TMR

Annual Report 2021/22

Tatry mountain resorts, a. s.

and its Subsidiaries

as of October 31, 2022

Content

Commentary from Chairman of the Board of Directors

Igor Rattaj
Chairman of the Board of Directors

Dear shareholders,

We have behind us unprecedented years significantly marked by the COVID-19 coronavirus pandemic and the outbreak of a military conflict in neighboring Ukraine, which negatively affected world markets and caused global inflation and economic instability. Despite these negative external factors, consolidated revenues achieved amount of EUR 133.6 mil. and operating profit before depreciation – EBITDA, amount of EUR 33.7 mil. However, due to higher operating and interest expenses, depreciation and impairment of non-current assets, we reported a net consolidated loss of EUR 11.9 mil.

Although the beginning of the season was marked by anti-pandemic measures that limited full-scale operation in Slovakian and Austrian resorts. Resorts in Poland and the Czech Republic recorded extraordinary successes. The Polish resort Szczyrk experienced a successful season, lasting 114 days, the newly built "Nová Skalka" ski slope, which also offers visitors night skiing, significantly contributed to the growth of revenues of the Czech resort - Ještěd.

The Polish amusement park Legendia in Katowice experienced a successful winter and summer season, in which we achieved a record number of visitors - over 500,000 visitors during the entire financial year. Thanks to the acquisition of Water park Bešeňová, which TMR has owned since April 2022, the total attendance in the segment of leisure parks approached 1.4 mil. visitors, which represents a 75% increase compared to 2019.

We have traditionally organized our favorite events throughout the year. The most visited Tatra attraction was once again the Tatra Ice Dome at Hrebienok, which this year was constructed in the style of the Pilgrimage of St. James. A novelty in the Jasná ski resort was the return of the shepherd tradition and the traditional mountain sheep – wallachian sheep, which visitors could experience in the Priehyba location on the northern side of Chopok. In addition to various events, we have prepared number of novelties and advantageous offers for our clients, which we have offered to guests through our portal and the loyalty program GOPASS.

We invested EUR 23.6 mil. last year. The most important investment was the construction of the long-awaited new cableway connecting the Biela Púť and Priehyba. Another strategically important investment and development activity in the Jasná resort was the expansion and upgrade of snowmaking system. In the High Tatras, we bought gastro business the Humno in Tatranská Lomnica, which we had rented for a long time. Investments also went to our foreign resorts in Poland, the Czech Republic and Austria.

The goal of the next few years is to achieve a balanced performance at least at the level of results before the outbreak of the pandemic. Furthermore, we want to grow organically, benefit from the completed investments and of course, improve the quality of services and the offer in our resorts.

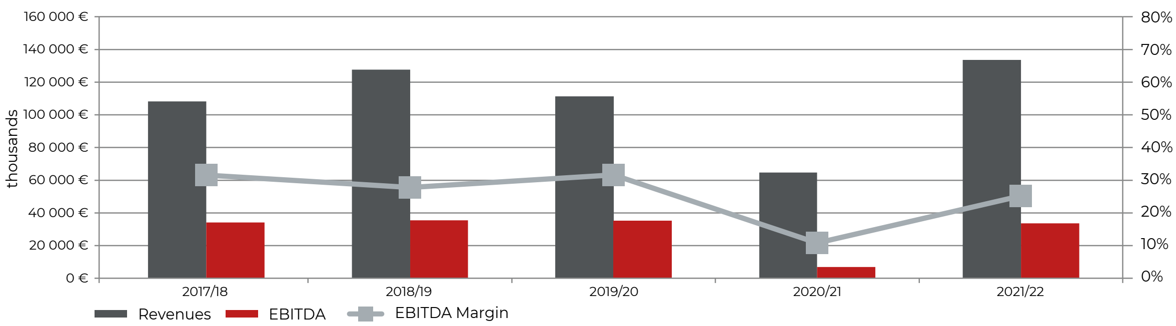
Igor Rattaj

OPERATIONS REVIEW

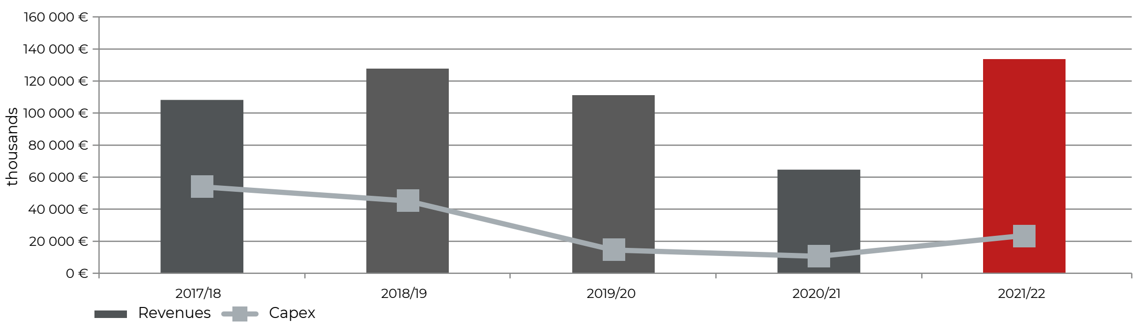
Consolidated Financial Highlights

in €'000 unless specified otherwise	2021/22	2020/21	2019/20	2018/19	2017/18
Revenues	133 621	64 697	111 197	127 592	108 249
EBITDA	33 696	7 000	35 137	35 496	34 166
EBIT	11 630	-23 831	7 387	12 723	19 245
Net Income	-11 947	-45 876	-20 513	-2 288	3 095
CAPEX	23 616	10 555	14 452	45 254	53 887
No. of employees	1 359	1 193	1 332	1 456	1 402
Earnings per share (EUR)	-1,694	-6,816	-3,013	-0,341	0,473
Hotel Occupancy (%)	54,5	37,4	49,4	66,3	62,7
Avg. Daily Rate per Room (EUR)	107,1	84,7	99,7	88,0	80,1
Visit Rate Mountain Resorts ('000)	2 660	1 163	2 425	2 840	2 706
Visit Rate Leisure Parks ('000)	1 416	483	655	808	907
EBITDA (%)	25,2	10,8	31,6	27,8	31,6
EBIT (%)	8,7	-36,8	6,6	10,0	17,8
Equity	33 007	45 123	91 886	110 173	113 789
Debt/Equity (%)	1 178,6	816,5	366,8	315,3	311,3
Debt/Capital (%)	92,2	89,1	78,6	75,9	75,7
Debt/EBITDA	11,5	52,6	9,6	9,8	10,4
Total Assets	574 667	556 761	561 927	533 858	521 684

Key Operating Results



Revenues vs. CAPEX



TMR IN NUMBERS

12 resorts*

4.1 mil. guests +147,6%

7 mountain resorts

3 leisure parks

2 golf resorts

2.7 mil. skier days +128,7%

1.4 mil. guests +193,1%

19 own / managed hotels

54.5 % occupancy +17.1 p.p.

107.10 € ADR +26.5%

Group Revenues
133.6 mil. € +106.5%

Group EBITDA
33.7 mil. € +381.4%

Group Net Loss
-11.9 mil. €

FTE
1 359

CAPEX
23.616 mil. €

* as of 31/10/2022

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

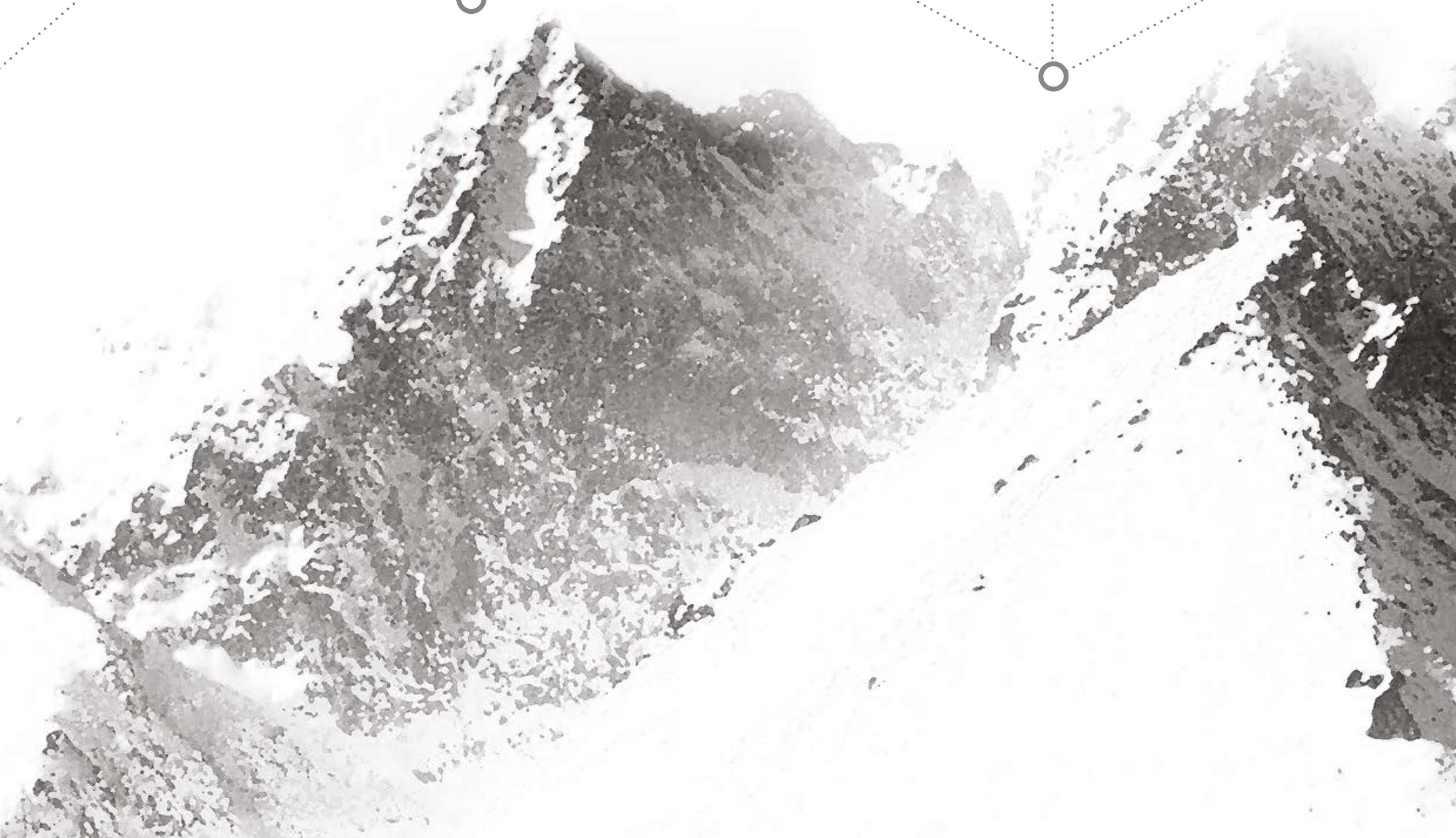
- In January 2019 The Group enters a lease contract of Golf Resort Kaskáda near the Czech town of Brno for a 20-year term. TMR controls the management of the hotel with a conference center and a restaurant.
- In June 2019 TMR acquired a 100% share in an Austrian company that owns and operates the glacier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

2021

- In May 2021, the Group expanded its portfolio to include Muttereralm Innsbruck resort in the Tyrolean Alps.

2022

- In April 2022, the Group expanded its portfolio to include a new water park Bešeňová.



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 (39.2%) and from accommodation services in the hotels that TMR owns and/or runs (28.4%). Additional revenues come from ticket sale in the leisure parks (12.4%), and from ancillary services provided by the dining facilities on the slopes, in the golf resorts, and in the leisure parks (14.7%) and sports and souvenir stores, rentals, and ski schools (4%). 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 (0.8%). A part of revenues also comes from the operation of leased golf resorts (0.6%). 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.

Since December 2017 TMR rents and operates a Czech ski center Ještěd. As of the end of FY 2020/21 TMR also owns a 25% share in Melida a.s., which since the winter 2012/13 leases and operates the resort Špindlerův Mlýn in the Czech Republic. TMR also rents and operates Czech golf resorts – Golf & Ski Resort Ostravice and Golf Resort Kaskáda.

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.

On May 1, 2021, theGroup expanded its portfolio for another Austrian resort, Muttereralm Innsbruck, in which it owns a 100% stake through Muttereralm Bergbahnen Errichtungs GmbH.

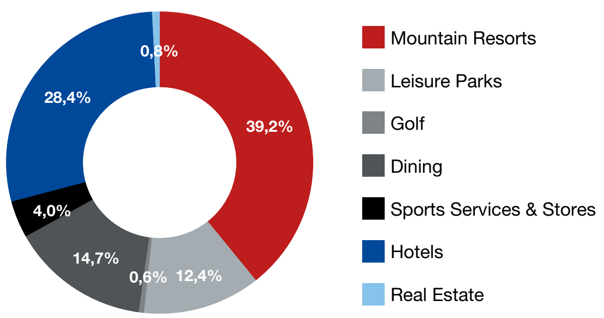
As part of the acquisition, the Group expanded its portfolio from April 1, 2022, with the new water park Bešeňová, with which TMR had a long-term business and marketing cooperation.

On november 1, 2021, TMR sold part of the GOPASS and on July 1, the Group acquired a 100% stake in the European company GOPASS SE, which will serve for the purpose of expanding on the European market.
The Group founded a new company International TMR Services s.r.o., which will provide consulting services within TMR.

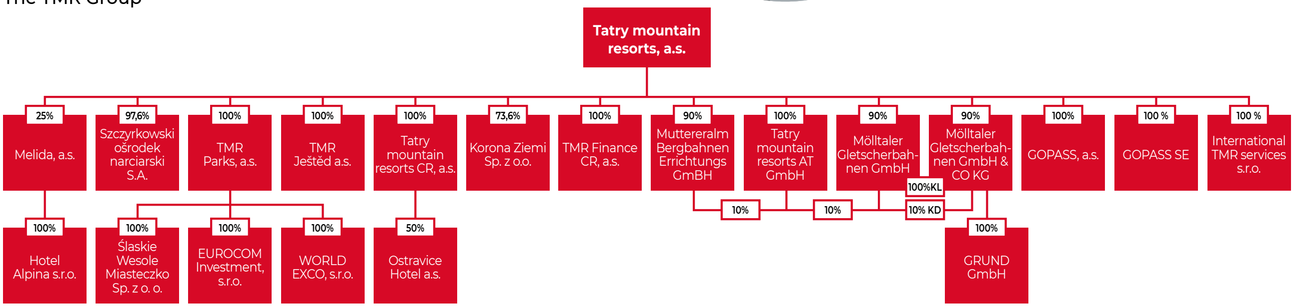
BUSINESS SEGMENTS OF TMR

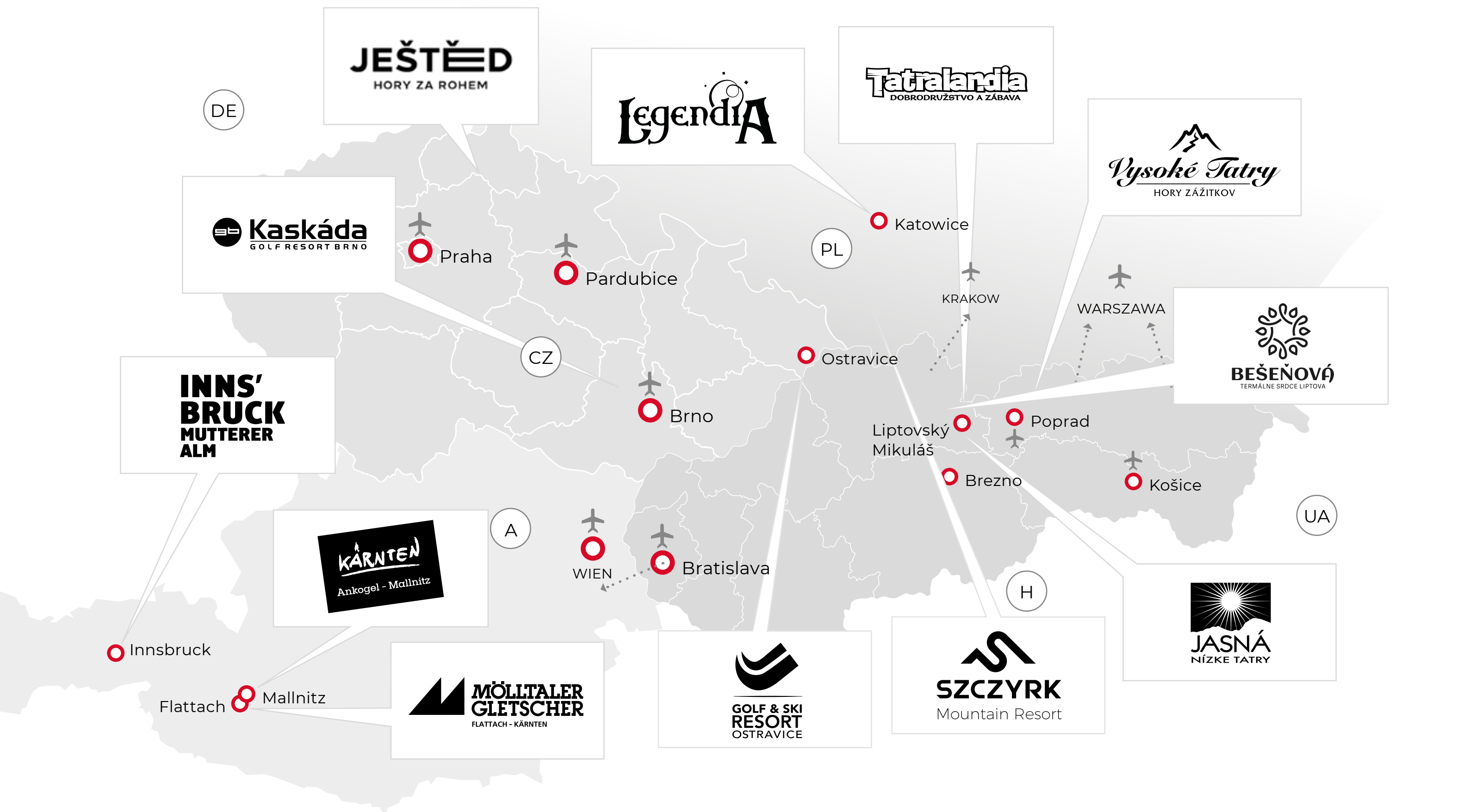
TMR's business activities are concentrated into in seven key segments – Mountains Resorts; Leisure Parks; Golf; Dining; Sports Services and Stores; Hotels; and Real Estate.

Revenue Breakdown



The TMR Group





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, Štrbské Pleso and Starý 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
- 20 cableways and lifts
- Max. transportation capacity 21,385 persons/hour
- Hotels - Grandhotel Praha**** Tatranská Lomnica, Grandhotel**** Starý Smokovec, Hotel FIS*** Štrbské Pleso, A Night at Lomnický Peak, Horec suites

Mountain Resort JASNÁ NÍZKE TATRY (Jasná Low Tatras)

- The biggest winter sports resort in Central Europe
- Ski areas – Chopok North and Chopok South
- Host of World Cup Jasná
- 50 km of ski trails, 36.75 km of snowmaking
- 27 cableways and lifts
- Max. transportation capacity 31,784 persons/hour
- **Hotels** – Hotel Tri Studničky****, Hotel Grand Jasná****, Chalets Jasná de Luxe**** and Hotel Srdiečko***, A night on Mt. Chopok, Hotel Pošta****, Hotel SKI**
- **Real Estate** – lease out of hotels Liptov**, Kosodrevina Lodge, lodging facility Otupné, sale of Chalets Jasná Collection

Mountain Resort SZCZYRK MOUNTAIN RESORT (Szczyrk)

- 40 km of ski trails, 22 km with snowmaking, 5km of lit-up trails
- 12 cableways and lifts
- Max. transportation capacity: 22,000 persons/ hour
- **Hotels** – Hotel Gronie Ski&Bike
- Location – Silesia Voivodship, the Beskids, Poland

Mountain Resort MÖLLTALER 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 ANKOGEL MALLNITZ (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 MUTTERERALM (Innsbruck)

- A mountain resort with 15 km of ski trails and 8 km of toboggan trails
- 5 cableways and ski lifts
- Max. transportation capacity of 2,100 persons/hour
- A popular complex for skiing families with smaller kids
- Location – Innsbruck, Austria

Mountain Resort SKIAREAL JEŠTED

- A ski resort in a close proximity of the city of Liberec, within a short driving distance from Prague
- More than 10 km of slopes
- 10 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 four artificial surf wave lanes
- 14 swimming pools (10 year-around) with thermal, sea and pure 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 stylish bungalows and apartments in 11 theme villages
- Congress center, 5D cinema, Hurricane Factory wind tunnel, ZOOKONTAKT Tatralandia
- **Real Estate** – sale of apartments in Holiday Village Tatralandia
- Location – Liptov Region, Slovakia

Water park Bešeňová

- The extensive complex has a rich history thanks to the rich resources of geothermal springs
- 23 pools and whirlpools (13 during winter) with geothermal and clear water
- Harmony wellness center
- 30-meter-high toboggan tower with 6 waterslides that are more than 1km long
- Hotels – Hotel Bešeňová***, Galéria Thermal Bešeňová****, Hotel Akvamarín Bešeňová****
- Location – Liptov Region, SWK

LEGENDIA - SILESIAN 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, Poland

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, CZ

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

MOUNTAIN RESORTS

The Mountain Resorts segment includes the operation of six mountain resorts in Slovakia: Jasná Nízke Tatry – Chopok North and South, Vysoké Tatry – Tatranská Lomnica, Starý Smokovec and 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 over 150 km of trails with transport capacity approximately 105 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 by Melida, a.s., in which currently TMR owns 25%.

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 Štrbské Pleso.

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. 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 250 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 Lomnicky 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 Kamzíkovo 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 winter season, every year Hrebienok is home to the Tatra Ice Dome – an ice sculpture hidden in a dome, which is carved out in a different form every year. 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'. Boating on the lake has a more than 130-year old tradition.

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 617 snow points covers almost 37 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 A la Carte 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, 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 consists of a new10-person gondola and three 6-person chair lifts. The slopes and trails have been widened and profiled, with modern snowmaking system and water tank and a new multifunctional building – SZCZYRK-GONDOLA – has been added, providing full service for visitors. At the beginning of 2020, the center was at an altitude of 1000 m above sea level. put into operation a new restaurant Kuflonka with a capacity of 450 people.

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.

MUTTERERALM (INNSBRUCK)

Muttereralm in the Tyrolean Alps is the latest acquisition in TMR's portfolio. The resort's offer includes hiking, cycling and mountain biking trails during summer and skiing or sledding in winter. Modern infrastructure and adventure restaurants throughout the ski area make Muttereralm a popular destination for the whole family. Snow is guaranteed by the snowmaking system, which snows all 15 km of slopes.

SKIAREAL JEŠTĚD (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 10 km of ski trails interconnected with the new trail of Nová Skalka, which is the key project for the future of the resort. In the summer season, a popular attraction was the bike park as well as the summer operation of the Skalka cable car for hiking as well as cyclists. 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.

LEISURE PARKS

AQUAPARK TATRALANDIA

Aquapark Tatralandia with lodging facility Holiday Village Tatralandia 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 Celtic sauna world and Wellness Paradise. Fun Park Tatralandia 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 Tatralandia, utilizes the technology of an artificial river creating waves like in 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 Tatralandia and it's also possible to get to know the life of animals from a close distance in ZOOKONTAKT Tatralandia.

WATER PARK BEŠEŇOVÁ

Water park Bešeňová is a water park with year-round operation. The thermal swimming pool is built based on hot springs of healing waters that spring from a depth of 1,987 meters. Geothermal water has a beneficial effect on the respiratory and locomotor systems. There are 23 pools and hot tubs with geothermal and clear water (13 during the winter) in the area, which makes the water park the 1st place in Slovakia. It offers visitors 13 toboggans, slides, and a wave pool in the entertainment tent. One of the biggest jewels is the unique wellness & spa. Holistically focused wellness with an emphasis on body, soul and mind care is a source of new energy for everyone. The new wellness & spa offers a connection of 4 elements of life and Liptov nature through birch trees, the Bešeňová cave with endless waterfalls and a magnificent Sauna dome and a new quiet zone.

LEGENDIA – SILESIAN AMUSEMENT PARK (LEGENDIA, ŚLĄSKIE WESOŁE MIASTECZKO)

Legendia 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 (Legendia 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.

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 100 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 2,800 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**
123 rooms, 239 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**
84 rooms, 161 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**
78 rooms, 157 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 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.

Horec suites, Tatranská Lomnica
33 rooms, 66 beds
Apartment house Horec is situated right in the center of Tatranská Lomnica and is built in an atypical style, which looks luxurious in the exterior and interior and at the same time fits perfectly into the Tatra environment. Thanks to the combination of modern interiors with quality traditional materials, the Horec apartments have a unique mountain atmosphere and at the same time offer guests maximum comfort.

A night on Mt. Lomnický štít
2 rooms, 4 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**
42 rooms, 98 beds
The first adult friendly hotel in Jasná at the foot of the Low Tatras, has been known for years as an oasis of peace and relaxation. Wellness with a mountain beach, experiential gastronomy, harmony and relaxation in the hotel can stop the hurried time. At a time when we do not have time to stop for a while, to perceive our surroundings, or even to perceive ourselves and the people around us, we in Tri Studničky decided to focus exclusively on the adult client.

Hotel Grand**, Jasná**
155 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 interior and exterior 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****
32 rooms, 72 beds
The first boutique hotel in Jasná with its imaginative architecture underlined by the panorama of the mountains brings a perfect harmony with the surrounding nature. The unusual interior with a breath of avant-garde and the variety of materials used is a feast for those who are close to „otherness“. A new bar in the hotel was created with the aim of creating a place in the center of Jasná where people with the same hobbies will meet - mountain lovers, active people with attention to detail who seek and know how to appreciate quality.

Chalets Jasná Collection****
68 rooms, 264 beds
Two locations, one collection of unique chalets. The chalets have been added to the portfolio of TMR hotels to bring the client a diverse range of accommodation with customized services in the private environment of the chalet. Chalets Jasná Collection are an ideal choice for groups of 4 or more people. The privacy of the mountain chalet and the great location right next to the best slopes in Slovakia in two locations - Jasná Záhradky and Jasná Centrum will take care of an experiential holiday for the whole family. A novelty of 2020 is the introduction of a new online delivery system, where the guests can have their food brought from the restaurant of Hotel Pošta directly to the chalet.

Hotel Srdiečko***
43 rooms, 84 beds
The hotel with a unique mountain atmosphere with an open heart has been welcoming its guests since 1958. The hotel is located directly at the cable car station in the heart of the Low Tatras, thanks to which you can get straight from the hotel to the top of the Mount Chopok. The great ski-in / ski-out location of the hotel allows you to walk from the room directly to the ski slope or hiking trail. The hotel with the atmosphere of a chalet, excellent gastronomy and a cozy wellness world is perfect for a family holiday or stay for two. New for the financial year 2019/20 are renovated rooms, bathrooms, and a renewed breakfast concept.

A night on Mt. Chopok
3 rooms, 12 beds
Unique location right on the top of the Mount Chopok. If you are a mountain lover and you are looking for adventure or longing for romance as a couple, you will find your little paradise in this hotel. Hotel Rotunda is synonymous with a mountain atmosphere and beautiful experiences. Maximum comfort in an exclusive location and a view of the panorama of the High Tatras or the basin of Slovakia directly from the rooms of the Rotunda hotel will enchant every guest. Each of the hotel's rooms will surprise you with its cozy and tasteful furnishings. The hotel has only a few rooms, thanks to which the Rotunda offers guests an intimate environment and a feeling of uniqueness. New for the financial year 2019/20 is the designer A´la Carte restaurant.

Holiday Village Tatralandia
101 rooms, 391 beds
Just a few steps from the Aquapark Tatralandia is the

unique lodging resort Holiday Village Tatralandia with a wide range of private accommodation in cottages with entrances to the aquapark included in the price. Accommodation in themed, private cottages is ideal for exploring Liptov and offers many activities and accompanying services.

Hotel Bešeňová***
123 rooms, 246 beds
TMR owns the hotel directly in the complex in the Bešeňová water park. The hotel offers a total of 123 rooms and suites, while guests have all-day access to the Bešeňová water park.

Galéria Thermal Bešeňová****
52 rooms, 104 beds
Hotel Galeria Thermal brings to Bešeňová a unique combination of beneficial geothermal water and quality services of a 4* hotel. At the Hotel Galeria Thermal Bešeňová, visitors can enjoy maximum relaxation during the event, but also a gallery of the most beautiful views of Chopok, Choč mountains or the water park area. As hotel guests, they have private access to pools with beneficial thermal water directly from some rooms.

Hotel Akvamarín Bešeňová****
143 rooms, 286 beds
TMR rents and operates Hotel Akvamarín Bešeňová, which brings a new, modern accommodation complex right in the water park and it is possible to get there comfortably through covered areas. A private outdoor pool is available for guests staying and for greater comfort a balcony or terrace, a kitchenette and air conditioning in each room, which are suitable for large families due to their spaciousness.

THE CZECH REPUBLIC

Green Inn Hotel, Golf & Ski Resort Ostravice
36 rooms, 72 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.

POLAND

Hotel Gronie Ski & Bike, Szczyrk Mountain Resort
36 rooms, 86 beds
A recently renovated ski-in and ski-out hotel in the vicinity of Szczyrk Mountain Resort. The hotel provides accommodation in 2 – 4-bed rooms and family apartments. There is a wellness spa, a fitness center, and a conference room.

REAL ESTATE

The goal of this segment is to build infrastructure and buildings in the mountain regions and the summer resorts. In its realization the Company plans to capitalize on the unique location in the High and Low Tatras region (including Tatralandia). TMR's strategy in this segment is mostly development, construction, and sale of apartments which serve as short and long-term londings. In the past financial year, the chalets at Záhradky are also still for sale. Currently, TMR is preparing a new real estate project, Jasná Resort Central Hotel, as well as new bungalows in the Tatralandia complex. Alongside these projects the Real Estate team works on projects ensuring the 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**, 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, water park Bešeňová 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 2022, for the last 16 years TMR had invested in its resorts and hotels over 443 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.

CAPEX of approximately 24 million euros in 2021/22 includes among other things investments in the the construction of the Biela Púť cableway in Jasná, improvement of snowmaking system, acquisition of dining facility Humno in Tatranská Lomnica, the completion of snowmaking reservoirs Zadné vody, continuation of construction works at Centrum Jasná development project and other minor investments in Slovak resorts. In Szczyrk mountain resort, the Group invested in dining facilities, improving the safety of bike park and purchase of lands. In the Czech Republic, in the Ještěd resort, the Group invested of project - “Nová Skalka” and minor maintenance investments. Within the golf segment in the Ostravice and Kaskáda resorts, the Group focused on operational investments. In Austria, the Group has invested into new access system at the Mölltaler and Ankogel resort and into development of the existing bike park at the Muttereralm resort.

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. The Group also plans to continue in the started real estate projects in the Slovak resorts. The Central Resort Hotel is being built in Jasná. In Tatralandia, new bungalows for sale will be built and will be managed by TMR. In Poland, the Group will primarily invest in maintenance. 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

Following the acquisition of three Austrian resorts in the last couple of years, in the medium term, TMR will focus primarily on completing and strengthening existing resorts, where it will have ample opportunities to grow, improve services and improve TMR’s results after the COVID-19 pandemic is over. 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 expanded 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. TMR also plans to further expand its business activities in utilization of accommodation capacities for third parties, namely new cottages in Tatralandia.

