

ANNUAL REPORT

2018/2019

Annual Report of Tatry mountain resorts, a.s.
and its subsidiaries as of 31/10/2019

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Commentary from CEO



Ing. Bohuš Hlavatý
CEO and Chairman of the Board of Directors
Tatry mountain resorts, a. s.

Dear Shareholders, Dear Fans of Mountains,

In the past financial year 2018/19 we grew again in revenues. The results were achieved by the organic growth of our resorts, hotels and additional services, as well as new acquisitions in Austria and the new golf segment. Total revenues increased by 17.9% to EUR 127.6 mil., and operating profit before depreciation, EBITDA, of EUR 35.4 mil. is up by 3.7%. However, due to higher operating and interest expenses and depreciation we reported a net consolidated loss of EUR -1.8 mil.

The winter season was successful in terms of snow conditions in our mountain resorts and temperatures low enough for snowmaking. The largest increase in the visit rate was recorded in the fully modernized Polish Szczyrk Mountain Resort. The total visit rate of mountain resorts, including the newly acquired Austrian resorts Mölltaler Gletscher and Ankogel, improved by 4.9%. We have seen a drop in attendance in the Vysoké Tatry and Jasná resorts, as we are unable to meet our strategic expansion plan, especially in Vysoké Tatry, and we are faced with the competition of smaller resorts, especially in favorable snow conditions.

This winter we have introduced a revolutionary flexible pricing system for ski passes, "flexi pricing", to regulate the visit rate, increase average revenue per skier day, and online client share. Thanks to the flexibility of prices we are able to quickly respond to the current demand in the mountain resorts, plan the capacity of the resorts and teach clients to buy ski passes in advance. Thanks to the flexi pricing system and online sales via Gopass Jasná Nízke Tatry grew in revenues the most.

The hotels of TMR's portfolio, especially the renovated Tatra grand hotels, had a significant impact on the results with a 15.5% increase in revenues. Grandhotel Starý Smokovec has undergone a major change and in the winter season 2018/19 welcomed guests with modernized rooms, conference room and corridors. In November 2018 the Tatra Grandhotel Praha was awarded by the Heritage Hotels of Europe Awards as the best European historical hotel in the Heritage & Wellness category and was awarded the Slovakia's Best Ski Hotel 2018 by the World Ski Awards 2018.

The summer season in the resorts has brought a visitors growth, although we have seen declines in the leisure parks. The total leisure parks' visit rate dropped by 10.9%.

With the acquisition of the Alpine glacier resort of Mölltaler Gletscher and its sister Ankogel resort in Austrian Carinthia we have succeeded in fulfilling our medium-term strategic plan to expand our portfolio with a medium-sized Alpine resort. We took over the operation in May 2019 and the whole winter season will be reflected in the results of the following period.

This year we entered the golf segment when we rented two prestigious golf resorts in the Czech Republic - Kaskáda Golf Resort and Golf & Ski Resort Ostravice for at least 20 years. We plan to develop their accommodation capacities in particular, and we want to implement the Gopass program and take advantage of group synergies.

We again organized our favorite events, both in the winter and in the summer, including the most visited Tatra attraction, Ice Dome at Hrebienok, which was built this year in the style of Vatican St Peter's Basilica. The Women's World Cup in Alpine Skiing in Špindlerův Mlýn, which we organized, had a positive audience response thanks to the participation and victory of the World Champion, Petra Vlhová.

In terms of investment in development, we invested EUR 45.3 mil. last year. Investments went to the Slovak resorts and hotels, as well as to Szczyrk, Legendia and real estate projects. In Szczyrk the Group's largest restaurant was built on the slope with a capacity of 430 people, and we also bought a hotel here.

In the following period we can benefit from further investments and grow organically as well as develop our activities in the new segments and operations.

See you on the slopes!


Bohuš Hlavatý

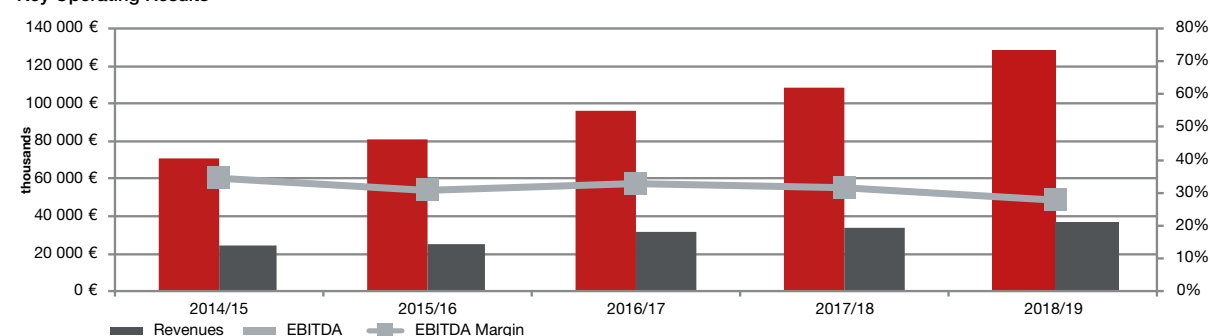
OPERATIONS REVIEW



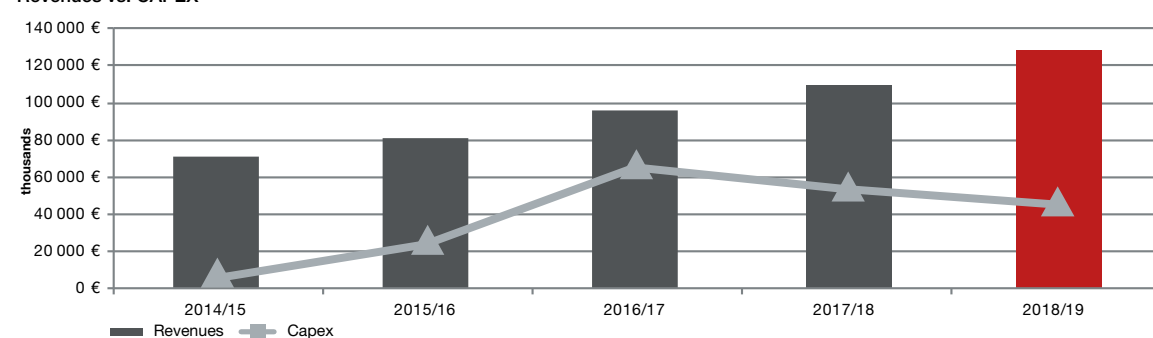
Consolidated Financial Highlights

in €'000 unless specified otherwise	2018/19	2017/18	2016/17	2015/16	2014/15
Revenues	127 592	108 249	95 910	81 202	70 915
EBITDA	35 438	34 166	31 516	25 111	24 410
EBIT	14 297	19 245	17 688	12 075	11 112
Net Income	-1 812	3 095	6 990	2 746	-751
CAPEX	45 254	53 887	65 058	23 625	6 000
No. of employees	1 456	1 402	1 289	1 095	804
Earnings per share (EUR)	-0,27	0,47	1,10	0,46	-0,10
Hotel Occupancy (%)	66,3	62,7	56,6	56,5	54,6
Avg. Daily Rate per Room (EUR)	88,0	80,1	71,3	65,4	62,4
Visit Rate Mountain Resorts ('000)	2 840	2 706	2 287	2 121	1 930
Visit Rate Leisure Parks ('000)	808	907	855	784	777
EBITDA (%)	27,8	31,6	32,9	30,9	34,4
EBIT (%)	11,2	17,8	18,4	14,9	15,7
Equity	111 754	113 789	113 149	106 003	103 331
Debt/Equity (%)	310,8	311,3	246,9	216,8	215,3
Debt/Capital (%)	75,7	75,7	71,2	68,4	68,3
Debt/EBITDA	9,8	10,4	8,9	9,2	9,1
Total Assets	533 813	521 684	438 341	375 701	360 921

Key Operating Results



Revenues vs. CAPEX



TMR in Numbers

10 resorts*



3.6 mil. guests



+ 1%

6 mountain resorts

2 leisure parks

2 golf resorts

2.8 mil. skier days



+ 4.9%

808 ths. guests



- 10.9%

13 own / managed hotels



66.3 % occupancy

+ 3.6 p.p.

87.97 € ADR

+ 9.9%

Group Revenues

127.6 mil. €

+ 17.9%

Group EBITDA

35.4 mil. €

+ 3.7%

Group Net Profit

-1.8 mil. €

FTE

1 456

CAPEX

45.3 mil. €

- 10.9%

* as of 31/10/2019

Our History

1992

- Establishment of SKI Jasná, a.s., the legal predecessor of TMR, by the National Property Fund of the Slovak Republic in March 1992

2003

- Change of name to Jasná Nízke Tatry, a. s. in March 2003

2009

- In June 2009 Shareholders of Jasná Nízke Tatry, a.s. agreed on raising of the capital to EUR 250 million and on renaming the Company Tatry mountain resorts, a.s. Consequently, a new equity issue was listed on the Bratislava Stock Exchange.
- In October 2009 TMR purchased Tatras Cableways (TLD), which dissolved without liquidation and merged with TMR on May 5, 2010. At the same time TMR, as its successor, continues to conduct TLD's business activity, especially operation of mountain resorts in the High Tatras - Tatranská Lomnica and Starý Smokovec.
- In December 2009 TMR acquired 100% of Grandhotel Praha, a.s. (Grandhotel Praha) and 50% of Interhouse Tatry, s.r.o., which was the owner of Grandhotel Starý Smokovec at that time.

2010

- In October 2010 TMR purchased all shares of Tatry mountain resorts services and thus became its 100% owner.
- TMR initiated cooperation with the resort of Štrbské Pleso in December 2010.

2011

- In April 2011 TMR acquired Tatralandia Holiday Resort. This trademark comprises Aquapark Tatralandia, a lodging facility Holiday Village Tatralandia, an entertainment park Fun Park, and Tropical Paradise. The acquisition of Tatralandia was an important step for TMR in pursuing the strategy to create an all-year tourist destination.

2012

- Dual listing of TMR shares on exchanges in Warsaw and Prague took place in October 2012
- In November 2012 TMR through an associated company Melida, a.s. signed a lease contract with the Czech union of physical education for operating SKIAREÁL Špindlerův Mlýn.
- In November 2012 TMR founded Korona Ziemi with a Polish town of Gmin Zawoja, with the purpose of creating an entertainment-educational park.

2013

- On February 16, 2013 TMR acquired the other 50% in Interhouse, s.r.o. (Grandhotel Starý Smokovec).
- As of May 1, 2013 subsidiaries of TMR - Tatry mountain resorts services, a.s., Grandhotel Praha, a.s. and Interhouse s.r.o. - merged and seized without liquidation.
- Share capital of TMR was decreased from EUR 221.3 million to EUR 47.0 million on October 22, 2013 based on the approval by the Extraordinary General Meeting held on August 22, 2013.

2014

- In March 2014 TMR acquired a 97% share in a Polish ski resort Szczyrkowski Ośrodek Narciarski S.A. (SON).

2015

- In April 2015 TMR agreed to acquire a 75% share in a Polish entity that owns and since May 2015 is operating Silesian Amusement Park (Śląskie Wesołe Miasteczko).

2017

- On November 30, 2017 TMR made an agreement with the Czech town of Liberec to rent the sports center Ještěd for 10 years with the option of another 10 years. TMR officially took over the sports and ski resort Ještěd in December 2017, when it also launched its first winter season there.

2018

- In November 2018 TMR enters the golf segment and in the Czech Republic enters a contract to lease and operate Golf & Ski Resort Ostravice with a 20-year term.

2019

- In January 2019 The Group enters a lease contract of Golf Resort Kaskáda near the Czech town of Brno for a 20-year term. TMR controls the management of the hotel with a conference center and a restaurant.
- In June 2019 TMR acquired a 100% share in an Austrian company that owns and operates the glacier ski resort Mölltaler Gletscher and its sister resort Ankogel - Mallnitz in Austria.

Company Profile

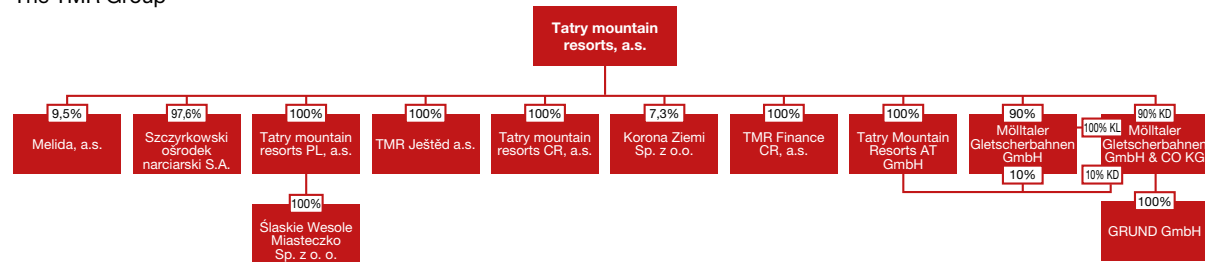
Basic Overview of TMR

Tatry mountain resorts, a.s. with its registered seat in Liptovský Mikuláš, SK together with its subsidiaries (TMR, the Group) is the biggest provider of tourism in Slovakia with emerging activities in neighboring countries. TMR's revenues come from operation of mountain resorts, an aquapark, and an amusement park, golf resorts, from provision of hotel and dining services, from sports stores and ancillary services in the resorts, and from real estate projects. In terms of revenue breakdown, the largest share comes from sale of ski passes and cableway tickets in the mountain resorts (40%) and from accommodation services in the hotels that TMR owns and/or runs (23%). Additional revenues come from ticket sale in the leisure parks (9%), and from ancillary services provided by the dining facilities on the slopes, in the golf resorts and in the leisure parks (14%) and sports and souvenir stores, rentals, and ski schools (6%). In addition to the mentioned business activities TMR conducts its business activities in real estate, revenues of which are generated mainly from lease of accommodation facilities and sale of apartments (7%). A part of revenues also comes from the operation of leased golf resorts (0.7%). TMR runs all its operations in regions of the High and Low Tatras in Slovakia, in the Polish Beskids and Silesia, and in the Czech Krkonoše Mountains, Beskids, and Moravia, and in the Austrian Alps.

TMR's key assets in the Low Tatras include: the Jasná Nízke Tatry resort, hotels Tri Studničky****, Hotel Grand Jasná****, Chalets Jasná de Luxe****, Hotel Pošta****, Hotel Srdiečko**, and Hotel Rotunda. Aquapark Tatralandia is located in the vicinity of Jasná with Holiday Village Tatralandia bungalows. TMR at the same time owns and leases out Hotel Liptov**, Ski&Fun Záhradky**, Kosodrevina Lodge, and lodging facility Otopné.

In the High Tatras TMR owns and runs the resort of Vysoké Tatry with the ski areas Tatranská Lomnica and Starý Smokovec, and the ski area Štrbské Pleso, which TMR co-manages. In the High Tatras TMR also owns hotels Grandhotel Praha**** Tatranská Lomnica, Grandhotel****

The TMR Group¹



Starý Smokovec, Hotel FIS*** at Štrbské pleso, and A Night at Lomnický Peak.

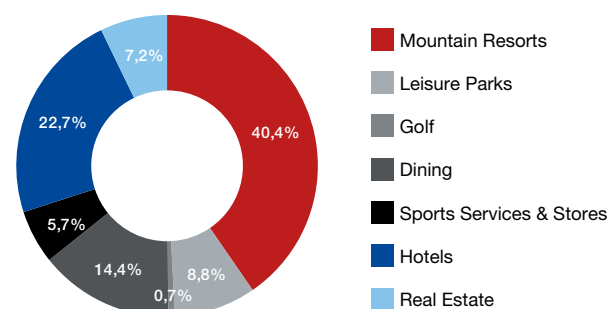
Since December 2017 TMR rents and operates a Czech ski center Ještěd. As of the end of FY 2018/19 TMR also owns a 9.5% share in Melida a.s., which since the winter 2012/13 leases and operates the resort Špindlerův Mlýn in the Czech Republic. In Poland TMR owns 97.6% in the mountain resort Szczyrk Mountain Resort (Szczyrk); and a 100% share in Legendia - Silesian Amusement Park (Śląskie Wesołe Miasteczko).

Since June 2019 the Group also owns the Austrian Alpine resorts of Mölltaler Gletscher and Ankogel - Mallnitz.

Business Segments of TMR

TMR's business activities are concentrated into in seven key segments - Mountains Resorts; Leisure Parks; Golf; Dining; Sports Services and Stores; Hotels; and Real Estate.²

Revenue Breakdown



Mountain Resort VYSOKÉ TATRY (The High Tatras)

- All-season resort offering complex services for all the types of clients in the summer and winter season
- Three ski areas-Tatranská Lomnica, ŠtrbskéPleso andStarý-Smokovec
- Situated in the oldest national park in Slovak republic TANAP
- 5 months of snow guaranteed
- 24 km of ski trails,17 km of snowmaking
- 20cableways and lifts
- Max. transportation capacity 21,385persons/hour
- Hotels- Grandhotel Praha**** Tatranská Lomnica, Grandhotel**** StarýSmokovec, Hotel FIS*** ŠtrbskéPleso, A Night at Lomnický Peak

Mountain ResortJASNÁ NÍZKE TATRY (JasnáLow Tatras)

- The biggest winter sports resort in Central Europe
- Ski areas - Chopok North and Chopok South
- Host ofFIS Ski World Cup Ladies 2015, Junior Alpine FIS World Cup 2014
- 50 km of ski trails,35.5km of snowmaking
- 27cableways and lifts
- Max. transportation capacity 31,784persons/hour
- Hotels-Hotel Tri Studničky****, Hotel Grand Jasná****, Chalets Jasná de Luxe**** and Hotel Srdiečko*, Hotel Rotunda, Hotel Pošta****
- Real Estate -lease out of hotels Liptov**, Hotel SKI

&FUN**,Kosodrevina Lodge, lodging facility Otopné, sale of Chalets Jasná Collection, sale of apartments in Hotel Pošta

Mountain ResortSZCZYRK MOUNTAIN RESORT (Szczyrk)

- 40 km of ski trails, 22 km with snowmaking, 5km of lit-up trails
- 12cableways and lifts
- Max. transportation capacity: 22,000 persons/ hour
- Location - Silesia Voivodship, the Beskids, PL

Mountain ResortMÖLLTALER GLETSCHER

- An Alpine resort located on a glacier with 17.4 km of ski trails and almost 7 km of freeride terrain
- 9 cableways and ski lifts
- Max. transportation capacity of 15,610 persons/hour
- 90% of ski trails covered with snow made by 45 snow guns
- Glacier Snow Park on the Schareck trail - with terrain waves, banked curves and jumps
- Location - Carinthia, Austria

Mountain Resort ANKOGELMALLNITZ (Ankogel)

- A mountain resort with 12.8 km of ski trails and 5 km of freeride terrain
- 5 cableways and ski lifts
- Max. transportation capacity of 4,880 persons/hour
- 50% of ski trails covered with snow made by 40 snow guns
- A big complex for skiing beginners at the lower cableway station

- Location - Hohe Tauern, Austria

Mountain Resort SKIAREAL JEŠTĚD

- A ski resort in a close proximity of the city of Liberec, within a short driving distance from Prague
- More than 9km of slopes
- 9 ski lifts and cableways

Aquapark TATRALANDIA

- The biggest aquapark with accommodation in Central Europe
- Unique indoor complex Tropical Paradise also with seawater and authentic corals
- A Hawaii complex with two artificial surf wave lanes
- 14swimming pools (10 year-around) with thermal, sea andpure water
- 21 steam, water, jet spas, saunas and procedures, a wellness center
- 28 toboggans and waterslides (6 year-round) and 300 different attractions
- Liptov Arena - a multipurpose cultural- entertainment sports arena in Tatralandia
- Housing - Holiday Village Tatralandia
- 700 beds in 155 bungalows and apartments in 11 theme villages
- Congress center, 5D cinema, Hurricane Factory wind tunnel, the metal miniature park Tatrapolis
- Real Estate - sale of apartments in Holiday Village Tatralandia
- Location-Liptov Region, SK

LEGENDIA - SILESIA AMUSEMENT PARK (Legendia, ŚLĄSKIE WESOŁE MIASTECZKO)

- The largest and oldest leisure park in Poland
- The 40-meter high roller coaster - Lech Coaster - with 4 inversion curves
- Area: 26 ha
- 50 attractions
- Location - Park Śląski (Silesian Park) near Chorzów, PL

GOLF & SKI RESORT OSTRAVICE

- An 18-hole par 72 master golf course designed by Chris Johnson
- A lit cross-country skiing resort
- Green Inn Hotel - 36 rooms
- A restaurant, wellness center, congress center
- Location - the Beskids, Czechia

GOLF RESORT KASKÁDA

- A 27-hole master golf course designed by a British architect, Jonathan Gaunt
- A 6-hole academy, a 300 m lit driving range
- A 4* hotel - 50 rooms, 100 beds
- A restaurant with a deck and a view of the golf course, a congress center, a wellness center
- Location - Moravia, Czechia
- Lokalita - Morava, Česko

¹ As of 31/10/2019, GP - General Partner, LP - Limited Partner

² In the FY 2018/19 the Group changed its segmentation from three key segments: Mountains & Leisure (with its subsegments Mountain Resorts, Leisure Parks, Dining, and Sports Services and Stores), Hotels, and Real Estate to seven equal segments: Mountain Resorts, Leisure Parks, Golf, Dining, Sports Services and Stores & Leisure, Hotels, and Real Estate, whilst the Golf segment was added.

MOUNTAIN RESORTS

The Mountain Resorts segment includes the operation of six mountain resorts: Jasná Nízke Tatry - Chopok North and South, Vysoké Tatry - Tatranská Lomnica, Starý Smokovec and Štrbské Pleso (TMR doesn't own but co-manages ski area Štrbské Pleso), the Polish Szczyrk Mountain Resort, the Austrian Alpine resorts of Mölltaler Gletscher and Ankogel Mallnitz, and the leased Ještěd Ski Resort in Czechia. The resorts currently offer approximately 137 km of trails with transport capacity over 103 thousand persons per hour. Since the winter season 2012/13 TMR also co-manages the ski resort Špindlerův Mlýn in the Czech Republic, which has been leased for 20 years to Melida, a.s., in which currently TMR owns 9.5%.

VYSOKÉ TATRY (THE HIGH TATRAS)

The High Tatras as the greatest mountain range in Slovakia are also the oldest national park in our country (Tatra National Park - TANAP). Therefore, all the tourist activities are performed considering the nature conservation and rare biotopes. In the resort of the High Tatras the Company owns and operates cableways in Tatranská Lomnica and Starý Smokovec and closely cooperates with the owner of the Štrbské Pleso resort which they manage together.

Tatranská Lomnica

The longest trail in Slovakia also with the highest altitude difference is located in Tatranská Lomnica. This ski trail has the highest altitude difference with possibility to ski down from 2,196 m a.s.l. on a 5,5 km long trail from Lomnické sedlo to Tatranská Lomnica. Ski trails in Tatranská

Lomnica are attractive for both experts and intermediate skiers, and beginners can use blue tracks in the bottom part of the resort. Altogether there is one difficult, five intermediate, and six beginner trails available for skiers. In September 2015 the ski portal Skiresort.info ranked the ski resort Tatranská Lomnica among the world's top 14 resorts with up to 20 km of trails; and in the category "Beginners" it was ranked among the world's top resorts with infrastructure and services suitable for ski beginners. Besides skiing, visitors can enjoy different adrenaline attractions like snowbike, skifox and snowscoot. The resort in Tatranská Lomnica offers up to 45.9 hectare of ski trails with total length of 12 km, while almost 32 ha of ski trails have technical snowmaking coverage thanks to 227 snow guns. Tatranská Lomnica together with Starý Smokovec also offers fun and entertainment after skiing. Every day there is an interesting après ski program available for skiers. Parking has been also improved to the satisfaction of skiers with a new terraced ski in - ski out parking lot for 350 cars and 10 buses. In the summer Tatranská Lomnica turns into a sought-after tourist destination for relaxation and fun for the whole family. Besides cableway trips up to the top of Lomnický peak, attractions such as cart rides from Štart, there is the original children's project - Tatra's Wilderness. It presents educational- entertainment trails in Tatranská Lomnica, Lomnické sedlo and around Skalnaté pleso, accompanied by games and a mini ecopark Marmot Land at Skalnaté pleso for children under 12. The children's indoor park Kamzíkové is open all year round at Skalnaté pleso.



Starý Smokovec

Starý Smokovec resort is unlike Tatranská Lomnica more about alternative leisure activities, such as snowtubing, sledging on a 2.5 km long sledging track, and funtools - skifox, snowbike, snowcoot. In the summer season there are attractions like summer tubing. Hrebienok, the finish station of a comfortable panorama funicular from Starý Smokovec is the favorite start point for hikes throughout the year. In winter months there are ski trails available for skiers with name Jakubkova lúka I and II.

Štrbské Pleso

The Štrbské Pleso resort is sought after by fans of quality wide red trails with best views. The best experience at this picturesque location comes on a cableway ride to Solisko at 1,840 m when one can view beautiful peaks of the High Tatras and the whole mountain ridge of the Low Tatras from Kráľova hoľa to Mt. Chopok. In the resort of Štrbské Pleso we offer our visitors up to 26 kilometers of cross-country tracks and more than 9 kilometers of trails with beginner or medium difficulty. There is also a wide range of ski and snowboard rentals, ski service, and ski school for kids and beginners. In the summer for instance you can take a cableway ride to Solisko, where you get panoramic views of the valley, of the romantic Štrbské pleso, Kriváň, or the Low Tatras. Passionate bikers can rent a mountain bike at Tatry Motion - a sports store underneath ski jump boards - with an option of its return in Starý Smokovec or Tatranská Lomnica. Via mountain trails you can easily get to Popradské pleso or you can take a ride to Sliezsky dom, Smokovec, Hrebienok or to Poprad via the 'Freedom Route'. After years of examining the state of Štrbské pleso in 2008 the boating on the lake with a more than 130-year old tradition was allowed to restart. There are 11 wooden boats and one sports raft anchored to a newly built pier overlooking the Tatra peaks.

JASNÁ NÍZKE TATRY (JASNÁ LOW TATRAS)

The Jasná Nízke Tatry (Jasná Low Tatras) resort is located in the mountain range of the Low Tatras, which stretches across the heart of Slovakia. The second highest peak and also one of the most visited places in the Low Tatras is Mt. Chopok, the north and south side of which is interconnected with cableways.

Jasná Nízke Tatry is currently the biggest ski resort in Slovakia. Skiers have an option to try all types of trails from blue to black, suitable for beginners, families with children, as well as for advanced skiers. The modern snowmaking system with 527 snow points covers 34 km of trails and provides snow guarantee for at least five months

a year. Fans of wild rides can enjoy 12 free ride zones, a great snow park, and Fun Zone. You get to the top of Mt. Chopok by ultra-modern cableways - the 24-person Funitel or 15-person gondolas. At night you can enjoy night skiing on a 990- meters long lit up trail in Jasná. There are 2830 cableways and lifts at Mt. Chopok with the transportation capacity of more than 32,000 persons per hour. The winter season typically lasts from the beginning of December to the end of April.

In the resort of Jasná Nízke Tatry TMR also operates several dining facilities. Happy End Disco & Restaurant is well known by its great disco parties and live concerts at night. Furthermore, one can try Bernardino burger restaurant beneath Mt. Chopok, the stylish Restaurant Von Roll Luková, Snack Bar Rovná Hoľa, a panoramic restaurant Rotunda at 2,004 m above sea level with a large sundeck and multiple après-ski bars at the start cableway stations. The highest located ski in-ski out Hotel Rotunda on the top of Mt. Chopok also serves as a boarding and disembarking station of cable cars that connect the southern and northern slope of the second highest peak of the Low Tatras.

In addition to the dining facilities we also offer our visitors multiple sport services - individual or group lessons with licensed instructors at the ski school and kindergarten Maxiland. The stores offering sports wear and accessories and sports equipment rentals are run under the Tatry Motion brand. The modern ski service offers ski and snowboard service with a technologically perfect machine on the spot.

Thanks to the all-year cableway operation the Jasná resort offers also in the summer a wide spectrum of sports activities - rides on mountain carts, scooters, or in the bike park on both sides of Mt. Chopok, Nordic walking, a bungee trampoline, or lake boat rides. On the north and south side of Mt. Chopok there is a family outdoor game prepared with new tasks and attractions of the Dragon Demian at Drakopark Chopok.

SZCZYRK MOUNTAIN RESORT (SZCZYRK)

Szczyrk Mountain Resort is located in the Polish Beskid Mountains near the town of Szczyrk. The resort offers skiing on 65 hectares of perfectly laid-out and long trails. The longest trail is 5.3 km long. Thanks to cooperation with neighboring ski areas clients can use a joint ski pass on 40 km of ski trails. The resort is undergoing modernization and in the first stage a 10-person gondola and three 6-person chair lifts have been added, as well

as a new snowmaking system with a water tank. The slopes and trails have been widened and profiled, and a new multifunctional building - SZCZYRK-GONDOLA - has been added, providing full service for visitors. In March 2014 TMR acquired 97% shares in the resort's parent company. As of the end of the financial year 2019 TMR had invested EUR 66.5 million into modernization of the resort with further investments planned.

MÖLLTALER GLETSCHER

The Mölltaler Gletscher ski resort located in the only glacial area in Carinthia offers ski trails of all difficulty levels, including the most popular almost 7 km long FIS downhill course where professional skiers love to train. The season begins in mid June and ends in mid May of the following year. The snow cover reaches as high as 450 cm in high season. There are trails for beginners but also terrain for experienced freeriders. Resort attractions include the Mölltaler Gletscher Express funicular, which transports 220 passengers to the altitude of 2,234 m within 8 minutes and surmounts a vertical drop of 1,012 m on a more than 4.7 km long route. Non-skiers can enjoy the panoramic Ice Palace restaurant at the altitude of 2,800 m and feast their eyes on beautiful scenery of 28 peaks. The resort features restaurants, car parks, ski rentals, a snow park and much more. The interchange station (upper funicular station) will offer a ski service, a ski depot, a big complex for skiing beginners in the winter. Ski lessons for kids from the age of 4 years including lunch care will be at disposal in the kid's club.

ANKOGEL MALLNITZ



The Ankogel Mallnitz ski resort (20 km from the Mölltaler Gletscher resort) is located in the Hohe Tauern National Park between Carinthia and Salzburg and is ideal for enjoying some extra skiing adventures in the region on perfect terrain above the tree line. Ankogel Mallnitz offers medium-difficult ski trails. A kid's club for small skiers from the age of 3 can be found at the lower cableway station. The club has its own ski area with a magic carpet (conveyor belt) and provides kids with lunch, and there is a final race after lessons. Clients can use a combined ski pass in both resorts - Ankogel and Mölltaler Gletscher.

SKIAREALJEŠTĚD (Ještěd)

The Ještěd mountain resort has a long history of sports and has been traditionally an urban resort with a unique client target area. Its all-year operation is even more popular for its easy access from the northern Czech region. The sole resort has 20 ha of mostly black-red (difficult) ski trails interconnected with easier blue-red ski paths. TMR has been renting the resort and operating it since December 22, 2017. TMR signed a lease agreement of Ještěd for 10 years with an option of another 10 years. During the first 10-year period the Company plans to invest over CZK 600 mil. in the resort.

LEISURE PARKS

AQUAPARK TATRALANDIA

Aquapark Tatrallandia with lodging facility Holiday Village Tatrallandia is one of the largest all-year aquapark in Central



Europe. It offers its customers 14 pools and 28 waterslides, out of which ten are all-year and four are summer ones, as well as sauna world and Wellness Paradise. Fun Park Tatrallandia is also located within the aquapark. The year-round indoor shell-shaped facility Tropical Paradise with a sea water pool, a unique roof deck allows sunbathing and provides a snorkeling pool with authentic coral reefs and marine life. The indoor simulator, Surf Waves Tatrallandia, utilizes the technology of an artificial river creating waves similar to ocean. The unique Hawaii complex includes four lanes of 68 square meters. This attraction guided by experienced instructors is suitable for age groups 6 and over. In 2017 Tatrapolis - a park with metal miniatures of world-famous structures, was added in Tatrallandia.

LEGENDIA - SILESIA AMUSEMENT PARK (Legandia, Śląskie Wesołe Miasteczko)

Legandia near the Polish town of Chorzów is the largest and oldest theme park in Poland. It was launched in 1959. It spreads on the area of 26 ha. It is located in the upper Silesian industrial district with its unique 'green oasis' of Silesian Park (Park Śląski). The guests will find over 40 popular attractions, such as the Ferris wheel (Legandia Flower), large aircrafts (Dream Flight Airlines) and Tea Cups, as well as new rides, including Diamond River - a water slide from the height of 8 and 12 meters, or Lech Coaster - awarded the Best Coaster 2017 in the prestigious industry competition for the best European rollercoaster 2017. The hit of the 2018 season is Bazyliszek - the only Interactive Dark Ride family attraction in Poland and at the same time one of the most modern in the world. TMR owns a 100% share of the park and has been operating it since May

2015. As of the end of the financial year 2019 TMR had invested almost EUR 42 million into modernization of the park.

GOLF

The golf segment is TMR's newest segment, in line with our strategy to expand our Group's business operations.

GOLF & SKI RESORT OSTRAVICE

Golf & Ski Resort Ostravice launched its operations in 2008. In Golf Digest's survey in 2009, 2010, and 2011 the resort was awarded The Best Czech Golf Course. Along with the golf course, a lit cross-country skiing resort was created for professional and recreational cross-country skiers. The 18-hole golf course is located between two highest peaks of the Beskid Mountains - Lysá Mountain and Smrk at the foot of Mt. Žár in the village of Ostravice at the altitude of 400 meters a. s. l. GREEN INN Hotel located at the heart of the resort features 36 spacious rooms with high standard amenities, a restaurant with high-quality regional cuisine, wellness services and variable conference rooms. TMR has been leasing and operating the resort since November 2018 and the lease and management contract has been signed for 20 years.

GOLF RESORT KASKÁDA

The luxury resort, situated 9 km outside the city of Brno, provides a 27-hole master golf course, a 6-hole academy, and a 300-meter lit driving range with a covered tee. The full service resort is complemented by a 4* hotel with 50 rooms and apartments and 120 beds, a restaurant with a deck and a view of the golf course, a congress center, and a wellness center.TMR has been managing the resort since January 2019, whilst it rents the hotel and the restaurant. The lease contract has been signed for 20 years.

DINING

The dining facilities include tens of restaurants, bars, après ski bars, and fast food joints on and off the slopes of the mountain resorts, in the leisure parks, and in the golf resorts of TMR's portfolio.

SPORTS SERVICES AND STORES

Sport Services and Stores under the Tatry Motion, Szczyrk Motion, and Ještěd Motion brands include specialized stores with top brand ski and snowboard goods, ski schools, and sports equipment rentals. Tatry Motion, Szczyrk Motion and Ještěd Motion stores are located at TMR the resorts’ base levels. In the leisure parks stores sell souvenirs and specialized summer and sports merchandise.

HOTELS

TMR in its hotel segment currently owns or rents and operates a portfolio of renowned hotels and lodging



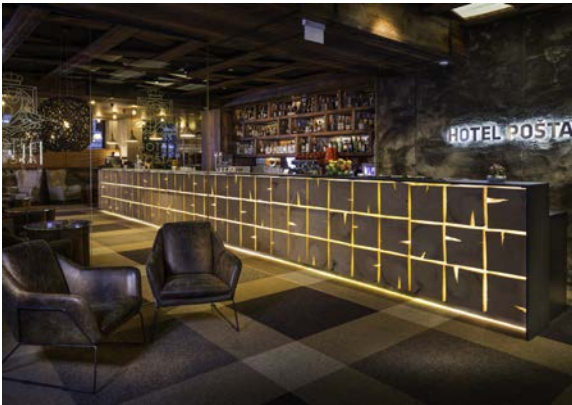
facilities in the High and Low Tatras and in the leased golf resorts, in categories ranging up to four stars. All hotels operated by TMR offer together more than 2,300 beds. The hotels can please a wide spectrum of clients from individuals and families to corporate clientele. Hotel facilities offer a suitable place for conferences and business meeting effectively covering the off-peak season.

THE HIGH TATRAS

Grandhotel Praha**, Tatranská Lomnica**
125 rooms, 236 beds
It is situated in the center of Tatranská Lomnica, at the foot of Lomnický štít, in the heart of the High Tatras. Its history dates back more than 110 years, since the grand opening in 1905. The wellness center Grand Mountain Spa combines local spa tradition with healing effects of the Tatra's nature. During FY 2016/17 the hotel's rooms underwent a renovation in the ‘Classic’ style.

Grandhotel**, Starý Smokovec**
75 rooms, 147 beds
From the point of view of history, location, or architecture this Grandhotel is justly considered one of the most prestigious hotels not only in the High Tatras, but also in Slovakia. Its unique vintage ambiance is attractive for its traditional Austrian-Hungarian cuisine and views from its spacious Art nouveau rooms.

Hotel FIS*, Štrbské Pleso**
80 rooms, 194 beds
Mountain ski in - ski out Hotel FIS is located right below the FIS slope, in the center of a sport area at Štrbské pleso. The location is its main competitive advantage. The first truly dog-friendly hotel in Slovakia is located in the elevation of 1,346 m and offers newly renovated rooms. The hotel with its own sports arena and a pro fitness



center also offers a natural wellness & spa designed in a mountain-meadow style.

A night on Mt. Lomnický štít
2 rooms, 7 beds
Just to hear is not enough. A night on top of Mt Lomnický štít is something that you need to experience. Discover the most beautiful place in Slovakia where the summits of the Tatras are touching the sky. Enjoy countless breathtaking views of every piece of the Slovak high mountains, captivating silence and a magical atmosphere in the highest located hotel room in Central Europe.

THE LOW TATRAS

Hotel Tri Studničky **, Demänovská Dolina**
36 rooms, 100 beds
Its architecture and layout of exteriors and interiors complements the surrounding mountain environment and the panorama of local mountains. It is located in a beautiful forest area near a mountain stream. In 2010 new conference rooms with attractive views of a mountain stream were added, as well as a renovated wellness center with the first beach in the Tatra Mountains. These services complete the gap in the offer of this authentic boutique hotel.

Hotel Grand**, Jasná**
157 rooms, 311 beds
This mountain hotel is situated in the center of Jasná, at 1,100 m a.s.l., right near the start station of the 8-seat cabin cableway Grand Jet. Its ski in-ski out location is exceptional, as well as the renovated wellness center or a multipurpose conference hall with a 350-person capacity. This kids-friendly hotel is well-suited for families with children.



Hotel Pošta****
31 rooms, 72 beds
The new Hotel Pošta located in the heart of Jasná offering 24 design deluxe rooms, 7 spacious apartments, a cozy boutique wellness center, culinary restaurant Angus, own cosmetics brand Tatry Wellness Elixir, baby and dog sitting, daily newspapers, shoes cleaning, concierge services, and much more.

Chalets Jasná Collection****
14 own apartments, 27 managed
Luxury apartments in the style of French alpine lodges provide a 4-star hotel quality. Their strategic advantage is their ski-in ski-out location directly on the slope at Záhradky (18 apartments) and at Otupné in Jasná's Center (23 apartments) and their provision of premium services. Each chalet has several apartments of various sizes, each with one up to four separate bedrooms. Guests can enjoy the 4* hotel chalet service and visit a private spa in the basement of some chalets.

Hotel Srdiečko**
45 rooms, 125 beds
A ski-in ski-out hotel with an unbeatable ski in-ski out location, directly below the slopes in the resort of Jasná Nízke Tatry - Chopok South. A friendly ambiance and a homey feel surrounded by nature in a less busy area of Jasná, equipped with a new wellness center, saunas, and an open-air jacuzzi.

Hotel Rotunda
3 rooms, 12 beds
Located at the top of Chopok Mountain in the Low Tatras at 2,004 m. Hotel Rotunda is a part of the renovated facility Rotunda, which connects the north and south side of Chopok Mountain with cableways The ski in ski out hotel with the highest elevation offers lodging for the most demanding clients that want to enjoy a top experience



in comfort and seek out an absolute escape. The hotel includes a panoramic restaurant Rotunda with Slovak and world cuisine, Energy Bar with quick snacks, and Rum Bar with a selection of specialty world rums.

Holiday Village Tatralandia

123 rooms and apartments

It is a unique lodging resort of its kind in Slovakia in the vicinity of the Aquapark Tatralandia. It consists of 155 stylish bungalows and apartments, divided into 11 theme villages, with reception, restaurant and other hotel services. This complex offers an ideal environment for family or individual holiday any time of the year. It offers plentiful activities, such as sports facilities, playgrounds, game zones, bonfires.

CZECHIA

Green Inn Hotel, Golf & Ski Resort Ostravice

36 rooms, 78 beds

TMR rents and operates Green Inn Hotel situated at the heart of Golf & Ski Resort Ostravice in the Czech Beskid Mountains. It offers fascinating views of Challenge Golf Course Ostravice and of Beskid peaks and valleys. A luxury resort that meets requirements of low-energy buildings consists of the main building - the club house with a reception desk, a restaurant, congress space and a luxury wellness center, and seven separate hotel houses.

Hotel Kaskáda****, Golf Resort Kaskáda

50 rooms, 100 beds

TMR rents and manages the golf hotel Kaskáda, situated in Golf Resort Kaskáda near the city of Brno. The hotel with a restaurant, wellness center, bowling, and congress space offers ideal comfort and privacy in cozy barrier free apartments with a view of the golf course.



REAL ESTATE

The goal of this segment is to build infrastructure and buildings in the mountain regions. In its realization the Company plans to capitalize on the unique location in the High and Low Tatras region. TMR's strategy in this segment is mostly development, construction, and sale of apartments. In the past year another phase of the Chalets Jasná Collection**** Center project was underway, with the construction of investment apartments, whilst the chalets at Záhradky are also still for sale. The project of the Apartment house Horec was launched in Tatranská Lomnica with the remodeling of the lodging building Horec into luxurious apartments for sale. TMR also continued with the construction and sale of additional investment real estate in Holiday Village Tatralandia. Alongside these projects necessary infrastructure is being built for the natural development of tourism in the following areas - cableways, infrastructure, trails, information signs, etc. TMR plans its real estate projects mostly on traditional, urban areas, where sport and tourism have been part of history for decades.

The Company within the Real Estate segment owns and leases out hotels Liptov**, SKI hotel**, Kosodrevina Lodge, and lodging facility Otupné in Jasná. Revenues from the Real Estate segment come mainly from the hotel leases, from sale of bungalows Holiday Village Tatralandia and sale of apartments Chalets Jasná Collection.



Strategy

VISION

By capitalizing on our position of a natural monopoly due to the unique position of the Tatras, to become a premier, internationally renowned tourism services provider striving to revive mountain resorts, aquaparks, theme and amusement parks in the region of Central and Eastern Europe from the investment, sports, cultural, and social point of view.

MISSION STATEMENT

TMR's mission is to provide services in tourism at a constantly increasing level, in particular through business activities divided into seven key segments - Mountains Resorts; Leisure Parks; Golf; Dining; Sports Services and Stores; Hotels; and Real Estate. The Group plans to fulfil its mission through synergies leading to a complex satisfaction of both, its clients and shareholders.

COMPETITIVE ADVANTAGE

As opposed to other operators of mountain resorts and tourist services in the region of Central Eastern Europe, TMR holds a position of natural monopoly due to the unique geographical location of TMR's key mountain resorts in the highest mountain range in the region - the Tatras and due to a long history and significant local brands of the resorts in Poland and Czech. This advantage predetermines them to be premier tourist destinations in Central and Eastern Europe. Besides the attractive mountain environment and the resorts' history, the following facts form the competitive advantage for TMR:

- Through its loyalty program GOPASS the Group is able to build and sustain a wide client base in Slovakia, Poland, Czechia, and Austria during both the winter and summer season.
- There are 64 million people living in TMR's key target countries within the CEE region, and their economic power and leisure spending has been increasing from year to year.
- The Poprad Airport ensures easy access by air from key European cities outside the mountainous area, e.g. London, Warsaw, Riga, Tel Aviv, and by charter or private flights from summer destinations, such as Turkey, Bulgaria, Greece, and Albania.
- To the east of the Tatras there are ski resorts with only limited comparable services.
- The high altitude provides a competitive advantage for TMR, comparing to other resorts in the region, since it significantly mitigates the risk of unfavorable weather as a result of global warming.
- The Group is able to capitalize on intra-segmental and inter-company synergies in sales, purchase, operations, and support areas of the Group.
- TMR has years of experiences and know-how in operation of mountain resorts, leisure parks, and ancillary tourist

- services, as well as in building capital-intense infrastructure.
- TMR's business model is well diversified with revenue generation from mountain resorts, leisure parks, hotels and complementary services.
- The size of the Group and its years of experiences and success enables an easier access to capital
- TMR mitigates the risk of seasonality with its summer season comparably strong to its winter season thanks to its summer cableway operations and summer activities, popularity of hotels in the mountain resorts, the summer operation of Silesian Amusement Park, and the all-year operation of Aquapark Tatralandia and now also thanks to the almost all-year ski season at the Mölltaler glacier.

BUSINESS STRATEGY

The long term strategic goal of the Group is to maintain its leading role in winter and summer tourism in the region of Central and Eastern Europe and use this position to gradually enter new European markets. Leadership in the area of tourism provides TMR with the ability to set trends and standards in this industry. At the same time it leads the Group to differentiation. As a result, TMR works on offering premium services for reasonable prices in comparison with other similar resorts in Europe. A wide spectrum of services and their quality are the key for the Group's direction. This goal is based on three pillars, which are highly interconnected:

PILLAR 1: INCREASING QUALITY WITH INVESTMENTS

By the end of 2019, for the last 13 years TMR had invested in its resorts and hotels around 400 million euros. As a result of these investments, the services provided by TMR in the High and Low Tatras, in Polish Szczyrk and Legendia improved significantly. TMR's resorts thus reached the level of alpine resorts and increased their leading position in the region.

Significant investments in 2018/19 in Jasná include, for example, the start of construction of new snowmaking reservoirs in Jasná, reconstruction of the lower restaurant at Skalnaté Lake, change of Rotunda restaurant, reconstruction of Grandhotel Starý Smokovec and Hotel Srdiečko. In Szczyrk, the transport capacity of existing lifts was strengthened and the largest restaurant in the holding with a capacity of 450 seats was built. Other attractions have been added to the Polish Legendia. In the TMR Real Estate Projects segment, TMR built more cottages and apartments for sale in Holiday Village Tatralandia, the Horec Apartments project in Tatranská Lomnica was launched and other chalets from Chalets Jasná Collection were added.

In the following periods TMR plans for its resorts in the Slovak Tatras to grow organically and capitalize on the

completed investments. Future CAPEX in the Slovak resorts will mainly cover maintenance investments and investments into infrastructure, such as finishing the construction of the retention reservoirs in Jasná. The Group also plans to continue in the started real estate projects in the Slovak resorts. The apartment house Horec is being built in Tatranská Lomnica, which is the zero stage of the long planned Lomnicke Promenade. The last stage of the Chalets Jasná Collection will be completed in Jasná. In Tatralandia, after obtaining the necessary permits, new bungalows for sale will be built and will be managed by TMR. As for investments into development of the last acquired assets, TMR plans to get the Polish Szczyrk Mountain Resort to the level of its Tatra resorts. In the following period the investments will be directed mainly to accommodation facilities in the resort, the rooms of the hotel Gronie in Szczyrk will be renovated. The Polish amusement park, Legendia, will be further developed, and a new water attraction should be added. The newest acquired Austrian resorts will also require extensive investments, which TMR is planning in a few years. New slopes, lifts as well as the strengthening of the accommodation infrastructure in almost every resort are in the process of preparation, but many of them are hindered by lengthy processes in granting permits or granting exceptions.

