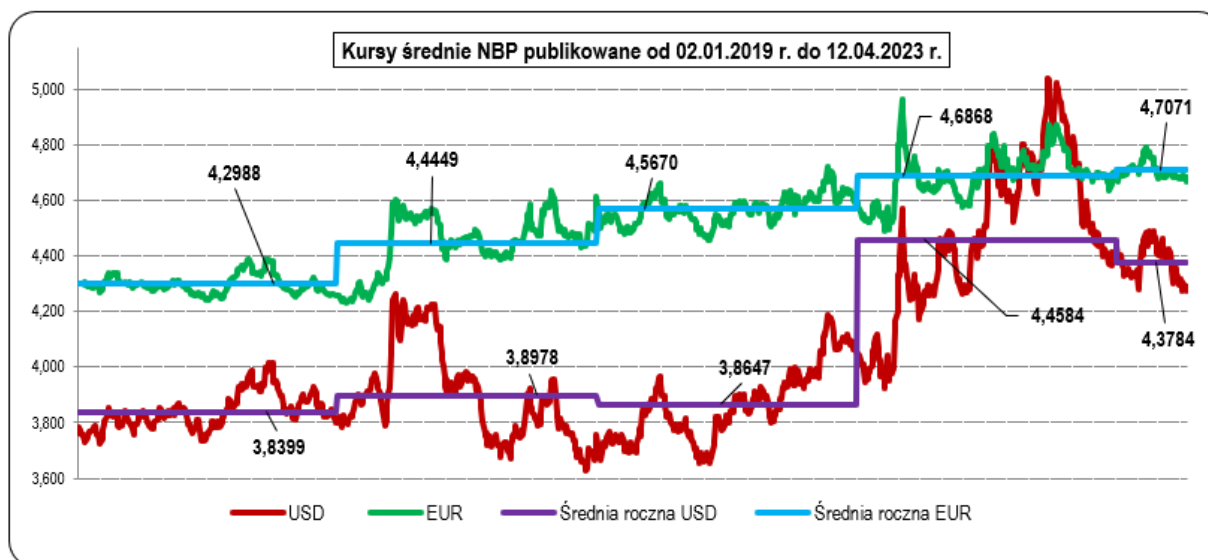
Chart. price of shares and the volume of trade with shares of Rainbow Tours S.A. for 2022



SARS-CoV-2 pandemic affected in 2020 currency prices against the Polish zloty. Market exchange rates of EUR and USD in the whole 2020 rose respectively for EUR by 3.5%, and for USD by 1.5%. In 2021 the exchange rate of EUR continued to grow, and its rise against 2020 came to around 2.7%. The average exchange rate of American dollar in 2021 went slightly down that is by less than 1 p.p. In 2022 the exchange rates of the currencies and their rises were determined predominantly by the external factor, which is armed conflict caused by military aggression of the Russian Federation in Ukraine. The exchange rates of EUR and USD in the whole year 2022 rose accordingly: for USD by 15.4% and for EUR by 2.6%.

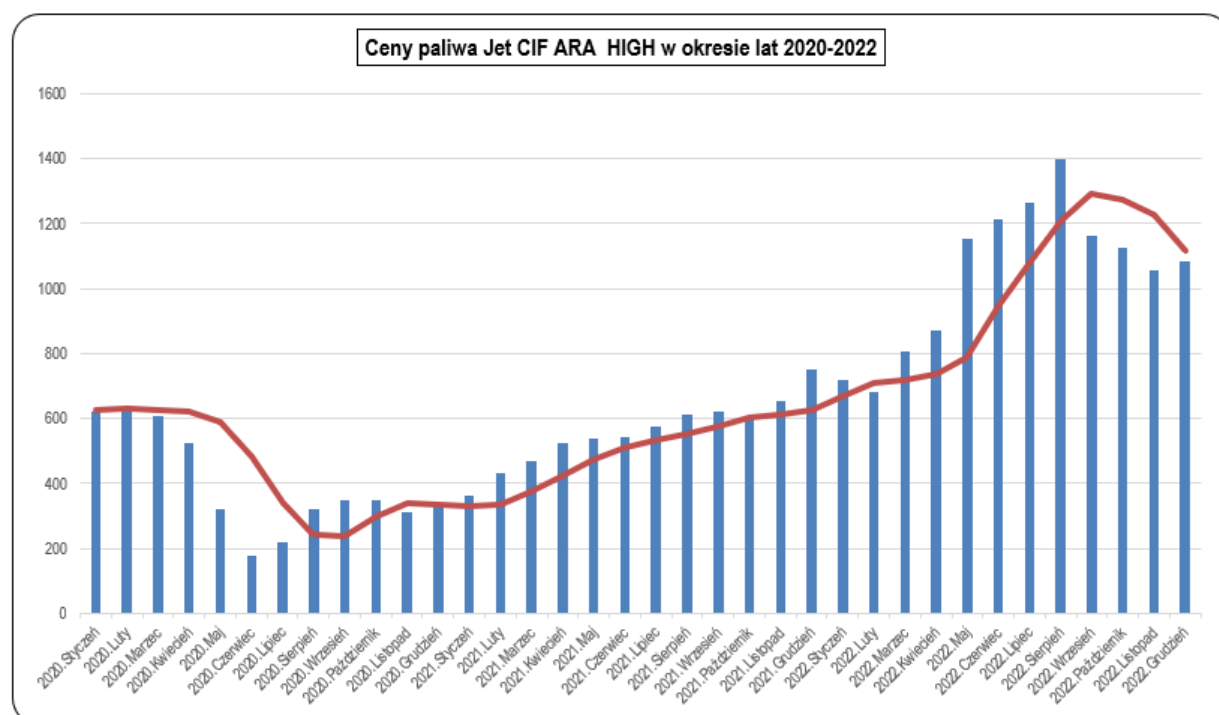
In 2022 the Parent Company continued its currency hedge policy. The Management Board of the Parent Company estimates that in 2022 the system of currency hedges earned profit on exchange rates (the purchase price of the currency compared with the market price on the transaction date) in the amount of PLN “-” 0.5 million (in 2021 the profit came to around 4.8 million).

Chart. Average exchange rates of EUR and USD in the period from 02.01.2019 to 12.04.2023.



Another factor, independent of the Company, are the prices of jet fuel, which have considerably material effect on return on sales. Due to indirect impact of the military aggression of the Russian Federation in Ukraine, the level of market price of jet fuel in 2022 compared with 2021 rose, however after the period of rises we can see the tendency of the prices to fall at the end of June 2022. The chart below presents levels of jet fuel in 2020 – 2022.

Chart. Level of jet fuel in the period 2020-2022



ALTERNATIVE MEASUREMENT OF PERFORMANCE – SELECTED FINANCIAL RATIOS

When making (in respect of information of the Management Board of the Parent Company on operations of Rainbow Tours and Rainbow Tours Group) assessment and description – of reported financial data, situation and financial performance of the Parent Company and the Group, the Management Board of the Issuer also reflect so called Alternative Performance Measures; “APM”, which are not usually reported in financial reporting according to IFRS, or which elements are not directly available in standard reports and /or notes. These are measurements calculated on the base of information from financial reports drafted in accordance with IFRS.

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

The Management Board analyses the performance of the Company and the Group using key efficiency ratios such as EBIT, EBIT margin and EBITDA. However, it should be taken into consideration that these are not ratios defined under IFRS and do not constitute standardized measures, and that is why the manner, in which they are calculated, might differ among different entities on the market. According to the guidelines published by ESMA in respect of Alternative Performance Measures (ESMA/2015/1415) the list below presents definitions of alternative performance measurements used by Rainbow Tours Group and agreement in respect of the data presented in financial statements drafted according to International Financial Reporting Standards.

Measure: EBIT

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

Measure	Single data		Consolidated data	
	from 01/01/2022 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
	PLN'000	PLN'000	PLN'000	PLN'000
EBIT = profit / (loss) on operations	19 898	21 062	32 828	19 888

Measure: Gross Margin

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

Measure	Single data		Consolidated data	
	from 01/01/2022 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
	PLN'000	PLN'000	PLN'000	PLN'000
Sales revenue	2 352 088	1 264 295	2 393 306	1 279 424
Gross profit/loss on sales	226 719	136 680	254 843	145 233
Gross Margin	9.64%	10.81%	10.65%	11.35%

Measure: EBITDA

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

Measure	Single data		Consolidated data	
	from 01/01/2022 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
	PLN'000	PLN'000	PLN'000	PLN'000
[A] Profit (loss) on operations	19 898	21 062	32 828	19 888
[B] Amortization and Depreciation [positive]	14 120	12 196	21 588	19 445
EBITDA = [A] + [B]	34 018	33 258	54 416	39 333

Measure: Financial Debt

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

Measure	Single data		Consolidated data	
	from 01/01/2022 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
	PLN'000	PLN'000	PLN'000	PLN'000
[A] overdraft lines of credit	20 380	-	20 380	-
[B] renewable credits	26 851	10 000	26 851	10 000
[C] bank loans – investment loans	-	-	50 426	57 839
[D] subsidy loan	-	-	469	1 961
[E] capital lease obligations	574	614	574	614
Financial debt = [A] + [B] + [C] + [D] + [E]	47 805	10 614	98 700	70 414

Measure: Net financial debt

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

Measure	Single data		Consolidated data	
	from 01/01/2022 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
	PLN'000	PLN'000	PLN'000	PLN'000
[A] financial debt	47 805	10 614	98 700	70 414
[B] cash and cash equivalents	134 541	82 941	142 415	83 934
Net financial debt = [B] - [A]	86 736	72 327	43 715	13 520

Measure: Total Debt

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

Measure	Single data		Consolidated data	
	from 01/01/2022 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
	PLN'000	PLN'000	PLN'000	PLN'000
[A] financial debt	47 805	10 614	98 700	70 414
[B] right of use liabilities	31 609	28 655	43 487	41 443
Total debt = [A] + [B]	79 414	39 269	142 187	111 857

Measure: Net Total Debt

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

Measure	Single data		Consolidated data	
	from 01/01/2022 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
	PLN'000	PLN'000	PLN'000	PLN'000
[A] total debt	79 414	39 269	142 187	111 857
[B] cash and cash equivalents	134 541	82 941	142 415	83 934
Total Debt = [B] - [A]	55 127	43 672	228	(27 923)

Measure: Net Margin

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

Measure	Single data		Consolidated data	
	from 01/01/2022 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
	PLN'000	PLN'000	PLN'000	PLN'000
[A] Sales revenue	2 352 088	1 264 295	2 393 306	1 279 424
[B] Net profit (loss)	13 921	19 092	22 330	16 480
Net margin = [B] / [A]	0.59%	1.51%	0.93%	1.29%

2.2. Unusual events

In the reporting period of the financial/calendar year 2022 the operation of Rainbow Tours Group, including the Parent Company were affected indirectly – as unusual event and moderate and/or potential consequences for operations of the Parent Company- by military aggression of the Russian Federation at the territory of Ukraine starting of 24.02.2022 and the military conflict inflicted by that country, while the potential, indirect risk linked to political and economic situation in the world in connection to the respective armed conflicted contributed to:

- Unfavourable level of prices at fuel market (the factor can be significant for operations of the Parent Company in case of persistence of unfavourable prices of jet fuel in the long run or mid-term, in the short-term the Company introduced its charter agreements provisions about average prices of jet fuel from previous periods and uses calculation buffers assuming higher price of jet fuel than the market prices in a specific time).
- destabilisation and rise in exchange rates, in particular, especially weakening of Polish zloty (PLN) against settlement currencies uses in operations of the Parent Company that is American dollar (USD) and euro (EUR).

what could lead to, and potentially can lead in the future, to lower yield on package holidays sold and on operations, and thus in lower amount of net financial revenue and potential increased demand for borrowings, if any, negative changes on terms of borrowing or reduced bank borrowings.

The respective armed conflict in the territory of Ukraine did not have direct impact on operation of the Parent Company or the Group. The product offer provided at the territory of Russia and Ukraine before start of the military conflict was low in volume (mainly package tours) and did not constitute significant share in sales regarding basic operations of the Company. The Parent Company cancelled/suspended any touristic programmes provided at the territory of Russian Federation, which were planned for 2022 and the years to follow. Moreover, the company cancelled/suspended offers of air transportation covering connections provided by Aeroflot and Rossiya airlines and cancelled /suspended offers of any stays in hotels at the territory of Russian Federation and in hotels with capital ties to Russian in other countries in the world. The situation in Ukraine neither affected nor it affects programme of flights of Rainbow. All flight planned in 2022 took place and they take place without changes. Charter planes do not have fixed routes and don't fly over Ukraine or Russia. Also, package holidays with air transportations via airlines such as Emirates, Lufthansa, KLM, Air France, Fly Dubai or Turkish Airlines, have their transportation routes outside territories of Ukraine and Russia.

Negative, indirect effect of the military conflict in the territory of Ukraine on operations of the Group was noticed in decline of global and local economic indices, rise in fuel prices (jet fuel), unfavourable exchange rates (what in consequence – to a certain extent, could have and indeed had impact on the performance of the Parent Company in 2022, and potentially, in the event of significant escalation of military actions and long-term effects of the conflict for the world economy, can have effect in later periods).

The respective factors linked to temporary rise in exchange rates in 2022 (after the peak at the end of September at the beginning of October 2022 the exchange rate of USD is gradually reduced the first peak of exchange rates for EUR and USD occurred directly after the outbreak of the military conflict in Ukraine, the another in the period of July and August 2022 and the peak in months of September and October 2022) and permanent in 2022 rise in prices of jet fuel with rising trend until December 2022 (in January and February 2022 the price for 1 ton of jet fuel came to around 600 USD, and in December it was around 1,400 USD for 1 ton of fuel) had adverse effect on lower – for 2022 against the comparative period of 2021, level of profitability and margin for the Company. The respective rises in exchange rates and prices of jet fuel increased the real cost of package holidays sold and budgeted by the company at the exchange rates and prices of jet fuel fixed with respect to advance sales for customers purchasing package holidays from the offer before military aggression in the territory of Ukraine (the exchange rates and prices of fuel at lower level). Total, estimated (by the Management Board of the Parent Company) cost of package holidays sold at prices not covering more than usual increases of prices (that is unusual rises in cost resulting from occurrence of unusual event – start of military operations by Russian Federation in Ukraine and its macroeconomic consequences) come to around “-” PLN 40,000 thousand (Loss). This amount meant that the parent company incurred higher costs of purchase of air transportation and costs of hotels against the amounts provided in calculations.

The above negative indirect effect of the military conflict in the territory of Ukraine on operations of the Group was noticed in decline of global and local economic indices, rise in fuel prices (jet fuel), unfavourable exchange rates (what in consequence – to a certain extent, could have and indeed had impact on the performance of the Parent Company in 2022) was balanced with significantly increased demand of consumers for package holidays (also with respect to luxurious package holidays and hotels), which were offered and budgeted in the later period and included higher prices covering rises in costs of jet fuel and exchange rates (costs incurred by tour operators in this respect forced the rise in prices of package holidays) and inflation factor.

Except the above mentioned factors, in the opinion of the Management Board, there were no other significant unusual events, which could have substantial impact of financial performance of Rainbow Tours Group and the parent company for 2022, and in this context the Management Board of the Company sees also potential effect of macroeconomic factors (rising inflation, rise in interest rates, unfavourable exchange rates, which could lead to economic stagnation), which in the reporting period, could have relatively insignificant effect, but in the future they can potentially have more significant effect on development of tourism industry, including the impact on delaying decisions to have holidays abroad by potential customers. The respective tendencies were not visible in results of sales and advance sales of package holidays for 2023.

According to the last current report published by the Company – regarding advance sales of package holidays (the current report ESPI No 8/2023 of 19.04.2023) the value of advance sales of package holidays for the Group from the Summer 2023 season (package holidays taking place from April to October 2023) from the start of advance sales till 15.04.2023 (according to bookings data as at 15.04.2023) came to 223,651 people, which means rise in level of advance sales for the Summer 2023 (till 15.04.2023) by around 47.4% compared to the same period of 2022 that is compared to level of advance sales for Summer 2022 season, as at the booking data as at 15.04.2022 with the number of 151,763 people for that period.

According to the last current report published by the Company – regarding revenue of the parent company (the current report ESPI No 9/2023 of 25.04.2023) the total consolidated sales revenue of the Group (without consolidation exemptions) for the month of March 2023 came to PLN 158.2 million what compared to reference periods means (-) compared to the same period (month) of 2019, in which total sales revenue of the Group (without consolidation exemptions) came to 68.4 million, and that means the increase in sales by around 131.3% in the reported period (-) compared with the same period (month) of 2022, in which total sales revenue of the Group (without consolidation exemptions) came to PLN 86.2 million and that means the increase in sales by around 83.5%; accruing consolidated sales revenue of the Group (without consolidation exemptions) for the period from 01.01.2023 to 31.03.2023 came to PLN 558.4 million what compared to reference periods means (-) compared to the same

period (month) of 2019 (that is from 01.01.2019 to 31.03.2019) in which the accruing consolidated sales revenue of the Group came to PLN 246.3 million and that means the increase in sales by around 126.7%, (-) compared with the same period (month) of 2022 (that is from 01.01.2022 to 31.03.2022), in which total accruing sales revenue of the Group (without consolidation exemptions) came to PLN 317.1 million and that means the increase in sales by around 76.1% for the reported period.

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

Rainbow Tours has been operating on Polish tourism market for around 30 years and as a company limited by shares from 2003. For many years the Parent company is ranked as one of the leaders on tour operator market, and is ranked, according to the ranking of tour operators published for 2021 (2022 Ranking, Tour Operators. Not full rebound yet, but certainly high leap upward. Confirmed data for 2021". Wiadomości Turystyczne (Tourism News), special edition, July 2022) at the third place among tour operators on the Polish market, following Itaka and TUI Poland. The Company holds the same high third position (regarding volume of revenue, net yield and value of equity) in the ranking presented during the conference organized by the editors of Rzeczpospolita and the website of tourism industry Turystyka.rp.pl with Instytut Badań Rynku Turystycznego TravelData (Tourism market research institute).¹

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

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

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

Due to SARS-CoV-2 pandemic the Parent Company has been forced since 2020 (and continued its activities also in 2021) supplement the above instruments used for implementation of the strategy of Group's development with instruments of active and comprehensive counteracting the effects of the pandemic, including by taking actions to reduce the offer in 2020, without incurring substantial fixed costs (contract costs that is future obligations resulting from contracted hotel and transport services were reduced on ongoing basis by adjusting the volume of the programme to demand) substantial reduction of fixed costs of operations that is administration costs (staff costs, rents, marketing costs), using, in the broadest scope possible, all aid and protective programmes introduced by the Polish government due to the crisis, including aid and shielding packages dedicated to tour operators and travel agents in Poland (Anit-Crisis Shield PFR version 1.0 and version 2.0 etc.).

The nature of internal and external factors, which are significant for development of the Company and Rainbow Tours Group and the description of perspectives for development in the financial year 2023 were presented in point 4 below: "Characteristic of external and internal factors that are significant for Company's growth and perspectives for development in the next financial year".

¹ Source: „Ranking biur podróży. Którzy touroperatorzy zarobili najwięcej?”, 02.12.2022 r., portal turystyka.rp.pl; <https://turystyka.rp.pl/biura-podrozy/art37535791-ranking-biur-podrozy-ktorzy-touroperatorzy-zarobili-najwiecej>

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

In the financial years 2020 and 2021 the most significant and basic factor (in this case: external factor), which had material effect on development of the business of the issuer and jointly on operations of Rainbow Tours Group was SARS-CoV-2 pandemic, and its consequences directly and indirectly influencing tourism industry in broad sense, and that due to operations of global economy adversely affected by the pandemic, restrictions and limitations intended to prevent infections and COVID-19.

In the reporting period of the financial/calendar year 2022 the operation of Rainbow Tours Group, including the Parent Company were affected indirectly – as unusual event and moderate and/or potential consequences for operations of the Parent Company – by military aggression of the Russian Federation at the territory of Ukraine starting of 24.02.2022 and the military conflict inflicted by that country, while the potential, indirect risk linked to political and economic situation in the world in connection to the respective armed conflicted.

The respective armed conflict in the territory of Ukraine did not have direct impact on operation of the Parent Company or the Group. The product offer provided at the territory of Russia and Ukraine before start of the military conflict was low in volume (mainly package tours) and did not constitute significant share in sales regarding basic operations of the Company. The Parent Company cancelled/suspended any touristic programmes provided at the territory of Russian Federation, which were planned for 2022 and the years to follow. Moreover, the company cancelled/suspended offers of air transportation covering connections provided by Aeroflot and Rossiya airlines and cancelled /suspended offers of any stays in hotels at the territory of Russian Federation and in hotels with capital ties to Russian in other countries in the world. The situation in Ukraine neither affected nor it affects programme of flights of Rainbow. All flight planned in 2022 took place and they take place without changes. Charter planes do not have fixed routes and don't fly over Ukraine or Russia. Also, package holidays with air transportations via airlines such as Emirates, Lufthansa, KLM, Air France, Fly Dubai or Turkish Airlines, have their transportation routes outside territories of Ukraine and Russia.

The respective military conflict in the territory in Ukraine can have, if any, potential indirect effect on operations of the group, in particular in case of recurring tendencies and behaviours in macroeconomic environment in 2023 with respect to activities of tour operators, that is potential unfavourable rise in prices of jet fuel in the long run or mid-term, (in the short-term the Company introduced its charter agreements provisions about average prices of jet fuel from previous periods and uses calculation buffers assuming higher price of jet fuel than the market prices in a specific time), as well as unfavourable situation on the exchange market linked to potential recurring tendency regarding of weakening Polish zloty (PLN) against settlement currencies used in operations of the Parent Company that is American dollar (USD) and euro (EUR). In extremely bad scenarios of development of social and political situation linked to the respective military conflict in the territory of Ukraine and bad scenarios when it comes to macroeconomic situation and/or its development in the future the Company can still experience negative tendencies related to lower yield on sales of package holidays and on operations, and thus with decreasing the amount of net cash flows and potential, if any, increased demand for borrowings, negative changes in borrowing terms and conditions or limited bank borrowings.

Of course, various objective factors are still significant in the perspective of determining external and internal factors, which are essential for development of tourism businesses, including the Parent Company and the companies in the Group; these are as follows:

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

Due to these factors the Management Board of the Company believes that, as at the date of approval of this report for publication (28.04.2023), the factors can considerably affect perspective of travel services market in Poland and in the world in 2023 (and indirectly in the years to come) and that they will have basic impact on development of the business of the Parent Company and the Group in current financial year 2023 are as follows:

- The scale and the impact on the period of occurrence of negative effects, expectations or forecasts regarding possibility that the war in Ukraine will escalate and that will have effect on operation of Polish and global economy, linked to e.g. consumer moods, rise in fuel prices in longer term (e.g. imposing embargo on energy products from Russia an energy sources by Polish government and other countries of the European Union and the effect on that policy on the rise of energy prices on global scale or European scale) and long-term negative impact of the conflict on the exchange rate of Polish zloty against euro and American dollar (currencies that are important for the Issuer).
- Growing inflation or its high level, rise in interest rates or their high level which could lead to economic stagnation and also recurring tendency of rising prices of crude oil (jet fuel), which have direct effect on prices of flight tickets.

Any occurring or escalating negative factors may affect potential costumers' decision to delay holidays abroad.

Taking into account importance of the above global factors (armed conflict in Ukraine, negative tendencies for macroeconomic indices) perspectives for tourism sector in Poland and in the world will be impacted by positive and optimistic tendencies with regard to this area of economy and human activity, which occurred in 2022 and were confirmed in case of the Parent Company by the record high sales for touristic season 2022 (Summer 2022 and Winter 2022/2023), also in case of other tour operators and are confirmed in the volume of advance sales with respect to Parent Company for the touristic season summer 2023 (according to the reports, published by the Issuer, about advances sales of the offer for Summer 2023 the report ESPI N0 2/2023 of 21.02.2023 and the report ESPI No 8/2023 of 19.04.2023). Improvement of consumer moods and the trend of rising consumer confidence in Poland with respect to package holidays was attributed to the following factors: (-) failure of the negative scenarios to be fulfilled concerning access to raw materials and energy carries in winter 2022 and 2023 (-) relatively high level of willingness and motivation to travel (despite earlier bad news on economic slowdown and potential recession) i.e. in the group of targeted customers that is people aged 40 to 60 (which are significant from the perspective of the Company) with stabilized financial and family situation, and which are not affected by high interest rates (with paid up mortgage) and not impacted by high inflation and rising costs of living (-) previous experience of potential customers of the Company regarding low availability of last minute offers and increase in their prices in Summer 2022 season (as a result of the outbreak of War in the Ukraine, exchange rates and prices of jet fuel) and the willingness to purchase first minute offers (-) full opening of Asian destinations i.e. Vietnam, Thailand and Caribbean destinations (which led to very good sales of exotic destination offered in Winter 2022/2023 season).

It is worth to mention that the Group has relatively substantial financial resources (including the loan from Bank Gospodarstwa Krajowego in the amount of EUR 15.5 million, which was obtained in 2018), allows to purchase and build hotels in Greece, also in cooperation with a passive external partner (in February the Group found a passive investor for investments linked to expansion of operations in own hotels or run on long-term lease - that is Foreign Expansion Fund Private Assets Closed-End Fund managed by PFR TFI, which is a part of the Group of Polish Development Fund). According to existing trend it is becoming considered as the best segment of tourism because of large profits, especially if the owner itself is able to fill hotels, as is the case of the Company and which positively perceived by analysts on market of tourism services

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

- The operations of the Parent Company and subsidiaries in the Group may be affected by factors directly and indirectly related to carrying out operations with respect to organization and sales of tourism services, including (as in point 4 above). "the characteristic of external and internal factors significant for development of the enterprise and description of perspectives for development in the next financial year", including (-) social and economic factors, factors related to economic situation in Poland, which can have effect of consumer confidence (level of consumption) (-) Macro-economic factors (e.g., level and dynamics of prices of package holidays, fluctuation of exchange rates of Polish zloty, in particular against American dollar and euro, fluctuation of prices of crude oil, growth perspectives for Polish economy, including growth dynamics of GDP, including level of inflation, (-) Political factors - changes in the geopolitical situation and potential armed conflicts and terrorist attacks, in different parts of the world, which can affect travel decisions of Polish customer and their destination, in particular in the period directly after the event etc.) (-) Climate factors (e.g., it is the factor that supports decision to travel abroad when the weather of Poland is not particularly good) (-) Competitive environment, offers of advance sales of other tour operators.