PILLAR 3: CONSTANT OPERATIONS & SERVICES ENHANCEMENT

The intensive growth in the number of visitors in the years before the outbreak of the COVID-19 pandemic, had been the result of an intensive customer orientation. Even in the years to come, management wants to achieve intensive growth of the number of visitors primarily by intensive pro-customer approach. Strategic steps to achieve this goal in the recent years included increasing the variety and quality of the services provided. TMR expanded the scale of attractions offered and improved 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 continuously improves its analysis of big data and focuses on implementation of its findings 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,

CAPEX

- Over 443 million euros over 16 years
- New modern cableways and infrastructure
- Renovated hotels
- Larger, mondernized resorts
- Investment apartments

ACQUISITIONS

- Aquapark Tatralandia
- Špindlerův Mlýn, CR (25%)
- Szczyrk Mountain resort, PL
- Legendia - Silesian Amusement Park Legendia ,PL
- Mölltaler Gletscher, AT
- Ankogel Mallnitz, AT
- Muttereralm, Innsbruck, AT
- Lease of the Ještěd Ski Resort, CR
- Water park Bešeňová
- Commercial and marketing cooperations
- Management of resorts for third parties

QUALITY

- Better expereinces for visitors as a result of synergies
- Trendsetter in tourism in the region
- GOPASS loyalty program
- Innovations
- Flexi prices

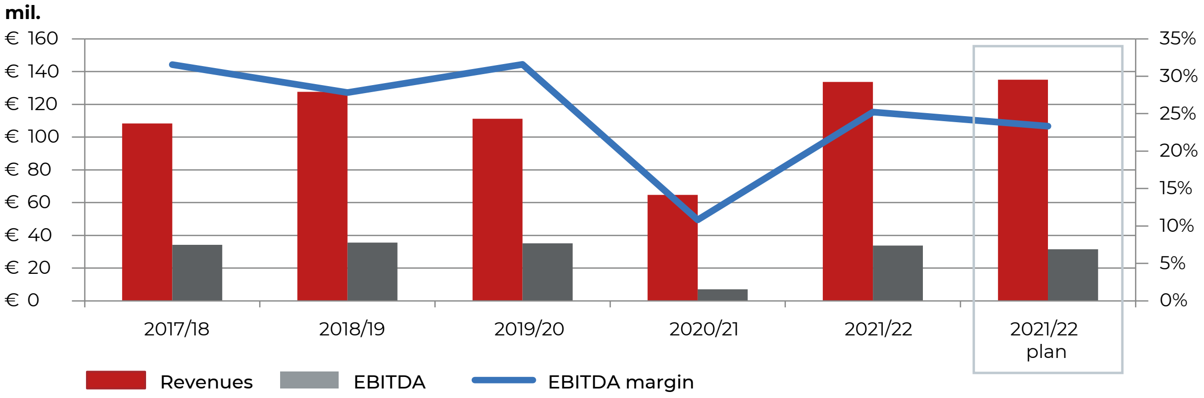
where it won in categories: the Best loyalty program of the year in the travel sector (airlines, hotels, destinations); the Best loyalty program of the year in Central and Eastern Europe; and the Best Customer Relationship Management (CRM) in a loyalty program for Direct Marketing. Within this pillar 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.

FINANCIAL GOALS

For the past fiscal year, the Group set the goals of a stable growth in operating revenues and operating income after the COVID19 pandemic.

The short-term goal for 2021/22 included a revenue plan in value of EUR 135 mil. and EBITDA of EUR 31.5 mil. This financial plan was presented at the General meeting held on May 25, 2022. TMR did not meet the revenue plan as there was a negative result of the Austrian resorts during the summer season. The EBITDA indicator met the plan and even exceeded the plan by 7%.

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, which were important for TMR before the outbreak of the COVID-19 pandemic, and will be again, as soon as the situation stabilizes, and it will be easier to travel again. 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, and Muttereralm close to Innsbruck, 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 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, citylights, and the like.

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 also uses online portal, TravelCase, which posts news from TMR's hotels and resorts.

In addition to the above-mentioned advertising campaigns, TMR Marketing Department also actively participates in exhibitions and fairs, cooperates 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. Information about the Austrian resorts is available at www.moelltaler-gletscher.at and www.muttereralm.at.

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 the 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, Water park Bešeňová, Szczyrkowski Ośrodek Narciarski, Mölltaler Gletscher, Ankogel, Innsbruck Muttereralm, Legendia, Golf Resort Kaskáda, Golf & Ski Resort Ostravice, TMR hotels a Tatry Mountain Resorts, a.s. and smaller profiles of individual projects – Tatranská divočina, Happy End Jasná, Liptov Arena, Tatry Motion ant 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

Through the GOPASS program, the Group uses digital tools to address and serve clients in its resorts. The program also includes active direct marketing, which connects the function of the e-shop, the loyalty program and the communication platform via emails, SMS messages and push notifications. GOPASS actively uses its web application as well as a mobile application available for both popular user platforms. The goal of GOPASS is the digitization of customer service and communication, as well as the facilitation of sales and profiling of offers directly to target groups of customers. As of the end of the fiscal year 2022, 3.035 million members in total were registered in the program GOPASS.

EVENT MANAGEMENT ACTIVITIES DURING 2021/22

The 2021/22 ski season was at the beginning affected in all markets by anti-pandemic measures, which were not favorable to the organization of events with a larger number of participants. The Jasná and Štrbské pleso center opened the ski season on December 11, 2021 and in Tatranská Lomnica operations started on December 17, 2021. At the beginning of the winter season, opened again in Hrebienok the Tatra Ice Dome, the most visited Tatra attraction, during the construction of which the artists were inspired by the theme of the Saint James Way. Other proven winter events included the Hero Season Trophy at Štrbské Pleso and in Jasná, was prepared for the winner a special main prize of Rossignol skis, Chopok chutí, Tancovačka in habarka, Olympic Festival Štrbské Pleso. In March, the largest ski resort in Slovakia hosted the Freeride World Qualifier Final four-star event for the fifth time. The organizers gave away prize money in the amount of EUR 10,000 to the best competitors.

During the summer season, took place in Hrebienok the traditional Bear Days – a family festival of entertainment and education. On the 150th anniversary of the foundation of the Štrbské Pleso, the Venice Night event was held, which in addition to the cultural and culinary experience, also included romantic boating on Štrbské Pleso. In Tatralandia, there was an animation program on the theme „fairy tale summer" and the end of the summer season with the „Music Lives" festival. As part of the new acquisition of the water park Bešeňová, a successful and unique gastronomic event of the 4 elements of Bešeňová took place, which combined sauna rituals with experiential gastronomy. A novelty in the Jasná ski resort was the return of the shepherd tradition and the traditional mountain sheep– wallachian sheep, which visitors could experience in the Priehyba location on the northern side of Chopok. Dozens of events and animations were held in the Legendia amusement park during the summer season, the aim of which was to attract more visitors to the park.

NOVELTIES

Jasná Nízke Tatry (Jasná Low Tatras)

In the winter season 2021/2022, several novelties have been added to the Jasná resort. Ski slope Pretekárska changed its name to the name of the world cup winner Petra Vlhová, which resembles the original photo point, and the range of cross-country tracks has expanded. Another important novelty was the renovation of the ski-in/ski-out hotel SKI Záhradky and new accommodation concept at the top of Chopok – Night in the clouds. Shuttle transport was strengthened in cooperation with the municipality of Demänovská dolina and DMO Liptov Region, and the possibility to purchase a parking place through GOPASS was introduced. A defibrillator was added on the southern side of Chopok, which helps with serious heart rhythm disorders.

Jasná won the title „Slovakia's Best Ski Resort 2021" and defended its championship in Slovakia for the 7th time in a row.

Vysoké Tatry (The High Tatras)

The main novelty of the season in Tatranská Lomnica in the High Tatras, skiers could use Comfort parking - the possibility to purchase a limited number of the most favorable parking spaces through GOPASS for a fee, with the certainty of parking even at the time of peak traffic. At the same time, parking areas were charged. Skiers with daily ski passes will have parking at a discount, owners of all-season ski passes Šikovná sezónka PREMIUM will park for free. Two defibrillators have been added in the High Tatras, which will save human lives at Skalnate Pleso and Hrebieok.

Szczyrk Mountain Resort

In the 2021/22 season, Szczyrk Mountain Resort provided a new version of the Max Bear Academy - which is, group skiing courses for children and during the winter holidays, the Max Bear Sports Academy, where older children could improve their skiing technique, including skiing in goals. The center's offer was extended by the new K2 Skituring Academy project. An important novelty was the return of free ski buses to Szczyrk, which improved the comfort of skiers and hikers.

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 target segment of the Group are tourists from the countries of Central and Eastern Europe, especially from Slovakia, Czech Republic, Poland and Austria. The visit rate of the Group's resorts is, to a certain degree, determined by developments in the economic situation on the markets of the countries from which the tourists arrive and in which the Group operates.

The world economy has grown systematically in recent years, despite the ongoing COVID-19 pandemic. According to the International Monetary Fund (the IMF), gross domestic product grew by 6.1% worldwide in 2021, it should continue to grow, but at a slower pace at a level of around 3.2%. The slowdown in growth is caused by the war in Ukraine, which led to a rapid increase in the price of energy and interruption in their supply chain led to higher inflation than expected, which will also negatively affect the growth rate.[1]

According to the European Bank for Reconstruction and Development (hereinafter referred to as EBRD), the economic situation in the region is central and Eastern Europe, despite growth at 5.5% in 2021, remains uncertain as it is largely subject to high uncertainty reflecting the risks associated with the war in Ukraine. Oil and gas prices are above historical levels, while many economies in the EBRD regions are highly dependent in their energy mix on gas and oil from Russia. In the context of these assumptions, the EBRD, like the IMF, expects a slowdown economic growth in the region of its member countries to the level of 1.1%. For the region of Central Europe and the Baltics states, the European Bank for Reconstruction and Development predicts growth of 3.2% in 2022.[2]

THE SLOVAK REPUBLIC

According to the Financial Policy Institute of the Slovak Ministry of Finance (IFP), in 2021 the Slovak economy will partially recover from the sharp decline of the previous year, significantly affected by the coronavirus pandemic COVID-19, and the gross domestic product (GDP) increased by 3.1%. The recovery was mainly contributed by domestic demand. Higher government spending supported the economy and household disposable income.[3] According to IFP, the Slovak economy in 2022 it will increase by 2.1%. The main reason for the slowdown in economic growth is Russia's invasion of Ukraine. The military conflict and sanctions against Russia will significantly limit Slovak exports to this region and will also cause slowing down of the economic growth of business partners. The war in Ukraine will contribute to further price increases energy, which is also reflected in the prices of consumer goods and services. Higher inflation will dampen domestic consumption not only in this year, but also in the years to come. Despite the lower rate of economic growth, employment will rise, however, wages will not keep up with inflation this year.[4]

THE CZECH REPUBLIC

According to the Czech National Bank, the Czech Republic's GDP growth increased to 3.1% in 2021 and it should grow at a rate of 2%. The lower growth rate is caused by lower household consumption due to a drop in real incomes households and sentiment and with the contribution of increased interest rates. Inflation over the coming months will rise above 20% and double-digit inflation will continue in 2023. This will reflect the continued rise in gas prices and electricity, further acceleration of food prices and high core inflation. In 2023, GDP growth of 1.1% is expected and in 2024 the economy is expected to recover at a rate of 3.8%.[5]

POLAND

Poland's GDP growth increased to 5.7% in 2021. Year 2022 GDP will be negatively affected by the growth of commodity and energy prices, exacerbated by increased geopolitical uncertainty. A combination of supply shocks and strong demand pushed inflation into double digits, reaching 10.2% in March. The National Bank reacts to increased inflation by increasing the reference rate, and the Polish government introduces measures to reduce inflation. Government interventions will raise the public administration deficit above 4% of GDP in 2022. According to the EBRD, they expect GDP growth of 4% in 2022 and 3.5% in 2023.[6]

AUSTRIA

According to the Organization for Economic Co-operation and Development (the OECD), Austria's GDP growth of 4.1% in 2021 was influenced by a faster growth in economic activity in the first three quarters than originally expected. The OECD projects the Austrian economy to grow by 3.6% in 2022 and 1.4% in 2023, although the Russian invasion has reduced growth prospects. Household consumption is supposed to be the main engine of growth. Increased uncertainty, higher energy prices, labor shortages and supply chain disruptions are having a negative impact on business investment and export growth.

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1 International Monetary Fund (IMF): World Economic Outlook, July 2022: Gloomy and more uncertain, published in July 2022, available at the hyperlink: https://www.imf.org/en/Publications/WEO/Issues/2022/07/26/world-economic-outlook-update-july-2022.
2 European Bank for Reconstruction and Development (EBRD) Regional Economic Prospects in EBRD Countries of Operations: May 2022, published in May 2022, available at the hyperlink: https://www.ebrd.com/what-we-do/economic-research-and-data/rep.html.
3 Financial Policy Institute of the Slovak Ministry of Finance: Macroeconomic prognosis IFP. Inflation is breathing down the neck of recovery, February 2 022, available at the hyperlink: https://www.mfsr.sk/files/archiv/66/Komentar_MV_feb2022.pdf.
4 Financial Policy Institute of the Slovak Ministry of Finance: Macroeconomic prognosis IFP. From the pandemic to the war in Ukraine, March 2022, available at the hyperlink: https://www.mfsr.sk/files/archiv/53/Komentar_MV_mar2022.pdf
5 Czech National Bank: Monetary Policy report – Summer 2020, published in August 2022, available at the hyperlink: https://www.cnb.cz/export/sites/cnb/cs/menova-politika/.galleries/zpravy_o_menove_politice/2022/leto_2022/download/zomp_2022_leto.pdf
6 European Bank for Reconstruction and Development (EBRD): Regional Economic Prospects in EBRD Countries of Operations: May 2022 Update, published in May 2022, available at the hyperlink: https://www.ebrd.com/what-we-do/economic-research-and-data/rep.html.

According to the OECD, overall inflation will increase sharply to 6.7% in 2022, but will decrease slightly in 2023.[7]

REGIONAL TOURISM INDUSTRY

The number of international tourist arrivals measured by the methodology of the World Tourism Organization (the UNWTO) reach 65% of pre-pandemic levels by the end of 2022. An estimated 700 million tourists travelled internationally between January and September, more than double the number recorded in the same period of 2021. Tourism performance was particularly strong in the third quarter of 2022 when an estimated 340 million international arrivals were recorded around the world, almost 50% of the nine-month total. Europe continued to lead the rebound of international tourism through September, reaching 81% of pre-pandemic levels. The recovery can also be seen in outbound tourism spending from major source markets. International arrivals could reach 65% of pre-pandemic levels in 2022, in line with UNWTO's initial scenarios. Despite growing challenges pointing to a softening of the recovery pace in the coming months, export revenues from tourism could reach USD 1.2 to 1.3 trillion in 2022, a 60-70% increase over 2021[8]

SLOVAK TOURISM INDUSTRY

Besides the majority of domestic tourists, Slovakia has historically been mostly visited by the population of the neighboring countries; with the most tourists in 2021 coming yet again from the Czech Republic (229 thousand) and Poland (59 thousand). In 2021, due to the pandemic, the number of foreign tourists decreased by 32% to 576 thousand. The number of domestic tourists for 2021 also decreased by 9% to 2.1 million. The ratio of domestic to foreign tourists is currently 80/20.[9] In total, from January to November 2022, 4.5 million visitors were accommodated in tourism establishments in Slovakia. Compared to the same period before the pandemic (January to November 2019), there was still a quarter of visitors missing. During the first eleven months of last year, 1.5 million foreigners used accommodation services. In 2019, there were 36% more, i.e. 2.3 million. For domestic visitors, attendance decreased by 18% compared to 2019, when 3 million domestic guests used accommodation services from the beginning of 2022. Guests spent a total of 12 million nights in accommodation facilities, in 2019 it was 16.7 million.[10]

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 43% of skier visits (skier days).[11] The second most significant is North America with 21%. Central and Eastern Europe attracts only 10% of skiers, although this region produces 13% of skiers globally. Since the

7 European Commission: OECD Economic Outlook: Economic Forecast Summary: June 2022 Published in June 2022, available at the hyperlink: https://www.oecd.org/economy/austria-economic-snapshot/
8 UNWTO World Tourism Barometer and Statistical Annex, November 2022, available at the hyperlink: https://www.e-unwto.org/doi/abs/10.18111/wtobarometereng.2022.20.1.6.-2021-but-remains-far-below-pre-pandemic-levels.
9 Ministry of transport and construction of the Slovak Rep. The accommodation statistics of tourism in Slovakia in 2021, available at the hyperlink: https://www.mindop.sk/ministerstvo-1/cestovny-ruch-7/statistika/ubytovacia-statistika/rok-2021.
10 Statistical Office of the Slovak Republic. Development of tourism in accommodation establishments in the SR in November 2022, available at the hyperlink: bit.ly/3DbvXPi
11 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.

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 15, respectively each, and Austria with the highest number of skier visits per year[12] - over 50 million whereas Switzerland produces the highest rate of domestic skiers- 35%, with Germany having the highest total number of domestic skiers- 14.6 million.[13] 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.

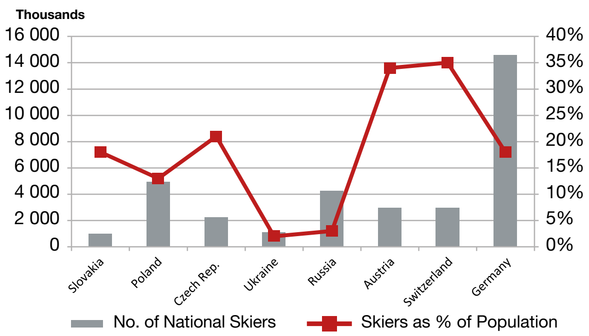
As for characteristics of ski resorts, they vary in size, ownership, and infrastructure. In some alpine countries, they are usually run by a large number of small private operators who join forces also with local municipalities and market the resort or the ski region as a whole, like in Italy, Switzerland 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.[14] 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 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 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.[15]

Apart from the impact of the pandemic, the regional mountain industry 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.

Skiers by Country



12 Laurent Vanat: 2021 International Report on Snow & Mountain Tourism. April 2021, available at the hyperlink: https://www.vanat.ch/RM-world-report-2021.pdf.
13 Ibidem
14 Ibidem
15 Laurent Vanat: 2021 International Report on Snow & Mountain Tourism. April 2021, available at the hyperlink: https://www.vanat.ch/RM-world-report-2021.pdf

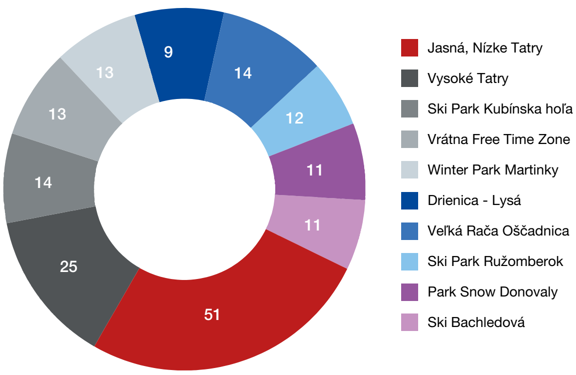
Mountain Tourism - Country Comparison[16]

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
Alpine countries			**161 301 000**			
Austria	253	15	51 700 000	34,0%	2 960 000	66%
France	317	13	51 009 000	13,0%	8 574 000	27%
Italy	349	7	27 603 000	12,0%	7 266 000	35%
Switzerland	181	6	22 274 000	35,0%	2 959 000	35%
Germany	498	0	8 715 000	18,0%	14 607 000	10%
United States	470	6	54 250 000	8,0%	25 017 000	6%
Eastern Europe			**27 174 000**			
Czech Republic	191	0	5 936 000	21,0%	2 236 000	30%
Slovenia	44	0	1 196 000	14,0%	299 000	17%
Ukraine	54	0	1 400 000	2,0%	1 114 000	5%
Poland	182	0	5 000 000	13,0%	4 937 000	15%
Russia	354	0	8 642 000	3,0%	4 275 000	5%
Slovakia	107	0	5 000 000	18,0%	979 000	25%

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 (51km) and Vysoké Tatry – Tatranská Lomnica, Starý Smokovec a Štrbské pleso (24km) are the biggest ones in Slovakia, followed by Veľká Rača Oščadnica (14km), Skipark Kubínska Hoľa (14km), Vrátna free time zone (13km), and Winter Park Martinky (13km).[17]

Km of Trails of Leading Ski Resorts in Slovakia



16 Laurent Vanat: 2021 International Report on Snow & Mountain Tourism. April 2021, available at the hyperlink: https://www.vanat.ch/RM-world-report-2021.pdf
17 skiresort.info, resort websites

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 – 51.7 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.[18]

TMR'S HOTEL MARKET

TMR's hotels are located in TMR's mountain resorts, golf resorts, in Aquapark Tatralandia and in water park Bešeňová, 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 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 30 aquaparks and thermal spas. Tatralandia and water park Bešeňová 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.[19] Competition in the neighboring countries is present especially closer to the Slovak border- there are five 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.

18 Vanat, Laurent. 2019 International report on mountain tourism. April 2019. www.vanat.ch
19 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

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.[20] 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.[21]

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. The real estate market cooled down in 2022 due to higher interest rates, but also a few percent drop in people's real wages due to high inflation.[22]

In the past years, the recreational real estate market in the Jasná resort had been booming, with several new projects, such as the project under construction of a 5-star hotel resort or additional hotel Central Jasná.[23] In the High Tatras, mainly in Tatranská and Veľká Lomnica several real estate projects are being prepared or already constructed, also by TMR.[24]

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20 nagolf.eu, forbes.cz
21 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
22 What changes do you expect in the real estate market? What contributes the most to its cooldown? https://www.trend.sk/trend-archiv/ponuk-pribuda-zaujemcovia-miznu-trh-nehnu-telnostami-ochladzuje
23 Another large luxury hotel is to be built in Jasná https://myliptov.sme.sk/c/22205624/v-jasnej-ma-vyrast-dalsi-velky-luxusny-hotel.html
24 Another area of recreational houses at the golf resort beneath the Tatras.10.2.2015. reality.etrend.sk/komercne-nehnutelnosti/pri-golfovom-ihrisku-pod-tatrami-dalsia-zona-rekreacnych-domov.html

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

COVID-19 PANDEMIC

The global pandemic relating to the spread of coronavirus has had an impact on the Group's operations since the end of the 2019/2020 season, and it significantly impacted TMR's performance in FY 2020/2021. The beginning of the financial year 2021/2022 was affected by the omicron variant of the coronavirus, where due to preventive measures against the spread of the virus causing COVID-19, there were restrictions on the operation of water parks, hotels, and restaurants. On 17 December 2021, the Company started the ski season, which lasted under strict epidemiological restrictions. On 25 December 2021 hotels, dining facilities and water parks were reopened for accommodated guests. On 19 January 2022 water parks were also opened for public. During the remaining period of the financial year, no epidemiological measures were introduced that would limit Group operations. Therefore, it had a positive impact on Group results and the number of visitors.

In Austria, the "Lock Down" was established in November 2021, which was partially lifted on 19 December 2021. During this period the ski resorts were closed. After lifting of epidemiological measures, the ski resorts were opened and began their operation. In Austria, relative strict rules applied to allow foreign guests to enter the country. These measures resulted in the less foreign visitors in Austrian ski resorts.
In Poland and the Czech Republic, were not such strict epidemiological measures and therefore did not have a negative impact on the operation of resorts.

Despite the current situation, there is some uncertainty associated with a possible new variant of the coronavirus and the development of the pandemic situation in the territory in which the Group operates and anti-epidemiological measures taken by the government, which may have an impact on the operation of the Company's main activities. It is not possible to predict exactly how further developments will affect the operational activities, market position, sales, financial performance, and financial prospects of the Group, but such an impact may be significant and negative.

BUSINESS CYCLE

Current operations of the Group are focused on 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, while the last two factors are highly correlated. 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). Developments in the business cycle in general may adversely affect the Group's operating activities, financial performance, and financial prospects.

In addition, a significant risk within the Central and Eastern Europe region is the military conflict in Ukraine, which may have an impact on the attendance of the Group's resorts and hotels, since the countries in which the Group has resorts and hotels are near the borders of the military conflict, i.e. Ukraine. The Group is affected by the conflict directly due to the loss of visitors from Russia and Ukraine. However, before the events of the war and the introduction of sanctions, the Group did not consider the Russian or Ukrainian market to be essential. Although the loss of visitors from these regions has a negative impact, it is a significantly minority group of visitors. The Group is also affected by the conflict indirectly through Slovakia's economy (which is strongly export-oriented) as well as the impact on the European Union, mainly due to the related increase in inflation, the prices of materials and commodities (or their reduced availability) or existing risks related to the interruption of oil supply or natural gas from Russia and/or a material increase in the price of oil or natural gas. TMR's revenues from tourism could decrease, especially if it could not keep up with inflation, or reflect the increased prices of entrances into prices for accommodation or tickets to resorts.

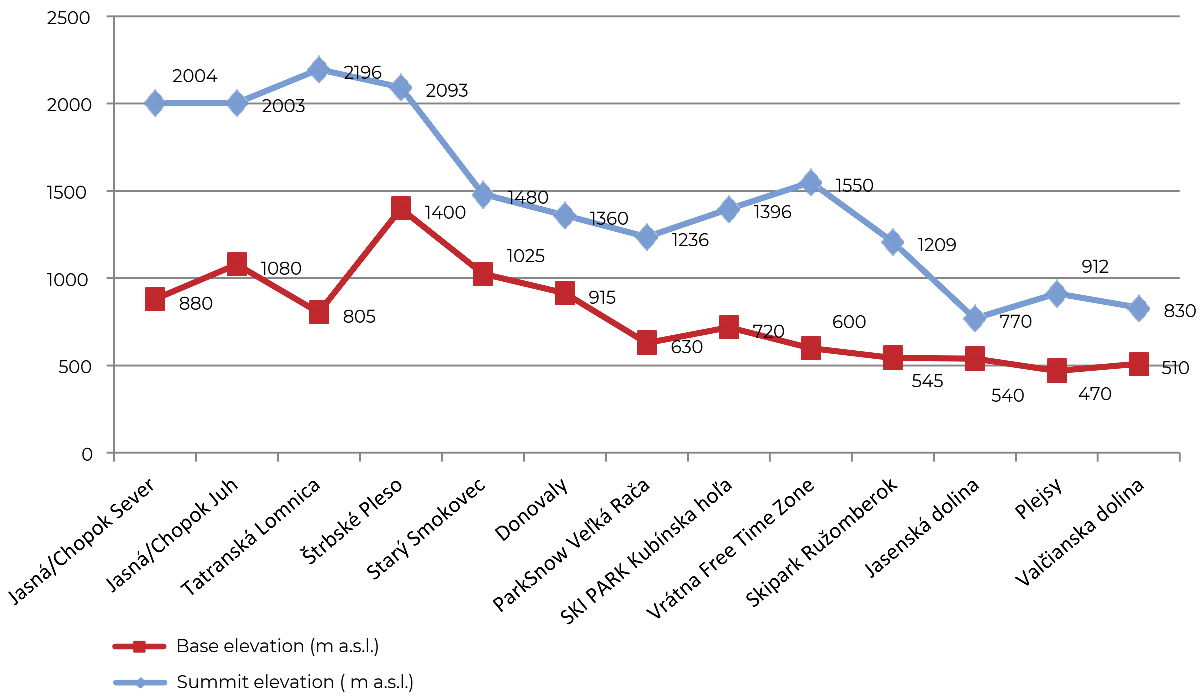
SEASONALITY

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 Tatralandia and newly acquired water park Bešeňová 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 54 cm of snow coverage during the winter season and the Vysoké Tatry resort 59 cm[1].

Base & Summit Elevation of Slovak Ski Resorts.



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

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 and in Bešeňová 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 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.

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.

RISK OF UNSTABLE PRICES, ESPECIALLY OF ELECTRICITY AND NATURAL GAS

The Group's costs are affected, among other things, by the consumption of energy, natural gas, fuel and water. These are directly reflected in the operating costs of resorts and hotels, for example from the point of view of electricity consumption in the operation of cable cars and snowmaking equipment. The prices of electricity and natural gas in 2022 within the European Union were well above the average of previous years. The Group had previously contracted the supply of electricity for 2022 in Slovakia and Poland, but not in Austria and the Czech Republic. In Slovakia, electricity is contracted also in 2023. Price increases do not currently significantly limit the Group's ability to operate its facilities. However, if the electricity prices (as well as natural gas, fuel, water, and other input resources) will increase in the upcoming years, it could significantly negatively affect the operating activity, market position, sales, financial performance and financial prospects of the Group.

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 (mainly the Czech Republic and Poland). 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. As a result of ownership of subsidiaries in Poland and in the Czech Republic, the Group is also volatile in respect to exchange rates changes of the local currencies to euro. Investments into the resorts in terms of technology, equipment, renovation, and procurement of inventory are 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.

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 2021/22 consisted mostly of short- and long-term bank debt with fixed and variable rates based on 3-month and 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. As EURIBOR currently has positive values, the variable rates do affect the financial performance and cash flow sensitivity. 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.

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.

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. The Group's risk of insufficient liquidity is currently potentially increased due to the rise of EURIBOR rate, which increases the Group's debt service from external bank loans. The extent of the risk exposure is detailed in Consolidated Financial Statements.

BONDS

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.

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 one 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

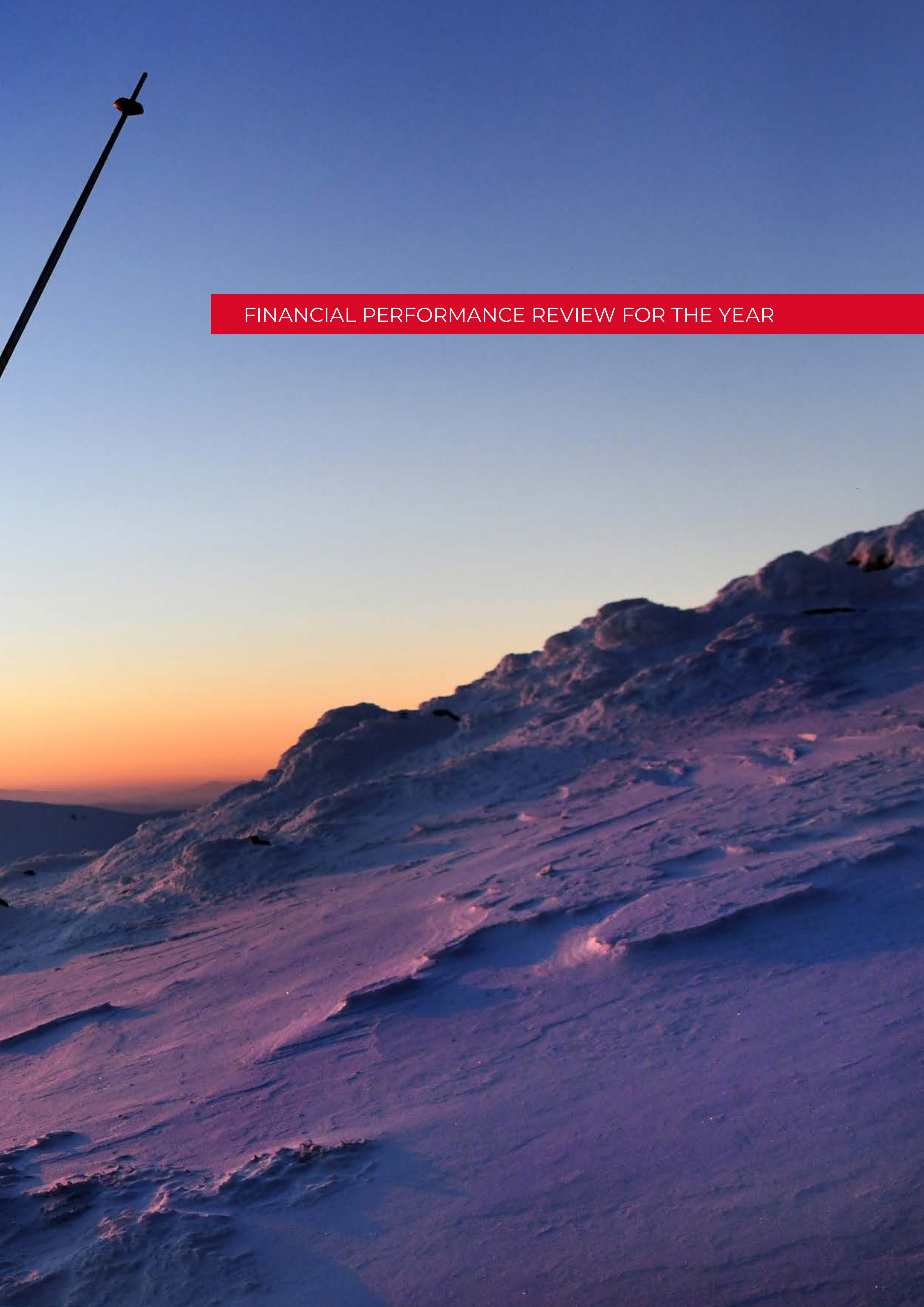
TMR plans to strengthen its position on regional markets also through new acquisitions. A risk exists that acquisitions of other entities will negatively impact future income and results of TMR, specifically in case of choosing the wrong acquisition target, unfavorable terms, or inability to receive 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.