PILLAR 2: STRATEGIC ACQUISITIONS AND EXPANSION

Last year TMR finally fulfilled its plan to expand its portfolio to include an Alpine resort, acquiring in June 2019 two Austrian sister resorts - Mölltaler Gletscher and Ankogel Mallnitz, which were also included in the GOPASS program. In the medium term, TMR will focus primarily on completing and strengthening existing resorts, where it has ample opportunities to grow, improve services and improve TMR's results. Strategic expansion of the operations on the neighboring Czech market includes an indirect minority interest in Melida a.s., the operator of the Špindlerův Mlýn resort, which is included in the GOPASS loyalty program. In November of 2017 TMR made an agreement with the Czech town of Liberec for TMR to rent and operate the ski resort Ještěd. TMR plans to develop the potential of this unique city ski resort via future investments. TMR also wants to expand its business activities in Czech by entering a new segment - golf. Since November 2018 TMR has been renting Golf & Ski Resort Ostravice and in January 2018 it started managing Kaskáda Golf Resort Brno. The Ostravice contract has been signed for 20 years and the Kaskáda contract, based on which TMR is managing the resort's hotel, restaurant and a congress center, has been signed for 20 years. In the following period TMR plans to expand its golf segment by partnering with Golf Resort Olomouc. Furthermore, TMR plans to expand its business activities in utilization of accommodation capacities for third parties, namely a new hotel and a guesthouse in Bešeňová and the new Chalets Jasná Collection.

PILLAR 3: CONSTANT OPERATIONS & SERVICES ENHANCEMENT

Management wants to achieve intensive growth of the number of visitors primarily by intensive customer orientation. Strategic steps to achieve this goal in the recent years included increasing the variety and quality of the services provided. TMR expands the scale of attractions offered and improves the quality of ski schools, ski equipment rentals, and dining facilities on slopes. Moreover, it continuously improves the offer of après ski possibilities. The Group also tries to optimize transport possibilities to its resorts and cooperates with local business entities on the level of regional clusters. TMR prefers to cooperate rather than compete with them; it wants to build on their success and provide their customers easy access to its nearby mountain resorts and leisure parks and a variety of attractions for children, adrenalin sports for the young (e.g. bike parks), and relaxation zones. Regarding accommodation possibilities, TMR focuses primarily on four-star hotels and improvement of their wellness and dining services. Other strategic steps include focus on affluent clientele, essential quality of management and staff, and a sophisticated marketing strategy. In the following period, TMR plans to strengthen its controlling team, improve the analysis of big data and its implementation in its operations. Another key to TMR's growth is innovation. In this regard, TMR acts as the trendsetter in tourism. The loyalty program GOPASS enables its customers to shop online or via a mobile app and to collect points in its facilities by using its services and pay bargain prices, and at the same time, GOPASS serves as TMR's Customer Relationship Management and Direct Marketing tool. This loyalty program was awarded in 2015 at The Loyalty Awards in London, where it won in categories: the Best loyalty program of the year in the travel sector (airlines, hotels, destinations); the Best loyalty program of the year in Central and Eastern Europe; and the Best Customer Relationship Management (CRM) in a loyalty program for Direct Marketing. Within this pillar TMR fully utilizes synergic effects among its segments, thus it is able to constantly optimize services it provides, as well as to keep expanding its variety of products and services, e.g. an option to use services of several mountain resorts and the aquapark with purchase of just one ticket. The quality management in the resorts is also supported by the revolutionary price policy of flexi ski pass prices, which allows the resorts to regulate attendance and plan capacity. In times of lesser demand TMR offers skiing at much more attractive prices than in the past and at times of congestion, with higher prices it can generate better sales and keep visitors at a level that can offer quality skiing. In the next year TMR plans to implement the flexi pricing system also in the resort of Szczyrk and the Špindlerův Mlýn Ski Resort. TMR will also test the new hotel system and plans to implement it in all the hotels in the portfolio.



CAPEX	ACQUISITIONS	QUALITY
■ Almost 400 million euros over 13 years ■ New modern cableways and infrastructure ■ Renovated hotels ■ Larger, modernized resorts ■ Investment apartments	■ Aquapark Tatralandia ■ Špindlerův Mlýn, CR (9,5%) ■ Szczyrk Mountain resort, PL ■ Legendia - Silesian Amusement Park Legendia ,PL ■ Mölltaler Gletscher, AT ■ Ankogel Mallnitz, AT ■ Lease of the Ještěd Ski Resort, CR ■ Commercial and marketing cooperations ■ Management of resorts for third parties	■ Better experiences for visitors as a result of synergies ■ Trendsetter in tourism in the region ■ GOPASS loyalty program ■ Innovations ■ Flexi prices

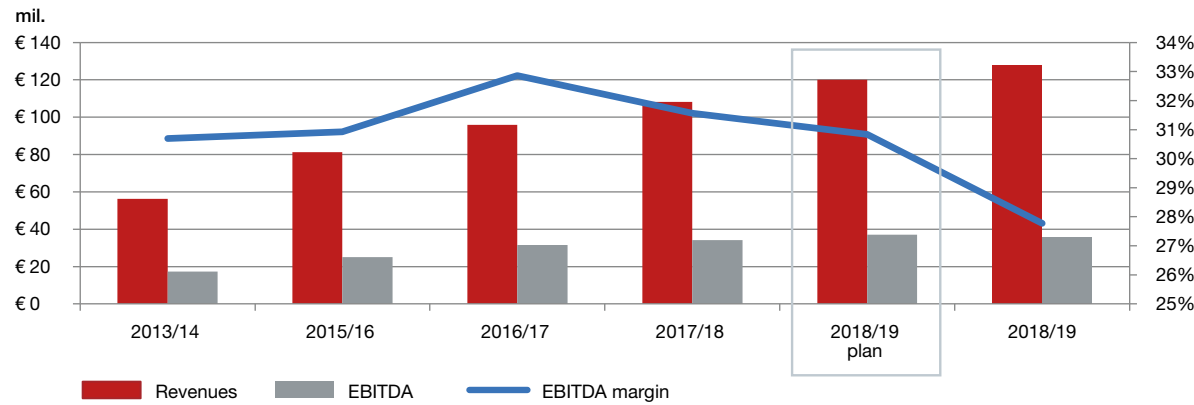
FINANCIAL GOALS

For the past fiscal year the Group set goals of a stable growth in operating revenues and operating income.

The short term goal for 2018/19 included a growth in operating revenues of 10.9% (EUR 120 mil.) and a growth in EBITDA of 8.3% (EUR 37.0 mil). This financial plan was introduced at the Annual General Meeting on April 17, 2019. TMR met its financial goals for revenues, which exceeded the plan by 6.3%. The Group did not manage to meet the EBITDA plan as EBITDA was 4.2% below the plan. The

reason for not meeting the EBITDA plan was the negative profit of the Austrian resorts since they were acquired after the winter season, and the results did not include the revenues generated in the main winter season. Another reason was the postponement of the recognition of profit from real estate projects. The projects were completed but due to administrative delays, such as building approval, the profit will not be recognized until the following year.

Plan vs. Actual Operating Results



MARKETING STRATEGY

MARKET SEGMENTATION

The TMR Group's client base is based on domestic visitors in Slovakia, Poland, Czechia, and Austria, as well as on visitors from neighboring and close by countries, such as Hungary, Germany, Ukraine, Russia, or Slovenia.

The natural market of the Group is in the regions within 200 km radius inhabited by 7.5 million people. This radius includes cities, such as Krakow and Katowice in Poland, as well as Czech cities Ostrava, Olomouc, and Brno. From the geographical point of view there are other, further markets with limited access to mountains, such as Great Britain, Ireland, Russia (Moscow and Sankt Petersburg), Ukraine, and Baltic countries. While domestic clients and the clients from the neighboring countries use road transportation (car, bus), clients from more distant locations travel by air and use regular charter connections. The Group's market has expanded also thanks to the acquisition of the Alpine resorts of Mölltaler Gletscher and Ankogel in Austrian Carinthia, which thanks to their attractive locations are interesting not only for the GOPASS program clients but also for visitors from Austria, Italy, and Slovenia.

The Group also divided potential target groups into the following categories:

- affluent clients
- mainstream
- low-cost clients

The main marketing goals of the Group include clear brand placement on the market by segmentation of clients and focusing of particular marketing strategies on these specific segments that would lead to maximum synergy of all brands covered by TMR. At the same time the Group has been observing a shift of clientele structure towards affluent clientele generating the highest revenues and focusing at products and services with the highest added value.

COMMUNICATION OF STRONG TMR BRAND

Preferred goals of the TMR Group's marketing include building of the TMR brand awareness by constant communication of image, integrated product communication with the TMR brand, setting communication of the Group and all brands that the Group covers in order to reach maximum synergy (cobranding); and by strengthening positive and managed PR and attractive adventure tourism - through event management.

In order to create awareness and build a strong company brand, a useful fact without a doubt is that TMR is a publicly traded company listed on the stock exchange in Bratislava, Prague, and Warsaw; it is the strongest player in tourism in Slovakia, or even in Central and Eastern Europe, providing full service resorts or destinations with a high level of service in the region of the High Tatras, Low Tatras, Liptov, the Polish Beskids, Silesia, the Czech Beskids, Moravia and Krkonoše Mountains in the Czech Republic, and Carinthia in Austria.

MARKETING ACTIVITIES IN SLOVAKIA

The Group is using a massive marketing communication in all basic types of media - Internet, television, radio and press, and also outdoor advertising in several forms - bigboards, atypical premium billboards placed on walls of buildings in big cities and on main roads, citylights, bus banners and the like.

As for the Slovak market, also last year TMR cooperated on commercials and sponsored content on the national TV JOJ before the winter and summer season. Advance sale and branding/ product placement spots were broadcasted in radios (Rádio Expres, Funradio, Rádio Jemné, and Rádio Anténa Rock, Rádio Vlna). Cooperation in the form of spot campaigns continued with Rádio Anténa Rock and Rádio Jemné during the winter and summer season. Real-time marketing broadcasted the actual conditions in the mountain resorts and Aquapark Tatralandia. The Polish resorts of Szczyrk and Legendia also use the latest online marketing methods for their public campaigns, although they continue to communicate via traditional media as well, such as outdoor advertising, mostly local radio stations targeted on defined skier groups, or families with children in case of the Legendia park.

The Company focuses on modern marketing content in various forms. The Company's offer also has a very intensive presentation through a not-for-sale image magazine called TATRY MAGAZÍN, which is available in accommodation facilities and tourist facilities as the only lifestyle magazine about the life in the Tatras. TMR launched an online portal, TravelCase, which posts news from TMR's hotels and resorts.

In addition to the above-mentioned advertising campaigns, TMR Marketing Department also performs other, no less important activities such as active participation in exhibitions and fairs, cooperation in destination management with entities operating in the region, such as the active Liptov Cluster and several district tourism organizations in the regions. Also cooperation with single district tourism organizations, the origin of which was supported by the Tourism Act, and active subsidy policy of the state in relation



to the creation and execution of marketing campaigns for regions and creation of regional products supporting tourism, are important for TMR.

USE OF INFORMATION TECHNOLOGY AND INNOVATIONS

TMR also keeps in mind the use of innovations and continually improves its communication also via information technology. TMR communicates and informs via individual resort and hotel websites that direct the purchase process to www.gopass.sk. In Poland TMR communicates via website www.szczyrkowski.pl and via www.legendia.pl. All TMR hotels communicate with their clients also via a unified website www.tmrhotels.sk. From the point of view of a securities issuer and a tourism operator, TMR communicates via its corporate website www.tmr.sk.

The Group uses social networks for communicating with clients on a daily basis. In the Group's key markets (Slovakia, Poland and the Czech Republic), Facebook is number one in social networks and, therefore, TMR puts emphasis on the development of a wide fan base. At present, the following resort profiles are administered (fan groups) - JASNÁ Nízke Tatry, Vysoké Tatry - The Adventure Mountains, Aquapark Tatralandia, Szczyrkowski Oárodek Narciarski, Mölltaler Gletscher, Legendia, Golf Resort Kaskáda, Golf & Ski Resort Ostravice. and Tatry Mountain Resorts, a.s. and smaller profiles of individual projects - Tatranská divočina, Happy End Jasná, Liptov Arena, Hotel Srdiečko, Nízke Tatry; Après-ski bary Jasná, Tatry Motion, Grandhotel**** Starý Smokovec, Vysoké Tatry; Hotel Fis***, Štrbské Pleso; Hotel Tri Studničky****, Nízke Tatry; Rotunda, Grandhotel Praha****, Vysoké Tatry; Hotel Grand****, Jasná-Nízke Tatry, Holiday Village Tatralandia, Hotel Pošta, Chalets Jasná de Luxe, and others. For marketing purposes the Group also utilizes social networks Instagram, LinkedIn, or a YouTube channel.

During the seasons the Group's Marketing Department is focused on production of quality live video transmissions and online information from individual resorts that are available on the Internet and thanks to which clients can get a better idea of actual conditions in the resorts. Information about changing snow conditions and operation of resorts is published online from each communication point, on both own and external web portals several times a day. Current information about the resorts is provided on LCD monitors in hotels, LCD screens in the resorts, or the dispatching center radio during the winter season.

DIRECT MARKETING AND E-COMMERCE

TMR is currently actively using Direct Marketing also in the GOPASS program. It is the key tool of the GOPASS program, interconnecting an e-shop, loyalty program, and a communication platform through email or text messages.

As of the end of the fiscal year 2019, 1.859 million members in total were registered in the program, whilst during the year 600 thousand new members joined it. In the online sale during November 2018 through the end of October 2019 51% of all ski passes (skier days) in the Slovak mountain resorts have been sold via GOPASS.

EVENT MANAGEMENT ACTIVITIES DURING 2018/19

The ski season in the Slovak resorts began in Jasná on December 1. At Štrbské Pleso the season was launched on December 7 and in Tatranská Lomnica on December 15. At the beginning of the season the most popular Tatra attraction, the Tatra Ice Dome, was opened again at Hrebienok. The 6th annual most successful winter attraction in the High Tatras was built in the style of St. Peter's Basilica with Bernini's colonnade. Other popular winter events included Tatry Ice Master at Hrebienok, Snow camp and Dinner under the stars at Skalnaté Pleso, the Tatra dinner with experiences, or 75 secrets of a cableway.

During the first week of February, the guests in Jasná had an opportunity to participate in the traditional Culinary Week - a gastro festival of unusual tastes. In Tatranská Lomnica guests enjoyed a unique atmosphere of Nordic wilderness at the festival Snow Dogs. A special historical sledge race (with the so called "krňáčky" sledges) again took place on the southern slopes of Mt. Chopok at the end of February. The European Women's Cup in downhill skiing in Jasná, attended by the world champion, Petra Vlhová, attracted a lot of guests. The public giant slalom race referred to as the Hero Season Trophy Tour took place in Szczyrk, Czech Špindlerův Mlýn and Vysoké Tatry, with the final round in Jasná on March 30. The winners in individual categories and resorts were awarded the Smart Pass - a season pass for the following skiing season.

During the summer season in Tatralandia inter alia TMR organized a race on the newest toboggans, 4 Family and Delphin, attended by the popular stars of the TV show, Daddies, as part of a rich accompanying program. At Mt. Chopok, families with children could experience the attractive and magical Dragon Nights associated with legends. Cultural and culinary experience at Štrbské Pleso awaited the visitors of the 6th Venetian Night event. The 12th year of the popular Bear Days event took place at Hrebienok and the popular family event Marmots at the Lake took place for the 9th time at Štrbské Pleso in August. The Legendia amusement park hosted dozens of events and animations throughout the summer season to attract more visitors to the park.

Jasná Nízke Tatry

TMR again expanded the snowmaking system in Jasná. It also widened dining options here. A new modern restaurant with Slovak cuisine, Habarka, has been opened at Mt. Chopok



and a new dining point Jasná Mountain Food, a mountain version of street food. On the south side of Mt. Chopok the Jasná resort added a new comfortable managed entry point. An automatic defibrillator has been placed here in order to help with serious defects of heart rhythm.

The Jasná resort is turning "eco-friendly" also thanks to gradual replacement of plastic dishes in the dining facilities on the slope with ecological material (paper, bamboo) or porcelain. Other major upgrades include separation of trash at cableway entry points and in the resort's operations, or a waste press at Hotel Grand Jasná. The natural fridge that stores the last year's snow at Biela Púť was a successful project; 65% of the snow has been recycled.

Jasná won the TOP CLASS award from the world's largest ski portal skiresort.info for 2019 as the only resort from the Slovak and Czech resorts and 4 out of 5 stars in the category of up to 60 km of slopes.

Vysoké Tatry

In the Vysoké Tatry resort more snowmaking points have been added. The resort obtained also two snow track vehicles, one with a GPS system to measure and visualize snow cover. Restaurants expanded their capacities and a new one has been added. The resort also got an automatic defibrillator.

In the first year of the grant program, 'For a better life in the town of Vysoké Tatry', TMR gained support for nine projects, the goal of which is improvement of life in the town of Vysoké Tatry. Before the winter season the second phase of the remodeling of restaurant Hrebienok with a new café and a cafeteria was completed. Grandhotel Starý Smokovec underwent a major remodeling; 79 rooms and apartments,

the hotel's hallways and conference room were modernized. A new addition of Hotel Fis's terrace was opened. In November 2018 Grandhotel Praha was awarded the best European historical hotel in the Heritage & Wellness category by Heritage Hotels of Europe Awards and Slovakia's Best Ski Hotel 2018 by World Ski Awards 2018.

Tatranská Lomnica was awarded the INSIDER TIP award among top resorts with a size of up to 20 km of slopes and 3.5 of 5 stars from skiresort.info.

Szczyrk Mountain Resort

In Szczyrk trails got maintained and improved; a new cableway was added; and the implementation of the Leica system enabled a higher quality trail grooming. The resort was operational also during a windy weather thanks to technical solutions. New products, Fresh Track and Trail grooming, were added. Another annual Winter Sport & Music Festival took place, featuring the longest and the most difficult giant slalom in Poland. Volvo Fresh Track, a presentation of new car models, was very popular.

Ještěd

Visitors this past season appreciated an easier entry point to the resort thanks to a multi-functional center of the first contact, a high quality ski rental, a greater area for the ski school, new turnstiles, and new dining facilities. Events, such as 'Your skis have a familiar face', or 'School report card on skis', had a great success.

Špindlerův Mlýn

In March 2019 TMR organized the World Cup in Alpine Skiing in Špindlerův Mlýn that met with a great success among visitors, also thanks to the attendance of the world champion, Petra Vlhová, and her victory in Giant Slalom.





SNEŽNÉ PSY

ESKIMÁCKY VÍKEND ZÁBAVY POD LOMNÍČAKOM
TATRANSKÁ LOMNICA 9. - 10. FEBRUÁR 2019

Jazdy na psích záprahoch Dog dancing
Súťaže a zábava Moderátor **Laco Čmorej**
HEVI DUBI KOMIKS BAND
Piesne s textami od Daniela Heviera

Zľavy v Outlet Tatry Motion až do 80%

- Expedícia „od póla k pólu“
- Lavinové psy
- Lavinové hry
- 50 severských psov a psie záprahy
- Amundsen – zamrznutý polárnik
- Rodinná lyžovačka

Každé dieťa, ktoré si dovezie
plyšového psa a stáka darček

Špeciálna cena na lanovku z Tatranskej Lomnice
na štart Start pre psích

NAJLACNIEJŠIE LÍSTKY
KUPUJTE ONLINE

Partners:

Podporte sa kadekoľvek na webovej stránke
http://www.vl.sk

Program účinný do 10.02.2019

31.1. - 2.2.2019

CULINARY WEEK

VON ROLL LUKOVÁ A HOTEL POŠTA****

75€
GOPASS SK

31.1. a 1.2. VON ROLL
2.2. HOTEL POŠTA****

ZÁŽITKOVÁ GASTRONÓMIA
1 ŠÉFKUCHÁR | 7-CHODOVÁ VEČERA
HUDBNÝ PODMAZ

ŠÉFKUCHÁR PAVOL POSPÍŠIL
- PRVÝ ČESKO SLOVENSKÝ MICHELINSKÝ KUCHÁR

JASNA.SK WWW.HOTELPOSTA.SK

MEZINÁRODNÉ MAJSTROVSTVÁ V STAVANÍ LADOVÝCH SÓCH

TATRY ICE MASTER

HREBIENOK 12.-13. JANUÁR 2019

PETER BIČ PROJECT
BILLY BARMAN A DIEVČATÁ ZO SLUK-U

7. ROČNÍK • TATRANSKÝ DŮM • 10 TÝMOV Z CELÉHO SVETA • 35 LADOVÝCH SÓCH
OHŔNOVA LADOVÁ SHOW • 50 TON LADU • TATRANSKÁ GALÉRIA LADOVÝCH MAJSTROV

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OD NOV 2018 DO APR 2019

TATRANSKÝ DŮM

LADOVÁ BAZILIKA • 225 TON LADU
VYSOKÉ TATRY • HREBIENOK

BAZILIKA SVÄTÉHO PETERA V RÍME
HEAVY STAVITEĽ ADAM BAROS
ST. PETER'S BASILICA IN ROME
MAIN ARCHITECT - ADAM BAROS

NA HREBIENOK VÁS POKOCHÁ
VÝHLED POZEMNÁ LANOVKA
TAKE A COMFORTABLE
FUNICULAR TO HREBIENOK

KONCERTY HUDBNÝCH
UMELCOV POČAS SEZONY
MUSIC CONCERTS
DURING THE SEASON

HLAVNÍ PARTNERI

ACHILLEAS
iLumina

PARTNERI

HYUNDAI
TRAVEL IN
SLOVAKIA
GOOD IDEA

MEDIÁLNY PARTNER

ORGANIZÁTOR

Vysoké Tatry

www.vl.sk www.regiontatra.sk SLOVAKIA TRAVEL

NOVÉ ZÁBAVNO-VZDELÁVACIE AKTIVITY • HRÁ • SÚŤAŽE • Z PÔDOVÉ PROGRAMY

MEDVEDIE DNI

31.7. - 3.8.2019
STREDA - SOBOTA

HREBIENOK

PLASTICI
EDUKATÍVNY PROJEKT
ČÍTANIE
S POROZUMENÍM

LESNÁ PEDAGOGIKA
PRÁCA HOKSKÝCH
ZÁCHRANÍKOV

DANIEL HEVIER S DEŤMI SA DÁ DOHODNÚT
DIVADIELNE D HADRONIE VYSTÚPENÍ
NOVATORNE UČENIE SA
CUDZÍCH JAZYKOV

SLUK • FIDLIKANTI
MUZIKÁL
CATS

FUNNY FELLOW'S
HEVI DUBI
KOMIKS BAND

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Program účinný do 10.02.2019

ROZLÚČKA SO ZIMOU
S PETROU VILHOVOU

7.4.2019
PRIEHYBA

5.4. - 7.4.2019
AMERICAN SALE

EXHIBIČNÝ SLALOM S PETROU
MODERUJE SLÁVO JURKO

JASNA.SK

SPORT A SLOVENSKO
2018-2019

UNIQA

JASNA

17.8.2019

Dráčie Noci

na Chopku

Predpredaj na www.gopass.sk

Nočná jazda lanovkami na Chopok
Trojhľavý drak chrliaci oheň • Staň sa malým horolezcom
2x divadelné predstavenie • Bohatý animáčný program
Moderuje Jozef Kubáni

DRÁČIK DEMIÁN
A HOROLEZECTVO

PETZL gopass

DOVOLENKA NA
SLOVENSKO
DO 15.11.2019

LIPTOV

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JASNA

Key Performance Indicators (KPIs)

The management uses operating and financial key performance indicators (KPIs) to evaluate operating performance of the Group. The Group's portfolio is divided into seven segments, and for this reason the management monitors performance of each segment.

Operating Performance Indicators:

Number of Visitors

As for the performance of the Mountain Resorts segment, the management monitors performance of financial indicators based on the number of visitors in terms of used skier days in the winter season, i.e. number of persons visiting a ski area for any part of day or night for the purpose of skiing, snowboarding, or other downhill slide. E.g., a 4-day ticket means four customers in the mountain resorts of TMR. The number of visitors on the cableways in the summer season and visitors in the Leisure Parks segment is measured in terms of sold and used entries.

Average Revenue per Visitor

In the segments Mountain Resorts, Leisure Parks, Dining, and Sport Services & Stores, the key indicator is the average revenue per visitor/ sold skier day for a given period from sale of ski passes, entries, services, and products.

Occupancy

In the Hotels segment operating performance is monitored based on percentage occupancy of individual hotels of TMR's portfolio and of the weighted average of the hotel portfolio.

Average Daily Rate

Average Daily Rate (ADR) is one the key indicators to measure hotel performance. It represents average revenue from per occupied room per given period. The calculation is based on the equation where room revenues are divided by the number of rooms sold. The management monitors ADR of each hotel and of the weighted average of the hotel portfolio.

Financial Performance Indicators:

Revenues

Operating revenues of the Group come from operating activity of the segments Mountain Resorts, Leisure Parks, Golf, Dining, and Sports Services & Stores, Hotels, and Real Estate.

EBITDA

To describe financial performance of the TMR Group, management uses EBITDA (Earnings before interests, taxes, depreciation and amortization) as the key indicator, which represents income net of interest, taxes, and write-offs. EBITDA clearly indicates the Group's financial performance based on operating activities since it eliminates impact of financing, as well as accounting decisions of a non-operating character.

EBITDA Margin

In order to evaluate operating profitability of the TMR Group, management utilizes EBITDA margin. It equals earnings before interests, taxes, depreciation and amortization (EBITDA) divided by operating revenues. Since EBITDA excludes depreciation and amortization, EBITDA margin is able to provide the investor a clearer picture of operating profitability.



Market Analysis and Trends

The main target group for TMR is represented by tourists from Central and Eastern Europe, mainly from Slovakia, the Czech Republic, Poland, Ukraine, and Russia. The Austrian resorts are visited mainly by the domestic tourists, as well as tourists from West and Central Europe. Therefore, the visit rate in TMR's resorts is partly impacted by economic development in these countries.

Slovakia

According to the National Bank of Slovakia, in 2018 GDP increased by 4.1% year-over-year, the highest pace since 2015.¹ In 2019 GDP of Slovakia should reach a growth of 2.3% impacted by slowing external demand, caused by protectionist measures within global economy. The growth is driven by sectors focused on domestic demand. A negative impact comes from a higher government deficit and higher oil prices. ECB's monetary measures and employment have a positive impact on the economy. In the following years recovery of external demand is expected, as well as a speedier utilization of EU funds, as a result of which the estimated 2020 growth of 2.3% should accelerate to 2.5% in 2021.²

The Czech Republic

According to Czech National Bank (ČNB), economic growth in 2018 slowed down to 2.9% due to sensitivity to external economic development, higher base interest rates, less easing of fiscal policy, and a slower utilization of EU funds. In 2019 the GDP growth is estimated at 2.5%, a slowdown caused by weakening of global economy, as well as a weaker external demand and employment dynamics. Domestic consumption remains the growth driver. Future economic development of Czechia also depends on Germany's development, which is expected to recover slowly. In 2020 the Czech economy should grow 2.1%.³

Poland

According to EBRD, in 2018 Polish economy grew by 5.1%, the fastest growth in Central Europe. In the first half of 2019 the growth slowed down to 4.4%. Domestic demand was the key growth driver, boosted by improved investments, household consumption, and high government expenditures. Significant wage growth, social benefits, and a favorable labor market helped to maintain disposable incomes and consumer confidence. Polish economy is expected to growth further 3.9% in 2019 and 3.5% in 2020, threatened by negative external development, higher inflation, and higher energy prices.⁴

Ukraine

In 2018 Ukrainian economy accelerated its growth from 3.3% to 3.6% in the first half of 2019. Growth continued thanks to

a high private consumption, fixed capital creation, and an increased real export. A significant private capital inflow on the domestic government securities market led to appreciation of the local currency, and state reserves were boosted as well. Inflation slowed down to 7.5%. Macroeconomic stability and investors' expectations will be greatly impacted by the IMF reform program. EBRD estimates the GDP growth of 3.3% for 2019 and 3.5% for 2020.⁵

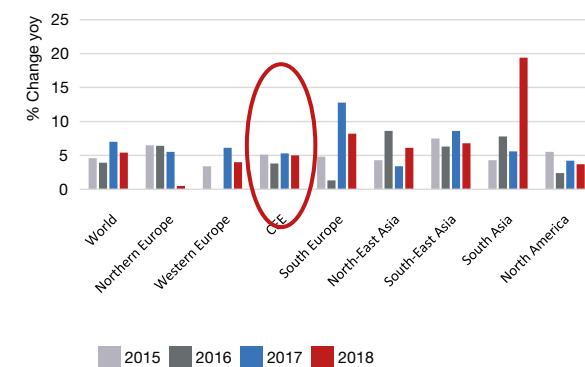
Russia

In 2018 Russian economy grew by 2.3% and continued to grow another 0.7% in the first half of 2019. Domestic consumption remained the key growth driver, although it was weakened by stagnant real wages and a higher VAT. A weaker external demand, lower oil prices, and a stronger rouble negatively impacted net exports. Sanctions and a restrictive fiscal policy took a toll on public and private investments. Decreasing inflation and a worse production output led the central bank to lower the base interest rate by 75 basis points. The bank sector with poor quality assets remains a problem. The rise in unsecured consumer credit led to bank consolidation, and 70% of bank assets are now owned or controlled by the state. The sanctions and weak private investments will likely impact the future economic development, with the estimated growth of 1.1% in 2019 and 1.7% in 2020.⁶

Austria

The standard of living in Austria belongs to one of the highest within OECD. Economic conditions have improved over the last couple of years, as a result of employment growth in the private sector, consumer confidence consolidation, and resulting higher wages. Austria capitalizes on the close integration with international value chains focused on Germany and with fast growing economies of Central and Eastern Europe. Labor force demand has been strong for the past three years, with a labor increase among women and the elderly. On the other hand, recruitment difficulties and skill disparity raised structural unemployment, which remains relatively high. Uneven production and employment development among regions put pressure on government expenditures. Previous government had a reform plan in place, aimed at easing market entry and improvement of business conditions, a tax reform aimed to support business investments and job creation, and started a reform of the education system. The economic growth will probably slow down due to a weakening external demand, especially from Germany and Italy, skill shortage, and recruitment problems, uncertainties in international trade policies, and bank capital adequacy. OECD estimates 2018's 2.3% growth to slow down to 1.4% in 2019 and 1.3% in 2020.⁷

International Tourist Arrivals⁸



Travel & Tourism Competitiveness Index 2019 and 2017 comparison (Selected countries)⁹

Country/Economy	2019	2017
	Rank/140	Rank/136
Spain	1	1
France	2	2
Germany	3	3
Japan	4	4
United Kingdom	5	6
United States	6	5
Australia	7	7
Italy	8	8
Canada	9	9
Switzerland	10	10
Czech Republic	38	39
Russian Federation	39	43
Poland	42	46
Hungary	48	49
Slovak Republic	60	59
Ukraine	78	88

Regional Tourism Industry

In 2017 the growth in tourist arrivals in the region of Central and Eastern Europe (CEE) accelerated to 5.6%, and in 2018 the growth of tourist arrivals slightly slowed down to 5%, with similar growth in individual destination countries. Europe again maintained the top continent in international tourist arrivals. The region's 2018 tourist receipts rose 9%, accounting for 12% of Europe's tourist receipts. Russia increased tourist receipts in double digits thanks to the hosting of the 2018 FIFA World Cup. Georgia recorded the highest increase in tourist arrivals

(+16.9%), followed by Lithuania (+11.9%). The top trends shaping the global travel industry include sustainability achieved by the efficient use of resources, promotion of biodiversity conservation, and steps to control climate change. Tourists seek travelling "to change", trying to live like locals, seeking authentic experiences and transformation. Travel "to show" also continues with goals to share one's travel experiences. Also, tourists pursue a healthier life on their travels, such as wellness. Due to a boom of single households and aging population, solo travel and multi-generational travel is on the rise. Finally, tourists try to raise awareness on sustainability while travelling.¹⁰

The Travel & Tourism Competitiveness Index (developed by the World Economic Forum) measures factors and policies that impact competitiveness of the Travel & Tourism sector in individual countries in context of regulatory, business, cultural, and natural environment. According to the Index, in 2019 CEE countries that are ranked higher than Slovakia are the Czech Republic (38), Poland (42), Hungary (48), and Russia (39), and all of them improved year-over-year, whereas Slovakia, which dropped from 59th place in 2017 to 60th, is perceived the least attractive, except for Ukraine, ranked 78.¹¹

Slovak Tourism Industry

Besides the majority of domestic tourists, Slovakia is mostly visited by neighboring countries, with the most tourists in 2018 coming yet again from the Czech Republic (702 thousand) and Poland, followed by German tourists. In 2018 international tourist arrivals here increased by 4.3% to 2.256 million, which is well below the region's average. The number of domestic tourists also increased in 2018 by 4.0%. The ratio of domestic to foreign travelers has been traditionally 60/40, a much higher ratio of domestic tourists than the neighboring countries. The number of over-night stays in Slovakia in 2018 increased 3.9%, out of which 63% can be attributed to the domestic travelers. The average length of stay remained at 2.8 days, as in the previous period.¹² In the first half of 2019 the number of domestic and international tourist arrivals increased by 11%.¹³ The reason behind the continually lower growth than the CEE region is the lack of interest in marketing the country as a travel destination by governmental institutions and lack of the government's support for the sector. Despite growth of the visit rate in last couple of years, absolute numbers of tourist arrivals are much lower than in the neighboring countries, such as Austria or Czechia, which year by year achieve significant growth. A small improvement in the tourism policy came in 2019 in the form of lowering the VAT from accommodation services and the implementation of the vacation voucher refundable by employers.¹⁴

¹ Report on economy of the SR. NBS. December 2018. https://www.nbs.sk/img/Documents/Publikacie/SES/2018/protected/SES_1218sk.pdf

² Position of the Bank Council of the NBS on Q4 2019 Prediction. NBS. December 17, 2019. <https://www.nbs.sk/sk/informacie-pre-media/tlacove-spravy/detail-spravy/stanovisko-br-nbs-k-p4-q-2019/bc>

³ Inflationary expectations of the financial market. ČNB. December 2017. https://www.cnb.cz/export/sites/cnb/cs/financi-trhy/galleries/inflacni_cekavani_ft/inflacni_cekavani_ft_2019/C_inflocek_12_2019.pdf

⁴ European Bank for Reconstruction and Development. Regional Economic Prospects in EBRD Countries of Operations: November 2019. <https://www.ebrd.com/what-we-do/economic-research-and-data/rep.html>

⁵ European Bank for Reconstruction and Development. Regional Economic Prospects in EBRD Countries of Operations: November 2019. <https://www.ebrd.com/what-we-do/economic-research-and-data/rep.html>

⁶ European Bank for Reconstruction and Development. Regional Economic Prospects in EBRD Countries of Operations: November 2019. <https://www.ebrd.com/what-we-do/economic-research-and-data/rep.html>

⁷ OECD Economic Surveys: Austria 2019. October 2019. https://www.oecd-ilibrary.org/economics/oecd-economic-surveys-austria_19990189

⁸ UNWTO International Tourism Highlights: 2019 Edition. August 2019. <https://www.e-unwto.org/doi/pdf/10.18111/9789284421152>

⁹ World Economic Forum. The Travel & Tourism Competitiveness Index 2019. <https://www.weforum.org/reports/the-travel-tourism-competitiveness-report-2019>

¹⁰ UNWTO International Tourism Highlights: 2019 Edition. August 2019. <https://www.unwto.org/publication/international-tourism-highlights-2019-edition>

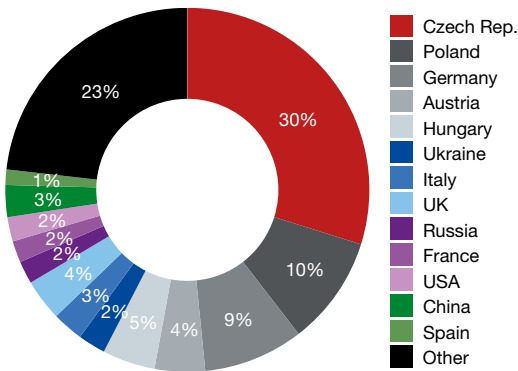
¹¹ World Economic Forum. Travel & Tourism Competitiveness Report 2019. <https://www.weforum.org/reports/the-travel-tourism-competitiveness-report-2019>

¹² Ministry of transport and construction of the Slovak Rep. The accommodation statistics of tourism in Slovakia 2018. <https://www.mindop.sk/ministerstvo-1/cestovny-ruch-7/statistika/ubytovacia-statistika/2018>

¹³ Ministry of transport and construction of the Slovak Rep. The accommodation statistics of tourism in Slovakia. 1st half of 2019. <https://www.mindop.sk/ministerstvo-1/cestovny-ruch-7/statistika/ubytovacia-statistika/rok-2019>

¹⁴ Tourism in Slovakia remains the least of priorities. Trend. May 1, 2019. <https://www.etrend.sk/trend-archiv/rok-2019/cislo-17/turizmus-je-v-sr-stale-na-chvoste-zaujmy.html>

Origin of Foreign Tourists in Slovakia in 2018¹⁵



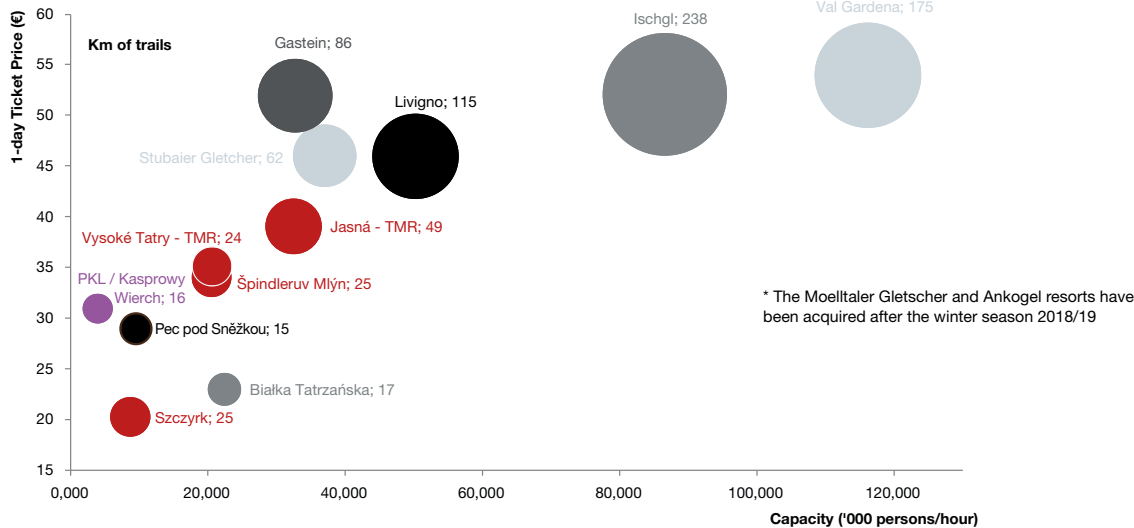
European Mountain Industry

Europe is the relevant market for TMR's ski business, especially the CEE region. In Europe the biggest skiing destinations are alpine countries - Austria, France, Switzerland, Germany, and Italy. Worldwide, the Alps capture the greatest market share, accounting for 44% of skier visits (skier days).¹⁶ The second most significant is North America with 21%. Central and Eastern Europe attracts only 9% of skiers, although this region produces 13% of skiers globally. Since the start of the new millennium global skier destinations have been experiencing a downward trend in the number of skier visits, especially the Western European traditional skier destinations, despite the overall growing global population

and a growing number of skier days globally. One of the reasons is aging population and struggle to promote skiing among the young. This introduces an opportunity for the CEE region to grow in provision of ski resorts at least to match the regional demand and even to attract a higher number of foreign skier visits. Among alpine countries, France and Austria have the most major resorts (with over 1 million skier visits) - 13 and 16, respectively each, and France with the highest number of skier visits per year¹⁷ - 53.2 million whereas Switzerland produces the highest rate of domestic skiers- 35%, with Germany having the highest total number of domestic skiers- 14.6 million.¹⁸ Mountain industry in general is very capital intensive because of essential investments into cableways and other resort facilities, which represent great barriers of entry. Another essential entry criterion is e.g. location since skiing requires a mountainous area with a milder/colder climate.

As for characteristics of ski resorts, they vary in size, ownership, and infrastructure. In some alpine countries, they are usually run by a large number of small private operators who join forces also with local municipalities and market the resort or the ski region as a whole, like in Italy, Switzerland or Austria. In France, on the contrary, operation of large ski resorts especially is concentrated with a major operator. German resorts are also fragmented but considerably smaller than in other alpine countries.¹⁹ Large alpine resorts usually offer state of the art infrastructure, have over 100 km of ski trails, transport capacity of over 50,000 persons/hour, and more than 30 ski lifts. They also keep reinvesting large amounts into resorts enhancement. The TMR resorts can be compared

Market Positioning in Europe in the Winter 2018/19²⁰



¹⁵ Ministry of transport and construction of the Slovak Rep. The accommodation statistics of tourism in Slovakia 2018. <https://www.mindop.sk/ministerstvo-1/cestovny-ruch-7/statistika/ubytovacia-statistika/2018>.
¹⁶ The number of skier visits is measured in terms of skier days; which means one person visiting a ski area for any part of day or night for purpose of skiing, snowboarding, or other downhill slide; e.g. a four-day ticket means four skier visits.
¹⁷ 5-year average
¹⁸ Vanat, Laurent. 2019 International report on mountain tourism. April 2019. www.vanat.ch
¹⁹ Vanat, Laurent. 2019 International report on mountain tourism. April 2019. www.vanat.ch
²⁰ skiresort.info, resort websites

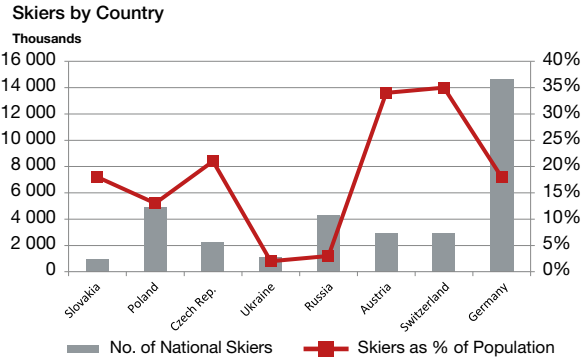
to medium-sized alpine ski resorts.

Regional Mountain Industry

In the CEE region Russia has the most ski areas - 354, although only around 67 have more than five lifts and majority have limited infrastructure. Russia is followed by Poland with 182, the Czech Republic with 191 and Slovakia with around 107. Poland's ski areas are mostly small, suitable for beginners, and Czech ski areas are located up to 1300 m above sea level. Russia had on average for the past five years the highest number of skier visits in the winter season- 7.4 million, followed by the Czech Republic with 5.8 million, Slovakia and Poland, both with estimated 5 million. As for domestic skiers, winter sports in Poland are growing in popularity, as Poland produces the highest absolute number of skiers in the region - 5 million, who make up 13% of population. This proportion grew by more than double since 2013, which presents a great growth potential on this market. Slovakia and the Czech Republic produce a much higher percentage of skiers - 18% and 22%, although there are much more Czech skiers in the absolute number - 2.2 million. Slovakia has a competitive advantage on the supply side in the region since 80% of the geographical area is situated above 750m above sea level; and the area includes the highest mountain range in the region- the Tatras, with the highest peak of 2,655 m - Gerlachovský štít.²¹

The regional mountain industry still exhibits room to grow, in comparing to mature alpine resorts. Observable trends besides investing in resort infrastructure and equipment

include extending the variety of services in mountain resorts, such as ski schools, ski service, and shops, as well as non-skiing activities, such as après ski bars, nightlife, restaurants, wellness, family activities and events. As for summer activities, the focus is on adrenaline sports, summer family events, and cycling, evidenced by an increase in development of resorts, cycling tours, and by increased marketing. Mountain resorts tend to keep expanding technical snowmaking. Also, mountain resort tourists tend to be attracted to package deals on lodging and lift tickets, thus this trend is expected to continue. Another trend in mountain resorts is observed in consolidating marketing activities of a mountain destination or a region and mutual cooperation of mountain resort operators. District tourism organizations in Slovakia for example join together in destination management. One can observe these trends in all the locations operated by TMR. TMR is also cooperating with other mountain resort operators in marketing efforts.