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

Risk related to the war in the territory of Ukraine

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

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

(in the short-term and medium-term perspective the Parent Company introduces provisions of using average fuel prices from previous periods to charter contracts, and uses calculation buffers with fuel prices higher than market prices in a given moment.) (ii) destabilization and rise in exchange rates, in particular due to destabilization of the Polish zloty (PLN) against settlement currencies: American dollar (USD) and euro (EUR) what can potentially result in lower profitability of package holidays sold and on operations and thus, decrease the amount of net cash flows, increased demand for bank borrowings, negative changes in conditions of borrowing or limited bank borrowings.

The experience of the Company from the reporting period of three months of 2022 concerning achievement of relatively high levels of sale in the summer season, which is the most important for the company (that is „Summer 2022” season) where only in the period directly after the military aggression of Russian in Ukraine (the period of 2-3 weeks after 24.02.2022) the drop in the number of bookings of package holidays was noticeable – and that allows the Management Board to make an assessment (current as at the date of approval of this report for publication) that the consumers (and potential customers of the Group, including of the Parent Company) grew accustomed to the conflict in the Ukraine, and that the conflict in Ukraine eventually did not have direct effect on consumer choices of potential customers of the Parent Company and the operations of Rainbow Tours Group. This tendency was confirmed in increase in bookings reported the Parent Company (both for Summer 2022 season and Winter 2022/2023 season) and rising revenue compared to similar previous periods.

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

Negative indirect effect of the military conflict in the territory of Ukraine on operations of the Group, which is seen in global economic decline and local economic indexes, rise in fuel prices, unfavourable exchange rates (what in the end could, to some extent, have and had effect on the performance of the Parent Company in the reported period of three quarters of 2022 and potentially – especially in case of escalation of warfare – could have effect at later time) was balanced by substantially increased consumer demand on package holidays (especially in the area of luxury tours and hotels), which were also offered at higher prices taking into account rises in price of aviation fuel and exchange rates (costs incurred by tour operators in this respect enforced higher prices of package holidays) and inflation factor.

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

In the financial year 2020 and 2021 the most the most significant and basic factor (in this case: external factor), which had material effect on development of the business of the issuer and jointly on operations of Rainbow Tours Group was SARS-CoV-2 pandemic, and its consequences directly and indirectly influencing tourism industry in broad sense, and that due to operations of global economy adversely affected by the pandemic, restrictions and limitations intended to prevent infections and COVID-19. SARS-CoV-2; pandemic beats directly at real economy of most of countries and results in falling production, disorganisation of supply chains, falling demand, especially for services i.e., in respect of passenger air traffic, tourism, hospitality industry and consumption of cultural goods.

It is also seen in even more frequent and practically general lifting of restrictions and obligations linked to COVID-19 at crossing border of touristic destinations, in which the Company is present. Potential effect of rising wave of infections in the nearest future (also in respect of business and financial performance of the Group, including the Parent Company for 2023) that need not to have significant and decisive effect and importance.

As at the date of approval of this report for publication the Management Board of the Company believes in 2021, we could have seen gradual getting used to the pandemic situation, and also gradual quenching of the pandemic after another significant wave of pandemic at the start of 2022 the impact of SARS-CoV-2 pandemic on operations of tourism industry lost its importance.

In the package holiday business still exists certain (limited and losing its meaning due as subsequent waves of pandemic are quenched) negative perception of pandemic and post-pandemic reality. However, in the opinion of the Management Board social awareness of the coronavirus pandemic and COVID-19 disease (which in 2023, according to many experts, should be endemic due to higher level of herd immunity of European communities, including Poland, due to relatively high level of vaccination and acquiring immunity by having COVID-19 and related obligations and restrictions will not cause far reaching, as in 2020 and 2023, negative effects for operations of Rainbow Tours Group, including the Parent Company in 2023 and the following years.

It has also had reflection in more frequent and in practice common lifting of restrictions and obligations linked to COVID-19 after crossing borders of target destinations serviced by the Company. Any effect of rising number of infections in the nearest future (also with respect to business and financial results of the Group, including the Parent Company for 2023) may not have significant and decisive effect and meaning.

Risk related to disasters in touristic regions

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

Risk related to competition

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

Irrespective of the above facts the Parent Company competes on market of traditional tour operators with other entities. Consistent creation of strong and recognizable Rainbow brand and strong Rainbow Tours Group covering with its operations all aspects of tourism market (producer – tour operator in Poland, traditional distribution- the chain of own stores, the Internet- own internet portal), which would help to successfully compete with other market players. For many years the Parent company is ranked as one of the leaders on tour operator market, and is ranked, according to the ranking of tour operators published for 2021 (2022 Ranking, Tour Operators. Not full rebound yet, but certainly high leap upward. Confirmed data for 2021". Wiadomości Turystyczne (Tourism News), special edition, July 2022) at the third place among tour operators on the Polish market, following Itaka and TUI Poland. The Company holds the same high third position (regarding volume of revenue, net yield and value of equity) in the ranking presented during the conference organized by the editors of Rzeczpospolita and the website of tourism industry Turystyka.rp.pl with Instytut Badań Rynku Turystycznego TravelData (Tourism market research institute). (Source: "Ranking of travel agencies. Which tour operators earned the most: 02.12.2022, website turystyka.rp.pl).

Risk related to seasonality of sales

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

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

Risk related to financial situation of subsidiaries

Rainbow Tours Group has the following subsidiaries: My Way by Rainbow Tours (previously: Portal Turystyczny Sp. z o.o.), in which the Company holds 100% of the share capital and votes at the Meeting of Shareholders; since November "My Way by Rainbow" [which focuses on organization and training for travel couriers, leisure time animators and holiday representatives under the project "Akademia Rainbow" (Rainbow Academy)] and also Greek subsidiaries: White Olive A.E. (direct subsidiary, in which Rainbow Tours S.A. as at the date of approval of this report holds 71.54% of share capital and votes in the General Meeting and the remaining 28.46 % of the share capital and votes at the General Meeting of White Olive A.E. is held by Polish International Development FUND FIZ AN – PFR Group) and White Olive Premium Lindos A.E. (indirect subsidiary, in which

White Olive A.E. holds 100% of the share capital and votes at the General Meeting), the subsidiary runs a hotel business and makes hotel investments. Since the start of Summer 2021 season Rainbow Tours as a Parent Company in the Group, plans to start operations of the newly incorporated company operating under Turkish law that is Rainbow Tours Destination Services Turkey Turizm Ve Seyahat Hizmetleri Anonim Sirketi with registered office in Alanya (Antalya), in Turkey.

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

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

Risk related with investment in the Group

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

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

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

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

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

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

Risk related to macroeconomic situation in Poland

Crisis linked to military conflict in Ukraine (including economic problems of the EU countries and among them Poland) affects in the mid-term and long-term the economic situation in Poland, and the situation may have effect on worse consumer moods, including on tendency of Polish customers to go abroad. This global political and economic situation affect by the crisis has and will have in the future long-term effect on falling economic indicators, rise of fuel prices, unfavourable exchange rates.

The political and social situation in Poland may be additional risk factor, and the inflation in Poland can be of potential importance in respect of consumer choices when it comes to purchases of package holidays, which involves rising prices in economy (year on year inflation), which lead to loss of money value. The inflation, which has been rising steadily since the beginning of 2021 (in

February 2021 the inflation was at the level of 2.4%) and the most felt increases e.g., in prices of construction materials, fuel and energy led to record high inflation in subsequent periods.

According to the data published in March 2023 by the Main Statistical Office, concerning increases in prices of consumer goods and services in October 2022 the CPI inflation (consumer price index is the index of p change of price of consumer goods and services calculated based on weighted average price of goods and services purchased by the average household. In Poland it came to 18.4% year on year (from January 2023 the inflation rate was at the level of 16.6%) and as at that day it was the highest level since December 1996. Pursuant to the data of the Main Statistical Office published on 31.03.2022 the prices and consumer goods and services in March 2023 were however on average higher by 16.1% than the year before, which means slower rise in prices against the data for February 2023. The current, as at the date of publication of this report, the reference rate, main interest rate of NBP, came to 6.75% (effective as at 08.09.2022 at the last meeting the Monetary Policy Council did not decide about resumption of the interest rate rising cycle, the Council took the decision not to increase the level of interest rates and maintained the respective interest rate at the level of 6.75%.

In the opinion of the Management Board, taking in account experience of achieving relatively high levels of advance sales of package holidays in the most important summer season (that is in the Summer 2023 season), the inflation rate, which leads to increase in prices in respect of these touristic seasons will not have effect on purchases of package holidays by customers of the Company.

Risk related to changes in legal regulations

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

Currency risk

The company pays in foreign currencies (usually Euro or American Dollar) for ordered package travels and customers in Poland pay for holidays in in Polish zloty. Unfavourable currency exchange rates between the time of inflow of customer funds to payment to foreign contractors may reduce profitability and profits earned by the Company. The company uses hedges to secure future foreign exchange transactions: options and forwards, however in 2020 the company temporarily suspended currency hedge programmes because it not possible to estimate cash flows related to basic operations what makes it impossible to estimate currency needs. The programme in question has been revived in 2022 and is currently operating.

Risk connected with rising prices of crude oil

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

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

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

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

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

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

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

6. Declaration on application of corporate governance.

6.1. Corporate governance rules applied by the Issuer

The parent company, as stock exchange listed company, which shares are quoted on parallel market of Warsaw Stock Exchange adopted and applied in 2022 corporate governance regulated in the following documents applicable at Warsaw Stock Exchange in 2022 the document "Best Practice for GPW listed companies, 2021" adopted by the resolution of the Exchange Supervisory Board No 13/1834/2021 of 29.03.2021 on adoption of "Best Practice for GPW listed companies, 2021" (the document effective as of 01.07.2021). The new corporate governance rules "Best Practice for GPW listed companies, 2021" replaced the previous corporate rules effective for GPW listed companies that is covered by the document "Best Practice for GPW listed companies, 2016".

Corporate governance rules, applicable in 2022, as at the date of approval of this report for publication (28.04.2023), are available for public online on the website of Warsaw Stock Exchange, under the address:

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

Regulation on issues regarding best practice for GPW listed companies as at the date of approval of this report for publication (28.04.2023) are available online on the website of Warsaw Stock Exchange under the address:

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

The Exchange rules (the document in the wording adopted by Resolution No 1/1110/2006 of Supervisory Board of the Stock exchange of 04.01.2006 as amended) do not impose the obligation on the company to use the collection of rules, but only to report about them. Considering the rules in "Best Practice for GPW listed companies 2021" similarly as in the case of the previous "Best Practice of GPW listed companies 2016" the formula complies or explain applies. According to provisions of § 29 section 2 of the respective Exchange rules /quote. /: "... the issuers should apply the rules of corporate governance. The rules of corporate governance determined in the resolution are not regulations governing the exchange within the meaning of the Exchange Rules. According to provisions of § 29 section 3 of the Exchange rules (in the wording effective from 01.07.2021 and until publication of this report /quote. /: "To ensure availability of exhaustive information concerning the current status of compliance with the rules of corporate governance referred to in sub-paragraph 1, the issuer shall publish a report indicating which rules the issuer complies with and which rules the issuer does not comply with on a permanent basis. Concerning rules which the issuer does not comply with, such report shall contain a detailed explanation of the circumstances of and reasons for non-compliance with such rule. If the status of compliance with rules changes or circumstances arise which justify changes to the content of the explanation concerning non-compliance or the manner of compliance with a rule, the issuer shall immediately update a previously published report. Additionally, pursuant to provisions of § 29 section 3a i 3b of the Exchange Rules" (in the wording effective as of

01.07.2021 and until the date of publication of this report) /quote/ “3a. If a specific corporate governance rule is breached incidentally, the issuer shall immediately publish a report concerning that fact, indicating the circumstances of and the reasons for the breach of that rule and an explanation of how the issuer intends to remove effects, if any, of not having applied a given rule or what steps it intends to take to mitigate the risk of the rule not being applied in the future, and indicating whether the rule has been breached incidentally in the last two years. 3b. The Exchange Management Board shall define the specific scope, form, and manner of the publication of reports referred to in sub-paragraphs 3 and 3a.

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

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

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

Below we present the scope of departures of the Parent Company from provisions of corporate governance rules effective in 2022 provided in “Best Practice for GPW listed companies” adopted by the resolution of the Exchange Supervisory Board No 13/1834/2021 of 29.03.2021 (with explanation of the Company regarding departures from application of corporate governance rules and recommendation in the period from 01.07.2021).

The respective information on application of corporate governance rules by the Parent Company, that are stipulated in “Best Practice for GPW listed companies 2021” was published by the Company in the report of 30.07. In order to ensure timely updates of the Exchange rules WSE commits public companies to inform about the change in scope of application of the rules or occurrence of circumstances justifying change in the content of explanation regarding non-application of the manner of application of the rules stipulated in “Best Practice for GPW listed companies 2021”.

The Company in 2022, in the effective period of “Best Practice of GPW listed companies 2021” departed from application of 16 (sixteen) corporate governance rules .1., 1.3.1., 1.4., 1.4.1., 1.4.2., 1.6., 2.1., 2.4., 2.11.6., 3.1., 3.2., 3.3., 3.4., 3.5., 3.6., 4.3.

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

Chapter I – Disclosure Policy, Investor Communications

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

Rule 1.1.

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

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

The Company does not apply the rule 1.1. because the scope of information provided on the Company's website of investor relations (the scope required according to Guidelines of Corporate Governance Committee on application of "Best Practice for GPW listed companies 2021) does not cover: (-) materials with details of the Company's strategy (including ESG issues) published recommendations and analyses with regard to the Company (because of Communication of the Office of the Financial Supervision Committee of 20.02.2018 on distribution of investment recommendations or other information recommending or suggesting investment strategy (-) records of chats with investors, audio/video recordings from meetings with investors, (-) separate section of questions to the Company asked both by shareholders and non-shareholders with answers provided by the company.

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

Rule 1.3.1.

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

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

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

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

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

Rule 1.4.

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

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

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

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

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

Rule 1.4.1.

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

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

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

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

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

Rule 1.4.2.

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

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

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

Rule 1.6.

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

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

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

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

Currently, the Company does not see the need to organize cyclical open meetings for broad scope of stakeholders with a required frequency (at least once a quarter). If the Company obtains information about expectations and need of investors (particularly individual) to participate in cyclical (at least once a quarter meeting with the Management Board of the Company), the Management Board of the Company will possibly take actions intended to increase frequency of organization of respective meetings for broad scope of stakeholders and will consider (in the planned perspective not earlier than in 2022) organization of open, cyclical that is at least once a quarter investor/ result meetings.

Chapter II – Management Board, Supervisory Board

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

Rule 2.1.

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

The Company does not have formalized document with respect to diversity policy for the Management Board and the Supervisory Board or General Meeting. “The diversity policy of the Group of Rainbow Tours Group” was introduced in the Company and Rainbow Tours Group in 2017 by the Management Board. The content of the document was uploaded on the webpage of investor relations under the address: <https://ir.r.pl/> in the tab „CSR” / „Dokumenty CSR” and in the tab „Ład korporacyjny” / „Dokumenty Spółki”.

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

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

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

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

Rule 2.4.

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

According to content of Company’s internal documents (which are not law) that is provisions of the articles of association of the Company (§ 23 section 7 – with respect to voting in the Supervisory Board (§ 16 section 9) and provisions of the Regulation of

the Management Board (§ 12 section 9), as a rule voting is open. Secret ballot is ordered with respect to staff issues (the Supervisory Board) or upon request of the member of the Supervisory Board/ the Management Board.

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

Rule 2.11.6.

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

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

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

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

The Company intends to develop, adopt and introduce for application in the future (in the assumed perspective - up to the date of having the next General Meeting, not later than until the end of June 2022) separate diversity policies with respect to the Management Board and the Supervisory Board, adopted by the Supervisory Board (with respect to members of the Management Board) and by General Meeting (with respect to members of the Supervisory Board), i.e. in such areas as sex (the share of minority in this body at the level of no less than 30%), field of education, expert knowledge, age and working experience, as well as determining date and manner of fulfilling the goals. Frequency of changes in make-up of the Management Board and Supervisory Board as a rule depend on length of the term of office of the body. In case of the Management Board of the Company the joint term of office is 5 years, and current term of office of the Management Board of the Company (continuing on the effective date of "Best Practice for GPW listed Companies 2021) ends on 25.08.2025 and mandates expire at the latest on date of the General Meeting to approve financial statements for the last full financial year of being a member of the Management Board. In case of the Supervisory Board the joint term of office is 3 years, and the current term of office of the Supervisory Board of the Company (continuing on the effective date of "Best Practice for GPW listed companies 2021) ends on 30.06.2025 and mandates expire at the latest on date of General Meeting to approve financial statements of the Company for the last financial year of being a member of the Supervisory Board"

Chapter III – Internal Systems and Functions

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

Rule 3.1.

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

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

Because no internal auditor in charge if internal audit was appointed in the company (according to rule 3.3) (which is the member of sWIG80), the Company did not apply in 2022 and does not apply rule 3.1. The Company does not have separated organizational units /positions dedicated to service risk management, internal control and compliance processes. In 2022 the company did not appoint internal auditor managing internal audit.

Starting as of 01.03.2023 the Company created one-person position of Internal Auditor/ Financial Inspector and appointed a person to this position (which in the further future would work according to plans as a part of extended Department of Internal Audit), who is reporting- when it comes to his/her function to the Supervisory Board (which tasks include i.e. approval of the work plans of the Internal Auditor, acceptance of internal auditor's work results), and organizationally and administratively reporting to the President of the Management Board. The scope of tasks of the Internal Auditor/ Financial Inspector include among others: (-) managing internal control/ internal audit processes, and applicable procedures, and including i.e. analytical verification of financial data of the company (-) inspection of managing assets of the company and implementation of the strategy and tasks of the Company and Rainbow Tours Group (-) finding about reasons and consequences of any confirmed irregularities and showing the manner and means to remove those irregularities and deficiencies (-) proposing solutions intended to improve areas/processes and regulations in the Company and monitoring implementation of post-inspection and post-audit recommendations (-) independent looking for optimalization and business processes, advising and overseeing changes in processes and business areas (-) pro-active support of innovation and improvement processes in the Company and Rainbow Tours Group (-) active participation in designing and implementation of internal regulations in the Company (-) cooperation with other organizational units in the Company and companies of Rainbow Tours Group.

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

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

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

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

Rule 3.2.

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

The Company does not have separated organizational units/ positions dedicated to deal with risk managements processes, internal control and compliance. In 2022 the Company failed to appoint an internal auditor to deal with internal audit.

Starting as of 01.03.2023 the Company created one-person position of Internal Auditor/ Financial Inspector and appointed a person to this position (which in the further future would work according to plans as a part of extended Department of Internal Audit), who is reporting- when it comes to his/her function to the Supervisory Board (which tasks include i.e. approval of the work plans of the Internal Auditor, acceptance of internal auditor's work results), and organizationally and administratively reporting to the President of the Management Board. The scope of tasks of the Internal Auditor/ Financial Inspector include among others: (-) managing internal control/ internal audit processes, and applicable procedures, and including i.e. analytical verification of financial data of the company (-) inspection of managing assets of the company and implementation of the strategy and tasks of

the Company and Rainbow Tours Group (-) finding about reasons and consequences of any confirmed irregularities and showing the manner and means to remove those irregularities and deficiencies (-) proposing solutions intended to improve areas/processes and regulations in the Company and monitoring implementation of post-inspection and post-audit recommendations (-) independent looking for optimalization and business processes, advising and overseeing changes in processes and business areas (-) pro-active support of innovation and improvement processes in the Company and Rainbow Tours Group (-) active participation in designing and implementation of internal regulations in the Company (-) cooperation with other organizational units in the Company and companies of Rainbow Tours Group.

In the opinion of the Management Board the Company and Rainbow Tours Group have effective systems of internal control, risk management and compliance of operations with law systems which conform to current characteristic of business operation (homogenous business model) and not considerably differentiated segmentation of operations, relatively low number of companies of the Group. Tasks in these areas are performed by the Company with increased engagement of members of the Management Board, the Supervisory Board and committees of the Supervisory Board (the Audit Committee and appointed as of July 2021 the Committee of Strategy and Business Development, which task include also i.e., monitoring and fulfilment of strategic objectives and plans of economic operations and financial plans by the Management Board).

Because for the Company (which participates in sWIG80) no internal auditor, who would deal with internal audit, was appointed (according to rule 3.3.) in 2022 the Company did not apply and does not apply rule 3.2.

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

Rule 3.3.

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

In 2022 no internal auditor in charge of internal audit was appointed in the Company. Tasks in this respect, i.e., the area of internal audit were performed in 2022 and currently are performed in the Company with the increased involvement of members of the Management Board, Supervisory Board and committees of the Supervisory Board (the Audit Committee and appointed from July 2021 Committee of Strategy and Business Development, which tasks cover i.e., monitoring of fulfilment of strategic objectives and plans of economic operations and financial plans).

Starting as of 01.03.2023 the Company created one-person position of Internal Auditor/ Financial Inspector and appointed a person to this position (which in the further future would work according to plans as a part of extended Department of Internal Audit), who is reporting- when it comes to his/her function to the Supervisory Board (which tasks include i.e. approval of the work plans of the Internal Auditor, acceptance of internal auditor's work results), and organizationally and administratively reporting to the President of the Management Board. The scope of tasks of the Internal Auditor/ Financial Inspector include among others: (-) managing internal control/ internal audit processes, and applicable procedures, and including i.e. analytical verification of financial data of the company (-) inspection of managing assets of the company and implementation of the strategy and tasks of the Company and Rainbow Tours Group (-) finding about reasons and consequences of any confirmed irregularities and showing the manner and means to remove those irregularities and deficiencies (-) proposing solutions intended to improve areas/processes and regulations in the Company and monitoring implementation of post-inspection and post-audit recommendations (-) independent looking for optimalization and business processes, advising and overseeing changes in processes and business areas (-) pro-active support of innovation and improvement processes in the Company and Rainbow Tours Group (-) active participation in designing and implementation of internal regulations in the Company (-) cooperation with other organizational units in the Company and companies of Rainbow Tours Group.

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

Rule 3.4.

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

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

The Company does not have separated organizational units/positions to deal with risk managements and compliance. Tasks with respect to, i.e., the area of internal audit were performed in 2022 and currently are performed in the Company with the increased involvement of members of the Management Board, Supervisory Board and committees of the Supervisory Board (the Audit Committee and appointed from July 2021 Committee of Strategy and Business Development, which tasks cover i.e., monitoring of fulfilment of strategic objectives and plans of economic operations and financial plans). In the opinion of the Management Board the Company and Rainbow Tours Group have effective systems of internal control, risk management and compliance of operations with law systems which conform to current characteristic of business operation (homogenous business model) and not considerably differentiated segmentation of operations, relatively low number of companies of the Group.

Starting as of 01.03.2023 the Company created one-person position of Internal Auditor/ Financial Inspector and appointed a person to this position (which in the further future would work according to plans as a part of extended Department of Internal Audit), who is reporting- when it comes to his/her function to the Supervisory Board (which tasks include i.e. approval of the work plans of the Internal Auditor, acceptance of internal auditor's work results), and organizationally and administratively reporting to the President of the Management Board. The scope of tasks of the Internal Auditor/ Financial Inspector include among others: (-) managing internal control/ internal audit processes, and applicable procedures, and including i.e. analytical verification of financial data of the company (-) inspection of managing assets of the company and implementation of the strategy and tasks of the Company and Rainbow Tours Group (-) finding about reasons and consequences of any confirmed irregularities and showing the manner and means to remove those irregularities and deficiencies (-) proposing solutions intended to improve areas/processes and regulations in the Company and monitoring implementation of post-inspection and post-audit recommendations (-) independent looking for optimalization and business processes, advising and overseeing changes in processes and business areas (-) pro-active support of innovation and improvement processes in the Company and Rainbow Tours Group (-) active participation in designing and implementation of internal regulations in the Company (-) cooperation with other organizational units in the Company and companies of Rainbow Tours Group.

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

Rule 3.5.

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

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

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

The Management Board of the Company considers, in the future, actions to formalize processes of risk management in the Company and operation of internal control and compliance as well as organizational development of internal audit (by introduction of relevant internal procedures, establishment of a dedicated entity etc.) The Management Board of the Company considers potential implementation of procedures regarding “reporting of above-standard accounting events”. In 2021 the Company carried out and partially completed preparatory and organization works resulting in introduction of relevant provisions (internal regulations of the Company: the Rules of the Management Board, the Rules of the Supervisory Board) to regulating rules of

cooperation of potential internal auditor with governing bodies of the Company and accessibility of the governing bodies or persons serving in those capacity (if they are appointed) to representatives of the Management Board and the Supervisory Board.

Rule 3.6.

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

Non-application of the rule 3.6 by the Company in 2022 is a consequence of non-application of the rule 3.3 (no internal auditor in charge of internal audit was appointed in the Company in 2022).

Tasks with respect to, i.e., the area of internal audit were performed in 2022 and currently are performed in the Company with the increased involvement of members of the Management Board, Supervisory Board and committees of the Supervisory Board (the Audit Committee and appointed from July 2021 Committee of Strategy and Business Development, which tasks cover i.e., monitoring of fulfilment of strategic objectives and plans of economic operations and financial plans).

Starting as of 01.03.2023 the Company created one-person position of Internal Auditor/ Financial Inspector and appointed a person to this position (which in the further future would work according to plans as a part of extended Department of Internal Audit), who is reporting- when it comes to his/her function to the Supervisory Board (which tasks include i.e. approval of the work plans of the Internal Auditor, acceptance of internal auditor's work results), and organizationally and administratively reporting to the President of the Management Board. The scope of tasks of the Internal Auditor/ Financial Inspector include among others: (-) managing internal control/ internal audit processes, and applicable procedures, and including i.e. analytical verification of financial data of the company (-) inspection of managing assets of the company and implementation of the strategy and tasks of the Company and Rainbow Tours Group (-) finding about reasons and consequences of any confirmed irregularities and showing the manner and means to remove those irregularities and deficiencies (-) proposing solutions intended to improve areas/processes and regulations in the Company and monitoring implementation of post-inspection and post-audit recommendations (-) independent looking for optimization and business processes, advising and overseeing changes in processes and business areas (-) pro-active support of innovation and improvement processes in the Company and Rainbow Tours Group (-) active participation in designing and implementation of internal regulations in the Company (-) cooperation with other organizational units in the Company and companies of Rainbow Tours Group.