ORTOVOX

FINANCIAL PERFORMANCE REVIEW FOR THE YEAR



Financial Performance Review for the Year

KEY RESULTS

- Total consolidated revenues increased by 107.7% to EUR 133.621 mil. (64.697)
- Consolidated operating profit before interest, tax, depreciation and amortization (EBITDA) amounted to EUR 33.696 mil. (7.000)
- TMR operated with EBITDA margin of 25.2% (10.8%)
- Net consolidated loss amounted to EUR -11.947 mil. (-45.876)
- Net consolidated earnings per share amounted to EUR -1,694 (-6,816)
- The number of visitors to Mountain Resorts increased to 2.660 mil. (1.163); Leisure Parks recorded 1.416 mil. (483 ths.) visitors

Selected Consolidated Audited Results (IFRS)		
in €'000	FY 2021/22	FY 2020/21
Sales	131 812	63 458
Other Operating Revenues	1 809	1 239
Total Revenues	**133 621**	**64 697**
Consumption of Material and Goods	-19 070	-18 263
Personnel and Operating Expenses	-84 681	-39 459
Other Gain/ Loss	3 826	25
EBITDA	**33 696**	**7 000**
EBITDA Margin	25,2%	10,8%
Depreciation & Amortization	-23 388	-21 525
Gain/ Loss on Adjustment to Fixed Asset Value	-5 863	-4 824
Gain on bargain purchase	13 162	-5 238
Impairment of non-current assets	-5 977	756
EBIT	**11 630**	**-23 831**
Interest Income	47	153
Interest Expense	-22 915	-21 708
Gain/ Loss on Financial Operations net	-2 356	-130
Gain/ Loss from Disposals of Subsidiaries	-482	0
Gain/ Loss of Investments in Joint Ventures and associates accounted for using the equity	-163	-1 000
Pre-tax Income	**-14 239**	**-46 516**
Current Income Tax	-776	-70
Deferred Income tax	3 068	710
Net Loss	**-11 947**	**-45 876**
Total Comprehensive Income	**-12 500**	**-46 763**
EPS (€)	**-1,694**	**-6,816**

FINANCIAL PERFORMANCE

REVENUES

The Group's total consolidated revenues for the past financial year increased by almost 107.7% to EUR 133.621 mil. (64.697). Thereof, sales amounted to EUR 131.812 mil. (63.458) and the rest are other operating revenues of EUR 1.809 mil. (1.239). The result was positively impacted mainly by the higher visit rate at the resorts compared to the last financial year, which was significantly affected by the COVID-19 pandemic during the main winter season. Revenues also includes the newly acquired water park Bešeňová, which is in Group's portfolio since April 2022. Without considering the impact of water park Bešeňová, revenues increased by 84% yoy.

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA)

Another TMR's key financial performance indicator – EBITDA – amounted to EUR 33.696 mil. (7.000); which represents an 381% increase result compared to the previous financial year. The increase is mainly due to reason that the Group ski resorts, leisure parks and hotels during the winter season operated with lifted restrictions. Consumption of materials increased by 4.4%; personnel and operating costs were increased by 114.6% yoy, due to increase of energy prices, which was then reflected in the increased prices of goods and services. TMR's operating profitability ratio (EBITDA margin) reached the level of 25.2% (10.8).

DEPRECIATION AND AMORTIZATION, IMPAIRMENT LOSS

The depreciation and amortization costs slightly increased to EUR 23.388 mil. (21.525) mainly due to completed investments and the acquisitions of the water park Bešeňová. Depreciation of the carrying amounts of property, plant and equipment acquired through leasing amounted to 5.863 mil. EUR. For more information on provisions for fixed assets and profit from the bargain purchase, see Consolidated Financial Statements, Notes 5, 15, 16, 17.

FINANCIAL ACTIVITY

Interest income of EUR 0.047 mil. (0.153) mainly stemmed from loans granted, earning fixed interest rates. Interest expense rose to EUR 22.916 mil. (21.708); it includes mainly loan expenses and expenses of the issued bonds (see Consolidated Financial Statements, Note 12).

NET INCOME

The Group recognized a net consolidated loss in the amount of EUR -11.947 mil. (-45.876). Loss attributable to owners of the parent company amounted to EUR -11.412 mil. (-45.717). EPS reached EUR -1.694 (-6.816). Total comprehensive income after accounting for foreign currency translation reserve and loss on cash flow hedging amounted to EUR -12.500 mil. (-46.763). The parent company reported a net profit of EUR 3.287 mil. (-16.905).

RESULTS BY SEGMENTS

Key Operating Results	Revenues			EBITDA			EBITDA Margin		
in €'000	FY 2021/22	FY 2020/21	Change yoy (%)	FY 2021/22	FY 2020/21	Change yoy (%)	FY 2021/22	FY 2020/21	Change yoy (p.p.)
Mountain Resorts	52 403	18 875	177,6%	17 937	348	5054,2%	34,2%	1,8%	32,4%
Leisure Parks	16 588	7 446	122,8%	5 562	2 673	108,1%	33,5%	35,9%	-2,5%
Golf	741	677	9,4%	173	446	-61,2%	23,3%	65,9%	-42,5%
Dining	19 628	9 022	117,6%	2 790	184	1418,8%	14,2%	2,0%	12,3%
Sports Services & Stores	5 321	2 869	85,5%	541	-269	301,1%	10,2%	-9,4%	19,4%
Hotels	37 886	15 783	140,0%	3 661	540	578,1%	9,7%	3,4%	6,2%
Real Estate	1 055	10 023	-89,5%	3 033	3 078	-1,5%	287,5%	30,7%	256,8%
Total	**133 621**	**64 695**	**106,5%**	**33 696**	**7 000**	**381,4%**	**25,2%**	**10,8%**	**14,4%**

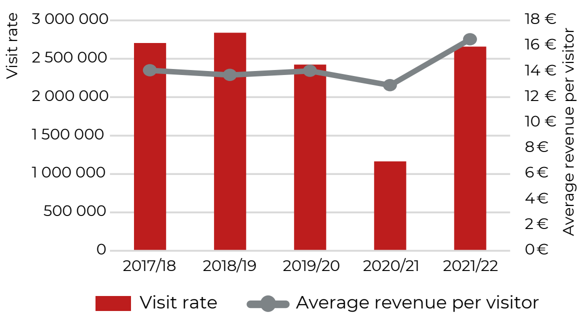
KEY PERFORMANCE INDICATORS (KPIS)

The visit rate in the Mountain Resorts segment in 2021/22 increased year-over-year by 128.5% to 2.660 mil. (1.163) visitors/ skier days[1], whilst it includes skier days from the Austrian resorts of Mölltaler Gletscher, Ankogel and Muttereralm. On the like-for-like basis the visit rate increased by 126%. This positive result reflects the impact of the easing pandemic measures compared to the previous financial year, when the resorts were. Average revenue per visitor per day increased by 27.8% to EUR 16.52 (12.93).

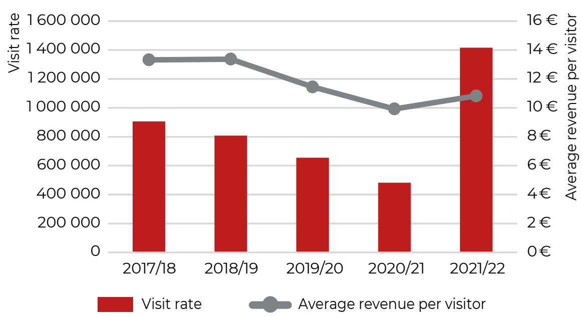
Leisure Parks reported an 193% rise in the visit rate to 1.416 mil. (483 ths). The increased number of visitors is due to ease of pandemic measures in segment and moreover it includes visitors of newly acquired water park Bešeňová, which has been part of the Group since April 2022. The average revenue per visitor also rose, by 9.1% to EUR 10.83 (9.93).

The resort clients spent less in dining facilities on and off the slopes and in the leisure parks. Average dining revenues thus decreased by 9.2% to EUR 4.43 (4.88). Sports Services & Stores, which largely depend on performance of the resorts, reported average revenues per visitor down 22.6% to EUR 1.38 (1.78).[2]

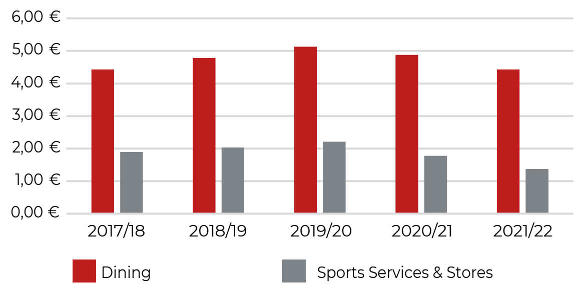
Mountain Resorts‘ KPIs



Leisure Parks‘ KPIs



Average revenue per visitor in selected segments

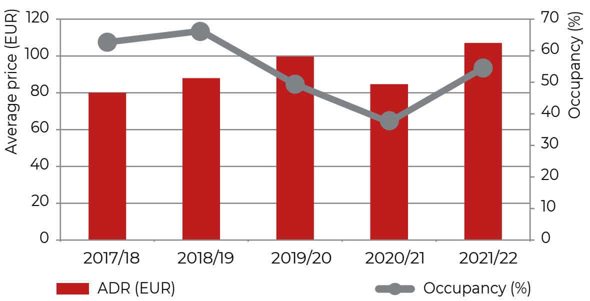


1 The visit rate in Mountain Resorts in the summer season is measured in terms of used entry tickets to cableways and in the winter season in terms of used skier days, i.e. the number of persons that visited a mountain resort during any part of the day or night for the purpose of skiing, snowboarding, or other downhill slide. E.g., a 4-day ticket means four skier days in Mountain Resorts.

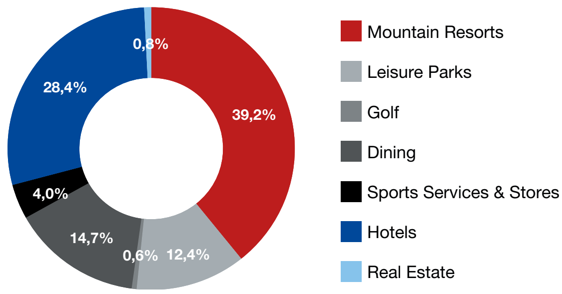
2 The Group is currently not observing the visit rate and the average revenue per visitor from entries, dining, and sports services and stores in the golf resorts.

The weighted average occupancy of the TMR hotel portfolio increased by 17.1 percentage points to 54.2% (37.4), mainly as a result of the easing pandemic measures. The weighted average daily room rate (ADR) increased by 26.5% to EUR 107.12 (84.70).

KPIs of Hotel Portfolio



Revenue Breakdown



FINANCIAL OPERATING RESULTS[3]

MOUNTAIN RESORTS

Revenues of the largest segment, Mountain Resorts, make up 39.2% (29.2) 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 Austrian resorts Mölltaler Gletsche, Ankogel and Muttereralm. 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. As a result of the improvement pandemic situation related to the spread of the COVID-19, the Group recorded an almost 177% increase in revenue of Mountain Resorts to EUR 52.403 mil. (18.875).

The Mountain Resorts' EBITDA increased year-over-year to EUR 17.937 mil. (0.348), reaching operating profitability of 34,2% (1.8).

LEISURE PARKS

The Leisure Parks' revenues are mostly generated from entry tickets to Aquapark Tatralandia and Legendia – Silesian Amusement Park and since April 2022 also includes entry tickets to water park Bešeňová make up 12.4% (11.5) of total revenues. In the financial year 2021/2022 revenues increased by almost 123% to EUR 16.588 mil. (7.446). The increase was caused by a rise in the visit rate due in Aquapark Tatralandia and especially in Legendia, where record breaking visit rate was achieved. Higher revenues were also due to new acquisition of water park Bešeňová. EBITDA rose by 108% to EUR 5.562 mil. (2.673). Operating profitability of Leisure Parks slightly decreased to 33.5% (35.9).

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 741 ths. (677). The operating performance indicator, EBITDA, amounted to EUR 173 ths. (446).

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, Muttereralm in both golf resorts, and all leisure parks. Last year's revenues of the segment make up 14.7% (14) of total revenues. Total revenues reached EUR 19.628 mil. (9.024), or a 117.6% increase. The segment's operating profitability reached 14.2% (2), whereas EBITDA

3 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.

increased to EUR 2.790 mil. (0.184). 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.

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 4% (4.4) share in total revenues. The segment's revenues grew by 85.5% to EUR 5.321 mil. (2.869). The operating performance, EBITDA, increased to EUR 0.541 mil. (-0.269) and the segment's operating profitability reached 10.2% (-9.4).

HOTELS

The Group's second largest segment is Hotels, revenues of which for the reported period made up a 28.4% (24.3) share in total revenues. Due to better situation with COVID-19 compared to previous financial year and higher occupancy, the segment reported an 140% increase in revenues to EUR 37.886 mil. (15.783). EBITDA grew to EUR 3.661 mil. (0.540) with the corresponding EBITDA margin of 9.7% (3.4).

REAL ESTATE

The last year's revenues of the Real Estate segment come from the lease Hotel Liptov, Kosodrevina Lodge, and the lodging facility Otupné to third parties, as well as from sale of recreational real estate (Chalets in Jasná, cottages in Tatralandia). The segment's revenues in the past financial year made up 0.8% (15.5) of total revenues and they amounted to EUR 1.055 mil. (10.023). EBITDA slightly decreased to EUR 3.033 mil. (3.078).

Explanations

() - data in brackets refers to the corresponding value of previous period
ADR - Average daily room rate
EBITDA - represents the profit from regularly recurring activities of the company before taxes, interest, amortization and depreciation adjusted for other income and expenses, which are listed under EBITDA, in particular profit / (loss) from financial operations representing foreign exchange gains / (losses). The EBITDA indicator adjusted in this way is used by the company's management to manage the performance of the company as well as its individual segments.
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 2020/21 the Group operated with liquid funds in the amount of EUR 15.600 mil. (15.553) in the form of cash and cash equivalents. The increase is due to higher amount of revenues in the second half of the year.

BORROWINGS

The total value of the Group's borrowings as of 31. October 2022 amounted to EUR 389.016 mil. (368.431). Out of that issued bonds were valued at EUR 266.186 mil. (260.805). During the fiscal year, the Group drew its bank borrowings from the J&T Banka, while the loans were used to cover the purchase price of shares of the EUROCOM Investments, s.r.o., refinancing of loans in acquired companies EUROCOM Investments and World Exco and finally the construction of cableway Biela Púť and Priehyba. The level of the Group's debt as of the period end was at 92.2% (89.1%) (total debt-to-capital ratio). Total debt-to-EBITDA ratio reached the level of 11.5 (52.6) as of 31/10/2022 (See Consolidated Financial Statements, Note 28).

TOTAL ASSETS

The book value of total assets increased to EUR 574.613 mil. (556.761). Value of current assets decreased to EUR 37.054 mil. (41.971) mostly due to a decrease volume of trade and other receivables. Non-current assets increased to EUR 482.872 mil. (459.657) mainly due to completed investments that were added to the fixed assets registry. The value of fixed assets amounted to EUR 482.872 mil. (459.657). The key completed investments transferred to fixed assets included new cableway in Jasná mountain resort, acquisition of a new dining facility Humno in Tatranská Lomnica, expansion and improvement of snowmaking in Jasná, construction of the new hotel Jasná Central Resort Hotel and other minor investments. (See Consolidated Financial Statements, Notes 15-18).

EQUITY

The book value of shareholders' equity amounted to EUR 33.007 mil. (45.123), whilst retained earnings and other funds totaled EUR -34.065 mil. (12.755). Minority interest amounted to EUR -646 ths. (-442).

Financial Position in €'000 (unaudited)	**October 31**	
	2021/22	**2020/21**
Total Assets	574 667	556 761
Non-current Assets	537 613	514 790
Fixed Assets	482 872	459 657
Other Non-current Assets	54 741	55 133
Current Assets	37 054	41 971
Liquid Assets	15 600	15 553
Equity	33 007	45 123
Liabilities	541 661	511 638
Non-current Liabillities	413 244	435 448
Current Liabilities	128 417	76 190
Total Debt	389 016	368 431

CAPEX

In the past financial year, the Group completed several investment projects with a total value of almost EUR 23.6 million. Significant investments include construction of the cableway Biela Púť and Priehyba, improvement of snowmaking system, acquisition of dining facility Humno in Tatranská Lomnica, the completion of snowmaking reservoirs Zadné vody, continuation of construction works at Centrum Jasná development project and other minor investments in Slovak resorts. In Szczyrk mountain resort, the Group invested in dining facilities, improving the safety of bike park and purchase of lands. The Group in Poland has also invested in maintenance of amusement park Legendia. In Ještěd, the Group invested in project "Nová Skalka" and in minor operational investments. Within the golf segment in the Ostravice and Kaskáda resorts, the Group focused on operational investments. In Austria, the Group has invested into new access system at the Mölltaler and Ankogel resorts. In Muttereralm the Group has invested into development of the existing bike park.

ACQUISITIONS

TMR after long term business and marketing cooperation with water park Bešeňová, acquired through its subsidiary TMR Parks, a.s. (TMR Parks) entered into share purchase agreements, which resulted into transfer of shares of the EUROCOM Investment, s.r.o. and WORLD EXCO s.r.o. to the company TMR Parks. The purchase agreement was signed on 31 March 2022, which transferred the shares to TMR Parks, thus water park was added to the TMR portfolio.

On 22 June 2022, the company International TMR services s.r.o. was founded.

On 1 July 2022, the Group acquired 100% share in the company GOPASS SE, which will serve for the purpose of expanding on the European market.

CASH FLOW

Cash flow generated from operating activities reached EUR 32.971 mil. (12.576). Cash flows assigned for investment activity reached EUR -20.433 mil. (-8.617), whilst cash flow for acquisition of property amounted to EUR -23.535 mil. (-10.555). The Company recorded cash flows generated from financing activities in the amount of EUR -12.491 mil. (4.433).

OUTLOOK

The management expects a recovery of the tourism industry after unprecedented years significantly affected by several waves of the COVID-19 pandemic. The Group 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

Cash Flows in €'000	November 1 - October 31	
	2021/22	2020/21
Cash Flow from Operating Activities	32 971	12 577
Cash Flow from Investing Activities	-20 433	-8 618
Cash Flow from Financing Activities	-12 491	4 433
Net Increase in Cash and Cash Equivalents	47	8 392

provided and quality of human capital, and on active sales strategy also through the GOPASS program. In terms of expansion of TMR’s operations will focus on 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.

OTHER FINANCIAL INFORMATION

AFTER BALANCE SHEET PERIOD ITEMS

On 1 November 2022, there was a merger of the companies EUROCOM Investment and WORLD EXCO, the legal successor of which was the company EUROCOM Investment, and at the same time there was a cross-border merger of the companies GOPASS SE and GOPASS, a.s., the legal successor of which was the company GOPASS SE with headquarter in the Czech Republic.

On 3 November 2022, TMR VI bond in the value of EUR 57.448 mil. were traded.

On 7 November 2022, TMR paid out the principal and coupon of the TMR F CR 4.5% / 2022 bond in the amount of CZK 1.534 bil.

On 8 November 2022, the company GOPASS SE was founded, an organizational component in Slovakia. It is a foreign company of the European company GOPASS SE.

The management of TMR negotiated with the bank to increase the overdraft account by an additional EUR 4 mil.

On 2 February 2023, TMR paid out the coupon of TMR V bond in the amount of EUR 6.600 mil.

Explanations

() - data in brackets refers to the corresponding value of previous period

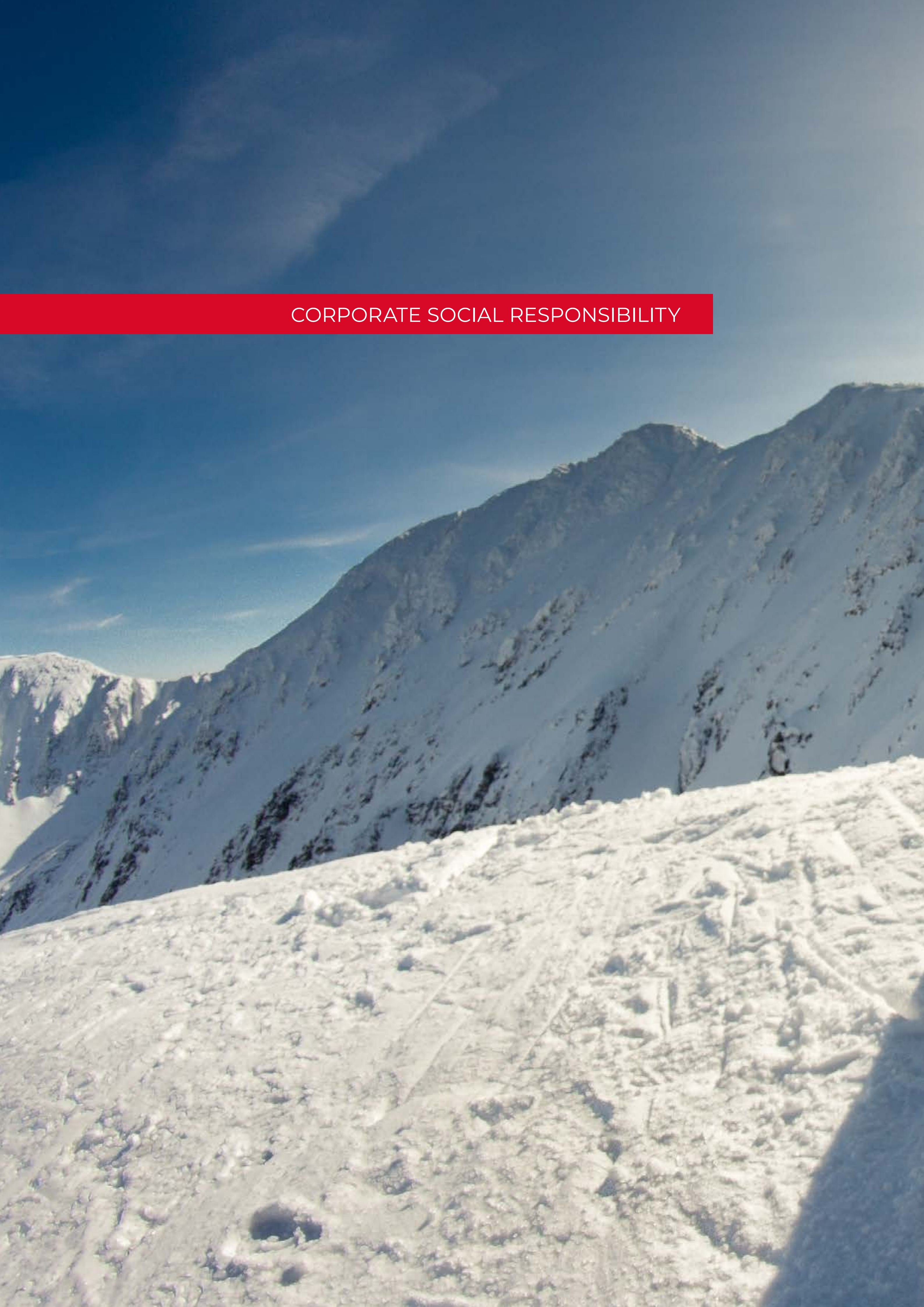
mil. – millions

ths. – 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 – represents the profit from regularly recurring activities of the company before taxes, interest, amortization and depreciation adjusted for other income and expenses, which are listed under EBITDA, in particular profit / (loss) from financial operations representing foreign exchange gains / (losses). The EBITDA indicator adjusted in this way is used by the company‘s management to manage the performance of the company as well as its individual segments.

CORPORATE SOCIAL RESPONSIBILITY



Corporate Social Responsibility

ENVIRONMENT AND COMMUNITY

TMR owns and operates major tourist resorts mainly in Slovakia, but also in Poland, the Czech Republic and Austria. Majority of these resorts 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 all the resorts of its portfolio. That is why every investment TMR makes and every action it takes is analysed in terms of impact on the environment.

IMPACT OF BUSINESS ACTIVITIES ON ENVIRONMENT

TMR in all 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 also 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.

EU Taxonomy

In accordance with regulation (EU) 2020/852 of the EP and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and related delegated acts (hereafter referred to as „EU Taxonomy" or „EU Regulation 2020/852"). Group's management considers following economic activities of the Group as eligible in accordance with Commission Delegated Act (EU) 2021/2139:

- 4.9. Transmission and distribution of electricity
- 4.22. Production of heat/cool from geothermal energy
- 7.1. Construction of new buildings

In accordance with EU Taxonomy, an eligible economic activity is such an activity that is described in the delegated acts to the EU Regulation 2020/852 regardless of the fact whether such activity meets the technical criteria determined within these delegated acts. Assessment of whether a certain economic activity is eligible under EU Taxonomy therefore does not necessarily means that such activity will also be considered as environmentally sustainable economic activity and that it would substantially contribute to one or more environmental objectives set within EU Taxonomy. Starting from the following FY 2022/2023 the Group will disclose additional information on alignment of its economic activities. It is also expected that the scope of the assessment will increase after criteria for additional environmental objectives are added and further relevant economic activities will be included, like sports and recreational activities, which are not part of EU Taxonomy yet and it's a main economic activity of the Group. Considering the difference in the scope of assessment for the current FY22 and for the future financial years the information may not be comparable. The proportion of Taxonomy- eligible and Taxonomy non- eligible economic activities on the consolidated turnover of the Group, its consolidated capital and operational expenditure for FY 2021/2022 is provided in the table below.

Economic activities	Turnover[1]	CapEx[2]	OpEx[3]
Taxonomy - eligible activities	1,62%	0%	0,04%
Taxonomy - non-eligible activities	98,38%	100%	99,96%
Total (in ths. of EUR)	**131 812**	**23 616**	**99 925**

1 The total net turnover for the accounting period (EUR 131,812 thousand) includes the amounts received from the sale of products or the provision of services after deduction of discounts, value added tax and other taxes directly related to the turnover. See Consolidated Financial Statements, Note 6. The net turnover for eligible activities represents the turnover from the sale of electricity for the electricity supplier and the sale of heat from geothermal energy for the hotels Diamant and Luka in water park Bešeňová.

2 CapEx for the accounting period include additions to real estate, machinery and equipment and intangible assets (EUR 23 616 ths.). See Consolidated Financial Statements, Note 15 - 17

3 OpEx include direct non-capitalized costs associated with research and development, measures in the field of building renovation, short-term leasing or maintenance and repair and all other direct expenses associated with the day-to-day maintenance of real estate, machinery and equipment by the company or a third party externally performing the relevant activities that are necessary to ensure the continuous and efficient operation of such property. OpEx for eligible activities represents costs associated with the maintenance of the cogeneration unit in water park Bešeňová.

PROJECTS OF 2021/22

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. In spite of limitations regarding the COVID-19 measures, the Group was also proactive in preparation of educational activities focused on various age groups of the population. In Slovakia 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 these 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 Companys activities. The key projects which usually focus on tutorial and educational tasks are 'Drakopark Chopok', '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

Volunteers traditionally meet at Mt. Chopok for the Green Chopok event to clean up ski trails and surroundings from garbage and rocks after the ski season is over. Besides cleaning the trails, the fans of mountains also usually plant trees at Mt. Chopok. Around 140 volunteers and fans of mountains from 4 countries participated. Last year, the 11th year of the event took place. Planting also took place in the High Tatras region.

Sports Events

The Group proactively supports sport events in its resorts, either as a partner or as a sponsor.

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.

Ski pistes in Jasná have become home of traditional Wallachian sheep

TMR supports good ideas and activities focused on the outdoors where it is centered. The goal of the project is to maintain the traditional breed of Wallachian sheep in the Liptov region, where it used to occur in the past, but today its occurrence is rather rare. Its main task was grazing mountain meadows at high altitudes. However, its breeding began to be abandoned due to low milk production. However, their role in the maintenance of mountain meadows and their value in preserving the shepherding tradition is high. In the last year, Wallachian sheep settled on the northern side of Chopok in location Priehyba. Visitors had the opportunity to look into the history of sheep breeding and see this rare breed and its breeding method in the beautiful environment of the Low Tatras.

For a Better Life in the Town of Vysoké Tatry

In 2019 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 and 2020 TMR supported seventeen projects in the total amount of EUR 40 thousand. Thanks to the grant schoolchildren from the surrounding villages acquired new sports equipment, and landscaping of the sports complex and adjacent cross-country ski trails near the settlement of Tatranská Polianka has been completed. For the upcoming year a vale of EUR 20 thousand has been set aside, while the maximum support per project is EUR 5 thousand.

Help in the times of war in Ukraine

During the war in Ukraine, TMR provided accommodation and work for refugees from Ukraine. TMR in cooperation with the civic "Tatry máme radi" (We like the Tatras) has offered homes to 53 people from Ukraine in Veľká Lomnica and has been helping them integrate into the life.

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 2021/22 totaled 1,359 (1,193 in 2020/21). In the reported period the Group was using services of human resource agencies in hiring short term employees. In 2021/22 707 employees were hired this way (72 in 2020/21). The significant increase in the number of employees reflects the recovery of tourism after the COVID-19 pandemic.

TMR strives to provide equal employment opportunity. On average, the Group employs 57% men and 43% women.

In 2021/22 the Group published 622 job offers and recorded 4,850 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" is one of the communication channels distributing up-to-date information about the Group's news.

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.

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 continued in its dual education programme. In the school year 2021/22 there were 103 students from Hotel Academy in Liptovský Mikuláš, and from the Specialized Hotel School in Starý Smokovec, involved in the programme. 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 approximately 57 foreign full-time students of the university working part-time for TMR during the school year 2021/22.

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.

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 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. Furthermore, it also submits proposals for the approval of financial and business transactions with a value exceeding EUR 150 000 by the Supervisory Board. 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 all the members of the Board of Directors voted in the affirmative.

As of 31 October 2022, the Board of Directors comprised of three members:

- **Igor Rattaj** - chairman of the Board of Directors
- **Jozef Hodek** - member of the Board of Directors
- **Čenek Jílek** - member of the Board of Directors

MEMBERS OF THE BOARD OF DIRECTORS

- **Igor Rattaj** - Chairman of the Board of Directors since 28/05/2020

Mr. Rattaj became the Chairman of the Board of Directors in May 2020. Previously, he has held the office of the Chairman of the Supervisory Board of TMR 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 re-elected on 17/04/2019. He has extensive experience in finance. 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 2022: 1,973,197 (C.I. CAPITAL INDUSTRIES LIMITED, 100%)

- **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 2022: 431

- **Čeněk Jílek** - member of the Board of Directors since 04/06/2020

Čenek Jílek has been a member of the Company's Board of Directors since June 2020. Mr. Jílek previously held the position of Director of the Špindlerův Mlýn resort, operated by Melida a.s., . 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. Since 07.09.2022 he has been a member of the Board of Directors of TMR Parks, a.s.

Number of shares held as of 31 October 2022: 0

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, 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 2022, the Supervisory Board was comprised of nine members:

- **Bohuš Hlavatý** - member of the Supervisory Board
- **Pavol Mikušiak** – member of the Supervisory Board
- **Roman Kudláček** – member of the Supervisory Board
- **Andrej Devečka** – member of the Supervisory Board
- **Miroslav Roth** – independent member of the Supervisory Board, elected by TMR employees
- **Mgr. Marek Schwarz** - independent member of the Supervisory Board, elected by TMR employees
- **Ivan Oško** - independent member of the Supervisory Board, elected by TMR employees

Changes during the year:

On May 25, 2022, the General Meeting re-elected Roman Kudláček as the member of the Supervisory Board.

MEMBERS OF THE SUPERVISORY BOARD

- **Bohuš Hlavatý** - Chairman of the Supervisory Board since 30/04/2020

Ing. Hlavatý was elected Chairman of the Supervisory Board of TMR by the General Meeting on April 29, 2020. Ing. Hlavatý previously worked as the Company's Chairman of the Board of Directors and CEO. 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.

Number of shares held as of 31 October 2022: 710

- **František Hodorovský** - member of the Supervisory Board since 18/01/2011, re-elected as the Deputy Chairman of the Board since 01/07/2021

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 Tatralandia, 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 2022: 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 in the following companies:

- Equity Holding, a.s., (Czech Republic);
- J&T CAPITAL PARTNERS, a.s., (Czech Republic);
- J&T ENERGY HOLDING, a.s., (Czech Republic); and
- J&T EQUITY PARTNERS, a.s. (Czech Republic).

Moreover, Adam Tomis serves as a member of the supervisory board in the following companies:

- Westminster JV a.s. (Czech Republic);
- EP Global Commerce a.s., (Czech Republic);
- E-Commerce and Media Investments, a.s. (Czech Republic);
- CZECH MEDIA INVEST a.s. (Czech Republic); and
- J&T ENERGY FINANCING CZK VI, a.s. (Czech Republic).

Since 27/04/2022, Adam Tomis serves as the chairman of the supervisory board of J&T INVESTIČNÍ SPOLEČNOST, a.s.

Number of shares held as of 31 October 2022: 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, práčovne a čistiarne, s.r.o. and MPL Invest, s.r.o.