Mountain Tourism - Country Comparison²²

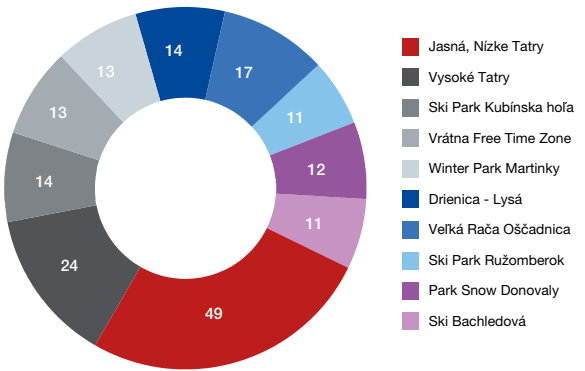
Country	No. of Ski areas*	Number of major resorts (>1 mil Skier Visits)	Skier visits	Proportion of domestic skiers (in % population)	Number of domestic skiers	% foreign skiers	Domestic Skier Visits per inhabit- ants	Skier Visits per foreign visitors
Alpine countries			163 982 000					
Austria	254	16	51 800 000	34,0%	2 960 000	66%	2,1	1,6
France	325	13	53 192 000	13,0%	8 574 000	27%	0,6	0,2
Italy	349	7	27 353 000	8,0%	4 844 000	35%	0,3	0,2
Switzerland	186	5	22 564 000	35,0%	2 959 000	46%	1,6	1,3
Germany	498	0	9 073 000	18,0%	14 607 000	10%	0,2	0,1
United States	481	6	54 179 000	8,0%	25 017 000	6%	0,2	0,1
Eastern Europe			25 733 000					
Czech Republic	191	0	5 800 000	21,0%	2 236 000	35%	0,4	0,3
Slovenia	44	0	1 103 000	14,0%	299 000	17%	0,4	0,1
Ukraine	54	0	1 400 000	2,0%	1 114 000	5%	0,0	0,0
Poland	182	0	5 000 000	13,0%	4 937 000	15%	0,1	0,1
Russia	354	0	7 430 000	3,0%	4 275 000	5%	0,0	0,0
Slovakia	107	0	5 000 000	18,0%	979 000	25%	0,7	1,0

²¹ Vanat, Laurent. 2019 International report on mountain tourism. April 2019. www.vanat.ch
²² Vanat, Laurent. 2019 International report on mountain tourism. April 2019. www.vanat.ch

Slovak Mountain Tourism

On the Slovak mountain tourism market TMR is the clear leader in terms of the number of resorts, ski lifts, transportation capacity, km of ski trails, and lifts elevation. Mountain resorts in Slovakia are mostly operated by small private operators in cooperation with local municipalities and national parks. There are around 100 ski areas in Slovakia, and 47 major ski resorts (3*, 4*, and 5* quality) in Slovakia. When comparing individual resorts and their km of ski trails, TMR’s resorts Jasná Nízke Tatry (49km) and Vysoké Tatry - Tatranská Lomnica, Starý Smokovec a Štrbské pleso (24km) are the biggest ones in Slovakia, followed by Veľká Rača Oščadnica (17km), Vrátna free time zone (13km), Skipark Kubínska Hoľa (14km), and Winter Park Martinky (13km).²³

Km of Trails of Leading Ski Resorts in Slovakia



Austrian Mountain Tourism

Austria is one of the European Alpine countries with the highest number of ski resorts with ski visits over 1 million per year also thanks to its lift interconnections between ski areas. It also operates the most ski lifts in the world, over 3,000, together with France and the U.S. It also has one of the highest portion of skiers in the population with 34%, and one of the highest number of skier days - 51.8 million (5-year average), 66% of which are foreign, the most foreign skiers in the world. The visit rate has been steadily growing despite struggles in other western markets. The Austrian ski operators have been heavily investing into development of ski infrastructure for the past 15 years. Some resorts have joint marketing efforts, which allow them a higher pricing, and the number of interconnected resorts has been increasing in the last couple of years.²⁴

²³ skiresort.info, resort websites
²⁴ Vanat, Laurent. 2019 International report on mountain tourism. April 2019. www.vanat.ch
²⁵ Selected tourism KPIs for Q4, 2018. Statistical Bureau of the Slovak Republic. <https://slovak.statistics.sk>

Regional Hotel Industry

The hotel industry in Slovakia in 2018 continued the growth trend that started in 2015, with total turnover from accommodation services for hotels having increased by 8.0% year-over-year to EUR 428.6 mil. TMR’s hotels are located in TMR’s mountain resorts, golf resorts, and in Aquapark Tatralandia, and most of the clients utilize TMR hotels’ services when visiting the resorts. That’s why TMR hotels compete for clients with other lodging facilities in the given resort and its surrounding. In the winter season especially, performance of the hotels is closely linked to performance of the mountain resorts. In Aquapark Tatralandia there is only one lodging facility, thus TMR holds a monopoly here. In the mountain resorts there are other mostly private operators of resort hotels, inns, bed & breakfasts, apartments, and cottages. The region of Jasná Nízke Tatry and Tatralandia followed a positive trend in 2018 and recorded a 14.1% increase in hotel revenues. The region of Vysoké Tatry grew 13.7% in 2018.²⁵ The two leased golf hotels in the Czech golf resorts are the only ones in the respective golf resorts, thus their location is a great competitive advantage within the area, and their visitors tend to stay here. Categories of TMR hotels range from 2-star to 4-star. In the resorts there is a greater competition in the lower category lodging than in the upscale segment. The trend in the resorts lodging sector is to cooperate closely with the mountain resort operators in order to attract clients with affordable bundled stay packages. The hotel market in TMR’s resorts is not saturated since TMR had invested a large amount of capital in recent years, and the resorts attract new investors.

Regional Trends in Aquaparks

In Slovakia there is around a dozen aquaparks and thermal spas. Tatralandia ranks among the top three parks in terms of size, visit rate and services offered. The number of visitors primarily depends on the variety and quality of services offered. As for the target market, aquaparks observe an increasing visit rate and an increasing share of solvent clients who are willing to pay more for their aquapark visits and require higher quality and constantly changing customized services. In this aspect, TMR’s loyalty program, Gopass, helps. Another observable trend is the comeback of Slovak clients who now represent the majority as opposed to the past till 2009, when clients from Poland comprised the majority. Also, aquaparks observe a growing number of families with children that seek out a wide scale of activities, also as addition to water attractions. Demand for quality requires quality personnel, which puts pressure on personal costs for the aquapark operators as aquaparks are mainly a seasonal and weekend business. Solutions can be found in automation, and TMR utilizes its winter employees from the mountain resorts in the summer season of the leisure parks. The trend also includes continuing investments into parks’ development, especially all-year attractions. All-year aquaparks carry a competitive advantage as they do not depend on weather.²⁶ Competition in the neighboring countries is present especially closer to the Slovak border- there are three aquaparks close to Slovakia in Poland, nine in the Czech Republic, and seven in Hungary.

Regional Trends in Leisure Parks

The CEE region exhibits absence of leisure parks on a scale of Western Europe, where most of 300 parks are located, with annual revenues of around EUR 4.5 bn. There are 30 parks in Europe with an average visit rate of 1-2 mil. visitors. In Poland there are about 45 leisure parks of different size and theme. They may be divided into a number of groups depending on their main theme - luna parks, western theme parks, fairy tale theme parks, dinosaur adventure parks, and miniature theme parks. Majority are so-called dino parks (19) and miniature parks (13). These should be treated as a substitute rather than direct competitors to TMR’s Silesian Amusement Park. Besides Legendia - Silesian Amusement Park, there is only one other amusement park of comparable size and with a comparable number of attractions, located also in the Silesia region.

²⁶ Guests are more picky. The big 3 is doing well, though. Trend. August 3, 2019. <https://www.etrend.sk/trend-archiv/rok-2019/cislo-29/velkej-trojke-sa-dari-a-nielen-jej.html>
²⁷ nagolf.eu, forbes.cz
²⁸ 10 trends in golf travelling, what are the trends in 2018? March, 8, 2018. www.golfextra.cz/detail/3477/10-trendu-cestovani-za-golfem-co-frci-v-roce-2018
²⁹ Banks: There are more unexperienced developers. June 5, 2019. <https://reality.etrend.sk/reality-biznis/trh-rastol-mnozia-sa-vsak-slovicka-ale.html>
³⁰ Jasná: the Slovak attempt for an alpine resort. 16.3.2017. Trend 11/2017. Real estate extra.
³¹ Another area of recreational houses at the golf resort beneath the Tatras.10.2.2015. reality.etrend.sk/komerčne-nehnutelnosti/pri-golfovom-ihrisku-pod-tatrami-dal-sia-zona-rekreacnych-domov.html

Regional Trends in Golf Resorts

In the Czech Republic where TMR operates two golf resorts, there are around 100 golf resorts. Golf & Ski Resort Ostravice and Golf Resort Kaskáda both belong to the top 10 Czech golf resorts.²⁷ In neighboring Slovakia there are over 20 golf resorts and 55 in Austria. The trends in the regional golf industry include focus on technology since online presence, functional reservation systems, or rating websites are essential for golf resort operators. Promotion of the resorts is vital, thus the resort operators organize professional tournaments and provide ancillary services. Visitors put importance on the quality of accommodation and dining services in the resorts. Another decision factor for golf players is the access to tee times. Also, golf players’ demand for golf travel keeps increasing. Half of European golf players travel for golf individually and half use travel agency services, mostly elderly players.²⁸

Regional Trends on the Real Estate Market

The performance of the regional real estate market depends on the stability of demand, which is impacted by macro-economic development, the job market development, income growth, and access to bank financing. Following robust investment activity in 2016 and 2017, the Slovak investment market has experienced yet another strong year resulting in a 2018 transactional volume of ca. 820 million euros. The sector split of income producing assets comprised mostly or retail and office space. 2018 was strong in residential housing, in which supply still cannot meet demand. However, construction costs increased due to shortage of construction capacities. Investments in hotels and recreational apartments were on the rise in 2018. The start of 2019 continued in the positive trend with a great number of new projects, although the estimates for the year 2019 are careful, predicting a slowdown in several real estate segments, that have been growing so far, due to uncertainties around Brexit and global trade and political wars.²⁹

In the reported period, the recreational real estate market in the Jasná resort has been booming, with several new projects, such as the project under construction of a 5-star hotel resort or additional phases of Chalets Jasná.³⁰ In the High Tatras, mainly in Tatranská and Veľká Lomnica several real estate projects are being prepared or already getting built, also by TMR.³¹

RISK FACTORS AND RISK MANAGEMENT



Risk Factors and Risk Management

Main risks that the Group faces can be divided into market, financial, and operating risks. The management has the complete responsibility for defining and controlling the Group's risks. All these factors are either external, which means they are completely beyond the management's control, or internal risks, which can be at least partially controlled by the management. The most significant risks are described below:

Market Risks

Business Cycle

Current operations of the Group are focused in the Slovak, Czech, Polish, and Austrian market, although majority of the Group's clients come from the whole CEE region, and thus the Group's operations are mainly dependent on the level of economy of the Slovak and Czech Republic and countries of the CEE region. Majority of TMR's revenues depend on the number of visitors to TMR's resorts and hotels. The vacation choices of TMR's clients also depend on the business cycle of the economy, each country's economic growth, and the level of their discretionary income Development of such macroeconomic factors is an external risk for TMR. Since the majority of visitors to TMR's resorts and hotels come from various countries, each of which has its own unique macroeconomic profile, operations of TMR can be heavily affected by worsening of the economic situation on these markets. The risk of a downward business cycle is partially managed by reasonable pricing strategies and effective marketing campaigns on the relevant target markets (see Strategy).

Seasonality

TMR's business model is primarily seasonal, although TMR's strategy involves building and promoting all-year vacation destinations. The busiest months are from January through March, especially in the number of skiers, and July and August in the leisure parks and the Vysoké Tatry resort. The management is continuously working on attracting visitors in the off-season, e.g. by adding snowmaking guns, running vibrant marketing campaigns, offering bundled stay packages, and by organizing events in the resorts and hotels. Besides the aquapark providing warm thermal water, the Tropical Paradise project in Aquapark Tatralandia was a major step towards minimizing the effects of seasonality in the aquapark since visitors of Tropical Paradise can experience summer temperatures in any season. By

acquiring the Alpine resort located on a glacier, Mölltaler Gletscher, the skiing winter season got longer. The golf resorts operate the golf courses from the spring till the fall, although in the Ostravice resorts provides lit up cross country skiing tracks in the winter.

Weather

The number of TMR's visitors also depends on a successful winter season, i.e. on favorable weather conditions in terms of abundance of natural snow and temperatures below zero degrees Celsius. TMR manages the risk of low snowfall with the already-mentioned snowmaking facilities. The extensive scope of coverage by technical snowmaking gives TMR an absolute advantage among competitors in Slovakia in case of shortage of natural snow. Historically, the Jasná Nízke Tatry resort has had an average of 65 cm of snow coverage during the winter season and the Vysoké Tatry resort 82 cm . Drier winters may increase the cost of snowmaking. On the other hand, warmer weather may hinder the snowmaking, since freezing temperatures are needed, and it may reduce the scope of skiing area. At the same time, the resorts are located in a mountainous area with a generally colder climate. Also, in comparing with other Slovak mountain resorts, TMR's resorts have start and terminal cableway stations at the highest altitudes. The Polish SON resort, on the other hand, has an advantage in facing north and towards northwest winds. The Austrian Mölltaler Gletscher resort is located on an Alpine glacier, which guarantees a much longer period with snow coverage. The season on the Mölltaler glacier lasts from mid June till following May with the snow coverage reaching 450 cm. Warm thermal water in Tatralandia partially offsets the cold weather effects, but Tropical Paradise in Tatralandia eliminates dependence on warm weather completely. As for the summer season in the mountain resorts and the amusement park, favorable weather in the summer months is essential for hiking tourists and visits of amusement parks.

Competition

The Group's results also depend on how successfully the Group deals with competition. In the segment of Mountain Resorts TMR competes for visitors on domestic oligopolistic markets in Slovakia, Poland and the Czech Republic, with the position of a leader in terms of size and the range of services. In Austria Mölltaler Gletscher is one of eight ski resorts on a glacier, and among all the Austrian resorts, as well as within Europe the TMR Group

¹ A 7-year average on the peak of the Jasná and Vysoké Tatry - Tatranská Lomnica a Štrbské Pleso resorts. Source: www.onthesnow.sk

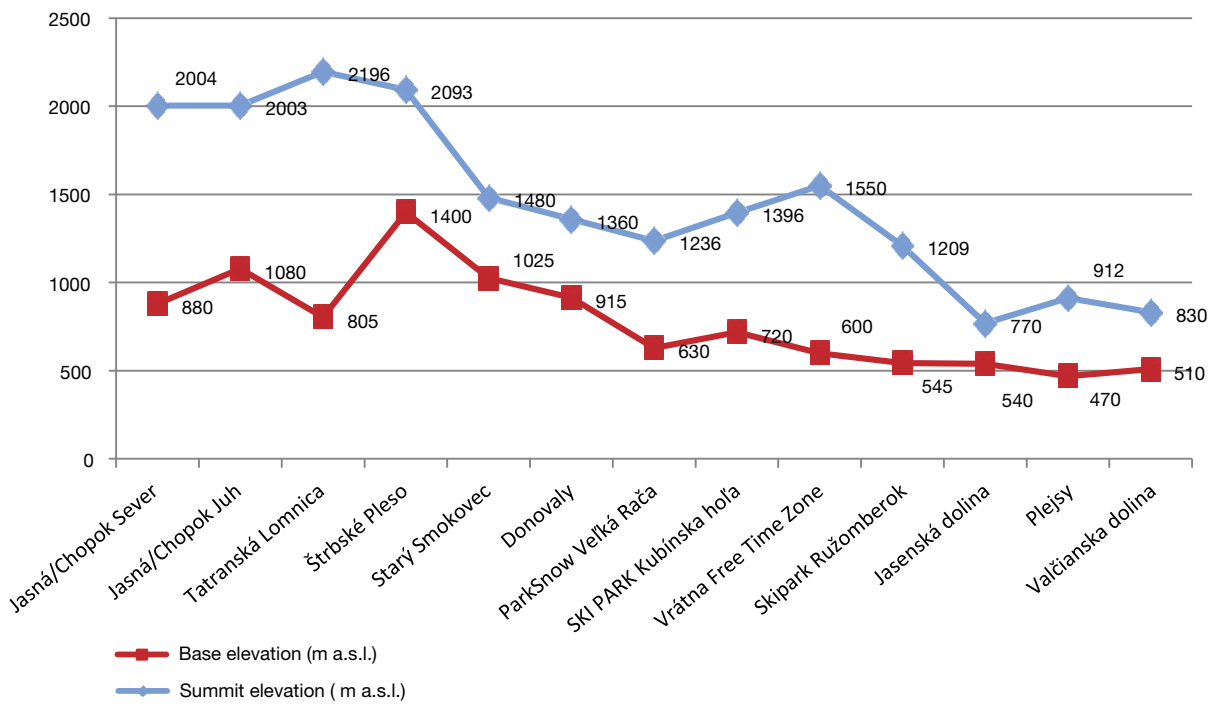
faces monopolistic competition with a large number of competitors that provide a wide supply for visitors. TMR utilizes its high quality services, massive capital investments in resort development, reasonable prices in comparing to alpine resorts, patriotism, and locality with the goal of attracting visitors. Moreover, TMR capitalizes on its competitive advantage of natural monopoly in terms of the strategic location of its key resorts in the Tatras in the highest mountain range in the region to the East and North. In the Golf segment the resorts operated by the Group rank among the top golf resorts in Czechia. In the Leisure Parks segment TMR is also among the top players in the local market of aquaparks, although visitation of aquaparks also depends on the travel distance for the given visitor. Among theme parks Legendia Silesian Amusement Park is one of two top players in the region. The hotels from TMR's portfolio, restaurants, sports stores and services, and real estate projects of TMR capitalize on their attractive locations directly in the TMR resorts and on synergies within the Group and provide mostly upscale quality. Partially, TMR manages this type of risk with marketing tools, by utilizing its tangible and intangible assets, such as its strategic position in the Tatras mountain range, and

by a well-defined corporate strategy described in the Strategy section.

Occupancy and Average Daily Rate

The Group's profitability also depends on the occupancy rate of its own hotels and lodging facilities in the resorts. TMR actively works with local lodging operators in marketing the resorts in order to increase occupancy and consequently the number of resort visitors. TMR hotels' results depend on the occupancy rate and average daily rate per room (ADR). To increase these indicators it is essential for TMR to invest heavily into development and renovation of its lodging facilities. Besides aggressive marketing activities for peak seasons, TMR actively works to increase occupancy and ADR also during the off-season by marketing conference space to corporate clientele, offering special seasonal or weekend lodging packages in conjunction with events in the hotels or resorts, e.g. live cooking show, culinary festivals, romantic spa weekends, serving "brain food" for corporate clientele, etc.

Base & Summit Elevation of Slovak Ski Resorts



Real Estate Market

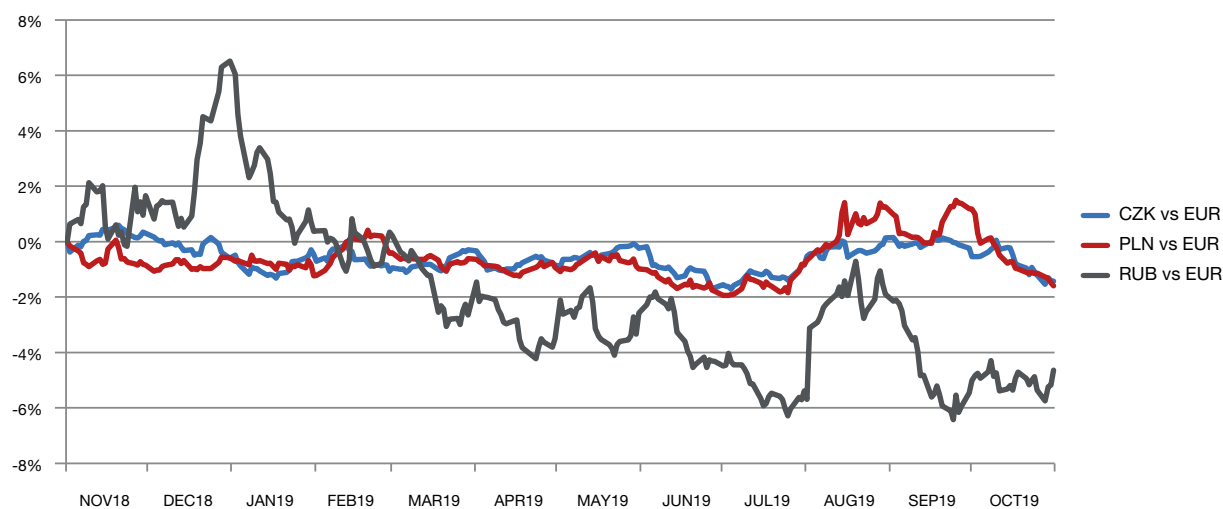
One of the operating segments of TMR is focused on real estate, as described in the Company Profile section. The revenues of this segment depend on sale and/or lease of residences, lodging facilities, and commercial space in the real estate projects. Even though the current performance of the Group does not depend on the success of this segment, its growth depends on the state of the real estate market, which is an external risk factor. This industry is exhibiting an upward trend for the last couple of years (see Market Analysis and Trends). In case of realization of all the projects, TMR can mitigate the risk of low apartment sales with revenues from lease of space, facility management, and operation. Also, TMR intends to capitalize on synergies from other segments, such as marketing, procurement of inventory, human resources, etc.

Financial Risks

Exchange Rates

Volatility of exchange rates in relation to euro is an external risk that affects the Group's revenues because majority of TMR's foreign clients come from countries outside of Eurozone - the Czech Republic, Poland, Ukraine, or Russia. That is why their travel choices are impacted by currency movements. Appreciation of euro in respect to Polish zloty, for instance, negatively impacts the number of visitors from Poland. During the financial year 2018/19 however, the Czech crown and Polish zloty were relatively flat. Russian rouble has historically been more volatile, as its value in the recent years has been closely correlated with the oil prices. Moreover, investments into the resorts in terms of technology, equipment, renovation, and procurement of inventory were settled in euros, Czech crowns and Polish zloty. Investments settled in Polish zloty and crowns are thus exposed to volatility of exchange rates. The value of the investment in Melida a.s., which operates the Špindlerův Mlýn resort, is converted from Czech crowns into euros. The Group has a significant open position against Czech crown in bonds issued, denominated in Czech crowns. The Group decided to hedge its currency position against fluctuations in the Czech crown for this particular debt instrument using a currency swap. For more information, see Consolidated Financial Statements, Note 29.

One-year Performance of Selected Currencies vs. Euro²



² ECB. <http://www.ecb.europa.eu/stats/exchange/eurofxref/html/index.en.html>

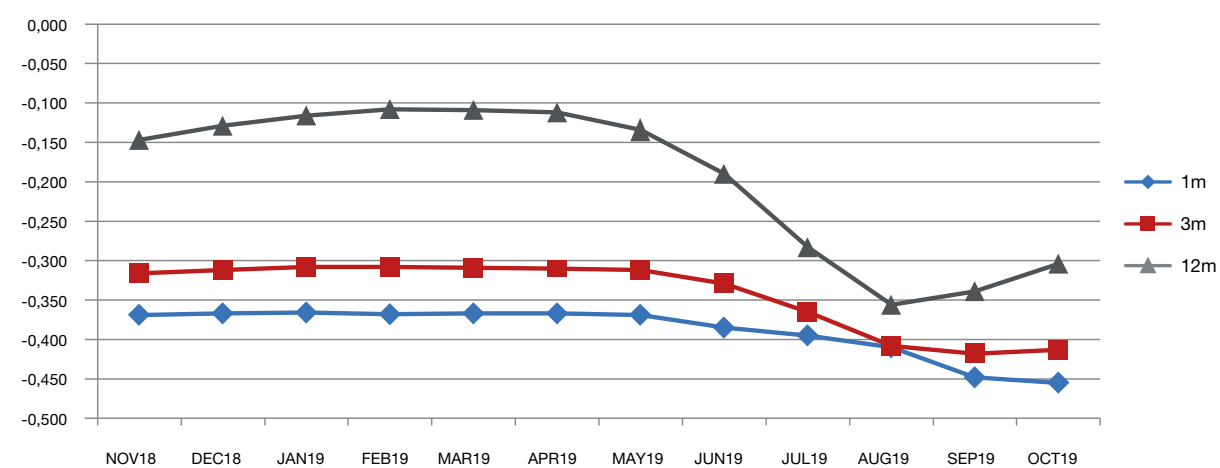
Interest Rates

Volatility of interest rates may have a direct impact on the value of the Group's interest-earning assets and interest-bearing liabilities. The extent of this risk is equal to the amount of interest-earning assets and interest-bearing liabilities, where the interest rate at maturity or at the time of a rate change is different from the current interest rate. The period of a fixed rate for a financial instrument therefore reflects the risk for fluctuations in interest rates. The Group's loan portfolio during 2018/19 consisted mostly of short- and long-term bank debt with fixed and variable rates based on 12-month EURIBOR rates. The Group considers the variable interest rate to manage the interest rate risk automatically. In case of economic expansion, EURIBOR grows, but at the same time economic performance of the population should grow, and the Group should be more profitable. In case of economic recession, it is the exact opposite. Besides bank debt, the Group has also issued bonds with payment of regular fixed coupon which is in no way correlated to any variable rates. Loans granted by the Group earn interest at fixed interest rates, thus the Group mitigates the risk of interest rate fluctuations downward. Exposure to this risk is detailed in Consolidated Financial Statements, items 20, 27, 36.

Credit Risk

The Group's primary exposure to credit risk arises through its trade receivables, lease receivables, other receivables and advances and loans provided. The amount of credit risk exposure is represented by the carrying amounts of these assets in the balance sheet if no form of guarantee is issued. The carrying amount of receivables, advances and loans provided represents the maximum accounting loss that would have to be recognized if the counterparty completely failed to perform its contractual obligations and all collaterals and guarantees would be of no value. Therefore, this value highly exceeds the expected losses included in the provision for unrecoverable receivables. Before the conclusion of major contracts, the Group's management evaluates the credit risk related to the counterparty at its regular meetings. Provided material risks are identified, the Group withdraws from concluding the contract. The extent of the risk exposure is detailed in Consolidated Financial Statements, items 20, 36.

EURIBOR rates (%)³



³ <http://www.emmi-benchmarks.eu/euribor-org/euribor-rates.html>



Liquidity

Liquidity risk arises in the general financing of the Group's activities and financial positions. It includes the risk of being unable to finance assets at an agreed maturity and interest rate and inability to liquidate assets at a reasonable price in a reasonable time frame. Individual segments in the Group use different methods of managing liquidity risk. The Group's management focuses on managing and monitoring liquidity of each of its controlled companies. In order to manage liquidity, in 2009 the management changed the accounting year for the financial year ending on October 31. In the first half of its financial year the Group has the winter season representing around 60% of the Group's income. According to the development in the first half-year, the Group is able to affect income and expenses well in advance to keep sufficient liquidity. The seasonality in the resort of Vysoké Tatry is balanced also by a strong summer season in this resort, and it provides more stable liquidity throughout the year. Payment of bond coupons adds to the liquidity risk. Nevertheless, the increasing operating income comfortably covers the Group's debt service despite the high level of debt. The extent of the risk exposure is detailed in Consolidated Financial Statements, item 36.

Bonds and the Level of Debt

As of the end of the reported period TMR has bonds issued in several tranches. Currently, the capital structure in terms of the debt to equity ratio may cause TMR difficulties in obtaining other external financing to finance future investments into its resorts or acquisitions. In case these difficulties in obtaining further financing should occur, TMR's growth rate may slow down. It is not certain whether the Group will be able to obtain external financing, or whether external debt will be obtained under favorable conditions. Inability to receive or a delay in receiving further external debt as well as financing terms, which differ from assumptions, may have a major negative impact on the operations, market position, sales, financial performance and financial outlook of the Group. For more information see Consolidated Financial Statements, item 31.

Operating Risks

Operating risk is the risk of loss resulting from embezzlement, unauthorized activities, errors, mistakes, inefficiency or system failures. This risk arises from all activities of the Group and is faced by all segments within the Group. Operating risk also includes legal risk. The Group's goal is to manage the operating risk to avoid financial losses and protect the reputation of the Group while maintaining optimal costs and avoiding measures that would hinder initiatives and creativity. The Group's management has the main responsibility for implementation of controls related to the management of operating risk. This responsibility is supported by the development of standards for the management of operating risk common for the whole Group. The operational risk is managed by the system of directives, meeting minutes and control mechanisms. The Group's management strives to eliminate all operating risks by regular checks.

Safety

Safety is of great concern to TMR since the Group operates in types of business with varied safety risks. TMR is obliged to mitigate safety risk and guard its clients and employees in the following situations:

- In the course of developing, maintaining, and operating cableways, lifts, trails, swimming pools, toboggans, rollercoasters, golf courses, and other resort facilities
- In relation to health risks when providing dining services in the restaurants and hotels
- In relation to operations of the lodging facilities
- Any accidents and incidents during promotional and collaborative events
- In relation to compliance with regulations governing provision of ready-made products and services to clients

IT Security

The Group's business activities substantially depend on information technology (IT) - with ticket sales platforms; on lift turnstiles; cableway and snowmaking equipment; and in shops, in the Gopass loyalty program and e-shop, restaurants, and hotels. Therefore, the Group takes extraordinary measures to mitigate the risk of break-down with high quality software and hardware components and a strong IT support in order to be able to operate under contingency mode.



Capital Investments

The first pillar of TMR's corporate strategy is based on organic growth through capital investments into its resorts and hotels. Implementation of this strategy requires major capital. Each investment project is carefully analyzed under different scenarios. Despite this fact, there is risk that some of the ongoing or planned projects may be less profitable than previously planned, or even at loss. Unprofitable investments may negatively impact the operations, market position, sales, financial performance, and financial outlook of TMR.

Acquisitions

TMR plans to strengthen its position on regional markets also through new acquisitions. A risk exists that acquisitions of other entities will negatively impact future income and results of TMR, specifically in case of choosing the wrong acquisition target, unfavorable terms, or inability to receive permissions from relevant regulators (especially failure to obtain permission from the antimonopoly bureau). In case such event should happen, it may negatively impact the operations, market position, sales, financial performance, and financial outlook of TMR.

Environmental Issues

The Group's capital investments in protected outdoor areas may be subject to approvals of various governmental and environmental bodies. Since the Group conducts its operations mostly in mountainous areas, part of which belong to protected national parks, some capital investment projects may be subject to approval of various governmental bodies. Each new investment project in such area related to expansion of snowmaking, construction of a cableway, etc. must first undergo the Environmental Impact Assessment (EIA), one of main instruments of the international environmental policy of sustainable development, and it must be approved by relevant bodies of environmental protection. TMR's resorts in Slovakia are located in already urbanized areas and comply with all environmental regulations, although development of the SON resort in Poland as well as planned projects in Slovakia and Czechia still need to undergo the EIA process.

FINANCIAL PERFORMANCE REVIEW FOR THE YEAR



Financial Performance Review for the Year

KEY RESULTS

- Total consolidated revenues increased to EUR 127.592 mil. (108.249)

■ Consolidated operating profit before interest, tax, depreciation and amortization (EBITDA) increased to EUR 35.438 mil. (34.166)

■ TMR operated with EBITDA margin of 27.8% (31.6%)

■ Net consolidated profit amounted to EUR -1.812 mil. (3.095)
- Net consolidated earnings per share amounted to EUR -0.268 (0.473)

■ The number of visitors to Mountain Resorts increased to 2.840 mil. (2.706); Leisure Parks recorded 808 ths. (907) visitors

Selected Consolidated Results (IFRS)	For the Year Ended October 31	
	FY 2018/19	FY 2017/18
in €'000		
Sales	126 392	108 020
Other Operating Revenues	1 200	229
Total Revenues	127 592	108 249
Consumption of Material and Goods	-26 300	-19 318
Personnel and Operating Costs	-67 347	-57 031
Other Gain/ Loss	1 493	2 266
EBITDA	35 438	34 166
EBITDA Margin	27,8%	31,6%
Depreciation & Amortization	-20 093	-16 745
Impairment of PPE	-3 865	0
Impairment of Goodwill	2 817	1 824
EBIT	14 297	19 245
Interest Income	1 173	1 148
Interest Expense	-16 801	-14 010
Gain/ Loss on Financial Operations net	85	-3 099
Pre-tax Income	-1 246	3 284
Income Tax	-566	-189
Net Profit	-1 812	3 095
Total Comprehensive Income	-1 864	3 019
EPS (€)	-0,268	0,473

TOTAL REVENUES AND INCOME

Total Revenues

The Group's total consolidated revenues for the past financial year amounted to EUR 127.592 mil. (108.249), an increase of 17.9%. Thereof, sales amounted to EUR 126.392 mil. (108.020) and the rest are other operating revenues of EUR 1.200 mil. (0.229). Revenues were positively impacted mainly by a higher visit rate in the Szczyrk resort, “flexi pricing” especially in Jasná, the acquisition of Austrian resorts of Mölltaler Gletscher and Ankogel, the new golf segment, ancillary services, the operations of the hotel portfolio and real estate projects. Revenues also includes the one-off impact of sales, advertising and accommodation from the World Cup in Alpine Skiing in Špindlerův Mlýn, organized by TMR. Excluding the one-off effects and acquisitions, revenues improved by 11.8% year-over-year.

Earnings before interest, taxes, depreciation and amortization (EBITDA)

Another TMR's key financial performance indicator - EBITDA - reached EUR 35.438 mil. (34.166); which means an increase of 3.7%. On the like-for-like basis EBITDA increased year-over-year 15.2%¹. Cost of materials and goods sold grew by 36.1%, mainly due to the construction of apartments and chalets. Personnel and operating costs were up 18.1%. The rise in personnel and operating costs was caused mainly by the pressure of the labor market to raise wages, an increase in the minimum wage, hiring of new employees for the central department, and acquisitions. The resorts of Mölltaler Gletscher and Ankogel also had a negative impact on EBITDA. Since they were acquired after the winter season, they did not generate revenues high enough to cover their operating costs in the summer season. TMR's operating profitability ratio (EBITDA margin) reached the level of 27.8% (31.6).

Depreciation and Amortization

The depreciation and amortization costs increased to EUR 20.093 mil. (16.745) mainly due to completed investments and the acquisitions of the Austrian resorts.

Taxes

Payable income tax was EUR -1.281 mil. (0.125). Total income tax was recognized in the amount of EUR -566 ths. (-189).

Net Income

The Group recognized a net consolidated loss in the amount of EUR -1.812 mil. (3.095). Loss attributable to owners of the parent company amounted to EUR -1.796 mil. (3.173). EPS reached EUR -0.268 (0.473). Total comprehensive income after accounting for foreign currency translation reserve and loss on cash flow hedging amounted to EUR -1.864 mil. (3.019). The parent company reported a net profit of EUR 4.087 mil. (7.573).

KEY EVENTS OF THE YEAR

The Group followed its corporate strategy, under which it took the following actions:

Capital Investments

At the Annual General Meeting (AGM) in April 2019 the Board of Directors presented the investment plan for current calendar year. The actual capital expenditures of the completed and ongoing investments, including reserves, for the financial year 2018/19 totaled EUR 45.3 mil.

Investments in the past FY included a new Grand Jet Brhliská cable car in total of EUR 12.2 mil, which the Company had rented for a long term with a right of buyback. So far TMR has invested EUR 929 ths. in a snowmaking water reservoir in Jasná. Also, new snow grooming vehicles were purchased for Slovak the resorts worth EUR 1.5 mil.

Hotel Srdiečko underwent a second phase of reconstruction with a budget of EUR 886 ths., and the construction of the new Hotel Centrum Jasná was under preparation.

In the leased Ještěd Ski Resort the planned investments are postponed for the next year due to environmental impact assessment processes. Only a new operation of a sports store and services, Ještěd Motion, and an après ski bar were added.

In the Polish Legendia - Silesian Amusement Park the last of the contractually agreed attractions in the first phase of modernization - Rapid River, with a transport capacity of 900 persons per hour, was added. In the last financial year means of EUR 2.2 mil. were invested in this attraction, which will open in 2020. In addition, attractions - Fountain show and Tornado were added.

In Szczyrk TMR purchased Hotel Szczyrk for EUR 2.6 mil. Another investment was the opening of a new restaurant, Hall Skryczinska, the largest restaurant within TMR's resorts, with a capacity of 430 people. The investment amounted to EUR 2.6 mil. The new Skalczynska - Male

¹ EBITDA for 2017/18 on the like-for-like basis excludes the revaluation of the interest in Melida, a.s. in the amount of EUR 2.458 mil.

Skryczne cable car near the new restaurant in the amount of EUR 2.8 mil. and two other lifts were added in the assets registry. Further investments were made in the expansion of snowmaking, ski school, slopes, cycle routes, replacement of cableway software, and infrastructure.

In the Real Estate segment TMR built more cottages and apartments for sale in Holiday Village Tatralandia for EUR 757 ths., the Horec apartments project in Tatranská Lomnica started and additional chalets of Chalets Jasná Collection valued at EUR 6.2 mil. were built.

For more details, see Consolidated Financial Statements, Note 15.

Loyalty Program

TMR continued in its active sales strategy also through direct marketing and building its loyal client base within the GOPASS program. GOPASS enables TMR clients to purchase TMR products and services online or via a mobile app at special rates and by using its services in the resorts and hotels to earn loyalty points, as well. The points can be then applied against future purchases.

In April TMR again launched sale of Smart Season Pass - a season pass for the following season at discounted rates through its e-shop GOPASS.

As of the end of FY, there were 1.859 million members registered in the GOPASS program, whereas more than 600 ths new members joined.

RESULTS BY SEGMENTS

Key Operating Results*	Revenues			EBITDA			EBITDA Margin		
	FY 2018/19	FY 2017/18	Change yoy (%)	FY 2018/19	FY 2017/18	Change yoy (%)	FY 2018/19	FY 2017/18	Change yoy (p.p.)
Mountain Resorts	51 485	45 361	13,5%	19 530	18 842	3,7%	37,9%	41,5%	-3,6%
Leisure Parks	11 238	12 342	-8,9%	3 662	4 521	-19,0%	32,6%	36,6%	-4,0%
Golf	913	0	NA	95	0	NA	10,4%	NA	NA
Dining	18 431	16 013	15,1%	3 124	3 168	-1,4%	16,9%	19,8%	-2,8%
Sports Services & Stores	7 336	6 851	7,1%	1 230	1 165	5,6%	16,8%	17,0%	-0,2%
Hotels	28 966	25 081	15,5%	5 446	4 926	10,6%	18,8%	19,6%	-0,8%
Real Estate	9 223	2 601	254,6%	2 351	1 544	52,2%	25,5%	59,4%	-33,9%
Total	127 592	108 249	17,9%	35 438	34 166	3,7%	27,8%	31,6%	-3,8%

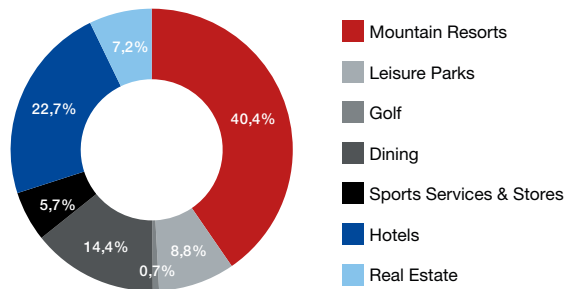
Acquisitions and Expansion

In June 2019 TMR signed a contract to purchase a 100% stake in Mölltaler Gletscherbahnen Gesellschaft mbH & CO KG, which owns and operates the Mölltaler Gletscher glacier ski resort and its sister resort Ankogel - Mallnitz in Austria. The Group took over the operations on 1 May 2019.

In the Czech Republic TMR has been renting and operating the Golf & Ski Resort Ostravice since November 2018 and the lease and management contract has been signed for 20 years.

Since January 2019 the Group has been renting the Golf Resort Kaskáda near Czech Brno for 20 years, managing the operation of a hotel with a congress center and a restaurant.

Revenue Breakdown



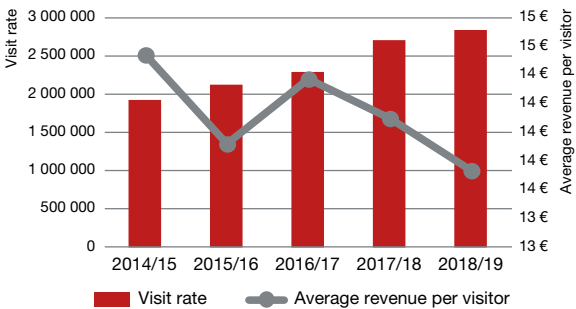
KEY PERFORMANCE INDICATORS (KPIs)

The visit rate in the Mountain Resorts segment in 2018/19 increased year-over-year by 4.9% to EUR 2.840 mil. (2.706) visitors/ skier days², whilst it includes skier days from the Austrian resorts of Mölltaler Gletscher and Ankogel³. On the like-for-like basis the visit rate dropped 1.5%. The Group observed a significant increase in the visit rate in the fully modernized Szczyrk Mountain Resort and a comparable percentage increase also in the rented Ještěd resort. The Vysoké Tatry and Jasná resorts did not manage to revert the slight drop in the visit rate from the winter season, even after the summer season since TMR is unsuccessful in fulfilling its strategic plan of resorts expansion, especially in Vysoké Tatry, thus it faces a competition of smaller resorts, especially in favorable snow conditions. The average revenue per sold skier day decreased 2.6% to EUR 13.73 (14.10⁴), although the average revenue from online sales via GOPASS in the Tatra resorts improved thanks to the flexi pricing, especially in Jasná. Without the impact of the Austrian resorts the average revenue dropped 0.6%.

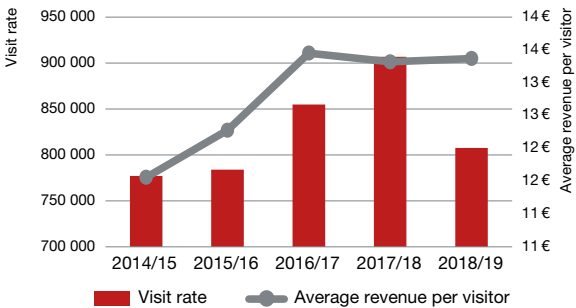
Leisure Parks reported a 10.9% fall in the visit rate to 808 ths. (907) visitors due to a worse weather in the spring, shorter operating hours, a lower marketing budget, and several attractions closed down due to technical reasons and cost cutting. The average revenue per visitor slightly improved, by 0.4% to EUR 13.37 (13.32).

The resort clients spent more in dining facilities on and off the slopes and in the leisure parks. Average dining revenues thus improved 7.9% to EUR 4.78(4.43), whilst dining facilities were added in the Austrian resorts and in Ještěd. Sports Services & Stores, which largely depend on performance of the resorts, reported average revenues per visitor up 7.3% to EUR 2.03 (1.90).⁵

Mountain Resorts' KPIs

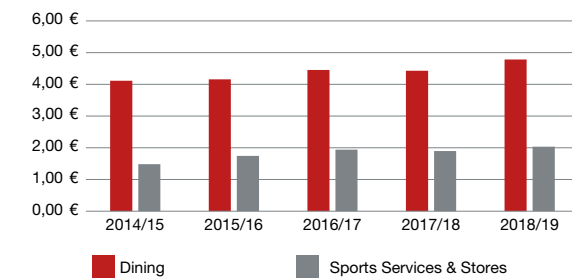


Leisure Parks' KPIs

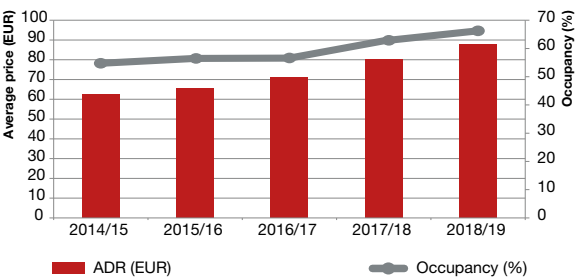


The weighted average occupancy of the TMR hotel portfolio grew by 3.8 percentage points to 66.3% (62.7%), whilst during the year 36 rooms of Green Inn Hotel and 50 rooms of Hotel Kaskáda in the rented golf resorts were added. In the reported period the Group no longer managed Hotel Kukučka. The hotels were fully occupied again during peak periods, i.e. around New Year's Eve and "the golden week" (period from Christmas till Epiphany). The weighted average daily room rate (ADR) increased 9.9% to EUR 87.97 (80.07⁷).

Average revenue per visitor in selected segments



KPIs of Hotel Portfolio



² The visit rate in Mountain Resorts in the summer season is measured in terms of used entry tickets to cableways and in the winter season in terms of used skier days, i.e. the number of persons that visited a mountain resort during any part of the day or night for the purpose of skiing, snowboarding, or other downhill slide. E.g., a 4-day ticket means four skier days in Mountain Resorts.
³ The period from 1/5/2019 - 31/10/2019
⁴ Recalculated
⁵ The Group is currently not observing the visit rate and the average revenue per visitor from entries, dining, and sports services and stores in the golf resorts.
⁶ The average occupancy in 2017/18 excluded the lodging facility A Night at Lomnický Peak.
⁷ The average daily room rate in 2017/18 excluded the lodging facility A Night at Lomnický Peak.

FINANCIAL OPERATING RESULTS⁸

Mountain Resorts

Revenues of the largest segment, Mountain Resorts, make up 40.4% (41.9) of the Group's total operating revenues. Revenues are mostly generated from ski pass sales in the resorts of Jasná Nízke Tatry, Vysoké Tatry, Szczyrk Mountain Resort, Ski Resort Ještěd and the for the first time also in the Austrian resorts Mölltaler Gletscher and Ankogel. Other revenues are generated from the lease of advertising and other space, marketing events in the resorts, and management advisory fees for the Špindlerův Mlýn resort. The Group achieved a 13.5% revenue growth in Mountain Resorts to EUR 51.485 mil. (45.361) mainly as a result of the acquisition of the Austrian resorts, a successful winter season in Jasná thanks to the „flexi pricing“ and in Szczyrk thanks to the increased visit rate. Mountain Resorts' revenues include a one-off impact of entry ticket sales, advertising, and lodging at the World Cup in Alpine Skiing in Špindlerův Mlýn in the total amount of EUR 1.970 mil., which TMR organized. The impact of the Austrian resorts totals EUR 1.506 mil., which includes operations since May 2019 and ski pass sale via Gopass for the Austrian Mölltaler Gletscher based on a business cooperation before the acquisition. On the like-for-like basis excluding the one-off items and the acquisition revenues would reach a 5.8% growth to EUR 48.009 mil.

The Mountain Resorts' EBITDA increased year-over-year by 3.7% to EUR 19.530 mil. (18.842), reaching operating profitability of 37.9% (41.5). The like-for-like EBITDA, excluding the one-off effects, acquisitions, and the revaluation of the interest in Melida, a.s. from 2017/18, improved 22.7% year-over-year.

Leisure Parks

The Leisure Parks' revenues are mostly generated from entry tickets to Aquapark Tatralandia and Legendia - Silesian Amusement Park and make up 8.8% (11.4) of total revenues. In the past year revenues decreased 8.9% to EUR 11.238 mil. (12.342). The decrease was caused by a fall in the visit rate. EBITDA fell 19.0% to EUR 3.662 mil. (4.521). Operating profitability of Leisure Parks dropped to 32.6% (36.6).

Golf

Revenues of the newest Golf segment come from the operation of two leased Czech golf resorts of Golf & Ski Resort Ostravice and Golf Resort Kaskáda, specifically from green fees, membership and coach fees, green card fees, and from golf cart rental. The segment revenues reached the amount of EUR 913 ths. (0). The operating performance indicator, EBITDA, was achieved in the amount of EUR 95 ths. (0).

Dining

The Dining segment revenues of the reported period are generated in the Group's dining facilities and après ski bars in the resorts Jasná Nízke Tatry, Vysoké Tatry, Szczyrk, Ještěd, Mölltaler Gletscher, in both golf resorts, and both leisure parks. Last year's revenues of the segment make up 14.4% (14.8) of total revenues. Total revenues reached EUR 18.431 mil. (16.013), or a 15.1% increase. The like-for-like revenues excluding the acquisitions improved 7.5% to EUR 17.221 mil. The annual growth confirms the trend of the rising clients' demand for ancillary services in the resorts, thus TMR sees additional growth potential in this segment and thus has been expanding and improving its dining facilities. The segment's operating profitability reached 16.9% (19.8), whereas EBITDA slightly decreased to EUR 3.124 mil. (3.168). On the like-for-like basis EBITDA improved 10.7%. The success of this segment to a certain extent depends directly on the success of the resorts and parks, as these are ancillary services in the resorts and leisure parks. Opening of new operations, increased visit rate, higher average client spending, as well as numerous marketing events during the year contributed to the segment's positive results.

Sports Stores & Services

Last year's revenues generated from the sports stores, ski schools, sports equipment rentals and service in Mountain Resorts under the Tatry Motion, Szczyrk Motion and Ještěd Motion brands, revenues from the sports stores and services in the golf resorts, and revenues from the stores in the leisure parks made up a 5.7% (6.3) share in total revenues. The segment's revenues reached a 7.1% growth to EUR 7.336 mil. (6.851). The operating performance indicators, EBITDA, improved 5.6% to EUR 1.230 mil. (1.165) and the segment's operating profitability reached the level of 16.8% (17.0).

⁸ In the FY 2018/19 the Group changed its segmentation from three key segments: Mountains & Leisure (with its subsegments Mountain Resorts, Leisure Parks, Dining, and Sports Services and Stores), Hotels, and Real Estate to seven equal segments: Mountain Resorts, Leisure Parks, Golf, Dining, Sports Services and Stores & Leisure, Hotels, and Real Estate, whilst the Golf segment was added.