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

Chapter IV – General Meeting, Shareholder Relations

With regard to chapter IV of “Best Practice for GPW listed companies 2021” the Company in the period from 01.07.2021 r departed from application of one of corporate governance rules: **4.3.** The Company applies or declares application (in case of occurrence of relevant situations or events referring to a given recommendation or special rule) of other, effective for the Company rules provided in chapter IV of “Best Practice for GPW listed companies 2021”

Rule 4.3.

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

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

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

Chapter V – Conflict of Interest, Related Party Transactions

With regard to chapter V of “Best Practice for GPW listed companies 2021” the Company applies or declares application (in case of occurrence of relevant situations or events referring to a given recommendation or special rule) all rules, which are applicable for the Company under in chapter V of “Best Practice for GPW listed companies 2021.

Chapter VI – Remuneration

With regard to chapter V of “Best Practice for GPW listed companies 2021” the Company applies or declares application (in case of occurrence of relevant situations or events referring to a given recommendation or special rule) all rules, which are applicable for the Company under in chapter VI of “Best Practice for GPW listed companies 2021.

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

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

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

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

The parent company does not have selected organizational units/positions to services risk management, internal control and compliance services.

In the opinion of the Management Board, the Parent Company and the Group have effective systems of internal control, risk management and compliance, which are in line with the nature of the business operation (homogenous business model and undifferentiated substantially segmentation of operations, relatively low number of companies in the Group). The tasks in respect of the areas are performed in the Company with increased involvement of members of the Management Board, the supervisory Board and the committees of the Supervisory Board (the Audit Committee and appointed as of July 2021 the Committee of Strategy and Business Development, which tasks also include monitoring of implementation of strategic objectives and plans of business operations and financial plans).

Internal control system is based on specific division of powers, obligations and responsibilities of individual organizational units of the Company. The system is supervised by heads of organizational units, directors and the Management Board continuously, including current contacts of individual and proper organization units of the Company Moreover, internal control is exercised directly by each employee, by a direct supervisor and persons cooperating with him/her with respect to quality and correctness of activities. The aim of these activities is to ensure compliance of activities with requirements, including legal requirements. The Management Board is responsible for total comprehensive control, for minimising level of risk as well as identification of new threats. In March 2019 pilot one-man positions “Financial Inspector” was established, who reports directly to the Management Board, which scope of duties include: cost and profitability control, control of implementation of plans and budget as well as control and optimization of business processes both in the Company and in subsidiaries. As a result of further changes, in particular due to development of tourism services operations i.e. in hotels owned by the companies of Rainbow Tours Group, the powers of “the Financial Inspector” were limited to supervision and control of implementation of plans and budgets and optimization of business processes with respect to subsidiaries providing hotel services (that is White Olive A.E. and White Olive Premium Lindos A.E. – after the merger of the Greek companies in November 2022 – only with respect to White Olive A.E.).

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

Starting as of 01.03.2023 the Company created one-person position of Internal Auditor/ Financial Inspector and appointed a person to this position (which in the further future would work according to plans as a part of extended Department of Internal Audit), who is reporting- when it comes to his/her function to the Supervisory Board (which tasks include i.e. approval of the work plans of the Internal Auditor, acceptance of internal auditor's work results), and organizationally and administratively reporting to the President of the Management Board. The scope of tasks of the Internal Auditor/ Financial Inspector include among others: (-) managing internal control/ internal audit processes, and applicable procedures, and including i.e. analytical verification of financial data of the company (-) inspection of managing assets of the company and implementation of the strategy and tasks of the Company and Rainbow Tours Group (-) finding about reasons and consequences of any confirmed irregularities and showing the manner and means to remove those irregularities and deficiencies (-) proposing solutions intended to improve areas/processes and regulations in the Company and monitoring implementation of post-inspection and post-audit recommendations (-) independent looking for optimization and business processes, advising and overseeing changes in processes and business areas (-) pro-active support of innovation and improvement processes in the Company and Rainbow Tours Group (-) active participation in designing and implementation of internal regulations in the Company (-) cooperation with other organizational units in the Company and companies of Rainbow Tours Group.

In the previous periods (2021) the Company carried out and partially completed preparatory and organization works resulting in introduction of relevant provisions (internal regulations of the Company: the Rules of the Management Board, the Rules of the Supervisory Board) to regulating rules of cooperation of potential internal auditor with governing bodies of the Company and accessibility of the governing bodies or persons serving in those capacity (if they are appointed) to representatives of the Management Board and the Supervisory Board. The respective changes in the internal regulations were introduced to (i) The Rules of the Management Board – pursuant to the resolution of the Management Board of the Company No 03/06/21 of 01.06.2021 and approved with the resolution of the Supervisory Board of the Company No 5/06/2021 of 02.06.2021 (amendments applicable as of 01.07.2021) (ii) to the Rules of the Supervisory Board - pursuant to the resolution of the Supervisory Board No 2/06/2021 of 02.06.2021 and approved by resolution of the General Meeting of the Company No 36 of 30.06.2021 (amendments effective as of 01.07.2021).

6.4. Shareholders holding directly or indirectly blocks of shares

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

Table: List of shareholders that hold directly substantial blocks of shares as at **31.12.2022 and 28.04.2023**, i.e., blocks of shares, which give right to at least 5% of votes at the General Meeting

Shareholder	Number of shares	Number of votes at GM attached to shares	Share capital [%]	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%
TOTAL	14,552,000	18,377,000	100.00%	100.00%

The table. List of shareholders holding as at **31.12.2022** and as at **28.04.2023** directly and indirectly, substantial blocks of shares of the company, that is blocks of shares, which make at least 5% of the total number of votes at General Meeting of Shareholders

Shareholder		Number of shares	Number of votes at GM attached to shares	Share capital [%]	Total votes at GM [%]
Sławomir 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%
	Total – Directly and indirectly	1 646 050	2 346 050	11.31%	12.77%
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%
TOTAL		14 552 000	18 377 000	100.00%	100.00%

In 2022 there were following changes in the ownership structure with regard to substantial blocks of shares:

- on 27.06.2022 there were changes in the structure of ownership of substantial blocks of shares of the Issuer connected with conversion of shares upon request of shareholders: Flyoo Sp. z o.o., Elephant Capital Sp. z o.o. and TCZ Holding Sp. z o.o. – the conversion of registered preferred shares to ordinary bearer shares that is 900,000 registered preferred shares series A (in the total number of 4,505,000 shares) to ordinary bearer shares and the related with the conversion change in to the total number of votes at the General Meeting (from the previous number of 19,277,000 votes to 18,377,000 votes):
 - due to the change in total number of votes at the General Meeting of the Company – percentage of votes o at the General meeting attributed to shares, which are held by Mr Sławomir Wysmyk from the previous 17.78 % to 18.66% votes at the General Meeting (percentage of shares held by Mr Sławomir Wysmyk in the share capital did not change and as at the balance sheet date 31.12.2022 and the date of publication of this report 28.04.2023 comes to 12.84%
 - due to the conversion, upon the request of the shareholder Flyoo Spółka z o.o. with registered office in Łódź (the subsidiary of Grzegorz Baszczyński – the President of the Management Board) – the conversion of 300,000 of registered preferred shares series A of the Company to ordinary bearer shares, and also total number of votes at the General Meeting attributed to shares held by Flyoo Spółka z o.o., from previous 14.19% to 13.25% votes at the General Meeting (percentage of shares held by Flyoo Sp. z o.o. in the share capital did not change and as at the balance sheet date 31.12.2022 and the date of publication of this report 28.04.2023 comes to 10.86%
 - due to the conversion, upon the request of the shareholder Elephant Capital Spółka z o.o. with registered office in Łódź (the subsidiary of Tomasz Czaplą – the member of the Supervisory Board) – the conversion of 300,000 of registered preferred shares series A of the Company to ordinary bearer shares, and also total number of votes at the General Meeting attributed to shares held by Elephant Capital Sp. z o.o., from previous 12.11% to 11.07% votes at the General Meeting (percentage of shares held by TCZ Holding Sp. z o.o.in the share capital did not change and as at the balance sheet date 31.12.2022 and the date of publication of this report 28.04.2023 comes to 11.30%
 - due to the conversion, upon the request of the shareholder TCZ Holding Spółka z o.o. with registered office in Łódź (the subsidiary of Remigiusz Talarek – the member of the Supervisory Board) – the conversion of 300,000 of registered preferred shares series A of the Company to ordinary bearer shares, and also total number of votes at the General Meeting attributed to shares held by Elephant Capital Sp. z o.o., from previous 13.72% to 12.76% votes at the General Meeting (percentage of shares held by Elephant Capital Sp. z o.o.in the share capital did not change and as at the balance sheet date 31.12.2022 and the date of publication of this report 28.04.2023 comes to 9.17%
 - due to the change in total number of votes at the General Meeting of the Company – percentage of votes o at the General meeting attributed to shares, which are held by funds managed by Nationale-Nederlanden PTE S.A. from the previous 8.91% to 9.35% votes at the General Meeting (percentage of shares held by Nationale-Nederlanden

PTE S.A in the share capital did not change and as at the balance sheet date 31.12.2022 and the date of publication of this report 28.04.2023 comes to 11.81%

- due to the change in total number of votes at the General Meeting of the Company – percentage of votes o at the General meeting attributed to shares, which are held by funds managed by Generali PTE S.A. from the previous 5.23% to 5.49% votes at the General Meeting (percentage of shares held by Generali PTE S.A. in the share capital did not change and as at the balance sheet date 31.12.2022 and the date of publication of this report 28.04.2023 comes to 6.93%

In the period after the reporting period, that is after 31.12.2022 until publication of this report (28.04.2023) there were no changes in ownership structure of substantial blocks of shares of the Issuer.

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

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

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

Table. Registered preferred shares series A and registered preferred shares series C1 held by shareholders as at 31.12.2022 and as at the date of publication of this report (28.04.2023)

shareholder	Number of series A shares	Number of series C1 shares	Total preferred shares
Sławomir Wysmyk	1,350,000	210,000	1.560.000
Flyoo Sp. z o.o. (subsidiary of Grzegorz Baszczyński – the President of the Management Board of the Company)	855,000	-	855.000
Elephant Capital Sp. z o.o. (subsidiary of Remigiusz Talarek – a member of the Supervisory Board of the Company)	700,000	-	700.000
TCZ Holding Sp. z o.o. (subsidiary of Tomasz Czaplą – a member of the Supervisory Board of the Company)	700,000	-	700.000
Mariusz Rejmanowski	-	2,500	2.500
Janek Rejmanowski	-	2,500	2.500
Anna Rejmanowska	-	2,500	2.500
Julia Rejmanowska	-	2,500	2.500
TOTAL	3,605,000	220,000	3.825.000

6.6. Limitations with respect to exercising voting rights.

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

6.7. Limitations concerning transferring ownership of Issuer's securities

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

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

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

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

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

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

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

6. Sales of shares without observance of the above mode is ineffective towards the Company.”

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

Rules of appointing, dismissing and operations of the Management Board of the Company, including its powers and obligations are strictly defined in “the Regulation of Rainbow Tours S.A.” (in the Articles of Association of Rainbow Tours S.A., and moreover in generally applicable provisions of law regulating these issues.

In 2021 provisions of the Articles of Association of the Issuer were amended with regard to change of the body authorized to appoint Members of the Management Board. Pursuant to provisions of the Resolution No 25 of the Ordinary General Meeting of the Company of 30.06.2021 decision was taken to introduce amendments to **§ 16** of the Articles of Association, amendments of sections marked as “**section 1**”, “**section. 2**” and “**section. 5**”.

Pursuant to the above-mentioned resolution the amendment was introduced to the Articles of Association regarding granting power to appoint members of the Management Board to the Supervisory Board. Pursuant to the previously applicable provisions of the Articles of association the General Meeting had the power to appoint members of the Management Board; additionally, the respective amendment introduced – starting from the next term of office of the Management Board of the Company (that is from the beginning of fifth term of office of the Management Board) – the term of office of three years. Pursuant to the previously applicable provisions of the Articles of Association of the Company the period of joint term of office of the Management Board of the Company was five years. With respect to current fourth joint term of office of members of the Management Board the previous provisions of the Articles of Association apply and thus the period of current joint term of office of the Management Board (effective as at the registration date of the amendment defining the period of the term of office of the Management Board provided in the previous sentence) until its expiry is five years. The respective changes in the Articles of Association (i.e.) were registered by the District Court for Łódź Śródmieście, XX Economic Division of the National Court Register pursuant to the decision of 16.08.2021.

In 2022 the provisions of the Articles of Association linked to introduction of amendments and adjusting corrections were amended – they were a consequence of board amendments of provisions of the Code of Commercial Companies and Partnerships (they are effective as a rule from 13.10 2022) pursuant to the resolution of 09.02.2022 on amendment of the act – the Code of commercial companies and partnerships and some other act (Journal of Laws of 12.04.2022, item 807).

The respective amendments cover

- in **§ 16 section 2** and **4** of the Articles of Association clarifying provisions were introduced concerning the rule of determining the term of office for members of the Management Board and the rule clarifying the date, when it's possible to re-appoint a member of the Management Board; according to the new wording of art. 369 § 1 sentence two and three of the Code of Commercial Companies and Partnerships (defined in the above amending act of 09.02.2022) the term of office is calculated in full financial years, unless the articles of association state otherwise; re-appointment of the same person as a member of the Management Board is acceptable, however, not earlier than a year before the current term office ends.

- **New, current wording of the amended § 16 section 2 and section 4 of the Articles of Association:**

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

And

“4. It is admissible to re-appoint same persons for subsequent terms of office of the Management Board, however, not earlier than a year before the end of the current term of office.”

- In **§ 21 section 2** of Articles of Association provisions was introduced, which specify the general rule concerning scope of activities the Supervisory Board is authorised in fulfilling its duties in the joint-stock company, including in cooperation with the Management Board of the joint stock company, according to the amended provisions of art. 382 § 4 and added § 5 Code of Commercial Companies and Partnerships /quote/:

The new, current wording of the amended § 21 section 2 of the Articles of Association:

“2. In order to fulfil its duties, the Supervisory Board is allowed to examine all documents, revise assets of the Company and demand from the Management Board and other persons obligated pursuant relevant provisions of law (including pursuant to art. 382 § 4 of the Code of Commercial Companies and Partnerships) to draft or provide any information, documents, reports or explanations regarding the Company (and also subsidiaries or related parties), in particular its operations or assets. Information, documents, reports or explanations are provided to the Supervisory Board immediately, not later than within two weeks upon request made to the body or an obligated person, unless the request states longer deadline.”

- In the new section added to **§ 21** of the Articles of the Association and marked as section 3 provisions were introduced regarding scope of information obligation of the Management Board and rules of cooperation with the Supervisory Board in this respect (according to the amendment introduced pursuant to the above act amending the Code of Commercial Companies and Partnerships 09.02.2022), which are a consequence of the proposal of Company's departure from the rule that the Management Board needs to provide to the Supervisory Board relevant information about the Company “without additional request” (that was added under the amending act of 09.02.2022 art. 380¹ of the Code of Commercial Companies and Partnerships) and establishing the rule (pursuant art. 380¹ § 5 - which delegates the possibility to regulate this matter differently in the Articles of Association) that the information is provided pursuant to sole decision of the Management Board of the Company or based on separate request of the supervisory Board, whereas while taking decision to provide information, members of the Management Board are required to take all necessary care resulting from professional nature of operations of the members of the Management Board and providing access to any necessary information to the Supervisory Board, including the scope of its assets, as well as important circumstances regarding managing affairs of the Company, in particular when it comes to operations, investments and staff issues as well as about transactions and other events or circumstances, which significantly affect or can affect assets of the Company, including its profitability or liquidity.

The wording of § 21 of the Articles of Association – after section 2 – the new section marked as “section. 3”:

“3. Starting from 13.10.2022 the fulfilment of duties by the Management Board, which is mentioned art. 380(1) § 1 point 2-5 i § 2 of the Code of Commercial Companies and Partnerships takes place pursuant to sole decision of the Management Board of the Company or based on separate request of the Supervisory Board. While taking decision to provide information, members of the Management Board are required to take all necessary care resulting from professional nature of operations of the members of the Management Board and providing access to any necessary information to the Supervisory Board, including the scope of its assets, as well as important circumstances regarding managing affairs of the Company, in particular when it comes to operations, investments and staff issues as well as about transactions and other events or circumstances, which significantly affect or can affect assets of the Company, including its profitability or liquidity.”

The respective amendments to the Articles of Association (i.e.) were registered by the district Court for Łódź Śródmieście in Łódź XX Economic Division of the National Court Register pursuant to the decision of 01.09.2022.

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.

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

- The Management Board comprises 2-5 members appointed and dismissed by the General Meeting of the Company. The Management Board of the Company comprises: A President, a Vice-chairman (Vice-chairmen) and a member or members of the Management Board.
- Members of the Management Board are appointed for the joint term of office. The joint term of office of the Management Board is three years and starting from 13.10.2022, the term of office is calculated in full financial years. With regard to current fourth joint term of office of members of the Management Board (determined pursuant to the resolution of the General Meeting of the Company of 25.08.2020) the provisions of the previous Articles of Association apply, and thus the period of joint fourth term of office of the Management Board until its expiration is five years.
- The same persons may be reappointed for another term of offices of the Management Board.
- The number of the members of the Management Board as well as their roles in the Management Board (including the roles of: The President of the Management Board, the vice-chairman of the Management Board, the member of the Management Board) shall be defined by the Supervisory Board of the Company.
- The Management Board or its individual members may be dismissed before the end of the common term of the office.
- the mandate of the member of the Management Board expires at the latest on the day of the meeting of General Meeting to approve financial statement of the Company for the last full financial year, while serving as a member of the Management Board,
- the mandate of the member of the Management Board expires in case of death or resignation, also before expiry of the term of office of the Management Board
- the mandate of the member of the management board appointed before expiry of the term office expires when the mandates of other members of the Management Board expire.
- The members of the Management Board may act based on their appointment as member of the Management Board, including the roles of: The President of the Management Board, the Vice- chairman of the Management Board or member of the Management Board, under employment contract or any other civil law contract.
- The Supervisory Board or a proxy appointed by the resolution of the General Meeting represents the Company in the employment contract or any other civil law contract made between the Company and the member of the Management Board or in a dispute with the respective person.

Powers of the Management Board

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

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

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

6.9. Amendments of the Articles of the Association of the Issuer

Decisions to amend the Article of Association is a power of the General Meeting of Shareholders (§ 27 section 2 letter h of the Articles of Association). The Articles of Association are amended through resolution of the General Meeting of Shareholders and require an entry of the amendment in the register of entrepreneurs by the competent registry court. The consolidated text of the Articles of Association, each time after registration of amendments, is defined by the Supervisory Board.

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

The mode of operations of the General Meeting is provided in the provisions of the Articles of Association of the Company and provisions of the General Meeting of Rainbow Tours S.A.

Pursuant to the Resolution No 37 of the Ordinary General Meeting of 30.06.2021 the single text of the amended “Regulation of the General Meeting of Rainbow Tours Spółka Akcyjna” due to introduction [because of amendment of provisions of the Code of Commercial Companies and Partnerships, which took place in 2020 – the amendment of provisions of art. 406(5)] to the content of the regulation of the General Meeting of the Company (but also in separate regulation resolved by the Supervisory Board with regard to participation in the General Meeting of the Company using means of electronic communication) of relevant provisions establishing and regulating the ability to participate in General Meeting of Rainbow Tours S.A.. The changes were accompanied by relevant planned amendments of the Articles of Association of the Company (introduction of new amendments marked as “§ 26a” and “§ 26b to the Articles of Association). The new amended regulations of the General Meeting constitute an adjustment to new provisions with regard to rules of participation in the General Meetings, using means of electronic communication; it was also intended to consolidate provisions of the Regulation of the General Meeting with the regulation of participation in the General Meeting of the Company using means of electronic communication, which was resolved by the Supervisory Board. Moreover, relevant changes in order and adjusting changes were introduced to the Regulation of the General Meeting. They were related to loss of relevance of some of provisions of the Regulation (due to changes in applicable law).

By implementing processes of detailed verification of effective internal regulations in the Company in 2021 (i.e. introduced by the Ordinary General Meeting of the Company of 30.06.2021 the above amendments of “Regulation of the General Meeting of Rainbow Tours S.A.”) the Supervisory Board, considering its powers and obligations of the Supervisory - pursuant to art. 406⁵ § 3 of the Code of Commercial Companies and Partnerships - adopted, for application in the Company, new solutions covered by Regulation of participation in the Ordinary General Meeting of Rainbow Tours S.A. using means of electronic communication”. Works related to adoption, of the *Regulation of participation in the Ordinary General Meeting of Rainbow Tours S.A. using means of electronic communication*. Pursuant to a relevant Resolution No 6/07/2021 of 13.07.2021 the Supervisory Board of the Company defined in the form of regulation detailed rules of participation in General Meeting of the Company by using means of electronic communication and decided to adopt „the Regulation of participation in the General Meeting of Rainbow Tours Spółka Akcyjna using means of electronic communication” which become effective for the Company as of 13.07.2021

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

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

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

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

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

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

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

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

Powers of the General Meeting:

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

- Reviewing and approving the directors' report and the financial statements for the previous financial year,
- distribution of profit and loss coverage,
- setting the dividend date and the date of dividend payment.
- granting approval of the performance of duties,
- changing the scope of Company's business,
- (deleted)
- appointing and dismissing members of the Supervisory Board and setting rules of remuneration, and in case of members of committees of the Supervisory Board indicated in § 20 section 9 and 10 of the Articles of Association (the audit committee, other option committees to deal with issues both permanent and temporary, which support works of the Supervisory Board) setting minimum and maximum amount of their fixed remuneration and criteria for its setting and delegating powers for the Supervisory Board to determine additional fixed remuneration based on guidelines and criteria set by the General Meeting.
- amending the articles of association,
- increasing and reducing share capital,
- issuing all types of bonds,
- share buyback in circumstances stipulated in Article 362 section 1 point 2 of Code of Commercial Companies and Partnerships,
- redemption of shares,
- using supplementary capital,
- creating special funds,
- consolidation, transformation and division of the company,
- dissolution and liquidation of the Company,
- disposal and leasing of the enterprise or its organized part and establishing limited property right with respect to them,
- all provisions concerning claims to redress the damage resulting from the management and supervision tasks,
- resolving the Regulations of the General Meeting,
- approval of the Regulations of the Supervisory Board,
- Adopting, by resolution, at least once in every four years, remuneration policy for members of the Management Board and the Supervisory Board, which is mentioned in the relevant law on the public offering and conditions of admitting financial instruments to organized trading and public companies.

Shareholders' rights and execution of the rights:

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

- the pre-emptive right to subscribe new shares in relation to the number of shares (pre-emptive right) and by complying to requirements, which are mentioned in art. 433 of the Code of Commercial Companies and Partnerships; the shareholder may be deprived of this right in part or as a whole pursuant to the resolution of the General Meeting adopted by majority of four fifths of votes, if it is in interest of the Company (with inclusions), shareholders may be deprived of pre-emptive right, in case when it was announced in the agenda of the General Meeting.
- Right to dividend.

- Right to share in company assets remained after satisfying or securing creditors in case of liquidation of the company. The Articles of Association does not provide for any preferential treatment in this respect,
- Right to establish pledge or usufruct on shares held. In the period, when shares of public companies on which pledge or usufruct has been established, are recorded in securities account of brokerage house or bank holding securities account, the shareholder has the right to vote attached to shares (article 340 section 3 of the Code of Commercial Companies and Partnerships).
- Right to participate in General Meeting (article 412 section 2 of Commercial Companies Code and the right to vote at the General Meeting (article 411 section 1 of Code of Commercial Companies and Partnerships). One vote at General Meeting is ascribed to each share.
- Right to file a request concerning summoning of the General Meeting,
- Right to appeal resolutions of the General Meeting,
- Right to request election of the Supervisory Board by separate groups,
- Right to obtain information about the Company,
- Right to request copy of the Directors' report and the financial statements,
- Right to look through list of shareholders at the premises of the Management Board,
- Right to demand copies of request filed concerning issues on the agenda in one week before the date of the General Meeting (article 407 section 2 of Code of Commercial Companies and Partnerships).

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

The Management Board

In 2022 the Management Board of the Company consisted of the following persons:

- Grzegorz Baszczyński —who was the President of the Management Board (during the whole financial year 2022, that is in the period from 01.01.2022 to 31.12.2022)
- Piotr Burwicz –who was the Member of the Management Board of the Company (during the whole financial year 2022, that is in the period from 01.01.2022 to 31.12.2022)
- Jakub Puchałka – who was the Member of the Management Board of the Company (during the whole financial year 2022, that is in the period from 01.01.2022 to 31.12.2022)
- Maciej Szczechura – who was the Member of the Management Board of the Company (during the whole financial year 2022, that is in the period from 01.01.2022 to 31.12.2022).

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, 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.

During the period covered by this report (the financial year 2022) as well as after the balance sheet date (31.12.2022) until the date of publication of this report (28.04.2023), there were no changes in composition of the Management Board of the Parent Company.

The description of changes in the composition of the Management Board of the Company, which took place in the financial year 2022, was presented in point 1.1 of this report. After the balance sheet date (that is after 31.12.2022) until the date of publication of this report (28.04.2023), there were no changes in composition of the Management Board of the Parent Company.