Number of shares held as of 31 October 2021: 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 2022: 0

- **Andrej Devečka** - member of the Board of Directors since 29/04/2020

Mr. Devečka was a member of the Board of Directors until the end of April 2020. 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 Liptovsky 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 TMR Parks, a.s.

Number of shares held as of 32 October 2022: 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 June 2021. 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 2022: 0

- **Mgr. Marek Schwarz** - independent member of the Supervisory Board since 30/6/2021

  Mgr. Schwarz was elected a member of the Supervisory Board in June 2021 by the Company's employees. He works at TMR as the director of the human resources department.

  Number of shares held as of 31 October 2022: 0

- **Ivan Oško** - independent member of the Supervisory Board since 30/6/2021

  Mr. Oško was elected a member of the Supervisory Board in June 2021 by the Company's employees. At TMR, he works as the head of the cable car operations in Jasná. In addition, he is also the chairman of Union of Trade and Tourism Workers.

  Number of shares held as of 31 October 2022: 0

GENERAL MANAGER OF THE COMPANY

The General Manager manages the activities of the Company in accordance with the decisions of the Board of Directors, the General Meeting, and performs the tasks arising from the internal regulations. In accordance with the approved organizational structure of the Company, the General Manager reports directly to the Board of Directors. CFO (Chief Financial Officer), COO (Chief Operations Officer) and CCO (Chief Commercial Officer, Director of Sales and Marketing) report directly to the CEO

As of October 31, 2022, the company did not hold the position of CEO.

REMUNERATION OF THE BOARD MEMBERS OF THE PUBLICLY TRADED COMPANIES

The company, as a publicly traded entity, is obliged pursuant to Art. § 201a of the Commercial Code to draw up remuneration rules and at the same time is obliged to pay remuneration to members of the bodies in accordance with the approved remuneration rules.

On April 29, 2020, the Ordinary General Meeting approved the „Rules of Remuneration of the Bodies of a Public Joint Stock Company" (hereinafter referred to as the „Remuneration Rules").

The Remuneration Rules regulate the basic remuneration framework and the methods of providing compensation to members of the Company's bodies.

For the purposes of the Remuneration Rules in accordance with Art. § 201a par. 2 of the Commercial Code means the Company's bodies refer to the following:

- member of the Board of Directors of the Company
- member of the Supervisory Board of the Company
- person acting at the highest level of management of the Company, if this position exists in the Company, provided they are not members of the Board of Directors or the Supervisory Board.

In accordance with the approved Remuneration Rules, the members of the Board of Directors are provided with the Total Remuneration of a member of the Board of Directors, which consists of:

- a fixed component in accordance with point 2.2 of the Remuneration Rules
- a variable component in accordance with point 2.3 of the Remuneration Rules
- surcharges and other benefits of a member of the Board of Directors

In accordance with the Remuneration Rules, the members of the Supervisory Board are provided with the Total Remuneration of a member of the Supervisory Board, which consists of:

- a fixed component in accordance with point 3.2 of the Remuneration Rules
- a variable component in accordance with point 3.3

of the Remuneration Rules
- surcharges and other benefits of a member of the Board of Directors

In accordance with §201e of the Commercial Code, the Board of Directors will prepare a "Remuneration Report" and at the same time submit it once a year to the General Meeting for discussion as part of the Annual Report. The Remuneration Report for the Financial Year 2021/2022 is published in an appendix to this Annual Report.

The total amount of remuneration paid and granted to the representatives of the Board of Directors, Supervisory Board members and the top management 2021/2022 was EUR 1.925 mil.

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 Remuneration Rules of the members of the company's bodies and their changes;
- Approval of contracts for the performance of the function of 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.

In the period from 1 November 2021 to 31 October 2022, one session of the General Meeting was convened. It took place on May 25, 2022.

ANNUAL GENERAL MEETING

At the Annual General Meeting held on 25 May 2022, the shareholders adopted the following key resolutions:

1. Approval of the annual individual financial statements as of 31 October 2021
2. Approval of the Board of Directors' proposal to reimburse the loss incurred in the financial year 2020/2021 in the amount of EUR 16,904,929.23, by transferring the entire loss to the account retained earnings from the previous periods.
3. Approval of the Board of Directors' proposal to reimburse the loss incurred in the financial year 2019/2020 in the amount of EUR 18,429,747.71, by transferring the entire loss to the account retained earnings from the previous periods.
4. Discussion of the report of the company's board of directors on the results of business activities, the state of the company's assets and financial management, the business plan and financial budget, the annual report and the report of the supervisory board.
5. Approval of the auditor - KPMG Slovensko spol. s.r.o. to audit the financial statements for the year ending 31 October 2022
6. Election of the member of the Supervisory Board – Ing. Roman Kudláček and approval of his 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

In the financial year 2021/2022, the Company's Supervisory Board carried out the Company's monitoring activities until 30 June 2021 with a total of nine members. In the period from 1 November 2021 to 31 October 2022, the Supervisory Board convened six (6) meetings of the Supervisory Board:

- On 24/11/2021 nine members of the Supervisory Board were present.
- On 15/02/2022 nine members of the Supervisory Board were present.
- On 18/04/2022 eight members of the Supervisory Board were present.
- On 25/05/2022 eight members of the Supervisory Board were present.
- On 30/08/2022 eight members of the Supervisory Board were present.

- On 08/09/2022 eight members of the Supervisory Board were present.

During the financial year ending 31/10/2022 as part of its control function, the Supervisory Board focused on 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).

As part of the performance of the activities of the Audit Committee, the Supervisory Board engaged in cooperation with an external auditor – KPMG Slovensko spol. s.r.o. They discussed the overall approach to the audit of the company as well as the TMR group (as part of the preparation of the Company's consolidated financial statements as of October 31, 2022). At the same time, the Supervisory Board set a deadline for the external auditor to submit an affidavit of independence and adopted the Declaration of Independence from KPMG.

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.** 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-discrimina-tory 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 57% men and 43% 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: SK1120010287
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. TMR II 6.0% bonds were fully repaid on February 5, 2021.

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 2024
Issue Date: 10 October 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 November 2022
Issue Date: 7 November 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.

During the financial year 2020/2021, the Company issued bonds:

Bonds TMR V 6.00%/ 2026
ISIN: SK4000018255
Volume: up to 150 000 000 EUR
Market: The Bratislava Stock Exchange
Nominal Value: 1 000 EUR
Coupon Rate: fixed rate 6.00% p.a.
Coupon Payment: annual always on 02-02
Maturity Date: 2 February 2026
Issue Date: 2 February 2021

TMR V 6.0%/ 2026 are junior, subordinated bonds. For more information regarding the issued bonds see the Company website: https://tmr.sk/investor-relations/bonds/.

During the financial year 2021/2022, the Company issued bonds:

Bonds TMR VI 5.40%/ 2027
ISIN: SK4000021713
Volume: up to 65 000 000 EUR
Market: The Bratislava Stock Exchange
Nominal Value: 1 000 EUR
Coupon Rate: fixed rate 5.40% p.a.
Coupon Payment: semi-annual always on 28-04 and 28-10
Maturity Date: 28 October 2028
Issue Date: 28 October 2022

TMR VI 5.4%/ 2027 are senior bods, secured by a pledge over certain assets owned by the Company. For more information regarding the issued bonds see the Company website: https://tmr.sk/investor-relations/bonds/.

As of 31/10/2022 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 31/10/2022 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 2021/22.

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 2021/22 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 25% 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 2022 and Consolidated Financial Statements as of 31 October 2022 based on the decision of the General Meeting held on 25 May 2022.

ADVISORS

As of the date of this Annual Report, the Company had a contract signed with Ernst & Young seated at Žižkova 9, Bratislava 811 02, on the provision of advisory services in preparation of financial statements.

PROPOSAL ON DISTRIBUTION OF PROFIT

For the year ended 31 October 2022, the Company achieved net profit of EUR 3.287 mil. according to Individual Financial Statements. The Board of Directors proposes the following distribution of the profit:

1. EUR 329 ths. will be allocated to the reserve fund.
2. EUR 16 ths. will be allocated to the social fund, based on the Collective Agreement.
3. The balance in the amount of EUR 2,942 mil. will be transferred to the retained earnings account.

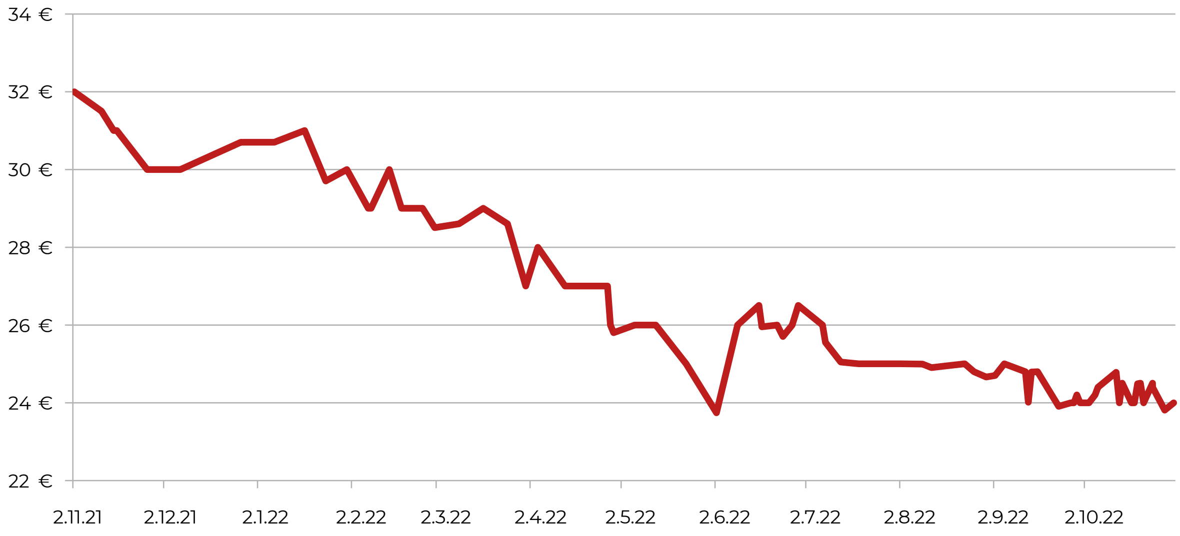
SHARES

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 500 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 https://tmr.sk/en/shareholder-club.

TMR Stock Performance on the BSSE



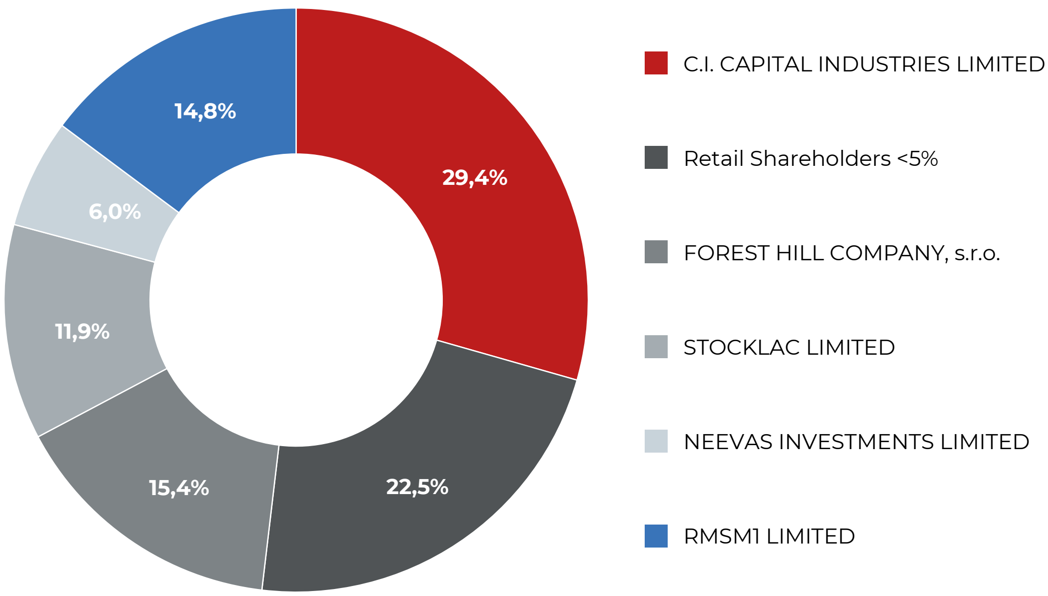
Closing Price	BCPB (EUR)	WSE (PLN)	BCPP (CZK)
31.10.2022	24,00	130,00	610,00
31.10.2021	32,00	180,00	995,00

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

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 31/10/2022:

Shareholder Structure as of 31.10.2022



Company / Name	No. of Shares	Interest in Share Capital		Voting Rights %
		in EUR thousands	%	
C.I. CAPITAL INDUSTRIES LIMITED	1 973 197	13 812	29,4%	29,4%
Retail Shareholders <5%	1 505 930	10 542	22,5%	22,5%
FOREST HILL COMPANY, s.r.o.	1 030 919	7 216	15,4%	15,4%
RMSM1 LIMITED	992 666	6 949	14,8%	14,8%
STOCKLAC LIMITED	800 000	5 600	11,9%	11,9%
NEEVAS INVESTMENTS LIMITED	404 486	2 831	6,0%	6,0%
Total	6 707 198	46 950	100,0%	100,0%

CONSOLIDATED FINANCIAL STATEMENTS

ESORT ★★★★★
STRAVIC

Consolidated Financial Statements

Tatry mountain resorts, a.s.,
Subsidiaries, Joint Ventures and Associates

Consolidated Financial Statements
for the Period from 1 November 2021 to 31 October 2022

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

in TEUR	Note	1.11.2021 - 31.10.2022	1.11.2020 - 31.10.2021
Sales	6	131 812	63 458
Other operating revenue	7	1 809	1 239
Total revenue		**133 621**	**64 697**
Material and goods consumption	8	-19 070	-18 263
Purchased services	9	-39 679	-16 289
Personnel expenses	10	-43 244	-22 126
Other operating expenses	11	-1 758	-1 044
Gain / (loss) on sale of assets	15	3 341	2 397
Gain / (loss) on revaluation of investment property	18	-906	-
Release / (Creation) of value adjustments	20,22,24,26	1 391	-2 372
Profit / (loss) before interest, taxes, depreciation and amortization (EBITDA)*		**33 696**	**7 000**
Depreciation and amortization	15,17	-23 388	-21 525
Depreciation of right-of-use of leased assets	16	-5 863	-5 238
Gain on bargain purchase	5	13 162	756
Impairment of non-current assets	15,17	-5 977	-4 824
Profit / (loss) before interest, taxes (EBIT)		**11 630**	**-23 831**
Interest income calculated using effective interest rate	12	47	153
Financing cost	12	-22 915	-21 708
Net profit / (loss) on financial operations	13	-2 356	-130
Share of profit or (loss) from disposal of subsidiaries	5	-482	-
Share of profit or (loss) of investments in joint ventures and associates accounted for using equity method	5	-163	-1 000
Profit / (loss) before tax		**-14 239**	**-46 516**
Current income tax	14	-776	-70
Deferred income tax	14	3 068	710
Profit / (loss)		**-11 947**	**-45 876**
Attributable to:			
- Holders of interest in the parent company's equity		**-11 361**	**-45 717**
- Non-controlling interest		**-586**	**-159**
Other components of the comprehensive income			
Other comprehensive income that may be reclassified to profit or (loss) in subsequent periods (net of tax):			
Net gain/(loss) on cash flow hedges	14	-1 103	-1 949
Foreign currency translation reserve	27	550	1 062
Total comprehensive income / (expense)		**-12 500**	**-46 763**

Consolidated Statement of Profit and Loss and Other Comprehensive Income (continued)

Total comprehensive income / (expense)		**-12 500**	**-46 763**
Attributable to:			
- Holders of interest in the parent company's equity		**-11 912**	**-46 599**
- Non-controlling interest		**-588**	**-164**
Earnings per share (in EUR)	27	**-1,694**	**-6,816**
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, in particular profit / (loss) from financial operations representing foreign exchange gains / (losses). The EBITDA indicator adjusted in this way is used by the Group's management to manage the Group's performance as well as individual CGUs (cash-generating units).

The Notes on pages 87 to 168 constitute an integral part of the Consolidated Financial Statements.

An overview of the statement of profit and loss by particular segments is in Note 4 – Information about operating segments.

Consolidated Statement of Financial Position

in TEUR	Note	31.10.2022	31.10.2021
Assets			
Goodwill and intangible assets	17	35 605	35 851
Property, plant and equipment	15	404 962	380 408
Right-of-use of leased assets	16	70 499	70 932
Investment property	18	7 411	8 317
Investment in an associate and a joint venture	5	13 552	13 750
Loans provided	21	894	979
Other receivables	23	508	646
Deferred tax asset	19	4 182	3 907
Total non-current assets		**537 613**	**514 790**
Inventory	20	4 507	4 094
Trade receivables	22	4 872	6 796
Loans provided	21	1 215	1 118
Other receivables	23	4 172	7 117
Financial investments	25	42	40
Cash and cash equivalents	26	15 600	15 553
Other assets	24	6 646	7 253
Total current assets		**37 054**	**41 971**
Assets total		**574 667**	**556 761**
Equity	27		
Share capital		46 950	46 950
Share premium		30 430	30 430
Profit / (loss) for the period		-11 361	-45 717
Retained earnings and other funds		-34 065	12 755
Foreign currency translation reserve		1 699	1 147
Total equity attributable to holders of interest in the parent company's equity		**33 653**	**45 565**
Non-controlling interest		-646	-442
Total equity		**33 007**	**45 123**
Liabilities			
Loans and borrowings	28	112 679	78 994
Lease liabilities	29	58 489	57 407
Trade payables	30	3 630	2 458
Provisions	33	141	20
Other non-current liabilities	32	13 079	14 778
Bonds issued	34	198 496	254 428
Deferred tax liability	19	26 730	27 363
Total non-current liabilities		**413 244**	**435 448**
Loans and borrowings	28	10 151	28 632
Lease liabilities	29	8 609	8 747
Trade payables	30	14 874	12 306
Provisions	33	1 860	2 304
Bonds issued	34	67 690	6 377
Other current liabilities	32	25 232	17 824
Total current liabilities		**128 416**	**76 190**
Total liabilities		**541 660**	**511 638**
Total equity and liabilities		**574 667**	**556 761**

Consolidated Statement of Changes in Equity

in TEUR	Capital	Share premium	Legal reserve fund	Fair value revaluation reserve	Hedging revaluation reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to holders of interest in the parent company's equity	Non-controlling interest	Total
Balance as at 1 November 2021	**46 950**	**30 430**	**7 021**	**184**	**-1 499**	**1 147**	**-38 668**	**45 565**	**-442**	**45 123**
Profit / (loss) for the period	-	-	-	-	-	-	-11 361	**-11 361**	-586	**-11 947**
Other components of comprehensive income, after tax										
- items with possible subsequent reclassification to profit/(loss):										
Cash Flow hedge	-	-	-	-	-1 103	-	-	**-1 103**	-	**-1 103**
Foreign currency translation reserve	-	-	-	-	-	552	-	**552**	-2	**550**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-1 103**	**552**	**-11 361**	**-11 912**	**-588**	**-12 500**
Transactions with owners posted directly into equity										
Effect of disposal of a subsidiary	-	-	-	-	-	-	-	**-**	384	**384**
Total transactions during the year	-	-	-	-	-	-	-	**-**	**384**	**384**
Balance as at 31 October 2022	**46 950**	**30 430**	**7 021**	**184**	**-2 602**	**1 699**	**-50 029**	**33 653**	**-646**	**33 007**

Consolidated Statement of Changes in Equity (continued)

in TEUR	Capital	Share premium	Legal reserve fund	Fair value revaluation reserve	Hedging revaluation reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to holders of interest in the parent company's equity	Non-controlling interest	Total
Balance as at 1 November 2020	**46 950**	**30 430**	**7 021**	**184**	**450**	**80**	**7 049**	**92 164**	**-278**	**91 886**
Profit / (loss) for the period	**-**	**-**	**-**	**-**	**-**	**-**	-45 717	**-45 717**	-159	**-45 876**
Other components of comprehensive income, after tax										
- items with possible subsequent reclassification to profit/(loss):										
Cash Flow hedge	-	-	-	-	-1 949	-	-	**-1 949**	-	**-1 949**
Foreign currency translation reserve	-	-	-	-	-	1 067	-	**1 067**	-5	**1 062**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-1 949**	**1 067**	**-45 717**	**-46 599**	**-164**	**-46 763**
Transactions with owners posted directly into equity										
Total transactions during the year	-	-	-	-	-	-	-	**-**	-	**-**
Balance as at 31 October 2021	**46 950**	**30 430**	**7 021**	**184**	**-1 499**	**1 147**	**-38 668**	**45 565**	**-442**	**45 123**

Consolidated Cash Flow Statement

in TEUR	Note	1.11.2021 - 31.10.2022	1.11.2020 - 31.10.2021
OPERATING ACTIVITIES			
Loss		**-11 947**	**-45 876**
Adjustments related to:			
Gain on disposal of PPE and intangible assets	15	-3 341	-2 397
Depreciation and amortisation	15,17	23 388	21 525
Depreciation of right-of-use of leased assets	16	5 863	5 238
(Reversal) / creation of value adjustments to receivables	22	-1 391	2 372
Net (gain) / loss on financial instruments (non-cash)	25	2 356	130
Impairment of non-current assets	15	5 977	4 824
Loss from disposal of subsidiaries	5	482	-
(Profit) / loss on revaluation of investment property	18	906	-
Net interest (income)/ expenses	12	22 869	21 555
Gain on bargain purchase	5	-13 162	-756
Share of (profit) or loss of investments in joint ventures and associates accounted for using equity method	5	163	1 000
Change in provisions	33	-366	291
Income tax	14	-2 292	-640
Change in trade receivables, other receivables and other assets	22,23,24	-2 703	-2 195
Change in inventories	20	-397	4 816
Change in trade payables and other liabilities	30, 32	5 809	1 201
Cash flow from operating activities before income tax		**32 214**	**11 088**
Income tax paid		757	1 489
Cash flow from operating activities		**32 971**	**12 577**
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and intangible assets	15,16	-23 535	-10 555
Proceeds from disposal of PPE and intangible assets	15	7 495	4 957
Net cash income from the purchase of subsidiaries	5	-6 833	-2 848
Proceeds from the sale of shares in subsidiaries	5	2 346	-
Loans provided	21	-246	-263
Repayment of loans provided	21	331	51
Interest received	12	9	40
Cash flow from investing activities		**-20 433**	**-8 618**
FINANCING ACTIVITIES			
Repayment of lease liabilities	29	-7 596	-7 047
Repayment of received loans and borrowings	28	-22 552	-1 830
Loans and borrowings received	28	34 112	29 046
Bonds issued	34	1 518	109 635
Repayment of bonds		-	-110 000
Interest paid	12	-17 973	-15 371
Cash flow from financing activities		**-12 491**	**4 433**
Net increase of cash and cash equivalents		47	8 392

Notes to the Consolidated Financial Statements

Content

1. Information about the Company

Tatry mountain resorts, a.s. (the "Parent Company" or the "Company") is a joint stock company with its registered office and place of business in Demänovská Dolina 72, 031 01 Liptovský Mikuláš. The Company was established on 20 March 1992 and incorporated on 1 April 1992. The Company's identification number is 31 560 636 and its tax identification number is 2020428036.

The Company is not a fully liable partner in other accounting entities.

The Company's shares have been registered on the Bratislava Stock Exchange since 19 November 1993, on the Warsaw Stock Exchange (WSE) since 15 October 2012 and on the Prague Stock Exchange (BCCP) since 22 October 2012. 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 EUR 221,338 thousand to EUR 46,950 thousand, i.e. by EUR 174,388 thousand. Subsequently, during the financial year 2014, the Company made two bond issues in the total nominal value of EUR 180,000 thousand, which have been admitted to trading on the Bratislava Stock Exchange since 19 February 2014.

On 17 December 2013, the Company issued the first issue of TMR I bonds with a total nominal value of EUR 70,000 thousand, due in 2018. On 5 February 2014, the Company issued the second issue of TMR II bonds with a total nominal value of EUR 110,000 thousand, due in 2021.On 10 October 2018, the company issued the third bond issue TMR III in the nominal value of EUR 90,000 thousand, with maturity in 2024. On 7 November 2018, the company TMR Finance CR, a.s. issued the fourth bond issue TMR F. CR in the nominal value of CZK 1,500,000 thousand, with maturity in 2022. On 2 February 2021, the Company issued the fourth bond issue TMR V bonds in the total nominal value of EUR 110,000 thousand, with a maturity date in 2026. On 28 October 2022, the Company issued the sixth bond issue TMR VI bonds in the total nominal value of EUR 59,000 thousand, with a maturity date in 2027. See Note 34 – Bonds Issued.

The structure of the Company's shareholders is described in part 27 - Equity.

The consolidated financial statements of the Group for the period ending 31 October 2022 comprise the statements of the parent company, its subsidiaries, joint ventures and associates (together referred to as the "Group").

The principal activities of the Group include cable and ski lift operations, restaurant and dining services, the operation of ski and snowboard schools, purchase and sale of goods, hotel management, operation of an amusement park and golf resorts. On 1 November 2020, there was a merger of the Parent Company with 1. Tatranská, akciová spoločnosť ("1. Tatranská"). As at 1 May 2021, the Group expanded its portfolio by adding the subsidiary Muttereralm Bergbahnen Errichtungs GmbH (100% share). On 4 June 2021, GOPASS, a.s. was founded with registered capital of EUR 25 thousand. The Parent Company became its sole shareholder. On 29 October 2021, the Parent Company sold Aquapark Tatralandia and Holiday Village Tatralandia assets to its subsidiary TMR Parks, a.s. (former name: Tatry mountain resorts PL, a.s.), but the Parent Company continues to operate them. On 31 March 2022, the Group acquired a 100% share and control in WORLD EXCO s.r.o. The acquired company operates a congress center in Bešeňová. On 31 March 2022, the Group also acquired a 100% share and control in EUROCOM Investment, s.r.o. The acquired company operates the Bešeňová water park, Hotel Galeria Thermal and Hotel Bešeňová. On 22 June 2022, for the purpose of providing services within the TMR Group, International TMR services s.r.o. was founded, 100% owned by the Company. On 1 July 2022, the Company acquired a 100% share in the European company GOPASS SE, which will serve the purpose of expanding in the European market. On 30 September 2022, the Group sold its 51% stake in Tikar d.o.o..

The average number of Group employees and information about used the services of employment agencies for short-term personnel leasing are described in part 10 – Personnel expenses.

The Group's bodies are:

Board of Directors:
Ing. Igor Rattaj, the Chairman (since 30.4.2020)
Ing. Jozef Hodek, the Member (since 30.6.2009)
Čeněk Jílek, the Member (since 29.4.2020)

Supervisory Board:
Ing. Bohuš Hlavatý (since 30.4.2020)
Ing. František Hodorovský (since 18.1.2011)
Roman Kudláček (since 21.4.2012)
Ing. Andrej Devečka (since 29.4.2020)
Ing. Pavol Mikušiak (since 27.4.2013)
Adam Tomis (since 12.4.2014)
Mgr. Marek Schwarz (od 30.6.2021)
Ivan Oško (since 30.06.2021)
Miroslav Roth (since 30.6.2012 to 3.6.2021 and since 30.6.2021)

2. Significant Accounting Policies

(a) Statement of compliance

The Consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the EU and in accordance with Act No. 431/2002 Coll. of the National Council of the Slovak Republic on Accounting ("Act on Accounting"). The Consolidated financial statements have been prepared for the period from 1 November 2021 to 31 October 2022.

The financial statements were approved by the Board of Directors on 28 February 2023.

(b) Basis of preparation

The Consolidated 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 Group's Consolidated financial statements have been prepared on a going-concern basis (for more details see also Note 39 – Subsequent events).

The Group's management expects that the Group has sufficient resources to continue as a going concern for at least another 12 months and that the preparation of the financial statements, assuming the continuity of its operations, is appropriate.

Between 1 November 2021 and mid-January 2022, the Group was exposed to the impacts of measures aimed at mitigating the consequences and the course of the COVID-19 pandemic. In Slovakia, measures were introduced at the end of November 2021 that restricted the operation of water parks, hotels and restaurants. On 17 December 2021, the Group started the ski season, which lasted until May 8, 2022, under tightened anti-epidemiological measures. A further easing of measures came from 25 December 2021, when the services of hotels, restaurants and water parks became available to accommodated guests. Since 19 January 2022, water parks have also been opened to the public. During the remaining period of the winter season, introduced measures were not limiting the operation of the Group. The measures were gradually relaxed, which had a positive impact on the Group's results in Slovakia and the attendance of its resorts, and during the summer season the establishments could operate without restrictions.

Austria declared its lockdown in November 2021, which was partially lifted on 19 December 2021. The Group's ski resorts remained closed during this period. After the relaxation of measures, resorts were opened and began to provide their services in ski resorts. In Austria, during the winter season, there were quite strict rules for allowing foreign tourists to enter the country. Once the measures have been relaxed, the Group's resorts in Austria operate without significant restrictions.

In Poland, the restrictions put in place did not have a negative impact on the operation of resorts and services provided therein. Therefore, the operation was not significantly affected, and the winter season was opened and operated in standard regime.

In the Czech Republic, restrictions were introduced, which, like in Poland, did not have a negative impact on the operation of the resorts and services provided therein. Therefore, the winter season was opened and operated in standard regime.

Given the current situation, the Group does not expect major impacts of anti-pandemic measures on its business in all countries. The Group's assumptions are based on the current situation in Europe, where measures have been relaxed in most countries, resulting in positive impacts on the business and social life of residents. This trend is confirmed by the interim results of the 2022/2023 winter season in all Group's resorts.

A significant risk within the Central and Eastern European region is the military conflict in Ukraine, which may have an impact on visits to the Group's resorts and hotels, as the resorts and hotels are close to the borders of the military conflict, i.e. Ukraine. The Group is affected by the conflict directly due to the loss of visitors from Russia and partially from Ukraine as well. However, even before the war events and the imposition of sanctions, the Group did not consider the Russian or Ukrainian market to be essential. While the loss of visitors from these regions has a negative impact, it is a minor group of visitors in Slovakia and at the same time foreign clients are complemented by new markets such as the countries of the Baltic region, Romania and Hungary.

The Group's costs are influenced, among other things, by the consumption of energy, natural gas, fuel and water. These are directly reflected in the operating costs of resorts and hotels, for example in terms of electricity consumption in the operation of cableways and snowmaking facilities. Electricity and natural gas prices in 2022 within the European Union were well above the average of previous years. The Group had a pre-contracted electricity supply for 2022 in Slovakia and Poland. In Slovakia, it also has contracted electricity for the winter season 2023. Thus, price increases do not currently significantly limit the Group's ability to operate its facilities. Thanks to the active management of commodity prices and systematic investments in snowmaking, the Group was able to open the season on the planned date as at 3 December 2022 in Jasná, as at 15 December 2022 in Ješted, as at 16 December 2022 in Szczyrk and as at 17 December 2022 in the High Tatras and in the Austrian resort of Muttereralm. Due to bad weather in October and November, Mölltaler Gletscher was opened with a delay.

In relation to the Group’s financing, there were the following changes made during the year:

On 28 October 2022, the Group issued TMR VI bonds in a total value of up to a maximum of EUR 65,000 thousand with an interest rate of 5.4% p.a. and maturity in 2027. On 28 October 2022, bonds worth EUR 1,552 thousand were traded. On 3 November 2022, bonds of the TMR VI issue worth EUR 57,448 thousand were traded. On 7 November 2022, TMR Finance CR paid out TMR IV bonds in the Czech Republic to creditors.

The management of the Group modeled a scenario of liquidity development for a period of 12 months from the date of the financial statements. The assumptions used in the model take into account the prices of electricity contracted by the Group, and management assumes gas prices to be higher than the current spot prices on the exchange. The Group also proceeded to optimize the operations and at the same time received an increase in the overdraft from J&T Banka by EUR 4,000 thousand. The baseline scenario, as well as more pessimistic scenario which calculates with overall decrease in revenues of the Group by 5% for whole projected period since February 2023 until the fiscal year end, includes the impact of the reduction of capital expenditures or its financing by bank loans as well as availability of the overdraft is in the total amount of EUR 6,000 thousand which can be drawn by the Group for the purpose of operational cash flow management.

The Group's management assessed the impacts of the war in Ukraine and the energy crisis on the Group's operations and concluded that there was no material uncertainty about the Group's continuing operations (going concern).

The consolidated financial statements have been prepared in EUR thousands. The accounting methods were consistently applied by the companies in the Group in accordance with the previous accounting period.