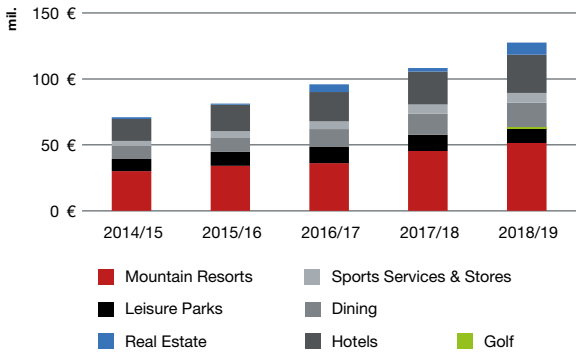
Hotels

The Group's second largest segment is Hotels, revenues of which make up a 22.7% (23.2) share in total revenues. Hotels ended the financial year with revenues amounting to EUR 28.966 mil. (25.081) - a growth of 15.5%. Besides the higher average occupancy and higher ADR of the hotel portfolio, the revenue growth was achieved also thanks to the renovated Tatra grand hotels, especially Grandhotel Starý Smokovec, which had undergone a major renovation before the winter season 2018/19. Additional golf hotel capacities of Green Inn Hotel and Hotel Kaskáda, new Chalets Jasná Collection, synergies among Mountain Resorts and Tatralandia, building client relations via the GOPASS program, and effective marketing also impacted the growth. The like-for-like revenues excluding the new hotels improved 11.8% to EUR 28.053 mil. EBITDA improved by 10.6% to EUR 5.446 mil. (4.926) with the corresponding EBITDA margin of 18.8% (19.6).

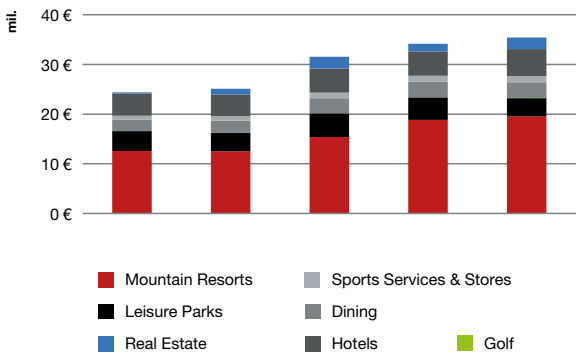
Real Estate

The last year's revenues of the Real Estate segment come from the lease of Hotel Ski &Fun, Hotel Liptov, Kosodrevina Lodge, and the lodging facility Otupné to third parties, as well as from sale of recreational real estate. The segment's revenues in the past financial year made up 7.2% (2.4) of total revenues and they reached the level of EUR 9.223 mil. (2.601). In the past financial year revenues from the sale of seven bungalows of Holiday Village Tatralandia and 28 apartments and one individual chalet of the Chalets Jasná Collection project totaled EUR 8.973 mil. EBITDA increased to EUR 2.351 mil. (1.544), and EBITDA margin reached 25.5% (59.4).

Revenues by Segments



EBITDA by Segments



Explanations

- () - data in brackets refers to the corresponding value of previous period
- ADR - Average daily room rate
- EBITDA - Earnings before interest, taxes, depreciation, and amortization
- FY - financial year, period from 1 November to 31 October
- KPIs - Key Performance Indicators
- p.p. - percentage points
- mil. - millions
- ths. - thousands
- Change yoy - change year-over-year

GROUP'S POSITION AT THE END OF THE YEAR



Group’s Position at the End of the Year

FINANCIAL POSITION

Liquidity

As of the end of 2018/19 the Group operated with liquid funds in the amount of EUR 12.073 mil. (54.525) in the form of cash and cash equivalents. The decrease is due to the fact that cash was used to repay the loan from J&T Banka in the amount of EUR 42.036 mil.

Borrowings

The total value of the Group’s borrowings amounted to EUR 347.350 mil. (354.193). Out of that issued bonds are valued at EUR 261.287 mil. (238.417). In November 2018 the Group issued the fourth tranche of bonds, TMR IV 4.5%/2022, through its SPV (special purpose vehicle) company, TMR Finance CR, a.s. This bond issue was used to refinance the Group’s other debt (a loan from Tatra Banka and to repay the matured bonds TMR I 4.5%/2018). As of the end of the period, these bonds were valued at EUR 59.263 mil. In December 2018 the Company repaid the TMR I bonds with the balance of EUR 66.479 mil. as of the maturity date. During the year the value of the sold bonds TMR III 4.40%/2024 increased from EUR 58.5 mil. to EUR 88.1 mil. The total value of the Group’s bank loans and leases as of the end of the period came to EUR 86.063 mil. (115.776). During the fiscal year, the Group drew its bank borrowings from the Slovak banks Poštová banka, J&T Banka, and from the EUROCOM Investment

s.r.o. company. As of 31/10/2019 the value of borrowings with maturity within 12 months was EUR 15.196 mil. (79.924). The decrease is due to the repayment of a short-term loan facility from J&T Banka which was used to repay Tatra Banka loan prior to the new bond issue. The level of the Group’s debt as of the period end was at 75.7% (75.7%) (total debt-to-capital ratio). Total debt-to-EBITDA ratio reached the level of 9.8 (10.4) as of 31/10/2019 (See Consolidated Financial Statements, Note 27, 32).

Total Assets

The book value of total assets increased to EUR 533.858 mil. (521.684). Value of current assets decreased to EUR 88.303 mil. (125.760) mostly due to a decrease in cash and cash equivalents relating to the repayment of old loans. Non-current assets rose to EUR 445.555 mil. (395.924) due to completed investments that were added to the fixed assets registry. The value of fixed assets amounted to EUR 421.324 mil. (372.556). The key completed investments transferred to fixed assets included new cableways in Szczyrk, new attractions in Legendia, finished apartments of Chalets Jasná Collection and cottages of Holiday Village Tatralandia, the renovated Hotel Srdiečko, a snowmaking water reservoir in Jasná, a purchased hotel and a new dining facility in Szczyrk, and other minor investments (See Consolidated Financial Statements, Note 15).

Financial Position in €‘000	October 31	
	2018/19	2017/18
Total Assets	533 858	521 684
Non-current Assets	445 555	395 924
Fixed Assets	421 324	372 556
Other Non-current Assets	24 231	23 368
Current Assets	88 303	125 760
Liquid Assets	12 073	54 525
Equity	111 746	113 789
Liabilities	422 112	407 895
Non-current Liabilities	368 762	259 355
Current Liabilities	53 350	148 540
Total Debt	347 350	354 193

Equity

The book value of shareholders' equity amounted to EUR 111.746 mil. (113.789), whilst retained earnings and other funds totaled EUR 35.640 mil. (33.746). Minority interest amounted to EUR 106 ths. (108).

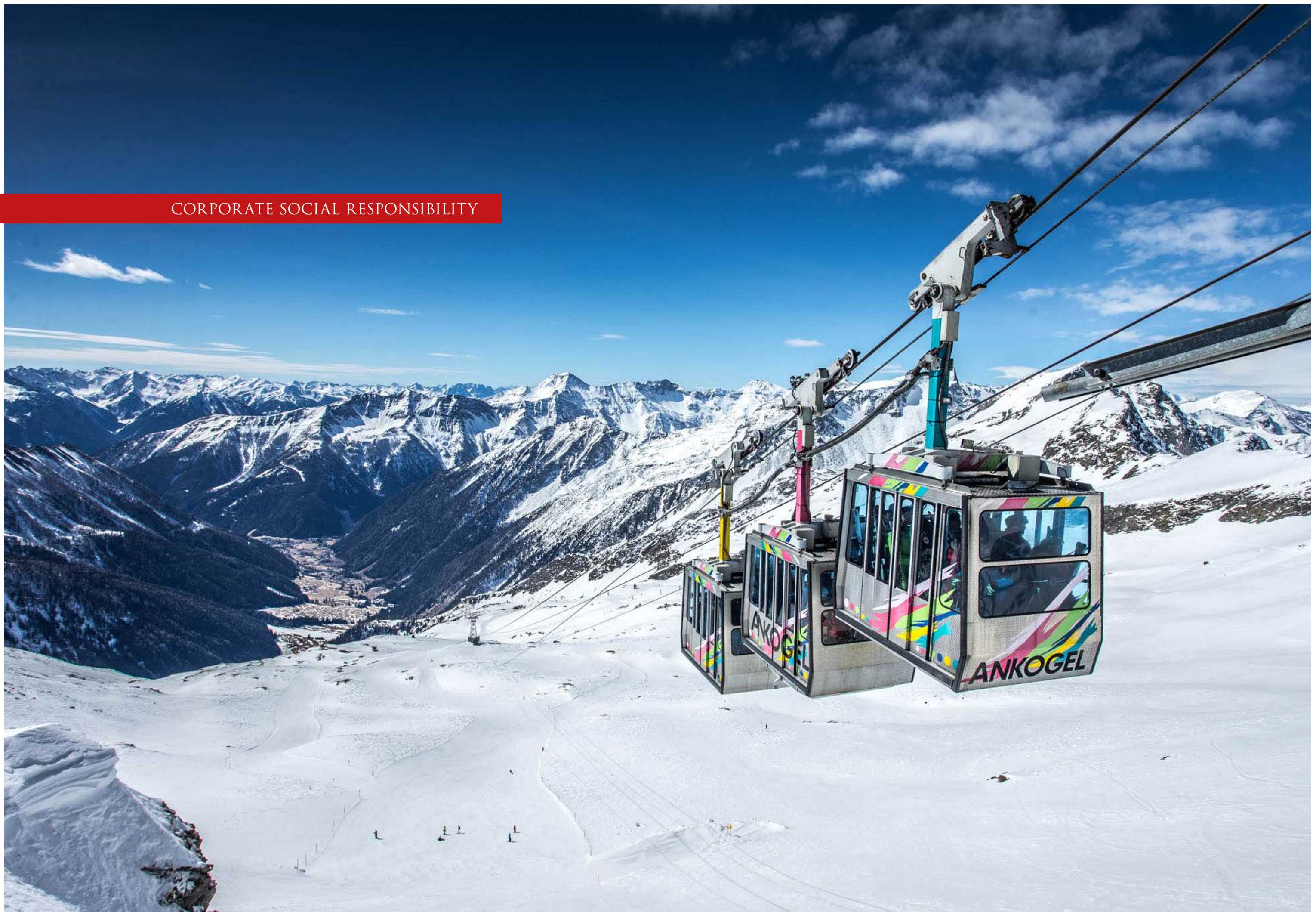
OUTLOOK

The management expects continuing positive effects stemming from capital investments of prior periods with impact on the next financial year and following periods, in terms of increasing the visit rate, client spending in the resorts, and growing occupancy in the hotels, especially in the off-season. The intense activity in the Real Estate segment is expected to continue also in the following periods, which should generate additional revenues and income not only in this segment but also in Hotels and ancillary services through shops and dining facilities. Besides continuing the gradual progress in the projects of modernization of all the resorts and building infrastructure, in the short term the management will keep focusing on inter-segment synergies, quality management, utilization of innovative information technologies, on increasing the quality of services provided and quality of human capital, and on active sales strategy also through the GOPASS program. In terms of expansion of TMR’s operations, the Group will focus on the development and modernization of the leased Ještěd resort in Czechia, operation of lodging capacities for third parties, and the development of activities in the golf segment. In the midterm horizon TMR also plans further development of the Austrian resorts.

Explanations

() - data in brackets refers to the corresponding value of previous period
mil. - millions
thous. - thousands
Total Debt-EBITDA ratio - is calculated as a sum of current and non-current loans and borrowings and other current liabilities to the amount of liabilities towards shareholders from the decrease of share capital, divided by EBITDA for the reported period
EBITDA - earnings before interest, taxes, depreciation, and amortization

CORPORATE SOCIAL RESPONSIBILITY



Corporate Social Responsibility

ENVIRONMENT AND COMMUNITY

TMR owns and operates major tourist resorts mainly in Slovakia and Poland. Majority is located in the area of national parks. The Company concentrates solely on traditional, already urbanized areas, where sports and tourism have been a tradition for decades. From TMR's point of view protecting fauna and flora is a very important part of ongoing investments, and of continuing development of summer and winter tourism in the Tatras. Every investment is analyzed in terms of impact on the environment.

Impact of Business Activities on Environment

TMR in all of its investment and operational activities cares for environment protection and minimal impact on the natural environment. The Company takes environment into consideration during the course of its business activities and tries to minimize their impact in every segment. TMR's effort is to select services and products in such a way that the impact on the environment is minimal. Moreover, the Company does its best to restrict relatively the use of natural resources and optimize waste production. TMR spreads this attitude towards environment internally among its employees and externally within communities by means of initiatives and events. The goal of TMR is to conduct business activities with a minimum energy and fuel consumption. With this goal in mind the Company also adapts its capital investments into new cableways. These new cableways are built with the latest energy efficient technologies from top world producers, like Doppelmayr and Leitner.

Green Energy

For its operations the Company utilizes „green energy“ - electric energy from renewable resources, i.e. solar, water, and wind energy, for which it was granted a certificate from the supplier. In every segment the Company aims to utilize efficient management of operations at an optimal level of energy consumption, and moreover, the Company consistently works on improving operational efficiency. In addition to the selection of energy efficient cableways TMR also cares for the correct choice of trail-grooming vehicles that have lower emissions and thus decrease the impact on the environment.

Projects of 2018/19

TMR's projects last year referred to activities of prior periods, when TMR made an active contribution to restoration of the areas, in which TMR's business activities are performed. The Group was also proactive in preparation of educational activities focused on various age groups of the population. TMR has been very active in cooperation with

district tourism organizations (DTOs). TMR is a member of three DTOs covering the whole region of the Company's operation. It includes the following DTOs:

- DTO High Tatras Region
- DTO Liptov Region
- DTO Horehronie Region

All the aforementioned organizations developed projects of common communication and/or support to the regional infrastructure aiming to improve their establishment on the tourism market. The parties involved managed to put together funds of businesses operating in tourism and local governments; and, in accordance with the Act on Tourism, the state contributed to the projects in form of grants; as a result funds were raised for common support of the regions.

Tatry Magazine

All DTOs supported their common image magazine for visitors of Tatras named Tatry Magazine. The magazine provides a lifestyle communication of attractions, events, prominent people and news in the broad Tatra region.

Nature and Children

Education promoting positive approach to nature is apparent in many of the Company's activities. The key projects focused on such tutorial and educational tasks are projects such as 'The Treasure of Demian, the Dragon', 'Tatra Wilderness', 'Snow Dogs' and 'Bear Days'. During summer families with children discovered secrets of the mountains and Demänovská Valley, looking for traces of the Demian, the Dragon. An educational trail for children covering even larger area is presently under construction in the High Tatras. The nature trail named Tatry Wild resulted from TMR's cooperation with the State Forests Enterprise of TANAP National Park and the Management of TANAP National Park. This project gradually expands from Tatranská Lomnica, through Hrebienok to Štrbské Pleso. The most attractive part of the project is the eco-mini park Marmot Cave at Skalnaté Pleso - an environment-friendly educational and fun park for children.

Green Chopok

In May 2019 volunteers met at Mt. Chopok for the Green Chopok event in order to clean up ski trails and surroundings from garbage and rocks. Besides cleaning the trails, the fans of mountains also planted trees at Mt. Chopok. More than 200 volunteers and fans of mountains from whole Slovakia joined the action.

Sports Events

The Group proactively supports sport events in its resorts, either as a partner or as a sponsor. Also in the last period, TMR participated in several sports events, such as the European Cup in Jasná. TMR also organized the World Cup in Alpine Skiing in Špindlerův Mlýn. Both events were attended by the world champion, Petra Vlhová. Olympic team arena and Jasna Adrenalin (part of the international Freeride World Tour).

Supporting Athletes

TMR supports talented pro skiers that are members of the Slovak Skiing Association and that have achieved extraordinary performance results in the past year, have represented Slovakia in international races, and have finished in top ranks in alpine disciplines.

TMR Supported the Ecological Project Tatra Knights

TMR supports good ideas and activities focused on the outdoors where it is centered. The goal of the Tatra Knights project is to motivate pupils to contribute to environmental care and to intensify their interest. It also motivates pupils to keep studying the importance of sustaining biodiversity and eco topics not taught in schools. The national ecological project Tatra Knights focuses on pupils of primary schools and high schools. The Methodological and Pedagogical Center (MPC) is the expert guarantor of the

project, supported by TMR, which is a Central European leader in tourism and its success is closely linked with how it cares about the environment in which it operates. This responsibility also includes supporting the project and educating the youngest to an equally responsible approach. More info about the project at www.tatrytieri.sk.

For a Better Life in the Town of Vysoké Tatry

In the last financial year, TMR launched a grant program entitled For a Better Life in the town of Vysoké Tatry. The aim of the program is to support the public benefit activities of the inhabitants of Vysoké Tatry, which will contribute to improving the quality of life in the city for its inhabitants. The program aims to motivate people and organizations in the High Tatras to identify what needs to be improved, repaired or created for the benefit of the local community. The added value of the submitted projects is that applicants will actively participate as volunteers in the implemented ones. In 2019 TMR supported nine projects together. Thanks to the grant, sledgers bought sleds, sports equipment for the Athletic Club in Vysoké Tatry, and in the kindergarten provided climbing frames, beam, rope mountain and hanging swings. TMR gave a helping hand to the local theater company and the Roman Catholic parish. Thanks to the grant, the Vysoké Tatry physical training unit purchased equipment, while the Tatra Youth Parliament sharpened and installed book boxes. The total amount of contributions to supported projects under the 2019 grant program was EUR 19 930.



HUMAN RESOURCES

Human resources are an important factor in the Group's success, thus the HR department continues to follow the preset course of enhancing the processes in the HR management, jobs stabilization, continuing employee education, and utilization of all modern HR tools in order to achieve quality, stability, and the Group's growth.

The annual average number of the Group employees for the financial year 2018/19 totaled 1,456 (1,402 in 2017/18). In the reported period the Group was using services of human resource agencies in hiring short term employees. In 2018/19 376 employees were hired this way (282 in 2017/18). This proves that the Group is considered a major and credible employer. Despite the Group's positive business performance, jobs seasonality is still present. The Group hires a high number of full-time employees and contractors especially before the winter and summer season, which shows efficient human capital management. In comparing with prior years, differences between the summer and winter season are diminishing. By efficient utilization of human resources we were able to decrease the number of seasonal employees and stabilize full-time employees.

TMR strives to provide equal employment opportunity. On average, the Group employs 54% men and 46% women.

In 2018/19 the Group published 530 job offers and recorded 6,821 responses. The number of the job offers published is the reflection of the labor market which is facing a lack of skilled labor force in the whole EU. Due to this status quo TMR puts emphasis on internal learning, requalification of the human capital, and employees' personal growth, thus TMR prefers internal recruitment in the hiring process.



Projects

The key performance indicator of TMR's employees is TMR's clients' satisfaction and their return to TMR's resorts. On the other hand, it is important for the Group to monitor satisfaction of its employees and to focus on their personal and professional growth.

Communication

Last year several projects were launched aimed to support and speed up employees' integration (new and senior) as well as to support communication among all resorts, passing of information among all employees on the Group's news, its strategy, new projects, and strengthening and adoption of corporate values.

TeMeR newspaper - subtitled "Newspaper not only for Tatry mountain resorts employees" - was published in 2,500 copies in Slovak and Polish in three editions. TeMeR newspaper is one of the communication channels distributing up-to-date information on the Group.

Employee brochure - provides basic information on TMR, on its acquisitions, values, its vision and social program. It serves as a guide in the onboarding process and provides useful information also for long-time employees. The brochure was published in 3,000 copies and was distributed among all the employees as well as among the new ones. The updated online version is available to all employees.

Evaluation dialogues - are a tool to raise employee performance by setting goals and their evaluation. Setting of personal and career growth is a part of the dialogues, as well as defining job learning for the following year.



Cooperation with Schools and Universities

TMR puts emphasis on building relationships with high schools and universities in a way so that the Group can create an efficient source of qualified and highly professional employees. TMR focuses on decreasing unemployment of young people caused by differences between skills of school graduates and employers' expectations. Therefore, TMR successfully joined the dual education system. In the school year 2019/20 there were 52 students of Hotel Academy in Liptovský Mikuláš involved in its operations, 23 students were from Otto Brückner Hotel Academy in Kežmarok, and 14 students joined the program from the Specialized Hotel School in Starý Smokovec. By the end of FY 2018/19, there were 89 students in total participating in the dual education program. Students perform professional practice in TMR's hotels and restaurants - Hotel Grand Jasná, Hotel Tri Studničky, Hotel Pošta, Holliday Village Restaurant, Restaurant Paradiso, Grandhotel Praha Tatranská Lomnica, hotel Grand Starý Smokovec, Hotel FIS Štrbské Pleso and HUMNO Restaurant & Music Pub in Tatranská Lomnica. In June 2019 15 students of dual education successfully passed their final exams in the Lukova Restaurant in the Jasná resort. Four successful graduates of the Hotel Academy in Liptovský Mikuláš are currently working in Jasná and in the aquapark. Three graduates who continue in the post graduate studies at the academy work in TMR's operations as contractors. TMR has also a cooperation memorandum signed with the Catholic University of Ružomberok in the form of participating in the ERAZMUS plus programs. There were cca 60 foreign full-time students of the university working part-time for TMR during 2018/19.

This way TMR strives to maintain a high level of its employees' qualification by preparing its future employees for the exact technologies and equipment that it uses in its operations. By dually educating students with focus on demand of the labor market, TMR creates an opportunity for a long-term and stable company growth; and by having joined the dual education model it reacts on higher client requirements, which gives it a competitive advantage in its business sector.

In December 2018 TMR launched a trainee program for university and college graduates. Four college graduates were selected in the program. During 2019 they attended the trainee program at TMR's operations in individual resorts of TMR.

Employee Learning

The Group supports a continuing development of skills, knowledge, and employee loyalty on all levels in order to enable them to efficiently fulfill their job duties, improve their job performance, and to create further advancement opportunities for the employees. The Group created and recruited professionals for the new department of learning and development, which has executed an analysis of the employees' learning needs based on the Company strategy, goals, and the system of regular job performance evaluation of the employees. The department keeps a check on the level of personal profile, potential, and qualification of each employee and sets individual development plans. Based on the development plans during 2019 the department had 2,160 employees attending internal learning courses on 11 topics.

Social Program and Benefits

The well designed social program includes many activities, the goal of which is to fully unify TMR employees and to achieve comprehension and adoption of TMR goals in order to build corporate culture and create a feeling of corporate togetherness. The employees have a chance to use a wide variety of employee benefits. Also this way TMR wants to enable the employees and their families to try out all the services that TMR offers, and thus to boost the overall transfer of knowledge about the products and last but not least to spread positive word of mouth in their networks.

In the summer of 2019 the TMR Group organized the first kids' camp for the TMR employees. The camp took place in TMR's Hotel Hrebienok in Vysoké Tatry under the supervision of camp animators, TMR employees.

A full-page background image of a skier in a red and blue suit descending a snowy mountain slope. The skier is wearing a purple helmet and goggles, and is holding ski poles. The sun is shining brightly in the sky, creating a lens flare effect. The sky is blue with scattered white clouds. The mountain slopes are covered in snow, and the overall scene is bright and sunny.

CORPORATE GOVERNANCE

Corporate Governance

CORPORATE GOVERNANCE PRINCIPLES

TMR's corporate governance is regulated by the principles and methods outlined in the Company Articles, TMR's Code of Conduct, in the Corporate Governance Code of companies in Slovakia, in the Rules of Organization and in the set of managing acts (guidelines), which are published at the Company's registered office. The aforementioned principles and methods are communicated to the Company's employees.

CORPORATE BODIES AND MANAGEMENT

BOARD OF DIRECTORS

The Board of Directors is a statutory body of Tatry mountain resorts, a.s. The Board of Directors regulates the Company's activities and decides all Company matters, unless legal regulations or the Company's Articles stipulate that such matters fall under the competence of the General Meeting or the Supervisory Board. Besides other documents, the Board of Directors submits the draft investment and financial plan for approval by the Supervisory Board and is responsible for meeting the plan. The Board of Directors submits the Company Articles for approval by the General Meeting. The Board of Directors convenes the General Meeting at least once a year.

The power to act on behalf of the Company in all matters is always held jointly by two members of the Board of Directors. Members of the Board of Directors are elected and removed by the Supervisory Board. The term of office of members of the Board of Directors is five years; re-election is not allowed. Additionally, the Supervisory Board shall appoint the Chairman and the Vice-Chairman of the Board of Directors from among the members of the Board of Directors.

The Board of Directors does not have its own Statute or Committees.

The Board of Directors holds sessions as necessary; at least once in two months. The Board of Directors holds a quorum if a session is attended by a majority of all members of the Board of Directors. A decision of the Board of Directors is adopted if more than half of the members of the Board of Directors voted in the affirmative.

As of 31 October 2019, the Board of Directors comprised of four members:

- **Bohuš Hlavatý** - Chairman of the Board of Directors
- **Branislav Gábriš** - Vice-Chairman of the Board of Directors
- **Jozef Hodek** - member of the Board of Directors
- **Andrej Devečka** - member of the Board of Directors

Members of the Board of Directors

- **Bohuš Hlavatý** - Chairman of the Board of Directors and CEO of TMR since 29/06/2009



In June 2009 Ing. Hlavatý was first elected as a member of the Company's Board of Directors and as the Chairman of the Board of Directors. On 27/05/2014 he was reelected as a member of the Board of Directors and its Chairman, effective as of 30/06/2014. On the Supervisory

Board meeting held on 11/06/2019 he was reelected a member of the Board and chairman of the Board, effective 01/07/2019. Since 2009 Mr. Hlavatý also holds the office of the Company's Chief Executive Officer. Under his leadership, TMR underwent a successful revitalization and started making use of synergies with its subsidiaries. He managed the successful issue of TMR shares on the Bratislava Stock Exchange. Since 2006 he has held a number of senior managerial positions in hotel and tourism sectors in the High and Low Tatras. In 2006 - 2008 he held the position of CEO of JASNÁ Nízke Tatry (predecessor of TMR) and CEO of Tatranské lanové dráhy (Tatra Cableways). Previously, he held top managerial positions at Slovak, Polish and Czech FMCG companies: Vodní sklo Brno (Vice-Chairman of the Executive Board 2003 - 2006), Wyborova SA (Pernod Ricard Poland) (Sales Director 2001 - 2003), Seagram Poland (Sales Director 1999 - 2001), Seagram Slovakia (Sales Director 1995 - 1999), and BOBI Slovakia (since 1997 Kimberley Clark) (Director 1994 - 1995).

Since November 2006 Ing. Hlavatý has been a partner and a legal representative in BAKK s.r.o. He is also a member of the supervisory board of the Polish company Korona Ziemi Sp. z o.o., Poland, a member of the supervisory boards of Szczyrkowski Ośrodek Narciarski S.A., Poland, and Śląskie Wesołe Miasteczko Sp. z o.o. Poland. Since 05/05/2017 he has been a member of the management board of TMR Ještěd a.s., the Czech Republic (till 31/01/2018 Tatry mountain resorts CR, a.s.) and since 30/09/2017 he has been a chairman of the board of directors of Tatry mountain resorts PL, a.s. Since 03/10/2019 he has been a member of the supervisory board of Tatry mountain resorts CR, a.s., the Czech Republic and since 14/09/2018 he has been a member of the supervisory board of TMR Finance CR, a.s., Czech Republic.

Number of shares held as of 31 October 2019: 710

- **Jozef Hodek** - member of the Board of Directors and CFO of the Company since 29/06/2009



Mr. Hodek was first elected as a member of the Board of Directors in June 2009. On 27/05/2014 he was reelected, effective as of 30/06/2014. On the Supervisory Board meeting held on 11/06/2019 he was reelected a member of the Board, effective 01/07/2019. He joined the Company as

the Chief Financial Officer in 2007; later he was engaged in the financial consolidation of the companies which now are members of TMR. From 2008 to 2009, he held the position of Chief Financial Officer of Tatry mountain resort services, a.s., which merged with TMR. Currently, he serves as the Company's CFO. He was engaged in TMR efficiency improvement processes, the issue of new shares and listing on the Bratislava Stock Exchange. Previously, in 2006 to 2007, he worked in the audit department of Pricewaterhouse Cooper Slovakia. He graduated from the University of Economics, Faculty of Business Informatics in Bratislava.

He is also a supervisory board member at the Polish company Szczyrkowski Ośrodek Narciarski S.A., at Korona Ziemi Sp. z o.o., and at Śląskie Wesołe Miasteczko Sp. z o.o. Since 05/05/2017 he has been a member of the management board of TMR Ještěd a.s. (till 31/01/2018 Tatry mountain resorts CR, a.s.) and since 30/09/2017 he has been a member of the supervisory board of Tatry mountain resorts PL, a.s. Since 16/02/2018 he has been a member of the supervisory board of Tatry mountain resorts CR, a.s., the Czech Republic and since 14/09/2018 he has been a statutory director and the director of the Board of TMR Finance CR, a.s., Czech Republic. Since 09/07/2018 he has been a supervisory board member of GARFIN HOLDING, a.s.

Number of shares held as of 31 October 2019: 431

- **Branislav Gábriš** - Vice-Chairman of the Board of Directors since 18/02/2011



Mr. Gábriš was first elected as a member of the Board of Directors and as Vice-Chairman of the Board of Directors in February 2011. At the Supervisory Board meeting on 18/03/2016 he was reelected a member of the Board of Directors and appointed the vice-chairman of the Company's

Board of Directors, effective as of 18/03/2016. Previously, he worked as an IT Manager in the real estate company NITRA REAL GROUP, a.s., where held the position of

Chairman of the Board of Directors. He is a graduate (master's degree: M.Sc.) of the University of Technology in Košice.

Besides serving on the Board of Directors of TMR, NITRA REAL GROUP, Ing. Gábriš is a legal representative at Traťová strojní stanice Olomouc, spol. s r.o., SANUS Real, s.r.o. and HS WEST, s. r.o. He is also chairman of the Board of Directors at Tatralandia a.s., TAVIS, a.s., STAVCOM-HP a.s. in the Czech Republic and a member of the Board of Directors of TSS Grade, a.s. in the Czech Republic and a sore shareholder and the director of the Board of the company ŠIROKÉ INVEST a.s. Since 11/10/2019 he has been a legal representative of AQUATHERMAL SENEC, a.s. and since 19/03/2019 a legal representative of DOMÉNA, s.r.o. Since 22/03/2019 he has been a member of the board of directors of HOTEL SENEC a.s. since 15/10/2019 he has been a vice chairman of the board of directors of TSS GRADE, a.s., and since 17/04/2019 he has been a member of the board of directors of ZILINSKA.SK, a.s.

Number of shares held as of 31 October 2019: 0

- **Andrej Devečka** - member of the Board of Directors since 22/12/2011



Mr. Devečka was elected as a member of the Board of Directors in December 2011. Since 1991 he has been an owner, businessman, co-owner, executive and member of the Supervisory Board in a number of companies. Previously, he held the position of Senior Manager in Tesla

Liptovský Hrádok, a technology machinery company. He graduated from the University of Technology in Liptovský Mikuláš, with a specialization in microelectronics and laser technology.

Besides serving on the Board of Directors of TMR Ing. Devečka serves as a legal representative at HOLLYWOOD C.E.S., s.r.o. and C4U, s.r.o. Since 30/09/2017 he has been a supervisory board member of Tatry mountain resorts PL, a.s.

Number of shares held as of 31 October 2019: 500

Remuneration of Members of the Board of Directors

Remuneration of members of the Company's Board of Directors is governed by "Remuneration Rules for Members of the Board of Directors of Tatry Mountain Resorts, a.s."

(hereinafter only the “Remuneration Rules”), approved by the Company’s Supervisory Board on 12/09/2013 and by contracts on office signed between members of the Board of Directors and the Company, and approved by the Company’s Supervisory Board.

In accordance with the Remuneration Rules and the signed contracts on the performance of the office, the following remuneration is paid to members of the Board of Directors:

- **Basic Flat Remuneration:** the amount is defined on an individual basis for each member of the Board of Directors, upon decision of the Supervisory Board when electing the member of the Board of Directors;
- **Extraordinary Bonuses** are paid to members of the Board of Directors after meeting the criteria defined in the Remuneration Rules. The amount of bonuses for members of the Board of Directors and deadlines for their payment are defined in the Remuneration Rules, which are tied to meeting the plan based on EBITDA. The total amount of extraordinary bonuses of the Board of Directors shall not exceed 1% of the Company’s EBITDA.

SUPERVISORY BOARD

The Supervisory Board is the Company’s supreme monitoring body. It supervises the exercise of the Board of Directors’ competences and performance of the Company’s business activities. The Supervisory Board, inter alia, approves draft financial plans submitted by the Board of Directors, significant investments and other material, financial and business transactions for the relevant financial year, approves the rules for the remuneration of members the Board of Directors and reports to the General Meeting regarding results of its monitoring activities.

The Supervisory Board is comprised of nine members. The term of office is five years, and re-election is not allowed. Members of the Supervisory Board are elected and removed by the General Meeting. If, at the moment of an election, the Company employs more than 50 employees on full-time employment, two thirds of the members of the Supervisory Board are elected and removed by the General Meeting and one third is elected and removed by the Company’s employees. The Supervisory Board elects the Chairman and Vice-Chairman of the Supervisory Board from among its members.

From 19.04.2018 the Supervisory Board performs the activities of the Audit Committee under Act No. 423/2015 Coll. on Statutory Audit and under the Amendments to Act No. 431/2002 Coll. on accounting.

As of 31 October 2019, the Supervisory Board was comprised of nine members:

- **Igor Rattaj** - Chairman of the Supervisory Board, reelected by the General Meeting on 17/04/2019, effective 01/07/2019;
- **František Hodorovský** - Vice-Chairman of the Supervisory Board, elected by the General Meeting;
- **Adam Tomis** - member of the Supervisory Board, reelected by the General Meeting on 17/04/2019, effective on 17/04/2019
- **Pavol Mikušiak** - member of the Supervisory Board, elected by the General Meeting;
- **Roman Kudláček** - member of the Supervisory Board, elected by the General Meeting;
- **Martin Kopecký** - member of the Supervisory Board, elected by the General Meeting;
- **Ján Štetka** -member of the Supervisory Board, elected by TMR employees;
- **Peter Kubeňa** - independent member of the Supervisory Board, elected by TMR employees;
- **Miroslav Roth** - independent member of the Supervisory Board, elected by TMR employees;

Changes during the year:

On April 17, 2019, the General Meeting re-elected Adam Tomis as a member of the Supervisory Board as of April 17, 2019 as his term had ended on 12/04/2019, and reelected Igor Rattaj as a member of the Supervisory Board as his term had ended on 30/06/2019. Also, the Supervisory Board at its meeting on 11/06/2019 reelected Igor Rattaj the chairman of the Supervisory Board, effective as of 01/07/2019.

Members of the Supervisory Board

- **Igor Rattaj** - Chairman of the Supervisory Board since 29/06/2009

Mr. Rattaj has held the office of the Chairman of the Supervisory Board since June 2009, when he was elected by the General Meeting as a member of the Supervisory Board and reelected by the General Meeting on 12/04/2014 and on 17/04/2019. He has extensive experience in financing. Additionally, he is a member of Supervisory Boards and an Executive in a number of companies. He worked as Director for Trading with Securities in J&T Securities. Previously, he held the position of Vice-Chairman of the Board of Directors and Director for Private Banking at “Podnikatelská banka” in Prague. He graduated from the Slovak University of Technology, Faculty of Electrical Engineering in Bratislava.

Besides his role as TMR’s Chairman of the Supervisory Board, Ing. Rattaj holds positions as a member of the Board of Directors of 1. Garantovaná, a.s., a vice-chairman of the board of directors of CAREPAR, a.s., Czechia, a member of the board of directors of Park Orbis Pictus a.s., Czechia, a member of the Board of Directors at MELIDA, a.s., the Czech Republic, a member of the board of directors of NARCIUS, a.s., and a director and a management board member of HOBACOR, a.s., Czechia. He also serves as a legal representative at KPRHT 5, s. r. o., Thalia s.r.o., C4U, s.r.o, MONTIR, s.r.o. RCBT, s. r. o., ORBIS NATURA, s.r.o., Czechia, MORAVA SPORT, s.r.o., the Czech Republic, 360 real facilities s.r.o., the Czech Republic. He is also a member of the Supervisory Board of RIVERSAND a. s., Profimedia. CZ a.s., and SOLIVARY akciová spoločnosť Prešov in liquidation. He is a chairman of the management board of TMR Ještěd a.s. (till 31.01.2018 Tatry mountain resorts CR, a.s.). He is also a management board member of Nadace J&T. Since 29.05.2018 he has been a member of the supervisory board of isifa a.s. Czech Republic, since 04.09.2018 he has been the managing director of HURRICANE FACTORY PRAHA s.r.o, Czech Republic. Since 16.02.2018 he has been a member of the Board of Directors of Tatry Mountain Resorts CR, a.s. since 08.10.2018 has been a managing director of CARMEN INVEST s.r.o. and since 20.12.2017 has been a member of the Supervisory Board of CryptoData a.s. Since 21.06.2017 he has been the Chairman of the Board of Directors of GARFIN HOLDING, a. s and since 01.08.2018 he has been the Chairman of the Board of Directors of Huricane Factory a.s. Since 11/04/2019 he has been a board of directors member of Algo Financial Technologies a.s., a partner in EU GEN s.r.o., since 10/12/2019 he has been a supervisory board member of RENTAL LIVE a.s., since 30/11/2018 he has been a legal representative of Muchalogy s.r.o., and since 21/06/2019 he has been a statutory director and a board member of DEVEREAL a.s.

Number of shares held as of 31 October 2018 9 3,300 (Igor Rattaj), 1,309,139 (C.I. CAPITAL INDUSTRIES LIMITED, 100%), 664,058 (KEY DEE LIMITED, 50%)

- **František Hodorovský** - member of the Supervisory Board since 18/01/2011

In January 2011, Mr Hodorovský was first elected by the General Meeting as a member of the Supervisory Board and, at the same time, he was elected by the Supervisory Board as Vice-Chairman of the Supervisory Board, as the owner of Tatrallandia, which was acquired by the Company. The Annual General Meeting reelected František Hodorovský a member of the Supervisory Board, effective as of 28/04/2016.

The Supervisory Board at its meeting on 28/04/2016 appointed František Hodorovský its vice-chairman as of 28/04/2016. Since 1996, he has held various positions as a legal representative, partner and shareholder in various companies operating in the tourism industry. He graduated from the University of Economics in Bratislava, Faculty of Business Management.

Besides his role as TMR’s member of the Supervisory Board, Ing. Hodorovský serves as a legal representative in the following companies: DITERGO, s.r.o., ELAFINA, s.r.o., FOREST HILL COMPANY, s. r. o., MINERVASIS, s.r.o., SLOVKARPATIA DANUBE, s.r.o., SLOVKARPATIA, s.r.o., ENNEL, s.r.o. and TLD, s. r. o.; as a partner in E-is-W, s.r.o. and DITERGO, s.r.o.

Number of shares held as of 31 October 2019: 0 (František Hodorovský), 1,030,919 (FOREST HILL COMPANY, s.r.o., 100%)

- **Adam Tomis** - member of the Supervisory Board since 12/04/2014

Mr. Tomis was elected a Supervisory Board member by the General Meeting on 12/04/2014 and reelected at the General Meeting on 17/04/2019. Currently, he serves as a project manager responsible for non-banking investments of the J&T Group. During 2012-2013 he worked in a consulting firm McKinsey&Company on projects in banking and telecommunications. Before, he had served for eight years at the investment firm Benson Oak Capital and for one year at the independent air travel agency Travel Service. Mr. Tomis earned his college degree at the Charles University in Prague, the Institute of Economic Studies, majoring in Finance, financial markets, and banking.

Beside his role of TMR’s Supervisory Board member, Adam Tomis serves as a member of the board of directors of Equity Holding, a.s., Czechia and a supervisory board member of Westminster JV a.s., Czechia. Since 5.10.2018 he has been a supervisory board member of EP Global Commerce a.s., the Czech Republic.

Number of shares held as of 31 October 2019: 0

- **Pavol Mikušiak** - member of the Supervisory Board since 27/4/2013

Ing. Mikušiak was elected a member of the Supervisory Board in April 2013 by the General Meeting and reelected in April 2018. He is a member of corporate bodies of several Slovak companies. Since 1996 he serves as business director of CBA Verex, a.s. Previously he worked as foreign trade director at Verex, s.r.o. (1992 -

1996) and as a scientific researcher at Research Institute in Liptovský Mikuláš (1987 - 1992). He graduated from the Technical University in Košice, the Faculty of information technologies and programming.

Currently, besides his role as TMR’s member of the Supervisory Board, Ing. Mikušiak serves as a Chairman of the Supervisory Board at LEVEL, a.s. (from 06/08/2018), a.s. and OSKO, a.s., At the same time, he holds a position of chairman of the Board of Directors at CBA SK, a.s. and CBA VEREX, a.s., . He is a vice-chairman of the Board of Directors at VEREX HOLDING, a.s. and VEREX-ELTO, a.s.; and a member of the board at VEREX ŽILINA, a.s. and NARCIUS, a.s. He is a legal representative of ELTO REALITY, s.r.o., VEREX REALITY s.r.o., PeLiM, pracovne a čistiarne, s.r.o. and MPL Invest, s.r.o.

Number of shares held as of 31 October 2019: 0 (Pavol Mikušiak), 3 000 (Verex Holding, a.s., 25%)

■ **Roman Kudláček** - member of the Supervisory Board since 21/4/2012

In April 2012, Mr Kudláček was elected by the General Meeting as a member of the Supervisory Board, and then reelected in April 2017. He has extensive experience in machinery and engineering. Since 2000 he has held the position of Chairman of the Board of Directors in K&M, a.s. From 2001 to 2008, he worked as an executive of Liptosol, s.r.o. in Liptovský Mikuláš. Previously he held the position of Chairman of the Board of Directors at the machinery manufacturer LIPTOVSKÉ STROJÁRNE plus, a.s. (1997 - 1999). From 1993 to 1999 he was an Executive of RBL, s.r.o. During the prior two years he was engaged in retail business activities.

Besides his membership on the Supervisory Board of TMR, Mr Kudláček is a legal representative at NORDBELL s.r.o., C4U, s.r.o. and a member of the Supervisory Board at EUROCOM Investment, s.r.o. a WORLD EXCO s.r.o.

Number of shares held as of 31 October 2019: 1,000

■ **Martin Kopecký** - member of the Supervisory Board from 25/04/2015

PhDr. Martin Kopecký, MSc, CFA was elected a member of the Supervisory Board by the General Meeting on 25/04/2015. Since 2011 he has been working at J&T IB and Capital Markets, specializing in bonds issues and M&As within the J&T group, as well as externally. He has experience with transactions in banking, consumer finance, and retail. Previously, he worked at Ernst & Young in transactions consulting and valuations. He

earned his master’s degree at Oxford University and PhDr. at Charles University in Prague. Also he is a CFA - Chartered Financial Analyst.

Number of shares held as of 31 October 2019: 0

■ **Ján Štetka** - member of the Supervisory Board since 30/6/2012

In November 2017, Mr. Štetka was reelected as a member of the Supervisory Board by employees of the Company. Since 1998 he has been working for TMR as Cableways Operation Manager in the resort Jasná Nízke Tatry. Before joining TMR he worked as Director for Cableways in Telemar, a.s. and before that he worked at Javorina travel agency. He has a master degree (M.Sc.) as a graduate of the Slovak University of Technology in Bratislava, with a specialization in mechanical engineering.

Number of shares held as of 31 October 2019: 15

■ **Peter Kubeňa** - independent member of the Supervisory Board since 30/6/2012

Mr. Kubeňa was reelected as a member of the Supervisory Board by employees of the Company in November 2017. He presently works at TMR as Facility Management Director in Aquapark Tatralandia; he has held this position since 1998. Previously, he studied gardening and landscaping at the Slovak Agricultural University.

Number of shares held as of 31 October 2019: 0

■ **Miroslav Roth** - independent member of the Supervisory Board since 30/6/2012

Mr. Roth was reelected as a member of the Supervisory Board by employees of the Company in November 2017. He works for the Company as an electrical networks specialist in the resort Vysoké Tatry. He had previously held this position from 1985 in Tatranské lanové dráhy, a.s.

Number of shares held as of 31 October 2019: 0

Remuneration of Members of the Supervisory Board

Remuneration of members of the Company’s Supervisory Board is regulated by the “Remuneration Rules for Members of the Supervisory Board of Tatry Mountain Resorts, a.s.” (hereinafter only the “Supervisory Board Remuneration Rules”) approved by the Company’s General Meeting on 30 April 2010 and in accordance with contracts on office

signed between members of the Supervisory Board and the Company, and approved by the Company’s General Meeting.

Basic remuneration is paid to members of the Supervisory Board in accordance with the Supervisory Board Remuneration Rules and the contracts on office.

The total basic remuneration paid for the year ending 31 October 2019 totaled EUR 43 thousand (43).

TOP MANAGEMENT

The top management’s responsibility is the day-to-day management of operations and service departments.

As of 31 October 2019, the top management comprised of four members:

- **Bohuš Hlavatý** - CEO (Chief Executive Officer) of TMR and Chairman of the Board of Directors
- **Jozef Hodek** - CFO (Chief Financial Officer) of TMR and member of the Board of Directors
- **Čeněk Jílek** - COO (Chief Operations Officer)
- **Árendáš Andrej** - CCO (Chief Commercial Officer, Business and Marketing Director)

Changes during the year:
The Company’s Board of Directors at the meeting held on 29 May 2018 approved, with effect from 1 November 2018, the new organizational structure of the Company, which resulted in a change in the top management. Effective from 1 November 2018, the top management consists of the positions of CEO, CFO, COO and CCO. The top management directly reports to the Board of Directors of the Company. The change in the organizational structure of the Company was also introduced to the members of the Supervisory Board at the meeting of the Supervisory Board held on 29 May 2018.

Members of the Top Management

■ **Bohuš Hlavatý** - CEO and Chairman of the Board of Directors of the Company

For personal data see the description of his position in the Board of Directors.

■ **Jozef Hodek** - CFO and member of the Board of Directors of the Company

For personal data see the description of his position in the Board of Directors.

■ **Čeněk Jílek** - COO

Mr. Jílek holds the position of Director of the Špindlerův Mlýn resort, operated by Melida a.s., since November 2012. Earlier he served three years as a sales manager of the Tatry Motion retail stores, which belong to TMR. He has also gained his experiences in tourism during seven years as a sales manager in the luxury hotel segment in Canary Islands. He received his MBA degree from Bircham International University.

Mr. Jílek serves as chairman of the board of directors of the Czech company MELIDA, a.s., he is vice-chairman of the board of directors of SKOL MAX Ski School, a. s., Czechia, a member of the board of directors of HAMBRAND a.s., a supervisory board member of CAREPAR, a.s., Czechia, a statutory director and a management board member of TMR Ještěd a.s. (till 31.01.2018 Tatry mountain resorts CR, a.s.), and a partner and legal representative of Refugio, s.r.o. Since 16.02.2018 he has been the statutory director of Tatry mountain resorts CR, a.s. , Czech Republic and since 14.09.2018 he has been a member of the Board of Directors of TMR Finance CR, a.s., Czech Republic.