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

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

- 1) Summoning meeting of the Management Board on their own initiative, upon request of any of members of the Management Board or upon request of the Supervisory Board with regard to adoption of resolutions pursuant to the provision of § 12a of the Regulation of the Management Board, (that is outside meetings in writing or by means of electronic distant communication),

- 2) sitting over the meetings of the Management Board,
- 3) appointing replacement from members of the Management Board, when a competent and authorised member of the Management Board is absent, and the issue within his competence requires immediate actions,
- 4) coordination, supervision and organization of works of the Management Board,
- 5) representing the Management Board before Supervisory Board and General Meeting of the Shareholders, with other members of the Management Board,

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

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

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

The meetings of the Management Board are summoned by the President of the Management Board on its own initiative, upon request of any of members of the Management Board or upon request of the Supervisory Board especially in case requiring immediate decision of the Management Board or advise about key issues for the Company. In absence of the President or his inability to summon a meeting, the meeting is summoned by a member of the Management Board named by the President or if no one was named two cooperating members of the Management Board. Starting from 01.07.2021 (the effective date for comprehensive changes in the Regulations of the Management Board) the Members of the Management Board may take part in meetings of the Management Board also by means of direct distant communication, if these means enable them simultaneous communication and identification of all person's taking part in the meeting in such manner. (e.g., teleconferences, videoconferences) and their notice about the meeting will include the information about the participation in such a way.

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

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

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

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

Supervisory Board of the company

In 2022 the Supervisory Board of the company was as follows:

- Tomasz Czapla – who was the member of the Supervisory Board in the whole financial year 2022, that is from 01.01.2022 to 31.12.2022,
- Grzegorz Kubica – who was the member of the Supervisory Board from 01.01.2022 to 31.12.2022,
- Monika Kulesza – who was the member of the Supervisory Board from 01.01.2022 to 31.12.2022,
- Paweł Niewiadomski – who was the vice- chairman of the Supervisory Board in the whole financial year 2022, that is from 01.01.2022 to 31.12.2022,
- Paweł Pietras – who was the member of the Supervisory Board in the whole financial year 2022, that is from 01.01.2022 to 31.12.2022,
- Joanna Stępień-Andrzejewska – who was the member of the Supervisory Board in the whole financial year 2022, that is from 01.01.2022 to 31.12.2022,
- Remigiusz Talarek – who was the member of the Supervisory Board in the whole financial year 2022, that is from 01.01.2022 to 31.12.2022,
- Paweł Walczak – who was the member of the Supervisory Board in the whole financial year 2022, that is from 01.01.2022 to 31.12.2022.

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 partnerships 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.

The description of changes in the composition of the Supervisory Board of the Company, which took place in the financial year 2022, was presented in point 1.1 of this report. After the balance sheet date (31.12.2022) until the date of publication of this report (28.04.2023), there were no changes in composition of the Supervisory Board of the Parent Company.

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

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

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

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

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

- Supervising the activities of the Company in all domains of its activities on ongoing basis,
- assessment of directors' reports and financial statements and proposals of the Management Board with respect to the distribution of a profit and covering a loss, as well as submitting an annual report on the results of this assessment in writing,
- drafting of annual report for the last financial year in writing and submitting it to the Management Board. The report should provide information at least prescribed in relevant provision of applicable law and internal regulations,

- appointing and dismissing members of the Management Board,
- concluding and terminating employment contracts with members of the Management Board including determination of remuneration rule according to remuneration policy adopted for the Company and subject to applicable provisions on public offering and conditions of introducing financial instruments to organized trade and about public companies,
- appointment of an auditor,
- reviewing and giving opinion to the plans of operations of the company and its enterprises submitted by the Management Board,
- giving opinions on all documents and requests of the Management Board submitted to the meeting of the General Meeting of Shareholders,
- approval of the Regulations of the Management Board
- resolving regulation of the Supervisor Board and the regulations defining rules of participation in a General Meeting by means of electronic communication,
- accepting conditions of every incentive plan introduced in the Company by simple majority vote of all members of the Management Board,
- forming other enterprise by the Company,
- permitting the Management Board to acquire and dispose of the of real property, perpetual usufruct or share in the real property or in perpetual usufruct right by the company
- giving consent, by the Management Board, for the Company to make material transaction within the meaning of the provisions of the public offering and conditions of public trading in financial instruments and on public companies, if such consent is required,
- specifying base on authorization and in the limits previously set by the General Meeting elements of remuneration policy of members of the Management Board and the Supervisory Board permitted by relevant provisions on public offering and conditions of introducing financial instruments to organized trade and about public companies,
- setting additional fixed remuneration for members of committees of the Supervisory Board specified in § 20 section 9 and 10 of Articles of Association (Audit Committee and other optional permanent or temporary committees to deal with different issues) based on criteria specified by the General Meeting, according to the remuneration policy adopted for the Company - subject to applicable provisions on public offering and conditions of public trading in financial instruments and on public companies.
- Drafting annual reports on remuneration, which provide comprehensive review of remuneration, including all benefits, irrespective of their form, received in particular by members of the Management Board and the Supervisory Board in the last financial year, according to the remuneration policy for members of the Management Board and the Supervisory Board, adopted for the Company.
- Giving consent for the Management Board to make advance payments in respect of expected dividend at the end of the financial year in the case provided for in § 28 section 6 of the Articles of Association.

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

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

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

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

Remuneration Reports ” (art. 90c and next in the respective act of 29 July 2005) and Chapter 4 b “Transactions with related parties” (art. 90h and next in the respective act of 29 July 2005).

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

Pursuant to the resolution 1/06/2022 of 02.06.2022 the Supervisory Board adopted changes to Rules of the Supervisory Board. Amendments of the of the Rules of the Supervisory Board are organizational adjusting and substantive, what is related to broad amendment of the provisions of the Code of Commercial Companies and Partnerships pursuant to the act of 09.02.2022 on amendment of the act – the Code of Commercial Companies and Partnerships and some other acts (Journal of Laws of 12.04.2022, item 807); the amendments introduced - except for those not mentioned below stylistic, grammatical and language changes in the following divisions of the Rules of the Supervisory Board: in § 3 section 3, section 4a, 4f and 4g, in § 3 section 5 point 1a, in § 4 section 2 and 3, in § 4 new section was added marked as section 9, in § 7 section 5, in § 8, in § 11 provisions were deleted point 2, in § 13 section 1, in § 13 news section was added marked as section 1a, in § 13 section 3 and section 8, in § 14 new section marked as section 3, in § 16 section 9, in § 16a section 9, in § 21 section 2 point 5.

Currently applicable consolidated text of “the Rules of the Supervisory Board of Rainbow Tours S.A.” was approved by the General Meeting pursuant to provisions of the resolution No 37 of the Ordinary General Meeting of the Company of 30.06.2022 and is effective (as a rule) from 01.07.2022.

In the Supervisory Board of the Company there are:

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

There are no other committees in the Supervisory Board.

The Committee of Strategy and Business Development

Due to changes introduced in 2021 in the Company (i.e. with respect to changes in composition of governing bodies of the Company) and transfer of the previous member of the Management Board (Mr Tomasz Czapla and Mr Remigiusz Talarek) to the increased (from five to seven members) Supervisory Board, previous members of the Management Board (who were until 30.06.2021 Vice-Chairmen of the Management Board and from 01.07.2021 members of the Supervisory Board pursuant to provisions of the resolution No 1/07/2021 of the Supervisory Board of 13.07.2021 were appointed to the newly established Committee of Strategy and Business Development .

Pursuant to the resolution No 3/07/2022 of 05.07.2022 the Supervisory Board in connection with: (-) expiry, on 30.06.2022, of mandates of members of the Management Board due to the lapse of, on 24.06.2022, joint, sixth, three-year term of office of the Supervisory Board and (-) adoption of the resolution- by the General Meeting of the Company on 30.06.2022 (the minutes of the Ordinary General Meeting, the notarial deed drafted by the Notary in Łódź Anna Bald, Repertory A No 2834/2022) - concerning appointment of members of the Supervisory Board of Rainbow Tours S.A. for the new joint seventh three-year term of office of the Supervisory Board, decided to appoint within the Supervisory Board's new joint seventh three-year term of office members of Committee of the Strategy and Business Development of the Supervisory Board for another term of office (the same as the term of office of the members of the Supervisory Board) and appoint the Chairman of the Committee of Strategy and Business Development for another term of office.

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

The specific tasks of the Committee of the Strategy and Business Development include: (1) giving opinion and presenting recommendation to the Supervisory Board on requests or information of strategic nature directed to the Supervisory Board that require its acceptance and opinions, in particular: (-) strategies of the Company and the Group and strategic long-term financial plans (-) Management Board Objectives (MBO) for members of the Management Board of the Company (-) plans of business operations, including investment plans (-) planned and taken up investments and disinvestments (-) reports of implementation of strategies, plans, and objectives by the Management Board (-) other strategic issues (2) monitoring of implementation of strategic

objectives, plans of business operations and financial plans by the Management Board (3) performance of other tasks ordered by the Supervisory Board, and in the scope of its tasks the Committee continuously cooperates with and coordination fulfilment of its tasks with other committees of the Supervisory Board, especially the Audit Committee.

The composition of the Committee of strategy and Business Development as at the balance sheet (31.12.2022) and the date of approval of this report for publication (28.04.2023):

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

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

Audit Committee

Audit Committee is a permanent committee of the Supervisory Board of Rainbow Tours and consultation and advisory role for the Supervisory Board and exercise other powers and obligations provided by provision of applicable law, in particular provided by relevant provisions of the Act of 11 May 2018 on expert auditors, audit companies and public supervision and the Regulation of the European Parliament and the Council (EU) No 537/2014 of 16 April 2014 *on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC*.

Pursuant to the resolution No 5/07/2022 of 05.07.2022 the Supervisory Board in connection with: expiry, on 30.06.2022, (that is the date of convening the General Meeting to approve financial statements for the last full year while being a member of the Supervisory Board) of mandates of members of the Supervisory Board due to the lapse of, on 24.06.2022, joint, sixth, three-year term of office of the Supervisory Board and thus the lapse of the term of office of members of the Audit Committee (according to z § 4 section 7 of the Regulation of the Audit Committee members of the Audit Committee are appointed for joint term of office, which is the same as the term of office of the members of the Supervisory Board, and the term of office and a mandate of the member of the Audit Committee lapse with the date of expiry respectively of the term of office and a mandate in the Supervisory Board) and adoption of the resolution - by the General Meeting of the Company on 30.06.2022 (the minutes of the Ordinary General Meeting, the notarial deed drafted by the Notary in Łódź Anna Bald, Repertory A No 2834/2022) concerning appointment of members of the Supervisory Board of Rainbow Tours S.A. for the new joint seventh three-year term of office of the Supervisory Board, decided to appoint within the Supervisory Board's new joint seventh three-year term of office members of Committee of the Strategy and Business Development of the Supervisory Board for another term of office (the same as the term of office of the members of the Supervisory Board) and appoint the Chairman of the Audit Committee for another term of office.

The composition of the Audit Committee, current as at the balance sheet date (31.12.2022) and as at the date of approval of this report for publication (28.04.2023):

- Monika Kulesza – who is the Chairman of the Audit Committee,
- Paweł Pietras – who is a member of the Audit Committee;
- Joanna Stępień-Andrzejewska – who is a member of the Audit Committee

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

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

6.12. Operations of the Audit Committee

Pursuant to the provisions of § 20 section 9 of the Articles of Association the Company has an audit committee, which carries its activities pursuant to relevant provisions on expert auditors, audit companies and public supervision, and it is an audit committee stipulated in the Regulation of European Parliament of the Council (EU) No 537/2014 of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC. The members of the audit committee are appointed by the Supervisory Board.

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

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

Pursuant to the resolution No 4/07/2021 of 13.07.2021 the Supervisory Board assessed if individual members of the Supervisory Board, including those in the Audit Committee of the Supervisory Board, meet independence criteria within the meaning of relevant regulations and provisions of law, including based on declarations made by members of the Supervisory Board concerning independence of a member of the Supervisory Board. This was done due to changes in composition of the Supervisory Board – increase of numbers of members of the Supervisory from previous number of 5 members to 7 members and appointment as of 01.07.2021 two new members of the Supervisory Board, (based on relevant declarations made upon request to members of the Supervisory Board by the Chairman of the Supervisory Board) - assessment of fulfilment by individual members of the Supervisory Board. – acting pursuant provisions of the act of 11.05.2017 on statutory auditors, audit companies and public oversight art. 129 section 1 sentence one (“the audit committee has at least three members), art. 129 sentence two (“at least one members of the audit committee has knowledge and skills in accounting or audit of financial statements” art. 129 section 5 („Members of the audit committee has knowledge and skills in respect of the industry, in which the public interest entity operates. The conditions is considered to be met, if at least one member of the audit committee has knowledge and skills in respect of this industry”) and art. section 6 („the chairman of the audit committee is appointed by members of the audit committee or the supervisory board, other supervising or controlling body of the public interest entity), decided to dismiss from the Audit Committee of the Supervisory Board of Rainbow Tours Spółka Akcyjna of then current term of office (which was the same as the term of office of the members of the Supervisory Board, which ended on 24.06.2022) the following persons: Mr. Paweł Niewiadomski, who was previously a member of the Audit Committee and Mr. Paweł Walczak, who was previously a member of the Audit Committee, and thus to determine that the number of members of the Audit Committee of the current term of office (which is the same as the term of office of the Supervisory Board that is then current joint sixth, three-year term of office, which ended on 24.06.2022) was 3 (three) persons.

As a consequence of expiry of the mandates of the members of the Supervisory Board on 30.06.2022, (that is the date of convening the General Meeting to approve financial statements for the last full year while being a member of the Supervisory Board) of mandates of members of the Supervisory Board due to the lapse of, on 24.06.2022, joint, sixth, three-year term of office of the Supervisory Board and thus the lapse of the term of office of members of the Audit Committee (according to z § 4 section 7 of the Regulation of the Audit Committee members of the Audit Committee are appointed for joint term of office, which is the same as the term of office of the members of the Supervisory Board, and the term of office and a mandate of the member of the Audit Committee lapse with the date of expiry respectively of the term of office and a mandate in the Supervisory Board) and adoption of the resolution- by the General Meeting of the Company on 30.06.2022 (the minutes of the Ordinary General Meeting, the notarial deed drafted by the Notary in Łódź Anna Bald, Repertory A No 2834/2022) concerning appointment of members of the Supervisory Board of Rainbow Tours S.A. for the new joint seventh three-year term of office, the Supervisory Board, decided to appoint, pursuant to the resolution No 5/07/2022 of 05.07.2022, decided to appoint members of the Audit Committee of the Supervisory Board of Rainbow Tours Spółka Akcyjna for the new, another term of office. The following members of the Supervisory Board: Mrs. Monika Kulesza (new as of 01.07.2022 member of the Supervisory Board, appointed to Audit Committee and to serve as a Chairman of the Audit Committee), Mr. Paweł Pietras (appointed to Audit Committee and to serve as a Member of the Audit Committee), Mrs. Joanna Stępień-Andrzejewska (appointed to Audit Committee and to serve as a Member of the Audit Committee) formed the Audit Committee for the new term of office.

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

According to relevant declarations made by members of the Supervisory Board submitted to asses if individual members of the Supervisory Board, including those in the Audit Committee of the Supervisory Board of Rainbow Tours S.A., meet independence criteria within the meaning of relevant regulations and legal provisions. According to the Resolution No 3/07/2021 of the Supervisory Board of 13.07.2021, and as at the balance sheet date 31.12.2022, **independence members of the Audit Committee**, within the meaning of the act of 11.05.2017 on expert auditors, audit companies and public supervision and considering independence criteria provided in the provisions of the art. 129 section 3 and 4 of the above-mentioned acts of 11.05.2017 and relevant provisions of the regulations of the Audit Committee, **are as follows:**

- Mrs Monika Kulesza, the member of the Supervisory Board, who is, as of 05.07.2022, serving as the Vice-chairman of the Audit Committee.
- Mr Paweł Pietras – the member of the Supervisory Board, and member of the Audit Committee,

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

Following internal collective assessment of knowledge, skills and education of members of the Audit Committee, which took place in July 2022, including by considering degrees and professional education, experience confirmed by previous career (including their long-time work in the Supervisory Board of Rainbow Tours S.A.) and positions and work done by members of the Supervisory Board (in the past and now), the Supervisory Board confirmed (pursuant to a separate resolution of the Supervisory Board No 5/07/2022 of 05.07.2022), the following:

- Members of three- member Audit Committee, which meet the condition and disposition provided by provisions of art. 129 section 1, second sentence of the above act of 11.05.2017, that is members of the Audit Committee, who have knowledge and skills in respect of accounting and audit of financial statements are:
 - Mrs Monika Kulesza – due to her Education (higher Education she graduated from Higher Community School of Business and Management; Management and Marketing faculty – in the field of accounting and financial analysis, 2003, graduate studies and also postgraduate studies in the field of reporting obligations and scope of disclosure of Issuers listed on Stock Exchange, 2009) and also due to her professional experience, (since 2011 until now she runs a business - her own accounting firm: Biuro Rachunkowe Profit Maker in Łódź - accounting activities for all types of businesses. In the previous years she worked in accounting in the following companies: Biuro Rachunkowe Agat s.c. - 1996-1997, accounting specialist; Rainbow Polska Sp. z o.o. - 1997-2000, accounting specialist, accountant, Biuro Rachunkowe Bogdan Włodarczyk - 2000-2002, accountant; Rainbow Polska Sp. z o.o. - 2002-2003, chief accountant; in years 2004-2010 she was Chief Accountant in Rainbow Tours S.A., and additionally she overseen works and operations of accounting departments in subsidiaries of Rainbow Tours S.A., and additionally she took part in preparation to listing and listing of Rainbow Tours S.A. at Warsaw Stock Exchange - 2007-2008),
 - Mr. Paweł Pietras – due to his education (from 2009-2010 - he finished post-graduate studies at Lodz University of Technology, Faculty of Management and Organization: “Accounting and taxes”).
 - Mrs Joanna Stępień-Andrzejewska – due to its education, professional qualifications and positions, that is University degree in economy (graduation of studies at Łódź University, at the Economy and Sociology faculty, master’s degree in economic cybernetics and information technology and additionally in years 1991-1992 studies at Newcastle Polytechnic, in Great Britain, in 1994 as a Research worker at Glasgow University, Great Britain), PhD in Economic Studies (the degree received in 2005 at Łódź University, Faculty of Management with respect to management, specialty: accounting) experience as a university lecturer of accounting at Łódź University, lecturer at trainings for members of Supervisory Boards, judges and public prosecutors, trainings for entrepreneurs and managerial staff on financial accounting and keeping accounts, also an author of academic books on financial accounting, financial management and derivatives. In years 1992-2005. Mr Joanna Stępień-Andrzejewska was research and teaching assistant at Łódź University and since 2005 she is Assistant Professor the Łódź University, Faculty of Management, Accounting Faculty.
- Members of three- member Audit Committee, which meet the condition and disposition provided by provisions of art. 129 section 1 second sentence of the above act of 11.05.2017 that is members of the Audit Committee, who have knowledge and skills in respect of the industry the Company operates as a public interest entity are:
 - due to her education (she graduated from Higher School of Tourism and Recreation in Warsaw, the Faculty of Tourism and Recreation – 2000 bachelor studies) and also due to her professional experience, - her career and scope of positions (that is as an accounting specialist, accountant in Rainbow Polska Sp. z o.o. - 1997-2000, chief accountant; Rainbow Polska Sp. z o.o. - 2002-2003, chief accountant; in years 2004-2010 she was Chief Accountant in Rainbow Tours S.A., and additionally she overseen works and operations of accounting departments in subsidiaries of Rainbow Tours S.A., and additionally she took part in preparation to listing and listing of Rainbow Tours S.A. at Warsaw Stock Exchange - 2007-2008),
 - Mr Paweł Pietras –due to his professional experience confirmed with his career and his roles that is as a long-time member of the Supervisory Board Rainbow Tours S.A. (from 2011, as a member of the Supervisory Board) and a member of the Audit Committee of the Supervisory Board of Rainbow Tours S.A, (from 2017, as a member of the Audit Committee).
 - Mrs Joanna Stępień-Andrzejewska –due to her professional experience confirmed with her career and her roles, that is as a long-time member of the Supervisory Board Rainbow Tours S.A. (from 2011, as a member of the Supervisory Board) and a member of the Audit Committee of the Supervisory Board of Rainbow Tours S.A, (from 2017, as a member of the Audit Committee).

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

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

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

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

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

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

Scope of operations and Tasks of the Audit Committee

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

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

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

- 1) Monitoring of financial reporting processes in the Company, among others:
 - a) analysis and assessment of the process of drafting financial statements and their accuracy, completeness and reliability of the data provided in them and solutions applied,
 - b) assessment and reporting any reservations to schedules of review or audit of financial statements of the Company or the Capital Group,

- c) monitoring of timeliness of financial reporting process,
 - d) giving opinion on accounting policy adopted by the company and rules applied to draft financial statements, especially complicated or unusual transactions, any changes made to the respective rules and forecasts, estimates and assumptions accepted by the Management Board, if any.
 - e) Verification of financial statements before publication, in cooperation with the Management Board or/and statutory auditor and/or person in the capacity of Financial Director of the Company and/or accounting Staff, and the assessment and giving opinion on accuracy and exhaustiveness of the information provided in them.
 - f) Analysis of statutory auditor reports on audit of financial statements, including the information about limitation of the scope of audit, access to information, refusal to make the audit to give opinion on it, and any difference between the statutory auditor and the Management Board.
 - g) Presentation of the recommendations regarding assessment of company's annual financial statements audited by the audit company to the Supervisory Board and support of the Supervisory Board in preparation of assessment of the respective financial statements.
 - h) Assessment of the process of financial information presentation including any forecasts and current financial information presented to media, analytics, investors and supervision institutions.
- 2) Monitoring effectiveness of internal control systems and internal audit (regarding financial reporting),
- a) Assessment of effectiveness of individual elements of Company's internal control system, particularly with respect to financial reporting, compliance and safety of informational technology used,
 - b) Assessment of purposefulness and the way the Management Board uses systems of identification, monitoring and reducing threats to operations of the company,
 - c) Analysis of the Management Board reports concerning irregularities discovered in the internal control system with respect to financial reporting process,
 - d) Assessment of observing the financial discipline and accurate operation of systems and solution limiting the possibility for irregularities to occur in Company's operations.
 - e) Assessment of implementation of internal audit plans and activities taken up by the Management Board in response to issues identified in internal audit, and in case if the company fails to appoint internal audit unit – the assessment of the need to appoint internal audit unit and the assessment of effectiveness of solutions others than appointment of the internal audit unit.
 - f) Audit of reports and recommendations of internal regulative or inspection bodies concerning compliance of Company's operations with the provisions of law and verification of actions taken by the company because of reports or recommendations.
 - g) Presentation, at least once a year, conclusions and results of the assessment of internal control system and internal audit by the Audit Committee to the Supervisory Board.
- 3) Monitoring effectiveness of risk management systems, including:
- a) Assessment of effectiveness of risk management by the Management Board with respect to Company's financial, operational and strategic risk, including methodology, tools and ways of managing risk occurring in operations of the company,
 - b) Assessment of processes and solutions used by the company with respect to risk management and presentation of respective recommendations, if any, assessment of rules of capital management and planning,
 - c) Assessment of property insurance policy and third-party liability insurance of members of the company's governing bodies,
 - d) Presentation, at least once a year, conclusions and results of the assessment of risk management system by the Audit Committee to the Supervisory Board.
- 4) Monitoring of carrying out financial revision activities, especially auditing financial statement of the company or the Capital Group by the auditing company considering any conclusions and determinations of Audit Oversight Commission resulting from inspection in the respective audit company, including:
- a) Verifying effectiveness of work of statutory auditor or the audit company, especially through daily contact with the statutory auditor during audit with respect to used audit procedures, progress of audit works, qualification and availability of accounting personnel, explaining arising uncertainties or reservations to financial revision process, etc
 - b) Monitoring timeliness of financial revision process within the scope of audit works: interim audit of financial statements and review or audit of financial statements,
 - c) Discussing with the statutory auditor the scope and results of audits and review of financial statements of the Company or the Capital Group, including any changes in accounting norms, rules and regulations (regarding exhaustiveness of disclosures required by the relevant standard and financial reporting practice),
 - d) Monitoring of reaction of the Management Board or other executives to recommendations provided by statutory auditors during review or audit of financial statements, and after completing of the respective processes, analysing comments/ reservations of the statutory auditor, which were not considered/ corrected by the Company.

- e) Assessment and analysis of the additional report for the Audit Committee drafted by the statutory auditor or the audit company, which is mentioned in art. 11 of the Regulations of the European Parliament and the Council (EU) No 537/2014 of 16 April 2014 on specific requirements regarding statutory audit for public-interest entities repealing Commission decision r 2005/909/EC and discussing by the key statutory auditor – with the Audit Committee (and also the Management Board or the Supervisory Board) key issues resulting from the audit of financial statements, which were named on the respective additional report for the Audit Company,
 - f) Assessment of work of the statutory auditor or the audit company and presentation of relevant conclusions or opinions to the Supervisory Board,
- 5) Assessment of the independence of the statutory auditor and the audit company and approval of provision of permitted services, which do not constitute an audit of the financial statements by the statutory auditor and the audit company to the Company, in accordance with relevant policy of providing permitted services, which do not constitute an audit of the financial statements by the audit company auditing the financial statements, by the entities related with that company and by member of chain of auditor companies.
 - 6) Inspecting and monitoring of independence of the statutory auditor and the audit company auditing financial statements of the Company and the Capital Group, in particular when the audit company provides for the Company services other than the audit – in accordance with relevant provisions of the Act on statutory auditors, audit companies and public supervision of 11.05.2017, including by demanding that the statutory auditor and the audit company provide respective statements and verification and discussing threats to independence with the statutory auditor or the representative of the audit company
 - 7) Providing information to the Supervisory Board about results of the audit of financial statements of the company and the Capital Group and explaining how the audit contributed to reliability of financial reporting in the Company, and what was the role of the Audit Company in the auditing process.
 - 8) Drafting and approving policy of election of the audit company to audit financial statements of the Company and the Capital Group
 - 9) Drafting and resolving the policy of performance of some permitted services, which do not constitute an audit of the financial statement for the Company the auditing company, which audits the financial statements
 - 10) Drafting and resolving procedure concerning the election of an audit company by the Company – in the event when the audit company chosen by the Supervisory, which meets the criteria pointed out in art. 130 section 3 point 20 of the act of 11 May 2017 on statutory auditors, audit companies and public supervision.
 - 11) Presentation to the Supervisory Board recommendation concerning appointment of the statutory auditor or audit company, which carry out audits of the financial statements of the Company and/or the Capital Group in accordance with the requirements provided for by relevant provisions of the Regulation of the European Parliament and the Council (EU) No 537/2014 of 16 April 2016 on specific requirements regarding statutory audit of public-interest entities and repealing commission decision 2005/909/EC, the Act on statutory auditors, audit companies and public supervision (art. 130 section 2 and 3) and the policy and the procedure mentioned in point 8-10 above
 - 12) Presenting the Supervisory Board and the Management Board with recommendations aimed at ensuring reliability of the financial reporting process in the Company.