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. Significant 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 – Significant 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

The accounting principles used are consistent with the accounting principles and methods used when preparing the individual financial statements for the financial year ended 31 October 2022.

In the course of the accounting period starting on 1 November 2021 the Group implemented the following new IFRS standards, amendments to standards and IFRIC interpretations. The application of these standards had no impact on the financial statements of the Group.

- Amendments to IFRS 3 Business Combinations - modification of references to the conceptual framework
- Amendments to IAS 16 Property, Plant and Equipment - management of the by-product produced during commissioning
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets - detailed costs included in the calculation of onerous contracts
- Annual Improvements 2018-2020 bring minor changes to IFRS 1 First Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and illustrative examples accompanying IFRS 16 Leases.

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

The Group 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 Group decided to apply these standards prospectively.

As at 31 October 2022, 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 Group in preparing these financial statements:

- Amendments to IFRS 17 Insurance contracts - Initial application of IFRS 17 and IFRS 9 - Comparative information
- Amendments to IAS 12 Income taxes – Deferred tax relating to assets and liabilities arising from a single transaction
- Amendments to IAS 1 Presentation of financial statements and report on the practice of IFRS 2 - Disclosure of accounting principles
- Amendments to IAS 8 Accounting principles, Changes in accounting estimates and errors - Definition of accounting estimates
- IFRS 17 Insurance contracts

The Group anticipates that the issuance of new but not yet effective International Standards will not affect the financial statements.

(e) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

<u>Group as a lessee</u>

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i. Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

• Buildings and land	30 years
• Individual movables and sets of movables	
▪ Works of art	20 years
▪ Billboards and advertising space	10 years
▪ Snow groomers	8 years
▪ Others	5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

Refer to the accounting policies related to impairment of non-financial assets in note 2(l) Impairment of non-financial assets.

ii. Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group does not apply the practical expedient in IFRS 16.15. Every contract is examined to determine whether it contains a non-lease components in addition to lease components. Non-lease components are separated from the lease components, and only the lease components are accounted for in accordance with the provisions of IFRS 16.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. When revaluing lease liability due to a lease modification, residual value of the right-of-use asset is adjusted for the revaluation difference. Right-of-use asset is further depreciated from this adjusted value.

The Group's lease liabilities are included in Lease liabilities (see Note 29).

iii. Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Group also applies the lease of low-value assets recognition exemption to leases of items of low value - below EUR 1,000. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

In the case of leases, in which the Group transfers substantially all the risks and rewards of ownership of the asset, are classified as finance leases. The leased asset is derecognised and the Group recognizes a financial asset measured at amortized cost, representing the present value of the lease payments, adjusted as in lease liabilities.

In case that the Group leases right-of-use assets, which it further sublets as a lessor to other lessees, the Group evaluates the lease provided to the lessee on whether it is an operating or financial sublease. The only different criterion compared to leasing own assets is the assessment of the sublease against the right-of-use and not the original underlying asset. After assessing whether it is a financial or operating lease, it is subsequently reported in terms of accounting policies for the Group as a lessor.

(f) Financial instruments

i. Initial recognition and measurement of financial asset

Financial assets upon initial recognition are classified in one of three categories as financial assets subsequently measured at amortized 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 Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient (ie. the Group measures life-time credit losses). The Group 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 Group 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 Group'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 Group 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 Group's financial assets at amortised cost includes Trade receivables, Other receivables and Loans provided.

iv. Financial assets at fair value through OCI without recycling of cumulative gains and losses upon derecognition (equity instruments)

The Group decided 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 Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group 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 Group 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 Group 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 Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group 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. For financial assets, where simplified approach is not used – Loans provided, significant increase in credit risk since initial recognition is assessed on an individual basis.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. 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 Group 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.

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 Group does not use any other form of hedges.

At the beginning of the hedging relationship will be formally defined and documented hedging relationship and objective and strategy of an entity's risk management to ensure implementation. 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

That part of the gain or loss on the hedging instrument that is determined as effective hedging (i.e. that part that is offset by a change in the cash flow hedge provision) is recognized in other comprehensive income (OCI) until any remaining gain or loss on the hedging instrument (or any gain or loss required to offset a change in a cash flow hedge provision) represents a hedge ineffectiveness recognized in profit or loss.

The separate component of equity related to the hedged item (cash flow hedge reserve) is adjusted to the lower of the following values (in absolute terms):

i) the cumulative gain or loss on the hedging instrument since the inception of the hedge and

ii) the cumulative change in the fair value (present value) of the hedged item (i.e. the present value of the cumulative change in the hedged expected future cash flows) since the inception of the hedge.

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

If the hedged expected transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or if the hedged expected transaction with a non-financial asset or non-financial liability becomes a liability to which fair value hedge accounting applies, the entity removes that amount from the cash flow hedge provision. and include it directly in the initial cost or other carrying amount of the asset or liability. It does not constitute a reclassification adjustment (see IAS 1) and therefore does not affect the other components of the comprehensive income.

For other cash flow hedges, the amount is reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows have an impact on profit or loss.

When an entity ceases to account for a cash flow hedge, the amount that has accumulated in the cash flow hedge reserve remains in the cash flow hedge reserve until future cash flows are expected, otherwise the amount is immediately reclassified from the cash flow hedge reserve to profit or loss. management as a reclassification adjustment.

(g) Basis for consolidation

i. Subsidiaries

Subsidiaries are those enterprises that are controlled by the Group. The control exists when the Group 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 Group controls another entity. The consolidated financial statements include the Group's interests in other entities based on the Group's power to control such entities regardless of whether the control is actually exercised or not. The financial statements of subsidiaries are included in the consolidated financial statements from the day of origin of the control until the day of cessation of the control.

ii. Associates

Associates are those enterprises in which the Group 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. Investment in associate is recognised initially at cost. The consolidated financial statements include the Group's interest in the reported profits and losses of associates according to the equity method from the date of origin of significant influence until the date of cessation of the substantial influence. The investment is initially recognized at acquisition cost. When the Group's share of the losses exceeds the carrying amount of the associate, the carrying amount of that company is reduced to zero and the recognition of future losses is discontinued, except when the Group has incurred any liabilities in respect of the associate.

iii. Joint ventures

A joint venture is a joint arrangement where two or more participants carry out an economic activity that is subject to joint control, through which the Group has a right to the net assets of the arrangement but not a right to assets and obligation for liabilities related to that arrangement. Joint control is the contractually agreed sharing of control of an arrangement. Joint ventures are carried at cost. The financial statements include the Group’s share of the total recognised gains and losses of joint ventures on an equity method basis, from the date that joint control commences until the date that joint control ceases.

The cost of jointly controlled (associated) ventures 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 jointly controlled (associated) ventures. 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.

iv. Scope of consolidation

The list of all companies included in the consolidation is provided in Note 42 – Companies within the Group.

v. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains or losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

vi. Acquisition method of accounting

Acquisitions of subsidiaries are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Acquisition-related costs are recognised directly in profit or loss.

The acquiree's identifiable assets acquired and the liabilities assumed that meet the recognition criteria under IFRS 3 are recognised at their fair value at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Otherwise, the difference is reassessed and any excess remaining (gain on bargain purchase) after the reassessment is recognised directly in profit and loss.

The non-controlling interest is measured *as a proportionate share* of identifiable assets of the acquiree’s identifiable assets.

vii. Unification of accounting principles

The accounting principles and procedures applied by the consolidated companies in their financial statements were unified in the consolidation and comply with the principles applied by the Parent company.

(h) Foreign currency

Foreign currency transactions

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the functional currency). The consolidated financial statements are presented in thousands of euros, which is the Group's presentation currency and Parent Company’s functional currency. Transactions in foreign currencies are translated into euros at the foreign exchange rate valid at the date immediately preceding 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 immediately preceding 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.

Foreign currency translation reserve includes all foreign exchange differences that arise from the transfer of financial statements of foreign entities within the consolidation group.

Conversion of foreign operations

The results and financial position of a foreign operation are translated into the presentation currency so that the foreign operation can be included in the financial statements of the reporting entity upon full consolidation. The results and financial position are translated into another presentation currency, where:

a) assets and liabilities for each presented statement of financial position (i.e. including comparable data) are translated at the closing rate valid on the date on which this statement of financial position was prepared.

(b) revenue and expenses for each statement of comprehensive income (i.e. including comparable information) shall be translated at the average exchange rate for the period.

c) all resulting exchange differences are recognized in other comprehensive income.

(i) 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.

(j) 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. The Group uses a weighted average cost method for valuation of its inventories.

(k) Offsetting

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

(l) Impairment of non-financial assets

The carrying amounts of the Group's assets, other than inventories (refer to the accounting policy under letter j), investment property (refer to the accounting policy under letter o), financial assets (refer to the accounting policy under letter f), and deferred tax assets (refer to the accounting policy under letter s) 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.

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 asset had not been derecognized from the financial position.

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.

(m) 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 o). 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 Consolidated items (major components) of property, plant and equipment.

ii. 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 Group 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.

iii. 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
• Cableways and ski lifts	
▪ Fixed structures and other objects	20 – 40 years
▪ Technology and accessories	4 - 12 years
• Individual movables and sets of movables	
▪ Geothermal borehole	40 years
▪ Slides	25 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.

iv. 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 Group as part of the cost of the asset.

(n) Intangible assets

i. Goodwill and intangible assets acquired in a business combination

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed. Goodwill on acquisition of subsidiaries is included under intangible assets. Goodwill on acquisition of associates is included in the investments in 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. Bargain purchase (negative goodwill) arising on an acquisition is reassessed and any excess remainder of the negative goodwill after the reassessment is recognised in profit or loss.

Intangible assets acquired in a business combination are recognised at fair value on the acquisition date if the intangible asset is separable or arises from contractual or other legal rights. Intangible assets with an indefinite useful life are not subject to amortisation and are recorded at cost net of impairment loss. Intangible assets with a definite useful life are amortized over the useful life and are stated at cost net of accumulated amortisation and impairment losses.

ii. Software and other intangible assets

Software and other intangible assets acquired by the Group are stated at cost less accumulated amortisation (see below) and impairment losses (refer to the accounting policy under letter l). 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 — 2 – 5 years
- Valuable rights — each item uses an individual depreciation plan, based on the estimated useful lives if these assets, valuable rights also include trademarks which represent non-depreciated assets. The Group uses 2, 6, 7, 8, 10, 12 and 50-year useful lives for its valuable rights

(o) Investment property

Investment property represents assets that are held by the Group 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(b) – Significant accounting estimates and assumptions, Valuation of investment property. Rental income from investment property is accounted for as described in the accounting policy under letter (e) Leases – Group as a lessee.

(p) Government grants

Government grants are recognised where there is a reasonable assurance that the grant will be received, and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

(q) Provisions

A provision is recognised in the balance sheet when the Group 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 Group 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 Group'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 Group 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.

(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 (m), part (*iv*).

(s) 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.

The amount of deferred tax is based on the expected method of realization or settlement of the carrying amount of assets and liabilities using tax rates valid as at the date of the financial statement's preparation or enacted to this date.

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.

(t) Trade and other payables

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

(u) Revenues from services rendered

The Group recognises eight types of basic revenues from services rendered:

- Revenues from cableways and ski lifts (hereinafter also referred to as “Mountain Resorts”)
- Revenues from leisure parks
- Revenues from 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”)
- Revenues from golf resorts (hereinafter also referred to as “Golfs”)
- Other revenues

The Group recognizes revenues in a scope in which economic benefits are likely to flow to the Group, and these revenues can be easily valued. Revenues are recognized at fair value. Revenues are accrued depending on in which period the services were rendered, excluding revenues from leisure parks, golf resorts, 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 Group has been running a loyalty program for its clients – Gopass, which 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 Group monitors the value of unredeemed points and revalues it on a regular basis for its recognition in the financial statements. The loyalty program has been operated by the subsidiary GOPASS a.s. since 1 November 2021.

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 onto buyer, which occurs mostly at the day of transfer of the ownership rights. The sale of real estate is reported in the Group's revenues on the date of signing the acceptance protocol, or by registration at the cadastre on the basis of the decision to allow the deposit of title, whichever occurs first.

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.

(v) Dividends

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

(w) 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 Group'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.

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.

(x) Reporting by segments

Operating segments are parts of the Group 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 8 main segments, namely mountain resorts, leisure parks, hotels, dining, sports services and stores, real estate, golfs and other.

(y) Financial liabilities

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

In the Group's Consolidated statement of financial position, other financial liabilities are recognized as received loans and borrowings, bonds issued, trade payables and other liabilities.

Financial liabilities are recognised by the Group 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 Group's obligation specified in the contract expires, is settled or cancelled.

(z) 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 35 – 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

Short-term receivables without the interest rate are valued at the original invoice amount if the impact of discounting is insignificant. For receivables with a remaining life of less than one year, the nominal amount is deemed to reflect the fair value. Fair value is determined at initial recognition and for disclosure purposes at the end of the accounting period.

iv. Trade payables, and other financial liabilities

Trade payables and other financial liabilities are initially measured at fair value. The carrying amount of trade payables and other financial liabilities is approximately equal to their fair value.

v. Cash and cash equivalents

For cash and cash equivalents, it is assumed that their nominal value is also fair value.

vi. Other financial assets/liabilities

Other assets/liabilities are mainly claims on partner companies, which the Group uses for the proprietary sale of tickets to customers to its resorts, receivable/ liability from derivative operations - currency SWAP, remaining liability to shareholders from a reduction in share capital in 2013. Other financial assets/liabilities are discounted for the determination of fair value if the impact of discounting is material.

3. Significant Accounting Estimates and Assumptions

The preparation 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 Group accounting principles, should use its judgement. These accounting estimates will, therefore, rarely conform to the actual results. Information about assumptions and estimation uncertainties as at 31 October 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is described below. The estimates and assumptions are continually reviewed. 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) Business combinations and purchase price allocation

The acquiree's or part of business's identifiable assets, liabilities and contingent liabilities are recognised and measured at their fair value on the date of acquisition. The allocation of the total cost among the net assets acquired for financial reporting purposes is performed with the support of professional advisors or the Group's management. The valuation is based on historical and prospective information available as of the date of the business combination. Any prospective information that may impact the fair value of the acquired assets is based on management's assumptions of the future development of competitive and economic environments. The results of the valuation analyses are also used for determining the amortisation and depreciation periods of the values allocated to specific intangible and tangible fixed assets.

An overview of business combinations and purchase price allocation of current and previous period is in Note 5 – Increase and decrease of interests in companies.

(b) Valuation of investment property

Investments property is measured at fair value. The fair value of investment property is determined either by a management evaluation or independent expert (see Note 2 - Significant Accounting Principles); 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.

An overview of investments in property of current and previous period is in Note 18 – Investment property.

(c) Goodwill and impairment test

As at the date of the financial statements, the Group assesses whether the goodwill has not been impaired. If the indicator of possible impairment is not detected, the Group is, in accordance with IAS 36, testing goodwill recognised in business combinations during the current accounting period and goodwill recognised in prior accounting periods for possible impairment annually on 31 October, i.e. as at the date of preparation of the annual consolidated financial statements.

On the day of acquisition, the acquired goodwill is assigned to individual cash-generating units (CGU) for which it is expected to benefit from synergies arising in business combinations.

Potential impairment of goodwill is determined by comparing the recoverable amount of CGU and its book value. The recoverable amount is determined by the value in use. This value was derived from the 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, profitability (EBITDA) and 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 historical revenue and EBITDA, adjusted for the effects of anti-pandemic measures and adjusted by management's expectations for future developments - 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 basic term period with subsequent extrapolation for the next period. The Company used a 25-year projection due to the need of reflecting recently made investments in order to reach a standardised level of cash flows for determination of terminal value. Based on such standard level of cash flows, the terminal value was calculated with expected nominal growth of cash flows by inflation. Discount rates applied in the projecting of cash flows were calculated as weighted average cost of capital without taking into account the effect of the corporate income tax.

Following table summarizes assumptions, result and sensitivity of impairment of goodwill in CGU High Tatras:

In TEUR	**1.11.2021 - 31.10.2022**	**1.11.2020 - 31.10.2021**
Calculation assumptions		
Horizon for cash flow projection	25 years	25 years
Nominal increase of cash flows	3.8 %	3 %
Discount rate used during cash flow projection	9.50 %	8.15 %
Result and sensitivity		
Impairment for the period	-	-
Impairment as at the end of the period	-	-
Decrease of EBITDA by 5 % – impact on value in use	-8 413	-7 374
Decrease of EBITDA by 5 % – resulting impairment	-	-5 495
Increase of discount rate by 0,5 % – impact on value in use	-10 118	-9 173
Increase of discount rate by 0,5 % – resulting impairment	-	-7 259
Marginal decrease of EBITDA	-9.09 %	-1.3 %
Marginal value of discount rate	10.29 %	8.25 %

In 2022 and 2021, goodwill was tested within CGU Vysoké Tatry, and the test did not show any reason for asset impairment.

(d) Impairment test of non-financial assets other than goodwill

As at the date of the financial statements, the Group assesses whether the non-monetary assets have not been impaired. IAS 36 requires the testing of asset impairment in cases where external or internal indicators would point possible asset impairment.

The Group carries on 7 principal activities: running of mountain resorts, leisure parks, restaurant services, sports services and shops, accommodation services and real estate projects, in three Slovak locations: in Jasná (Low Tatras), in the High Tatras and in Liptovský Mikuláš and through its subsidiaries in the Republic of Poland, the Czech Republic and Austria. Each of the locations was assessed by the management as an individual cash-generating unit (CGU). The Group monitors the performance and creates independent budgets for individual cash-generating units. The Group assets were allocated to individual cash-generating units according to the material competence, whereas all assets, i.e. besides the hotels, golf centres, catering establishments, leisure parks and sports services and shops also ski lifts and cable cars are included in individual cash-generating units.

As at 31 October 2022, after assessment by the Group's management the indicators of a possible impairment of the Group's assets were identified in connection with current unstable economic situation affected by the increase of energy prices and inflation that were caused by the ongoing military conflict in Ukraine, as well as by the coronavirus global pandemic affecting the Group in the previous accounting period, see Note 2(b) for more information. The Group carried out testing for impairment of assets for CGU which were most affected by the anti-pandemic measures, did not achieve planned sales and after lifting the restrictions, the number of their visitors did not return to pre-pandemic times or historically did not show the required performance. The impairment test was performed for locations Low Tatras, Tatralandia, resort Szczyrkowski Ośrodek Narciarski („SON“ or „Szczyrk“), Silesian amusement park („SWM“ or „Legendia“), resort Ještěd, resort Mölltaler/Ankogel and resort Mutterеralm, and also for the High Tatras location, since it has assigned goodwill as stated in Note 3(c). For the locations Low Tatras, Tatralandia, SON, Ještěd and Mölltaler/Ankogel no impairment of assets was calculated. For SWM and Muttereralm resorts, impairment of assets is reflected in the Group's consolidated statements by accounting for impairment of Property, plant and equipment belonging to CGU SWM and Muttereralm.

Projecting of cash flows applied in determining the value in use covers a basic term period with subsequent extrapolation for the next period. The Group used a 25-year projection due to the need of reflecting recently made investments in order to reach a standardised level of cash flows for determination of terminal value. Based on such standard level of cash flows, the terminal value was calculated with expected nominal growth of cash flows by inflation. Discount rates applied in the projecting of cash flows were calculated as weighted average cost of capital without taking into account the effect of the corporate income tax.

Following table summarizes assumptions, result and sensitivity of impairment calculation for CGU tested for impairment as at 31 October 2022:

In TEUR	**Nízke Tatry**	**Tatra-landia**	**SON**	**SWM**	**Ještěd**	**Mölltaler /Ankogel**	**Muttere ralm**
Calculation assumptions							
Horizon for cash flow projection	25 years	25 years	25 years	25 years	25 years	25 years	25 years
Nominal increase of cash flows	3.8 %	4 %	4 %	4.4 %	2.5 %	3.5 %	3.5 %
Discount rate used during cash flow projection	9.50 %	10.20 %	11.90 %	11.80 %	10.50 %	9.20 %	9.20 %
Result and sensitivity							
Impairment for the period	-	-	-	-5 240	-	-	-737
Impairment as at the end of the period	-	-	-	-20 781	-	-	-737
Return value - in case of impairment identification	-	-	-	24 169	-	-	7 615
Decrease of EBITDA by 5 % – impact on value in use	-9 235	-2 539	-3 418	-1 441	-617	-959	-488
Decrease of EBITDA by 5 % – resulting impairment	-5 795	-	-1 034	-6 681	-	-	-1 225
Increase of discount rate by 0,5 % – impact on value in use	-11 017	-2 449	-3 405	-1 298	-625	-770	-419
Increase of discount rate by 0,5 % – resulting impairment	-7 578	-	-1 021	-6 538	-	-	-1 156
Marginal decrease of EBITDA	-1.87 %	-13.09 %	-3.49 %	-	-33.55 %	-15.61 %	-
Marginal value of discount rate	9.65 %	11.75 %	12.25 %	-	15.38 %	11.60 %	-

As at 31 October 2021, after assessment by the Group's management, an indicator of a possible impairment of the Group's assets in connection with the spread of the coronavirus and the subsequent declaration of a global pandemic was identified, see Note 2(b) for more information. The Group carried out testing for impairment of assets for CGU which were most affected by the anti-pandemic measures, did not achieve planned sales and after lifting the restrictions, the number of their visitors did not return to pre-pandemic times or historically did not show the required performance. The impairment test was performed for locations Low Tatras, Tatralandia, resort Szczyrkowski Ośrodek Narciarski („SON“ or „Szczyrk“), Silesian amusement park („SWM“ or „Legendia“), resort Ještěd, resort Mölltaler/Ankogel, and also for the High Tatras location, since it has assigned goodwill as stated in Note 3(c). For the locations Low Tatras, Tatralandia, SON, Ještěd and Mölltaler/Ankogel no impairment of assets was calculated. For SWM resort, impairment of assets was reflected in the Group's consolidated statements by accounting for impairment of Property, plant and equipment belonging to CGU SWM.

Projecting of cash flows applied in determining the value in use covers a basic term period with subsequent extrapolation for the next period. The Company used a 25-year projection due to the need of reflecting recently made investments in order to reach a standardised level of cash flows for determination of terminal value. Based on such standard level of cash flows, the terminal value was calculated with expected nominal growth of cash flows by inflation. Discount rates applied in the projecting of cash flows were calculated as weighted average cost of capital without taking into account the effect of the corporate income tax.

Following table summarizes assumptions, result and sensitivity of impairment calculation for CGU tested for impairment as at 31 October 2021:

In TEUR	**Nízke Tatry**	**Tatra-landia**	**SON**	**SWM**	**Ještěd**	**Mölltaler /Ankogel**
Calculation assumptions						
Horizon for cash flow projection	25 years	25 years	25 years	25 years	25 years	25 years
Nominal increase of cash flows	3 %	3 %	3.5 %	3.5 %	3.5 %	2.5 %
Discount rate used during cash flow projection	8.15 %	8.15 %	9.05 %	9.05 %	8.76 %	7.90 %
Result and sensitivity						
Impairment for the period	-	-	-	-4 660	-	-
Impairment as at the end of the period	-	-	-	-15 541	-	-
Return value - in case of impairment identification	-	-	-	31 244	-	-
Decrease of EBITDA by 5 % – impact on value in use	-8 873	-2 963	-3 341	-1 922	-695	-979
Decrease of EBITDA by 5 % – resulting impairment	-5 782	-2 527	-1 518	-6 582	-	-
Increase of discount rate by 0,5 % – impact on value in use	-10 842	-3 515	-4 276	-2 320	-893	-936
Increase of discount rate by 0,5 % – resulting impairment	-7 751	-3 080	-2 453	-6 980	-	-
Marginal decrease of EBITDA	-1.75 %	-0.74 %	-2.75 %	-	-7.98 %	-6.20 %
Marginal value of discount rate	8.29 %	8.21 %	9.26 %	-	9.40 %	8.56 %

(a) Financial instruments at fair value

The fair value of financial instruments is determined based on:

Level 1: quoted market prices (not adjusted) in active markets for identical assets or liabilities
Level 2: inputs other than quoted prices included in Level 1 that are comparable for the asset or liability, either directly (i.e. as prices of similar instruments) or indirectly (i.e. derived from such 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 the 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.

in TEUR		31.10.2022				31.10.2021			
		Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets									
Loans provided	21	-	-	2 109	**2 109**	-	-	2 097	**2 097**
Other assets - Hedging derivative transactions - foreign exchange SWAP	24	-	254	-	**254**	-	-	-	-
Total		**-**	**254**	**2 109**	**2 363**	**-**	**-**	**2 097**	**2 097**

in TEUR		31.10.2022				31.10.2021			
		Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities									
Bonds issued	34	-	266 186	-	**266 186**	-	260 805	-	**260 805**
Other liabilities - Hedging derivative transactions - foreign exchange SWAP	32	-	-	-	**-**	-	1 277	-	**1 277**
Total		**-**	**266 186**	**-**	**266 186**	**-**	**262 082**	**-**	**262 082**

The table does not present financial instruments for which the carrying amount is considered to be an approximation of fair value and which are within Level 2. The above financial instruments are stated at their carrying amounts.

4. Information about Operating Segments

Information about operating segments – Consolidated statement of profit and loss

	Mountain Resorts		Leisure Parks		Hotels		Dining		Sports Services and Stores		Real Estate		Golf		Main segments - TOTAL		Other		TOTAL	
in TEUR	31.10.22	31.10.21	31.10.22	31.10.21	31.10.22	31.10.21	31.10.22	31.10.21	31.10.22	31.10.21	31.10.22	31.10.21	31.10.22	31.10.21	31.10.22	31.10.21	31.10.22	31.10.21	31.10.22	31.10.21
	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*	*12 m*	*12 m*	*12 m*	*12 m*
Sales	50 932	17 862	16 554	7 440	37 709	15 665	19 501	8 951	5 321	2 867	1 055	10 004	740	669	131 812	63 458	-	-	**131 812**	**63 458**
Other operating revenues	1 470	1 013	34	6	177	118	127	73	-	2	-	18	1	9	1 809	1 239	-	-	**1 809**	**1 239**
Material and goods consumption	-2 689	-2 085	-832	-323	-7 396	-3 313	-5 921	-2 711	-1 631	-1 642	-565	-8 170	-36	-19	-19 070	-18 263	-	-	**-19 070**	**-18 263**
Purchased services	-16 484	-7 322	-5 280	-2 009	-12 749	-4 514	-3 371	-1 803	-870	-333	-637	-273	-288	-35	-39 679	-16 289	-	-	**-39 679**	**-16 289**
Personnel expenses	-15 120	-7 796	-3 498	-1 787	-14 047	-7 111	-7 546	-4 099	-2 264	-1 110	-542	-57	-227	-166	-43 244	-22 126	-	-	**-43 244**	**-22 126**
Other operating expenses	-738	-560	-289	-98	-434	-226	-186	-90	-70	-32	-14	-22	-27	-16	-1 758	-1 044	-	-	**-1 758**	**-1 044**
Gain on sale of assets	70	-193	-1 406	-	35	-	-	-	4	-	4 638	2 590	-	-	3 341	2 397	-	-	**3 341**	**2 397**
Gain / (loss) on revaluation of investment property	-	-	-	-	-	-	-	-	-	-	-906	-	-	-	-906	-	-	-	**-906**	**-**
Release / (creation) of value adjustments	31	39	4	-187	3	-6	-1	-	-	-	-7	-1 012	-	5	30	-1 161	1 361	-1 211	**1 391**	**-2 372**
Depreciation and amortization	-12 285	-10 781	-3 919	-3 603	-4 066	-4 179	-1 795	-1 914	-934	-576	-211	-303	-28	-14	-23 238	-21 370	-150	-155	**-23 388**	**-21 525**
Depreciation and amortization (IFRS 16)	-3 944	-3 796	-866	-828	-612	-209	-148	-30	-48	-129	-	-	-246	-246	-5 864	-5 238	-	-	**-5 864**	**-5 238**
Gain on bargain purchase	-	756	6 387	-	6 775	-	-	-	-	-	-	-	-	-	13 162	756	-	-	**13 162**	**756**
Impairment of fixed assets	-737	-	-5 240	-4 824	-	-	-	-	-	-	-	-	-	-	-5 977	-4 824	-	-	**-5 977**	**-4 824**
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	47	153	**47**	**153**
Financing cost	-10 182	-9 096	-1 203	-1 814	-5 687	-5 033	-3 273	-3 492	-1 139	-1 007	-1 431	-1 266	-	-	-22 915	-21 708	-	-	**-22 915**	**-21 708**
Net profit / (loss) on financial operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-2 356	-130	**-2 356**	**-130**
Share of profit or (loss) from disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-482	-	**-482**	**-**
Share of the profit / (loss) of investments in JV accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-163	-1 000	**-163**	**-1 000**
Profit/(loss) of the segment before tax	**-9 676**	**-21 959**	**446**	**-8 027**	**-292**	**-8 808**	**-2 613**	**-5 115**	**-1 631**	**-1 960**	**1 380**	**1 509**	**-111**	**187**	**-12 497**	**-44 173**	**-1 743**	**-2 343**	**-14 239**	**-46 516**
Income tax - current																			**-776**	**-70**
Income tax - deferred																			**3 068**	**710**
Consolidated Profit/ (Loss)																			**-11 947**	**-45 876**

Information about operating segments – Consolidated statement of financial position

	Mountain Resorts		Leisure Parks		Hotels		Dining		Sports Services and Stores		Real Estate		Golf		Main segments - TOTAL		Other		TOTAL	
in TEUR	31.10.22	31.10.21	31.10.22	31.10.21	31.10.22	31.10.21	31.10.22	31.10.21	31.10.22	31.10.21	31.10.22	31.10.21	31.10.22	31.10.21	31.10.22	31.10.21	31.10.22	31.10.21	31.10.22	31.10.21
Goodwill	23 770	23 770	-	-	3 390	3 390	-	-	-	-	-	-	-	-	27 160	27 160	-	-	**27 160**	**27 160**
Intangible assets	3 777	4 040	3 392	3 570	812	1 055	286	14	104	11	69	1	5	-	8 445	8 691	-	-	**8 445**	**8 691**
Property, plant and equipment	248 519	228 588	56 104	57 360	71 990	66 007	17 669	19 533	2 456	2 657	5 829	3 707	158	81	402 725	377 933	2 237	2 475	**404 962**	**380 408**
Right-of-use of leased assets	44 952	46 645	12 585	13 703	5 096	3 156	1 761	921	715	867	-	-	5 390	5 640	70 499	70 932	-	-	**70 499**	**70 932**
Investment property	-	-	-	-	-	-	-	-	-	-	7 411	8 317	-	-	7 411	8 317	-	-	**7 411**	**8 317**
Inventory	1 141	1 739	249	6	845	552	166	304	1 371	987	575	506	160	-	4 507	4 094	-	-	**4 507**	**4 094**
Trade receivables	3 595	3 184	635	442	322	2 463	36	277	17	182	133	155	134	93	4 872	6 796	-	-	**4 872**	**6 796**
Investment in an associate and a joint venture	11 578	11 657	-	-	-	-	-	-	-	-	-	-	1 974	2 093	13 552	13 750	-	-	**13 552**	**13 750**
Other receivables	3 519	1 147	498	6 441	-	80	-	-	-	-	484	-	179	95	4 680	7 763	-	-	**4 680**	**7 763**
Financial investments	6	7	-	-	-	-	-	-	-	-	-	-	-	-	6	7	36	33	**42**	**40**
Other assets	3 443	3 069	680	857	2 095	2 958	25	45	117	115	-	-	286	209	6 646	7 253	-	-	**6 646**	**7 253**
Loans provided	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2 109	2 097	**2 109**	**2 097**
Cash and cash equivalents	5 941	9 485	4 619	1 996	3 012	2 791	1 078	891	422	140	344	-	129	250	15 545	15 553	55	-	**15 600**	**15 553**
Deferred tax receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4 182	3 907	**4 182**	**3 907**
Assets total	**350 241**	**333 331**	**78 762**	**84 375**	**87 562**	**82 452**	**21 021**	**21 985**	**5 202**	**4 959**	**14 845**	**12 686**	**8 415**	**8 461**	**566 048**	**548 249**	**8 619**	**8 512**	**574 667**	**556 761**
Loans and borrowings long-term	79 869	65 021	20 260	2 000	9 155	8 973	2 263	2 000	1 132	1 000	-	-	-	-	112 679	78 994	-	-	**112 679**	**78 994**
Lease liabilities	40 521	42 153	13 051	13 840	4 964	2 460	1 766	897	753	679	-	-	6 043	6 125	67 098	66 154	-	-	**67 098**	**66 154**
Other long-term liabilities	13 079	14 778	-	-	-	-	-	-	-	-	-	-	-	-	13 079	14 778	-	-	**13 079**	**14 778**
Loans and borrowings short-term	8 561	28 147	1 234	68	287	417	46	-	23	-	-	-	-	-	10 151	28 632	-	-	**10 151**	**28 632**
Trade payables	8 500	8 513	2 589	382	1 517	1 825	939	1 007	419	330	1 869	231	210	199	16 043	12 487	2 461	2 277	**18 504**	**14 764**
Other current liabilities	10 500	10 143	2 849	2 180	4 726	2 215	939	1 348	372	529	4 776	-	146	132	24 308	16 547	924	1 277	**25 232**	**17 824**
Provisions	1 231	1 920	288	81	220	139	120	76	51	32	57	36	34	40	2 001	2 324	-	-	**2 001**	**2 324**
Bonds issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	266 186	260 805	**266 186**	**260 805**
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26 730	27 363	**26 730**	**27 363**
Total liabilities	**162 261**	**170 675**	**40 271**	**18 551**	**20 869**	**16 029**	**6 073**	**5 328**	**2 750**	**2 570**	**6 702**	**267**	**6 433**	**6 496**	**245 359**	**219 916**	**296 301**	**291 722**	**541 660**	**511 638**

Information about operating segments – Consolidated statement of profit and loss

In 2022, the Group generates 75% (2021: 75%) of its revenues in the Slovak Republic, 13% in Poland (2021: 14%), 5% in the Czech Republic (2021: 5%) and 7% in Austria (2021: 6%). The Group reports the operating segment information that have been adjusted for intersegment transactions. Intersegment eliminations are included in the amounts reported for individual periods. No Group's client has exceeded the limit of 10% share in total revenues. Interest expense is divided based on managerial key.