Number of shares held as of 31 October 2019: 0

■ **Árendáš Andrej** - CCO

Ing. Andrej Árendáš assumed the office of the holding's business and marketing director at TMR in September 2018. During his professional career, he was working for multinational companies with well-developed sales and marketing processes for 25 years. He was focusing mainly on the satisfaction of clients in all phases of the selling process in various fields. After graduating from the Žilina University in the field of economics, he started working for the Europapier Group Company as the shop division general manager and an authorized agent. He stayed there for 7 years. Then he worked for OSRAM as a member of the TOP management for 12 years and was responsible for sales and marketing in Slovakia, Germany and Austria. For the past 6 years, he worked as the director of international sales for the Arbonia AG Company, Switzerland.

Number of shares held as of 31 October 2019: 0

Remuneration of the Top Management and the Board of Directors

The Board of Directors determines and approves the remuneration of the top management based on achieved results in each resort and segment. For the year ended

on 31 October 2019 the top management was paid basic remuneration totaling EUR 589 ths. (695) and the Board of Directors EUR 106 ths. Extraordinary bonuses to the top management and the Board of Directors altogether amounted to EUR 1.267 mil. (1.416').

Remuneration of TMR Leadership 2017/18 in €'000	Basic Remune-ration	Extraor-dinary Bonuses	Total
Top Management and the Board of Directors		1 267	1 962
Total	43	0	43
Total	738	1 267	2 005

Remuneration of TMR Leadership 2016/17 in €'000	Basic Remune-ration	Extraor-dinary Bonuses	Total
Top Management and the Board of Directors		1 416	2 111
Total	43	0	43
Total	738	1 416	2 154

GENERAL MEETING

The General Meeting is the Company's supreme body. Its competence includes mainly the following:

- Amendments to the Articles;
- Decisions on an increase/decrease in the Company's registered capital; instructing the Board of Directors to increase the share capital in accordance with Article 210 of the Commercial Code and decisions to issue preferred or convertible bonds;
- Decisions on termination of the Company and/or change in the legal form;
- Election and removal of members of the Supervisory Board, except for members of the Supervisory Board elected and removed in accordance with Article 200 of the Commercial Code by employees in accordance with applicable law;
- Approval of annual individual financial statements and extraordinary individual financial statements, decisions regarding the distribution of profit or settlement of loss, and decisions on remuneration ;
- Decisions regarding the termination of trading the Company's shares on the stock exchange and decision on the fact that the Company ceases to be a publicly traded company;

- Decisions on transformation of registered shares into share certificates and vice versa
- Decisions regarding the approval of a contract on transfer of business or a part thereof;
- Approval of the Supervisory Board Remuneration Rules and the contracts on office signed by members of the Supervisory Board;
- Deciding other issues falling under the competence of the General Meeting in accordance with the Articles and under existing law.

The competence of the General Meeting is defined by Act 513/1991 Coll. of the Commercial Code, as amended, and the Company's Articles. The General Meeting is comprised of all shareholders, members of the Board of Directors, and members of the Supervisory Board present at the session and/or third parties invited by the Company's body (bodies) or shareholders who convened the meeting. Each shareholder is authorized to attend the General Meeting, vote, ask for information and explanations regarding corporate matters and/ or entities controlled by the Company, if relevant to the agenda of the General Meeting, and file proposals. Shareholders can exercise their rights at the General Meeting through authorized representatives who shall prove their authorization by a written power of attorney defining the scope of the authorization. Exercise of the shareholders' voting rights is not limited in the Articles. The number of votes held by each shareholder is defined by the proportion between the nominal value of the shares held by the shareholder and the amount of registered capital, whilst every EUR 7 of the shares' nominal value means one voting right.

Decision-Making Procedure of the General Meeting

The General Meeting decides by majority vote held by the present shareholders. In matters related to amendments of the Articles, an increase or decrease in the registered capital, instructing the Board of Directors to increase the registered capital, the issuance of preference bonds or exchangeable bonds, the termination of the Company or change in the legal format a 2/3 majority of votes of the present shareholders is required and a notarized record shall be prepared on the results of the voting. A 2/3 majority of votes of the present shareholders is also necessary for approval of the General Meeting's decision on the termination of trading the Company's shares on the stock exchange and for the election and removal of members of the Supervisory Board, as well as for the General Meeting's decision that the Company ceases to be a public joint-stock company and becomes a private joint-stock company. For amendments to the Articles in terms of establishing the option of correspondence voting and for amendments to the Articles in terms of establishing and defining the requirements for attending the General Meeting and for shareholders' voting through electronic equipment,

affirmative votes of 3/5 majority of all votes are required. Minutes of the General Meetings are freely available at the Company's website: www.tmr.sk.

The Annual General Meeting for the period from 1 November 2018 - 31 October 2019 was held on 17 April 2019.

Annual General Meeting

At the Annual General Meeting held on 17 April 2019, the shareholders adopted the following key resolutions:

1. Approval of the presence of third parties at the Annual General Meeting
2. Approval of the annual individual financial statements as of 31 October 2018
3. Approval of the distribution of individual net profit achieved in the financial year beginning on 01/11/2017 and ending on 31/10/2018 in the amount of EUR 7,573,516.96. A part of the profit in the amount of EUR 757,351.70 was to be added to the reserve fund, a part of the profit in the amount of EUR 225,254 was to be used to pay off losses of prior periods, a part of the profit in the amount of EUR 37,867.58 was to be added to the social fund, and EUR 6,553,043.68 was to be transferred to the Retained earnings account.
4. Approval of changes in the Articles of Association - addition of business activities
5. Approval of the auditor - KPMG Slovensko spol. s.r.o. to audit the financial statements for the year ending 31 October 2019
6. Reelection of the members of the Supervisory Board - Igor Rattaj and Adam Tomis and approval of their position contract.

Description of Shareholders' Rights

Legal regulations and Articles of Association hereof regulate the rights and the obligations of the shareholder. Both legal and natural persons may become a shareholder of the Company. The shareholder may not exercise the rights of the shareholder which would affect the rights and professional interests of other shareholders. The company must treat all shareholders on equal terms. The shareholder shall have the right to participate on the management of the Company, on its profits and on its liquidation balance upon the cancellation of the Company with liquidation. The right to participate on the management of the Company shall be exercised by the shareholder by participation at the General Meeting and by execution of the rights related to this participation, whereas the shareholders shall be bounded with the organizational measures applicable to the proceedings of General Meeting. At the General Meeting any shareholder may vote, ask for information and explanations concerning the matters of the Company or the matters of parties controlled thereby, which

are related to the agenda of the General Meeting, make proposals, and request to have their suggested topics to be included in the agenda of the General Meeting in accordance with relevant regulations. The date relevant for the exercise of the rights according to previous sentence shall be the day indicated in the notice of General Meeting in accordance with section 180, subsection 2 of the Commercial Code. The shareholder or shareholders holding shares, of which the nominal value equals not less than 5% of the share capital, are entitled to request for convocation of an extraordinary General Meeting by including specification of their reason.

The shareholder shall be entitled to share the profits generated by the Company (dividend), which were allocated by the General Meeting for their distribution. The shareholder shall not be under the obligation to refund to the Company the dividends obtained in good faith. Following the winding up of the Company with the liquidation the shareholders shall be entitled to share liquidation balance in the amount stipulated by the law. At the Company headquarters the shareholder is entitled to view Company documents that are filed in a document archive or in a financial statement register pursuant to a specific law, and the shareholder is entitled to request copies of these documents or request to have them mailed at a specified address on the shareholder's expense and risk.

Further details on the shareholders' rights are described in the Company's Articles of Association at www.tmr.sk/investor-relations/corporate-governance.

SUPERVISORY BOARD REPORT

For the financial period from 1 November 2018 to 31 October 2019, the Company's Supervisory Board carried out the Company monitoring activities consisting of nine members. In April 2019, the Annual General Meeting reelected the Supervisory Board Members, Igor Rattaj effective as of 01/07/2019 and Adam Tomis, effective as of 17/04/2019. In the period from 1 November 2018 to 31 October 2019, the Supervisory Board held five sessions:

- On 13/11/2018 nine members of the Supervisory Board were present.
- On 12/12/2018 six members of the Supervisory Board were present.
- On 14/03/2019 nine members of the Supervisory Board were present.
- On 11/06/2019 eight members of the Supervisory Board were present.
- On 29/10/2019 nine members of the Supervisory Board were present.

During the financial year ending 31/10/2019 as part of its control function, the Supervisory Board focused at controlling

the Board of Directors' fulfillment of its duties assigned by the General Meeting, at monitoring the Board of Directors activity in terms of effective management of the Company, achievement of strategic goals in given conditions and determining the Company's growth plans, the operating and financial activity, the Company's assets, liabilities and receivables, correct bookkeeping, fulfillment of the business plan, financial budget, investment plan and compliance with the Company's Articles of Association, Code of Conduct and general legally binding regulations. The Supervisory Board approved the financial plans submitted by the Board of Directors, major investments and other material financial and business transactions for the relevant financial year, and submitted the results of its monitoring activities to the General Meeting. As part of their role, the Supervisory Board members have electronic access to production systems, through which they can get a daily report on the Company's financial performance. The Supervisory Board meetings were always attended also by the chairman of the Board of Directors (and CEO) and by CFO who is also a member of the Board of Directors. They informed the Supervisory Board members in detail on the Company performance including finance (CAPEX, Cash Flow, debt service).

THE COMPANY'S CORPORATE GOVERNANCE CODE

The Company is fully aware of the importance of compliance with the Corporate Governance principles. On 3 November 2010, the Company and its statutory bodies adopted the Corporate Governance Code in Slovakia. Moreover, on 8 October 2012 the Company declared adherence to the Corporate Governance Code principles for companies listed on the Warsaw Stock Exchange. Information on adherence to the codes is available on the Company's website www.tmr.sk/investor-relations/corporate-governance.

As for the **Corporate Governance Code for companies in Slovakia 2016**, the Company's Corporate Governance fails to comply with this Code in the following items:

- **I.A.5.** The right to elect and to remove members of the Company's bodies:

Partly met. The General Meeting elects and removes members of the Supervisory Board. The Board of Directors is elected and removed by the Supervisory Board.
- **I.C.2.iii.** An electronic voting system in absentia, including the electronic distribution of proxy materials and reliable vote confirmation

Not met. So far the Company has not enabled attending General Meetings and voting at General Meetings by electronic means. In order to implement the attendance at General Meetings and voting at General Meeting by electronic means, the Articles of Association need to be changed and approved by the 3/5 majority of all the shareholder votes.

- **I.C.4.i.** Effective shareholder participation in decisions on the nomination, election and remuneration of board members should be facilitated. Shareholders should be able to participate in the nomination of board members.

Partly met. In the scope defined by the valid legal regulations, as part of the discussion regarding the discussed item of the General Meeting's agenda, shareholders have the right to express their opinion either in writing or verbally. This right is unlimited. Nomination and election of members of the Board of Directors is the responsibility of the Supervisory Board. The General meeting elects and dismisses member of the Supervisory Board.

- **I.C.4.iii.** Effective shareholder participation in decisions on the nomination, election and remuneration of board members should be facilitated. Shareholders should be able to make their views known on the remuneration of board members.

Partly met. The Company acts in accordance with the Commercial Code and the Articles. The General Meeting approves the Remuneration Rules for members of the Supervisory Board. The Remuneration Rules for members of the Board of Directors are approved by the Supervisory Board.

- **I.C.4.iv.** Effective shareholder participation in decisions on the nomination, election and remuneration of board members should be facilitated. The equity component of compensation schemes for board members and employees should be subject to shareholder approval.

Partly met. Currently, the Company does not offer any stock-option compensation schemes. The Company acts in accordance with the Commercial Code and the Articles. The General Meeting approves the Remuneration Rules for members of the Supervisory Board. The Remuneration Rules for members of the Board of Directors are approved by the Supervisory Board.

- **I.C.4.v.** Effective shareholder participation in decisions on the nomination, election and remuneration of board members should be facilitated. The remuneration of board members and key executives should be disclosed, the total value of compensation arrangements made and how remuneration and company performance are linked.

Partly met. Information on the remuneration of the board members and the management is disclosed in the Annual Report. The Company discloses the general remuneration policy for the members of the Supervisory Board and the Board of Directors, and only the sum of the remuneration of the Supervisory Board, the Board of Directors, and the Top Management.

- **I.C.4.vi.** Effective shareholder participation in decisions on the nomination, election and remuneration of board members should be facilitated. Any significant change in the remuneration schemes should be approved by shareholders.

Partly met. The General Meeting approves the Remuneration Rules for the Supervisory Board and the role contracts of the Supervisory Board members. The Company acts in accordance with the Commercial Code and the Articles. When approving internal regulations the Company acts in accordance with the competencies of the relevant statutory bodies, with the Articles of Association and relevant law.

- **I.C.5.iii.** Non-discriminatory voting of shareholders in absentia should be enabled: Where proxies are held by the board or management for company pension funds, the directions for voting should be disclosed.

Not met. The Company does not disclose directions for voting.

- **I.C.6.** Ability to vote electronically by non-discriminatory means (if the company enables such voting).

Not met. So far the Company does not enable electronic voting at General Meetings. In order to implement the attendance at General Meetings and voting at General Meeting by electronic means, the Articles of Association need to be changed and approved by the 3/5 majority of all the shareholder votes.

- **I.E.1.iii.** Non-discriminatory relations with shareholders and transparency of capital structures. Changes in economic and voting rights should be subject to approval by a qualified majority of the relevant group of shareholders.

Partly met. These changes are subject to changes in the Articles of Association, which require the 2/3 majority of the present shareholder votes; the notary meeting minutes need to be prepared. A change in the Articles of Association related to the implementation of possible proxy voting and/or electronic voting is subject to approval by the 3/5 majority of all the shareholder votes.

- **I.E.2.** The capital structure and takeover arrangements should be disclosed.

Partly met. The Company discloses such information provided that relevant legal regulations require and/or enable such disclosure.

- **IV.A.4.ii.** Information on the company's remuneration: information on the remuneration policy in the upcoming financial year or, where appropriate, consecutive years and information on the implementation of the policy in the previous financial year.

Partly met. The Company discloses the general remuneration policy for the members of the Supervisory Board and the Board of Directors, and only the sum of the remuneration of the Supervisory Board, the Board of Directors, and the Top Management.

- **IV.A.5.ii.** Information about board members, executive managers, especially: Information on the qualification requirements and the selection process.

Partly met. The Company discloses the process of electing members of the Supervisory Board.

- **V.D.4.** Remuneration with the longer-term interests of the company and its shareholders.

Partly met. The level of basic remuneration is set for each member of the Board of Directors separately based on the decision of the Supervisory Board upon each member's nomination. Extraordinary bonuses of the Board of Directors are subject to the fulfillment of the EBITDA plan in the previous financial year. Remuneration of the Top management is set by and subject to approval by the Board of Directors depending on the performance of the operating segments and resorts of the Company.

- **V.E.1.** Boards should consider assigning a sufficient number of non-executive board members where there is a potential for conflicts of interest. The board should consider establishing specific committees to consider questions where there is a potential for conflicts of interest. These committees should require a minimum number of non-executive members, or be composed entirely of members of the supervisory board.

Partly met. The Supervisory Board is composed of only non-executive members and is responsible for controlling. In case of a conflict of interest, the Company acts in accordance with its Code of Conduct and relevant persons are excluded from the decision-making process. The Company does not have such specific committees established.

- **V.E.2.i.** Existence, composition and the role of committees. The nomination committee.

Not met. Currently, the Company does not have a nomination committee. Members of the Board of Directors are nominated by the Supervisory Board.

- **V.E.2.ii.** Existence, composition and the role of committees. The remuneration committee.

Not met. Currently, the Company does not have a remuneration committee. The variable part of the Board of Directors' remuneration is determined by the Remuneration Rules and is subject to performance achieved by the Company. The Board of Directors' Remuneration Rules are subject to approval by the Supervisory Board.

- **V.E.4.** Regular self-assessment of the company boards, including assessment of correct backgrounds and competences.

Not met. Assessment of the activity of the Board of Directors is done by the Supervisory Board. The Supervisory Board's report has not included self-assessment so far.

As to the **Best Practices for GPW Listed Companies 2016** required by the Warsaw Stock Exchange, the Company's corporate governance does not accord with the Best Practices in the following issues:

- **I.Z.1.3.** A company should operate a corporate website and publish on it, in a legible form and in a separate section: a chart showing the division of duties and responsibilities among members of the management board drawn up according to principle II.Z.1;

Partially met. Currently, the Company website does not present such chart. However, the website lists members of the Board of Directors with description of their roles, and their short CV.

- **I.Z.1.15.** A company should operate a corporate website and publish on it, in a legible form and in a separate section: information about the company's diversity policy applicable to the company's governing bodies and key managers; the description should cover the following elements of the diversity policy: gender, education, age, professional experience, and specify the goals of the diversity policy and its implementation in the reporting period; where the company has not drafted and implemented a diversity policy, it should publish the explanation of its decision on its website;

Not met. Even though the Company strives to enable equal employment opportunity and employs 52% men and 48% women, it has not yet prepared and implemented a diversity policy for its statutory bodies and top management, thus such policy is not published on the Company website either.

Main criteria for selecting candidates for key positions and statutory bodies are competency and fulfillment of requirements for a given role; not factors such as sex or age.

- **I.Z.1.20.** A company should operate a corporate website and publish on it, in a legible form and in a separate section: an audio or video recording of a General Meeting;

Not met. Currently, the Company does not publish audio or video recordings from its General Meetings as the benefit of these recordings is not justified in comparing to high costs associated with them and they do not fit within the budget for the General Meeting.

- **II.Z.1.** The internal division of responsibilities for individual areas of the company's activity among management board members should be clear and transparent, and a chart describing that division should be available on the company's website.

Partly met. The Company presents its internal division of responsibilities among members of the Board of Directors on its website in wording.

- **II.Z.3.** At least two members of the supervisory board should meet the criteria of being independent referred to in principle II.Z.4.

Not met. None of the Supervisory Board members meets the criteria of independence referred to in principle II.Z.4. Even though the Company considers two members of the Supervisory Board, elected by the Company employees, as independent, since they hold non-managerial roles in the Company, according to the current Best Practices for GPW Listed Companies 2016, they cannot be considered independent.

- **II.Z.10.1.** In addition to its responsibilities laid down in the legislation, the supervisory board should prepare and present to the ordinary general meeting once per year an assessment of the company's standing including an assessment of the internal control, risk management and compliance systems and the internal audit function; such assessment should cover all significant controls, in particular financial reporting and operational controls;

Partly met. The Supervisory Board presents to the Annual General Meeting a report prepared according to the legislation and the Company's Articles of Association.

- **II.Z.10.2.** a report on the activity of the supervisory board containing at least the following information:

- full names of the members of the supervisory board and its committees;

- supervisory board members' fulfilment of the independence criteria;
- number of meetings of the supervisory board and its committees in the reporting period;
- self-assessment of the supervisory board;

Partly met. The Supervisory Board's report has not so far included a description on supervisory board members' fulfilment of the independence criteria, since the Company automatically considers members, elected by the Company employees and who are not shareholders, as independent.

- **IV.Z.2.** If justified by the structure of shareholders, companies should ensure publicly available real-time broadcasts of general meetings.

Not met. The Company has not so far broadcasted its General Meetings publicly, since potential benefit of the General Meeting being broadcasted does not outweigh costs associated with its organizing. The Company does not exclude the possibility of broadcasting its General Meetings in the future, although such decision is subject to the approval of shareholders at the General Meeting by amendment of the Articles of Association.

- **IV.Z.3:** Presence of representatives of the media should be allowed at general meetings.

Presence of third parties is usually allowed based on the proposal by the Board of Directors at Annual General Meetings. Also at the last Annual General Meetings a proposal was presented by the Board of Directors to allow presence of third parties at the General Meeting. This proposal was adopted by the shareholders and third parties were allowed to attend the General Meeting. The Company does not exclude a possibility that it will allow attendance of third parties at all General Meetings, although such decision would have to be preceded by the approval of the shareholders at the General Meeting in the form of change in Articles of Association.

- **VI.Z.4.** In this activity report, the company should report on the remuneration policy including at least the following:

- 1) general information about the company's remuneration system;
- 2) information about the conditions and amounts of remuneration of each management board member broken down by fixed and variable remuneration components, including the key parameters of setting the variable remuneration components and the terms of payment of severance allowances and other amounts due on termination of employment, contract or other similar legal relationship, separately for the company and each member of its group;

- 3) information about non-financial remuneration components due to each management board member and key manager;
- 4) significant amendments of the remuneration policy in the last financial year or information about their absence;
- 5) assessment of the implementation of the remuneration policy in terms of achievement of its goals, in particular long-term shareholder value creation and the company's stability.

Partly met. The Company publishes its general remuneration rules for the Board of Directors and Supervisory Board and the total sum of remuneration of the Board of Directors, Top Management and Supervisory Board. The Company has not entered into any agreements with any members of bodies or employees under which the company would be obliged to provide such members or employees with any compensation if their office or employment terminates by resignation, notice served by the employee, removal, notice served by the employer without giving a reason or if their office or employment terminates as a result of an acquisition offer. The Company does not disclose information about non-financial remuneration, as it has not been material so far, nor assessment of the implementation of the remuneration policy in terms of achievement of its goals, in particular long-term shareholder value creation and the company's stability.

OTHER SUPPLEMENTARY DATA

Tatry mountain resorts, a.s. is the issuer of 6,707,198 shares admitted to trading on the listed parallel market of the Bratislava Stock Exchange, on the main market of the Prague Stock Exchange, and on the main market of the Warsaw Stock Exchange (WSE) with the following structure:

ISIN: SK11220010287
Security type and form: ordinary bearer shares
Nominal share value: 7.00 EUR
Number of shares outstanding: 6,707,198
% share in share capital: 100%
Limitation on transferability of shares: none

The Company, a.s. during the FY 2013/14 issued two tranches of bonds in the total of EUR 180 mil.:

Bonds TMR I 4.50%/ 2018
ISIN: SK4120009606
Volume: 70 000 000 EUR
Market: The Bratislava Stock Exchange
Nominal Value: 1 000 EUR
Coupon Rate: fixed rate 4.50% p.a.
Coupon Payment: semi-annual always on 17-06 and 17-12

Maturity Date: 17 December 2018
Issue Date: 17-12-2013

Bonds TMR I 4.50%/ 2018 were senior, secured by a pledge over certain immovable assets owned by the Company. TMR I 4.50% bonds were fully repaid on December 17, 2018.

During the financial year 2017/18 the Company issued another tranche of bonds:

Bonds TMR II 6.0%/ 2021
ISIN: SK4120009614
Volume: 110 000 000 EUR
Market: The Bratislava Stock Exchange
Nominal Value: 1 000 EUR
Coupon Rate: fixed rate 6.00% p.a.
Coupon Payment: annual always on 05-02
Maturity Date: 5 February 2021
Issue Date: 05-02-2014

Bonds TMR II 6.0%/ 2021 are junior, subordinated.

Bonds TMR III 4.40%/ 2024
ISIN: SK4120014598
Volume: 90 000 000 EUR
Market: The Bratislava Stock Exchange
Nominal Value: 1 000 EUR
Coupon Rate: fixed rate 4.40% p.a.
Coupon Payment: semi-annual always on 10-04 and 10-04
Maturity Date: 10 October 2018
Issue Date: 10-10-2018

Bonds TMR III 4.40%/ 2024 are senior bods, secured by a pledge over certain assets owned by the Company. During the FY 2018/19 the Group issued another bonds issue through its subsidiary, TMR Finance CR, a.s.:

Bonds TMR F CR 4.50% / 2022
ISIN: CZ0003520116
Volume: 1 500 000 000 CZK
Market: The Prague Stock Exchange
Nominal Value: CZK 30 000
Coupon Rate: fixed rate 4.50% p.a.
Coupon Payment: semi-annual always on 07-05 and 07-11
Maturity Date: 7-11-2022
Issue Date: 7-11-2018

Bonds TMR F CR 4.50% / 2022 constitute direct, general, unconditional, and non-subordinated obligations of the Issuer, secured by a guarantor statement of Tatry mountain resorts, a.s. (the Guarantor). Furthermore, the Bond obligations will be secured by a lien in favor of the Security Agent, Patria Corporate Finance, a.s., for: (i) certain immovable assets owned by the Guarantor in the Slovak Republic; (ii) certain movable assets owned by the Guarantor and its indirect 100%

subsidiary Śląskie Wesołe Miasteczko Sp. Zoo. in the Slovak Republic and the Republic of Poland, (iii) a 75% share in the capital of Śląskie Wesołe Miasteczko Sp. Zoo. owned by Tatry Mountain Resorts PL, a.s., which is a 100% direct subsidiary of the Guarantor and (iv) the Guarantor s receivables from the LTV account. For more information see the Security prospectus available at <https://tmr-finance.cz/zakonne-zverejneni.php>. As of 31/10/2019 the Company has not issued any employee stock or preferred shares.

The Company, based on the decision of the General Meeting, may issue bonds, convertible into Company shares (convertible bonds), or bonds with the senior subscription rights to Company shares (preferred bonds), provided that the General Meeting at the same time decides on the conditional raising of share capital.

In case of the buy-back of own Company shares with the purpose of their transfer to Company employees, the Article 161a Par. 2 point a) of the Commercial Code shall not be applied. In this case the purchased shares shall be transferred to the Company employees within 12 (twelve) months from their acquisition by the Company.

In case of the buy-back of own Company shares with the purpose of preventing an eminent major damage to the Company, the Article 161a Par. 2 point a) of the Commercial Code shall not be applied. The Board of Directors is obliged to inform the next General Meeting about the circumstances according to the Article 161a Par. 4 of the Commercial Code.

The voting rights attached to Company shares have no limitations. The holders of securities issued by the Company do not have differing controlling rights.

As of 31/10/2019 the Company has no knowledge of any shareholder agreements that might lead to limitations on transferability of the securities and to limitations on voting rights.

The Company incurred no research and development costs in FY 2018/19.

TMR does not have any branch office abroad.

The Group uses financial derivative instruments to hedge cash flows against currency risk. Since the Group issued bonds in EUR equivalent of 58.7 million, the Group has opened its position in Czech crowns. The Group has decided to manage the currency risk of changes in the exchange rate of the Czech crown on this particular instrument using a hedging instrument - a currency swap. The Group does not have any other risks hedged through hedge accounting other than the currency risk arising from the instrument as these risks are managed in a different way. For more information, see Consolidated

Financial Statements, Note 29. The cash flows and liquidity ratios are monitored in regular intervals. The Company ensures internal controls through regular monitoring of the financial plan and overall financial position. Management of market risks, business and financial activities is described in the Risk Factors and Risk Management section and in the Consolidated Financial Statements, Note 36.

The Company has not entered into any agreements which would become effective, changed or terminated as a result of change in control, or as a result of an acquisition offer.

The Company has not entered into any agreements with any members of bodies or employees under which the company would be obliged to provide such members or employees with any compensation if their office or employment terminates by resignation, notice served by the employee, removal, notice served by the employer without giving a reason or if their office or employment terminates as a result of an acquisition offer.

During FY 2018/19 the Company prepared Separate Financial Statements in accordance with International Financial Reporting Standards (IFRS).

The Company is not subject to any special regulations, which would require disclosure of additional information in terms of Article 34 Par. 2 a) of the Slovak Act No. 429/2002 Coll. in connection with Article 20 Par. 1 g) of the Slovak Act No. 431/2002 Coll.

CONTRACTS WITH EXTERNAL ADVISORS AND RELATED PARTIES

Lease of the Špindlerův Mlýn Resort

Melida, a.s., a company associated with TMR, signed a lease contract on 6 November 2012 as the lessee with the company SKIAREÁL Špindlerův mlýn, a.s., as the lessor. The subject of the contract was the lease of the Špindlerův Mlýn resort in the Czech Republic. As of the date of this report TMR held a 9.5% interest in Melida, a.s. Based on the lease contract, Melida, a.s. will be operating the ski resort Špindlerův Mlýn in the Krkonoše Mountains for 20 years for the lease fee in the amount of CZK 43.8 mil. per year. Besides the sole operation of Špindlerův Mlýn, Melida committed to provide further development of the resort by expanding trails, renewing technological equipment, and by improving skiers' experience in any other way with investments in the minimum amount of CZK 800 mil. during the whole lease term. TMR acts in the lease contract as a by-party that provides a guarantee for Melida, a.s. by guaranteeing Melida's liabilities resulting from the lease contract and by providing it a zero-interest loan.

Contracts with Melida, a.s.

TMR provides Melida, a.s. with consulting services in management and analysis of cableways, dining facilities, ski schools, rentals, shops, in marketing, bookkeeping, and project financing. Also TMR provides Melida, a.s. with consulting services on the project of building infrastructure in the Špindlerův Mlýn ski resort. TMR made an agreement with Melida to temporarily lend it employees of TMR in order to boost the winter season and to realize some investments. TMR provided Melida with an interest-bearing loan in 2013 and an interest non-bearing loan in 2014.

Financial Audit

As of the date of this Annual Report, KPMG Slovensko spol. s.r.o., seated at Dvořákovo nábrežie 10, 811 02 Bratislava, is responsible for the audit of separate and consolidated financial statements. KPMG Slovensko spol. s.r.o. has been approved to perform the audit of the Company's Separate Financial Statements as of 31 October 2019 and Consolidated Financial Statements as of 31 October 2019 based on the decision of the General Meeting held on 17 April 2019.

Advisors

As of the date of this Annual Report, the Company had a contract signed with J&T IB and Capital Markets, a.s. organizačná zložka, seated at Dvořákovo nábrežie 10, 811 02 Bratislava, on the provision of advisory services with respect to relations with investors.

As of the date of this Annual Report, the Company had a contract signed with Ernst & Young seated at Hodžovo námestie 1/A, Bratislava 811 06, on the provision of advisory services in preparation of financial statements.

PROPOSAL ON DISTRIBUTION OF PROFIT

For the year ending 31 October 2019, the Company achieved net profit of EUR 4.087 mil. according to Individual Financial Statements. The Board of Directors proposes the following distribution of profit:

- 1. EUR 409 ths. will be allocated to the reserve fund;
- 2. EUR 20 ths. will be allocated to the social fund, based on the Collective Agreement
- 3. The balance in the amount of EUR 3.658 mil. will be transferred to the retained earnings account.



SHARES

Shares

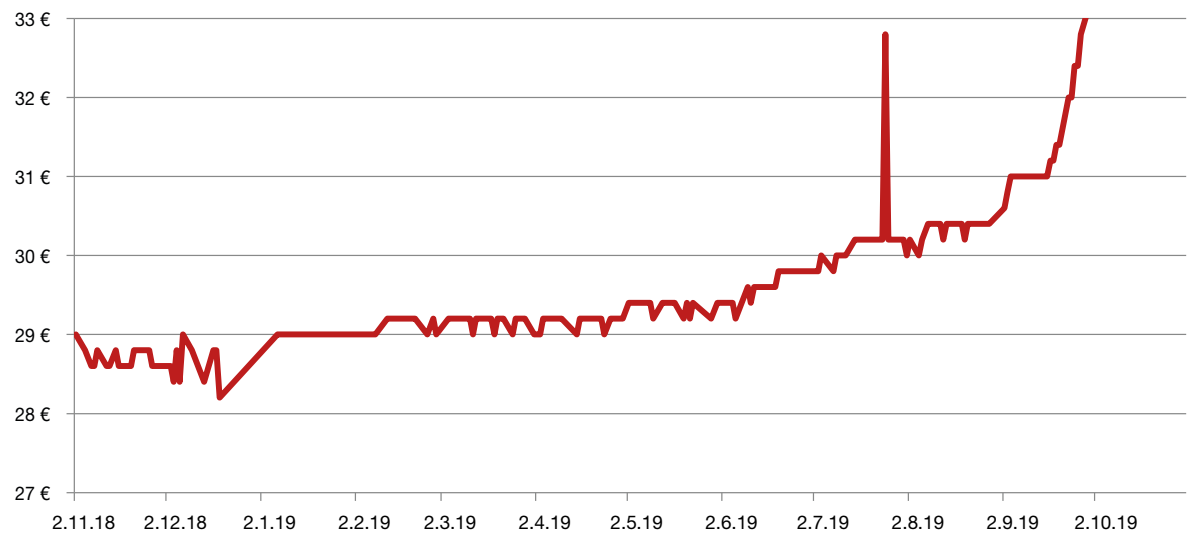
Shareholder Club

TMR and individual shareholders have come together in partnership based on trust in order to move successfully forward, create loyalty with special offers in the region's most popular resorts, and to increase the number of registered shareholders. For this reason Shareholder Club was established at the beginning of 2010. Shareholders who own at least 25 shares have the right to benefits that help them to get to know the Group and its activities better through special deals as part of the GOPASS program. You can find more information on <http://tmr.sk/shareholder-club/>.

Shareholder Club Benefits

No. of Shares	Benefits - No. of GOPASS points
25	6 entries
40	12 entries
80	25 entries
130	1 season ticket
250	2 season tickets
500 VIP	More info at www.tmr.sk/shareholder-club/
750 VIP GOLD	More info at www.tmr.sk/shareholder-club/

TMR Stock Performance on the BSSE



Closing Price	BSSE (EUR)	WSE (PLN)	PSE (CZK)
31/10/19	35,80	155,00	1000,00
31/10/18	29,20	132,00	780,00

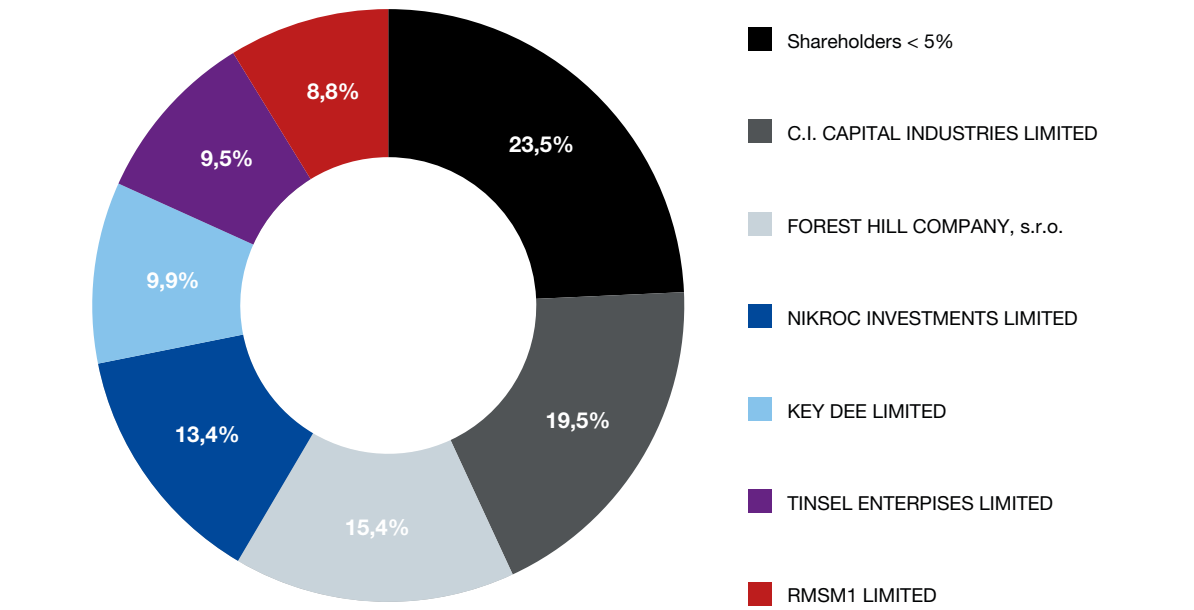
* BSSE - the Bratislava Stock Exchange
WSE - the Warsaw Stock Exchange
PSE - the Prague Stock Exchange

Shares

Shareholder Structure

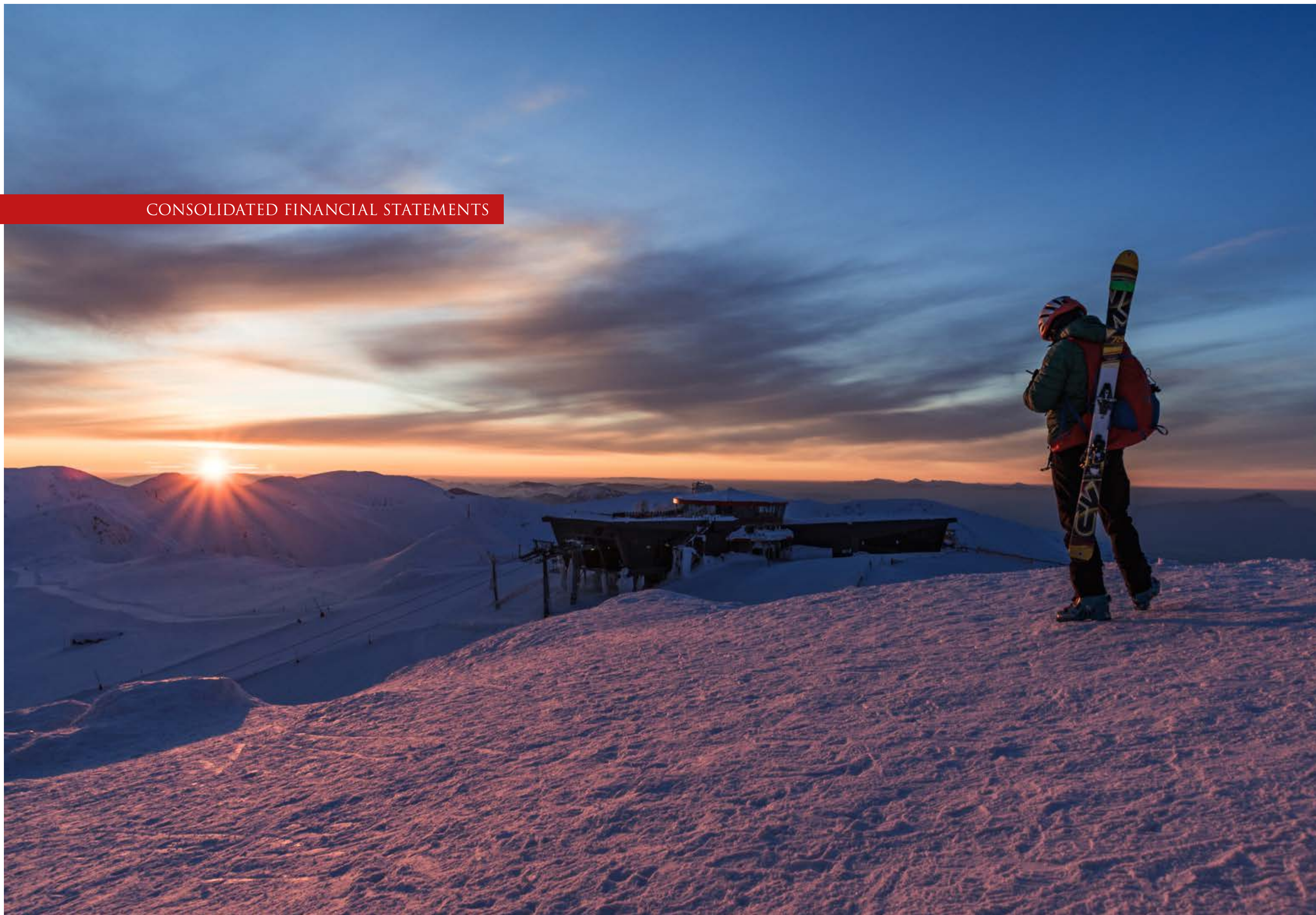
To the best of the Company's knowledge the following entities held the following direct or indirect interest in the share capital and the Company voting rights as of 31/10/2019:

Shareholder Structure as of 31.10.2019



Company / Name	No. of Shares	Interest in Share Capital		Voting Rights %
		in EUR thousands	%	
Shareholders < 5%	1 578 760	11 051	23,5%	23,5%
C.I. CAPITAL INDUSTRIES LIMITED	1 309 139	9 164	19,5%	19,5%
FOREST HILL COMPANY, s.r.o.	1 030 919	7 216	15,4%	15,4%
NIKROC INVESTMENTS LIMITED	897 771	6 284	13,4%	13,4%
KEY DEE LIMITED	664 058	4 648	9,9%	9,9%
TINSEL ENTERPRISES LIMITED	638 385	4 469	9,5%	9,5%
RMSM1 LIMITED	588 166	4 117	8,8%	8,8%
Total	6 707 198	46 950	100,0%	100,0%

CONSOLIDATED FINANCIAL STATEMENTS



Consolidated Financial Statements

**Tatry mountain resorts, a.s.
and Subsidiary Companies**

**Consolidated Financial Statements
for the Period from 1 November 2018 to 31 October 2019**

**prepared in accordance with the
International Financial Reporting
Standards ("IFRS") as adopted by the European Union**

Consolidated statement of profit and loss and other comprehensive income

<i>in TEUR</i>	1.11.2018 - 31.10.2019	1.11.2017 - 31.10.2018
Sales	126 392	108 020
Other operating revenue	1 200	229
Total revenue	127 592	108 249
Material and goods consumption	-26 300	-19 318
Purchased Services	-30 989	-28 225
Personal cost	-35 045	-28 806
Other operating cost	-1 313	-1 284
Gain on sale of assets	638	461
Increase in fair value of investment property	1 050	725
Gain on revaluation of financial investments	-	2 458
Creation and reversal of value adjustments to receivables	-195	-94
Profit before interest, taxes, depreciation and amortization (EBITDA)*	35 438	34 166
Depreciation and amortization	-20 093	-16 745
Negative goodwill	2 817	1 824
Impairment of PPE	-3 865	-
Profit before interest, taxes (EBIT)	14 297	19 245
Interest income	1 173	1 148
Interest expense	-16 801	-14 010
Net profit / (loss) on financial instruments	85	-3 099
Share of the profit or loss of investments in joint ventures and associates accounted for using the equity method	-8	-
Profit / (loss) before tax	-1 254	3 284
Income tax	-566	-189
Profit / (loss)	-1 820	3 095
Attributable to:		
- Holders of interest in the parent company's equity	-1 804	3 173
- Non-controlling interest	-16	-78
Other components of the comprehensive income		
- Items that may be subsequently reclassified to profit/(loss):		
Revaluation of available-for-sale securities to fair value	-1 108	-
Foreign currency translation reserve	1 056	-76
Total comprehensive income / (expense)	-1 872	3 019

Consolidated statement of profit and loss and other comprehensive income (continued)

	-1 872	3 019
Total comprehensive income / (expense)		
Attributable to:		
- Holders of interest in the parent company's equity	-1 870	3 097
- Non-controlling interest	-2	-78
Earnings per share (in EUR)	-0,269	0,473
Number of shares	6 707 198	6 707 198

*EBITDA represents a profit from recurring activities of the Group before taxes, interest, amortisation and depreciation, adjusted for other income and expenses, which are listed under EBITDA.

Consolidated statement of financial position

<i>in TEUR</i>	31.10.2019	31.10.2018
Assets		
Goodwill and Intangible Assets	14 435	14 116
Property, Plant and Equipment	412 995	365 277
Investments Property	8 329	7 279
Investment in an associate and a joint venture	2 101	-
Loans Provided	1 019	3 043
Other receivables	3 798	3 997
Deferred tax asset	2 878	2 212
Fixed assets total	445 555	395 924
Inventory	8 208	8 123
Trade receivables	5 459	3 335
Loans Provided	27 794	22 198
Other receivables	24 523	29 494
Financial investments	4 660	4 652
Cash and Cash Equivalents	12 073	54 525
Other Assets	5 586	3 433
Total current assets	88 303	125 760
Assets total	533 858	521 684
Equity		
Capital	46 950	46 950
Share premium	30 430	30 430
Profit for the year	-1 804	3 173
Retained earnings and other funds	35 640	33 746
Foreign currency translation reserve	424	-618
Total equity attributable to holders of interest in the parent company's equity	111 640	113 681
Non-controlling interest	106	108
Total equity	111 746	113 789
Liabilities		
Loans and Borrowings	70 867	35 852
Trade payables	1 127	-
Provisions	24	24
Other non-current liabilities	17 963	1 525
Bonds Issued	254 919	167 415
Deferred tax liability	23 862	23 649
Total non-current liabilities	368 762	228 465
Loans and Borrowings	15 196	79 924
Trade payables	8 052	8 816
Provisions	570	468
Bonds Issued	6 368	71 002
Corporate income tax	860	-
Other current liabilities	22 304	19 220
Total current liabilities	53 350	179 430
Total liabilities	422 112	407 895
Total equity and liabilities	533 858	521 684

Consolidated statement of changes in equity

in TEUR

	Capital	Share premium	Legal reserve fund	Funds from revaluation	Revaluation reserve	Retained earnings	Equity attributable to holders of interest in the parent company's equity	Non-controlling interest	Total
Balance as at 1 November 2018	46 950	30 430	5 852	184	-618	30 883	113 681	108	113 789
IFRS 9 first-time adoption as at 1 November 2018	-	-	-	-	-	-171	-171	-	-171
Balance as at 1 November 2018 after IFRS 9 first-time adoption adjustments	46 950	30 430	5 852	184	-618	30 712	113 510	108	113 618
Transfer of retained earnings into the legal reserve fund	-	-	760	-	-	-760	-	-	-
Profit / (loss) for the period	-	-	-	-	-	-1 804	-1 804	-16	-1 820
Other components of comprehensive income, after tax									
- items without possible subsequent reclassification into profit/(loss):	-	-	-	-	-	-	-	-	-
Revaluation of securities at fair value	-	-	-	-	-	-	-	-	-
- items with possible subsequent reclassification into profit/(loss):	-	-	-	-1 108	-	-	-1 108	-	-1 108
Cash Flow hedge	-	-	-	-	1 042	-	1 042	14	1 056
Revaluation reserve	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	760	-1 108	1 042	-2 564	-1 870	-2	-1 872
Transactions with owners posted directly into equity									
Effect of acquisition of a subsidiary	-	-	-	-	-	-	-	-	-
Purchase of non-controlling interest	-	-	-	-	-	-	-	-	-
Total transactions during the year	-	-	-	-	-	-	-	-	-
Balance as at 31 October 2019	46 950	30 430	6 612	-924	424	28 148	111 640	106	111 746

Consolidated statement of changes in equity (continued)

in TEUR

	Capital	Share premium	Legal reserve fund	Funds from revaluation	Revaluation reserve	Retained earnings	Equity attributable to holders of interest in the parent company's equity	Non-controlling interest	Total
Balance as at 1 November 2017	46 950	30 430	4 930	180	-413	29 484	111 561	1 588	113 149
Transfer of retained earnings into the legal reserve fund	-	-	922	-	-	-922	-	-	-
Profit / (loss) for the period	-	-	-	-	-	3 173	3 173	-78	3 095
Other components of comprehensive income, after tax									
- items with possible subsequent reclassification into profit/(loss):	-	-	-	-	-	-	-	-	-
Revaluation of available-for-sale securities at fair value	-	-	-	4	-80	-	-76	-	-76
Revaluation reserve	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	922	4	-80	2 251	3 097	-78	3 019
Transactions with owners posted directly into equity									
Contributions to the fund	-	-	-	-	-	-	-	-	-
Effect of acquisition of a subsidiary	-	-	-	-	-125	-852	-977	-1 402	-2 379
Total transactions during the year	-	-	-	-	-125	-852	-977	-1 402	-2 379
Balance as at 31 October 2018	46 950	30 430	5 852	184	-618	30 883	113 681	108	113 789

Separate Financial Statements

Tatry mountain resorts a.s.