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

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

Pursuant to the resolution No 2/05/2022 of 17.05.2022 the Supervisory Board of the Company, acting pursuant to the provisions of the resolution No 1/05/2021 of the Audit Committee of the Supervisory Board of 14.05.2021 on Audit Committee's agreement for the expert auditor to carry out the statutory audit in the Company and permitted services, (which do not constitute the audit within the scope of attestation service regarding evaluating the report of the Supervisory Board on remuneration for the Management Board and the Supervisory Board of Rainbow tours for 2019 – 2020) decided to accept and approve the offer of the audit company BDO Spółka z ograniczoną odpowiedzialnością Sp. k. concerning evaluation of the "Report on remuneration of the members of the Management Board and the Supervisory Board for the years 2019 and 2020" (which is mentioned in Art. 90g of the act of 29 of July 2005 on public offering and conditions of introducing financial instruments to organized trade and on public companies) to be done by the expert auditor, who carries out the statutory audit in the Company. The Supervisory Board

obligated and authorised the Management Board to make a respective contract to provide the permitted attestation service with the audit company.

The audit company, which audited financial statements of the Parent Company and Rainbow Tours Group (BDO Spółka z ograniczoną odpowiedzialnością Sp. k.), provided, in 2022, the respective permitted service, which was not an audit - that is the service intended to evaluate the report on remuneration of the Company for the years 2019-2020 with respect to completeness of information in the report and required pursuant to art. 90g section 1-5 and 8 of the act of 29 July 2005 on the public offering and introducing financial instruments to organized trade and about public companies. On 27.05.2021 the expert auditor issued a report for the General Meeting and the Supervisory Board of the Company on provision of the services ensuring certain rational certainty with regard to evaluation of the respective report on remuneration.

The General Meeting of the Parent Company, acting pursuant to art. 395 § 2(1) of the Code of Commercial Companies and Partnerships - in connection with art. 90g section 6 of the act of 29.07.2005 on public offering and conditions of introducing financial instruments to organised trade and about public companies - and after becoming familiar with the evaluation of the report – about completeness of the information provided in the report – made by the expert auditor Krzysztof Maksymik (register number 11380), acting on behalf of BDO Spółka z ograniczoną odpowiedzialnością Sp. k. in Warsaw (the entity registered on the list of audit companies under the number 3355), presented in “the Report of the independent expert auditor on provision of service, which gives rational certainty with respect to evaluation of the report on remuneration”, pursuant to provisions of the resolution No 30 of the Ordinary General Meeting of 30.06.2022, gave positive opinion on “the Report on remuneration of members of the Management Board and Supervisory Board of Rainbow Tours S.A. for the year 2021”, which was drafted and approved by the Supervisory Board.

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

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

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

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

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

- 1) propose the audit company to carry out audit,
- 2) declare that the recommendation is free from interference of third parties,
- 3) that the company as an audited public trust entity and did not make any contracts containing clauses, which are specified in art.66 section 5a of the Accounting Act,

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

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

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

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

- 1) confirmation that the audit company and members of the audit team, including key certified auditor meet the requirements of independence stipulated in art. 69-73 of the Act on certified auditors, audit companies and public surveillance as well as the capacity of the audit company and the members of the audit team, including key certified auditor to ensure impartiality, independence and high quality of audit works in the course of financial revision,

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

The audit company to carry out statutory audit of financial statements of the Company and the Capital Group is selected in consideration of the job rotation in respect of the audit company and the certified auditor provided for in the Act on certified auditors, audit companies and public surveillance and the Regulation 537/2014 as well as rules on grace period stipulated therein.

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

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

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

- 1) Tax services such as
 - a) Provision of tax advisory services,
 - b) Payroll tax,
 - c) Custom duties,
 - d) Identification of public grants and tax incentives, unless the support of the certified auditor or the audit company in respect of such services is required by law,
 - e) support for tax inspections carried by tax authorities, unless the support of the certified auditor or the audit company in respect of such inspections is required by law,

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

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

- from the start of the audit period to delivery of the audited financial statements,
- In the financial year directly preceding the period from the start of the audited period to the delivery of the audited financial statement – with respect to legal services stipulated in point 7 above,

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

- 1) Services specified in art. 15 section 3 of the act on operations of co-operative banks, of 7 of December 2000 their uniting and uniting banks as far as the services are useful to the Companies or the entities controlled by the Company within the European Union;
- 2) services:
 - a) carrying out due diligence procedures with respect to economic and financial situation
 - b) issuance of confirming letters

–for a prospectus of the Company as the audited company, carried out according to national standard of related services, which consist in of carrying out agreed procedures

- 3) Assurance services for financial information *pro forma*, forecasts of performance of estimates of results presented in the prospectus of the Company as the audited company
- 4) Audit of historical financial information to the prospectus, which is specified in Commission Regulation (EC) No 809/2004 of 29 April 2009 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements;
- 5) verification of consolidation packages;
- 6) confirmation of compliance with terms and conditions of credit contracts based on analysis of financial data from financial statements audited by the respective audit company,
- 7) assurance services with respect to reporting of corporate governance, risk management and corporate social responsibility
- 8) assessment of consistency of information presented by financial institutions and investment companies with requirements of presentation of information on capital adequacy and variable components of remuneration
- 9) confirmation in respect of reports or other financial information intended for supervisory body, the Supervisory Board or the owners exceeding the scope of the statutory audit and aimed to help those bodies to fulfil their statutory obligations.

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

In 2022 the Supervisory did not select an audit company to audit financial statements of the Company because in 2022 the Audit Committee operating in the Supervisory Board of the Rainbow Tours did not give recommendation concerning selection of an audit company.

The meeting of the Audit Committee (voting on resolutions of the Audit Committee) on 17.05.2022:

During the meeting and voting over resolutions of the Audit Committee, which took place on 17.05.2022 because BDO Spółka z ograniczoną odpowiedzialnością Spółka komandytowa with registered office in Warsaw ("BDO"; the entity listed on the list of audit companies under the number 3355) completed previous audit and review processes of financial statements of the Company and Rainbow Tours S.A. for previous periods, that is the processes of review of mid-year financial statements of and the audit of annual financial statements of the Company and the Group for the financial years 2017-2021, which were carried out pursuant to the contract of 17.08.2017 and the contract of 27.08.2019, the Audit Committee of the Supervisory Board of Rainbow Tours S.A. acting pursuant to the provision of § 5 section 1 "Procedure of selection of audit company to audit and review financial statements in Rainbow Tours Spółka Akcyjna" ("Procedure"), following analysis of the previous cooperation with this audit company, which audit financial statements in the Company for previous years (BDO)– decided (with the intention to give over financial revision for following reporting periods to the previous audit company) not to carry out offer bidding procedure, which is mentioned in § 4 section 1 of the Procedure and thus it decided that the Audit Committee start preparation, in order to present them to the Supervisory Board of the Company, recommendation in respect of indicating BDO Spółka z ograniczoną odpowiedzialnością Spółki komandytowa with registered office in Warsaw, as the audit company to which it intends to propose performance of statutory audit and review of financial statements of the Company and Rainbow Tours Group for following periods.

Pursuant to the "List of Audit Companies, which carry out statutory audits in public interest entities in 2021 which was prepared and published the Polish Financial Supervision Authority (as at 15 March 2022)" (the list mentioned in art. 91 of the act on statutory auditors, audit companies and public oversight that is the list of audit companies, which carry out statutory audit in public interest entities in a previous years with information about meeting the criterion provided for in art.16 section 3 letter a of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC ("537/2004 Regulation"), uploaded from the website of the Ministry of Finance under the address <https://pana.gov.pl/wykaz-firm-jzp/>, The Audit Committee stated that BDO Spółka z ograniczoną odpowiedzialnością Sp. k. is an audit company, which received less than 15% of its complete remuneration for audit of public interest entities in Poland in the previous calendar year (2021), provided in the list of audit companies.

Moreover, before preparation and presentation, to the Supervisory Board, recommendations of the Audit Committee pursuant to the resolution 3/05/2022 of 17.05.2022.

- 1) meeting by BDO Spółka z ograniczoną odpowiedzialnością Sp. k., the previous audit company, which carries audits and reviews of the financial statements of the Company and the Group, requirement and conditions with respect to obligatory rotation of audit company, any grace periods and the term of contract provided in 537/2014 Regulation, the accounting act and the Policy of selection of the audit company to audit and review financial statements of Rainbow Tours Spółka Akcyjna - applied by the Company (that is considering § 8 of the Policy) and thus the Audit Committee and confirmed as follows:
 - a) BDO Spółka z ograniczoną odpowiedzialnością Sp. k. (the entity listed in the list of audit companies under the number 3355) previously carried out in the Company (pursuant to the contract of 17.08.2017 and the contract of 27.08.2019)

processes of audit and review of financial statements of the Company and Rainbow Tours Group for years 2017-2021,

- b) due to the fact that according to art. 17 section 1 paragraph two of 537/2014 Regulations the neither maximum time of uninterrupted duration of first order received by a given audit company nor first order with any renewed orders cannot last longer than ten years (subject to repealing, as of 31.03.2020 pursuant to provisions of the act of 31.03.2020 about amendment of the act on special solutions linked to prevention, counteracting and combating COVID-19 and other infectious diseases and crisis situation arising out of them as well as some other acts - Journal of Law of 2020, item 568 as amended and of the effectiveness of the limitation provided for previous in art. 134 of the act on statutory auditors, audit companies and public oversight), maximum additional time of renewed orders of statutory audits comes to total of five years and thus the requirement of changing the audit company every ten years, which is mentioned in art. 17 section 1 paragraph two of 537/2014 Regulation will apply in this case for the first time to statutory audit of financials statements of the Company for the financial year 2027.

2) due to the fact that:

- key statutory auditor cannot carry out statutory audit in the Company for the period longer than five years 5) (art. 134 section 2 of the act on audit auditors, audit companies and public oversight),
- Mr Krzysztof Maksymik (the statutory auditor registration No 11380) as a key statutory auditor carried out statutory audits in the Company for the financial years: 2017, 2018, 2019, 2020 i 2021 (5 years in total),
- Grace period of the key statutory auditor, who carry out statutory audits in public interest entities is 3 (three) (art. 134 section 3 of the act on statutory auditors, audit companies and public oversight),

as at the date of making the respective confirmation Mr Krzysztof Maksymik (the statutory auditor registration No 11380) will be able to carry out statutory audit in the Company after at least three years from his last audit (which was on 29.04.2022).

3) Due to the fact that in case of the statutory audit withing the meaning of art. 2 point 1 of the act on statutory auditors, audit companies and public oversight, the first contract to audit financial statements is entered with the audit company for a period at least two years, with possibility to renew it for subsequent two-year periods (art. 66 section 5 second sentence of the accounting act) if the Supervisory Board takes the decision to renew the order of statutory audit in audit company BDO Spółka z ograniczoną odpowiedzialnością Sp. k., subsequent contract entered with BDO Spółka z ograniczoną odpowiedzialnością Sp. k must be entered for another at least two year period, which was pointed out in the proposal of recommendation by the Audit Committee to carry out statutory audit in the Company for subsequent reporting periods.

At the same time with connection with the above the Audit Committee decided to make inquiry, to the previous audit company BDO Spółka z ograniczoną odpowiedzialnością Sp. k.), concerning submission of tender with respect to provisions of services of statutory audit and other audits and reviews in the Company covering the following reporting periods, in two variants, for the period of two financial years (2022, 2023) and separately for the period of three financial years (2022, 2023, 2024).

The meeting of the Audit Committee (voting on resolutions of the Audit Committee) on 09.06.2022.

Pursuant to the resolution No 1/06/2022 of 09.06.2022 of the Audit Committee of the Supervisory Board of Rainbow Tours S.A., acting pursuant to provisions of § 5 section 2 and § 7 section 1 point 1) of the Procedure of selection of the audit company to carry out audit and review financial statements in Rainbow Tours Spółka Akcyjna.

- 1) acting pursuant provision of the resolution of the Audit Committee No 3/05/2022 of 17.05.2022 , pursuant to which the Audit Committee in connection with completion, by BDO Spółka z ograniczoną odpowiedzialnością Sp.k, audit and review of financial statements of the Company and Rainbow Tours Group for previous periods, acting pursuant to § 5 section 1 of the above "Procedure", following analysis of the previous cooperation with this audit company, which audit financial statements in the Company for previous years (BDO) – decided (with the intention to give over financial revision for following reporting periods to the previous audit company) not to carry out offer bidding procedure, which is mentioned in § 4 section 1 of the Procedure and thus it decided that the Audit Committee start preparation, in order to present them to the Supervisory Board of the Company, recommendation in respect of indicating BDO Spółka z ograniczoną odpowiedzialnością Spółka komandytowa with registered office in Warsaw, as the audit company to which it intends to propose performance of statutory audit and review of financial statements of the Company and Rainbow Tours Group for following periods.
- 2) Upon detailed analysis of the offer of 27.05.2022 (the offer for provision of audit services in respect of statutory audit and other audits and revisions in the Company) and attached, to the respective offer, declarations of BDO Spółka z ograniczoną odpowiedzialnością Sp.k. and other documents filed by the previous audit company with regard to the inquiry of the Audit Committee of 18.05.2022, and including upon reading, by the Audit Committee,
 - Information on policy of respecting ethical standards and rules of independence in BDO network,

- Information of internal quality control systems prepared and applied in BDO Spółka z ograniczoną odpowiedzialnością Sp.k. based on rules of internal quality control provided in the standards drafted by Ethics Standards Board for Accountants (IESBA), in particular in International Standard on Quality Control No1 (quality control for firms that perform audits and reviews of financial statements, and other assurance and related services engagements – ISQC 1), which became applicable for entities auditing public interest entities pursuant to respective resolution of the Polish Chamber of Statutory Auditors,
 - Declaration of the audit company BDO Spółka z ograniczoną odpowiedzialnością Sp.k., that BDO appoints as a key statutory auditor a person listed in the register of statutory auditors, who meets the conditions provided for in art. 4 section 2-5 of the act of 11.05.2017 on statutory auditors, audit companies and public oversight,
 - Declaration of the audit company BDO Spółka z ograniczoną odpowiedzialnością Sp.k., that BDO, officers, key statutory auditors meet the requirements of independence within the meaning of applicable law, and in particular in art. 69-73 of the act of the statutory auditors, audit companies and public oversight and that there are no other threats for independence, and BDO uses relevant system guards to prevent threats to independence,
 - Declaration of the audit company BDO Spółka z ograniczoną odpowiedzialnością Sp.k., that BDO, key statutory auditors (in the tender of 27.05.2022 BDO indicated the audit team Mrs Edyta Kalińska, entered to the register of statutory auditors under the number 10336 and Mrs Agnieszka Gruszel entered to the register of statutory auditors under the number) and other staff designated to carry out audit have necessary qualifications and experience in auditing financial statements and will have time and resources necessary to carry out audit in a proper manner.
 - Declaration of the audit company BDO Spółka z ograniczoną odpowiedzialnością Sp.k., that BDO has a third-party liability insurance, which is mentioned in art. 53 of the act on statutory auditors, audit companies and public oversight.
 - Declaration of the audit company BDO Spółka z ograniczoną odpowiedzialnością Sp.k., that the implemented procedures are not inaccurate and there are no conflicting regulations regarding rotation of the company and the key statutory auditor.
 - declaration of the audit company BDO Spółka z ograniczoną odpowiedzialnością Sp.k., that the remuneration received from Rainbow Tours S.A. for each of the last three years amounts to less than 15% of the total remuneration obtained by BDO from financial review activities.
 - declaration of the audit company BDO Spółka z ograniczoną odpowiedzialnością Sp.k., that BDO meets the criteria specified in the tender sent by the Company, and it will perform the work in specified period.
- 3) After the Audit Committee receives a declaration of the Management Board confirming that there are no contacts with clauses, which would limit Supervisory Board' choice to select the audit company BDO Spółka z ograniczoną odpowiedzialnością Sp.k. or a key statutory auditor for the requirement of carrying out statutory audit of financial statements of the Company or the Group, to selected categories or lists of audit companies.
- 4) After the Audit Committee learns about findings and conclusions in the annual report of Polish Financial Supervision Authority, which is mentioned in art. 90 section 5 of the act on statutory auditors, auditor companies and public oversights (the Report on Polish Financial Supervision Authority for 2021, downloaded on 06.06.2022 from the webpage of Polish Financial Supervision Authority <https://pana.gov.pl/sprawozdania/>; direct link to the report, which was active as at 06.06.2022: <https://pana.gov.pl/wp-content/uploads/2022/05/Sprawozdanie-roczne-PANA-2021.pdf>),

Decided to accept recommendation regarding proposed audit company to carry out audit and review of the financial statements of the Company and Rainbow Tours Group, presented by the Audit Committee to the Supervisory Board as a body selecting the audit company, in which the Audit Company:

- Proposes an audit company to carry out statutory audit or other financial review activities.
- declares that the recommendation is free from any influence of third parties.
- States that the company did not make any contracts with clauses mentioned in art. 66 section 5a of the act of 29.09.1994 on accounting that is contractual clauses which would limit the ability of the Supervisory Board to select an audit company or a statutory auditor, with respect to statutory audit of financial statements of the Company or the Group, to certain categories or lists of audit companies.

Recommendation of the Audit Committee provided for the ability to choose the previous audit company BDO Spółka z ograniczoną odpowiedzialnością Sp. k to carry out audit and review of financial statements of the Company and Rainbow Tours Group in two variants, for the period of two financial years (2022, 2023) and separately for the period of three financial years (2022, 2023, 2024).

Irrespective of the financial revision covering review and audit of financial statements of the Company and Rainbow Tours Group the tender of BDO Spółka z ograniczoną odpowiedzialnością Sp.k. of 27.05.2022, considered by Audit Committee, additionally covered additionally offers of revision, by BDO Spółka z ograniczoną odpowiedzialnością Sp.k., concerning assessment of reports on remuneration of the Management Board and the Supervisory Board which is provided for in art. 90g section 10 of the act of 29.07.2005 on public offering and conditions of public trading in financial instruments and about public companies, and thus, in case of choosing, by the Supervisory Board, the audit company BDO Spółka z ograniczoną odpowiedzialnością Sp.k.

as an entity authorized to audit and review financial statements of the Company and Rainbow Tours Group for the subsequent years and periods (in the variant for the financial years 2022-2023 or 2022-2024), the Audit Committee – acting pursuant to § 4 section 3 and § 6 of the Policy of providing permitted services, which are not an audit, by the audit company carrying out an audit in Rainbow Tours Spółka Akcyjna, by entities related to this audit company and by the member of the network of the audit company – agreed for provision of permitted services, which are not an audit in respect of assurance service regarding assessment of report on remuneration, which is mentioned in art. 90g section 10 of the respective act on public offering and conditions of public trading in financial instruments and on public companies, by the statutory auditor carrying out the statutory audit in the Company, that's is by BDO Spółka z ograniczoną odpowiedzialnością Sp.k.

The Audit Company instantly presented the respective recommendation to the Supervisory Board, within a period that ensures effective and timely selection of the audit company by the Supervisory Board and implementation of financial revision procedures in the Company.

On 14.06.2022 the Supervisory Board of the Company, as a body selecting an audit company and a statutory auditor to carry out audits and reviews, which are mentioned in § 1 section 1 of “the Policy of selecting an audit company to carry out audit and review of financial statements in Rainbow Tours Spółka Akcyjna”, that is a body other than the body provided for in art. 66 section 4 of the accounting act of 29.09.1994, which is not a body approving financial statements of the entity, acting pursuant to the provision of § 22 letter d) of the Articles of Association and § 3 section 5 point 3) of the Rules of the Supervisory Board and also considering provisions of § 10 section 2 and section 5 of “the Procedure of selecting an audit company to carry out audit and review of the financial statements in Rainbow Tours Spółka Akcyjna”, pursuant to the resolution of the Supervisory Board No 5/06/2022 of 14.06.2022 decided - after the Supervisory Board learnt “the Recommendation of the Audit Committee for the Supervisory Board of Rainbow Tours Spółka Akcyjna concerning proposition of selecting the audit company to carry out audit and review of financial statements of the Company and Rainbow Tours Group” in the process of appointment of the statutory auditor / the audit company provided for by the Policy and the Procedure - select an audit company to carry out audit and review of single financial statements of Rainbow Tours Spółka Akcyjna and consolidated financial statements of Rainbow Tours Group for the periods covering three subsequent financial years that is for the period of 2022, 2023 and 2024 and decided to give over auditing activities to BDO Spółka z ograniczoną odpowiedzialnością Spółka komandytowa, the entity entered into the “List of audit companies” kept by Polish Board of Statutory Auditors (currently: Polish Financial Supervision Authority) under No 3355.

Additionally, in 2022 pursuant to provisions of the resolution No Nr 1/05/2022 of 17.05.2022 the Audit Committee of the Supervisory Board of the Company agreed for provision of permitted services, which are not an audit in respect of assurance service regarding assessment of Supervisory Board's report on remuneration of the Management Board and the Supervisory Board of Rainbow Tours for 2021. Pursuant to resolution No 2/05/2022 of 17.05.2022, the Supervisory Board acting pursuant to resolution No 1/05/2022 of the Audit Committee of the Supervisory Board of the Company of 17.05.2022 concerning agreement of the Supervisory Board to provide permitted services, which are not an audit in respect of assurance service regarding assessment of Supervisory Board's report on remuneration of the Management Board and the Supervisory Board of Rainbow Tours for the financial year 2021, decided to accept and approve provision of assurance service from the catalogue of financial revision activities by the statutory auditor carrying out statutory audits in the Company – according to the act of 11.05.2017 on statutory auditors, audit companies and public oversight – the assurance service refers assessment of the “Report on remuneration for members of the Management Board and Supervisory Board for the financial year 2021” prepared by the Supervisory Board, which is provided for in art. 90g of the act of 29.07.2005 on public offering and conditions of public trading in financial instruments and on public companies.

Number of meetings of the Audit Committee in 2022

In 2022 the Audit Committee had one on-site meeting, 3 meetings took place according to the mode provided for by provisions of § 12 section 7 of the Regulation of the Audit Committee, that is by using means of direct distance communication, moreover the Audit Committee took part in 3 video conferences/meetings with the Statutory Auditor, which summed up: preliminary audit of financial statements for 2021, proper audit of financial statements for 2021 and the review of financial statements for 2022. Outcomes and findings made by the Audit Committee during video conferences with the Statutory Auditor concerning processes of audit of single financial statements of the Company and the consolidated financial statements of Rainbow Tours Group for the financial year for 2021 and also referring to preliminary outcomes and substantial issues resulting from preliminary audit were discussed during meeting of the Supervisory Board; during the meeting of the Supervisory Board progress of audit works, efficiency and timeliness of financial revision activities in respect of specific processes (audit, review of the statements) were discussed. The Audit Committee in 2022 also agreed for provision, by the Statutory Auditor, of permitted services, which are not an audit in respect of assurance service regarding assessment of Supervisory Board's report on remuneration of the Management Board and the Supervisory Board of Rainbow Tours for 2021.

6.13. Declaration of the Parent Company on diversity policy

In 2017 the Company developed for the Group, including the Parent Company, a diversity policy, which primarily aims to ban all discrimination because of gender, age, disability, health, race, nationality, ethnic origin, religion, secularity, political views, trade

union affiliation, psycho-sexual orientation, gender identity, family status, lifestyles, form, scope and the type of employment contract, other type of cooperation and other circumstances, which could lead to discrimination.

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

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

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

Details about the diversity policy of Rainbow Tours Capital Group and the Company required under section 70 subsection 6 point 5) letter m) of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information filed by issuers of securities and conditions of recognizing as equivalent information required by provisions of non-member states (that is Journal of Laws of 2018, item 757 as amended) were provided in the 49b section 1 and next, and art. 55 section 2b in connection with 49b section 2-8 of the Accounting act of 29 September of 1994 in accordance with art. 49b section 9 and art. 55 section 2B IN connection with art.49b section 2-8 of the Accounting Act of 29.09.1994 in line with art. 49b section and art 55 section 2 c of the Accounting Act.

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

As at 31.12.2022, and at the date of approval of this report for publication, the Company is (and has been) a party to a court proceeding, in which total amount of the disputed issue exceeds 10% of equity of the Parent Company. The proceedings are pending against the contractor of the company Verikios Grigorios & SIA E.E., with the claim to pay (amounts arising out of the tour operator's contracts - in respect of three hotels situated in Greece) concluded by the parent company (as a part of its usual business). Additionally estimated value of the contractual penalties regarding non-performance of obligations arising out of the contractor's contracts is a ground to recognize that the total amount in controversy exceeds 10 % of the Parent Company's equity. According to contracts and applicable decisions of the common court situated in Greece a decision was issued to attach contractor's assets and personal property of the individual to the amount of EUR 5,269,560. The enforcement proceedings have been pending.

Except for the above proceedings, as at 31.12.2022, and the date of approval of this report for publication (28.04.2023), the parent company is not a party to any court or arbitration proceedings, in which value per unit or total value of the object at issue would exceed 10% of equity of the issuer. Moreover, as at 31.12.2022 and the date of submission of the report (24.09.2022) neither of the subsidiaries of the Group is a party to court or arbitration proceedings, which value per unit or total value of the object at issue would exceed 10% of equity of the Group.

8. Information on basic products and services and outlets

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

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

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

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

In the period covered by the financial statements (12 months ended on 31.12.2022) the Parent Company did not see any dependence on one or more of recipients or suppliers, that is dependence on one recipient or supplier, which would reach at least 10% of total sales revenue.

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

In the financial year 2022, to recognise the agreement as significant for the operations of Rainbow Tours S.A., the parent company applied provisions of the Regulation of the European Parliament and the Council (EU) No 596/2014 of 16 April 2014 on market abuse and repealing the directive 2003/EC of the European Parliament and the Council and Commission directive 2003/124/EC, 2003/125/EC and 2004/72/EC ("MAR regulation"). The agreements, which are material for the operations of the Group the Parent Company considered in particular agreements "confidential in their nature within the meaning of the confidential information attributed and considered in the context of MAR.