Information about operating segments – Consolidated statement of financial position

As at 31 October 2022 the Group recognised the value of plant, property and equipment in the Slovak Republic of EUR 299,987 thousand (as at 31 October 2021: EUR 263,031 thousand), EUR 66,537 thousand in Poland (as at 31 October 2021: EUR 78,817 thousand), EUR 31,173 thousand. in Austria (as at 31 October 2021: EUR 32,432 thousand) and EUR 7,264 thousand. in the Czech Republic (as at 31 October 2021: EUR 6,128 thousand). The total value of the deferred tax liability from the subsidiaries and in Austria is EUR 4,404 thousand (2021: 4,503 thousand), in Slovakia is EUR 19,031 thousand (as at 31 October 2021: EUR 15,661 thousand), in Czech Republic is EUR 944 thousand (as at 31 October 2021: EUR 977 thousand) and in Poland is EUR 2,352 thousand (as at 31 October 2021: EUR 6,223 thousand). Inter-segment eliminations are included in the amounts reported for individual periods. Inter-segment prices are determined on the basis of market rates for similar services and financing. Bonds Issued in the Other category were not used to finance specific projects.

5. Increase, Decrease and Sale of Shares in Companies

(a) Subsidiaries

On 1 July 2022, the Company acquired a 100% share in the European company GOPASS SE with a place of business in the Czech Republic and a share capital of CZK 2,924 thousand, which will serve the purpose of expanding in the European market. This company was established solely for the purpose of further sale to the Group and before acquisition of 100% share by the Parent Company it did not carry out any business activity. By its purchase the Group acquired only receivable from unpaid share capital in the amount of CZK 2,924 thousand (equivalent to EUR 118 thousand), which was not paid as at the date of acquisition. The consideration transferred in the amount of CZK 2,924 was settled in cash.

On 22 June 2022, for the purpose of providing services within the TMR Group, International TMR services s.r.o. was founded in the Czech Republic with a share capital of CZK 200 thousand, 100% owned by the Company.

The table below provides an overview of subsidiaries acquired in 2022:

in TEUR	**Date of acquisition (acquisition of control)**	**Acquisition price**	**Increase/ (Decrease) of cash**	**Share of Group after acquisition %**
Acquisition of subsidiaries				
GOPASS SE	1.7.2022	118	-118	100%
WORLD EXCO s.r.o.	31.3.2022	20	105	100%
EUROCOM Investment, s.r.o.	31.3.2022	16 389	3 083	100%

On 31 March 2022, the Group acquired a 100% share and control in company WORLD EXCO s.r.o. The acquired company operates a congress center in Bešeňová.

The total value of the acquired assets in WORLD EXCO s.r.o. was reassessed to the fair value of EUR 3,096 thousand and the total value of liabilities to EUR 1,526 thousand as at the acquisition date. The transaction resulted in a bargain purchase gain of EUR 1,550 thousand. The consideration transferred of EUR 20 thousand was fully paid and settled in cash.

Additions due to the acquisition of companies in 2022, related to WORLD EXCO s.r.o., had the following effect on the Group's assets and liabilities (information related to acquisition of assets is described in Note 3 (a) – Business combinations and purchase price allocation):

in TEUR	**WORLD EXCO s.r.o.**
Property, plant and equipment	2 898
Cash and cash equivalents	105
Other assets	93
Deferred tax liability	-200
Loans and borrowings	-361
Trade payables	-7
Provisions	-10
Other current liabilities	-948
Net identified assets and liabilities	**1 570**
Consideration transferred	-20
Gain from bargain purchase	**1 550**
Consideration paid, cash settlement	-20
Cash acquired	105
Net cash income / (expenditure)	**85**

From the acquisition date the company WORLD EXCO s.r.o. contributed EUR 209 thousand to consolidated revenues and a profit of EUR 1,612 thousand to the total consolidated comprehensive result (including the bargain purchase gain of EUR 1,550 thousand). If the acquisition had been made at the beginning of the period presented, the revenues of WORLD EXCO s.r.o. would have contributed EUR 397 thousand to consolidated revenues and a profit of EUR 1,947 thousand to the total consolidated comprehensive result.

On 31 March 2022, the Group also acquired a 100% share and control in EUROCOM Investment, s.r.o. The acquired company operates the Bešeňová water park, Hotel Galeria Thermal and Hotel Bešeňová.

The total value of the acquired assets in EUROCOM Investment, s.r.o. was reassessed to the fair value of EUR 46,474 thousand and the total value of liabilities to EUR 18,473 thousand as at the acquisition date.

The transaction resulted in a bargain purchase gain of EUR 11,612 thousand.

The Group identified previously unrecognized lease-related liabilities and assets, measured at the present value of future lease payments in accordance with the accounting policies applied by the Group for IFRS 16.

The consideration transferred of EUR 16,389 thousand was partially set-off with the advance payment of EUR 6,388 thousand and the rest of the consideration transferred of EUR 10,001 thousand was paid and settled in cash.

Additions due to the acquisition of companies in 2022, related to EUROCOM Investment, s.r.o. had the following effect on the Group's assets and liabilities (information related to acquisition of assets is described in Note 3 (a) - Business combinations and purchase price allocation):

in TEUR	**EUROCOM Investment, s.r.o.**
Intangible assets	628
Property, plant and equipment	31 487
Right-of-use of leased assets	1 121
Deferred tax asset	135
Inventories	16
Trade receivables	388
Loans provided	7 802
Other receivables	213
Cash and cash equivalents	3 083
Other assets	1 601
Deferred tax liability	-2 264
Loans and borrowings	-11 360
Lease liabilities	-1 121
Trade payables	-1 455
Provisions	-33
Other current liabilities	-2 240
Net identified assets and liabilities	**28 001**
Consideration transferred	-16 389
Gain from bargain purchase	**11 612**
Consideration paid, cash settlement	-10 001
Cash acquired	3 083
Net cash income / (expenditure)	**-6 918**

From the acquisition date the company EUROCOM Investment, s.r.o. contributed EUR 10,081 thousand to consolidated revenues and a profit of EUR 12,293 thousand to the total consolidated comprehensive result (including the bargain purchase gain of EUR 11,612 thousand). If the acquisition had been made at the beginning of the period presented, the revenues of EUROCOM Investment, s.r.o. would have contributed EUR 14,175 thousand to consolidated revenues and a profit of EUR 12,609 thousand to the total consolidated comprehensive result.

On 4 June 2021, GOPASS, a. s. was founded with registered capital of EUR 25 thousand. The Parent Company became its sole shareholder.

The table below provides an overview of subsidiaries acquired in 2021:

in TEUR	**Date of acquisition (acquisition of control)**	**Acquisition price**	**Increase/ (Decrease) of cash**	**Share of Group after acquisition %**
Acquisition of subsidiaries				
Muttereralm Bergbahnen Errichtungs GmbH	1.5.2021	4 127	402	100%

On 1 May 2021, the Parent Company acquired a 100% stake in Muttereralm Bergbahnen Errichtungs GmbH, amounting to EUR 4,127 thousand. The acquired company operates a ski resort in Austria.

The total value of the acquired assets for Muttereralm Bergbahnen Errichtungs GmbH was reassessed to the fair value of EUR 10,260 thousand and the total value of liabilities to EUR 5,377 thousand as at the acquisition date.

The transaction resulted in a bargain purchase gain of EUR 756 thousand.

The Group identified previously unrecognized lease-related liabilities and assets, measured at the present value of future lease payments in accordance with the accounting policies applied by the Group for IFRS 16.

From the acquisition date, Muttereralm Bergbahnen Errichtungs GmbH contributed EUR 1,460 thousand to consolidated revenues and a profit of EUR 348 thousand to the total consolidated comprehensive result (including the bargain purchase gain of EUR 756 thousand). If the acquisition had been made at the beginning of the period presented, the revenues of Muttereralm Bergbahnen Errichtungs GmbH would have contributed EUR 2,710 thousand to consolidated revenues and a loss of EUR 500 thousand to the total consolidated comprehensive result.

Additions due to the acquisition of companies in 2021, related to Muttereralm Bergbahnen Errichtungs GmbH, had the following effect on the Group's assets and liabilities (information related to acquisition of assets is described in Note 3 (a)):

in TEUR	**Muttereralm Bergbahnen Errichtungs GmbH**
Property, plant and equipment	5 260
Right-of-use of leased assets	3 312
Deferred tax asset	761
Inventories	319
Trade receivables	110
Other receivables	87
Cash and cash equivalents	402
Other assets	9
Lease liabilities	-3 312
Trade payables	-650
Provisions	-1 071
Other current liabilities	-344
Net identified assets and liabilities	**4 883**
Consideration transferred	-4 127
Gain from bargain purchase	**756**
Consideration paid, cash settlement	-3 250
Cash acquired	402
Net cash income / (expenditure)	**-2 848**

Of the consideration transferred totaling EUR 4,127 thousand, EUR 3,250 thousand represents the paid purchase price and EUR 877 thousand is a contingent portion of the purchased price conditional on the seller fulfilling contractual obligations and recognized under other liabilities.

The table below provides an overview of sold shares in subsidiaries in 2022:

in TEUR	Date of disposal (loss of control)	Sale price	Increase of cash flow	Share of Group before disposal %
Disposal of subsidiaries				
TIKAR d.o.o.	30.9.2022	2 350	2 347	51%

Disposals due to the sale of subsidiary Tikar d.o.o. in 2022 had the following effect on the Group's assets and liabilities:

in TEUR	**TIKAR d.o.o.**
Intangible assets	-161
Trade receivables	-1 892
Cash and cash equivalents	-3
Other assets	-609
Loans and borrowings	-2 015
Trade payables	5
Other current liabilities	2 229
Net identified assets and liabilities	**-2 446**
Non-controlling interest	-384
Foreign currency translation reserve	-2
Consideration received	2 350
Loss from disposal of subsidiary	**-482**
Consideration received, cash settlement	2 350
Cash disposal	-3
Net cash income / (expenditure)	**2 347**

(b) Associates and joint ventures

The Group did not enter into any transactions related to associates and joint ventures between 1 November 2021 and 31 October 2022.

For further information about financial investments see Note 25 – Financial investments.

The table below provides an overview of selected financial information for the period from 1 November 2021 to 31 October 2022 for associates and joint ventures and the book value of the Group's share in these companies:

in TEUR	**MELIDA, a.s. (25% share)**	**OSTRAVICE HOTEL a.s. (50% share)**
Net profit / (loss) for the year	-613	-16
Assets	75 172	5 465
Liabilities	-29 634	-1 129
Equity	**45 538**	**4 336**
in TEUR		
Share of equity as at 1 November	**11 677**	**2 073**
Share of the profit / (loss)	-155	-8
Dividends received during the year	-	-
Foreign exchange difference	-138	103
Share of equity as at 31 October 2022	**11 384**	**2 168**

The table below provides an overview of selected financial information for the period from 1 November 2020 to 31 October 2021 for associates and joint ventures and the book value of the Group's share in these companies:

in TEUR	**MELIDA, a.s. (25% share)**	**OSTRAVICE HOTEL a.s. (50% share)**
Net profit / (loss) for the year	-3 967	-16
Assets	71 970	4 869
Liabilities	-25 261	-725
Equity	**46 709**	**4 144**
in TEUR		
Share of equity as at 1 November/ at the acquisition date	**11 904**	**1 961**
Share of the profit / (loss)	-992	-8
Dividends received during the year	-	-
Foreign exchange difference	765	120
Share of equity as at 31 October 2021	**11 677**	**2 073**

6. Sales

in TEUR	1.11.2021 - 31.10.2022	1.11.2020 - 31.10.2021
Mountain Resorts	50 932	17 862
Hotels	37 709	15 665
Restaurant facilities	19 501	8 951
Leisure Parks	16 554	7 440
Real Estate Projects	1 055	10 004
Sports Services and Stores	5 321	2 867
Golf	740	669
Total	**131 812**	**63 458**

7. Other Operating Revenues

in TEUR	1.11.2021 - 31.10.2022	1.11.2020 - 31.10.2021
Claims paid by insurance company	375	501
Other operating revenue	1 434	738
Total	**1 809**	**1 239**

Other operating revenues during financial year 2022 are mainly revenues from own electricity generation from the cogeneration unit in the amount of EUR 483 thousand, revenues from the subsidy received to cover the operating costs of the bike park in the amount of EUR 400 thousand and deferred income from ski passes in the amount of EUR 195 thousand. This item also includes revenues related to the allowance for the provision of practical teaching in the dual education system, in the amount EUR of 62 thousand, and the allowance for the provision of accommodation to refugees in the context of the war in Ukraine, in the amount of EUR 32 thousand.

8. Consumption of Material and Goods

in TEUR	1.11.2021 - 31.10.2022	1.11.2020 - 31.10.2021
Material in hotels and restaurant facilities	-8 916	-3 874
Chalets sold	-529	-8 032
Goods	-3 169	-2 570
Fuels	-1 215	-519
Material for repair and maintenance	-997	-839
Material and goods – other	-4 244	-2 429
Total	**-19 070**	**-18 263**

9. Purchased Services

in TEUR	1.11.2021 - 31.10.2022	1.11.2020 - 31.10.2021
Energy consumption	-16 273	-5 783
Advertisement expenses	-2 348	-1 903
Rental costs (cost of premises) and others	-4 029	-1 080
Other administrative expenses	-3 130	-2 312
Communication expenses	-2 334	-1 616
Repairs and maintenance expenses	-4 093	-2 413
Legal advice expenses	-2 441	-1 441
Services related to owned premises	-727	-375
Transport, accommodation, travel expenses	-364	-284
Training expenses	-131	-67
Other purchased services	-5 242	-2 513
State aid related to rental costs	501	2 458
State aid related to other costs	932	1 040
Total	**-39 679**	**-16 289**

Electricity and natural gas prices in 2022 within the European Union were well above the average of the previous years, causing a significant increase in energy consumption.

Other purchased services during financial year 2022 represent various expenses of the Group related to its operation, such as washing and cleaning costs in the amount of EUR 1,364 thousand, as well as costs related to the provision of music and animation for clients in the amount of EUR 532 thousand and the cost of guard and security services in the amount of EUR 284 thousand. Other purchased services represent also the accounting, audit and other expenses related to administrative operation of the Group. The Group uses services of KPMG Slovensko spol. s r.o. auditing company for the auditing of separate and consolidated financial statements. Between 1 November 2021 and 31 October 2022, the expense of these items represented EUR 178 thousand (for the period ended on 31 October 2021: EUR 165 thousand) for auditing of year-end financial statements and EUR 69 thousand (for the period ended on 31 October 2021: EUR 40 thousand) for other assurance services. For the period ending 31 October 2022 the Group also used the audit services of KPMG Audyt Sp. z o.o. sp.k. to verify the separate financial statement and group reporting packages for the company Szczyrkowski Ośrodek Narciarski, S.A. and the company Ślaskie Wesole Miasteczko Sp. z o.o.. The cost of these items in the period from 1 November 2021 to 31 October 2021 amounted to EUR 53 thousand (for the period ending on 31 October 2021: EUR 46 thousand).

10. Personnel Expenses

in TEUR	1.11.2021 - 31.10.2022	1.11.2020 - 31.10.2021
Wages and salaries	-25 450	-18 123
Personnel leasing	-6 735	-2 950
Social security (compulsory)	-9 499	-6 751
Remuneration of members of key management and Supervisory Board	-1 925	-836
Other social expenses	-18	-15
State aid related to wages and salaries	383	6 549
Total	**-43 244**	**-22 126**

The average number of Group employees during the period from 1 November 2021 to 31 October 2022 was 1,359, out of which 20 were management (from 1 November 2020 to 31 October 2021, it was 1,193 employees, out of which 21 were management). During the year, the Group used the services of employment agencies for short-term personnel leasing. From 1 November 2021 to 31 October 2022, it was 707 employees (from 1 November 2020 to 31 October 2021: 72 employees).

The table below provides an overview of the Group's key management remuneration for the period from 1 November 2021 to 31 October 2022:

in TEUR

Remuneration of members of key management	Basic remuneration	Extraordinary bonuses	Variable component of renumeration	Total
Board of Directors	192	-	941	1 133
Board of Supervisors	79	-	-	79
Top management	416	297	-	713
Audit Committee	-	-	-	-
Total	**687**	**297**	**941**	**1 925**

The table below provides an overview of the Group's key management remuneration for the period from 1 November 2020 to 31 October 2021:

in TEUR

Remuneration of members of key management	Base remuneration	Extraordinary bonuses	Variable component of renumeration	Total
Board of Directors	192	-	-	192
Board of Supervisors	74	-	-	74
Top management	350	220	-	570
Audit Committee	-	-	-	-
Total	**616**	**220**	**-**	**836**

Based on organization structure of the Group effective 1 November 2019, the 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 2022, base remuneration for top management amounted to EUR 416 thousand (in the period between 1 November 2020 and 31 October 2021: EUR 350 thousand). The extraordinary remuneration for the members of the top management amounted to EUR 297 thousand (from 1 November 2020 to 31 October 2021: EUR 220 thousand) in salary for the month of March 2022, based on the decision of the Board of Directors in view of the financial results achieved by the Group for the winter season 2021/2022. The Board of Directors of the Parent Company has decided to decide on the payment of additional remuneration to members of the top management only in the month of March 2023, based on the results of the financial year ending on 31 October 2022 and the results of the Group achieved in the winter season 2022/2023.

Members of the Board of Directors, in accordance with the Rules of Remuneration of Company Bodies of the Parent Company dated 29 April 2020 (hereinafter referred to as the "Rules of Remuneration "), are granted remuneration for the performance of the duties of a member of the Board of Directors of the Parent Company, which consists of a fixed component of remuneration and a variable component of remuneration. The amount of the fixed component of the remuneration is agreed with the member of the Board of Directors in accordance with the Remuneration Rules in the contract for the performance of the duties of a member of the Board of Directors, which has been approved by the Supervisory Board of the Parent Company. For the year ended 31 October 2022 fixed remuneration components was paid out in the amount of EUR 192 thousand (from 1 November 2020 to 31 October 2021: EUR 192 thousand). The variable remuneration component shall be paid to the Members of the Board of Directors after the criteria defined in the Remuneration Rules have been met, the main criterion being the achievement of EBITDA, at the earliest payout date specified in the Group for the payment of salaries to employees after the publication of the Group's consolidated statutory financial statements for the financial year for which the remuneration is paid. The total amount of the claimable variable component of the renumeration in the value of EUR 941 thousand represents a provision for the variable remuneration component of the members of the Board of Directors for the period from 1 November 2021 to 31 October 2022. The year-on-year increase occurred due to the fulfillment of the criteria set for the award of the variable remuneration component (fulfillment of the EBITDA plan).

The members of the Supervisory Board are paid fixed components of remuneration in accordance with the Rules on remuneration of members of the Supervisory Board and concluded contracts for the performance of their duties, the variable components of remuneration shall not be paid to the members of the Supervisory Board. For the year ending 31 October 2022, basic remuneration totaled 79 thousand (in the period between 1 November 2020 and 31 October 2021: EUR 74 thousand).

11. Other Operating Expenses

in TEUR	**1.11.2021 - 31.10.2022**	**1.11.2020 - 31.10.2021**
Insurance (property, automobiles, travel cost)	-793	-723
Fees and commissions	-658	-177
Shortages and losses	-112	-72
Other operating cost	-195	-72
Total	**-1 758**	**-1 044**

12. Finance Income and Expenses

in TEUR	**1.11.2021 - 31.10.2022**	**1.11.2020 - 31.10.2021**
Interest income calculated using effective interest rate	47	153
Financing cost	-22 915	-21 708
Total	**-22 868**	**-21 555**

For the period from 1 November 2021 to 31 October 2022, the interest income calculated using the effective interest rate of EUR 47 thousand (from 1 November 2020 to 31 October 2021 in the amount of EUR 153 thousand) is mainly from the fixed-rate loans provided. See Note 21 – Loans provided.

The table below shows the composition of financing cost:

in TEUR	**1.11.2021 - 31.10.2022**	**1.11.2020 - 31.10.2021**
Interest expense related to loans and borrowings and leasing	-6 085	-5 334
Interest expense from bonds issued	-14 526	-14 183
Interest expense from leasing	-3 096	-2 859
Income associated with hedging derivative transaction SWAP	792	668
Financing cost total	**-22 915**	**-21 708**

For information about received loans and borrowings see Note 28 – Loans and Borrowings.

For information about bonds issued see Note 34 – Bonds Issued.

For information about leases see Note 29 – Lease Liabilities.

In the period from 1 November 2021 to 31 October 2022, the Group capitalised the interest expenses into the assets in the amount of EUR 243 thousand (from 1 November 2020 to 31 October 2021, the Group capitalised interest expenses into the assets in amount of EUR 483 thousand). Interest rate used for interest expense capitalisation was 7.44% in the period from 1 November 2021 to 31 October 2022 (from 1 November 2020 to 31 October 2021 6.22%).

13. Net Profit / (loss) on financial operations

in TEUR	1.11.2021 - 31.10.2022	1.11.2020 - 31.10.2021
Cost of administration of financial instruments	-593	-418
Other, net	-1 763	288
Total	**-2 356**	**-130**

In the period from 1 November 2021 to 31 October 2022, the Group reported a loss on financial operations of EUR 2,356 thousand (from 1 November 2020 to 31 October 2021 a loss of EUR 130 thousand). The loss on financial operations in the current period was primarily caused by weakening of the Polish zloty, which resulted in the revaluation of loans received in euros in Polish companies.

14. Current and Deferred Income Tax

Deferred income taxes are calculated using statutory tax rates which are expected in the period in which a receivable is realized, or a liability is settled.

In order to calculate deferred tax from temporary differences incurred in the Slovak Republic, the Group used a 21% rate for the year 2022, resulting from the corporate income tax rate applicable on the date of preparation of the financial statements. To calculate deferred tax from temporary differences incurred in Poland and Czech, the Group used a 19% tax rate. The Group used a 25% tax rate in Austria as per the income tax rate of legal entities effective as at the date the financial statements were prepared on. (As at 31 October 2021 the Group used a rate of 12% to calculate deferred tax on temporary differences arising in the Republic of Croatia.) The individual tax rates used to calculate deferred taxes on temporary differences have not changed in any of the countries in which the Group operates compared to the previous accounting period.

Income tax reported through other comprehensive income:

in TEUR	1.11.2021 - 31.10.2022	1.11.2020 - 31.10.2021
Current tax:		
Tax of current accounting period	-775	-67
Withholding tax on interest	-1	-3
	-776	**-70**
Deferred tax:		
Posting and release of temporary differences	3 068	710
Change of tax rate	-	-
Total income tax	**2 292**	**640**

Reconciliation of the effective tax rate

in TEUR	1.11.2021 - 31.10.2022		1.11.2020 - 31.10.2021	
	%		**%**	
Profit / (loss) before taxes		**-14 239**		**-46 516**
Tax rate	21%	-2 990	21%	-9 768
Tax non-deductible expenses	-8%	1 086	-1%	622
Income not subject to tax	18%	-2 539	3%	-1 349
Current tax: withholding tax on interest	0%	1	0%	-60
Tax losses claimed during the period	4%	-552	2%	-729
Deferred tax asset not recognized	-19%	2 740	-22%	10 394
Impact of Polish, Czech, Austrian, and Croatian tax rate	0%	-38	-1%	250
Total	**16%**	**-2 292**	**1%**	**-640**

Income tax reported through other comprehensive income:

	1.11.2021 - 31.10.2022			1.11.2020 - 31.10.2021		
in TEUR	**Before taxes**	**Tax**	**After taxes**	**Before taxes**	**Tax**	**After taxes**
Other comprehensive income that may be reclassified to profit / (loss) in subsequent periods (net of tax):						
Net gain/(loss) on cash flow hedges	-1 396	-293	-1 103	-2 467	-518	-1 949
Other comprehensive income	**-1 396**	**-293**	**-1 103**	**-2 467**	**-518**	**-1 949**

Movements of deferred tax liability (net) during 2022 and 2021

2022

in TEUR	Balance as at 1 November 2021	Reported in profit and loss statement	Reported in other comprehensive income	Effect of foreign exchange difference	Acquired through business combination	Balance as at 31 October 2022
Property, plant and equipment, and intangible assets	-25 465	1 837	-	-91	-2 464	-26 183
Investment property	-785	190	-	-	-	-595
Losses on impairment of trade receivables and other assets	512	-259	-	-1	7	259
Cash Flow hedge	398	-	293	-	-	691
Provisions and liabilities	587	1 037	-	-31	128	1 721
Leases (IFRS 16)	-181	421	-	-	-	240
Tax losses	753	-283	-	-1	-	469
Other temporary differences	725	149	-	-1	-	873
Total, net	**-23 456**	**3 091**	**293**	**-124**	**-2 329**	**-22 525**

2021

in TEUR	Balance as at 1 November 2020	Reported in profit and loss statement	Reported in other comprehensive income	Effect of foreign exchange difference	Acquired through business combination	Balance as at 31 October 2021
Property, plant and equipment, and intangible assets	-29 067	2 620	-	221	761	-25 465
Investment property	-1 137	352	-	-	-	-785
Losses on impairment of trade receivables and other assets	64	447	-	1	-	512
Cash Flow hedge	-120	-	518	-	-	398
Provisions and liabilities	2 510	-2 073	-	150	-	587
Leases (IFRS 16)	-79	-102	-	-	-	-181
Tax losses	1 538	-826	-	41	-	753
Other temporary differences	434	291	-	-	-	725
Total, net	**-25 857**	**710**	**518**	**412**	**761**	**-23 456**

15. Property, Plant and Equipment

in TEUR	Land and buildings	Individual movable assets and sets of movable assets	Assets under construction	Total
Cost				
Opening balance as at 1.11.2020	351 027	167 816	19 929	538 772
Additions	1 689	1 161	6 971	9 821
Additions due to business combinations	1 723	3 478	59	5 261
Disposals	-10 181	-6 139	-364	-16 684
Transfer from/to Investment property	1 111	-	-	1 111
Transfer from an Asset with a right of use	-	1 678	-	1 678
Transfer from/to Assets held for sale	-	-5	-	-5
Transfers within assets	8 078	6 291	-14 369	-
Foreign exchange difference	273	263	186	722
Balance as at 31.10.2021	**353 720**	**174 544**	**12 412**	**540 676**
Opening balance as at 1.11.2021	353 720	174 544	12 412	540 676
Additions	2 023	1 482	19 674	23 179
Additions due to business combinations	33 487	898	-	34 385
Disposals	-5 874	-1 149	-298	-7 321
Transfer from Right-of-use of leased assets	-	350	-	350
Transfers within assets	1 240	601	-1 841	-
Foreign exchange difference	-1 066	319	-213	-960
Balance as at 31.10.2022	**383 530**	**177 045**	**29 734**	**590 309**
Accumulated depreciation and losses from impairment of assets				
Opening balance as at 1.11.2020	-78 206	-69 183	-	-147 388
Depreciation of current accounting period	-9 734	-11 009	-	-20 743
Decreases	7 977	6 121	-	14 097
Impairment of assets	-4 293	-531	-	-4 824
Transfer from/to Investments in real property	-	173	-	173
Transfer from/to Assets held for sale	-	5	-	5
Transfer from an Asset with a right of use	-	-896	-	-896
Transfer from/to Goodwill and intangible assets	-18	-	-	-18
Transfers within assets	-191	191	-	-
Foreign exchange difference	-339	-335	-	-674
Balance as at 31.10.2021	**-84 805**	**-75 464**	**-**	**-160 269**
Opening balance as at 1.11.2021	-84 805	-75 464	-	-160 269
Depreciation of current accounting period	-12 452	-9 806	-	-22 258
Decreases	2 077	1 091	-	3 168
Impairment of assets	-5 398	-579	-	-5 977
Transfer from Right-of-use of leased assets	-	-172	-	-172
Foreign exchange difference	349	-188	-	161
Balance as at 31.10.2022	**-100 229**	**-85 118**	**-**	**-185 347**
Carrying value				
As at 1.11.2020	**272 821**	**98 634**	**19 929**	**391 384**
As at 31.10.2021	**268 916**	**99 080**	**12 412**	**380 408**
As at 1.11.2021	**268 916**	**99 080**	**12 412**	**380 408**
As at 31.10.2022	**283 301**	**91 927**	**29 734**	**404 962**

In the period from 1 November 2021 to 31 October 2022, the Group carried out investments amounting to EUR 23,179 thousand. From the total value the Group invested EUR 20,286 thousand in Slovakia. The Group invested EUR 10,446 thousand in the construction of the Biela Púť – Priehyba - cableway, EUR 3,689 thousand in the continuation of the construction of the Centrum Jasná complex and completely strengthened snowmaking worth EUR 1,903 thousand. The Group also acquired the gastronomic facility, named Humno, in Tatranská Lomnica worth EUR 780 thousand, invested EUR 402 thousand in the completion of water reservoir, named Zadné vody, EUR 317 thousand in the reconstruction of spiral chute in the Aquapark Tatralandia, EUR 195 thousand in the expansion of the capacity of the Bistro Bešeňová gastronomic facility and also made other minor investments.

In the Republic of Poland, the Group invested EUR 637 thousand in the period from 1 November 2021 to 31 October 2022, of which in the Szczyrk resort the Group made investments in the gastronomic facilities and improving the safety of the bike park worth EUR 153 thousand, invested EUR 113 thousand in the purchase of land and also made other minor investments. In Legendia resort in Chorzów, the Group made various operational investments worth EUR 155 thousand.

In the Czech Republic, the Group invested a total of EUR 1,343 thousand. In the Ještěd resort, the Group invested an amount of EUR 773 thousand in the completion of the investment project "Nová Skalka" and financed various small operational investments in the amount of EUR 388 thousand. Within the golf segment in the resorts of Ostravice and Kaskáda, the Group invested EUR 182 thousand in several small investments.

In Austria, the Group invested a total of EUR 913 thousand of which EUR 561 in Muttereralm resort and EUR 352 thousand in Mölltaler and Ankogel resorts. At the Muttereralm resort, the Group invested EUR 323 thousand in the development of an existing bike park and also made other smaller investments. In Mölltaler and Ankogel resorts, the Group invested EUR 119 thousand in a new access system and also made other minor investments.

In the period from 1 November 2020 to 31 October 2021, the Group made investments in total amount of EUR 9,821 thousand. Of this value, the Group invested EUR 4,307 thousand in Slovakia. The Group invested EUR 1,400 thousand in the construction of Biela Púť - Priehyba cableway, acquired an indoor swimming pool of EUR 540 thousand located in the FIS Hotel area at Štrbské pleso, invested EUR 398 thousand to complete the water reservoir, named Zadné vody, EUR 325 thousand to continue the construction of the Centrum Jasná complex, EUR 266 thousand to renovate the Chivas bar in Hotel Pošta, and made other minor investments. As at 30 April 2021, the Group terminated the investment property lease and relaunched the operation of Hotel SKI in the Jasná resort. Accordingly, Hotel SKI was transferred from the Investment property category to the Property, plant and equipment category, in the amount of EUR 1,111 thousand.