Individual Financial Statement
for the Period from 1 November 2018 to 31 October 2019

prepared in accordance
with the International Financial Reporting Standards (“IFRS”)
Standards (“IFRS”) as adopted by the EU

Separate statement of profit and loss and other comprehensive income

<i>in TEUR</i>	Note	1.11.2018 - 31.10.2019	1.11.2017 - 31.10.2018
Sales	6	106 194	96 189
Other operating revenue	7	822	190
Total revenue		107 016	96 379
Material and goods consumption	8	-22 989	-18 023
Purchased Services	9	-22 023	-21 631
Personal cost	10	-29 274	-26 095
Other operating cost	11	-1 074	-944
Gain on sale of assets		820	469
Increase in fair value of investment property	17	1 050	725
Gain on revaluation of financial investments	25	-	2 458
Creation of value adjustments to receivables	22	-3 976	-83
Profit before interest, taxes, depreciation and amortization (EBITDA)*		29 550	33 255
Depreciation and amortization	15,16	-14 917	-13 417
Goodwill impairment loss	16	-	-
Profit before interest, taxes (EBIT)		14 633	19 838
Interest income calculated using effective interest rate	12	6 080	3 669
Interest expense	12	-15 326	-12 089
Net profit / (loss) on financial instruments	13	-71	-2 091
Profit before taxes		5 316	9 327
Income tax	14	-1 229	-1 754
Profit		4 087	7 573
Other comprehensive income			
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Net gain/(loss) on cash flow hedges	14	-1 108	-
Total comprehensive income		2 979	7 573
Profit per share (in EUR)	27	0,609	1,129
Number of shares		6 707 198	6 707 198

*EBITDA represents a profit from recurring Company activities before taxes, interest, amortization and depreciation, adjusted to other income and expenses, which are listed under EBITDA.

The Notes provided on pages 7 to 62 constitute an integral part of the Separate Financial Statements. An overview of the profit and loss statement by particular segments is in par. 4 – Information on Operating Segments.

Separate Statement of Financial Position

<i>in TEUR</i>	Note	31.10.2019	31.10.2018
Assets			
Goodwill and Intangible Assets	16	7 731	7 020
Property, Plant and Equipment	15	283 092	278 535
Investments Property	17	8 329	7 279
Loans Provided	21	5 618	3 043
Other receivables	23	3 584	3 708
Investments in Subsidiaries	18	7 515	7 482
Fixed assets total		315 869	307 067
Inventory	20	7 440	7 895
Trade receivables	22	4 872	3 387
Loans Provided	21	107 135	86 322
Other receivables	23	22 649	24 224
Financial investments	25	4 652	4 652
Cash and Cash Equivalents	26	10 280	52 787
Other Assets	24	10 766	8 770
Total current assets		167 794	188 037
Assets total		483 663	495 104
Equity			
Capital	27	46 950	46 950
Share premium		30 430	30 430
Profit for the period		4 087	7 573
Retained earnings and other funds		42 994	37 969
Total equity		124 461	122 922
Liabilities			
Loans and Borrowings	28	100 894	39 874
Trade payables	29	1 127	-
Provisions	32	24	24
Other non-current liabilities	31	-	-
Bonds Issued	33	196 935	167 415
Deferred tax liability	19	22 655	23 079
Total non-current liabilities		321 635	230 392
Loans and Borrowings	28	10 763	46 548
Trade payables	29	5 338	7 689
Provisions	32	460	389
Bonds Issued	33	5 089	71 002
Corporate income tax liability	19	860	-
Other current liabilities	31	15 057	16 162
Total current liabilities		37 567	141 790
Total liabilities		359 202	372 182
Total equity and liabilities		483 663	495 104

The Notes provided on pages 7 to 62 constitute an integral part of the Separate Financial Statements.

Separate Statement of Changes in Equity

<i>in TEUR</i>	Capital	Share premium	Legal reserve fund	Funds from revaluation	Retained earnings	Total
Balance as at 31 October 2018	46 950	30 430	5 852	180	39 510	122 922
IFRS 9 first-time adoption	-	-	-	-	-1 440	-1 440
Balance as at 1 November 2018 after IFRS 9 first-time adoption adjustments	46 950	30 430	5 852	180	38 070	121 482
Transfer of retained earnings into the legal reserve fund	-	-	757	-	-757	-
Profit for the period	-	-	-	-	4 087	4 087
Other components of comprehensive income, after tax						
- items with possible subsequent reclassification into profit/(loss):						
Cash Flow hedge	-	-	-	-1 108	-	-1 108
Total comprehensive income for the period	-	-	757	-1 108	3 330	2 979
Transactions with owners posted directly into equity						
Dividend payment	-	-	-	-	-	-
Total transactions during the year	-	-	-	-	-	-
Balance as at 31 October 2019	46 950	30 430	6 609	-928	41 400	124 461

Separate Statement of Changes in Equity (continued)

<i>in TEUR</i>	Capital	Share premium	Legal reserve fund	Funds from revaluation	Retained earnings	Total
Balance as at 1 November 2017	46 950	30 430	4 930	180	32 859	115 349
Transfer of retained earnings into the legal reserve fund	-	-	922	-	-922	-
Profit for the period	-	-	-	-	7 573	7 573
Other components of comprehensive income, after tax						
- items with possible subsequent reclassification into profit/(loss):	-	-	-	-	-	-
Revaluation of available-for-sale securities at fair value	-	-	-	-	-	-
Total comprehensive income for the period	-	-	922	-	6 651	7 573
Transactions with owners posted directly into equity						
Dividend payment	-	-	-	-	-	-
Total transactions during the year	-	-	-	-	-	-
Balance as at 31 October 2018	46 950	30 430	5 852	180	39 510	122 922

The Notes provided on pages 7 to 62 constitute an integral part of the Separate Financial Statements.

Separate Cash Flow Statement

<i>in TEUR</i>	Note	1.11.2018 - 31.10.2019	1.11.2017 - 31.10.2018
OPERATING ACTIVITIES			
Profit		4 087	7 573
Adjustments related to:			
Profit from the sale of land, buildings and equipment and intangible assets		-820	-469
Depreciation and amortization	15,16	14 917	13 417
Creation of value adjustments to receivables		3 976	83
Profit from revaluation of financial instruments	25	-	-2 458
(Profit)/ loss from financial operations		-71	-
Profit from revaluation of investments in property	17	-1 050	-725
Net interest expense / (income)	12	9 246	8 420
Gross change in provisions		71	82
Income tax	14	1 229	1 754
Change in trade receivables, other receivables and other assets		-1 436	624
Variation in inventory		455	-2 132
Change in trade liabilities and other liabilities		-3 248	4 965
Cash flow from operating activity before income tax		27 356	31 134
Income tax paid		-577	-475
Cash flow from operating activity		26 779	30 659
INVESTING ACTIVITIES			
Acquisition of land, buildings and equipment and intangible assets	15,16	-12 069	-17 677
Proceeds from sale of property, plant and equipment and intangible assets		4 142	1 003
Cost of acquisition of subsidiaries	5	-33	-189
Loans Provided		-37 718	-38 430
Repayment of loans provided		14 786	9 049
Interest receivable		13	112
Cash flow used by investing activity		-30 879	-46 132
FINANCING ACTIVITIES			
Repayment of liabilities from financial leasing		-2 732	-987
Financial leasing received		1 898	871
Repayment of received loans and borrowings		-48 625	-53 045
Loans and borrowings received		60 770	73 556
Bonds Issued, netto	32	30 000	58 347
Purchase of own bonds		-	-5 081
Repaid bonds		-65 000	-
Interest paid		-14 714	-11 463
Dividends paid		-	-
Cash flow from financing activity		-38 404	62 198
Net increase of cash and cash equivalents		-42 504	46 725
Influence of impairment allowance to cash and cash equivalents	26	52 787	-
Cash and cash equivalents at the beginning of the year	26	-3	6 062
Cash and cash equivalents at the end of the year	26	10 280	52 787

The Notes provided on pages 7 to 62 constitute an integral part of the Separate Financial Statements.

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1. Information about the Company

Tatry mountain resorts a.s. (hereinafter referred to as the “Company”) is a joint stock company with the registered office and place of business in Demänovská Dolina 72, Liptovský Mikuláš 031 01. The company was established on 20 March 1992 and was registered in the Commercial Register on 1 April 1992. The Company identification number is 31 560 636 and the Company tax identification number is 2020428036.

The Company is not a member having unlimited liability in other accounting entities.

Starting from 19 November 1993, the Company shares are registered on the Bratislava Stock Exchange; starting from 15 October 2012, on the Warsaw Stock Exchange (WSE), and starting from 22 October 2012, on the Prague Stock Exchange (BCCP). On 22 August 2013, an extraordinary general meeting was held, which decided on a reduction in the share capital of the Company Tatry Mountain Resorts, a.s. from 221,338 ths. EUR to 46,950 ths. EUR, i.e. by 174,388 ths. EUR. Then during 2014, the Company issued two bond issues in the total nominal value of 180,000 ths. EUR, which, starting from 19 February 2014, are admitted to trading on the Bratislava Stock Exchange.

On 10 October 2018, the company issued the third bond issue TMR III in the nominal value of 90,000 ths. EUR, with maturity in 2024. As at the date of the financial statements the full amount of 90,000 ths EUR has been credited to the Company’s account. See par. 33 – Bonds Issued.

In 2009, the Company decided to change the accounting period from a calendar year to a fiscal year from 1 November to 31 October. Such a change was aimed at making the period more realistic as the Company activity depends on seasonal fluctuations.

On 1 May 2013, the parent company Tatry mountain resorts, a.s. and subsidiaries GRANDHOTEL PRAHA a.s., Interhouse Tatry s.r.o. and Tatry mountain resorts services, a.s, merged. On that day, the company Tatry mountain resorts, a.s. became the successor company, and assumed all legal, trade and other liabilities, as well as the assets of its subsidiaries. All subsidiaries ceased to exist by the merger with the parent company, and then were expunged from the Commercial Register.

As at 31 October 2019 and 31 October 2018, the Shareholders structure of the Company was as follows:

31 October 2019	Share in share capital		Voting rights
	in TEUR	%	%
C.I. CAPITAL INDUSTRIES LIMITED	9 164	19,5%	19,5%
FOREST HILL COMPANY, s.r.o.	7 216	15,4%	15,4%
NIKROC INVESTMENTS LIMITED	6 284	13,4%	13,4%
KEY DEE LIMITED	4 648	9,9%	9,9%
TINSEL ENTERPRISES LIMITED	4 469	9,5%	9,5%
RMSM1 LIMITED	4 117	8,8%	8,8%
Minority shareholders	11 052	23,5%	23,5%
Total	46 950	100%	100%

31 October 2018	Share in share capital		Voting rights
	in TEUR	%	%
C.I.CAPITAL INDUSTRIES LIMITED	9 164	19,5%	19,5%
BELGOMET s.r.o.	7 216	15,4%	15,4%
NIKROC INVESTMENTS LIMITED	6 284	13,4%	13,4%
KEY DEE LIMITED	4 648	9,9%	9,9%
TINSEL ENTERPRISES LIMITED	4 469	9,5%	9,5%
RMSM1 LIMITED	4 117	8,8%	8,8%
Minority shareholders	11 052	23,5%	23,5%
Total	46 950	100%	100%

1. Information about the Company (continued)

The principal activities of the Company comprise the operation of cable ways and ski lifts, restaurant and catering services, the operation of a ski and snowboard school, the purchase and sale of goods, hotel business. Since 29 March 2011, the Company has operated Aquapark Tatralandia, thus expanding the portfolio of services rendered. During 2014 and 2015 the Company acquired interests in subsidiaries in Poland that operate the Szczyrk ski resort and an amusement park in Chorzow. During the years 2017 and 2018 the Company expanded its portfolio by subsidiary companies in the Czech Republic and Austria. The company in Czech Republic provides ski center Ještěd pri Liberci since December 2017. During accounting period the Company acquired interests in Austrian companies operating the ski resorts Mölltaler Gletscher and Ankogel in Austria. During the accounting period the Company became a direct shareholder (9.5% share) in MELIDA, which operates the ski resort Špindlerův Mlýn in the Czech Republic.

In the period between 1 November 2018 and 31 October 2019, the average number of Company employees was 1,145, out of which the management was 22 (between 1 November 2017 and 31 October 2018, it was 1 150, out of which the management was 25).

During the year, the Company used the services of employment agencies for short-term personnel leasing. In the period between 1 November 2018 and 31 October 2019 it was 299 employees in average (between 1 November 2017 and 31 October 2018: 272 employees).

Company bodies are:

The Board of Directors

Ing. Bohuš Hlavatý, the Chairman (since 30.06.2009)
Ing. Branislav Gábriš, the Vice-Chairman (since 18.02.2011)
Ing. Andrej Devečka, the Member (since 22.12.2011)
Ing. Jozef Hodek, the Member (since 30.6.2009)

The Supervisory Board:

Ing. Igor Rattaj (since 29.06.2009)
Ing. František Hodorovský (since 18.01.2011)
Roman Kudláček (since 21.04.2012)
Ing. Ján Štetka (since 30.06.2012)
Ing. Peter Kubeňa (since 30.06.2012)
Miroslav Roth (since 30.06.2012)
Ing. Pavol Mikušiak (since 27.04.2013)
Adam Tomis (since 12.04.2014)
PhDr. Martin Kopecký, MSc, CFA (since 25.04.2015)

2. Significant accounting policies

(a) Statement of compliance

The separate financial statements for the period from 1 November 2018 to 31 October 2019 have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as adopted by the EU and in accordance with Art 17a), par. 3 of Act No. 431/2002 Coll. of the National Council of the Slovak Republic on Accounting (“Act on Accounting”).

Since the company has share in subsidiaries, IFRS and the Act on Accounting require the preparation of consolidated financial statement. The company has not consolidated its subsidiaries in this separate financial statement. The investments in subsidiaries are recognized at cost (net of impairment losses, if any) and dividend returns are recognized at the moment when the Company became entitled to receiving dividends from those companies. The Company applies similar treatment to associates. The Company prepares consolidated financial statements that shall be published by the end of February 2020 and that shall be available at the Company headquarters and on the Company's website.

The financial statements were approved by the Board of Directors on 28 February 2020.

(b) Basis of preparation

The separate financial statements have been prepared based on the historical cost principle, while the investment property and financial instruments measured at fair value were revalued to their fair value through profit or loss.

The Company's separate financial statements have been prepared on a going-concern basis.

The separate financial statements have been prepared in thousands EUR.

The preparation of financial statements in compliance with the International Financial Reporting Standards as adopted by the EU requires the application of various judgements, assumptions and estimates which affect the reported amounts of assets, liabilities, income and expenses. However, actual results will likely differ from these estimates. Critical accounting estimates and judgements which were made by management and which bear a significant risk of material adjustment in the next accounting period are discussed in Note 3– Critical accounting estimates and assumptions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and also in future periods if the revision affects both current and future periods.

(c) Adoption of new standards and interpretations

When preparing the separate financial statements, the Company applied the following International Financial Reporting Standards, amendments to the standards and interpretations as adopted by the EU, which are effective for the accounting period starting 1 November 2018:

In July 2014, the IASB issued final version of **IFRS 9 Financial Instruments** that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 comprises three aspects of accounting: recognition and measurement, impairment losses and hedge accounting. IFRS 9 is effective from 1 January 2018. Early application is permitted. Except for hedge accounting, the standard should be applied retrospectively. The comparative information of prior periods is not required.

The adoption of **IFRS 9 Financial Instruments** and its impact on the financial statements is described in Notes e) and f).

The application of the standards mentioned below has had no significant impact on the Group's financial statements.

2. Significant accounting policies (continued)

In May 2014, IASB issued **IFRS 15 Revenue from Contracts with Customers**, effective for the periods starting on 1 January 2018 with earlier adoption permitted. IFRS 15 defines the principles for accounting for revenues and will be applicable to all contracts concluded with customers. The new Standard provides a framework that replaces existing revenue recognition guidance in IFRS. Entities will adopt a five-step model to determine when to recognise revenue, and at what amount. The new model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised:

- over time, in a manner that depicts the entity's performance; or
- at a point in time, when control of the goods or services is transferred to the customer.

IFRS 15 also establishes the principles that an entity shall apply to provide qualitative and quantitative disclosures which provide useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.

The Company evaluated the impact of IFRS 15 on the financial statements of the Company and came to the conclusion that the first-time adoption of the standard does not have material impact on the financial statements due to the nature and types of revenue that the Company generates.

The Interpretation **IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration** clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

The Interpretation is effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed. Since the Company's current practice is in line with the Interpretation, the Company assessed that the Interpretation does not have a material impact on the financial statements.

The amendments to **IAS 40 Transfers of Investment Property** is effective for annual periods beginning on or after 1 January 2018 and should be applied prospectively. Early application is permitted. The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use.

The Company assessed that the first-time adoption of the amendments does not have significant impact on the financial statements, as the Company transfer property into, or out of investment property only in case of the change in the use of the property.

The following standards and interpretations are effective for annual periods beginning on 1 January 2018:

- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions. The amendments clarify share-based payment accounting in various areas
- Annual Improvements to IFRS (2014-2016 Cycle) contain two amendments to standards.

Above mentioned amendments do not have a material impact on the financial statements of the Company.

2. Significant accounting policies (continued)

(d) International financial reporting standards that were issued but not yet effective

The Company did not apply any International Financial Reporting Standards as adopted by the European Union before the date they become effective. In case that the transition arrangements allow entities to choose between prospective or retrospective approach, the Company decided to apply these standards prospectively.

As at 31 October 2019, the following International Financial Reporting Standards, amendments to standards and interpretations as adopted by the European Union were issued but not yet effective, and have not been applied by the Company in preparing these financial statements:

- IFRS 3 Business Combinations. The amendment clarifies the definition of 'business' (effective for annual periods beginning on or after 1 January 2020, the amendment is not yet endorsed by the EU)
- IFRS 9 Financial Instruments: Classification and Measurement. The amendment is related to the prepayment features with negative compensation (effective for annual periods beginning on or after 1 January 2019)
- IFRS 14 Regulatory Deferral Accounts (effective for annual periods beginning on or after 1 January 2016, the EC has decided not to launch the endorsement process and to wait for the final IFRS Standard)
- IFRS 16 Leases (effective for annual periods beginning on or after 1 January 2019)
- IFRS 17 Insurance Contracts (effective for annual periods beginning on or after 1 January 2021, the standard is not yet endorsed by the EU)
- IAS 1 Presentation of Financial Statements. The amendment clarifies the definition of 'materiality' (effective for annual periods beginning on or after 1 January 2020, the amendment is not yet endorsed by the EU)
- IAS 19 Employee Benefits. The amendment clarifies changes, curtailment or settlement of plans (effective for annual periods beginning on or after 1 January 2019)
- IAS 28 Investments in Associates and Joint Ventures. The amendment refers to the long-term interests in associates and joint ventures (the amendment is effective for annual periods beginning on or after 1 January 2019)
- IFRIC 23 Uncertainty over Income Tax Treatments (the standard is effective for annual periods beginning on or after 1 January 2019)
- Annual improvements to IFRS standards 2015-2017 Cycle (issued in December 2017, effective for accounting periods beginning on or after 1 January 2019)

Except for impact of IFRS 16, the Company does not expect the standards to have a material impact on the financial statements.

IFRS 16 Leases

The standard is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted if the entity also applies IFRS 15.

IFRS 16 supersedes IAS 17 Leases and related interpretations. The standard eliminates the current dual accounting model for lessees and instead requires companies to bring most leases on-balance sheet under a single model, eliminating the distinction between operating and finance leases.

Under IFRS 16, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period in exchange for consideration. For such contracts, the new model requires a lessee to recognize a right-of-use asset and a lease liability. The right-of-use asset is amortized and the liability accrues interest. This will result in a front-loaded pattern of expense for most leases, even when the lessee pays constant annual rentals.

The new standard introduces several limited scope exceptions for lessees which include:

- Leases with a lease term of 12 months or less and containing no purchase options, and
- Leases where the underlying asset has a low value ('small-ticket' leases).

Lessor accounting, however, shall remain largely unchanged and the distinction between operating and finance leases will be retained.

2. Significant accounting policies (continued)

It is expected, that first-time adoption of the standard will have significant impact on the financial statements, since it is required to recognise assets and liabilities from operating leases in statement of financial position, where the Company act as a lessee. This applies mainly on operating lease of lands. The character and and expenses related to these lease will change, as the Company will report depreciation expense from the right to use the asset and interest expense from liabilities. The Company is now recording expenses from operating lease on a linear basis and the asset and liabilities only in time inconsistency between actual lease payment and recorded expense. Instead, the Company will recognize lease payments within lease liability.

Based on the information available, the Company assumes that the impact on the financial statements as at 1 November 2019 will be following:

Statement of financial position <i>in thousands of euro</i>	1 November 2019
Increase in property and plant	19 801
Increase in other non-current tangible assets	629
Increase in long-term loans	20 430
Net impact on equity	0

The Company plans to apply IFRS 16 initially on 1 January 2019 using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings at 1 Novemebr 2019, without any adjustment to comparable information.

The Company intends to apply the practical expedient to grandfather the definition of lease on transition. This means that it will apply IFRS 16 to all contracts entered before 1 Novemebr 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

The Company also intends to apply an exemption for short-term contracts. This means that it will not apply IFRS 16 to those contracts that were entered into at the date of initial adoption for the period of less than 12 months and to the low value contracts.

2. Significant accounting policies (continued)

(e) Impact of adoption of IFRS 9

The following table summarizes an impact of new standard IFRS 9 on statement of financial position as at 1 November 2018, when the mentioned standard became effective:

<i>in TEUR</i>	Note	31.10.2018	IFRS 9	1.11.2018
Assets				
Goodwill and Intangible Assets	16	7 020	-	7 020
Property, Plant and Equipment	15	278 535	-	278 535
Investments Property	17	7 279	-	7 279
Loans Provided	21	3 043	-8	3 035
Other receivables	23	3 708	-44	3 664
Investments in Subsidiaries	18	7 482	-	7 482
Fixed assets total		307 067		307 015
Inventory	20	7 895	-	7 895
Trade receivables	22	3 387	-14	3 373
Loans Provided	21	86 322	-1 724	84 598
Other receivables	23	24 224	-	24 224
Financial investments	25	4 652	-	4 652
Cash and Cash Equivalents	26	52 787	-1	52 786
Other Assets	24	8 770	-32	8 738
Total current assets		188 037		186 266
Assets total		495 104		493 281
Equity	27			
Capital		46 950	-	46 950
Share premium		30 430	-	30 430
Profit for the period		7 573	-	7 573
Retained earnings and other funds		37 969	-1 440	36 529
Total equity		122 922		121 482
Liabilities				
Loans and Borrowings	28	39 874	-	39 874
Trade payables	29	-	-	-
Provisions	31	24	-	24
Other non-current liabilities	30	-	-	-
Bonds Issued	32	167 415	-	167 415
Deferred tax liability	19	23 079	-383	22 696
Total non-current liabilities		230 392		230 009
Loans and Borrowings	28	46 548	-	46 548
Trade payables	29	7 689	-	7 689
Provisions	31	389	-	389
Bonds Issued	32	71 002	-	71 002
Other current liabilities	30	16 162	-	16 162
Total current liabilities		141 790		141 790
Total liabilities		372 182		371 799
Total equity and liabilities		495 104		493 281

2. Significant accounting policies (continued)

(f) Initial application of IFRS 9 Financial instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company has applied IFRS 9 with the initial application date as of 1 November 2018.

The nature of these adjustments are described below:

i. Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Company's business model was made as of the date of initial application, 1 November 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 November 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact on the Company. The Company continued measuring at fair value all financial assets previously held at fair value under IAS 39.

The Company has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Company's financial liabilities.

ii. Impairment

The adoption of IFRS 9 has fundamentally changed the accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

IFRS 9 includes a new general hedge accounting model, which aligns hedge accounting more closely with risk management. The types of hedging relationships – fair value, cash flow and foreign operation net investment – remain unchanged, but additional judgment is required. This change had no impact on the Company as the hedging relationships are simple and straight-forward.

The standard includes new requirements for achieving, continuing and discontinuing hedge accounting and allows additional risks to be designated as hedged items. Extensive additional disclosures about company risk management and its hedging activities are required.

2. Significant accounting policies (continued)

Financial instruments (except for financial liabilities)

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments

i. Initial recognition and measurement of financial asset

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient (ie. the Company measures life-time credit losses). The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

ii. Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

iii. Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes Trade receivables, Other receivables and Loans provided.

2. Significant accounting policies (continued)**iv. Financial assets at fair value through OCI without recycling of cumulative gains and losses upon derecognition (equity instruments)**

The Company elected to measure equity instruments at fair value through OCI if both of the following conditions are met:

- The equity instrument is an instrument in neither an instrument in Associate, nor Subsidiary
- The equity instrument is not held for trading

v. Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

vi. Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a method, that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derivative financial instruments and hedge accounting**Initial recognition and subsequent measurement**

The Company uses derivative financial instruments, such as foreign currency swaps to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

2. Significant accounting policies (continued)

For the purpose of hedge accounting, hedges are classified as:

- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability

The Company does not use any other form of hedges.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is ‘an economic relationship’ between the hedged item and the hedging instrument.
- The effect of credit risk does not ‘dominate the value changes’ that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss.

The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Company uses swap currency contracts as hedges of its exposure to foreign currency risk in loans taken out in foreign currencies.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

2. Significant accounting policies (continued)

(g) Financial instruments – applicable for comparative period ending 31.10.2018

i. Classification

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Loans granted are non-derivative financial assets with fixed and determinable payments, not quoted in an active market, which are not classified as available-for-sale securities, financial assets held to maturity or as financial instruments at fair value through profit or loss.

Available-for-sale securities are those non-derivative financial assets that are not classified as financial instruments at fair value through profit or loss, loans and advances to banks and customers or as financial assets held to maturity.

Financial instruments at fair value through profit or loss are those that the Company principally holds for trading, that is, with the purpose of short-term profit taking.

ii. Recognition

Loans granted are recognised on the day they are provided by the Company.

Financial assets at fair value through profit or loss and available-for-sale securities are recognised on the date the Company commits to purchase the assets.

iii. Measurement

Financial instruments are measured upon initial recognition at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the financial instrument.

Subsequent to initial recognition, financial assets are measured at amortized costs, except for financial assets at fair value through profit and loss and available-for-sale securities, which are measured at fair value.

iv. Fair value measurement principles

The fair value of financial instruments is based on their quoted market price at the financial statements date without any deduction for acquisition-related costs. If a quoted market price is not available, the fair value of the instrument is estimated by the management using the pricing model or discounted cash flow techniques.

Where the discounted cash flow method is used, estimated future cash flows are based on the management's best estimates and the discount rate is the market rate at the date of the financial statement for an instrument with similar terms and conditions. Where pricing models are used, inputs for these models are based on market-related factors at the date of the financial statement.

v. Gain and losses on subsequent revaluation

Gains and losses arising from a change in fair value are recognised in profit or loss for financial instruments at fair value through profit or loss and directly in equity for available-for-sale securities. Changes in the fair value of available-for-sale securities are derecognised from other equity to profit or loss at the moment of sale.

vi. Derecognition

A financial asset is derecognised when the Company loses control over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or are surrendered by the Company.

Available-for-sale assets that are sold are derecognised and the corresponding payable receivables to buyers are recognised as at the date the Company commits to sell the assets.

Loans and advances to customers are derecognised as at the day they are paid/ settled by the Company.

2. Significant accounting policies (continued)

vii. Impairment

Loans provided are recognized net of loan loss impairment allowance. Impairment allowances are determined on the basis of the loan status and the behavior of the borrower and take into account the value of all collateral and third party guarantees. The recoverable amount of receivables carried at amortized cost is determined as the present value of estimated future cash flows discounted at the original effective interest rate (ie the effective interest rate calculated on initial recognition of these financial assets). Short-term receivables are not discounted.

When an impairment loss has been recognized directly in equity for available-for-sale assets and there is objective reason for impairment, the cumulative loss that was recognized in equity is subsequently recognized in the statement of profit or loss, even if financial assets were not derecognised from the balance sheet.

The amount impairment expense recognized in the income statement represents the difference between the cost and the fair value less any impairment of financial assets already recognized in the income statement. A decrease in the fair value below the cost of acquisition by more than 20%, or a decrease in the fair value below the cost of acquisition that lasts more than 9 months, in the case of investments in equity securities, is considered impairment.

Impairment losses on receivables carried at amortized cost are recognized when an increase in the recoverable amount can be objectively attributed to an event that occurred after their write-down in accounting. In the case of goodwill, an impairment loss cannot subsequently be reduced.

(h) Financial investments

i. Subsidiaries

Subsidiaries are all enterprises that are controlled by the Company. The control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise, so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Investments in subsidiaries are measured at cost.

ii. Associates

Associates are those enterprises in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when a company holds between 20 and 50 percent of the voting rights of another entity. Investments in associates are recognised at cost.

The cost of financial investments is derived from the amount of spent cash or cash equivalents or is recognised at fair value of contributed assets and liabilities to acquire the enterprise at the moment of acquisition. Costs related to acquisition (transaction costs) are included in the cost of the investment.

As at the reporting date, the management reconsiders whether any events occurred which could cause impairment of financial investments. Potential impairment of financial investments below their cost is recognised through a value adjustment. Value adjustments are derived from the value of future cash flows discounted to present value.

(i) Foreign currency

Foreign currency transactions

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The separate financial statements are presented in thousands of euros, which is the Company's functional and presentation currency. Transactions in foreign currencies are translated into euros at the foreign exchange rate valid at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into euros at the financial statements date at the exchange rate of the European Central Bank valid at that day.

Foreign exchange differences arising from such translations are recognised through profit or loss. Non-monetary assets and liabilities denominated in foreign currencies, which are measured at cost, are translated into euros using the exchange rate valid at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into euros at the foreign exchange rates valid at the dates the fair values are determined.

2. Significant accounting policies (continued)

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and in banks, short-term highly liquid investments with original maturities of three months or less and short-term highly liquid investments readily convertible for known amounts of cash.

(k) Inventories

Inventories are measured at the lower of acquisition cost (purchased inventory), respectively in own costs (incurred by own activity), and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. Purchased inventories are measured at cost, which includes the purchase price and other directly attributable expenses incurred in acquiring the inventories and bringing them to their existing location and condition. Own costs include direct costs and indirect costs associated with acquiring inventories by own activity.

(l) Offsetting

Financial assets and liabilities are offset and their net amount is reported in the balance sheet when the Company has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis.

(m) Impairment

The carrying amounts of the Company's assets, other than inventories (refer to the accounting policy under letter k), investment property (refer to the accounting policy under letter p), financial assets at fair value through profit or loss (refer to the accounting policy under letter f), and deferred tax assets (refer to the accounting policy under letter t) are reviewed at each financial statements date to determine whether there is objective indication of impairment of the asset. If any such indication exists, the asset's recoverable amount is estimated. Intangible assets that have an indefinite useful life are not subject to amortisation, but are tested annually for impairment as part of the cash-generating unit to which they belong.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Loans granted are recognised net of value adjustment for expected credit losses (ECL). ECL are probability-weighted expectations of future credit lossess. Credit losses are measured as a present value of the difference of contractual and expected cash flows.

If assets available for sale caused a decrease in fair value recognized directly in equity and if objective reasons exist that prove that there was a decrease in the fair value of the assets, the cumulated loss recognized in equity shall be reported in the profit and loss statement even if the relevant financial asset had not been reversed from the financial position. The amount of loss recognized in the profit and loss statement is the difference between the acquisition cost and the fair value, adjusted for the impairment of the financial asset already recognized in profit and loss.

The recoverable amount of other assets is the greater of their value in use less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In the case of goodwill, an impairment loss cannot be decreased subsequently. In respect of other assets, an impairment loss is reversed or decreased when there is an indication that the impairment loss no longer exists and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss can only be reversed or decreased to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2. Significant accounting policies (continued)

(n) Property, plant and equipment

i. Owned assets

Single items of property, plant and equipment are measured at cost less accumulated depreciation (see below) and impairment losses (refer to the accounting policy under letter i). Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and costs of dismantling and removing the items and restoring the site where it was located. When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items (major components) of property, plant and equipment.

ii. Leasing

Agreements on lease of assets in relation to which the Company assumes substantial part of risks and benefits of ownership are classified as financial leasing. Leased assets are stated at an amount equal to the lower of their fair value and the present value of the minimum leasing payments at inception of the lease, less accumulated depreciation (see below) and impairment losses (refer to the accounting policy under letter i).

iii. Subsequent expenditures

Subsequent expenditure is capitalised if it is probable that the future economic benefits embodied in the part of property, plant and equipment will flow to the Company and the relevant cost can be measured reliably. All other expenditures including the costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss in the period to which they relate.

iv. Depreciation

Except as specified below, depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of individual items of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- Buildings 30 - 45 years
- Individual movables and sets of movables
 - Geothermal borehole 40 years
 - Slides 25 years
 - Cableways and ski lifts 12 - 40 years
 - Equipment 5 - 12 years
 - Fixtures and fittings and others 5 - 10 years

Depreciation methods, useful lives, as well as residual values, are reassessed annually as at the financial statement's date. Each significant part of property, plant and equipment (component) with cost significant in relation to the total cost of the relevant item is depreciated separately.

v. Capitalized borrowing costs

Borrowing costs attributable to the asset that necessarily takes a substantial period of time to get ready for its use or sale are capitalised by the Company as part of the cost of the asset.

(o) Intangible assets

i. Goodwill and intangible assets acquired in a business combination

Goodwill recognized as a result of the Company merging with its subsidiaries is measured as the excess of the sum of the consideration transferred, or the amount of the investments, over the net of the actual amounts of the identifiable assets acquired and the liabilities assumed. Goodwill on acquisition of subsidiaries and associates is included in the investments in subsidiaries and associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2. Significant accounting policies (continued)

ii. Software and other intangible assets
Software and other intangible assets acquired by the Company are stated at cost less accumulated amortisation (see below) and impairment losses (refer to the accounting policy under letter i). Useful life of these assets is reassessed regularly.

iii. Amortisation
Amortisation is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date the asset is available for use. The estimated useful lives are as follows:

- | | |
|-------------------|--|
| • Software | 4 – 5 years |
| • Valuable rights | each item uses an individual depreciation plan, based on the estimate useful lives if these assets, valuable rights also include trademarks which represent non-depreciated assets. The Company uses 6, 7, 8, 12 and 50-year useful lives for its valuable rights. |

(p) Investment property
Investment property represents assets that are held by the Company to generate rental income or to realise a long-term increase in value, or for both of these purposes.

Investment property is stated at fair value, which is determined by an independent registered expert or by the management. Fair value is based on current prices of similar assets on an active market under the same location and the same conditions, or where such conditions are not available, by applying the generally applicable valuation models such as the yield method. Any gain or loss arising from a change in fair value is recognised in profit or loss.

Assets that are constructed or developed for their future use as investment property are measured at fair value if the fair value can be determined reliably.

Details on the valuation of investment property are specified in Note 3(a) – Critical accounting estimates and assumptions, Valuation of investment property.

Rental income from investment property is accounted for as described in the accounting policy under letter (o).

(q) Provisions
A provision is recognised in the balance sheet when the Company has a present legal, contractual, or non-contractual obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Long-term provisions the reduction of which to their present value would have a material impact on the financial statements are discounted to their present value.

i. Long-term employee benefits
Liability of the Company resulting from long-term employee benefits other than pension plans represents the estimated amount of future benefits that employees have earned in return for their service in the current and prior periods. The liability is calculated using the projected unit credit method, discounted to its present value. A discount rate used to calculate the present value of liability is derived from the yield curve of high-quality bonds with maturities close to the conditions of the Company’s liabilities as at the date of the financial statements preparation.

ii. Short-term employee benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are recognised as expenses at the time of provision of the service by the employees. A payable is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or contractual obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2. Significant accounting policies (continued)

(r) Interest income and expense
Interest income and expense is recognised in profit or loss in the period to which it relates using the effective interest rate basis. All expenses on loans and borrowings are recognised in profit or loss, with the exception of capitalised borrowing costs; refer to the accounting policy under letter (j), part (v).

(s) Rental income
Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.

(t) Income tax
Income tax on the profit for the current accounting period comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the current accounting period, using tax rates valid as at the date of the financial statement’s preparation, and any adjustments to tax payable in respect of previous accounting periods.

Deferred tax is accounted for using the balance sheet method and calculated from all temporary differences between the carrying amounts of assets and liabilities determined for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences weren’t taken into account: the initial recognition of assets or liabilities which affect neither accounting nor taxable profit, and the differences relating to investments in subsidiaries to the extent that it is probable that they will not be reversed in the foreseeable future. No deferred taxes are recognised on the initial recognition of goodwill. The amount of deferred tax is based on the expected way of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates valid or approved as at the date of the financial statement’s preparation.

Income tax is recognised directly in profit or loss, except for the part that relates to items recognised directly in equity, in which case the income tax is recognised in equity.

Deferred tax asset and liability are offset if there is a legally enforceable right to offset the payable tax liability and asset, and they relate to the same tax authority and the taxable entity.

A deferred tax asset is only recognised up to the amount of probable future taxable profits against which the unused tax losses and credits can be offset. Deferred tax assets are reduced by the amount for which it is probable that the related tax benefit will not be realised.

(u) Operative and financial lease payments
Payments made under operative leasing are recognised in profit or loss on a straight-line basis over the term of the lease.

Minimum leasing payments of financial leasing are divided into interest and instalments of the principal. Interest is allocated to each period during the term of the lease so as to express a constant periodic rate of interest for the period applied to the unpaid part of the principal

(v) Trade and other payables
Trade and other payables are stated at amortised cost (see point (w) Financial liabilities).

2. Significant accounting policies (continued)

(w) Revenues from services rendered

The Company recognises six types of basic revenues from services rendered:

- Revenues from cableways and ski lifts (hereinafter also referred to as “Mountain Resorts”)
- Revenues from leisure parks (hereinafter also referred to as “Leisure Parks”)
- Revenues from sports services and stores (hereinafter also referred to as “Sports Services and Stores”)
- Revenues from hotel services (hereinafter also referred to as “Hotels”)
- Revenues from restaurant facilities (hereinafter also referred to as “Dining”)
- Revenues from real estate projects (mainly from investment property, hereinafter also referred to as “Real Estate”)
- Other revenues

The company recognises the revenues to the extent, in which it is probable that the economic benefits will flow to the Company and these revenues can be reliably evaluated. The revenues are recognised at fair value. Revenues are accrued depending on in which period the services were rendered, excluding revenues from the aqua park, hotel services and restaurant facilities, which are recognised in profit or loss after the service has been rendered. Revenues from services rendered do not include value added tax. They are also net of discounts and rebates (rebates, bonuses, discounts, credit notes and the like).

Since 2012 the Company has been running a loyalty program for its clients – GOPASS. GOPASS enables its clients to earn points for purchase of products and services in its resorts and to redeem these points as discounts from future purchases. The amount of unredeemed points are recognized as a decrease in sales against revenue time difference, as they are related to promised discounts from future purchases of clients. The Company monitors the value of unredeemed points and revalues it on a regular basis for its recognition in the financial statements.

Other services include in particular the services provided in relation to accommodation, such as the rental of premises including hotels disclosed as investments property, parking, wellness, massage, sale of souvenirs, etc. Revenues from rental are recognised over the duration of the rental, with accruals. Revenues from real estate projects are recognised following the transfer of rights and obligations and related risks on to buyer, to which occurs at the day of transferring the ownership rights. Revenues from the sale of souvenirs and other goods shall be recognised following the transfer of significant risks and benefits from the particular goods. Other revenues from services provided shall be recognised following the provision thereof.

(x) Dividends

Dividends are recognised in the statement of changes in equity and also as liabilities in the period in which they are approved.

(y) Non-current assets and disposal groups held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group held for sale) are re-measured in accordance with the International Financial Reporting Standards as adopted by the EU. Thereafter, upon initial classification as held for sale, the assets and disposal group held for sale are recognised at the lower of their carrying amount or fair value less cost to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except for inventories, financial assets, deferred tax assets and investment property, which continue to be measured in accordance with the Company's accounting policies.

Impairment losses on initial recognition as held for sale are recognised in profit or loss even if the revaluation reserve was created. The same applies to gains and losses on subsequent measurements. Gains are not recognised in excess of any cumulative impairment loss. Property, plant and equipment and intangible assets classified as held for sale are no longer depreciated or amortised.

2. Significant accounting policies (continued)

In case that, after the asset assignment into the group of assets held for sale, value is realized mainly through use rather than sale thereof, the assets shall be accounted back and depreciation or amortization for property, plant and equipment and intangible assets shall be recognised in the period when such change of assets arose.

(z) Reporting by segments

Operating segments are parts of the Company that are able to generate income and expenses with available financial information, which is regularly reviewed by the chief operating decision makers in order to allocate resources to the segments and to assess their performance. The management monitors 7 main segments, namely mountain resorts, leisure parks, hotels, dining, sports services and stores, real estate, and other.

(aa) Financial liabilities

The Company recognises financial liabilities as other financial liabilities. The Company does not recognise any financial liabilities valued at fair value through profit or loss.

In the Company's separate statement of financial position, other financial liabilities are recognized as received loans and borrowings, bonds issued, trade payables, other liabilities and current tax liabilities.

Financial liabilities are recognised by the Company on the trade date. Upon initial recognition, financial liabilities are measured at fair value including transaction costs.

Subsequent to initial recognition, financial liabilities are measured at amortized cost. Upon measurement at amortized cost the difference between the cost and the face value is recognised through profit or loss during existence of the asset or liability using the effective interest rate method.

Financial liabilities are derecognised when the Company's obligation specified in the contract expires, is settled or cancelled.

(bb) Fair value estimates

The following notes summarise the main methods and assumptions used in estimating the fair values of financial assets and liabilities referred to in Note 33 – Fair value information:

i. Loans granted

Fair value is calculated based on discounted expected future principal and interest cash flows. Expected future cash flows are estimated considering credit risk and any indication of impairment. The estimated fair values of loans reflect changes in credit status since the loans were made and changes in interest rates in the case of fixed rate loans.

ii. Loans and borrowings

For loans and borrowings with no defined maturities, fair value is taken to be the amount payable on demand as at the date of preparation of the consolidated financial statement. The estimated fair value of fixed-maturity loans and borrowings is based on discounted cash flows using rates currently offered for loans and borrowings of similar remaining maturities.

iii. Trade receivables/payables, other receivables and other assets/liabilities

For receivables/payables with a remaining life of less than one year, the nominal amount is deemed to reflect the fair value. Other receivables/payables are discounted to determine the fair value.

3. Significant Accounting Estimates and Assumptions

The compilation of the financial statements according to the International Financial Reporting Standards as adopted by the EU requires the application of certain significant accounting estimates. It also requires that the management, in the application process of the Company accounting principles, should use its judgement. Therefore, the accounting estimates will be rarely identical with actual figures. Estimates and assumptions carrying a significant risk of causing a material modification of the book value of assets and liabilities in the future accounting period are described below in the text. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and also in future periods if the revision affects both current and future periods.

(a) Valuation of Investments in Property

Investments in property are measured at fair value. The fair value of investments in property is determined either by a management evaluation or independent expert (see the Significant Accounting Principles, par. 1); in both of the cases the valuation is based on current market values and conditions. The fair market value is the estimated value, for which the property could be exchanged, on the valuation day, between knowledgeable, willing parties being a prospective seller and a prospective buyer, in an arm's length transaction, with each party acting well informed, cautiously and without compulsion.

In the absence of current market prices, net estimated cash flow generated from the leasing of property and gains from capitalisation which reflect the risk specific for the market and also cash flow from the property shall be taken into account. The valuation reflects (where relevant) the type of lessees who use the property or are responsible for the fulfilment of lease liabilities or the type of prospective users, if the property is left non-rented, the general market perception of lessee solvency, the distribution of responsibilities related to maintenance and insurance of property between the Company and the lessees, and the remaining life of property.

As at 31 October 2019, the investments in real property cover three hotels (SKI, Liptov, Kosodrevina) and the accommodation facility Otopné with the aggregate book value of 2,707 ths. EUR (as at 31 October 2018: 2,707 ths EUR), which are leased out to third parties that operate them, as well as forest areas and lands obtained as an acquisition in 2009 in the book value of 5,622 ths. EUR (as at 31 October 2018: 4,572 ths EUR). The value of the hotels was estimated by the management in a manner specified above. The value of the land was determined by the management using market prices, and the final value is based on an estimate of the market price per square meter, depending on the type of land and market transactions for lands of similar character.

As at 31 October 2019, the Company management, based on current market and contract conditions, revalued the value of investments in property and came to the conclusion, that the value of contractual lease has changed and therefore there was a need to adjust the value of investments in property. The investments property revaluation was 1,050 ths. EUR as at 31 October 2019 (as at 31 October 2018: 725 ths. EUR). For the purposes of valuation the expert reports and available sale/purchase contracts were used.

If the fair value of the portion of investments in property which was determined based on management estimates differs from management estimates by 10%, the book value of investments in property would be higher or lower by 833 ths. EUR in comparison with the amount reported as at 31 October 2019 (as at 31 October 2018: 728 ths. EUR).

(b) Goodwill and Impairment Test

As at the date of the financial statements, the Company is required to assess whether there is any indication that its goodwill is impaired. If there is no indication that goodwill may be impaired, the Company shall, according to IAS 36, test reported goodwill for possible impairment on a yearly basis as at 31 October, i.e. as at the date of compilation of the annual separate financial statements.

On the day of reporting, the acquired goodwill is allocated to individual cash-generating units (CGU) that are expected to benefit from the synergies of the business combinations.

3. Significant Accounting Estimates and Assumptions (continued)

Potential decrease of the goodwill value is determined by comparing the return value of CGU and its book value. The return value is determined by the value in use. The value in use was derived from a business plan prepared by the management. The key prerequisite which was also the most sensitive factor in determining the recoverable amount was expected revenues assessed by the management, the profit margin ratio (EBITDA) and the cost of capital used as the discount factor for future net cash flows.

Expected revenues as well as the profit margin ratio are based on changes in customer target groups, strengthened marketing and increase in the quality of services rendered.

Projecting of cash flows applied in determining the value in use covers a medium-term period of 5 years and subsequent extrapolation for the next period. Based on such standard level of cash flows, the terminal value was calculated with expected growth of cash flows at 1% p.a. (2018: 1%). Discount rates applied in the projecting of cash flows were calculated as weighted average cost of capital, representing 6.5% (without taking into account the effect of the corporate income tax) for 2019 and 6.5% for 2018 (after taking into account the effect of corporate the income tax).

In 2019 and 2018, goodwill was tested within CGU Vysoké Tatry, and the test did not show any reason for asset impairment. If as at 31 October 2019, projected EBITDA of CGU Vysoké Tatry, being part of projected cash flows was lower than 5% in comparison with management estimates, the value in use for an individual cash-generating unit in the location of High Tatras would drop by 11,586 ths. EUR. In such case, it would not be necessary to account for the asset impairment or goodwill even at a lower EBITDA reached. If the discount rate increased by 0.5% in comparison with the management estimate, i.e. its value was 7.00 %, the value in use for an individual cash-generating unit for the location of High Tatras would drop by 22,671 ths. EUR. Here again it would not be necessary to account for asset impairment or goodwill even at a higher discount rate.