The parent company considered that the following agreements (effective in the financial year 2021, the reporting period of 2022 and in 2023 till the date of approval of this report for publication) are material for the Capital Group:

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

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

According to the loan contract:

- The principal of the financing of the loan amount to total of EUR 15,500,000 split into three tranches: (i) Tranche I – to the amount of EUR 2,700,000 EUR, (ii) Tranche II – to the amount of EUR 12,300,000, (iii) Tranche III – to the amount of EUR 500,000;
- The loan is available for 18 months from the contract date (that is from 5 April 2018)
- The Company is obliged before first draw down to ensure own financial contribution at the level of minimum EUR 3,800,000, however not less than 20% of expenses in the net budget of the Project. Financing for the contribution may be equity, bonds, lending White Olive A.E. / Rainbow Hotels A.E. – depending on recommendation of legal advisor that is renown international law firm, which was chosen jointly by the Company and the Bank. According to the financing offer it is possible to credit outlays incurred for the Project and confirmed by technical advisor (that is established international technical advisor selected jointly by the Company and the Bank) to own contribution
- Final repayment date is not later than after 7.5 - years (seven and half a year) the loan is no longer available. The tranches will be repaid in quarterly instalments (principal), and the first instalment will be paid at the end of the first full calendar after the completion of the project and according to the schedule devised with the Bank.
- The annual interest rate on the loan was calculated on arm's length basis based on variable reference rate EURIBOR 3M, plus Bank's margin set according to market conditions.
- Other loan fees and charges (including arrangement fee, the commitment fee, loan prepayment fee) were calculated according to market conditions.
- The basic loan collateral include: (i) blanket mortgage on hotel property covered by the Project: (ii) a blanket mortgage/ the mortgage on hotel property covered by the Development: (iii) first ranking registered pledge and financial pledge on existing and future shares of White Olive A.E. and Rainbow Hotel A.E. (where Bank Gospodarstwa Krajowego S.A. agreed for merger of Development Companies, and thus, before the first draw down the request will be submitted to establish first ranking registered and financial pledge on shares of White Olive A.E., and in case of no merger of Development companies till 30 June 2018, the request will be submitted to establish registered and financial pledge on shares of Rainbow Hotels A.E., (iii) assignment of rights of White Olive A.E. and Rainbow Hotel A.E. from insurance policies (iv) assignment of rights from loans granted by individuals to White Olive A.E. and Rainbow Hotel A.E., (v) assignment of rights from dividends paid out by White Olive A.E. and Rainbow Hotel A.E., (vi) first ranking pledge on

bank borrower's accounts opened in Bank Gospodarstwa Krajowego S.A. with the power of attorney for those bank accounts (vii) notarized declaration of the company to voluntary submission to enforcement pursuant to art. 777 of the Code of the Civil Procedure in the value of 150% of the loan (viii) blank promissory note: of borrowers (the Company and the Development Companies) with promissory note contracts, (x) turnover clause reviewed on quarterly basis (effective of 30 September 2018);

- The suspending conditions for the first draw down of the loan are standard for this type of transactions and include among others: signing of loan documents, including security documents, establishment of security or submission of respective correct requests).
 - Financial ratios calculated for the loan are standard for this type of transactions.
2. The agreement of 13 February 2019 entered into by the Parent Company (as a Partner) with its subsidiary forming Rainbow Tours Group, that is a joint stock company operating under Greek law under business name White Olive A.E. with registered office in Athens, Greece "White Olive A.E." with Fundusz Ekspansji Zagranicznej A Closed-End Fund ("the Fund"), which is entered into register of investment funds maintained by Regional Court in Warsaw VII Civil and Registry Division under No RFI 1162 and managed by PFR Towarzystwo Funduszy Inwestycyjnych(PFR an Investment Fund Company) a joint stock company with its registered office in Warsaw, which is a part of Polish Development Fund Group, an investment contract ("the Contract" or "the Investment Contract") to invest in participation of the Fund, jointly with the Company (as a Partner) in White Olive A.E. to finance growth of operations in respect of provision of tourism services in hotels owned by White Olive A.E. or managed by the respective entity on a long term lease. The Company informed about the contract in the Current Report No 4/2019 of 13 February 2019.

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

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

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

- The Issuer (as a "Partner") took up 11,222 new ordinary registered shares of White Olive A.E. with the nominal value of EUR 50.00 each and for the total issue price of EUR 999,992.42; the payment for the shares was made as capitalization of liabilities of White Olive A.E. to the Issuer (mutual exclusion of Issuer's receivables - amounts due to

White Olive A.E. in the total amount of EUR 999,992.42 - the equivalent in PLN – PLN 4,652 thousand with the receivables of White Olive A.E., to the Issuer - a payment for newly taken up shares).

- the Issuer (as a Partner) submitted a relevant declaration (confirming fulfilment of suspensions conditions provided in the investment contract - with a full set of documentary evidence and other statements required under the investment contract) to the Fund.
- The Fund - in order to complete the investment on 30 March 2021, paid, by transfer to the bank account of White Olive A.E., for the new ordinary registered shares of White Olive A.E. taken up by the Fund - 100,998 shares of the nominal value of EUR 50 each for the total issue price (money contribution) in the amount of EUR 8,999,931.78
- The Issuer (as a Partner), White Olive A.E. and the Fund completed, on 30 March 2021, additional formal activities linked to finalizing and closing the investment and acquiring the status of the shareholder of White Olive A.E. by the Fund, including those required by provisions of the Contract - that is registration in the share ledger of White Olive A.E., increase of the share capital and adoption of the resolution on approval of the new contract of White Olive A.E., conclusion of (by the Issuer - as a Partner) a registered pledge agreement (required by provisions of the Contract) with the Fund, adoption of (by the Management Board of White Olive A.E.) the resolution concerning issuing new share certification and destroying old certificates, issue of new share certificates to the Fund, receipt of relevant independent legal opinions by the Fund, etc.

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

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

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

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

- the time horizon of the investment of the Fund is 4 to 10 years, calculated from the date of acquisition (taking up) and paying for shares of White Olive A.E. by the Fund; the shares of White Olive A.E. will be bought not later than after 10 years of the date of conclusion of the investment contract, according to the irrevocable binding offer of the Issuer for 15 years of the date of entering into the investment contract.
 - value of the Fund's investment was set in the amount of EUR 9 million, however, according to relevant provisions of the investment contract the Issuer and the Fund may negotiate on further increase in the share capital of White Olive A.E. in the future and the amount of any additional financial contribution will not be higher than EUR 3.5 million, that is jointly not more than EUR 12.5 million, and the upper limit of the Issuer's investment was not set.
 - the Issuer and the Fund are obligated not to sell shares of White Olive A.E. without consent of the other party throughout the term of the investment contract (the Fund for 10 years as of the date of making the investment contract), except for two circumstances allowed in the investment contract.
3. Charter Agreement (Aircraft Charter Framework Agreement with annexes) of 26 September 2019 entered into Rainbow Tours S.A., and Smartwings Poland Sp. z o.o. (previously: Travel Service sp. z o.o.) The Company informed about conclusion of the respective agreement in the Current Report No 29/2019 of 26 September 2019.

The respective Charter Agreement, effective till 15 May 2021, refers to the purchase of (by Rainbow Tours S.A.) plane seats with a crew and provision of charter services (air transportation of passengers and luggage) by Smartwings Sp. z o.o. for Rainbow Tours S.A. in the touristic season Summer 2020 and Winter 2020/2021. The services are necessary for provision of tourism services by Rainbow Tours S.A. and cover charter services under the Charter Agreement in different holiday destinations. The provision of charter services under the Charter Agreement (the first charter flight) starts on 25 April 2020, and ends (the last charter flight) on 22 April 2021.

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

value of services for the Winter 2021/2022 season - as at the date of signing the Charter Agreement – the final and actual value of services may differ from the given estimate. The issuer is able to change number of flights provided under the Charter Agreement - according to the increasing or decreasing market demand (and that can also affect the value of the total Charter Agreement).

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

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

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

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

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

The hotel property covered by the respective Sublease Contract, which previously operated as “Agelia Beach Hotel” (currently it operates as “White Olive Elite Rethymno”), was run by White Olive A.E. under sub-lease contract (on long-term lease) from October 2019 to June 2021. Currently the hotel „White Olive Elite Rethymno” is a property of White Olive A.E. The property was acquired by White Olive A.E. in I half of 2021 from payments made by Foreign Expansion Fund Private Assets Closed- End Fund managed by PFR Towarzystwo Funduszy Inwestycyjnych S.A., which is a part of the Group of Polish Development Fund intended to increase share capital (the investment made under investment contract of 13.02.2019). The Company advised about acquisition of the respective property in the Current Report No 14/2021 of 30.06.2021).

Following complete overhaul in winter 2020/2021, both of hotel rooms and communal spaces of the hotel. Currently White Olive Rethymno offers 70 comfortable and modernly decorated five-star rooms (for 186 people) situated in five-storey main building (hotel offers rooms in 4 different types, large pool of rooms with the sea view, including rooms with direct entry to the swimming pool area).

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

The respective Charter Agreement, effective till 30 April, 2021, refers to the purchase (by Rainbow Tours S.A.) of plane seats with a crew and provision of charter services (air transportation of passengers and luggage) by Enter Air Sp. z o.o. for Rainbow Tours S.A. in the touristic season Summer 2020 and Winter 2020/2021. The services are necessary for provision of tourism services by Rainbow Tours S.A. and cover charter services under the Charter Agreement in different holiday destinations.

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

the Winter 2021/2022 season as at the date of signing the Charter Agreement – the final and actual value of services may differ from the given estimate. The issuer is able to change the number of flights provided under the Charter Agreement according to increasing or decreasing market demand, and that can also affect value of total Charter Agreement.

6. The insurance guarantee contract to grant insurance guarantee No GT 359/2020 of 8 September 2020, with supporting documents (the contract to issue insurance guarantee, the deposit contract, the promissory note contract) for granting insurance guarantee by the Guarantor to Rainbow Tours S.A. (as a tour operator and an entrepreneur facilitating acquisition of tourism related services), which benefits the Marshall of Łódzkie Province (“the Beneficiary”) and each travelling person, who during the Guarantee period concluded a contract with the Obligor (the Beneficiary). The Company informed about conclusion of the respective contract in the Current Report No 33/2020 of 8 September 2020.

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

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

The Guarantee covered by the Guarantee Contract No 359/2020 secures payment of claims arising from occurrence of events (specified in point 1 letter a), b) and c) above), which result from contracts to provide tourism services and contracts for related tourism services (entered into by Rainbow Tours with customers from 17 September 2019 to 16 September 2020), even if the contracts were not performed in that period.

According to the provisions of the Guarantee contract No GT 359/2020, its value upon signature and at the same time the value of the Guarantee provided by the Guarantor for the Beneficiary, hereinafter referred to as “the Amount of the Guarantee” is PLN 60,000,000 (sixty million Polish zloty), which is equivalent to EUR 14,094,101.62 (fourteen million ninety four thousand one hundred and one and sixty two eurocents) translated using the average euro exchange rate published by National Bank of Poland for the first time in the year of issuance of the guarantee, that is on 2 January 2020 (1 euro= PLN 4.2571).

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

Pursuant to the attachment to the guarantee contract No GT 359/2020 the upper limit of the Guarantor liability in respect of the Guarantee (the Sum of Guarantee) was increased from the previous amount of PLN 60,000,000 (an equivalent of EUR 14,094,101.62) to the amount of PLN 90,000,000 (the equivalent of EUR 21,141,152.43 using the average euro exchange rate published by National Bank of Poland for the first time in the year of issuance of the guarantee that is on 02.01.2021 in the amount of PLN 4.2571 that is by amount of PLN 30,000.000 (the equivalent of EUR 7,047,050.81).

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

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

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

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

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

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

- (1) the amount of the soft loan is PLN 24,800,000.
- (2) The loan may be used by the Company (as a borrower) for financing ongoing operations of the Company, including for working capital, and in particular to: settle trade payables of the Company, pay out salaries to employees of the Company and workers hired under civil law contracts with persons, who have contract for constant cooperation (for whom the company is the main contractor), purchase of goods and materials (including advances for purchase of goods and materials) or other operating costs involved in creation of a product or service (provided in the course of usual operations of the Company), settling public and legal liabilities, including taxes to be paid by the Company.
- (3) the date of repayment of the soft loan - the loan repaid in quarterly instalments with the final payment date on 30 September 2024, the date of payment of the first instalment of the soft loan is 31 December 2021.
- (4) the interest rate of the soft loan: the flat interest rate per year and for each year of financing equal to the margin respective for the specific year of financing a) 1.25% p.a. in the first year as of signing the loan contract, b) 1.75% p.a. in the second and third year as of signing of the loan contract and c) 2.75% p.a. in the fourth year as of the date of signing of the contract loan, pursuant to the annex of 16.09.2021 to the Soft loan contract, due to change in the regulation to request to take part in the programme, upon entering into Loan contract and issuance i.e. of the Decision of the European Commission of 17.06.2021, SA.62752, which amends the decision of the European Commission of 29.05.2020, SA.57054 in order to reflect provisions of the amended regulations of the Programme the amount of the margin, which is the base to calculate interest rate on the loan was changed. And as of 01.07.2021 it amounts for a given financial year a) 0.75% p.a. in the first year from the date of making the loan contract, b) 1.25 p.a. in the second and third year from the date of making the contract and c) 2.25% p.a. in the fourth, fifth and sixth year from the date of making the loan contract.
- (5) according to the terms of the Governmental Programme "Financial Shield of the Polish Development Fund for Large Companies" and the Contract, there is a possibility of loan write-off up to 75% of the amount of the soft loan.

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

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

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

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

Pursuant to the Declaration on Loan waive-off received by the Company:

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

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

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

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

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

The respective Charter Agreement (Aircraft Charter Framework Agreement with Annexes, the Charter Agreement), effective till 15 May 2022, refers to the purchase, by Rainbow Tours S.A., of plane seats with a crew and provision of charter services (air transportation of passengers and luggage) by Smartwings Sp. z o.o. (for Rainbow Tours S.A.) in the touristic season Summer 2021 and Winter 2021/2022. The services are necessary for provision of tourism services by Rainbow Tours S.A. and cover charter services under the Charter Agreement in different holiday destinations. The provision of charter services under the Charter Agreement (the first charter flight) starts on 29 April 2021, and ends (the last charter flight) on 23 April 2022.

According to the provisions of the Charter Agreement, upon the date of its signing, the value of services provided under the Charter Agreement for Summer 2021 season is estimated for the amount of USD 13,018,076, which is equivalent of PLN 49,126,313.40 PLN, translated using the average American dollar exchange rate of 20 April 2021 published by National Polish Bank in the table No 075/A/NBP/2021 (the exchange rate 3.7737). Due to the fact that a number of variable factors (including variable costs) affect the value of services under the Charter Agreement, and because it is not possible to measure value of services for the Winter 2021/2022 season as at the date of signing the Charter Agreement – the final and actual value of services may differ from the given estimate. The issuer is able to change number of flights provided under the Charter Agreement according to the increasing or decreasing market demand, and that can also affect the value of the total Charter Agreement.

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

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

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

The respective agreement ("Charter Agreement with Annexes") refers to the purchase, by Rainbow Tours S.A., of plane seats with a crew and provision of charter services (air transportation of passengers and luggage) by Smartwings Sp. z o.o. (for Rainbow Tours S.A.) in the touristic season Summer 2021 and Winter 2021/2022. And is directly related to basic

operation of Rainbow Tours S.A. as a tour operator. The respective charter agreement was concluded for a defined period starting from 30.04.2022 and regulates rules of provision of air transport services of persons and luggage by Enter Air sp. z o.o. in the respective period.

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

10. The Contract of 10.09.2021 to grant insurance guarantee No GT 500/2021 with supporting documents (the contract to issue insurance guarantee, the deposit contract, the promissory note contract) for granting insurance guarantee by the Guarantor to Rainbow Tours S.A. as a tour operator and an entrepreneur facilitating acquisition of tourism related services, which benefits the Marshall of Łódzkie Province ("the Beneficiary") and each travelling person, who during the Guarantee period concluded with contract with the Obligor (the Beneficiary). The Company advised about the respective contract in the Current Report No 22/2021 of 10.09.2021.

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

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

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

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

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

Due to the above facts, that is in relations to conclusion of the guarantee contract No GT 500/2021 of 10.09.2021, the security for claims of the Guarantor to repay amounts paid from the Guarantee for a Beneficiary are as follows: a) deposit in the amount of PLN 18,550,000, in the bank account of Towarzystwo Ubezpieczeń Europa S.A., and the deposit was set by paying additional amount of PLN 8,000,000 to the account of Towarzystwo Ubezpieczeń Europa S.A to the deposit in the

amount of PLN 10,550,000 of 08.09.2020 (the deposit in the amount of PLN 10,550,000.00 set pursuant to the deposit contract made by the Company with Towarzystwo Ubezpieczeń Europa S.A. of 08.09.2020 was counted toward the deposit)
b) notarised blanket mortgage established on the first free place in the fixed asset of Rainbow Tours, that is the company's property located at ul. Piotrkowska 270 in Łódź, with the value of PLN 13,518,000, which is 120% of the value of the property presented in the appraisal reports of 10.09.2018 and 28.02.2020 until 16.10.2023) Blank promissory note with no protest clause, which may be filled to the amount of PLN 9,000,000, which is the equivalent of the Sum of the Guarantee.

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

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

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.

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

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

According to the Attachment to the Charter Agreement, on the date of signing the Attachment, the value of charter services (flights confirmed, without taking into account value of optional flights) provided in the season "Winter 2021/2022" was estimated as the sum of the amounts denominated in Polish zloty and a foreign currency USD (using the average exchange

rate of USD as of the signing the attachment, that is as at 29.10.2021, published in the table No 211/A/NBP/2021) and constitute total estimated equivalent of value of charter services in Polish zloty in the amount of PLN 109,297.6 thousand. According to provisions of the Attachment the price of service can change i.e., in case of change of aviation fuel, port charges, etc. Settlements of charter services will be done continuously and according to schedule of individual charter flights. The Issuer is able to change number of flights (block hours in the programme of flights) to respond to changes in market demand in specified destinations, including to cancel them free of charge (in the limited percentage of the value of block hours), which can translate to change in total value of charter services provided by the attachment to Charter Agreements.

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

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

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

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

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

The respective Charter Agreement, effective till 24.04.2023, refers to the purchase (by Rainbow Tours S.A.) of plane seats with a crew and provision of charter services (air transportation of passengers and luggage) by Smartwings Poland Sp. z o.o. for Rainbow Tours S.A. in the touristic season Summer 2022 and Winter 2022/2023. The services are necessary for provision of tourism services by Rainbow Tours S.A. and cover charter services under the Charter Agreement in different holiday destinations. The start of the performance of the Charter Agreement and provision of charter services (the first charter flight, in the Winter 2022/20223 season) was planned for 24.04.2023.

The value of services provided under the Charter Agreement, upon the date of its signing is estimated for the amount of USD 42,498 million, which is equivalent of PLN 184,059 million - translated using the average American dollar exchange rate of 24.03.2022 published by National Polish Bank in the table No 058/A/NBP/2022 (the exchange rate 4.3310). Due to the fact that the effect on value of performance under the Charter Agreement has number of variable factors (including variable costs) the final and real value of performance under the Charter Agreement may differ from the above estimate. The Issuer has the right to change number of booked flights under the Charter Agreement with growing or falling demand, which can also translate to the total value of the Charter Agreement.

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

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

13. The Soft Loan Contract from the Governmental Programme "Financial Shield of the Polish Development Fund for Large Companies", edition 2.0 of 25.03.2022 ("the Contract 2.0, "the Soft Loan Contract 2.0) made by the Company (as the Lender) with the Polish Development Fund S.A. in Warsaw (as the lender, also "PFR") according to the application for borrowings from the Programme on 22.09.2021 (Application No 20210930/73424).

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

- 1) the amount of the Loan: PLN 2,936,321.
- 2) The loan can be used by the Company (as the borrower) only for financing current operations of the Company, including for working capital, in particular for settlement of trade liabilities, payment of salaries for the staff of the Company (including social security contributions) and people hired under civil law contracts with individuals with ties to the company by contracts for permanent cooperation, for whom the company is the main contractor for purchase of goods and materials (including advances for purchase of goods and materials) or other costs of operations linked to

manufacturing of a product or providing a service in day-to day operations of the Company, settlement of legal and public expenses including taxes.

- 3) repayment mechanism: quarterly instalments, with the final payment at the latest on 31.03.2028.
- 4) interest rate: fixed per year and for each year of financing equal to the margin proper to each year of financing which is, according to the Regulations: a) 0.75% p.a. in the first year from the date of signing the Loan Contract b) 1.25% p.a. in the second and third year from the date of signing the Loan Contract and c) 2.25% p.a. for the fourth, fifth and sixth year from the date of signing the Loan Contract
- 5) possibility to wave off up to 75% of the loan amount according to the conditions provided in the Lona Contract

According to the conditions of the governmental programme "Financial Shield of the Polish Development Fund for Large Companies ver 2.0 and concluded loan agreement. The Parent Company on 27.04.2022 made a relevant request to Polish Development Fund concerning 75% waive-off 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 Fud 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 waives off") (2) PFR declared the Loan Waive off is effective as of 31.08.2022. On 06.09.2022 the Parent Company based on relevant consent given by the Borrower repaid the Loan in total (the principal and the last interest rate)

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.

14. The attachment of 08.09.2022 to the framework charter agreement under No HC/132/09 („the attachment”, „the charter agreement”) signed by the Parent Company with LOT Polish Airlines with registered office in Warsaw („PLL LOT”), which determines of the programme of flights and rules of provision of charter services in Winter 2022/2023 season by PLL LOT for the Parent Company. The company provided information about signing this attachment to the agreement in the Current Report No 25/2022 of 09.09.2022.

The Charter agreement with the attachment refers to provision of charter services in the touristic season "Winter 2022/2023" with Boeing 787-8 Dreamliner and Boeing 787-9 Dreamliner by PLL LOT for the Company. The services are necessary for carry out basic operations of the issuer in the winter season in so called exotic destination (Dominican Republic, Cuba, Mexico, Vietnam, Thailand). According to the arrangements provided in the Attachment regarding touristic season Winter 2022/2023 provision of services starts on 02.11.2022 and their completion is planned at the latest on 06.05.2023.

According to the Attachment to the Charter Agreement, on the date of signing the Attachment value of charter services provided in Winter 2022/2023 season was estimated as a total of amounts denominated in Polish zloty and USD dollar (using the average USD exchange rate of 08.09.2022, which was published in the table No 174/A/NBP/2022) and constitutes total estimated equivalent of value of charter services in Polish zloty in the amount of PLN 364.5 million. According to the provisions of the Attachment any change in price of prices may take place in case of changes in prices of jet fuel, port charges etc. Charter services will be settled on ongoing basis and according to the schedule of individual charter flights. The Issuer is able to change number of flight (blocks of hours under the programme of flights) with changes in market demand in the respective destination, including cancel free of charge (within set percentage value in the block of hours) which can change total value of charter services provided under the Attachment to the Charter Agreement.

The chartering party (the Issuer) is required to have certain number of flights, in the minimum of fixed block of hours realized under the programme of flights covered by the Attachment. Moreover, according to the Attachment the parties have the right to withdraw from the Charter Agreement with respect to its part that cannot be performed by cancellation of flights and change in the scope of the agreement (charter services) in case when due to circumstance relating to COVID-10 pandemic – such as limitations in air transportation or limitation of providing package holiday services in destination – will cause impediments in performance of mutual obligations of the Parties.

Attachment to the Charter Agreement does not provide for penalty clauses, except for contractual penalties linked to potential situations related to cancellation of the flight/flights by the Chartering Party (the Issuer) in breach of cancellations conditions provided for in the Attachment with respect to the period of reporting the cancellation that is in the period shorter than the period set before schedule flight date.

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

15. The agreement of 14.09.2022 to grant insurance guarantee No GT 518/2022 with supplementary documents (agreement to grant insurance guarantee, deposit agreement, promissory note agreement) in respect of granting, by the Guarantor, the insurance guarantee for Rainbow Tours S.A., as tour operator and an entrepreneur facilitating acquisition of related touristic services, which benefits the Governor of the Łódzkie Voivodeship and each travelling person, who, within the period of the Guarantee, made a contract with the Obligor (the Beneficiary). The Company provided information about the agreement made in the Current Report No 27/2022 of 15.09.2022

On 15.09.2022 the parent company obtained, from Towarzystwo Ubezpieczeń Europa Company Limited by Shares with its registered office in Wrocław ("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 Wrocław ("the Guarantor") on 14.09.2022,

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 service in case of insolvency.

- a) Payment of sufficient amount to refund return of Obligor's customers from package holidays to the place of departure or scheduled return if the Obligor (Rainbow Tours S.A.) fails to ensure it 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 GT 518/2022 secures payment of claims arising on events mentioned above (letters a, b i c) and arising from package holiday contracts and contracts for related tourism services entered by Rainbow Tours with customers in the period from 17.09.2022 to 16.09.2023, even if the services were not provided 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", amounted to PLN 150,000,000.00, which is equivalent to 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).

Because of the above information, that is in connection with entering into Guarantee Contract No 518/2022 for the purpose of securing claims of the Guarantor concerning repayment of amounts paid under the guarantee for the Beneficiary, the following securities were set:

- 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 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 mgr inż. Andrzej Zarychta of 19.10.2021; the mortgage is at the same time is a security for the insurance guarantee No 359/2020, amended with the annex No 1 of 11.08.2021 and insurance guarantee No 500/2021 of 10.09.2021, amended with the Annex 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.

16. The charter agreement (Air Charter Transport Agreement with the attachment) of 24.02.2023 made by the company with 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 Company provided information on making the respective agreement in the Current Report No 3/2023 of 24.02.2023.

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.

17. The Charter Agreement, (Aircraft Charter Framework Agreement with attachments) of 31.03.2023 made by the Parent Company with Smartwings Poland Limited liability company referring 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 Company provided information about the respective Charter Agreement in the Current Report No 6/2023 of 31.03.2023.

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 2023 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 Parent Company 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.

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

Investments of the Parent Company

The table. Main organizational ties and capital investments in shares of related parties of the Parent Company as at 31.12.2022.