The Group also reclassified right-of-use assets in the net book value of EUR 782 thousand due to termination of financial leases during the period from 1 November 2020 to 31 October 2021.

In the Republic of Poland, the Group invested EUR 2,087 thousand in the period from 1 November 2020 to 31 October 2021, out of which EUR 361 thousand was invested in the Szczyrk resort to improve the artificial snow, amount of EUR 64 thousand to increase the security of Hotel Gronie, EUR 40 thousand for landscaping and widening of the slopes, and the Group also made other smaller investments in this resort.

In the period from 1 November 2020 to 31 October 2021, the Group invested EUR 77 at the Legendia Center in Chorzów into various small investments. The Group also invested EUR 959 thousand in the purchase of land in village of Zawoja, on which the buildings of the subsidiary Korona Ziemi stand, which were previously rented by Korona Ziemi.

In the Czech Republic, in the Ještěd resort, the Group invested EUR 2,398 thousand, of which EUR 1,967 thousand in the “Nová Skalka” investment project, which consists of a ski slope, artificial snow machinery and the construction of artificial lighting. The Group invested EUR 358 thousand in construction of a new catering facility and made other small investments. Within the golf segment in the Ostravice and Kaskáda resorts, the Group invested EUR 65 thousand in small investment projects.

In Austria, the Group invested a total of EUR 964 thousand, including EUR 405 thousand at the Mölltaler and Ankogel resorts for new avalanche barriers to increase the safety of clients, EUR 135 thousand for the purchase of new snow guns and EUR 130 thousand for the purchase of a new snow groomer. At the Muttereralm resort, it invested EUR 101 thousand in minor investment projects.

The Group also made other small investments in Slovakia, the Republic of Poland, Austria and the Czech Republic.

Unused assets and fully depreciated used assets

As at 31 October 2022 and 2021, the Group reported no unused assets. As at 31 October 2022 the Group used fully depreciated assets in the acquisition cost of EUR 29,846 thousand (2021: EUR 20,977 thousand).

Impairment loss

For the period ending as at 31 October 2022, for the location of SWM (CGU) in the Republic of Poland, the impairment test showed the need for impairment of fixed assets in a total amount of EUR 5,397 thousand (31 October 2021: EUR 4,824 thousand), of which EUR 5,180 thousand (31 October 2021: EUR 4,293 thousand) related to land and buildings, a value of EUR 60 thousand (31 October 2021: EUR 531 thousand) to individual movable assets and sets of movable assets and a value of EUR 0 thousand (31 October 2021: EUR 0 thousand) to software.

For the period ending on 31 October 2022, for the location of Muttereralm (CGU) in Austria, the impairment test showed the need for impairment of fixed assets for a total amount of EUR 737 thousand, of which EUR 217 thousand related to land and buildings, the value of EUR 520 thousand to individual movable assets and sets of movable assets.

Information on the assets impairment testing is described in Note 3 (d).

Insurance of assets

in TEUR	**31.10.2022**	**31.10.2021**
Natural disaster and vandalism	772 245	661 878
General machinery risks	59 056	54 204
Liability for damage	52 963	39 615

Security

As at 31 October 2022, Property, plant and equipment in the amount of EUR 372,711 thousand were used to secure bank loans (as at 31 October 2021: in the amount of EUR 313,615 thousand).

Capitalized borrowing costs

As at 31 October 2022, the Group capitalized interest on loans into assets in the amount of EUR 243 thousand (as at 31 October 2021: the Group capitalized interest on loans into assets in the amount of EUR 483 thousand).

16. Right-of-use Leased Assets

Movements in the carrying amounts of property, plant and equipment acquired through leasing were as follows:

in TEUR	**Land and buildings**	**Individual movable assets and sets of movable assets**	**Total**
Cost			
Opening balance as at 1.11.2020	**68 831**	**8 869**	**77 700**
Additions	667	2 031	2 698
Additions due to business combinations	2 959	353	3 312
Transfer to Property, plant and equipment	-	-1 678	-1 678
Disposals	-207	-321	-528
Modifications	1 487	-103	1 384
Foreign exchange difference	379	12	391
Balance as at 31.10.2021 / 01.11.2021	**74 116**	**9 163**	**83 279**
Additions	1 818	955	2 773
Additions due to business combinations	1 121	-	1 121
Transfer to Property, plant and equipment	-	-350	-350
Disposals	-907	-871	-1 778
Modifications	1 606	174	1 780
Foreign exchange difference	-57	3	-54
Balance as at 31.10.2022	**77 697**	**9 075**	**86 772**
Accumulated depreciation			
Opening balance as at 1.11.2020	**-5 522**	**-2 868**	**-8 390**
Depreciation of current accounting period	-3 654	-1 594	-5 248
Transfer to Property, plant and equipment	-	896	896
Decreases	89	321	410
Modifications	-	10	10
Foreign exchange difference	-23	-2	-25
Balance as at 31.10.2021 / 01.11.2021	**-9 110**	**-3 237**	**-12 347**
Depreciation of current accounting period	-4 197	-1 666	-5 863
Transfer to Property, plant and equipment	-	172	172
Decreases	907	876	1 783
Modifications	2	-23	-21
Foreign exchange difference	4	-1	3
Balance as at 31.10.2022	**-12 394**	**-3 879**	**-16 273**
Carrying value			
As at 31.10.2021	**65 006**	**5 926**	**70 932**
As at 31.10.2022	**65 303**	**5 196**	**70 499**

17. Goodwill and Intangible Assets

in TEUR	Goodwill	Valuable rights	Software	Acquired intangible assets	Total
Cost					
Opening balance as at 1.11.2020	32 323	6 810	3 990	707	43 830
Additions	-	57	584	93	734
Disposals	-	-	-156	-	-156
Transfers within assets	-	14	651	-665	-
Foreign exchange difference	1	49	12	-	62
Balance as at 31.10.2021	**32 324**	**6 930**	**5 080**	**135**	**44 470**
Opening balance as at 1.11.2021	32 324	6 930	5 080	135	44 470
Additions	-	19	396	22	437
Additions due to business combinations	-	595	33	-	628
Disposals	-	-	-	-24	-24
Disposals due to disposal of subsidiaries	-161	-	-	-	-161
Transfers within assets	-	-	110	-110	-
Foreign exchange difference	-22	43	-3	-	18
Balance as at 31.10.2022	**32 141**	**7 587**	**5 616**	**23**	**45 367**
Accumulated depreciation and losses from impairment of assets					
Opening balance as at 1.11.2020	-4 390	-1 039	-2 774	-	-8 203
Depreciation of current accounting period	-	-205	-576	-	-782
Decreases	-	27	156	-	183
Transfers within assets	-	-15	15	-	-
Foreign exchange difference	92	99	-8	-	183
Balance as at 31.10.2021	**-4 298**	**-1 134**	**-3 187**	-	**-8 618**
Opening balance as at 1.11.2021	-4 298	-1 134	-3 187	-	-8 618
Depreciation of current accounting period	-	-572	-558	-	-1 130
Foreign exchange difference	22	-38	3	-	-13
Balance as at 31.10.2022	**-4 276**	**-1 744**	**-3 742**	-	**-9 762**
Carrying value					
As at 1.11.2020	**27 933**	**5 771**	**1 216**	**707**	**35 627**
As at 31.10.2021	**28 026**	**5 796**	**1 893**	**135**	**35 851**
As at 1.11.2021	**28 026**	**5 796**	**1 893**	**135**	**35 851**
As at 31.10.2022	**27 865**	**5 843**	**1 874**	**23**	**35 605**

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

18. Investment Property

in TEUR	**31.10.2022**	**31.10.2021**
Acquisition price		
Opening balance as at 1.11.2021 / 1.11.2020	8 317	9 428
Transfer from/to Property, Plant and Equipment	-	-1 111
Revaluation at fair value	-906	-
Balance as at 31.10.2022 / 31.10.2021	**7 411**	**8 317**

As at 31 October 2022, the investment property covers two hotels (Liptov, Kosodrevina), the accommodation facility Otupné, Chata Solisko and Vila Zámoček with the aggregate book value of EUR 1,789 thousand (as at 31 October 2021: EUR 2,695 thousand), which are leased out to third parties that operate them. Furthermore, the investment property includes forest areas and land obtained by acquisition in 2009 in the book value of EUR 5,622 thousand (as at 31 October 2021: EUR 5,622 thousand). Chata Solisko and Vila Zámoček in the amount of EUR 833 thousand (as at 31 October 2021: EUR 1,065 thousand) were acquired by merger of Parent Company with company 1. Tatranská in 2020. As at 30 April 2021, the lease of Hotel SKI to a third party was terminated and accordingly, the Group reclassified Hotel SKI from the Investment property category to the Property, plant and equipment category, in the amount of EUR 1,111 thousand.

As of 31 October 2022, the Group's management has revised the value of investment property downwards by EUR 906 thousand on the basis of current market and contractual conditions (as of 31 October 2021: the Group's management concluded that the assumptions that would lead to a change in the value of these investments have not changed significantly).

The value of the leased properties was determined by management's estimate. The estimate of management's fair value is based on discounting future cash flows arising from currently concluded leases after taking into account non-recoverable costs of 4-10% in each of the objects at yield of 6-10%, assuming a continuation of leases at current prices. During the current period the lease contract of the Hotel Kosodrevina was reviewed and decreased compared to the previous period. Other assumptions also changed during the current period presented, resulting in revaluation of investment property and decrease in their fair value.

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. The price per m2 for forest land is in a range between EUR 0.60 – EUR 1.10, the price for land with built-up areas and courtyards ranges from EUR 60 to EUR 110 per m2. Prices per m2 for individual types of land did not change during the presented or comparable period.

If the fair value of that part of investment property that was determined based on management's estimates differed by 10%, the carrying amount of investment property would be EUR 741 thousand higher or lower compared to the amount reported as at 31 October 2022 (as at 31 October 2021: EUR 832 thousand).

In the period between 1 November 2021 and 31 October 2022, income from investment property accounted for EUR 138 thousand and direct operating cost related to investment property was EUR 39 thousand (between 1 November 2020 and 31 October 2021: income from investment property accounted for EUR 140 thousand, and direct operating cost related to investment property was EUR 38 thousand).

Security

As at 31 October 2022, a part of investment property in the amount of EUR 1,257 thousand were used as the security for bank loans (as at 31 October 2021: in the amount of EUR 1,325 thousand).

19. Deferred Tax Asset, Deferred Tax Liability

Deferred tax asset (liability) have been recognised for these items:

in TEUR	Receivables		Liabilities		Total	
	31.10.2022	**31.10.2021**	**31.10.2022**	**31.10.2021**	**31.10.2022**	**31.10.2021**
Temporary differences related to:						
Property, plant and equipment, and intangible assets	5 669	4 293	-31 852	-29 758	**-26 183**	**-25 465**
Investment property	-	-	-595	-785	**-595**	**-785**
Losses from impairment of trade receivables and other assets	4 830	6 996	-4 571	-6 484	**259**	**512**
Cash Flow hedge	691	398	-	-	**691**	**398**
Provisions and liabilities	3 253	2 109	-1 532	-1 522	**1 721**	**587**
Leases (IFRS 16)	350	-	-110	-181	**240**	**-181**
Tax losses	469	753	-	-	**469**	**753**
Other temporary differences	873	725	-	-	**873**	**725**
Offsetting	-11 953	-11 367	11 953	11 367	**-**	**-**
Total	**4 182**	**3 907**	**-26 707**	**-27 363**	**-22 525**	**-23 456**

Deferred tax asset was not recognized for these items (tax base):

in TEUR	**31.10.2022**	**31.10.2021**
Property, plant and equipment, and intangible assets	-23 311	-22 339
Losses on impairment of trade receivables and other assets	-120	-237
Provisions and liabilities	-22 965	-21 118
Tax losses	-	-47 269
Total	**-46 396**	**-90 963**

Tax losses, to which deferred tax asset was not recognized as of 31 October 2021, were utilized, or expired during the current accounting period. Deferred tax asset from carry-forward losses is recognized only up to the amount up to which it can be utilized against future tax profits.

The expected last periods for utilization of tax losses are as follows:

in TEUR	**2023**	**2024**	**2025**	**after 2025**
Tax losses	1 343	891	-	-

Based on the legislative change in Slovakia, the tax loss can be deducted from the tax base for 2022 as follows:

- for 2018 – in the amount of ¼, if it has not been applied under the Corona Act from the tax base 2019,
- for 2019 – in the amount of ¼,
- for 2020 – in any amount, but not more than 50% of the tax base of the current year,
- for 2021 – in any amount, but not more than 50% of the tax base of the current year.

In Poland the maximum deadline for utilization of tax losses incurred is 5 years. The Group may apply evenly maximum 50% of tax losses per year. If the entity's tax loss does not exceed PLN 5 000 000, the entity may claim up to 100% of the loss for the next 5 consecutive years.

In the Czech Republic, the maximum deadline for utilization of tax losses is 5 subsequently following years, starting after the year in which the tax loss incurred.

In Austria, the legislation does not limit the use of incurred tax losses.

20. Inventories

in TEUR	**31.10.2022**	**31.10.2021**
Goods	1 973	1 950
Material	1 959	1 638
Chalets and apartments developed for sale	575	506
Total	**4 507**	**4 094**

Chalets and apartments for sale in the amount of EUR 575 thousand are recreational objects in the cottage settlement Bobrovečky 1, the construction of which has been carried out by the Parent Company and subsequently are intended to be sold to third parties. The revenue from the sale of recreational objects will be reported in 2023 or later. These are 16 recreational objects in the cottage settlement Bobrovečky 1, Liptovská Ondrášová.

In the period from 1 November 2021 to 31 October 2022, inventories amounted to EUR 11,260 thousand (from 1 November 2020 to October 2021: EUR 6 164 thousand) were recognised as an expense during the year and included in the income statement. The Group did not create a valuation allowance for inventories in the reporting and comparative period.

Security

As of 31 October 2022, inventories of EUR 4,507 thousand were used to secure bank loans (as of 31 October 2021: EUR 4,094 thousand).

21. Loans Provided

in TEUR	**31.10.2022**	**31.10.2021**
Short-term	2 268	2 141
Long-term	894	979
Total	**3 162**	**3 120**
Impairment allowance	-1 053	-1 023
Total with allowance	**2 109**	**2 097**

As at 31 October 2022 in accordance with the rules of IFRS 9, the value of impairment allowance for short-term loans was EUR 1,053 thousand (as at 31 October 2021: EUR 1,023 thousand).

Table below summarizes short-term loans as at 31st October 2022 and 31 October 2021. As at 31st October 2022 the weighted arithmetic average of interest rates on short-term loans was 5.79% p.a. (as at 31 October 2021: 5.85% p.a.).

in TEUR		**31.10.2022**	**31.10.2021**
Debtor	**Interest rate type**	**Loan value**	**Loan value**
Thalia s.r.o.	5% p.a.	1 033	990
SON Partner	7% p.a.	963	948
OSTRAVICE HOTEL a.s.	4% p.a.	138	0
P.M.I.R a.s.	5% p.a.	132	126
Others	4% p.a.	2	71
Others	5% p.a.	-	6
Total short-term loans		**2 268**	**2 141**

Table below summarizes long-term loans as at 31 October 2022 and 31 October 2021. As at 31 October 2022 the weighted arithmetic average of interest rates on long-term loans was 0.00% p.a. (as at 31 December 2021: 0.52% p.a.).

in TEUR		**31.10.2022**	**31.10.2021**
Debtor	**Interest rate type**	**Loan value**	**Loan value**
Melida, a.s.	-	894	852
OSTRAVICE HOTEL a.s.	4% p.a.	-	127
Total long-term loans		**894**	**979**

22. Trade Receivables

in TEUR	**31.10.2022**	**31.10.2021**
Trade receivables	5 291	7 102
Impairment allowance to receivables	-419	-306
Total	**4 872**	**6 796**
Short-term	4 872	6 796
Long-term	-	-
Total	**4 872**	**6 796**

As at 31 October 2022, carrying amount of trade receivables amount to EUR 4,872 thousand and comprises of current operating receivables (as at 31 October 2021: EUR 6,796 thousand).

The ageing structure of receivables is as follows:

in TEUR	31.10.2022			31.10.2021		
	Gross	**Impairment allowance**	**Net**	**Gross**	**Impairment allowance**	**Net**
Within due period	4 258	-59	4 199	5 875	**-62**	5 813
Overdue within 30 days	203	-3	200	737	-20	717
Overdue from 30 days to 180 days	196	-36	160	305	-26	279
Overdue from 180 days to 365 days	314	-102	212	16	-11	5
Overdue over 365 days	320	-219	101	169	-187	-18
Total	**5 291**	**-419**	**4 872**	**7 102**	**-306**	**6 796**

As at 31 October 2022 and 31 October 2021, the amount of the impairment allowance consisted of value adjustments to current operating receivables.

The development of the value adjustment during the accounting period is shown in the overview below:

in TEUR	**31.10.2022**	**31.10.2021**
Balance as at 1.11.2021 / 1.11.2020	306	177
Creation of impairment allowance	165	205
Additions due to business combinations	33	-
Use	-29	-45
Reversal of impairment allowance	-56	-31
Balance as at 31.10.2022 / 31.10.2021	**419**	**306**

Security

As at 31 October 2022, receivables of EUR 4,872 thousand were used to secure bank loans (as at 31 October 2021: EUR 6,796 thousand).

23. Other Receivables

in TEUR	**31.10.2022**	**31.10.2021**
Advance payments made	4 680	7 763
Total	**4 680**	**7 763**
Short-term	4 172	7 117
Long-term	508	646
Total	**4 680**	**7 763**

The advance payments made as at 31 October 2022 amount to a total of EUR 4,680 thousand (as at 31 October 2021: EUR 7,763 thousand). The amount of EUR 3,587 thousand is mainly related to unfinished investment activity (as at 31 October 2021: EUR 462 thousand).

As at 31 October 2021 advance payments made also included the amount of EUR 5,000 thousand, which represented the advance payment for acquisition of the company EUROCOM Investment s.r.o., which operates aquapark Bešeňová. For more information, see Note 5 – Increase, decrease and sale of shares in companies.

24. Other Assets

in TEUR	**31.10.2022**	**31.10.2021**
Prepaid expenses and accrued income	2 280	1 555
Other tax assets	831	1 691
Other Assets	3 297	3 874
Finance sublease receivables	-	149
Derivative operations - currency SWAP	254	-
Impairment allowance	-16	-16
Total	**6 646**	**7 253**
Short-term	6 646	7 253
Long-term	-	-
Total	**6 646**	**7 253**

As at 31 October 2022, the Group records a receivable against the company Penzión Energetik s.r.o. based on the assignment contract and set off of receivables in amount of EUR 1,994 thousand (as at 31 October 2021: EUR 1,994 thousand).

As at 31 October 2021, other assets included a receivable in the amount of EUR 1,402 thousand for subsidies from the state budget for tourism in a situation caused by the COVID-19 for the period from November 2020 to May 2021. This receivable was paid during the financial year. For more information on government grants, see Note 32 - Other liabilities.

As at 31 October 2022, derivative operations - currency SWAP represents the fair value of the derivative of EUR 254 thousand recognised under Note 24 - Other assets (as at 31 October 2021: recognised under Note 32 - Other liabilities of EUR 1,277 thousand). For more information, see Note 31 – Hedge Accounting.

As at 31 October 2022, in accordance with the rules of IFRS 9, the impairment allowance for other assets amounted to EUR 16 thousand (as at 31 October 2021: EUR 16 thousand).

25. Financial Investments

in TEUR	**31.10.2022**	**31.10.2021**
Financial instruments measured at fair value through profit or loss	42	40
Total	**42**	**40**

Financial investments represent an investment of a cash contribution to Tatranské dopravné družstvo, which is engaged in brokerage activities in the area of services in the amount of EUR 36 thousand (31 October 2021: EUR 35 thousand) and an investment in SON Partner Sp. Z o. o. in the amount of EUR 6 thousand (as at 31 October 2021: EUR 5 thousand).

26. Cash and Cash Equivalents

in TEUR	**31.10.2022**	**31.10.2021**
Cash	240	170
Stamps and vouchers	35	-
Current accounts with banks	15 327	15 387
Impairment allowance	-2	-4
Total	**15 600**	**15 553**

As at 31 October 2022, the value of impairment allowance to cash and cash equivalents under IFRS 9 was EUR 2 thousand (as at 31 October 2021: EUR 4 thousand).

Security

The Group may freely dispose of the bank accounts.

27. Equity

Share capital and share premium

The share capital approved, subscribed and fully paid as at 31 October 2022 and 31 October 2021 comprised of 6,707,198 ordinary shares in nominal value of EUR 7 per share as at 31 October 2022 and 31 October 2021. The emission of shares is marked by ISIN: SK1120010287.

On 25 May 2022, an ordinary general assembly of Tatry mountain resorts, a.s. was held. The general assembly decided, among other things, on the distribution of loss Tatry mountain resorts, a.s. generated in the period between 1 November 2020 and 31 October 2021 according to the separate financial statements compiled for that accounting period, in the amount of EUR 16,905 thousand as follows:

- Transfer to losses from previous periods of EUR 16,905 thousand and subsequent netting with profit from previous periods.

Shareholders have a right to the payment of dividends, and the value of share vote in the Company’s general assembly is determined as a ratio of the value of one share and the total value of share capital. The following table presents the Company’s shareholders and the number of shares, ownership interest and voting rights.

31 October 2022	Number of shares	Ownership interest *in TEUR*	Ownership interest %	Voting rights %
C.I. CAPITAL INDUSTRIES LIMITED	1 973 197	13 812	29.4%	29.4%
FOREST HILL COMPANY, s.r.o.	1 030 919	7 216	15.4%	15.4%
NEEVAS INVESTMENTS LIMITED	992 666	6 949	14.8%	14.8%
STOCKLAC LIMITED	800 000	5 600	11.9%	11.9%
RMSM1 LIMITED	404 486	2 831	6.0%	6.0%
Minority shareholders	1 505 930	10 542	22.5%	22.5%
Total	**6 707 198**	**46 950**	**100%**	**100%**

31 October 2021	Number of shares	Ownership interest *in TEUR*	Ownership interest %	Voting rights %
C.I. CAPITAL INDUSTRIES LIMITED	1 973 197	13 813	29.4%	29.4%
FOREST HILL COMPANY, s.r.o.	1 030 919	7 216	15.4%	15.4%
STOCKLAC LIMITED	909 173	6 364	13.6%	13.6%
NIKROC INVESTMENTS LIMITED	909 731	6 368	13.6%	13.6%
RMSM1 LIMITED	677 666	4 744	10.1%	10.1%
Minority shareholders	1 206 512	8 445	18.0%	18.0%
Total	**6 707 198**	**46 950**	**100%**	**100%**

Profit / (loss) per share

	31.10.2022	31.10.2021
Profit / (loss) for the period in TEUR	-11 361	-45 717
Weighted average number of ordinary shares	6 707 198	6 707 198
Profit / (loss) per share in EUR	**-1.694**	**-6.816**

Legal reserve fund

The legal reserve fund amounts to EUR 7,021 thousand (as at 31 October 2021: EUR 7,021 thousand). According to the Slovak legislation, a legal reserve fund shall be mandatorily created on an annual basis, in the minimum amount of 10% of the company's net profit and minimum of 20% of the subscribed share capital (on a cumulative basis). The legal reserve fund may be used only for the settlement of the company's losses, and it cannot be used for payment of dividends. The calculation of the legal reserve fund is made in compliance with the Slovak legal regulations. The obligation to create a legal reserve fund is determined by the partnership agreement, while the Company is obliged to create a legal reserve fund only when profit is made.

The legal reserve fund of the subsidiaries totals EUR 0 thousand due to losses of prior periods. According to the Polish law the fund is mandatorily created on an annual basis; in the minimum amount of 8% of the company's net profit and up to 33% of the subscribed share capital (on a cumulative basis). The statutory reserve fund does not have to be formed according to the Czech legislation, its creation is purely voluntary, unless otherwise stated in the statutes or in the company's partnership agreement. According to Austrian legislation, the legal reserve fund is created depending on the size and type of company. Its creation is purely voluntary, this obligation is not stipulated by the obligations in the currently valid partnership agreement.

Profit (loss) distribution

For the fiscal year ended on 31 October 2022, the Parent Company's management proposes the distribution of total profit of the Parent Company in the amount of EUR 3,287 thousand as follows:

- Allocation to the legal reserve fund of EUR 329 thousand
- Allocation to the social fund on the basis of a collective agreement in the amount of EUR 16 thousand
- Balance of EUR 2,942 thousand transfer to retained earnings of previous periods

Change in the foreign currency translation reserve

The foreign currency translation reserve includes all foreign exchange differences resulting from conversion of the financial statements of foreign companies Szczyrkowski Ośrodek Narciarski, S.A., Ślaskie Wesole Miasteczko Sp. z o. o. Korona Ziemi sp.z o.o in Poland, from translation of financial statements of TMR Ještěd, a.s. and TMR Finance CR, a.s., Tatry mountain resorts CR, a.s., International TMR services s.r.o. and GOPASS SE in Czech Republic to euros. As of 31 October 2021, the foreign currency translation reserve included all exchange differences resulting from conversion of the financial statements of the aforementioned foreign subsidiaries and, in addition, from translation of financial statements of TIKAR d.o.o. in the Republic of Croatia to euros.

Non-controlling interest

Non-controlling interests represent the interests of minority shareholders in subsidiaries:

in TEUR	**31.10.2022**	**31.10.2021**
Szczyrkowski Ośrodek Narciarski, S.A (SON) (3%)	-499	-381
Korona Ziemi sp.z o.o. (26%)	-147	232
TIKAR d.o.o. (49%)	-	-293
Total	**-646**	**-442**

in TEUR	**SON**	**Korona Ziemi sp.z o.o.**
Assets	18 541	1 136
Liabilities	-35 191	-1 628
Goodwill attributable to the Group	-	-72
Net assets, net of goodwill	**-16 650**	**-564**
Percentage of non-controlling interest	3%	26%
Book value of non-controlling interest	**-499**	**-147**
Revenues	10 584	4
Profit (loss)	-3 940	-1 442
Other comprehensive income	-	-
Total comprehensive income	-3 940	-1 442
Percentage of non-controlling interest	3%	26%
Profit/(loss) attributable to the non-controlling interest	**-118**	**-375**
Other comprehensive income attributable to the non-controlling interest	**-**	**-**
Net increase (decrease) of cash and cash equivalents	**122**	**-31**

28. Loans and Borrowings

in TEUR	**31.10.2022**	**31.10.2021**
Loans and borrowings received	122 830	107 626
Total	**122 830**	**107 626**
Short-term	10 151	28 632
Long-term	112 679	78 994
Total	**122 830**	**107 626**

Received loans and borrowings as at 31 October 2022 and 31 October 2021 are shown in the following overview:

Creditor	**Interest rate type**	**Maturity date**	**Unpaid amount as at 31.10.2022** *in TEUR*
J&T BANKA, a.s.	3M EURIBOR + 4.75% p.a.	31.12.2029	38 116
J&T BANKA, a.s.	12M EURIBOR + 5% p.a.	31.3.2033	33 411
J&T BANKA, a.s.	3M EURIBOR + 4.75% p.a.	31.12.2026	21 494
J&T BANKA, a.s.	3M EURIBOR + 5.25% p.a.	31.12.2026	20 116
J&T BANKA, a.s.	3M EURIBOR + 4.75% p.a.	31.12.2026	9 418
Dr. Nodari Giorgadze	-	30.6.2017	190
Raiffeisen - Leasing s.r.o.	7,49% p.a.	15.7.2027	85
Total			**122 830**

Creditor	**Interest rate type**	**Maturity date**	**Unpaid amount as at 31.10.2021** *in TEUR*
J&T Banka a.s.	12M EURIBOR + 5% p.a.	31.03.2032	36 523
J&T Banka a.s.	12M EURIBOR + 4.5% p.a.	31.1.2024	20 668
365.bank a.s.	12M EURIBOR + 4.657% p.a.	31.12.2028	19 141
EUROCOM Investment s.r.o.	4% p.a.	30.4.2022	7 929
365.bank a.s.	12M EURIBOR + 4.571% p.a.	30.6.2022	7 055
365.bank a.s. - kontokorent	3M EURIBOR + 3.818% p.a.	27.5.2022	4 959
365.bank a.s.	12M EURIBOR + 4.684% p.a.	31.12.2028	4 670
365.bank a.s.	12M EURIBOR + 4.686% p.a.	30.6.2032	4 223
365.bank a.s.	12M EURIBOR + 4.982% p.a.	31.12.2024	1 680
Kärntner Sparkasse AG - kontokorent	3M EURIBOR + 1.250% p.a.	less than 1 year	777
Total			**107 626**

The weighted average of interest rates for loans and borrowings received as at 31 October 2022 was 4.89% (as at 1 October 2021: 4.65%). Interest is payable on a monthly and quarterly basis. For more information, see Note 12 – Finance income and expenses.

The obligation arising from the loan received from Giorgadze Nodari in the amount of EUR 190 thousand was acquired by the purchase of company WORLD EXCO s.r.o. into the Group on 31 March 2022.

As at 15 July 2022, the Group drew funds from a loan from Raiffeisen - Leasing s.r.o that were used to purchase new motor vehicle in the Czech republic. As at 31 October 2022 the loan amounted to EUR 85 thousand.

As at 30 March 2022, the Group drew funds from a syndicated loan from J&T Banka and thus refinanced its existing loans from J&T Banka and 365.bank, the value of which was EUR 62,396 thousand as at 31 October 2021 (excluding the existing loan from J&T Bank as at 31 October 2021 in the amount of EUR 36,523 thousand). The total outstanding amount of the new loan to J&T Bank as of 31 October 2022 is EUR 89,144 thousand. The funds provided served primarily as a loan to a subsidiary TMR Parks, a.s. to cover the purchase price for the transfer of EUROCOM Investment, s.r.o. shareholding of EUR 10,000 thousand, the refinancing of loans in the acquired companies EUROCOM Investment, s.r.o. and WORLD EXCO s.r.o. in the amount of EUR 11,651 thousand and the construction of the Biela púť - Priehyba cableway, while the amount drawn at the end of the financial year as at 31 October 2022 amounted to EUR 9,372 thousand out of the total loan value of EU 12,300 thousand.

In May 2019, the Group drew funds from J&T Banka a.s. in the amount of EUR 37,000 thousand, which was increased to EUR 40,000 thousand in September 2020, and the total amount of outstanding loan balance as at the reporting date of EUR 33,411 thousand.

As at 31 October 2022, the Group has committed to meet the total consolidated EBITDA, which may not be less than EUR 29,000 thousand, and the covenant LTV ratio, which may not be higher than 60%. However, failure to meet the LTV ratio does not affect the maturity of the debt only on the amount of security. The Group evaluated fulfillment of covenants as at 31 October 2022. The covenants which evaluation is due within the dates of issuing the consolidated financial statements were met. Fulfillment of other covenants will be evaluated later.

In the period from 1 November 2020 to 31 October 2021, the Group drew new loans from Poštová banka, a.s. and J&T Banka in the amount of EUR 1,620 thousand and EUR 20,000 thousand, respectively. The loan from Poštová banka, a.s. was used to finance the construction of the Zadné vody reservoir, with an outstanding balance as at the reporting date of EUR 1,680 thousand. The loan from J&T Banka was used to cover operating costs, with an outstanding balance as at the reporting date of EUR 20,668 thousand.

On 7 October 2019, the Group signed a short-term loan agreement with EUROCOM Investment, s.r.o. up to the amount of EUR 3,000 thousand, which was on 1 December 2019 on the basis of Amendment no. 1 to the loan agreement increased to the amount of EUR 4,000 thousand. As at 31 October 2021 the total amount of the outstanding loan balance was in the amount of EUR 7,929 thousand. On 31 March 2022, EUROCOM Investment, s.r.o. became part of the Group. For more information, see Note 5 – Increase, decrease and sale of shares in companies.

Security

In order to guarantee bank loans, the following assets were used: lands, technology and service buildings of mountain lift equipment: ski lifts, chair cableways, terrestrial cableways, hanging cableways, cabin cableways, transformers, operating buildings and structures: Tri Studničky Hotel, Srdiečko Hotel, Kosodrevina Hotel, Liptov Hotel, SKI Hotel, Hotel Grand Jasná a former telecommunication building, bungalows as well as tangible asset of Polish ski resort Szczyrk. All movable assets of the Jasná, High Tatras and aquapark Bešeňová as well as trade receivables are pledged as well.

As at 31 October 2022, property, plant and equipment, investments in real estate, inventories and receivables of EUR 383,347 thousand were used to secure bank loans and bonds (as at 31 October 2021: in the amount of EUR 325,830 thousand).