If as at 31 October 2018, projected EBITDA of CGU Vysoké Tatry, being part of projected cash flows was lower than 5% in comparison with management estimates, the value in use for an individual cash-generating unit in the location of High Tatras would drop by 10,160 ths. EUR. In such case, it would not be necessary to account for the asset impairment or goodwill even at a lower EBITDA reached. If the discount rate increased by 0.5% in comparison with the management estimate, i.e. its value was 7.00 %, the value in use for an individual cash-generating unit for the location of High Tatras would drop by 12,821 ths. EUR. Here again it would not be necessary to account for asset impairment or goodwill even at a higher discount rate.

(c) Asset Impairment

IAS 36 requires the testing of asset impairment in cases where external or internal indicators would point out to possible asset impairment.

The Company carries on 6 principal activities: running of mountain resorts, leisure parks, restaurant services, sports services and stores, accommodation services and real estate projects, namely in three locations: Jasná (the Low Tatras), in the High Tatras, and in Liptovský Mikuláš and via its subsidiaries in Poland, Czech Republic and Austria with new asset expansion in 2019. Each of the locations was assessed by the management as an individual cash-generating unit (CGU). The Company monitors the performance and creates independent budgets for individual cash-generating units. The Company assets were allocated to individual cash-generating units according to the material competence, whereas all assets, i.e. also the Hotels, Catering establishments and Sports services and shops are included in individual cash-generating units, except for Ski lifts and Cable ways.

As at 31 October 2019, the Company management having considered the Company asset impairment did not identify any indicator of possible impairment. For that reason, the asset impairment test was not performed. An impairment test was performed only for the location of High Tatras, as it has assigned Goodwill as specified in par. 3(b).

As at 31 October 2018, the Company management having considered the Company asset impairment did not identify any indicator of possible impairment. For that reason, the asset impairment test was not performed. An impairment test was performed only for the location of High Tatras, as it has assigned Goodwill as specified in par. 3(b).

3. Significant Accounting Estimates and Assumptions (continued)

(d) Financial Instruments at Fair Value

The fair value of financial instruments is determined based on:

- Level 1: quoted market prices (unadjusted) in active markets for identical assets or liabilities
 Level 2: inputs other than quoted market prices included within Level 1, which are comparable for the asset or liability, either directly (as prices of comparable instruments) or indirectly (derived from prices)
 Level 3: inputs for the asset and liability, which are not determined on the basis of data from comparable markets (unobservable inputs)

When the quoted market price is not available, the fair value of the instrument is estimated using valuation techniques. When using valuation models, the management applies estimates and assumptions which are consistent with information available on estimates and assumptions that market participants would use when pricing the relevant financial instrument.

<i>in TEUR</i>	31.10.2019				31.10.2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Financial investments	-	-	4 652	4 652	-	-	4 652	4 652
Loans Provided	-	-	112 753	112 753	-	-	89 365	89 365
Other receivables	-	26 232	-	26 232	-	23 437	-	23 437
Investments in Subsidiaries	-	7 515	-	7 515	-	7 482	-	7 482
Trade receivables	-	4 872	-	4 872	-	3 387	-	3 387
Cash and Cash Equivalents	-	10 280	-	10 280	-	52 787	-	52 787
Other Assets	-	9 503	-	9 503	-	7 574	-	7 574
Total	-	58 402	117 405	175 807	-	94 667	94 017	188 684

<i>in TEUR</i>	31.10.2019				31.10.2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial obligations								
Loans and Borrowings	-	111 657	-	111 657	-	86 422	-	86 422
Bonds Issued	-	202 024	-	202 024	-	238 417	-	238 417
Trade payables	-	6 465	-	6 465	-	7 689	-	7 689
Other Liabilities	-	14 471	-	14 471	-	6 080	-	6 080
Total	-	334 617	-	334 617	-	338 608	-	338 608

As at 31 October 2019, within Level 3, the Company registers the financial investment (9.5% share) in the company MELIDA, a.s. in the amount of 4,498 ths. EUR (as at 31 October 2018: EUR 4,498 thousand), which is rents and subsequently operates the ski resort Špindlerov Mlyn in the Czech Republic.

On 29 October 2019 the Company signed the contract regarding the transfer of shares with the company CAREPAR, a.s., based on which the Company acquired 19 pcs of ordinary shares in company MELIDA, a.s.. In this way, the Company became the direct shareholder (9.5% share) in the company MELIDA, a.s.. As at 31 October 2018 the Company registered the financial investment (19% share) in the company CAREPAR, a.s. in amount of 4,498 ths. EUR. This Company owned 50% share in the company MELIDA a.s., which rents and operates the ski resort Špindlerov Mlyn in the Czech Republic. Since as at 31 October 2018, CAREPAR, a.s. does not account for any other significant assets or liabilities apart from the share in MELIDA a.s., the fair value of the investment in CAREPAR, a.s. was set as 9.5% of the estimated fair value of MELIDA a.s.

3. Significant Accounting Estimates and Assumptions (continued)

As at 31 October 2019, after the assessment of the Company's management, no indicator of significant change in financial investment value in the company MELIDA a.s. was identified. Therefore, no impairment allowance was accounted for related to MELIDA a.s.

As at 31 October 2019 and 2018, the fair value of MELIDA a.s. was estimated by the Company management using the discounted cash flow method, with the application of inputs from the business plan and of cash flow estimates. The business plan and cash flow estimates were consistently reviewed before application by Company management. The rent of the ski resort was based on the signed appendix no. 2, which came into effect on 22 March 2018, extended until 2057. Therefore cash flows projection was from 2018 to 2057. The main preconditions that were used in the valuation, were estimated cash flows, where the most important assumptions estimated by the management included EBITDA, its growth and discount rate.

EBITDA projected for 2019 represented the value of 5,890 ths EUR. For financial year 2019, the growth by 5% was originally expected, for 2020 and 2021 the growth by 3% is expected, from 2022 to 2023 it is expected to grow by 2% per year and from 2024 to 2057 by 1% per year. The discount rate applied in the valuation of such financial assets used as at 31 October 2018, representing the required rate of return of own share capital, was of 7.80% (2017: 8.70%).

If in the calculation as at 31 October 2018 the EBITDA projected for MELIDA a.s., which is a part of the projected cash flows, was 5% lower every year compared to the management estimates, the value of investment in CAREPAR, a.s. would drop by 341 ths. EUR. If the discount rate increased by 0.5% in comparison with the management estimate, i.e. its value would be 8.30%, the value of CAREPAR, a.s. would drop by 242 ths. EUR.

4. Information about Operating Segments

Information about Operating Segments - Separate Profit and Loss Statement

in TEUR	Mountain Resorts		Leisure Parks		Hotels		Dining		Sports Services and Stores		Real Estate		Other		TOTAL	
	31.10.2019	31.10.2018	31.10.2019	31.10.2018	31.10.2019	31.10.2018	31.10.2019	31.10.2018	31.10.2019	31.10.2018	31.10.2019	31.10.2018	31.10.2019	31.10.2018	31.10.2019	31.10.2018
	12 m	12 m	12 m	12 m	12 m	12 m	12 m	12 m	12 m	12 m	12 m	12 m	12 m	12 m	12 m	12 m
Sales	39 908	39 258	8 142	8 610	27 735	25 004	15 244	14 528	6 026	6 188	9 138	2 601	-	-	106 194	96 189
Other operating revenue	603	34	-	-	118	77	96	79	4	-	-	-	-	-	822	190
Material and goods consumption	-3 132	-3 750	-334	-322	-5 093	-4 900	-4 734	-4 849	-2 396	-2 702	-7 300	-1 500	-	-	-22 989	-18 023
Purchased Services	-10 261	-10 296	-1 290	-1 553	-6 463	-6 151	-2 538	-2 489	-493	-522	-978	-620	-	-	-22 023	-21 631
Personal cost	-8 713	-8 146	-2 663	-2 623	-9 993	-8 797	-5 386	-4 491	-2 157	-1 912	-363	-126	-	-	-29 274	-26 095
Other operating cost	-406	-375	-70	-83	-303	-306	-109	-93	-122	-83	-64	-4	-	-	-1 074	-944
Gain on sale of assets	-	-	-	-	-	-	-	-	-	-	820	469	-	-	820	469
Increase in fair value of investment property	-	-	-	-	-	-	-	-	-	-	1 050	725	-	-	1 050	725
Gain on revaluation of financial investments	-	2 038	-	-	-	-	-	278	-	142	-	-	-	-	-	2 458
Creation of value adjustments to receivables	-	-	-26	-82	-5	-1	-	-	-6	-	-	-	-3 939	-	-3 976	-83
Depreciation and amortization	-8 102	-7 344	-1 475	-1 289	-3 469	-3 172	-1 273	-918	-493	-403	-98	-85	-7	-206	-14 917	-13 417
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	6 080	3 669	6 080	3 669
Interest expense	-5 995	-4 630	-1 378	-1 316	-3 847	-2 971	-2 128	-1 644	-965	-745	-1 013	-783	-	-	-15 326	-12 089
Net Profit from Financial Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-71	-2 091	-71	-2 091
Profit / (loss) of the segment before taxes	3 903	6 789	906	1 342	-1 319	-1 217	-828	401	-602	-37	1 193	677	2 062	1 372	5 316	9 327
Income tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-1 229	-1 754
Profit/ (Loss)															4 087	7 573

The Company generates all of its revenues on the territory of the Slovak Republic. Eliminations among segments are included in amounts reported for particular periods.
The 10% limit of the share of total revenue was not exceeded by any Company client.

4. Information about Operating Segments (continued)

Information about Operating Segments - Separate Statement of Financial Position

in TEUR	Mountain Resorts		Leisure Parks		Hotels		Dining		Sports Services and Stores		Real Estate		Other		TOTAL	
	31.10.2019	31.10.2018	31.10.2019	31.10.2018	31.10.2019	31.10.2018	31.10.2019	31.10.2018	31.10.2019	31.10.2018	31.10.2019	31.10.2018	31.10.2019	31.10.2018	31.10.2019	31.10.2018
	12 m	12 m	12 m	12 m	12 m	12 m	12 m	12 m	12 m	12 m	12 m	12 m	12 m	12 m	12 m	12 m
Goodwill and Intangible Assets	421	375	2 766	2 515	4 525	4 114	11	10	4	3	3	3	-	-	7 731	7 020
Property, Plant and Equipment	148 762	143 629	37 566	38 697	71 459	72 953	16 137	14 638	2 536	2 671	3 082	3 263	3 550	2 684	283 092	278 535
Investments Property	-	-	-	-	-	-	-	-	-	-	8 329	7 279	-	-	8 329	7 279
Inventory	337	373	-	88	948	703	-	-12	2 684	2 762	3 471	3 981	-	-	7 440	7 895
Trade receivables	2 079	1 335	448	326	995	834	595	464	332	209	422	219	-	-	4 872	3 387
Investments in associates	7 515	7 482	-	-	-	-	-	-	-	-	-	-	-	-	7 515	7 482
Other receivables	26 122	27 753	112	179	-	-	-	-	-	-	-	-	-	-	26 233	27 932
Financial investments	4 498	4 498	-	-	2	2	-	-	119	119	-	-	33	33	4 652	4 652
Other Assets	982	858	7 388	7 405	2 396	507	-	-	-	-	-	-	-	-	10 766	8 770
Loans Provided	60 677	41 589	44 613	41 044	4 524	4 660	-	-	-	-	43	43	2 897	2 029	112 753	89 365
Cash and Cash Equivalents	5 737	3 154	1 097	700	2 272	1 451	850	862	323	398	-	-	-	46 222	10 280	52 787
Assets available for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets total	257 129	231 046	93 991	90 954	87 120	85 224	17 593	15 962	5 998	6 162	15 351	14 788	6 480	50 968	483 663	495 104
Loans and Borrowings long term	34 672	31 732	3 569	4 021	3 880	4 120	-	-	-	-	-	-	58 773	-	100 894	39 874
Loans and Borrowings short term	10 523	46 333	-	-	240	215	-	-	-	-	-	-	-	-	10 763	46 548
Trade payables	2 899	3 210	565	731	1 385	1 767	808	1 020	396	471	412	490	-	-	6 465	7 689
Other liabilities	6 894	7 417	1 400	1 554	3 750	3 981	2 157	2 213	857	997	-	-	-	-	15 057	16 162
Reserves	193	164	47	41	120	102	66	56	28	24	31	26	-	-	484	413
Bonds Issued	-	-	-	-	-	-	-	-	-	-	-	-	202 024	238 417	202 024	238 417
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	860	-	860	-
Total liabilities	55 182	88 856	5 581	6 347	9 375	10 185	3 030	3 289	1 281	1 492	443	516	284 312	261 496	359 202	372 182

Eliminations among segments are included in amounts reported for particular periods. The prices used among segments are determined based on market prices for similar services and financing.

5. Increase and Decrease of Shares in Companies

On 5 May 2017 Tatry mountain resorts CR, a.s. was established, with a registered capital of 2,000 ths. CZK (75 ths. EUR), the sole shareholder of which became the Company. On 31 January 2018 the company Tatry mountain resorts CR, a.s. changed its name and was renamed to TMR Ještěd a.s..

On 30 September 2017 Tatry mountain resorts PL, a.s. was established, with a registered capital of 25 ths. EUR, the sole shareholder of which became the Company. Subsequently on 6 December 2017, Tatry mountain resorts PL, a.s. purchased the whole 75% stake in Slaskie Wesole Miasteczko Sp. z o.o. in total value of 30,000 ths PLN.

On 16 February 2018 the company Tatry mountain resorts CR, a.s. was founded with a registered capital of 2,000 ths. CZK (79 ths. EUR). The Company has become the sole shareholder. The company Tatry mountain resorts CR, a.s. will serve for future acquisitions in the Czech Republic.

On 28 May 2018 the Company signed a purchase agreement of PHIG Holding GmbH, which was later renamed to Tatry mountain resorts AT GmbH. The cost of acquisition was agreed on 32 ths. EUR, with the company becoming the sole owner of the business. The net asset value of the company at the time of acquisition amounted to 32 ths. EUR. Management of the Company scrutinised the remeasurement to fair value within purchase price allocation process and evaluated, that fair value of the acquired net assets is not significantly different from the accounting value.

On 14 September 2018 the company TMR Finance CR, a.s. was founded with a registered capital of 2,000 ths. CZK (78 ths. EUR). The Company has become its sole shareholder. TMR Finance CR, a.s. issued bonds on the Prague Stock Exchange on 7 November 2018 (see point 33- Issued bonds).

On 1 May 2019, the Company acquired 90% share in Mölltaler Gletscherbahnen GmbH in the amount of 33 ths. EUR and 90% share in Mölltaler Gletscherbahnen GmbH & Co KG in amount of 1.8 eur. 10% share in companies Mölltaler Gletscherbahnen GmbH and Mölltaler Gletscherbahnen GmbH & Co KG was acquired by Tatry Mountain Resorts AT GmbH. The acquired companies operate the ski resorts Mölltaler Gletscher a Ankogel in Austria.

6. Revenue

<i>in TEUR</i>	1.11.2018 - 31.10.2019	1.11.2017 - 31.10.2018
Mountain Resorts	39 908	39 258
Hotels	27 735	25 004
Restaurant facilities	15 244	14 528
Real Estate Projects	9 138	2 601
Leisure Parks	8 142	8 610
Sports Services and Stores	6 026	6 188
Total	106 194	96 189

7. Other operating revenue

<i>in TEUR</i>	1.11.2018 - 31.10.2019	1.11.2017 - 31.10.2018
Contractual penalties	24	-
Claims paid by insurance company	3	2
Other operating revenue	795	188
Total	822	190

8. Consumption of Material and Goods

<i>in TEUR</i>	1.11.2018 - 31.10.2019	1.11.2017 - 31.10.2018
Material in hotels and restaurant facilities	-7 563	-6 686
Goods	-3 881	-4 748
Chalets sold	-7 225	-1 498
Fuels	-744	-725
Material for repair and maintenance	-686	-745
Material and goods – other	-2 890	-3 621
Total	-22 989	-18 023

9. Purchased Services

<i>in TEUR</i>	1.11.2018 - 31.10.2019	1.11.2017 - 31.10.2018
Energy consumption	-5 075	-4 569
Advertisement expenses	-2 481	-3 247
Rental costs (cost of premises) and others	-4 324	-4 403
Other administrative expenses	-1 477	-1 551
Repairs and maintenance expenses	-1 501	-1 720
Communication expenses	-1 517	-1 348
Legal advice expenses	-974	-821
Services related to owned premises	-403	-371
Transport, accommodation, travel expenses	-313	-254
Training expenses	-219	-162
Other purchased services	-3 739	-3 185
Total	-22 023	-21 631

Other purchased services represent the accounting, audit and other expenses related to administrative operation of the Company. The Company uses the services of KPMG Slovensko spol. s r.o. auditing company for the auditing of individual and consolidated financial statements. Between 1 November 2018 and 31 October 2019, the expense of these items represented 159 ths. EUR (for the period ended on 31 October 2018: 149 ths. EUR).

10. Personnel Expenses

<i>in TEUR</i>	1.11.2018 - 31.10.2019	1.11.2017 - 31.10.2018
Wages and salaries	-15 901	-14 581
Personnel leasing	-4 076	-3 013
Social security (compulsory)	-6 876	-6 332
Remuneration of members of key management and Supervisory Board	-2 406	-2 154
Other social expenses	-15	-15
Total	-29 274	-26 095

In the period between 1 November 2018 and 31 October 2019, the average number of Company employees was 1,145, of which management 22 (between 1 November 2017 and 31 October 2018, it was 1,150, of which management 25). During the year, the Company used the services of employment agencies for short-term personnel leasing. In the period between 1 November 2018 and 31 October 2019 it was 299 employees in average (between 1 November 2017 and 31 October 2018: 272 employees).

10. Personnel Expenses (continued)

Based on organization structure of the Company effective 1 November 2018, top management consists of positions CEO, CFO, COO and CCO. The Board of Directors determines the remuneration of the top management. For year ended 31 October 2019, base remuneration for top management amounted to 589 ths. EUR (in the period between 1 November 2017 and 31 October 2018: 695 ths. EUR). Members of the Board of Directors of the Company are paid basic flat remuneration, which for each is set individually based on the decision of the Supervisory and is stated within their contract on performing the function of a member of the Board of Directors. For the year ended 31 October 2019 basic remuneration was paid out in the amount of 106 ths. EUR Extraordinary bonuses are paid to the Board of Directors upon fulfilment of the criteria defined in the Remuneration rules. The amount of extraordinary bonuses for the members of the Board of Directors, as well as its pay date are set by the Remuneration rules, which are based on achieving the EBITDA plan. The total amount of extraordinary bonuses of the Board of Directors does not exceed 1% of EBITDA. Extraordinary bonuses to the top management were paid out in the amount of 1,267 ths. EUR (for the year ended 31 October 2018: 1,416 ths. EUR) after the fulfilment of the criteria for extraordinary bonuses (achieving the EBITDA plan).

Basic remuneration is paid to members of the Supervisory Board in accordance with the Supervisory Board Remuneration Rules and the contracts on office. For the year ending 31 October 2019, basic remuneration totalled 43 ths. EUR (in the period between 1 November 2017 and 31 October 2018: 43 ths. EUR).

11. Other operating cost

<i>in TEUR</i>	1.11.2018 - 31.10.2019	1.11.2017 - 31.10.2018
Insurance (property, automobiles, travel cost)	-318	-334
Fees and commissions	-499	-438
Shortages and losses	-184	-161
Other operating cost	-73	-11
Total	-1 074	-944

12. Interest Income and Expense

<i>in TEUR</i>	1.11.2018 - 31.10.2019	1.11.2017 - 31.10.2018
Interest income calculated using effective interest rate	6 080	3 669
Interest expense	-15 326	-12 089
Total	-9 246	-8 420

For the period between 1 November 2018 and 31 October 2019, the interest income was 6,080 ths. EUR (between 1 November 2017 and 31 October 2018, it was 3,669 ths. EUR) is payable mainly from loans provided at a fixed interest rate. See par. 21 – Loans provided.

For the period between 1 November 2018 and 31 October 2019, the interest expense in the amount of 15,326 ths. EUR represents the cost of loans and borrowings of 5,171 ths. EUR (between 1 November 2017 and 31 October 2018, it was 2,051 ths. EUR), interest expense from bonds issued of 10,742 ths. EUR (between 1 November 2017 and 31 October 2018, it was 10,038 ths. EUR) and income associated with derivative transaction SWAP of 587ths. EUR. The Company issued interest-bearing bonds in the total nominal value of 270 mil. EUR. The first portion of the bonds TMR I in the amount of 70 mil. EUR with nominal interest rate of 4.5% p.a. was repaid on 17 December 2018 in full. The second portion of the bonds TMR II in the amount of 110 mil. EUR with nominal interest rate of 6% p.a. is due on 5 February 2021. The third tranche of bonds TMR III in amount of 90 mil. EUR (as at 31 October 2018 drawn 60 mil. EUR) with nominal interest rate of 4.4% p.a. is payable on 10 October 2024. For more information on bonds issued, see par. 33 – Bonds issued.

12. Interest Income and Expense (continued)

In the period between 1 November 2018 and 31 October 2019, the Company did not capitalise interest expense into assets (between 1 November 2017 and 31 October 2018, the company did not capitalise interest expense).

13. Net Profit / (Loss) from Financial Instruments

<i>in TEUR</i>	1.11.2018 - 31.10.2019	1.11.2017 - 31.10.2018
Cost of administration of financial instruments	-743	-925
Income from the sale of financial instruments	-	4
Other, net	672	-1 170
Total	-71	-2 091

Other is represented mainly by gains from foreign exchange rate differences.

14. Income Tax and Deferred Tax

<i>in TEUR</i>	1.11.2018 - 31.10.2019	1.11.2017 - 31.10.2018
Current tax:		
Tax of current accounting period	-971	-111
Withholding tax on interest	-4	-14
	-975	-125
Deferred tax:		
Posting and release of temporary differences	-254	-1 629
Change of tax rate	-	-
Total reported tax	-1 229	-1 754

Deferred income tax is calculated using enacted tax rates the validity of which is expected in a period in which the receivable is performed or the liability is settled.

To calculate deferred tax from temporary differences originated in the Slovak Republic, the Company applied for the year 2019 a 21% rate (2018: 21%) resulting from the legal corporate income tax rate valid as at the date when the financial statements are being compiled.

Income tax reported through other components of comprehensive income

	1.11.2018 - 31.10.2019			1.11.2017 - 31.10.2018		
<i>in TEUR</i>	Before taxes	Tax	After taxes	Before taxes	Tax	After taxes
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):</i>						
Net gain/(loss) on cash flow hedges	-1 403	-295	-1 108	-	-	-
Total comprehensive income	-1 403	-295	-1 108	-	-	-

14. Income Tax and Deferred Tax (continued)**Reconciliation of effective tax rate**

<i>in TEUR</i>	1.11.2018 - 31.10.2019		1.11.2017 - 31.10.2018	
	%		%	
Profit before taxes		5 316		9 327
Tax rate 21%	21%	1 116	21%	1 959
Tax non-deductible expenses	7%	393	3%	288
Income not subject to tax	-5%	-284	-5%	-507
Current tax: withholding tax on interest	0%	4	0%	14
Tax losses claimed during the period, to which the deferred tax was not accounted for	0%	-	0%	-
Change of tax rate	0%	-	0%	-
Total	23%	1 229	19%	1 754

Movements of deferred tax liability (net) during 2019 and 2018

2019

<i>in TEUR</i>	Balance as at 1 November 2018	Reported in profit and loss statement	Reported in other comprehensive income	Acquired through business combination	Balance as at 31 October 2019
Non-current tangible and intangible assets	-22 685	-1 232	-	-	-23 917
Investments in real property	-1 025	79	-	-	-946
Losses from impairment of trade receivables and other assets	10	832	383	-	1 225
Cash Flow hedge	-	-	295	-	295
Provisions and liabilities	621	67	-	-	688
Tax losses	-	-	-	-	-
Total, net	-23 079	-254	678	-	-22 655

2018

<i>in TEUR</i>	Balance as at 1 November 2017	Reported in profit and loss statement	Reported in other comprehensive income	Acquired through business combination	Balance as at 31 October 2018
Non-current tangible and intangible assets	-21 251	-1 434	-	-	-22 685
Investments in real property	-848	-177	-	-	-1 025
Losses from impairment of trade receivables and other assets	25	-15	-	-	10
Provisions and liabilities	500	121	-	-	621
Tax losses	124	-124	-	-	-
Total, net	-21 450	-1 629	-	-	-23 079

See also par. 19 - Deferred tax liability.

15. Property, Plant and Equipment

<i>in TEUR</i>	Land and buildings	Individual movable assets and sets of movable assets	Assets under construction	Total
Cost				
Opening balance as at 1.11.2017	224 902	127 483	11 058	363 443
Additions	5 511	4 038	7 673	17 222
Increases from company merger	-	-	-	-
Disposals	-487	-275	-	-762
Reclassification to investment property	-	-	-	-
Transfers within assets	-	-	-	-
Movements within assets	5 072	-	-5 072	-
Balance as of 31.10.2018	234 998	131 246	13 659	379 903
Opening balance as at 1.11.2018	234 998	131 246	13 659	379 903
Increases	15 738	2 046	4 753	22 537
Increases from company merger	-	-	-	-
Disposals	-3 085	-1 641	-	-4 726
Reclassification to investment property	-	-	-	-
Transfers within assets	-	-	-	-
Movements within assets	2 208	5 098	-7 306	-
Balance as of 31.10.2019	249 859	136 749	11 106	397 714
Accumulated depreciation and losses from impairment of assets				
Opening balance as at 1.11.2017	-42 744	-45 822	-	-88 566
Depreciation of current accounting period	-5 941	-7 090	-	-13 031
Decreases	28	201	-	229
Movement to investments in real property	-	-	-	-
Transfer from assets available for sale	-	-	-	-
Balance as of 31.10.2018	-48 657	-52 711	-	-101 368
Opening balance as at 1.11.2018	-48 657	-52 711	-	-101 368
Depreciation of current accounting period	-6 985	-7 675	-	-14 660
Decreases	328	1 078	-	1 406
Movement to investments in real property	-	-	-	-
Movement from investments in real property	-	-	-	-
Balance as of 31.10.2019	-55 314	-59 308	-	-114 622
Carrying value				
As of 1.11.2017	182 158	81 661	11 058	274 877
As of 31.10.2018	186 341	78 535	13 659	278 535
As of 1.11.2018	186 341	78 535	13 659	278 535
As of 31.10.2019	194 545	77 441	11 106	283 092

During the period from 1 November 2018 to 31 October 2019, the Company carried out investments amounting to 22,573 ths. EUR. The Company invested 12,181 ths. EUR for the purchase of Grand Jet Brhliská cableway in form of leasing, 6,239 tis. Eur for construction of new chalets in Otupné, 1,492 for purchase of snow groomers, 929 ths EUR up to now for the construction of reservoir Zadne vody, 886 ths EUR for the reconstruction of hotel Srdiečko. In addition the Company made an investment worth 757 ths EUR for chalets in Tatralandia and other minor investments.

15. Property, Plant and Equipment (continued)

During the period from 1 November 2017 to 31 October 2018, the Company carried out investments amounting to 17,222 ths. EUR. Company has invested 1,981 ths. EUR to build new toboggans in Tatralandia, has put into use the construction of a new "Crystal " gastronomy facility in Biela Púť worth 1,534 ths. EUR. The Company then built new restaurant "Koliba Habarka " in The Jasna resort right next to the top station of the 6-chair lift Lúčky- Exposure worth 1,529 ths. EUR, improved snow and ski tracks for more than 1,461 ths. EUR. In the High Tatras, the rooms in the Grandhotel Starý Smokovec were also reconstructed, amounting 1,352 ths. EUR. The company also put into use "AOM " (assisted business place) kiosks in montain resorts and in Tatralandia worth 876 ths. EUR. And it invested 670 ths. EUR to the Tatran hotel in Veľká Lomnica and carried out additional investments.

Unused assets and fully depreciated used assets

As at 31 October 2019 and 2018, the Company did not hold any unused assets. As at 31 October 2019 the Company used fully depreciated assets in acquisition cost 16,886 ths. EUR (2018: 11,470 ths. EUR).

Impairment loss

For the period ended on 31 October 2019 and 31 October 2018, the Company did not recognise any loss from impairment of land, buildings and equipment.

Property Insurance

<i>in TEUR</i>	31.10.2019	31.10.2018
Natural disaster and vandalism	389 949	354 537
General machinery risks	26 279	25 715
Liability for damage	15 000	15 000

Security

As at 31 October 2019, Land, buildings and equipment in the amount of 228,995 ths. EUR were used as the security of the bank loans (as at 31 October 2018: in the amount of 225,265 ths. EUR).

Capitalised financial cost

As at 31 October 2019, the Company did not capitalise any interest on loans into assets (as at 31 October 2018: the Company did not capitalise any interest on loans into assets).

16. Goodwill and Intangible Assets

	Goodwill	Valuable rights	Software	Acquired intangible assets	Total
<i>in TEUR</i>					
Acquisition price					
Opening balance as at 1.11.2017	3 740	3 964	2 446	230	10 380
Increases	-	-	37	418	455
Increases from company merger	-	-	-	-	-
Decreases	-	-	-5	-	-5
Transfers within assets	-	-	2	-2	-
Balance as of 31.10.2018	3 740	3 964	2 480	646	10 830
Opening balance as at 1.11.2018	3 740	3 964	2 479	646	10 829
Increases	-	-	376	595	971
Increases from company merger	-	-	-	-	-
Decreases	-	-	-	-2	-2
Transfers within assets	-	-	550	-550	-
Balance as of 31.10.2019	3 740	3 964	3 405	689	11 798
Accumulated depreciation and losses from impairment of assets					
Opening balance as at 1.11.2017	-350	-1 052	-2 026	-	-3 428
Depreciation of current accounting period	-	-69	-317	-	-386
Decreases	-	-	4	-	4
Losses from impairment of assets	-	-	-	-	-
Balance as of 31.10.2018	-350	-1 121	-2 339	-	-3 810
Opening balance as at 1.11.2018	-350	-1 121	-2 339	-	-3 810
Depreciation of current accounting period	-	-69	-188	-	-257
Decreases	-	-	-	-	-
Losses from impairment of assets	-	-	-	-	-
Balance as of 31.10.2019	-350	-1 190	-2 527	-	-4 067
Carrying value					
As of 1.11.2017	3 390	2 912	420	230	6 952
As of 31.10.2018	3 390	2 843	141	646	7 020
As of 1.11.2018	3 390	2 843	140	646	7 020
As of 31.10.2019	3 390	2 774	878	689	7 731

Valuable rights are represented mainly by trademarks related to Aquapark Tatralandia.

17. Investment Property

<i>in TEUR</i>	31.10.2019	31.10.2018
Acquisition price		
Opening balance as at 1.11.2018 / 1.11.2017	7 279	6 554
Revaluation at fair value	1 050	725
Balance as of 31.10.2019 / 31.10.2018	8 329	7 279

17. Investment Property (continued)

As at 31 October 2019, the investment property covers three hotels (SKI, Liptov, Kosodrevina) and the accommodation facility Otupné with the aggregate book value of 2,707 ths. EUR (as at 31 October 2018: 2,707 ths. EUR), which are leased out to third parties that operate them, as well as forest areas and lots of land obtained as an acquisition in 2009 in the book value of 5,622 ths. EUR (as at 31 October 2018: 4,572 ths. EUR). The value of the hotels was arrived at using management estimate, as stipulated above. The value of the land was determined by the management using market prices, and the final value is based on an estimate of market price per square meter, depending on the type of land and market transactions for similar lots of land.

As at 31 October 2019, the Company management, based on current market conditions, revalued the value of investment property upwards by 1,050 ths. EUR as at 31 October 2019 (as at 31 October 2018: 725 ths. EUR). Valuation was made based on expert appraisals and other market transactions.

In the period between 1 November 2018 and 31 October 2019, income from investment property accounted for 201 ths. EUR and direct operating cost related to investment property was 74 ths. EUR (between 1 November 2017 and 31 October 2018: revenue from investment property accounted for 197 ths. EUR, and direct operating cost related to investment property was 61 ths. EUR).

Security

As at 31 October 2019, a part of investment property in the amount of 2,850 ths. EUR were used as the security for bank loans (as at 31 October 2018: in the amount of 2,462 ths. EUR).

18. Investments in Subsidiaries

<i>in TEUR</i>	31.10.2019	31.10.2018
Szczyrkowski Osrode Narciarski S.A. (97% stake)	7 191	7 191
Tatry mountain resorts CR, a.s. (100% stake)	79	79
TMR Finance CR, a.s. (100% stake)	78	78
TMR Ještěd a.s. (100% stake)	75	75
Mölltaler Gletscherbahnen GmbH (90% stake)	33	-
Tatry Mountain Resorts AT GmbH (100% stake)	32	32
Tatry mountain resorts PL, a.s. (100% stake)	27	27
Mölltaler Gletscherbahnen GmbH & Co KG (90% stake)	0,002	-
Total investments in subsidiaries	7 515	7 482

On 1 May 2019, the Company acquired 90% stake in Mölltaler Gletscherbahnen GmbH for 33 ths. EUR and 90% stake in Mölltaler Gletscherbahnen GmbH & Co KG for 1.8 EUR. 10% stake in Mölltaler Gletscherbahnen GmbH and 10% stake in Mölltaler Gletscherbahnen GmbH & Co KG were purchased by Tatry Mountain Resorts AT GmbH. The acquired Companies run the ski resorts Mölltaler Gletscher and Ankogel in Austria.

On 16 February 2018 Tatry mountain resorts CR, a.s. was founded with a registered capital of 2,000 ths. CZK (79 ths. EUR). Its sole shareholder has become the Company. The company Tatry mountain resorts CR, a.s. will serve for future acquisition in the Czech Republic.

On 28 May 2018, the Company signed a purchase agreement of PHIG Holding GmbH, which was later renamed to Tatry mountain resorts AT GmbH. The purchase amount was agreed to 32 ths. EUR, with the Company becoming the sole owner of the business. The net asset value of the company at the time of acquisition amounted to 32 ths. EUR.

On 14 September 2018, TMR Finance CR, a.s. was founded, with a registered capital of 2,000 ths. CZK (78 ths. EUR). Its sole shareholder has become the Company. TMR Finance CR, a.s. issued bonds on the Prague Stock Exchange on 7 November 2018.

18. Investments in Subsidiaries (continued)

On 5 May 2017, company Tatry mountain resorts CR, a.s. was incorporated, with share capital in total amount of 2,000 ths. CZK (75 ths. EUR). The Company became sole shareholder in the new company.

On 31 January 2018, the company Tatry mountain resorts CR, a.s. was renamed to TMR Ještěd a.s..

On 30 September 2017, company Tatry mountain resorts PL, a.s., with share capital in total amount of 27 ths. EUR was incorporated. The Company became sole shareholder in the new company. The new company will realize acquisitions in Poland. Tatry mountain resorts PL, a.s. then on 6 December 2017 purchased the entire 75% stake in Slaskie Wesole Miasteczko Sp. Z o.o. in the total value of 30,000 ths PLN.

On 14 April 2015, the Company acquired a 70% stake in Polish company PS Rozrywka, which was later renamed to Ślaskie Wesole Miasteczko Sp. z o. o. (hereinafter referred to as SWM). For such a 70% stake, the Company paid 6,727 ths. EUR. On 4 August 2015, the Company purchased an additional 5% stake, in a total amount of 723 ths. EUR. The company SWM is the operator of a theme park in the town of Chorzow, Poland. The total value of the assets, as the date of acquisition after revaluation at the fair value was 9,489 ths. EUR, and the total value of equity was 9,077 ths. EUR. On 6 December 2017 the Company sold its 75% stake in Ślaskie Wesole Miasteczko Sp. Z o.o., to the subsidiary Tatry mountain resorts PL, a.s. for 30 million PLN.

On 5 March 2014, the Company purchased 97% shares of Szczyrkowski Osrode Narciarski S.A. (hereinafter referred to as Szczyrk), in a total amount of 7,191 ths. EUR. It is a company holding and running a ski centre in Poland. The total value of the assets, as the date of acquisition after revaluation at the fair value was 13,321 ths. EUR, and the total value of equity was 9,031 ths. EUR.

19. Deferred Tax Asset, Deferred Tax Liability

Deferred tax asset (liability) was posted for the following items:

<i>in TEUR</i>	Receivables		Payables		Total	
	31.10.2019	31.10.2018	31.10.2019	31.10.2018	31.10.2019	31.10.2018
Temporary differences related to:						
Non-current fixed and intangible assets	-	-	-23 917	-22 685	-23 917	-22 685
Investments Property	-	-	-946	-1 025	-946	-1 025
Losses from impairment of trade receivables and other assets	1 225	10	-	-	1 225	10
Cash Flow hedge	295	-	-	-	295	-
Provisions and liabilities	688	621	-	-	688	621
Tax losses	-	-	-	-	-	-
Set-off	-2 208	-631	2 208	-631	-	-
Total	-	-	-22 655	-23 079	-22 655	-23 079

Deferred tax asset was not posted for the following items (tax base):

<i>in TEUR</i>	31.10.2019	31.10.2018
Tax losses	-	-
Total	-	-

Deferred tax asset from unredeemed losses from previous periods is posted only up to the amount to which it may be probably redeemed in the future against future tax profits.

19. Deferred Tax Asset, Deferred Tax Liability (continued)

Expected last periods for redemption of tax losses are as follows:

<i>in TEUR</i>	2019	2020	post 2020
Tax losses	-	-	-

Based on legislative changes, from 1 January 2014, losses created after 1 January 2010 have a 4 years period, and the Company can also apply evenly maximum 25% of the given tax losses per year.

20. Inventory

<i>in TEUR</i>	31.10.2019	31.10.2018
Goods	2 663	2 762
Material	1 306	1 152
Assets available for sale	3 471	3 981
Total	7 440	7 895

Assets held for sale consist of Chalety Otupné phase III. (766 ths. EUR) and phase IV. (2,706 ths. EUR), which was completed by the Company, or is still in construction and will be consequently sold to 3rd parties. Proceeds from the sale of chalettes will be recognized in 2020 or later. The value represents 8 chalettes in total.

As at 31 October 2019, inventory of 7,440 ths. EUR (as at 31 October 2018: 7,895 ths. EUR) was used to secure bank loans.

21. Loans Provided

<i>in TEUR</i>	31.10.2019	31.10.2018
<i>Short-term</i>	112 786	86 322
<i>Long-term</i>	5 618	3 043
Total	118 404	89 365
<i>Impairment allowance</i>	-5 651	-
Total with allowance	112 753	89 365

Table below summarizes short-term loans as at 31 October 2019 and 31 October 2018. As at 31 October 2019, the weighted average interest rate applied on the short-term loans was 6.77% (as at 31 October 2018: 6.86%).

As at 31 October 2019 the Company created impairment allowance to loans provided of 5,651 ths. EUR.

21. Loans Provided (continued)

<i>in TEUR</i>		31.10.2019	31.10.2017
Debtor	Interest rate type	Loan value	Loan value
Szczyrkowski Osrodek Narciarski S.A.	7% p.a.	26 532	15 169
Tatry mountain resorts PL, a.s.	7% p.a.	24 251	22 430
Ślaskie Wesole Miasteczko Sp. z o.o.	7% p.a.	20 653	17 591
1. Tatranská, akciová spoločnosť	7% p.a.	13 975	13 300
Szczyrkowski Osrodek Narciarski S.A.	7% p.a.	5 246	6 519
J&T Private Equity	1.8% p.a.	4 059	-
Tatry mountain resorts PL, a.s.	7% p.a.	2 994	1 062
Tatry mountain resorts CR, a.s.	7% p.a.	2 271	179
TIKAR d.o.o.	10% p.a.	2 232	-
VICINITY INVESTMENT ltd.	5% p.a.	1 946	-
Korona Ziemi	7% p.a.	1 184	1 024
TMR Ještěd a.s.	7% p.a.	1 029	451
SON Partner	7% p.a.	953	939
Thalia s.r.o.	5% p.a.	904	861
TMR Ještěd a.s.	7% p.a.	729	673
P.M.I.R a.s.	5% p.a.	601	-
Mölltaler Gletscherbahnen GmbH & Co KG	7% p.a.	557	-
TMR Ještěd a.s.	7% p.a.	539	50
AIRAVATA Holding s.r.o.	5% p.a.	500	2 006
FBS Group s.r.o.	7% p.a.	493	-
P.M.I.R a.s.	5% p.a.	437	121
VICINITY INVESTMENT ltd.	-	380	-
GALAXO a.s.	5% p.a.	195	184
Owner of Penzión Energetik (Mgr. Ľubica Skusilová)	5% p.a.	85	2 401
AIRAVATA Holding s.r.o.	5% p.a.	-	212
AIRAVATA Holding s.r.o.	5% p.a.	-	78
AIRAVATA Holding s.r.o.	5% p.a.	-	119
AIRAVATA Holding s.r.o.	-	-	380
P.M.I.R a.s.	5% p.a.	-	503
Others	5% p.a.	41	70
Total short-term provided loans		112 786	86 322

Table below summarizes long-term loans as at 31 October 2019 and 31 October 2018. As at 31 October 2019, the weighted average interest rate applied on the long-term loans was 4.21% (as at 31 October 2018: 6.55%).

<i>in TEUR</i>		31.10.2019	31.10.2017
Debtor	Interest rate type	Loan value	Loan value
Mölltaler Gletscherbahnen GmbH & Co KG	5% p.a.	4 599	-
TIKAR d.o.o.	10% p.a.	-	2 061
Melida, a.s.	-	859	846
OSTRAVICE HOTEL a.s.	4% p.a.	20	-
Others	4% p.a.	140	136
Total long-term provided loans		5 618	3 043

22. Trade receivables

<i>in TEUR</i>	31.10.2019	31.10.2018
Trade receivables	4 960	3 434
Value adjustments to receivables	-88	-47
Total	4 872	3 387
<i>Short-term</i>	4 872	3 387
<i>Long-term</i>	-	-
Total	4 872	3 387

As at 31 October 2019, trade receivables amount to 4,872 ths. EUR and comprise current operating receivables. As at 31 October 2018, trade receivables involved current operating receivables amounting to 3,387 ths. EUR.

The ageing structure of receivables is as follows:

<i>in TEUR</i>	31.10.2019			31.10.2018		
	Gross	Impairment allowance	Net	Gross	Impairment allowance	Net
Within due period	3 746	-	3 746	2 098	-	2 098
Overdue within 30 days	406	-	406	241	-	241
Overdue from 30 days to 180 days	128	-28	100	33	-5	28
Overdue from 180 days to 365 days	366	-6	360	487	-4	483
Overdue over 365 days	314	-54	260	575	-38	537
Total	4 960	-88	4 872	3 434	-47	3 387

As at 31 October 2019 and 31 October 2018, the amount of impairment allowance related to current operating receivables.

Development of value adjustment during accounting period is shown in the following overview:

<i>in TEUR</i>	31.10.2019	31.10.2018
Balance as at 1.11.2018 / 1.11.2017	47	118
Creation of value adjustment	55	90
Use	-10	-154
Reversal of value adjustment	-4	-7
Balance as at 31.10.2019 / 31.10.2018	88	47

As at 31 October 2019, receivables in amount of 4,872 ths. EUR (as at 31 October 2018: 3,387 ths. EUR) were used to secure bank loans.

23. Other receivables

<i>in TEUR</i>	31.10.2019	31.10.2018
Advance payments made	26 233	27 932
Total	26 233	27 932
<i>Short-term</i>	22 649	24 224
<i>Long-term</i>	3 584	3 708
Total	26 233	27 932

23. Other receivables (continued)

Advance payments made for assets are mainly related to future acquisitions amounting to 22,214 ths. EUR (as at 31 October 2018: 22,839 ths. EUR) and to unfinished investment activity in the amount of 4,019 ths. EUR (as at 31 October 2018: 5,093 ths. EUR). The Company made in particular an advance payment for a future acquisition which is the company running cable ways. The Company plans to buy this company in the future. A contract is made with VICINITY INVESTMENT Ltd.

24. Other Assets

<i>in TEUR</i>	31.10.2019	31.10.2018
Prepaid expenses and accrued income	1 266	1 196
Other tax assets	-	475
Other Assets	9 500	7 099
Total	10 766	8 770
<i>Short-term</i>	10 766	8 770
<i>Long-term</i>	-	-
Total	10 766	8 770

As at 31 October 2019 the Company records a receivable against the company Penzión Energetik s.r.o. based on the contract of assignment and set off of receivables in amount of 2,328 ths EUR.

Other assets amounting 7,045 ths. EUR represent the Company's receivable from the sale of 75% of the shares in Slaskie Wesole Miasteczko Sp. z o.o. against its subsidiary Tatry mountain resorts PL, a.s..

25. Financial investments

<i>in TEUR</i>	31.10.2019	31.10.2018
Financial instruments measured at fair value through profit or loss	4 652	4 652
Available-for-sale securities	-	-
Total	4 652	4 652

As at 31 October 2019, financial instruments measured at fair value through profit/loss from operations represent mainly the 9.5% investment in company MELIDA a.s. in the value of 4,498 ths. EUR, which leases and operates the ski centre Špindlerov Mlyn.

On 29 October 2019, the Company signed an agreement on the transfer of securities with CAREPAR, as, under which the Company acquired 19 ordinary shares of MELIDA, as. and thus became a direct shareholder (9.5% stake) in MELIDA, as.

As at 31 October 2018, financial instruments measured at fair value through profit/loss from operations represent the 19% investment in company CAREPAR a.s. in the value of 4,498 ths. EUR, which owns 50% share of the company MELIDA a.s., which leases and operates the ski centre Špindlerov Mlyn in Czech Republic. CAREPAR, a.s. as at 31 October 2018 recognises only 50% share in MELIDA, a.s. and no other significant assets or liabilities, fair value of CAREPAR was determined as 9.5% of the fair value of share in MELIDA, a.s.

As at 31 October 2019, management evaluated the fair value estimate of share in MELISA, a.s. and concluded that no assumptions changed that would materially change its fair value.

Fair value of MELIDA, a.s. as at 31 October 2018 and 2019 estimated by management using discounting cash flow method (DCF), with business plan and forecasted cash flows as model inputs. The business plan and cash flow forecas have been thoroughly reviewed before being used by management. The rental of the ski resort was based on the signed amendment no. 2, which entered into force on 22 March 2018, extended until 2057, therefore cash flows from 2018 to 2057 were projected. The main assumptions used in the valuation were the expected cash flows, where the most important assumptions estimated by management were EBITDA, its growth and discount rate.

25. Financial investments (continued)

The projected EBITDA for 2018 amounted to 5 890 ths. euros. For 2019 it is expected to increase by 5%, which was also achieved, for 2020 and 2021 is expected to increase by 3%, from 2022 to 2023 it is expected to increase by 2% per year and from 2024 to 2057 1% per year. The discount rate used for valuation of these financial assets as at 31 October 2018, representing the required rate of return on equity, was 7.80% (2017: 8.70%).

26. Cash and Cash Equivalents

<i>in TEUR</i>	31.10.2019	31.10.2018
Cash	12	12
Stamps and vouchers	-	-
Current accounts with banks	10 271	52 775
Impairment allowance	-3	-
Total	10 280	52 787

As at 31 October 2019, the Company created impairment allowance of 3 ths EUR in light of IFRS 9 expected credit loss changes.