No	Subject of investments	The object of investment	Relation	Value in PLN thousand	Financing
1	Interest	"My Way by Rainbow Tours" Sp. z o.o.	subsidiary (100%)	200	Cash
2	shares	White Olive A.E. *	subsidiary (71,54%)	95 144	Cash
3	shares	Rainbow Tours Destination Services Turkey Turizm Ve Seyahat Hizmetleri A.S.	subsidiary (100%)	25	Cash

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

All above subsidiaries are consolidated and covered by the consolidated financial statements of the Group for the financial year 2022.

As at the date of approval of this report for publication (28.04.2023) Rainbow Tour holds around 71.54% of the share capital and votes at the General Meeting of White Olive A.E., the remaining 28.46 % share capital and votes at the General Meeting of White Olive A.E. is held by Foreign Expansion Fund - PFR Group (due to completion of the investment process in 2021, as well as increase of the share capital of White Olive A.E in 2022) The description of changes in organization of the Group was presented in point 1.5 of this report.

Table. the amount of lending provided by the Parent Company to the related parties as at 31.12.2022 and as at 31.12.2021.

Lending:	Repayment (+) / Granting (-)	Lending as at 31.12.2022			Lending as at 31.12.2021		
		Principal	Interest	Total	Principal	Interest	Total
	PLN/000	PLN/000	PLN/000	PLN/000	PLN/000	PLN/000	PLN/000
"My Way by Rainbow Tours" Sp. z o.o.	-	300	-	300	300	-	300
White Olive A.E.	-	-	-	-	-	-	-
White Olive Premium Lindos A.E. *	-	-	-	-	-	-	-
Rainbow Tours Destination Services Turkey Turizm Ve Seyahat Hizmetleri A.S.	-	-	-	-	-	-	-
Total		300	-	300	300	-	300

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

Investments of Rainbow Tours Group

The subsidiary of the Issuer, that is White Olive A.E. carries out hotel activities and after the merger with White Olive Premium Lindos A.E. (previously the subsidiary, the acquired company) is the owner of 4 hotel properties (two hotels on the Greek Island Zakynthos, one on Crete and one on Rhodes) and it additionally leases (on long-term lease) a hotel in Greece on Zakynthos. The hotel chain of White Olive A.E., which is managed directly by White Olive A.E. owns the following hotels:

- “White Olive Premium Laganas” –four-star hotel situated on the Greek island Zakynthos in Laganas; the hotel is owned and managed by White Olive A.E.; the hotel “White Olive Premium Laganas” offers 137 spacious and modern furnished four-star hotel rooms in six types.
- “White Olive Premium Cameo” – a four-star hotel situated in Agios Sostis on the Greek Island Zakynthos, the hotel administered by White Olive A.E. on long-term lease, “White Olive Premium Cameo” offers 125 spacious and modern furnished four-star hotel rooms in four types, situated in two buildings.
- “White Olive Elite Laganas” –a newly built five-star hotel complex (opened in July 2019), situated on the Greek Island Zakynthos in Laganas, the hotel owned and administered by White Olive A.E.; “White Olive Elite Laganas” is a modern hotel with 195 spacious and excellently furnished five-star hotel rooms in 3 different types.
- “White Olive Elite Rethymno” –a five-star hotel situated in Sfakaki on Crete, in the neighbourhood of Rethymno; the hotel administered by White Olive A.E. is the property of White Olive A.E. and it is run by it (starting from October 2019 to June 2021 the hotel was run by White Olive A.E on a long-term lease);” following complete overhaul in winter 2020/2021, both of hotel rooms and communal spaces of the hotel. Currently White Olive Rethymno offers 70 comfortable and modern decorated five-star rooms (for 186 people) situated in five-storey main building (hotel offers rooms in 4 different types, large pool of rooms with the sea view, including rooms with direct entry to the swimming pool area).
- “White Olive Premium Lindos” (previously “Pefkos Garden”), that is a four-star hotel situated on Greek Island of Rhodes; “White Olive Premium Lindos” offers 97 spacious and modern four-star hotel rooms, “White Olive Premium Lindos” underwent an overhaul of both hotel rooms as well as communal spaces in winter 2019/2020.

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

Rainbow Tours Group covers also incorporated in 2020 in the territory of Turkey - the subsidiary of the Issuer - company limited by shares own hotel base give operating under Turkish law (business name): Rainbow Tours Destination Services Turkey Turizm Ve Seyahat Hizmetleri Anonim Sirketi. The Parent Company holds 100% of the share capital and voting rights at the General Meeting of the respective company.

The formation of the subsidiary is intended to develop business operations of Rainbow Tours Group in respect of activities of tour operators, as well as to make the internal organization structure of the Group more efficient and save on operating costs and improve effectiveness of Group’s operations. That is in line with the strategy of vertical integration of the Issuer, which according to intention of Rainbow Tours is (with the same time resignation from external suppliers) substantial optimisation of costs of provision of package holidays, as well as increase in profitability of additional services sold to customers of Rainbow Tours Company limited by shares (tours and optional excursions). And in the subsequent stage the respective subsidiary will be ready to offer touristic products also to other market entities (tour operators). The Rainbow Tours Destination Services Turkey Turizm Ve Seyahat Hizmetleri Anonim Sirketi started its operations from Summer 2021 season.

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

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

12. Information on loan and credit contracts entered and terminated in a specific financial year.

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

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

Financing of the Company:

Bank Millennium S.A. –the multipurpose line

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

Pursuant to the annex No A7/9619/16/M/04 of 5 November 2020 to the respective multifacility contract No 9619/16/M/04, final due date was extended till 7 December 2020. Pursuant to the annex No A8/9619/16/M/04 of 25 November 2020 financing granted under the multifacility contract No 9619/16/M/04 was extended to 7 December 2022. The liquidity guarantees in the amount of PLN 36.700 thousand (effective until till 7 March 2023) granted by Bank Gospodarstwa Krajowego - under portfolio of the line guarantee contract of Liquidity Guarantee Fund PLG-FGP – is the security for partial repayment of the facility The Guarantee secures 80% of the amount of the facility. On 07.12.2022 pursuant to the annex No A10/9619/16/M/04 the total repayment date was set as of 07.12.2024 and the amount of the global limit was increased, and the limit in the amount of PLN 60,000 thousand in the period 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 a line of credit – a multipurpose facility for the amount of PLN 30,000 thousand for the period of 36 months from the date of entering into the Multipurpose Line of Credit Contract. On 31.08.2021 the Parent Company signed the attachment No 2 to the Multipurpose Line of Credit Contract, under which Bank Gospodarstwa Krajowego extended the effective term of the line of credit in the form of multipurpose facility for the amount of 30,000 thousand for the period of subsequent 5 months with the effective term until 31.01.2022.

On 31.01.2022 the Company signed the annex No 3 ("the annex") of the agreement, pursuant to which Bank Gospodarstwa Krajowego renewed the initial period regarding credit line in the form of multipurpose line in the amount of PLN 30,000 thousand for another 12 months, with validity date to 31.01.2023. On 31.01.2023 the Company signed the annex No 4 ("the annex") of the agreement, pursuant to which Bank Gospodarstwa Krajowego renewed the initial period regarding credit line in the form of multipurpose line in the amount of PLN 30,000 thousand for another 12 months, with validity date to 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 based rate - WIBOR 1M and bank margin. The security for the multipurpose line is a registered pledge on bank accounts of the borrower, enforcement declaration, assignment of trade receivables and power of attorney to bank accounts of the borrower.

As at 31.12.2022 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 10.10.2018 the Parent Company concluded with Santander Bank Polska S.A. Multipurpose Facility No K00787/18 (amended with the attachment No 1 of 15.11.2019 and the attachment No 2 of 30.06.2020) with the global limit for the amount of PLN 50,000 thousand. The Company can use the overdraft facility for the amount of PLN 20,000 thousand or in the equivalent in the currencies of USD or / and EUR during total term of the facility availability and can also use renewable loan for the amount of PLN 30,000 thousand from 02.01.2020 to 30.06.2020. The date of total repayment of the facility is 15.11.2020 (for the overdraft facility) subject to the fact that pursuant to the Attachment No 2 to the Multipurpose Facility No K00787/18 of 30.06.2020. The renewable loan, which contract was made originally as one of two contracts in the multipurpose facility contract (that is Multipurpose Facility Contract No K00787/18 of 10.10.2018), was replaced with the renewable loan contract No K00787/18b, pursuant to which the effective term for the renewable loan for PLN 30,000 thousand was renewed to 30.06.2022 and the security for claims of the Bank arising under the respective contract is a liquidity guarantee PLG-FGP for the amount of 80% of the Facility amount that is PLN 24,000 thousand for the term from the date of registering the Facility and Liquidity Guarantee PLG FGP to the register of liquidity guarantees PLG FGP kept by the Bank, until 30.09.2022. On 30 June the Company signed with the bank the renewable contract No K00787/18b, under which the line of renewable credit was renewed to 30 June 2022. The security for the facility is Liquidity Guarantee PLG FGP for the period until 30.09.2024, in the amount, which is 80% of the amount of the credit, that is PLN 24,000,000.

On 25.11.2020 the Parent Company made with Santander Bank Polska S.A the Attachment No 4 to the Multipurpose Facility No K00787/18a, which renews until 12.11.2022 availability of the overdraft facility and of the limit in the foreign currency account for the amount of PLN 20,000,000.00. The Security for the facility is the Liquidity Guarantee PLG FGP for the amount of 80,00% of the amount the Facility that is PLN 16,000,000.00 for the period from 11.02.2023 and declaration of submission to enforcement and blank promissory note. On 10 November 2022 pursuant to Annex No 5 to Overdraft and currency account No K00787/18a

the parties renewed the contract to 10 of November 2024. The Security of the Contract is the Guarantee from the Crisis Guarantee Fund PLG FGK for the period to 10 November 2024, in the amount of 80% of the Credit amount that is PLN 16,000,000.00. On 10 November 2022 the company signed the Annex No 5 to Overdraft and currency account No K00787/18a with Santander Bank Polska S.A., which renewed the contract to 10 of November 2024 extending availability of the overdraft and currency account with the limit of PLN 20,000,000. The Security for the agreement y is the Liquidity Guarantee PLG FGP for the amount of 80,00% of the amount the Facility that is PLN 16,000,000.00 for the period to 10.02.2024.

Also, on 10 October 2018, the Parent Company made (with Santander Bank Polska S.A.) the Multifacility contract No K00788 with a global credit line in the amount of USD 6,500 thousand. The Company use the global limit in the amount of USD 6,500 thousand to order issuance of bank guarantees and letters of credit to the total amount of USD 6,500 thousand (or equivalent in PLN and/ or EUR) during the whole period of the line availability - that is, originally, till 15 November 2020. On 27 August 2020 the Company signed - with Santander Bank Polska S.A., the Annex No 3 to the Multifacility contract No K00788/18, pursuant to which the line of guarantees was reduced from the amount of USD 6,500 thousand (available till 26 August 2020) to the amount of USD 3,500 thousand (available till 15 November 2020). On 25 November 2020 the Company signed - with Santander Bank Polska S.A., the Annex No 5 to the respective Multifacility line No K00788/18, pursuant to which the date of final repayment of the contract was set for 12 of October 2022. 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 Companies1.0".

On 10.11.2020 the Parent Company (as the lender) made with Polish Development Fund S.A., with registered office in Warsaw, (as "the Borrower", also "PFR"), the Soft Loan Contract from the Governmental Programme "Financial Shield of the Polish Development Fund for Large Companies ("the Contract", "the Soft Loan Contract") made by the Company (as the Lender) with the Polish Development Fund S.A. in Warsaw (as the lender, also "PFR") according to the application for borrowings from the Programme on 16.07.2020 (Application No 20200716/85703). 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) on 19.11.2021 the debt arising from the Loan Contract of 10.11.2020 made between PFR and the Company, thus the Loan Contract was terminated and all related debt under the Loan Contract.

"Financial 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 waives 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.

Financial liabilities of subsidiaries

Bank Gospodarstwa Krajowego –multi facility line, derivative master agreement

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

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

According to the loan contract

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

As at 31 December 2022 the amount of the investment loan to be repaid by White Olive A.E was EUR 10,842 thousand.

As at 31.12.2021 the amount of the investment loan to be repaid by White Olive A.E was EUR 12,733 thousand.

The Parent Company is obligated to comply with number of parameters stipulated in loan contracts i.e.: to maintain specific amounts of transfers to bank accounts, ratios (covenants) and others. Adverse development of SARS-CoV-2 coronavirus may lead to reduction in value of ratios stipulated in loan contracts (covenants), and (in extreme cases) exceed boundary conditions specified in these contracts, what may result in negative changes in terms of financing (increased costs of borrowings) or limited bank financing. According to the data for 2022 the covenants were not breached.

13. Information on warranties and guarantees in the financial year

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

The Parent company holds lines of bank guarantees, which are used to issue bank guarantees for the benefit of contractors cooperating with Rainbow Tours S.A. In 2022, the company ordered issuance of bank guarantees outside its limits.

The table below presents bank guarantees issued as at 31.12.2022. The amounts of banks guarantees issued in foreign currencies were translated using average NBP exchange rate 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.	-
Total	45 356

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
Total	6 668

Insurance Guarantee granted by Towarzystwo Ubezpieczeń Europa S.A

Guarantee contract No GT 500/2021

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

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

Guarantee agreement No GT 518/2022

On 14.09.2022 the Parent Company made with Towarzystwo Ubezpieczeń Europa Spółka Akcyjna with registered office in Wrocław insurance guarantee agreement No GT 518/2022 with supplementary documents (agreement to grant insurance guarantee, deposit agreement, promissory note agreement) in respect of granting, by the Guarantor, the insurance guarantee for Rainbow Tours S.A., as tour operator and an entrepreneur facilitating acquisition of related touristic services, which benefits the Governor of the Łódzkie Voivodeship and each travelling person, who, within the period of the Guarantee, made a contract with the Obligor.

Information about the respective guarantee agreement No GT 518/2022 were provided in point 9 of this report titled "Information on agreements significant for operations of the Group". The Company provided information about entering into the respective agreement in the Current Report No 27/2022 of 15.09.2022.

14. Issue proceeds

In 2022 the Issuer (Rainbow Tours S.A.) did not issue securities.

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

The parent company did not publish forecasts of the consolidated financial results for 2022.

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

The Parent Company organizes financing for subsidiaries of Rainbow Tours Group. The Parent Company, except for own funds, has lines of credits to secure liquidity of the Capital Group. In the opinion of the Management Board the value of lines of credits of Rainbow Tours Group is adequate to the size of operations of the Capital Group. At the end of 2022 the cash in bank, bank deposits and cash equivalents came to PLN 142,415 thousand and made 19.6% of the assets of the company (as at the end of 2021 the cash in bank, bank deposits and cash equivalents came to PLN 83,934 thousand and made 15.1% of the assets of the company). Receivables of the Group according to the consolidated statement of financial positions as at 31.12.2022 came to PLN 216,967, which is 29.9% of the balance sheet total (as at 31.12.2021 the amount came respectively to PLN 140,975 thousand, which is 25.4% of the balance sheet total). Total current assets as at 31.12.2022 came to PLN 438,521 thousand (as at 31.12.2021 came to PLN 280,044 thousand).

Table. structure of individual groups of assets in the consolidated statement of assets and liabilities

ASSETS	As at 31/12/2022	As at 31/12/2021	Change	dynamics
	PLN'000	PLN'000	PLN'000	%
Fixed assets				
Tangible fixed assets	243 594	236 868	6 726	2.8%
Investment property	196	196	-	0.0%
goodwill	4 541	4 541	-	0.0%
Other intangible assets	4 691	4 302	389	9.0%
Investment in associates	-	-	-	0.0%
Investment in joint ventures	-	-	-	0.0%
Deferred tax assets	12 210	7 443	4 767	64.0%
Finance lease receivables	-	-	-	0.0%
Other financial assets	-	-	-	0.0%
Other assets	22 237	21 651	586	2.7%
Total fixed assets	287 469	275 001	12 468	4.5%

ASSETS	As at31/12/2022	As at31/12/2021	Change	dynamics
	PLN'000	PLN'000	PLN'000	%
Current assets				
Stocks	181	99	82	82.8%
Trade and other receivables	52 302	19 579	32 723	167.0%
Advance payments	177 374	132 307	45 067	34.0%
Finance lease receivables	-	-	-	0.0%
Receivables from construction contracts	-	-	-	0.0%
Other financial assets	159	46	113	245.7%
Current tax assets	6 075	5 845	230	3.9%
Other assets	60 015	38 234	21 781	57%
cash and cash equivalents	142 415	83 934	58 481	69.7%
Assets classified as held for sale	-	-	-	0.0%
Total current assets	438 521	280 044	158 477	56.6%
Total assets	725 990	555 045	170 945	30.8%

As at the balance sheet date (31.12.2022) equity of the Group amounted to PLN 153,903 thousand, which is 21.2% of the carrying amount (equity and liabilities) as at 31.12.2021, and borrowed capitals i.e., long-term and short-term liabilities amount to total of PLN 572,087 thousand, which is 78.8% of the balance sheet total (equity and liabilities) as at 31.12.2022. In the comparative period of 2021 (as at the balance sheet date 31.12.2021) equity of the Group amounted to PLN 149,332 thousand, which is 26.9% of the carrying amount (equity and liabilities) as at 31.12.2021, and borrowed capitals i.e., long-term and short-

term liabilities amount to total of PLN 405,713 thousand, which is 73.1% of the balance sheet total (equity and liabilities) as at 31.12.2021.

Table. the structure of the individual groups of the equity and liabilities in the consolidated statement of financial position

EQUITY AND LIABILITIES	As at	As at	Change	dynamics
	31/12/2022	31/12/2021		
	PLN'000	PLN'000	PLN'000	%
Equity				
Issued share capital	1 455	1 455	-	0.0%
Share premium	36 558	36 558	-	0.0%
Reserve capital	(3 294)	37	(3 331)	-9002.7%
Translation of foreign operations	8 678	2 956	5 722	193.6%
Own shares	-	-	-	0.0%
Retained earnings	68 562	67 215	1 347	2.0%
	<u>111 959</u>	<u>108 221</u>	<u>3 738</u>	<u>3.5%</u>
Amounts directly recognised in equity related to assets classified as held for sale	-	-	-	0.0%
	<u>111 959</u>	<u>108 221</u>	<u>3 738</u>	<u>3.5%</u>
Equity attributable to shareholders of the parent company	111 959	108 221	3 738	3.5%
Equity attributable to non-controlling interest	41 944	41 111	833	2.0%
	<u>153 903</u>	<u>149 332</u>	<u>4 571</u>	<u>3.1%</u>
Long-term liabilities				
Long-term loans and bank credits	102 023	80 871	21 152	26.2%
Other financial liabilities	-	-	-	0.0%
Pension liabilities	286	145	141	97.2%
Deferred tax liabilities	1 150	-	1 150	0.0%
long- term provisions	516	-	516	0.0%
Deferred income	-	-	-	0.0%
Other liabilities	29 545	37 088	(7 543)	-20.3%
Total long-term liabilities	<u>133 520</u>	<u>118 104</u>	<u>15 416</u>	<u>13.1%</u>
Short-term liabilities				
Trade and other payables	93 382	92 252	1 130	1.2%
Liabilities arising on construction contracts	-	-	-	0.0%
Short-term loans and bank credits	40 164	30 986	9 178	29.6%
Other financial liabilities	4 067	-	4 067	0.0%
Current tax liabilities	14 165	4 467	9 698	217.1%
Short-term provisions	46 262	7 011	39 251	559.8%
Deferred income	232 984	145 978	87 006	59.6%
Other liabilities	7 543	6 915	628	9.1%
	<u>438 567</u>	<u>287 609</u>	<u>150 958</u>	<u>52.5%</u>
Liabilities directly related to fixed assets classified as held for sale	-	-	-	0.0%
	<u>438 567</u>	<u>287 609</u>	<u>150 958</u>	<u>52.5%</u>

EQUITY AND LIABILITIES	As at	As at	Change	dynamics
	31/12/2022	31/12/2021		
	PLN'000	PLN'000	PLN'000	%
Total liabilities	572 087	405 713	166 374	41.0%
Total equity and liabilities	725 990	555 045	170 945	30.8%

The ratio of short-term to long-term liabilities to current assets as at 31.12.2022 the balance sheet date amounts to 1.31 (as at 31.12.2021 it came to 1.44). The substantial effect on the level of the ratio results from results from long-term investment financing used to finance fixed assets of the Group and introduction of IFRS 16.

17. Assessment of financial resources management

The tour operator incurs substantial expenses on preparation of the offer for summer season. The process takes place in III and IV quarter of calendar year. In this period, financial expense is incurred for preparation of the offer (catalogues) and promotion (marketing campaigns in media). Additionally, the company pays guarantee deposits in advance to book accommodation in hotels. At this stage, the company transfers own liquid assets or as in previous years uses bank credits. The key, moment is the period of so-called advance sales for summer season, which starts from rollout of the offer till the date of services provision. Advance sales enable the issuer to obtain prepayments from future customers. Thus, the interest for the offer in the advance sales period has considerable effect on liquidity of the company. Monitoring advance sales of the offer shows accuracy of the offer and willingness to choose the brand, as well as the situation of the national economy. As at the end of 2022 liquid assets came to PLN 142.4 million. The increase in fixed assets is a result if investments made for hotels.

Statement of financial position of Rainbow Tours Capital Group									
	2022		2021			2022		2021	
	PLN'000	%	PLN'000	%		PLN'000	%	PLN'000	%
Fixed assets	287 469	39.60%	275 001	49.5%	equity	153 903	21.20%	149 332	26.9%
Current assets	438 521	60.40%	280 044	50.5%	Liabilities	572 087	78.80%	405 713	73.1%
Including short-term investments	142 415	19.6%	83 934	15.1%					
Total	725 990	100.0%	555 045	100.0%	Total	725 990	100.00%	555 045	100.0%

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

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

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

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

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

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

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

Subject to operations pursued by the Management Board of the Issuer intended to minimise adverse effect of COVID-19 pandemic on activities of the Group, there were no material changes in the business model and rules of the management of the Parent Company in 2022.

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

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

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

22. Remuneration policy in the parent company

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

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

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

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

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

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

to submit them to the General Meeting for adoption) the General Meeting adopted amendments to “the policy of remuneration for the members of the Management Board and the Supervisory Board of Rainbow Tours S.A.”

Pursuant to provisions of the resolution No 31 of the Ordinary General Meeting of the Company of 30.06.2022 (the resolution proceeded by the resolution of the Management Board No 01/06/21 of 01.06.2022 on adoption of the draft of amendments in the document “Policy of remuneration of the members of the Management Board and the Supervisory Board of Rainbow Tours S.A. in order to submit it for opinion of the Supervisory Board and submit it for adoption by the General Meeting of the Company and by the resolution No 2/06/2022 of the Supervisory Board of 02.06.2022 on acceptance of the opinion of the Supervisory Board regarding assessment of amendments to “the Policy of remuneration of the members of the Management Board and the Supervisory Board of Rainbow Tours S.A.”, which were prepared by the Management Board of the Company with the intention to submit them to the General Meeting for adoption) the General Meeting adopted amendments to “the policy of remuneration for the members of the Management Board and the Supervisory Board of Rainbow Tours S.A.”

According to provisions of art. 90e section 4 of the Act on Public Offering the resolution on adoption of the Policy is adopted by the General Meeting at least once in 4 years. The substantial change in the Policy requires its adoption by resolution of the General Meeting. Changes in the Policy become effective with effective date of the resolution of the General Meeting on adoption of amendments to the Policy or on any other day specified by the resolution of the General Meeting.

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

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

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

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

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

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

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

FIXED REMUNERATION FOR THE MEMBERS OF THE MANAGEMENT BOARD

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

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

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

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

The company makes employment contracts for indeterminate time with members of the Management Board, and in especially justified cases, the Supervisory Board may take a decision to make employment contract for a definite period. The contracts cover job positions in which an individual member of the Management Board is employed in the organizational structure of the Company. Employment contracts are made with each member of the Management Board based on work regulations and rules

of remuneration applicable in the company. The employment contracts of the members of the Management Board may be terminated under the rules stipulated in Labour Code, and the expiration of the mandate of the member of the Management Board may be a ground for termination of his employment contract, subject to appropriate advance notice. The period of advance notice is provided in the Labour Code. Pursuant to § 19 section 2 second sentence and § 22 letter c) of the Articles of Association the amount of remuneration of the member of Management Board under the employment contract is determined each time by the Supervisory Board.

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

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

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

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

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

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

VARIABLE REMUNERATION FOR MEMBERS OF THE MANAGEMENT BOARD

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

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

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

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

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

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

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

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

Due to appointment to perform the role in the Management Board of the Company members of the Management Board may receive variable remuneration in the form of an annual bonus (the Annual Bonus), which amount is dependent on financial and non-financial criteria, whereas the Annual Bonus in respect of financial criteria is each time dependent on:

- level of annual financial performance of the Company (single profit or loss, gross for the financial year) and
- level of accumulated (arithmetic sum) of annual financial profit or loss of (i) subsidiaries in the Group (accumulated profit or loss, gross of subsidiaries in the Group for a specific financial year) and (ii) Divisions (accumulated profit or loss, gross of Divisions for a specific financial year)

Irrespective of non-financial criteria, which should be the Base for the annual bonus the amount of annual bonus provided to the members of the Management Board for a given financial years is each time determined in respect of financial criteria as the sum of:

- 1) Part of the amount of the Annual Bonus determined in relations to the annual (that is for the previous financial years) single profit or loss, gross – for the Company subject to earning gross profit for the financial years and depending on its level, in set range of its amount, in that
 - a) Pursuant to a relevant resolution (“the initiating resolution”) the Supervisory Board determines, for a profit for given financial year, and announce to members of the Supervisory Board in advance, that is in the years the Annual Bonus will be paid, minimum amount of gross single profit, which allows to grant the Annual Bonus for a given financial years - based on that amount.
 - b) Pursuant to the initiating resolution the Supervisory Board determines the gross amount of the Annual Bonus (part of the Annual Bonus, which is paid to individual members of the Management Board in connection with calculation of single annual gross profit) granted and due to members of the Management Board when the Company reaches the minimum annual gross profit and in respect of individual ranges of gross profit for a financial year.

and

- 2) Part of the amount of the Annual Bonus determined in respect of the amount of the annual accumulated gross profit: of subsidiaries of in the Group and Branches (“the accumulated gross profit”), subject to reaching by the Group accumulated gross profit for as financial year (Accumulated gross profit) and depending on its level in respect of determined ranges of profit, in the following manner:
 - a) Pursuant to the initiating resolution the Supervisory Board determines, for a given financial year, and announces to members of the Management Board, in advance, that is in the years the Annual Bonus will be paid, minimum amount

of gross accumulated profit, which allows to grant the Annual Bonus for a given financial years - based on that amount.