The Company can freely dispose of bank accounts.

27. Equity**Share capital and share premium**

As at 31 October 2019 and 31 October 2018, the approved, subscribed and fully paid-up share capital consisted of 6,707,198 ordinary shares in the nominal value of 7 EUR per share.

On 12 April 2010, issues of shares marked ISIN: CS0009011952, series 01,02, ISIN: SK1120002110, series 01, ISIN: SK1120005527, series 01, ISIN: SK1120006061, series 01, ISIN: SK1120009156, series 01 ceased to exist and were consolidated into one issue ISIN SK1120010287.

On 17 April 2019, an ordinary general meeting of Tatry mountain resorts, a.s. was held. The general meeting decided, among other things, on the distribution of profit Tatry mountain resorts, a.s. generated in the period between 1 November 2018 and 31 October 2019 according to the financial statements compiled for that accounting period, in the amount of 7,574 ths. EUR as follows:

- The balance in the amount of 757 ths. EUR, allocation to the reserve fund
- The balance in the amount of 225 ths. EUR, settlement of accumulated losses from previous periods
- The balance in the amount of 38 ths. EUR, allocation to social fund
- The balance in the amount of 6,553 ths. EUR, transfer to undistributed profit from previous periods

Shareholders have a right to the payment of dividends, and the value of share vote in the Company general meeting is determined as a ratio of the value of one share and the total value of share capital. The following table presents the Company shareholders and the number of shares, ownership interest and voting rights.

27. Equity (continued)

31 October 2019	Number of shares	Ownership interest %	Voting rights %
C.I. CAPITAL INDUSTRIES LIMITED	1 309 139	19,5%	19,5%
FOREST HILL COMPANY, s.r.o.	1 030 919	15,4%	15,4%
NIKROC INVESTMENTS LIMITED	897 771	13,4%	13,4%
KEY DEE LIMITED	664 058	9,9%	9,9%
TINSEL ENTERPRISES LIMITED	638 385	9,5%	9,5%
RMSM1 LIMITED	588 166	8,8%	8,8%
Minority shareholders	1 578 760	23,5%	23,5%
Total	6 707 198	100%	100%

31 October 2018	Number of shares	Ownership interest %	Voting rights %
C.I.CAPITAL INDUSTRIES LIMITED	1 309 139	19,5%	19,5%
BELGOMET s.r.o.	1 030 919	15,4%	15,4%
NIKROC INVESTMENTS LIMITED	897 771	13,4%	13,4%
KEY DEE LIMITED	664 058	9,9%	9,9%
TINSEL ENTERPRISES LIMITED	638 385	9,5%	9,5%
RMSM1 LIMITED	588 166	8,8%	8,8%
Minority shareholders	1 578 760	23,5%	23,5%
Total	6 707 198	100%	100%

Profit per share

	31.10.2019	31.10.2018
Profit for the period in TEUR	4 087	7 573
Weighted average number of ordinary shares	6 707 198	6 707 198
Profit per share in EUR	0,609	1,129

Legal reserve fund

As at 31 October 2019, the legal reserve fund amounts to 6,609 ths. EUR (as at 31 October 2017: 5,852 ths. EUR). According to the Slovak legislation, the creation of legal reserve fund is compulsorily created on a yearly basis in the minimum amount of 10% of the Company net profit and at least up to 20% of subscribed share capital (cumulatively). The legal reserve fund can only be used for the payment of Company losses, and cannot be used for the payment of dividends. The calculation of reserve fund is made according to Slovak legal regulations.

Reduction in share capital

On 22 August 2013, an extraordinary general meeting was held, which decided on a reduction in the share capital of the Company Tatry Mountain Resorts, a.s. from 221,338 ths. EUR to 46,950 ths. EUR, i.e. by 174,388 ths. EUR. The change in the share capital became effective on 22 October 2013 as the day of making an entry of the reduction in the share capital into the respective Commercial Register. After the reduction of the Company share capital, the nominal value per share changed from original 33 EUR per share to 7 EUR per share.

Profit Distribution

For the fiscal year ended on 31 October 2019, the Company management proposes the distribution of total profit in the amount of 4,087 ths. EUR as follows:

- The allocation to the reserve fund in the amount of 409 ths. EUR
- The allocation to the social fund based on the collective agreement in the amount of 20 ths. EUR
- The balance in the amount of 3,658 ths. EUR, transfer to undistributed profit from previous periods

28. Loans and Borrowings

<i>in TEUR</i>	31.10.2019	31.10.2018
Loans and borrowings received	99 254	84 622
Leasing	12 403	1 800
Total	111 657	86 422
<i>Short-term</i>	10 763	46 548
<i>Long-term</i>	100 894	39 874
Total	111 657	86 422

Leasing in the amount of 12,403 ths. EUR includes also the net present value of future payments amounting to 9,872 ths. EUR related to the future purchase of the cable car in Jasná, which the Company leases under the contract on the future purchase contract. The amount of 2,531 ths. EUR is linked to the leasing of tangible assets from Tatra-leasing, s.r.o.

Loans and borrowings received as at 31 October 2019 and as at 31 October 2018 are stated in the following table:

Creditor	Interest rate type	Maturity date	Unpaid amount as at 31.10.2019 <i>in TEUR</i>
TMR Finance CR, a.s.	4.51% p.a.	30.11.2022	58 773
Poštová banka, a.s.	12M EURIBOR + 4.657% p.a.	31.12.2028	18 962
Poštová banka, a.s.	12M EURIBOR + 4.571% p.a.	30.6.2022	7 200
Poštová banka, a.s.	12M EURIBOR + 4.684% p.a.	31.12.2028	4 625
Poštová banka, a.s.	12M EURIBOR + 4.686% p.a.	30.6.2032	4 120
Ślaskie Wesole Miasteczko Sp. z o. o.	7% p.a.	31.12.2020	3 569
EUROCOM Investment s.r.o.	4% p.a.	31.3.2020	2 005
Total			99 254

Creditor	Interest rate type	Maturity date	Unpaid amount as at 31.10.2018 <i>in TEUR</i>
J&T Banka a.s.	4% p.a	15.11.2018	42 036
Poštová banka, a.s.	12M EURIBOR + 4.657% p.a.	31.12.2028	20 500
Poštová banka, a.s.	12M EURIBOR + 4.571% p.a.	30.6.2022	8 700
Poštová banka, a.s.	12M EURIBOR + 4.684% p.a.	31.12.2028	5 000
Poštová banka, a.s.	12M EURIBOR + 4.686% p.a.	30.6.2032	4 335
Ślaskie Wesole Miasteczko Sp. z o. o.	7% p.a.	31.12.2020	4 021
Heineken Slovensko a.s.	-	30.11.2018	30
Total			84 622

The weighted average of interest rates for loans and borrowings as at 31 October 2019 accounted for 4.64% (as at 31 October 2018: 4.44%). The interest is due on a monthly basis. For more information, see par. 12 – Interest Income and Expense.

28. Loans and Borrowings (continued)

In period between 1 November 2018 and 31 October 2019 the Company drawn two new loans from Poštová banka, a.s.. The first loan in amount of 5,000 ths EUR was used for refinancing of costs for various investment projects, the outstanding unpaid balance of the loan as of the date was 4,625 ths EUR. The second loan in amount of 20,500 ths EUR was also used for refinancing of cost of other investment projects, the outstanding unpaid balance of the loan was in the amount of 18,963 ths EUR.

In period between 1 November 2017 and 31 October 2018 the Company drawn loan in amount of 4,500 ths, EUR, used for refinancing of costs for rebuilding the former administration building to Hotel Pošta in ski resort Jasná. The outstanding unpaid balance of the loan as of the date was 4,120 ths EUR.

In period between 1 November 2016 and 31 October 2017 the Company drawn new loan in the total amount of 10,000 from Poštová banka a.s.. The loan was used for the construction of a new ski cable car Krupová – Kosodrevina, including the snowmaking equipment and landscaping of the ski slope. The outstanding unpaid balance of the loan as of the date of ifinancial statemets was of 7,200 ths EUR.

On 14 August 2018 the Company signed a short-term loan agreement with the company J&T Banka, a.s. in the amount of 42,036 ths. EUR. This short-term loan was subsequently used on 15 August 2018 to repay the received loan provided by Tatra banka, a.s.. As a result, security of the Company was erased from the respective liens register by Tatra banka,a.s. . On 15 November 2018 the Company repaid the loan granted by J&T Banka, a.s.

On 30 November 2018 the loan granted by Heineken Slovensko a.s. was repaid.

The Company drawn new loan from TMR Finance CR, a.s. in the total amount of 58,773,000 ths. EUR

On 7 October 2019 the Company signed a short-term loan agreement with EUROCOM Investment s.r.o. in amount of 2,005 ths EUR.

On 1 November 2018 the Company signed a leasing agreement with VEREX REALITY s.r.o., in amount of 9,872 ths. EUR valid until 30 April 2023. In addition, as at 31 October 2019 the Company had several leasing contracts with Tatra-Leasing, s.r.o. in the total amount of 2,531 ths EUR (as at 31 October 2018: 1,799 ths EUR).

Security

The following assets were used as a security of bank loans: lots of land, technology and operating buildings of mountain lift facilities: lifts, chair-lift rope ways (hereinafter: RWs), funicular RWs, aerial RWs, gondola RWs, transformer stations, economic buildings and structures: Hotel Tri Studničky, Hotel Srdiečko, Hotel Kosodrevina, Hotel Liptov, Hotel SKI, former telecommunications building, Bungalows. All movable assets of the centres Jasná and High Tatras are put into pledge, also including trade receivables.

As at 31 October 2019, lots of land, buildings and equipment, investments in real estate, inventory and receivables of 243,127 ths. EUR were used as a security of bank loans (as at 31 October 2018: in the amount of 239,008 ths. EUR).

Maturity of liabilities from financial leasing as at 31 October 2019 was as follows:

<i>in TEUR</i>	Principal	Interest	Payments
Less than 1 year	4 218	51	4 269
1 - 5 years	8 185	39	8 224
Total	12 403	90	12 493

28. Loans and Borrowings (continued)

Maturity of liabilities from financial leasing as at 31 October 2018 was as follows:

<i>in TEUR</i>	Principal	Interest	Payments
Less than 1 year	855	34	889
1 - 5 years	945	21	966
Total	1 800	55	1 855

29. Trade Liabilities

<i>in TEUR</i>	31.10.2019	31.10.2018
Trade Liabilities	5 735	6 923
Unbilled deliveries	730	766
Total	6 465	7 689
<i>Short-term</i>	5 338	7 689
<i>Long-term</i>	1 127	-
Total	6 465	7 689

As at 31 October 2019, long-term trade liabilities in the amount of 1,127 ths EUR represent retention money against contractors.

As at 31 October 2019, overdue liabilities amounted to 1,402 ths. EUR (as at 31 October 2018: 1,155 ths. EUR).

30. Hedge accounting

The Company applies hedge accounting for the first time in current year. The Company applies only cash-flow hedges and hedges only against foreign currency risk.

Since the Company has taken out a loan from its Czech subsidiary, denominated in CZK in amount of 58.7 mil EUR, the currency gap has widened, and the Company decided to manage the foreign currency risk against the Czech Crown on this particular instrument by hedging against changes in foreign currency exchange rates.

The Company has decided not to hedge any other risks (interest rate risk,...) arising from this particular instrument besides the foreign currency risk, as they are managed otherwise. Please refer to section financial risks for further information.

The hedged item is a long-term bullet-payment loan denominated in CZK, drawn from Company's subsidiary with fixed repayment schedule.

Hedging instrument is a Foreign currency swap, swapping the CZK repayments on the loan exposure for repayments in EUR, retaining the fixed nature of interest rates in both currencies.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange and swap contracts match the terms of the loan (i.e., notional amount and repayment schedules). The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange swap contracts are identical to the hedged risk components. As the critical terms of the foreign exchange and swap contracts match the terms of the loan (i.e., notional amount and repayment schedules), the Company expects the hedging relationship to be effective to a high degree.

The hedge ineffectiveness can arise, when the Company stops paying the loan or eventually repays greater portion than intended by repayment schedule. The Company plans to repay the loan in line with the repayment schedule.

30. Hedge accounting (continued)

The profile of the nominal amount of the hedging instrument – hedging instrument has a fixed maturity of November 2022 for the whole of 57.9 mil EUR. Forward rate used in the contract is 25.870 CZK / 1 EUR.

There is no impact of hedge accounting for comparative period.

In current period, the impact of hedging instrument and hedged instrument on statement of financial position is:

In '000 EUR	Notional amount	Carrying amount	Line item in statement of financial position	Changes in FV used for measuring ineff.
Foreign exchange swap	57,943	(348)	Other liabilities	(348)

In '000 EUR	Change in fair value used for measuring ineffectiveness.	Cash flow hedge reserve	Cost of hedging reserve
Foreign exchange swap	348	1,108	0

In current period, the effect of cash flow hedge on statement of financial performance is:

In '000 EUR	Total hedging gain/(loss) recognised in OCI	Ineffectiveness recognised in profit or loss	Line item in the statement of profit or loss	Cost of hedging recognised in OCI	Amount reclassified from OCI to profit or loss	Line item in the statement of profit or loss
Foreign exchange swap	1,108	0	-	0	587	-

31. Other Liabilities

<i>in TEUR</i>	31.10.2019	31.10.2018
Liabilities towards employees	3 992	3 688
Advances received	5 291	6 741
Deferred revenues	3 632	3 300
Liabilities to shareholders from reduction in share capital	215	215
Other	1 927	2 218
Total	15 057	16 162
<i>Short-term</i>	15 057	16 162
<i>Long-term</i>	-	-
Total	15 057	16 162

31. Other Liabilities (continued)

As at 31 October 2019, advance payments received comprise in particular of advance payments for purchase of Chalets in the amount of 2,645 ths. EUR (as at 31 October 2018: 4,935 ths. EUR) and advance payments received for hotel stays in the amount of 2,286ths. EUR (as at 31 October 2018: 1,724 ths. EUR).

As at 31 October 2019, liabilities towards employees represent mainly a provision for bonuses for the fiscal year between 1 November 2018 and 31 October 2019 in the amount of 2,896 ths. EUR (as at 31 October 2018: 2,669 ths. EUR) and wage liabilities to employees in the amount of 1,039 ths. EUR (as at 31 October 2018: 935 ths. EUR).

As at 31 October 2019, liabilities to shareholders from reduction in share capital are in the amount of 215 ths. EUR (as at 31 October 2018: 215 ths. EUR) and contain in particular the outstanding liability from reduction in share capital are in the total amount of 174,388 ths. EUR.

As at 31 October 2019, the deferred revenues includes mainly the amount of 2,520 ths. EUR for accrual of ski passes sold - "Šikovná sezónka" (as at 31 October 2018: 2,554 ths. EUR), the amount of 32 ths. EUR is rentals for the premises of J&T BANKA, a.s., a branch of a foreign bank on the premises of the Grandhotel Starý Smokovec (as at 31 October 2018: 74 ths. EUR), the amount of 80 ths. EUR is a subsidy for the Hotel Tri studničky (as at 31 October 2018: 82 ths. EUR). The reserve for discounts on purchases was as at 31 October 2019 in total amount of 384 ths. EUR (384 ths. EUR as at 31 October 2018).

As at 31 October 2019, the amount of other liabilities contains also 655 ths. EUR liabilities related to social security (as at 31 October 2018: 602 ths. EUR).

The creation and drawing from the social fund during the accounting period are presented in the table below:

<i>in TEUR</i>	31.10.2019	31.10.2018
Balance as at 1.11.2018 / 1.11.2017	92	47
Creation of social fund against expenses	138	137
Drawing	-205	-92
Balance as at 31.10.2019 / 31.10.2018	25	92

32. Provisions

<i>in TEUR</i>	Unused vacations	Other	Total
Opening balance as at 1.11.2018	389	24	413
Creation of provisions during the year	460	-	460
Reversal of provisions during the year	-	-	-
Use of provisions during the year	-389	-	-389
Balance as at 31.10.2019	460	24	484
	31.10.2019	31.10.2018	
<i>Short-term</i>	460	389	
<i>Long-term</i>	24	24	
Total	484	413	

33. Bonds Issued

During the accounting period 2014, the Company issued two bond issues in the total nominal value of 180,000 ths. EUR, which, starting from 19 February 2014, are admitted to trading on the Bratislava Stock Exchange. On 10 October 2018, the Company issued the third bond issue in a total value of 90,000 ths. EUR. As at the date of the financial statements the full amount of 90,000 ths EUR has been credited to the Company's account (as at 31 October 2018 credited amount of 60,000. EUR). As of the date of the financial statement, bonds from the first issue were repaid in the amount of 90,000 ths. EUR. During December 2018 the bonds from the first issue were repaid in the total amount of 70,000 ths. Details on particular bonds are presented in the table below.

in TEUR

Name	ISIN	Date of issue	Maturity date	Currency of the issue	Face value of the issue in the initial currency in '000	Interest rate p.a. in %	Effective interest rate p.a. in %	Carrying value as of 31.10.2019	Carrying value as of 31.10.2018
TMR I 4,50%/2018	SK41200 09606	17.12.2013	17.12.2018	EUR	70 000	4.5		-	65 990
TMR II 6,00%/2021	SK41200 09614	5.2.2014	5.2.2021	EUR	110 000	6.0	6.17	113 922	113 924
TMR III 4,40%/2024	SK41200 14598	10.10.2018	10.10.2024	EUR	90 000	4.4	4.94	88 102	58 503
Total								202 024	238 417
<i>Short-term</i>								5 089	71 002
<i>Long-term</i>								196 935	167 415
Total								202 024	238 417

All three bonds represent a book-entry security in bearer form, and their issue was approved by the National Bank of Slovakia. The liability resulting from the bond TMR II subordinate to the liability from the bond TMR I. The Company account was credited with financial resources from both of the bonds on 11 February 2014 in the total amount of 180,582 ths. EUR, including the aliquot interest income from the bond TMR I in the amount of 582 ths. EUR. Cash from TMR III bond was credited to the Company's account during the month October 2018 in a total value of 60,000 ths. EUR. The rest of the cash funds from the bond TMR III bond in the total amount of 30,000 ths. EUR was credited to the Company's account between November 2018 and December 2018. During the accounting period of 2018, the Company purchased its own TMR I bonds in a total volume of 5,000 ths. EUR. On 17 December 2018 the bonds TMR I from the first issue were repaid in the total amount of 70,000 ths. EUR.

The Company undertook to achieve the value of the Senior DEBT financial indicator (excluding the TMR II bonds)/EBITDA at the level of max. 6,5 and the value of the DSCR financial indicator (including the set-off of cost against the payment of coupons from the TMR I and TMR II bonds) at the level of min. 1,00.

All of the three issues are associated with regular payment of the coupon which is provided by the Company from its own resources.

Out of the total value of liability of 202,024 ths. EUR (as at 31 October 2018: 238,417 ths. EUR), a short-term portion amounts to 5,089 ths. EUR (as at 31 October 2018: 71,002 ths. EUR) a liability from coupon due over the course of 2019 and 2020.

Security

A right of lien for the issued TMR III bonds on the real estate, movable assets and part of receivables, in total amount of 110,524 ths EUR. It is property which is not used as a security for other Company liabilities.

34. Data on Fair Value

The following table contains data on the book value and fair value of Company financial assets and liabilities, that are not accounted for in fair value:

<i>in TEUR</i>	Carrying value		Fair value	
	31.10.2019	31.10.2018	31.10.2019	31.10.2018
Financial assets				
Loans provided (note 21)	112 753	89 365	111 963	88 881
Other receivables (note 23)	26 013	23 437	26 013	23 437
Investments in subsidiaries (note 18)	7 515	7 482	7 515	7 482
Trade receivables (note 22)	4 872	3 387	4 872	3 387
Cash and Cash Equivalents (note 26)	10 280	52 787	10 280	52 787
Other assets (note 24)	10 766	7 574	10 766	7 574
Total	172 199	184 032	171 409	183 548

<i>in TEUR</i>	Carrying value		Fair value	
	31.10.2019	31.10.2018	31.10.2019	31.10.2018
Financial obligations				
Loans and Borrowings (note 28)	111 657	86 422	111 657	86 564
Bonds issued (note 33)	202 024	238 417	213 520	251 143
Trade payables (note 29)	6 465	7 689	6 465	7 689
Other payables (note 31)	15 057	6 080	15 057	6 080
Total	335 203	338 608	346 699	351 476

As at 31 October 2019, Other receivables contain in particular an advance payment made for future acquisition, which is a company running cable ways, in the amount of 19,451 ths. EUR (as at 31 October 2018: 19,451 ths. EUR). The Company plans to buy this company in the future. A contract is made with VICINITY INVESTMENT Ltd, for a period of one year, and for this reason, the book value of advance payment made is not materially different from its fair value.

35. Operating Lease**Leasehold on the part of a lessee**

The Company leases lots of land on which ski runs and cable ways are built, and leases some cars based on contracts on operating lease. The most significant contracts on the lease of land are concluded for a period of 30 years with an option for additional 10 years. The most significant contracts have the notice period of 1 year.

Cost for operating lease for the period ended on 31 October 2019 shown in the profit/loss from operations amounted to 3,946 ths. EUR (for the period ended on 31 October 2018: 2,933 ths. EUR).

The amount of rent for the period in which contracts cannot be terminated, is as follows:

<i>in TEUR</i>	31.10.2019	31.10.2018
Within 1 year	3 198	2 205
From 1 year to 5 years	7 842	6 356
5 and more years	22 611	16 086
Total	33 651	24 647

36. Changes in liabilities arising from financial activities

<i>in TEUR</i>	1 November 2018	Cash flows	Reclassified as part of disposal group	Acquisition of subsidiary	Changes in fair value	Other	31 October 2019
Loans and borrowings	86 422	11 311	-	-	-	13 924	111 657
Bonds issued	238 417	-35 000	-	-	-	-1 393	202 024
Total liabilities from financing activities	324 839	-23 689	-	-	-	12 531	313 681

<i>in TEUR</i>	1 November 2017	Cash flows	Reclassified as part of disposal group	Acquisition of subsidiary	Changes in fair value	Other	31 October 2018
Loans and borrowings	65 689	20 395	-	-	-	338	86 422
Bonds issued	184 842	53 266	-	-	-	309	238 417
Total liabilities from financing activities	250 531	73 661	-	-	-	647	324 839

37. Information on Risk Management

This section provides details of risks to which the Company is exposed, and the method of management of the risks.

The Company is exposed risks in the following areas:

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk

The management is generally responsible for setting and control of Company risk management.

Credit Risk

The Company is exposed to this risk mainly with respect to trade receivables, lease receivables, other receivables, advance payments and loans provided. The volume of exposure to this risk is expressed as the book value of these assets in the balance sheet in case that no form of guarantees is provided. The book value of receivables, advance payments and loans provided expresses the highest possible book loss that would have been posted if the counterpart completely fails in performing its contractual obligations, and all securities and guarantees would have a zero value. Therefore, this value far exceeds the expected losses which are included in the provisions for irrecoverable debts. Before signing major contracts the Company board at regular board meetings evaluates credit risk related to counterpart. In case of identifying significant risks, the Company withdraws from signing the contract.

Loans provided

The Company assigns a degree of credit risk to loans provided on the basis of data that is expected to predict credit risk (including but not limited to external ratings, financial statements, management accounts and cash flow projections and available counterparty press releases), potential days past due and applying experienced credit judgment.

The grades of credit risk are defined by qualitative and quantitative factors that indicate the risk of default and are consistent with external credit rating definitions from credit rating agencies such as Moody's and Standard & Poors. The probability of default is then assigned based on historical data collected by these agencies. The default loss (LGD) parameters generally reflect an expected rate of return of 40%, except when the loan is reduced by a loan.

37. Information on Risk Management (continued)

Probability of default (PD)	Default loss (LGD)	Carrying amount	Impairment allowance (ECL)
0,74% - 8,21%	40%	118 404	- 5 651

Sensitivity analysis

If the borrower's credit quality has changed, the probability of default would also change. If PD increased by 10%, ECL would increase by 565 ths. EUR. If PD decreased by 10%, ECL would decrease by 565 thous. EUR. The Company also takes into account the differences between the economic conditions during the period in which the historical data were collected, the current conditions and the Company's view of the economic conditions over the expected life of the loan.

As at 31 October 2019, the Company was exposed to the following credit risk:

	Legal entities	Banks	Other financial institutions	Other	Total
<i>in TEUR</i>					
Financial assets					
Loans Provided	118 264	-	-	140	118 404
Other receivables	26 014	219	-	-	26 233
Investments in Subsidiaries	7 515	-	-	-	7 515
Trade receivables	4 872	-	-	-	4 872
Financial investments	4 652	-	-	-	4 652
Cash and Cash Equivalents	-	10 268	-	12	10 280
Other Assets	10 347	-	24	491	10 862
Total	171 664	10 487	24	643	182 818

As at 31 October 2018, the Company was exposed to the following credit risk:

	Legal entities	Banks	Other financial institutions	Other	Total
<i>in TEUR</i>					
Financial assets					
Loans Provided	89 228	-	-	137	89 365
Other receivables	23 093	344	-	-	23 437
Investments in Subsidiaries	7 482	-	-	-	7 482
Trade receivables	3 387	-	-	-	3 387
Financial investments	4 652	-	-	-	4 652
Cash and Cash Equivalents	-	52 775	-	12	52 787
Other Assets	6 897	-	11	666	7 574
Total	134 739	53 119	11	815	188 684

37. Information on Risk Management (continued)

Liquidity Risk

Liquidity risks arise within general financing of the Company and management of financial positions. It covers the risk of insolvency regarding the financing of assets within the agreed maturity period and at the interest rate, and also the risk of asset management at a reasonable price within an adequate timeframe. The Company management focuses on liquidity management and monitoring. Due to liquidity management, the management changed the accounting period to a fiscal year ended on 31 October. In the first half of its accounting period, the Company has a winter season, which represents 60% of Company's income. According to the trend in the first half-year, the Company can affect the side of revenues and expenses sufficiently early, so that they are able to keep sufficient liquidity for Company's operation. In the Vysoké Tatry centre, the seasonal nature is also balanced with a strong summer season, which ensures its more stable liquidity all year round.

The following table presents an analysis of Company financial assets and liabilities grouped by the residual maturity. The analysis presents the most prudent variant of residual maturity including interest. Therefore, for liabilities, the earliest possible repayment is reported, and for assets, the latest possible repayment is reported. Assets and liabilities which have no maturity are posted in the category "Without specification".

As at 31 October 2019, the Company was exposed to the following liquidity risk:

	Carrying value	Future cash flow	3 months up to 3 months	up to 1 year	1 year up to 5 years	Above 5 years	Without specification
<i>in TEUR</i>							
Financial assets							
Loans Provided	112 753	118 517	111 665	1 121	160	5 458	113
Other receivables	26 233	219	-	219	-	-	-
Investments in Subsidiaries	7 515	-	-	-	-	-	-
Trade receivables	4 872	4 887	4 887	-	-	-	-
Financial investments	4 652	4 652	-	-	-	-	4 652
Cash and Cash Equivalents	10 280	10 273	10 273	-	-	-	-
Other Assets	10 766	10 862	10 862	-	-	-	-
Total	177 071	149 410	137 687	1 340	160	5 458	4 765
Financial obligations							
Loans and Borrowings	-111 657	-111 636	-1 358	-8 779	-87 986	-13 513	-
Bonds Issued	-202 024	-233 000	-	-10 560	-132 440	-90 000	-
Trade Liabilities	-6 465	-6 465	-6 465	-	-	-	-
Other Liabilities	-15 057	-15 057	-15 057	-	-	-	-
Corporate income tax liability	-860	-860	-860	-	-	-	-
Total	-336 063	-367 018	-23 740	-19 339	-220 426	-103 513	-

As at 31 October 2019 the loans provided up to 1 year amount to 112,786 ths. EUR (as at 31 October 2018: 86,322 ths. EUR), a majority of which is payable on demand or by the end of October 2019. These loans will not be paid within 1 year. The Company plans to require the repayment of these financial resource based on the needs for the purposes of financing the investment activity and acquisition. The expected drawdown of the loan provided is within 3 years.

The Book value of Other receivables contains mainly advance payments made, which are not expected to be paid in cash, but by a transfer of shares within 3 years.

The Company management plans to repay the bonds issued by the issue of new bonds.

37. Information on Risk Management (continued)

As at 31 October 2018, the Company was exposed to the following liquidity risk:

<i>in TEUR</i>	Carrying value	Future cash flow	3 months Up to 3 months	up to 1 year	1 year up to 5 years	Above 5 years	Without specification
Financial assets							
Loans Provided	89 366	89 536	62 572	23 750	2 369	845	-
Other receivables	23 437	344	-	344	-	-	-
Investments in Subsidiaries	7 482	7 482	-	-	-	-	7 482
Trade receivables	3 387	3 387	3 387	-	-	-	-
Financial investments	4 652	4 652	-	-	-	-	4 652
Cash and Cash Equivalents	52 787	52 787	52 787	-	-	-	-
Other Assets	7 574	7 574	7 574	-	-	-	-
Total	188 685	165 762	126 320	24 094	2 369	845	12 134
Financial obligations							
Loans and Borrowings	-86 422	-86 401	-42 653	-3 895	-23 396	-16 457	-
Bonds Issued	-238 417	-284 743	-66 463	-9 680	-135 520	-73 080	-
Trade Liabilities	-7 689	-7 689	-7 689	-	-	-	-
Other Liabilities	-6 080	-6 080	-6 080	-	-	-	-
Total	-338 608	-384 913	-122 885	-13 575	-158 916	-89 537	-

The Book value of Other receivables contains mainly advance payments made, which are not expected to be paid in cash, but by a transfer of shares.

Currency Risk

Due to the acquisition of subsidiaries in Poland and in the Czech Republic and due to providing loans to and receiving loans from these companies during 2018 and 2019, the Company is primarily exposed to the risk of changes in the exchange rate of Polish Zloty and Czech Crown against the EUR. The management monitors regularly whether there is a large difference between foreign currency liabilities and receivables. As at 31 October 2019, the Company reported an investment in the subsidiary in the amount of 7,218 ths. EUR, and loans provided in Polish Zloty were in amount of 31,029 ths. EUR and in Czech Crown were in amount of 232 ths. EUR, and loans provided in Czech Crown were in amount of 5,703 ths. EUR.

Since the Company drawn a loan from its subsidiary in Czech Republic, denominated in Czech Crown were in amount of 58,7 mil EUR, the open position on the currency risk at the Czech Crown has significantly opened. The Company decided to hedge its currency position against fluctuations in the Czech Crown for this particular debt instrument. For more information, see Note 30 - Hedge Accounting.

The other Company assets and liabilities are denominated in euro.

Secondarily, there is a risk that the weakening of the Czech Crown, Polish Zloty or of the Russian Ruble against the EUR would lead to reducing the number of visitors from the above stated countries.

37. Information on Risk Management (continued)

Sensitivity analysis

1% strengthening of the EUR against the Polish Zloty would have the following effect on the financial assets and financial liabilities of the Company:

Effect on the portfolio <i>in TEUR</i>	2019	2018
PLN	-333	-377

1% weakening of the EUR against the Polish Zloty would have an identical high but opposite effect on the financial assets and financial liabilities in comparison with strengthening.

Interest Risk

Company transactions are exposed to the risk of interest rate changes. The volume of this risk is equal to the amount of interest-bearing assets and interest-bearing liabilities, for which the interest rate differs, in the maturity period or in the period of change, from the present interest rate. Therefore, the period for which a fixed interest rate is determined for the financial instrument, expresses the exposure to the risk of changes in interest rates to which the Company is exposed.

The table below presents Company exposure to the risk of changes in interest rates based on contractual maturity period of financial instruments.

As at 31 October 2019 and as at 31 October 2018, the Company has the following assets and liabilities linked to interest rates:

<i>in TEUR</i>	31.10.2019	31.10.2018
Fixed interest rate		
Assets	127 318	140 381
Payables	279 647	242 438
Variable interest rate		
Assets	-	-
Payables	37 418	82 349

Sensitivity analysis for instruments with a variable interest rate

Change by 100 basis points in interest rates would have the following effect on the profit/loss from operations and cash flow sensitivity:

<i>in TEUR</i>	Profit (Loss)	
	100 bb growth	100 bb decline
31 October 2019		
Instruments with variable interest rate	-374	374
Effect	-374	374
<i>in TEUR</i>		
	Profit (Loss)	
	100 bb growth	100 bb decline
31 October 2018		
Instruments with variable interest rate	-823	823
Effect	-823	823

Company interest-bearing liabilities have a variable interest rate referring to EURIBOR. The Company considers the variable interest rate as the self-management of interest risk. During an economic expansion, the EURIBOR is growing, but at the same time, the population economic performance is growing, and the company has higher revenues and profits. During an economic recession, the situation is completely opposite.

37. Information on Risk Management (continued)

Operational Risk

Operational risk is the risk of loss resulting from any fraud, unauthorised activities, failures, errors, inefficiency or failure of systems. The risk is created in all Company activities. Operational risk also includes the risk of legal disputes. The aim of the Company is to manage the operational risk to prevent any financial losses and detriment to the Company reputation within the cost-efficiency of cost spent on achieving this objective, while avoiding any measures preventing initiatives and creativity.

The Company management has key responsibility for the implementation of inspections related to the operational risk management. The responsibility is supported by the implementation of standards for the management of operational risk which is common for the whole Company. Operational risk is governed by a system of directives, minutes of meetings and control mechanisms. The Company has a controlling department which attempts to eliminate all operational risks through regular inspections.

The Company is also exposed to the risk of unfavourable conditions with respect to the weather. The number of visitors in the centre depends on the snow and snowfall periods. Unfavourable conditions adversely affect the number of skiers and the revenue of profit/loss from operations. Warm weather can unreasonably increase the cost of snowmaking and reduce the area where skiing is possible. Historically, the Low Tatras and the High Tatras region had on average 80cm and 85cm of snow during the winter season, respectively. The start of winter season and snow conditions affect the perception of the whole season by skiers. The Company is not able to forecast reliably in any manner the snow conditions at the beginning of winter season. Also thanks to the system of snowmaking, the snow conditions during the winter are stable each year.

38. Related Parties

Identification of related parties

As provided in the following overview, the Company has relations of a related party with respect to its shareholders having significant influence in the Company, and with respect to other parties, as at 31 October 2019 and 31 October 2018 or during the period between 1 November 2018 and 31 October 2019 and 1 November 2017 and 31 October 2018:

- (1) Companies controlling jointly or having significant influence on the accounting entity and its subsidiary and associate companies
- (2) Jointly controlled companies in which the Company is a partner
- (3) Associates
- (4) The members of company top management or Company shareholders (see also par. 10 – Personnel expenses)

Information on remuneration of key management is stated in par. 10 – Personnel expenses. Since none of the shareholders has a shareholding in the Company exceeding 20% or any significant influence, the shareholders are not provided as related parties, and the above stated transactions or balances are not understood as transactions with related parties. All transactions with relates parties, including transactions with Key management, were realized based on conditions, which are ordinary (or expected) for non-related parties transactions realized on the market. None of the related parties was privileged in any kind of transactions. The Company has the transactions provided below with respect to related parties:

38. Related parties (continued)

<i>in TEUR</i>	Note:	Receivables 31.10.2019	Payables 31.10.2019	Receivables 31.10.2018	Payables 31.10.2018
Szczyrkowski Osrodek Narciarski S.A.	1	31 906	-	21 823	19
Ślaskie Wesole Miasteczko Sp. z o. o.	2	20 737	3 570	17 655	4 027
TMR Ještěd a.s.	3	2 344	-	1 208	-
Tatry mountain resorts CR, a.s.	4	2 319	1	182	-
Tatry mountain resorts PL, a.s.	5	27 245	-	23 492	-
Mölltaler Gletscherbahnen GmbH & Co KG	6	5 066	116	-	-
Mölltaler Gletscherbahnen GmbH	7	1	-	-	-
Grundstücksverwertungs-GmbH Flattach	8	1	-	-	-
TMR Finance CR, a.s.	9	-	58 773	-	-
Key management		68	-	68	-
OSTRAVICE HOTEL a.s. (joint venture)	10	20	-	-	-

<i>in TEUR</i>	Note:	Revenues 1.11.2018 - 31.10.2019	Costs 1.11.2018 - 31.10.2019	Revenues 1.11.2017 - 31.10.2018	Costs 1.11.2017 - 31.10.2018
Szczyrkowski Osrodek Narciarski S.A.	1	721	14	1 582	13
Ślaskie Wesole Miasteczko Sp. z o. o.	2	216	-	1 158	352
TMR Ještěd a.s.	3	108	-	73	-
Tatry mountain resorts CR, a.s.	4	49	8	8	-
Tatry mountain resorts PL, a.s.	5	-	-	138	-
Mölltaler Gletscherbahnen GmbH & Co KG	6	8	13	-	-
Mölltaler Gletscherbahnen GmbH	7	1	-	-	-
Grundstücksverwertungs-GmbH Flattach	8	1	-	-	-
Key management		-	-	3	-

¹ Szczyrkowski Osrodek Narciarski S.A. became a related party on 30 April 2014.

² Ślaskie Wesole Miasteczko Sp. z o. o. became a related party on 1 May 2015.

³ TMR Ještěd a.s. became a related party on 5 May 2017.

⁴ Tatry mountain resorts CR, a.s. became a related party on 16 February 2018.

⁵ Tatry mountain resorts PL, a.s. became a related party on 30 September 2017.

⁶ Mölltaler Gletscherbahnen GmbH & Co KG became a related party on 1 May 2019.

⁷ Mölltaler Gletscherbahnen GmbH became a related party on 1 May 2019.

⁸ Grundstücksverwertungs-GmbH Flattach became a related party on 1 May 2019.

⁹ TMR Finance CR, a.s became a related party on 14 September 2018.

¹⁰ OSTRAVICE HOTEL a.s. became a related party on 31 December 2018.

39. Subsequent Events

On 28 January 2020 the Company paid the amount of 5,000 ths. EUR, which will be used as an advance payment for the future purchase of the company EUROCOM Investment s.r.o, that is operating the aquapark Bešeňová. On 3 February 2020 the Company redeemed the TMR II bond coupon in amount of 6,600 ths EUR.

40. Capital Commitments and Capital Management

During 2014, the Company issued two bond issues (see par. 33 – Bonds issued) in the total nominal value of 180,000 ths. EUR, which, starting from 19 February 2014, are admitted to trading on the Bratislava Stock Exchange. The Company undertook to achieve the value of the Senior DEBT financial indicator (excluding the TMR II bonds)/EBITDA at the level of max. 6,5 and the value of the DSCR financial indicator (including the set-off of cost against the payment of coupons from the TMR I and TMR II bonds) at the level of min.1,00.

On 10 October 2018, the company issued the third bond issue TMR III in the nominal value of 90,000 ths. EUR. As of the date of financial statements, sales proceeds were credited to the Company's account in full amount of 90,000 ths EUR. (as of 31 October 2018, bonds from the third issue were sold in total amount of 60,000 ths EUR). Interest income on the TMR III bond will be paid for each income period on a semi-annual basis, on 10 October and 10 April each year, starting on 10 April 2019. The TMR III bond has maturity on 10 October 2024.

The Company management manages capital in order to ensure sufficient amount of resources for planned investments in that period for which investments are planned, if necessary in cooperation with bank loans.

Before the date of merger with the parent company, no external requirements for capital management are linked either to the Group or to its subsidiaries.

Over the course of the period between 1 November 2018 and 31 October 2019, no changes occurred in the Group management approach to capital management.

41. Contingent Assets and Contingent Liabilities

With respect to that many areas of Slovak law on taxation have not been sufficiently ascertained in practice, there is uncertainty in how tax offices will apply them. It is not possible to quantify the level of this uncertainty and it will only cease to exist when legal precedents or official interpretations of the relevant bodies are available.

On 15 August 2018, the Company paid out the entire loan provided by Tatra banka, a.s. and as a result, the security of Tatra banka from the respective liens registers was canceled.

The Company has initiated several legal proceedings. The maximum amount of compensation in all legal proceedings can be up to 474 ths. EUR and accessions thereof.

Bohuš Hlavatý	Jozef Hodek	Marián Vojtko	Marián Vojtko
<i>The Chairman of the</i>	<i>Member of the</i>	<i>Person responsible for</i>	<i>Person responsible for</i>
<i>Board of Directors</i>	<i>Board of Directors</i>	<i>the compilation of Statements</i>	<i>bookkeeping</i>

Independent Auditor's Report



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Translation of the Auditors' Report originally prepared in Slovak language

Independent Auditors' Report

To the Shareholders, Supervisory Board and Board of Directors of Tatry mountain resorts, a.s.:

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of Tatry mountain resorts, a. s. ("the Company"), which comprise the separate statement of financial position as at 31 October 2019, separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements give a true and fair view of the unconsolidated financial position of the Company as at 31 October 2019, and of its unconsolidated financial performance and unconsolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section. We are independent of the Company in accordance with the ethical requirements of the Act No. 423/2015 Coll. on statutory audit and on amendments to Act No. 431/2002 Coll. on accounting as amended ("the Act on Statutory Audit") including the Code of Ethics for an Auditor that are relevant to our audit of the separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Impairment of loans provided and other receivables

As at 31 October 2019, the carrying amount of loans provided and other receivables (long term and short term): EUR 138,986 thousand; related impairment allowance: EUR 5,651 thousand; impairment loss for the year then ended: EUR 3,900 thousand.

Refer to Notes 2e) and 2i) (Summary of significant accounting policies) and Notes 21 and 23 (Loans provided and Other receivables) of the separate financial statements.

Key audit matter:

Our response:

As at 31 October 2019, loans provided and other receivables are represented primarily by uncollateralized loans to related companies totalling EUR 89,400 thousand, an advance payment for shares in a company operating a ski resort of EUR 19,451 thousand and a loan provided to that entity of EUR 13,975 thousand.

Loans provided and other receivables are assessed by the Company for impairment as at each reporting date, both at an individual asset and collective basis. Management measures the loss allowance at an amount equal to expected credit losses (ECLs) being a probability weighted estimate of credit losses. Credit losses are measured as the present value of an expected cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that it expects to receive). The estimate takes into account, among other things, repayment history and past credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For collectively assessed exposures, the Company uses statistical models with parameters such as the probability of default (PD) and loss given default (LGD) using historical data, as adjusted for appropriate forward-looking information.

Our audit procedures in the area, performed where applicable, with the assistance from our own financial instruments specialists, included:

- Updating understanding of and assessing the design and implementation of key internal controls over the credit control, the loans and other receivables collection process and making loss allowances for loans provided and other receivables;
- Assessment of the appropriateness of the Company's impairment methodology against the relevant financial reporting requirements;
- Evaluating whether the Company's estimates of expected credit losses appropriately consider both current economic conditions and forward-looking information;
- Assessment of the accuracy and completeness of the Company's ECL estimates at 31 October 2019 including:

For loans and other receivables assessed individually, for a risk-based sample of debtors:

- Inspecting the debtors' most recent financial statements, credit terms and historical repayment patterns, and making corroborating inquiries of the Company's CFO and relevant finance personnel, to obtain understanding of any credit / repayment uncertainties,

Independent Auditor's Report



We identified impairment of loans provided and other receivables as a key audit matter because these assets are material to the Company and due to the fact that estimating ECLs is inherently subjective and requires the exercise of significant management judgment.

- significant increase in credit risk or default;
- Inspecting supporting documents in relation to cash receipts from debtors subsequent to the end of the reporting period;
- Considering the outcome of the above procedures, critically assessing the Company's estimate of the expected cash flows from each loan and other receivable in the sample, also assessing the appropriateness of the discount rate used.

For collective impairment assessment

- Assessing the key collective impairment model parameters, such as the PD and LGD, and the effects thereof on the model, by reference to the Company's own historical credit loss experience, our understanding of the business, current economic trends and expectations, and market practices;
- Performing a retrospective assessment of the historical accuracy of the Management Board's impairment assumptions and estimates, including estimated loss rates, against actual outcomes;
- Evaluating whether the disclosures in the financial statements in respect of the expected credit losses for the loans and other receivables satisfy the requirements of the relevant financial reporting standards.

Responsibilities of the Statutory Body and Those Charged with Governance for the Separate Financial Statements

The statutory body is responsible for the preparation of the separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the statutory body determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the statutory body is responsible for assessing the Company's ability to continue as a going concern, disclosing, as

Independent Auditor's Report



applicable, matters related to going concern and using the going concern basis of accounting unless the statutory body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.
- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Reporting on Information in the Annual Report

The statutory body is responsible for the information in the Annual Report prepared in accordance with the Act No. 431/2002 Coll. on Accounting as amended ("the Act on Accounting"). Our opinion on the separate financial statements does not cover other information in the Annual Report.

In connection with our audit of the separate financial statements, our responsibility is to read the Annual Report and, in doing so, consider whether the other information is materially inconsistent with the audited separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Annual Report, we also consider whether it includes the disclosures required by the Act on Accounting.

Based on the work undertaken in the course of the audit of the separate financial statements, in our opinion:

- the information given in the Annual Report for the year ended 31 October 2019 is consistent with the separate financial statements prepared for the same financial year; and
- the Annual Report contains information according to the Act on Accounting.

In addition to this, in light of the knowledge of the Company and its environment obtained in the course of audit, we are required to report if we have identified material misstatement in the Annual Report that we have obtained prior to the date of this auditors' report. We have nothing to report in this respect.

Independent Auditor's Report



Additional requirements on the content of the auditors' report according to 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

Appointment and approval of an auditor

We have been appointed as a statutory auditor by the statutory body of the Company 15 November 2019 on the basis of approval by the General Meeting of the Company 17 April 2019. The period of our total uninterrupted engagement, including previous renewals (extensions of the period for which we were originally appointed) and reappointments as statutory auditors, is eleven years.

Consistency with the additional report to the audit committee

Our audit opinion as expressed in this report is consistent with the additional report to the audit committee of the Company, which was issued on the same date as the date of this report.

Non-audit services

No prohibited non-audit services referred to in Article 5 (1) 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 were provided and we remained independent of the Company in conducting the audit.

In addition to the statutory audit services and services disclosed in the separate financial statements of the Company, we did not provide any other services to the Company or accounting entities controlled by the Company.

28 February 2020
Bratislava, Slovak Republic

Auditing company:
KPMG Slovensko spol. s r.o.
License SKAU No. 96



Responsible auditor:
Martin Kršjak
License UDVA No. 990

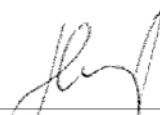
STATEMENT BY THE BOARD OF DIRECTORS



Statement by the Board of Directors

The Board of Directors of Tatry mountain resorts, a.s. hereby states that according to its best knowledge Annual Report, Consolidated Financial Statements, and Separate Financial Statements have been prepared in accordance with relevant regulations, and they present a true and accurate description of assets, liabilities, financial situation, and comprehensive results of the Group (Tatry mountain resorts, a.s. and its subsidiaries) and the Parent company. The Board further states that Annual Report contains a true and accurate review of performance, operating results, and position of the Group, as well as an explanation of key risks and uncertainty factors that the Group faces.

Demänovská Dolina, February 28, 2020


Bohuš Hlavatý

Chairman of the Board of Directors, CEO


Jozef Hodek

Member of the Board of Directors, CFO



TATRY MOUNTAIN RESORTS, a.s.
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Photo: Marek Hajkovský