- b) Pursuant to the initiating resolution the Supervisory Board determines the gross amount of the Annual Bonus (part of the Annual Bonus, which is paid to individual members of the Management Board in connection with calculation of annual consolidated gross profit) granted and due to members of the Management Board when the Company reaches the minimum annual accumulated gross profit and in respect of individual ranges of gross profit for a financial year.

The Initiating Resolution determines the gross amount of the Annual Bonus (amounts determined for individual ranges of expected gross profit that is annual single gross profit of the Company or annual accumulated gross profit of subsidiaries and Branches) for each member of the Management Board individually, and at the same time

- amounts of Annual Bonus for members of the Management Board of the Company should be determined in the same amount,
- amount of Annual Bonus for a vice-chairman of the Management Board of the Company should be determined in the amount of 150% of the Annual Bonus for a member of the Management Board
- amount of Annual Bonus for the President of the Management Board of the Company should be determined in the amount of 200% of the Annual Bonus for a member of the Management Board
- Depending on criteria and rules of awarding Annual Boses defined for a given financial years, including taking into account conditions for awarding the amount to individual members of the Management Board as a result of reaching or exceeding individual, determined by the Supervisory Board, ranges of gross profit, which give right to receive Annual Bonus – the Supervisor Board is authorised to determine the maximum amount of the Annual Bonus, which could be awarded to members of the Management Board for a given year, in the Initiating Resolution, (or divided to maximum amounts of parts of the Annual Bonus that can be awarded for a given financial year) [so called CAP – upper limit of the variable remuneration].

If, during the financial year a function of a person in the Management Board changes, the awarded amount of the Annual Bonus is respectively changes (increase or decrease depending of the change of the function in the Management Board) proportionally to the period (number of months) the person has the function in the Management Board, subject to the fact that each month, which started in respect of person's function is counted as full month of holding the function in the Management Board.

When it comes financial criteria the base of determining the Annual Bonus each time are as follows:

- 1) Annual financial profit of the Company (single gross profit of the Company for a given financial years) resulting from the single financial statements audited by the entity authorised to audit financial statements - approved by the General Meeting and
- 2) Annual accumulated profit of subsidiaries (in the Group) and Branches (accumulated gross profit for a given financial year that is gross profit being arithmetic sum of profits of subsidiaries in the Group and gross profits of Branches, exclusive of annual single gross profit of the Company for the same financial year) called "accumulated gross profit" determined in connection with drafting and /or based on data resulting from the consolidated financial statements of the Group for a given financial year, which was audited by the entity authorized to audit financial statements – approved by the General Meeting, and in particular based on annual single financial statements of subsidiaries and single financial statements of Branches, which were the base to draft the annual consolidated financial statements of the Group for a given financial year.

The Supervisory Board pursuant to the Initiating Resolution determines, for a given financial year, and announces to members of the Management Board in advance, that is in the period in the financial year, in which the Annual Bonus is to be paid additionally – that is irrespective of the financial criterion, which is the financial results of the Company and accumulated financial results of subsidiaries in the Group, which are mentioned in preceding paragraphs - diverse, at least two additional non-financial criteria pertaining to:

- 1) Changes in stock exchange quotations or
- 2) Non-financial performance of the Company, in the following areas:
 - a) Contribution of the Company to environment protection, including by reduction is use of materials or
 - b) Taking into account social interest by the Company, including e.g., in staff issues or
 - c) Prevention of negative social consequences of activities of the Company and getting rid of them, including by promotion of responsible tourism.

The Supervisory Board, pursuant to the Initiating Resolution provides details of the respective non-financial criteria of awarding variable element of remuneration and the manner of taking into account determination of conditions in respect of awarding Annual Bonus and verification of meeting the determined criteria.

The amount of the Annual Bonus is approved upon verification and approval of the level of meeting the financial and non-financial criteria by the Supervisory Board (which are the base of determination of the Annual Bonus – according to provisions of the

Initiating Resolution) and that is done based in separate resolution of the Supervisory Board (“Approving Resolution”) adopted in the calendar year following the financial year, for which the Annual Bonus is paid, within 30 (thirty) days of approval of financial statements of the Company and/or the Group by the General Meeting – for the financial years, for which the Annual Bonus is to be paid.

The following additional general rules of awarding and payment of Annual Bonus for members of the Management Board for a given financial year are determined as follows:

- 1) the amount of the Annual Bonus is charged to costs of operations of the Company in the year, when the Annual General Meeting to approve the annual consolidated financial statements for the financial year, to which the Annual Bonus refers, took place,
- 2) each member of the Management Board is entitled to receive the Annual Bonus for the period of performing a role in a given calendar year, for which year the Annual Bonus is planned and in the event of expiry of a mandate during given financial year and non-appointment to perform a role in the Management Board of the Company for the next term – proportionally to number of months of fulfilling his obligations in the financial year, subject to the fact that each month, which began and in which the role is performed, is treated as a full month of performing the role,
- 3) the condition to receive the Annual Bonus, each time, is awarding a grant of approval in the financial year, for which the Annual Bonus is allotted, to a given member of the Management Board by the Ordinary General Meeting, in case of approval of financial statements for the financial years, for which the Annual Bonus is to be paid and at failure to take decision about granting or not granting approval for a specific member of the Management Board for a given financial years e.g. due to ordering a pause in General Meeting and thus failing to adopt the resolution concerning granting approval to a member of the Management Board,
- 4) subject to point 3) above payment of the Annual Bonus for a given financial year to members of the Management Board will be made from funds of the Company, not earlier than following the adoption of the respective resolution to approve financial statement of the Company for a given financial year by the Ordinary General Meeting, and not later than within 60 (sixty days) from adoption of the resolution,
- 5) the amount of Gross Annual Bonus (amounts determined for specific ranges of expected gross profit that is single gross profit of the Company or accumulated gross profit of subsidiaries and Branches and by taking into account verification and assessment of meeting the non-financial criteria) for each member of the Management Board individually will be determined according to relevant provisions of § 6 of the Policy;
- 6) In case of payment of the Annual Bonus for individual members of the Management Board, the amount of the Annual Bonus to be paid will be reduced by the amount of advance payment in respect of the Annual Bonus or other public legal charges, Annual Bonus is subject to personal income tax.

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

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

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

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

The Monthly Bonus will be calculated on monthly bases in the gross amount, which a product of accepted basis amount and percentage of fulfilment of Bonus Objectives pursuant to rules described below, that is

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

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

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

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

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

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

CHANGE IN REMUNERATION OF THE MEMBERS OF THE MANAGEMENT BOARD

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

- 1) The Supervisory Board may, in a resolution, decide to temporary suspend whole or part of the payment of the remuneration granted to a given member of the Management Board, according to the remaining provisions of the Policy, that is fixed remuneration for the role in the Management Board or variable remuneration [in respect to one of all elements of variable remuneration, that is the annual bonus or the monthly bonus]. In the resolution, which is mentioned in the preceding sentence, the Management Board defines grounds for suspension of whole or part of remuneration, the amount of remuneration subject to suspension and the amount of remuneration subject to payment (in case of partial suspension of remuneration), and additionally defines a period of suspension or conditions of payments of remuneration suspended in part or in whole. Before the Supervisory Board adopts the resolution may consult it with the Management Board of the Company in respect of conditions of the planned suspension of the payment of remuneration.
- 2) The Management Board of the Company, in a relevant and unanimous resolution of the Management Board, may decide to withhold payment of remuneration granted according to the provisions of the Policy, that is fixed remuneration for the role in the Management Board as well as whole or part of the variable remuneration - that is the annual bonus or monthly bonus for all entitled members of the Management Board or individual members of the Management Board or decide about payment of remuneration in the amount or amounts lower than amounts due. The Resolution must be approved by the Supervisory Board of the Company.

NON-MONETARY BENEFITS

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

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

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

Information on the amount of remuneration of each member of the Management Board of the Company in the financial year 2021 with respect to fixed and variable elements of remuneration was presented in point 2.3 of this report

The Scope and rules of awarding non-monetary benefits to members of the Management Board are each time defined in a resolution of the Supervisory Board or an employment contract.

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

According to "the Policy of remuneration for members of the Management Board and the Supervisory Board S.A." applicable in the Parent Company from 25 August 2020 (with amendments introduced from 30.06.2021), members of the Supervisory Board – subject to any remuneration due for being a member of the committee in the Supervisory Board - receive only fixed remuneration, which can have the following elements:

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

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

The amount of remuneration of members of the Supervisory Board for their roles and criteria of setting the amount are specified in the resolution of the General Meeting. The remuneration of the Chairman of the Supervisory Board, Vice-chairman of the Supervisory Board or a Secretary of the Supervisory Board or due to a function of the person and increased volume of work can be higher than remuneration of other members of the Supervisory Board.

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

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

Pursuant to provisions of the resolution No 39 of the Ordinary General Meeting of 30.06.2021 the amount of remuneration of members of the Supervisory Board of the Parent Company was set. Starting from July 20121 (paid in August 2021) persons appointed to the Supervisory Board have the right to monthly remuneration, due to the appointment to the Supervisory Board of the Company and serving as members of the Supervisory in their capacities, in the following amounts:

- 1) the Chairman of the Supervisory Board of the Company – monthly remuneration for appointment to the Supervisory Board in the amount of PLN 6,000 a month (six thousand)
- 2) the Chairman or the Secretary of the Supervisory Board (if members of the Supervisory Board are entrusted with such roles and Members of the Supervisory Board (that is members who do not perform role of the Chairman or Vice-chairman or the Secretary of the Supervisory Board of the Company) – remuneration for the appointment to the Supervisory Board of the Company in the amount of PLN 5,000 (five thousand) gross a month, for each of those members of the Supervisory Board.

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

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

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

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

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

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

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

The Supervisory Board of the Company, in its relevant and unanimous resolution, may decide to withhold payment of remuneration granted according to the remaining provisions of the Policy, that is fixed remuneration for the role in the Supervisory Board for all entitled members of the Supervisory Board or individual members of the Supervisory Board or decide to pay

remuneration in the amount or amounts lower than amounts due. The respective resolution of the Supervisory Board must be approved by the next General Meeting

Information on the amount of remuneration of each member of the Supervisory Board of the Company in the financial year 2022 was presented in point 23 of this report.

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

In the financial year 2022 – pursuant to resolution No 31 of the Ordinary General Meeting of the Company of 30.06.2022 (the resolution in the competence of the General Meeting pursuant to provisions of art. 90d section 1 of the act of 29.07.2005 on public offering and conditions of organized trade in financial instruments and about public companies) – amendments were introduced in the policy of remuneration related to introduction to “the Remuneration Policy for members of the Management Board and Supervisory Board of Rainbow Tours S.A.” - the amendments are linked to planned and postulated, by the Management Board, changes in rules of awarding variable remuneration – in the form of the Annual Bonus to members of the management Board and other organizational changes and updates. The respective changes in rules of remuneration of members of the Management Board in the form of the Annual Bonus, that is variable remuneration, were in respect of financial criteria, based on:

- Annual financial result of the Company (single gross profit of the Company for a given financial year) resulting from single financial statements audited by the entity authorised to audit financial statements, and approved by General Meeting. Annual accumulated financial result of subsidiaries (in the Group) and Branches (accumulated gross profit for a given financial year that is gross profit being arithmetic sum of profits of subsidiaries in the Group and gross profits of Branches, exclusive of annual single gross profit of the Company for the same financial year) called “accumulated gross profit” determined in connection with drafting and /or based on data resulting from the consolidated financial statements of the Group for a given financial year, which was audited by the entity authorized to audit financial statements – approved by the General Meeting, and in particular based on annual single financial statements of subsidiaries and single financial statements of Branches, which were the base to draft the annual consolidated financial statements of the Group for a given financial year.

According to new proposed rules of remuneration of members of the Management Board remuneration in the form of the Annual Bonus is accordingly awarded when reaching: by the Company (single gross profit) and subsidiaries and Branches (accumulated gross profit) - assumed minimum gross amount of rising gross profit of the company/subsidiaries – which is growing with reaching subsequent ranges of profit for a given year.

The respective new construction of variable remuneration in the form of Annual Bonus was intended to introduce incentive for members of the Management Board eager to improve financial performance of subsidiaries and financial performance of Branches (as at the day of drafting this opinion: Branches in Spain and Greece), with at the same time taking into account non-financial incentives – to be determined based on decision of the Supervisory Board.

Except for the most significant and broad changes covered by the amended provision § 6 of “the Remuneration Policy for members of the Management Board and the Supervisory Board of Rainbow Tours Spółka Akcyjna”, also organizational changes and editorial changes were introduced, i.e. the definition of Branch was introduced to the Policy and it means [quote] “separated and organizationally independent part of business operations carried out by the Company outside its registered office, which in particular constitutes “an institution” within the meaning of relevant provisions of agreements made by Poland with the government of the country, on which territory the Institution is operating and the institution keeps its own accounts according to the law of the place, where the registered office of the Branch is situated and is entered into register of entrepreneurs of the National Court Register for the Company”. Other organizational changes were introduced in § 3 (updated data on publishers of legal acts), § 4 section 8 (updating the change concerning the body authorized to appoint members of the Management Board) § 7 section 2 and § 16 section 6 of the Policy.

The draft of the respective changes to “the Remuneration policy for members of the Management Board and the Supervisory Board of Rainbow Tours Spółka Akcyjna” was prepared and resolved by the Management Board pursuant to the respective resolution No /06/2023 of 01.06.2022 concerning adoption of the draft with amendments to “Remuneration policy for members of the Management Board and Supervisory Board of Rainbow Tours Spółka Akcyjna” in order to submit it to the Supervisory Board for reviewing and submitting to the General Meeting of the Company for adoption. The draft of amendments presented by the Management Board was positively reviewed by the Supervisory Board pursuant to provisions of the resolution No 2/06/2022 of 02.06.2022 concerning adoption of the review of the Supervisory Board on assessment of amendments to “the Remuneration policy for members of the Management Board and the Supervisory Board of Rainbow Tours Spółka Akcyjna” – prepared by the Management Board of the Company in order to submit it to the General Meeting of the Company for adoption.

Pursuant to provisions of the above-mentioned resolution No 31 of the Ordinary General Meeting of the Company of 30.06.2022 the General Meeting adopted changes in the content of “Remuneration policy for members of the Management Board and

Supervisory Board of Rainbow Tours Spółka Akcyjna” and adopted the consolidated text of “Remuneration policy for members of the Management Board and Supervisory Board of Rainbow Tours Spółka Akcyjna”.

According to provisions of art. 90e section 4 of the act on public offering the resolution on adoption of the Policy is adopted by the General Meeting at least once in four years. A significant amendment of the Policy requires adoption by the resolution of the General Meeting. Amendments to the Policy become effective with the effective date of the resolution of the General Meeting on adoption of the Policy or on any other day determined by the resolution of the General Meeting.

22.5. Assessment of the functioning of the remuneration policy

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

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

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

The Policy applicable in the Company from 2020 (with amendments introduced from 30.06.2021 and amendments introduced from 30.06.2022) “Policy of remuneration for members of the Management Board and the Supervisory Board of Rainbow Tours S.A” and solutions adopted in the document systemized and improved previous solutions with respect to remuneration of members of governing bodies of the Company and was constructed in such a manner to contribute to:

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

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

Value 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 the members of the Management Board due and paid in 2022 (PLN)

Title of payment	Fixed Remuneration under employment contract in Rainbow Tours S.A.		Fixed remuneration for the role in the Management Board of Rainbow Tours S.A.		Variable remuneration (bonuses - awards) in Rainbow Tours S.A.		total	
	Due	Paid	Due	Paid	Due	Paid	Due	Paid
Grzegorz Baszczyński	174 432	174 432	300 000	300 000	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 Puchałka	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
Total	768 761	767 632	420 000	420 000	2 762 157	2 804 323	3 950 918	3 991 955

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

Title of payment	Fixed remuneration for the role in the Supervisory Board of Rainbow Tours S.A.		Fixed Remuneration under employment contract in Rainbow Tours S.A.		total	
	Due	Paid	Due	Paid	Due	Paid
Tomasz 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
Total	1 529 540	2 122 683	155 295	155 250	1 684 835	2 274 933

*) The part of the remuneration due/paid for 2020 for Mr. Tomasz Czaplą and Mr. Remigiusz Talarek – the members of the Supervisory Board are the remuneration du/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 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.

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

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

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

*) Mr Tomasz Czapla and Mr Remigiusz Talarek in 20221 served in the Management Board from 01/01/2021 to 30/06/2021. On 22.06.2021 members of the Management Board of the Company (-) Mr Tomasz Czapla – who was previously serving as a vice-chairman of the Management Board of the Company and (-) Mr Remigiusz Talarek – who was previously serving as a vice-chairman of the Management Board of the Company made resignations in writing, as of 30.06.2021, from membership in the Management Board of the Company and serving in the capacity of Vice-chairmen of the Management Board of the Company, what - according to the resignations - was dictated by their intention to candidate, by Mr : Tomasz Czapla and Mr Remigiusz Talarek, to the Supervisory Board of Rainbow Tours S.A. Pursuant to provisions of the resolutions of the Ordinary General Meeting of the Company of 30.06.2021 – the General Meeting decided to, starting 01.07.2021, appoint Mr Tomasz Czapla (pursuant to the Resolution No 20 of OGM of the Company of 30.06.2021) and Mr Remigiusz Talarek (pursuant to the resolution No 21 of OGM of the Company of 30.06.2021) to the sixth, joint three-year term of office of the Supervisory Board / the Supervisory Board.

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

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

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

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

**) Mr Paweł Walczak, irrespective of his role in the Supervisory Board, is a junior level employee of the company since 01.11.2016 (he is not a senior manager and holds the position of Investor Relations Consultant, who is responsible for provision of consulting services, cooperation with and support to departments of investor relations, finance and accounting. According to the declaration made on 2 November 2016 Mr Paweł Walczak does not meet the criteria of independence of the member of the Supervisory Board provided for in § 24 of the Articles of Association, the corporate governance rule 2.3. covered by "Best Practice for GPW listed companies in 2021", the act of 11.05.2017 on statutory auditors, audit companies and public oversight and the annex to Commission Recommendation EU 2005/162/EC and thus he does not hold a status required for independent member of the Supervisory Board of Rainbow Tours S.A.

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

As at the date of approval of this report for publication that is 28.04.2023

- Two members of the four-member Management Board of the Parent Company (Mr Jakub Puchałka and Mr Maciej Szczechura, who are members of the Management Board) hold shares directly, and one member of the Management Board (Mr Grzegorz Baszczyński, who is the President of the Management Board) holds shares indirectly.
- One member of seven-member Supervisory Board of the Company (Mr Remigiusz Talarek, who is a member of the Supervisory Board) holds share directly and indirectly (through the subsidiary) and one member of the Supervisory Board (Mr Tomasz Czapla, who is a member of the Supervisory Board) holds shares of the Company indirectly (through the subsidiary)

Table: summary of shares of the Parent Company, which are directly and indirectly held by members of the Management Board and the Supervisory Board of the Issuer as at the date of approval of this report for publication, that is 28.04.2023

Shareholder / member of the Management Board or Supervisory Board		Number of shares i	Number of votes at GM	Company's share capital [%]	Share of votes at GM
Grzegorz Baszczyński - the President of the Management Board	directly	-	-	0.00%	0.00%
	Indirectly, through the subsidiary: Flyoo Sp. z o.o.	1 580 000	2 435 000	10.86%	13.25%
	Total	1 580 000	2 435 000	10.86%	13.25%
Remigiusz Talarek - the Member of the Supervisory Board	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%	12.75%
	Total	1 646 050	2 346 050	11.31%	12.77%
Tomasz Czapla - the Member of the Supervisory Board	directly	-	-	0.00%	0.00%
	Indirectly, through the subsidiary: TCZ Holding Sp. z o.o.	1 335 000	2 035 000	9.17%	11.07%
	Total	1 335 000	2 035 000	9.17%	11.07%
Maciej Szczechura - the Member of the Management Board	directly	1 647	1 647	≈0.0113%	≈0.0090%
Jakub Puchalka - the Member of the Management Board	directly	218	218	≈0.0015%	≈0.0012%

The Share capital of the Parent Company includes registered preferred shares – two votes are attached to one share at the general meeting. Registered shares are series A and C1 shares. Registered preferred shares series A – are indirectly – through subsidiaries, held by one person in the Management Board of the Issuer (Mr Grzegorz Baszczyński – the President of the Management Board) and two persons in the Supervisory Board of the Issuer (Mr Tomasz Czapla – a Member of the Supervisory Board and Mr Remigiusz Talarek – a Member of the Supervisory Board),

Table. Registered shares held by persons in Management Board and Supervisory Board of the Issuer (as at 28.04.2023)

Shareholder	Number of A series shares [piece]	Number of C1 shares [piece]	Total preferred shares [piece]
Flyoo Sp. z o.o. (the subsidiary of Grzegorz Baszczyński – the President of the Management Board of the Company)	855,000	-	855,000
Elephant Capital Sp. z o.o. (the subsidiary of Remigiusz Talarek – a Member of the Supervisory Board)	700,000	-	700,000
TCZ Holding Sp. z o.o. (the subsidiary of Tomasz Czapla – a Member of the Supervisory Board)	700,000	-	700,000

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

To the best of the knowledge of the Management Board of the Parent Company as at 31.12.2022 and as the date of publication of this report (28.04.2023) there were no contracts, which could change Company's share capital structure in the future or the structure of shareholders.

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

Transactions limits for derivatives

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

Table. The value of transaction limits (in PLN thousand)

Bank	Type	The amount of limit	Valid until
		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 derivative transactions in Santander Bank Polska S.A was renewed for another 12 months.

Table: information on open positions as at 31.12.2022 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	The amount in PLN at the date of performing the contract
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 2022 in thousands of PLN and respectively (if its applicable) in USD and EUR.

Currency	Amount contracted in the currency	The amount in PLN at the date of performing the contract
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 performed from 31.12.2022 to September 2023:

Currency	Amount contracted in the currency	The amount in PLN at the date of performing the contract
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

Information on:

- bank guarantees granted by banks to contractors of the Parent Company (the Company has lines of bank guarantees, and use these facilities to order issuance of bank guarantees for the contractors cooperating with the Company),
- insurance guarantees for the Parent Company as a tour operator and tourism intermedia (currently as a tour operator and an entrepreneur facilitating acquisition of related tourism services), which benefits the Marshall of Łódzkie Province.

were presented in point 13 of this report “Information on guarantees and warranties granted and received in the financial year”.

27. Information on system controlling the share incentive programme

In 2022 the Issuer did not operate and currently is not operating or is a member of any share incentive programmes.

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

Information on:

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

Were presented in point 11 of “the Information on the audit company – the entity authorised to audit financial statements” of the single financial statement of the Company for the financial year 2022 and in point 11 of “Information on the audit company – the entity authorised to audit financial statements” consolidated financial statements of Rainbow Tours Group for the financial year 2022.

29. Report on non-financial information

The Company, in order to meet its obligation stipulated in art. 49b section 1 and next (in respect of Rainbow Tours S.A.) and pursuant to art. 55 section 2b and next in relations to art. 49b section 2-8 (in respect of Rainbow Tours Group) of the Accounting act of 29 September (that is Journal of Laws of 2019 , item 351 as amended), and also acting as the Parent Company in Rainbow Tours Group, pursuant to art. 49b section 9 and art. 55 section 2c of the Accounting act, drafted – instead of drafting and publishing non-consolidated declaration on non-financial information and consolidated declaration on non-financial information as separate parts of the report of the Management Board on operations of the Company and Rainbow Tours Group in the financial year 2022 – the separate report of non-financial information for non-consolidated and consolidated data (“the Report on non-financial information of Rainbow Tours SA. and Rainbow Tours Group for 2022”).

In order to draft this “Report on non-financial information of Rainbow Tours S.A. and Rainbow Tours Group for 2022”, the Company, also acting as a parent company in Rainbow Tours Group, carried out internal analysis of its actions, policies and due diligence procedures. The analyses were conducted i.e., according to the Global Reporting Initiative (GRI) G4 version. As a consequence, pursuant to art. 49b section 8 of the Accounting Act, which is used also in respect of information on non-financial information on consolidated level, pursuant to art. 55 section 2b, own rules (in respect of non-financial issues and as necessary to assess development, performance and situation of the Company and Rainbow Tours Group) were determined. At the same time “the Report on non-financial information of Rainbow Tours S.A. and Rainbow Tours Group for 2022” cannot be treated as drafted in accordance with Global Reporting Initiative (GRI) GRI Standards version.

Owing to the fact that operations of the Group are concentrated mainly in the Parent Company that is Rainbow Tours, information provided in “the Report on non-financial information of Rainbow Tours S.A. and Rainbow Tours Group for 2022” were, in many aspects, described and presented from non-consolidated perspective – that is the perspective of Rainbow Tours S.A.

“The Report on non-financial information of Rainbow Tours S.A. and Rainbow Tours Group for 2022” was drafted on 31 March 2022 with this Report of the Management Board on operations of the Company and Rainbow Tours Group in the financial year 2022, approved for publication on 28 of April 2023.

On the date of publication of the annual single report (the Annual Report R 2022) and the annual consolidated report (the Annual Report RS 2022) that is on 28 April 2023, the Company published “the Report on non-financial information of Rainbow Tours S.A. and Rainbow Tours Group for 2022” on the web page of Company’s investors’ relations under the address <https://ir.r.pl> in the tab CSR/Dokumenty CSR.

This report was approved for publication on 28 April 2023.

The Management Board of Rainbow Tours Company Limited by Shares

Łódź, 28 April 2023

Grzegorz Baszczyński
the President of the
Management Board

Piotr Burwicz
A member of the Management
Board

Jakub Puchałka
A member of the Management
Board

Maciej Szczechura
A member of the Management
Board