29. Lease Liabilities

in TEUR	
Opening balance as at 1.11.2020	**62 688**
Additions	2 550
Additions due to business combinations	3 312
Modifications	1 411
Accretion of interest	2 859
Payments	-7 047
Foreign exchange difference	381
Balance as at 31.10.2021 / 1.11.20201	**66 154**
Short-term	8 748
Long-term	57 406
Balance as of 1.11.2020	**66 154**
Additions	2 771
Additions due to business combinations	1 121
Modifications	1 605
Accretion of interest	3 096
Payments	-7 596
Foreign exchange difference	-53
Balance as at 31.10.2022	**67 098**
Short-term	8 609
Long-term	58 489
Total	**67 098**

The maturity of lease liabilities is as follows:

in TEUR	**31.10.2022**	**31.10.2021**
Less than 1 year	8 609	8 747
1 - 5 years	17 359	12 975
Above 5 years	41 130	44 431
Total	**67 098**	**66 154**

30. Trade Payables

in TEUR	**31.10.2022**	**31.10.2021**
Trade payables	15 005	13 545
Unbilled deliveries	3 499	1 219
Total	**18 504**	**14 764**
Short-term	14 874	12 306
Long-term	3 630	2 458
Total	**18 504**	**14 764**

As at 31 October 2022, long-term liabilities in the amount of EUR 3,630 thousand (as at 31 October 2021: EUR 2,458 thousand) represent retention fees in the amount of EUR 1,344 thousand against contractors for the construction of the Centrum Jasná complex, the Biela Púť – Priehyba cableway, the construction of the 2nd stage of snowmaking in Szczyrk and the retention fee resulting from investment projects aimed at improving attractions in the Legendia resort and other long-term liabilities in the amount of EUR 2,286 thousand.

As at 31 October 2022, overdue liabilities amounted to EUR 1,780 thousand (as at 31 October 2021: 1,811 thousand). Overdue liabilities as at 31 October 2022 represent primarily unpaid retention fees due to signed construction contracts with suppliers for their performed and realised construction of individual buildings, in some cases repayment schedules are agreed with suppliers.

31. Hedge Accounting

The Group applies only cash-flow hedges and hedges only against foreign currency risk.

Since the Group has taken out a loan from its Czech subsidiary, the currency gap has widened. The Group 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 Group has decided not to hedge any other risks 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, 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 bond (i.e., notional amount and repayment schedules). The Group 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 bond (i.e., notional amount and repayment schedules), the Group expects the hedging relationship to be effective to a high degree.

The hedge ineffectiveness can arise, when the Group stops paying the bond or eventually repays greater portion than intended by repayment schedule. The Group plans to repay the bond in line with the repayment schedule.

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.

In current period from 1 November 2021 to 31 October 2022, 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	254	Other assets	1 532

In '000 EUR	Change in fair value used for measuring ineffectiveness.	Cash flow hedge reserve	Cost of hedging reserve
Foreign exchange swap	-1 532	-2 602	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	-1 103	0	-	0	379	Interest income calculated using the effective interest rate and Interest expense
					2 865	Profit / (loss) from financial operations, net

In previous period from 1 November 2020 to 31 October 2021, the impact of hedging instrument and hedged instrument on statement of financial position was:

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	-1 277	Other liabilities	920

In '000 EUR	Change in fair value used for measuring ineffectiveness.	Cash flow hedge reserve	Cost of hedging reserve
Foreign exchange swap	-920	-1 499	0

In previous period, the effect of cash flow hedge on statement of financial performance was:

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	-1 949	0	-	0	317	Interest income calculated using the effective interest rate and Interest expense
					3 315	Profit / (loss) from financial operations, net

32. Other Liabilities

in TEUR	**31.10.2022**	**31.10.2021**
Liabilities towards employees	3 540	1 785
Advances received	8 076	2 137
Deferred revenues	10 893	7 540
Liabilities to shareholders from reduction in share capital	213	213
Other liabilities to the former shareholders (Mölltaler Group)	10 106	12 606
Contingent consideration	983	910
Hedging derivative transactions - foreign exchange SWAP	-	1 277
Other	4 500	6 134
Total	**38 311**	**32 602**
Short-term	25 232	17 824
Long-term	13 079	14 778
Total	**38 311**	**32 602**

As at 31 October 2022, the liabilities towards employees represent mainly a provision for bonuses for the fiscal year between 1 November 2021 and 31 October 2022 in the amount of EUR 1,814 thousand (as at 31 October 2021: EUR 541 thousand) and wage liabilities to employees in the amount of EUR 1,552 thousand (as at 31 October 2021: EUR 1,216 thousand).

As at 31 October 2022, advance payments received comprise mainly of advance payments received for hotel stays in the amount of EUR 3,237 thousand (as at 31 October 2021: EUR 1,205 thousand) and advance payment received related to construction of the water structure Pumping station and substation – Otupné, which the Company realises, in the amount of EUR 3,000 thousand. The total amount of advance payments received also includes purchased, but not yet spent, Gopass credits of Group clients in the amount of EUR 1,307 thousand and advance payments for purchase of Chalets and in the amount of EUR 265 thousand (as at 31 October 2021: EUR 328 thousand).

As at 31 October 2022, the deferred revenues include mainly the amount of EUR 5,203 thousand for accrual of ski passes sold (as at 31 October 2021: EUR 3,670 thousand) with an amount of EUR 3,601 thousand coming from the "Šikovná sezónka" ski passes sold and EUR 1,602 thousand from other ski passes sold. The subsidy amount of EUR 453 thousand for construction of the cableway Furkotka in ski resort Štrbské pleso (as at 31 October 2020: EUR 464 thousand) and the amount of EUR 74 thousand represents a subsidy for the Hotel Tri Studničky (as at 31 October 2020: EUR 76 thousand). The provision for discounts on purchases was as at 31 October 2022 in total amount of EUR 582 thousand (as at 31 October 2020: EUR 586 thousand). As at 31 October 2022, the deferred revenue relating to government grants amounted to EUR 2,697 thousand (as at 31 October 2021: EUR 1,361 thousand).

Details of **movement of government grants** are presented in the table:

in TEUR	**31.10.2022**	**31.10.2021**
Balance as at 1.11.2021 / 1.11.2020	1 361	1 735
Increase from subsidiary acquisition	1 159	97
Received during the year	2 450	9 698
Released to the statement of profit and loss and other comprehensive income	-2 273	-10 169
Balance as at 31.10.2022 / 31.10.2021	**2 697**	**1 361**

During the financial year 2022 state aid related to COVID-19 was received in the amount of EUR 1,814 thousand. This is short-term state aid that has been recognized in the statement of comprehensive income as income during the period in which the related costs to be reimbursed are recorded. For more details see Note 9 - Purchased services and Note 10 - Personnel expenses.

During the financial year 2021 state aid related to COVID-19 was received in the amount of EUR 8,374 thousand. This is short-term state aid that has been recognized in the statement of comprehensive income as income during the period in which the related costs to be reimbursed are recorded. For more details see Note 9 - Purchased Services and Note 10 - Personnel Expenses

Details of **government grants recognised in the statement of other comprehensive income** are presented in the table:

in TEUR	**1.11.2021 - 31.10.2022**	**1.11.2020 - 31.10.2021**
State aid related to rental costs	501	661
State aid related to wages and salaries	382	6 094
State aid related to other costs	1 390	3 292
Total	**2 273**	**10 047**

As at 31 October 2022, the liabilities to shareholders from the reduction in share capital amount to EUR 213 thousand (as at 31 October 2021: EUR 213 thousand) and comprise mainly the remaining liability from the capital reduction in 2013 totaling EUR 174,388 thousand.

As at 31 October 2022, the other liabilities to the former shareholders represent EUR 10,106 thousand (as at 31 October 2021: EUR 12,606 thousand) and contain mainly the outstanding balance to the former shareholders related to the loan provided to the Austrian company Mölltaler Gletscherbahnen GmbH & Co KG before the acquisition by the Group.

As at 31 October 2022, the contingent part of the purchase price of EUR 983 thousand (as at 31 October 2021: EUR 910 thousand) represents part of the purchase price for the subsidiary Muttereralm Bergbahnen Errichtungs GmbH (see Note 5 – Increase, decrease and sale of shares in companies), which is subject to compliance by the seller with the contractual conditions.

As at 31 October 2022, the amount of other liabilities contains also social security liabilities of EUR 2,424 thousand (as at 31 October 2021: EUR 2,055 thousand), further comprise the amount of EUR 1,215 thousand resulting from the acquisition of TMR Ješted, a.s. in accordance with standard IFRS 3 (as at 31 October 2021: EUR 1,182 thousand), on the basis of a signed rent agreement ("business rent") for 10 years with an option for the next 10 years and liabilities from value added tax in the amount of EUR 930 thousand (as at 31 October 2021: EUR 1,867 thousand).

The formation and utilization of social fund during the accounting period is shown in the following overview:

in TEUR	**31.10.2022**	**31.10.2021**
Balance as at 1.11.2021 / 1.11.2020	-3	18
Increase from subsidiary acquisition	3	-
Creation of social fund against expenses	93	58
Drawing	-78	-79
Balance as at 31.10.2022 / 31.10.2021	**15**	**-3**

As at 31 October 2022, derivative operations - currency SWAP represents the fair value of the derivative of EUR 254 thousand recognised under Note 24 - Other assets (as at 31 October 2021: recognised under Note 32 - Other liabilities of EUR 1 277 thousand). For more information, see Note 31 - Hedge Accounting.

33. Provisions

in TEUR	Unused vacations	Other	Total
Opening balance as at k 1.11.2021	986	1 338	2 324
Creation of provisions during the year	1 072	241	1 313
Increase from subsidiary acquisition	33	-	33
Reversal of provisions during the year	-	-963	-963
Use of provisions during the year	-703	-2	-705
Foreign exchange difference	-	-1	-1
Balance as at 31.10.2022	**1 388**	**613**	**2 001**

	31.10.2022	31.10.2021
Short-term	1 860	2 304
Long-term	141	20
Total	**2 001**	**2 324**

34. Bonds Issued

On 10 October 2018, the Group issued the third bond issue in the total value of EUR 90,000 thousand.

On 7 November 2018, the Group issued the fourth bond issue TMR F. CR in the total value of CZK 1,500,000 thousand.

In February 2021, the Group issued new TMR V bonds in the total value of up to EUR 150 million, at an interest rate of 6% p.a. and with a maturity date in 2026.

On 28 October 2022, the Group issued TMR VI bonds up to a maximum of EUR 65,000 thousand with an interest rate of 5.4% p.a. and maturity in 2027. On 28 October 2022, EUR 1,552 thousand worth of bonds were traded.

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 at 31.10.2022	Carrying value as at 31.10.2021
TMR III 4.40%/2024	SK4120014598	10.10.2018	10.10.2024	EUR	90 000	4,4	4,9	89 229	88 825
TMR F. CR 4.5%/2022	CZ0003520116	7.11.2018	7.11.2022	CZK	1 500 000	4,5	5,1	62 582	59 368
TMR V 6.00%/2026	SK4000018255	2.2.2021	2.2.2026	EUR	110 000	6,0	6,7	113 091	112 612
TMR VI 5.40%/2027	SK4000021713	28.10.2022	28.10.2027	EUR	59 000	5,4	5,9	1 284	-
Total								**266 186**	**260 805**
Short-term								67 690	6 377
Long-term								198 496	254 428
Total								**266 186**	**260 805**

All four bonds represent a book-entry security in bearer form, and their issue was approved by the National Bank of Slovakia or the Czech National Bank in case of TMR F. CR.

Covenants - issue of TMR III - The Parent Company has committed that, until all of its monetary obligations under the Bonds have been met, the Net Senior Debt to Modified EBITDA (Leverage) ratio will not exceed 8. The Company has also committed to the LTV ratio, this indicator may not be higher than 70%. However, failure to meet the LTV ratio does not affect the maturity of the debt only the amount of security.

On 7 November 2018, the Group issued TMR F. CR bonds in the nominal value of CZK 1,500,000 thouand. The cash funds received was consequently provided to other companies within the Group in the form of loans.

Covenants – issue of TMR F. CR - The company TMR Finance CR has committed that, until all of its monetary obligations under the Bonds have been met, the Net Senior Debt to Modified EBITDA (Leverage) ratio will not exceed 8. The company TMR Finance CR has also committed to the LTV ratio, this indicator may not be higher than 70%. However, failure to meet the LTV ratio does not affect the maturity of the debt only the amount of security.

Covenants – Issue of TMR V does not include conditions causing its immediate repayment. At the same time, the Parent Company is entitled under certain conditions to postpone payment of interest.

Covenants – Issue of TMR VI - The Group has committed that, until all of its monetary obligations under the Bonds have been satisfied, the LTV ratio may not be higher than 70%. However, failure to meet the LTV indicator does not affect the maturity of the debt only the amount of security.

The Group evaluated fulfillment of covenants as at 31 October 2022. The covenants which evaluation is due within the dates of issuing the consolidated financial statements were met. Fulfillment of other covenants will be evaluated later.

All of the four issues are associated with regular payment of the coupon, financed from the Group's own resources.

Out of the total value of liability of EUR 266,186 thousand (as at 31 October 2021: EUR 260,805 thousand), a short-term portion amounts to EUR 67,690 thousand which represents a liability from coupon due in the period of 12 months after 31 October 2022 including the liability from issue of TMR F. CR due on 7 November 2022 (as at 31 October 2021: EUR 6,377 thousand liability from the coupon due in the period of 12 months after 31 October 2021)

Security

A right of lien for the issued TMR III bonds on the property, movable assets and part of receivables, in total amount of EUR 97,578 thousand (as at 31 October 2021: EUR 103,254 thousand). It is property that is not used as a security for other Group liabilities.

A right of lien for the issued TMR F. CR bonds on the Group's the property, movable assets and part of receivables, in total amount of EUR 57,351 thousand (as at 31 October 2021: EUR 66,566 thousand). It is property which is not used as a security for other Group liabilities.

35. Fair Value Information

The following overview contains information about the carrying amount and fair value of the Group's financial assets and liabilities, that are not accounted for in fair value:

in TEUR		**Carrying value**		**Fair value**	
		31.10.2022	**31.10.2021**	**31.10.2022**	**31.10.2021**
Financial assets					
Loans provided	21	2 109	2 097	1 725	1 816
Total		**2 109**	**2 097**	**1 725**	**1 816**

in TEUR		**Carrying value**		**Fair value**	
		31.10.2022	**31.10.2021**	**31.10.2022**	**31.10.2021**
Financial liabilities					
Bonds issued	34	266 186	260 805	264 362	260 954
Total		**266 186**	**260 805**	**264 362**	**260 954**

The table does not present financial instruments for which the carrying amount is considered to be an approximation of fair value.

36. Changes in Liabilities Arising from Financial Activities

in TEUR

	1 November 2021	Additions / Drawings	Payment	Interest	Additions due to business combinations	Other	31 October 2022
Loans and borrowings	107 626	34 112	-27 268	6 085	3 748	-1 473	122 830
Lease liabilities	66 154	4 376	-7 596	3 096	1 121	-53	67 098
Bonds issued	260 805	1 518	-13 257	14 526	-	2 594	266 186
Total liabilities from financing activities	**434 585**	**40 006**	**-48 121**	**23 707**	**4 869**	**1 068**	**456 114**

In case of bonds issued, the category Other represents the impact of foreign currency loan hedge (see also Note 31 – Hedge accounting) and fee to the administrator for issuing bonds (see also Note 34 - Bonds issued).

in TEUR

	1 November 2021	Additions / Drawings	Payment	Interest	Additions due to business combinations	Other	31 October 2021
Loans and borrowings	78 067	29 046	-4 069	4 666	-	-84	107 626
Lease liabilities	62 688	7 273	-7 047	2 859	-	381	66 154
Bonds issued	258 973	109 635	-123 131	14 183	-	1 145	260 805
Total liabilities from financing activities	**399 728**	**145 954**	**-134 247**	**21 708**	**-**	**1 442**	**434 585**

37. Information about Risk Management

This section provides details about the risks the Group is exposed to and about the method of management thereof.

The Group is exposed to risk in the following areas:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

The management is fully responsible for the establishment and supervision of the Group's risk management.

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 recognised 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.

Loans provided

The Group assigns a level of credit risk to the 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 loss given default (LGD) parameters generally reflect an expected rate of return of 40%, except when a borrowing is reduced by a loan.

Probability of default (PD)	Loss given default (LGD)	Carrying value	Expected credit loss (ECL)
1.99% - 7.38%	**40%**	**2 109**	**- 1 053**

<u>**Sensitivity analysis**</u>

If the borrower's credit quality was changed, the probability of default (PD) would also change. If the PD increased by 10%, the ECL would increase by EUR 105 thousand. If the PD decreased by 10%, the ECL would decrease by EUR 105 thousand.

The Group 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 Group's view on the economic conditions over the expected life of the loan.

As at 31 October 2022, the Group was exposed to the following credit risk:

in TEUR	**Legal entities**	**Banks**	**Other financial institutions**	**Other**	**Total**
Financial assets					
Loans Provided	2 107	-	-	2	2 109
Other receivables	-	-	-	-	-
Trade receivables	4 872	-	-	-	4 872
Cash and Cash Equivalents	-	15 325	-	275	15 600
Other Assets	4 641	254	225	8	5 128
Total	**11 620**	**15 579**	**225**	**285**	**27 709**

As of 31 October 2021, the Group was exposed to the following credit risk:

in TEUR	**Legal entities**	**Banks**	**Other financial institutions**	**Other**	**Total**
Financial assets					
Loans Provided	2 026	-	-	71	2 097
Other receivables	45	-	-	-	45
Trade receivables	4 904	-	-	-	4 904
Cash and Cash Equivalents	-	15 383	-	170	15 553
Other Assets	3 039	-	45	1 404	4 488
Total	**10 014**	**15 383**	**45**	**1 645**	**27 087**

Liquidity risk

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 realize assets at a reasonable price in a reasonable time frame. Individual companies in the Group use different methods of managing liquidity risk. Group‘s Management focuses on managing and monitoring the liquidity of each Group controlled by the Group. In order to manage liquidity, the management changed its accounting period to a financial year ending 31 October. In the first half of its accounting period the Group has the winter season representing 60% of the Group‘s income. Based on the development in the first half of the year, the Group is able, in good time, to affect the income and expenditures to maintain sufficient liquidity. In the Group, seasonality is compensated also by a strong summer season, providing for a more stable liquidity through the entire year.

For impact analysis and information on events related to the crisis in Ukraine and the energy crisis after the end of the accounting period is described in Note 2 (b) - Basis of preparation.

The following table includes an analysis of financial assets and liabilities of the Group classified by the remaining maturity. This analysis represents the most prudent alternative of the remaining maturities including the interest, based on contracted terms. Therefore, the earliest repayment possible is reported for liabilities and the latest repayment possible is reported for assets. Assets and liabilities without a defined maturity are reported together in the "not specified" category.

As of 31 October 2022, the Group had financial assets and liabilities with the following remaining maturities:

in TEUR	**Carrying value**	**Future cash flow**	**Up to 3 months**	**3 months up to 1 year**	**1 year up to 5 years**	**Above 5 years**	**Without specification**
Financial assets							
Loans provided	**2 109**	**3 162**	1 095	1 173	-	894	-
Other receivables	**-**	**-**	-	-	-	-	-
Trade receivables	**4 872**	**5 291**	5 291	-	-	-	-
Cash and cash equivalents	**15 600**	**15 602**	15 602	-	-	-	-
Other Assets	**5 128**	**5 136**	5 046	90	-	-	-
Total	**27 709**	**29 191**	**27 034**	**1 263**	**-**	**894**	**-**
Financial liabilities							
Loans and borrowings	**-122 830**	**-153 518**	-6 257	-12 241	-98 572	-36 178	-
Lease liabilities	**-67 098**	**-123 362**	-2 213	-11 180	-37 773	-72 196	-
Bonds issued	**-266 186**	**-298 872**	-62 581	-10 644	-225 647	-	-
Trade payables	**-14 909**	**-14 909**	-14 883	-26	-	-	-
Other liabilities	**-15 813**	**-15 813**	-660	-2 592	-10 822	-1 739	-
Total	**-486 836**	**-606 474**	**-86 864**	**-36 683**	**-372 814**	**-110 113**	**-**

As at 31 October 2022, loans granted for up to 1 year amount to EUR 2,268 thousand (as at 31 October 2021: EUR 2,141 thousand), a majority of which is payable on demand or by the end of October 2023. The Group does not assume that these loans will be paid off within a year, and plans to draw these financial resources according to its needs in order to finance its investment activity and acquisitions. The loan granted is expected to be paid off within 3 years. For securing sufficient liquidity shortly after the end of the accounting period the Group has increased an overdraft from J&T Bank and the bonds from TMR VI issue were traded as described in Note 2 (b) - Basis of preparation.

As at 31 October 2021, the Group had financial assets and liabilities with the following remaining maturities:

in TEUR	Carrying value	Future cash flow	Up to 3 months	3 months up to 1 year	1 year up to 5 years	Above 5 years	Without specification
Financial assets							
Loans provided	**2 097**	**3 120**	2 064	77	127	852	-
Other receivables	**45**	**45**	45	-	-	-	-
Trade receivables	**4 904**	**4 905**	4 905	-	-	-	-
Cash and cash equivalents	**15 553**	**15 558**	15 558	-	-	-	-
Other Assets	**4 488**	**5 907**	5 636	56	215	-	-
Total	**27 087**	**29 535**	**28 208**	**133**	**342**	**852**	**-**
Financial liabilities							
Loans and borrowings	**-107 626**	**-116 133**	-5 788	-24 586	-38 893	-14 978	-
Lease liabilities	**-66 154**	**-96 755**	-2 784	-8 351	-21 011	-64 610	-
Bonds issued	**-260 805**	**-304 565**	-1 313	-11 873	-291 379	-	-
Trade payables	**-14 489**	**-14 489**	-12 048	-9	-2 277	-155	-
Other liabilities	**-24 209**	**-25 951**	-2 387	-2 500	-12 271	-	-
Total	**-473 283**	**-557 893**	**-24 320**	**-47 319**	**-365 831**	**-88 536**	**-**

The carrying amount of Other receivables includes the advances provided where they are not expected to be settled in cash, but by means of a transfer of shares.

Foreign exchange risk

Because of the acquisition of subsidiaries in Poland and Czech Republic, the Group is primarily exposed to foreign exchange risk of Polish zloty and Czech crown versus euro. The Management regularly monitors whether the difference between receivables and payables in the foreign currency is not too big.

Due to the disposal of a subsidiary in Croatia during the year (see Note 5 – Increase, decrease and sale of shares in companies), the Group is not anymore exposed to the risk of changes in the exchange rate of the Croatian kuna against the euro. In both the reporting and comparative period, the Group's activities carried out in the Croatian kuna were of little importance.

Since the Group has issued bonds, denominated in CZK in amount of EUR 58.7 million, the currency gap has widened, and the Group decided to manage the foreign currency risk against the Czech Crown on this particular instrument by hedging against changes in foreign currency exchange rates. For more information, see Note 31 – Hedge Accounting.

As at 31 October 2022 and 31 October 2021, the Group reported below mentioned items of financial assets and liabilities denominated in foreign currencies:

	2022		2021		
in TEUR	**PLN**	**CZK**	**PLN**	**CZK**	**HRK**
Financial assets					
Loans provided	-	-	-	-	-
Other receivables	-	-	-	-1	-
Trade receivables	547	129	131	106	-
Cash and cash equivalents	585	256	1 816	796	3
Other assets	-	-	-	1	-
Total	**1 132**	**385**	**1 947**	**902**	**3**
Financial liabilities					
Loans and borrowings	-	-	-36 523	-	-
Lease liabilities	-17 890	-7 226	-18 437	-6 726	-
Bonds issued	-	-62 582	-	-59 368	-
Trade liabilities	-469	-2 829	-263	-3 307	-
Other liabilities	-	-	-	-	-
Total	**-18 359**	**-72 637**	**-55 223**	**-69 401**	**-**

Other assets and liabilities of the Group are denominated in euros.

There is a secondary risk that the weakening of the Czech crown or Polish zloty against the euro would lead to a reduction in the number of visitors to Slovakia from these countries. The Group's management is not able to quantify value of this risk for sure.

Sensitivity analysis

Appreciation of euro by 5% versus Polish zloty and Czech crown would have the following impact on financial assets and financial liabilities of the Group:

Effect on the portfolio		
in TEUR	**2022**	**2021**
PLN	820	2537
CZK	3 441	3 262

Depreciation of euro by 5% versus Polish zloty and Czech crown would have an identically high but opposite impact on financial assets and financial liabilities in comparison with strengthening of the euro.

Interest rate risk

The Group's operations are subject to the risk of interest rate fluctuations. The volume of this risk equals the sum of interest-earning assets and interest-bearing liabilities for which the interest rate differs at maturity or re-pricing compared to current interest rates. The period for which the interest rate of a financial instrument is fixed therefore indicates to what extent the Group is exposed to interest rate risk. The overview below provides information about the extent of the Group's interest rate exposure based on the contractual maturity date of its financial instruments.

As at 31 October 2022 and 31 October 2021, the Group has the following interest-earning assets and interest-bearing liabilities:

in TEUR	**31.10.2022**	**31.10.2021**
Fixed interest rate		
Assets	27 648	27 087
Payables	-364 281	-373 587
Variable interest rate		
Assets	61	-
Payables	-122 555	-99 696

Sensitivity analysis for instruments with variable interest rate

A change of 100 basis points in interest rates would have the following effect on profit or loss and cash flow sensitivity:

in TEUR	**Profit (Loss)**	
	100 bb growth	**100 bb decline**
31 October 2022		
Instruments with variable interest rate	1 225	-1 225
Effect	**1 225**	**-1 225**

in TEUR	**Profit (Loss)**	
	100 bb growth	**100 bb decline**
31 October 2021		
Instruments with variable interest rate	997	-
Effect	**997**	**-**

Interest-bearing liabilities of the Group bear variable interest rates based on EURIBOR. The Group considers a variable interest rate to be a self-management of the interest rate risk. EURIBOR grows under economic expansion, but also the economic performance of the population grows, and the Group has higher revenues and earnings. It is quite the opposite under economic recession.

In the previous period, when EURIBOR had negative value, the variable interest component of the total interest rate did not affect the economic result and cash flow sensitivity, as according to the loan agreements the value of EURIBOR is then taken at the level of 0%. In the current period, EURIBOR has positive values and therefore a decrease of 100 basis points in interest rates would have an impact on the economic result and cash flow sensitivity.

Operational risk

Operational risk is the risk of loss arising from embezzlement, unauthorized activities, error, omission, inefficiency or system failure. This risk arises in the case of all of the Group's activities and all companies within the Group are exposed to such risk. Operational risk includes also the risk of lawsuit.

The Group's objective is to manage the operational risk so as to prevent financial losses and damage to Group's reputation within the effectiveness of costs spent to achieve this objective, while avoiding measures hindering initiative and creativity.

The primary responsibility for the implementation of controls to address operational risk is assigned to the Group's management. This responsibility is supported by preparation of standards for management of operational risk applicable for the whole Group. Operational risk is managed by a system of directives, minutes from meetings and control mechanisms. The Group has a controlling department established, which attempts to eliminate all operational risks through regular inspections.

The Group is also exposed to risk of adverse weather-related conditions. The resort attendance is dependent on the volume and period of snow. Unfavorable conditions adversely affect the number of skiers and the Group's revenues and profit or loss. Warm weather may disproportionately increase the cost of snowmaking and reduce the area for skiing. Historically, the region of the Low Tatras had an average of 54 cm of snow during the winter season and the High Tatras region had 59 cm of snow. The start of the winter season and the snow conditions affect the perception of the whole season by skiers. The Group is unable to reliably predict the snow conditions at the beginning of the winter season. Thanks to the system of snowmaking, the snow conditions during the winter are stable each year.

38. Related Parties

Identification of related parties

As shown in the following overview, the Group has a related-party relationship with its shareholders who have significant influence in the Group and other parties; as at 31 October 2022 and 31 October 2021 or during the period from 1 November 2021 to 31 October 2022 and 1 November 2020 to 31 October 2021:

(1) Companies with joint control or significant influence over the entity and its subsidiaries or associates,
(2) Joint ventures in which the Group is a partner,
(3) Associates,
(4) Members of the Group's top management or shareholders of the Group and companies in which top management has control or significant influence (see also Note 10 – Personnel expenses)

Information about remuneration of key management is provided in Note 10 – Personnel expenses.

All related party transactions, including transactions with Key management, were made on the basis of market conditions that are common in such transactions between unrelated parties or that are expected in such transactions. None of the related parties was privileged in any kind of transactions.

As at 31 October 2022, the Group has receivables in the amount of EUR 25 thousand (2021: EUR 31 thousand) and liabilities in the amount of EUR 1 003 thousand (2021: EUR 111 thousand) from Members of the Key Management.

In the period from 1 November 2021 to 31 October 2022, the Group reported revenues of EUR 43 thousand (2021: EUR 242 thousand) and expenses of EUR 6,006 thousand (2021: EUR 3,492 thousand) to Members of the Key Management.

39. Subsequent Events

On 1 November 2022, the companies EUROCOM Investment, s.r.o. and WORLD EXCO, s.r.o. were merged, the legal successor of which became EUROCOM Investment s.r.o..

On 1 November 2022, there was a cross-border merger of GOPASS SE and GOPASS, a.s., the legal successor of which was GOPASS SE, based in the Czech Republic.

On 3 November 2022, bonds of the TMR VI issue worth EUR 57,448 thousand were traded.

On 7 November 2022, bonds issued by TMR IV in the Czech Republic, worth CZK 1,500,000 thousand, were paid to creditors.

On November 8, 2022, GOPASS SE, an organizational unit in Slovakia, was founded. It is an enterprise of a foreign entity of the European company GOPASS SE.

In December 2022, the management negotiated an increase of the overdraft by an additional EUR 4,000 thousand for the purposes of operations management of financial needs.

On 2 February 2023, the Company paid out a coupon from the TMR V bond in the amount of EUR 6,600 thousand.

Information on events related to the crisis in Ukraine and the energy crisis after the end of the accounting period is described in Note 2 (b) – Basis of Preparation.

40. Capital Commitments and Capital Management

In the course of 2014, the Group made two bond issues in the total nominal value of EUR 180,000 thousand, which have been admitted to trading on the Bratislava Stock Exchange since 19 February 2014.

On 10 October 2018, the Group issued the third issue of TMR III bonds at a total nominal value of EUR 90,000 thousand; will be due in 2024.

On 7 November 2018, the Group issued the fourth bond issue TMR F. CR in the nominal value of CZK 1,500,000 thousand, with maturity in 2022.

During February 2021, the Company issued TMR V bonds with a total nominal value of EUR 110,000 thousand. Interest income from this bond will be paid for each annual period in arrears, always on the 2 February, with the first occurrence on 2 February 2022. The maturity of TMR V bond is on 2 February 2026.

On 28 October 2022, the Group issued TMR VI bonds with a total value of up to a maximum of EUR 65,000 thousand with an interest rate of 5.4% p.a. and a maturity in 2027. On 28 October 2022, bonds worth EUR 1,552 thousand were traded. Interest income from this bond will be paid for each income period on a semi-annual basis in arrears, always on 28 April and 28 October of each year, the first time on 28 April 2023. The maturity of TMR VI bond is on 28 October 2027.

Further information on issued bonds and related covenants is provided in Note 34 – Bonds Issued.

The Group's management deals with capital management in order to secure a sufficient amount of funds for the planned investments in the period for which the investments were planned, if necessary in cooperation with bank loans.

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 2021 and 31 October 2022, no changes occurred in the Group's 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.

The Group is a party to several legal disputes. The maximum amount of compensation in all legal disputes can amount up to EUR 436 thousand plus related charges and fees.

42. Companies within the Group

The list of companies in the Group as at 31 October 2022 and 31 October 2021 is included in the following overview:

			31.10.2022		31.10.2021	
	Country	**Method**	**Consol. %**	**Control**	**Consol. %**	**Control**
Parent company						
Tatry mountain resorts, a.s.	Slovakia	full	100		100	
Subsidiaries						
Szczyrkowski Ośrodek Narciarski, S.A.	Poland	full	97	direct	97	direct
Ślaskie Wesole Miasteczko Sp. z o. o.	Poland	full	100	indirect	100	indirect
TMR Parks, a.s.	Slovakia	full	100	direct	100	direct
TMR Ještěd a.s.	Czech Republic	full	100	direct	100	direct
Tatry mountain resorts CR, a.s.	Czech Republic	full	100	direct	100	direct
TMR Finance CR, a.s.	Czech Republic	full	100	direct	100	direct
Tatry Mountain Resorts AT GmbH	Austria	full	100	direct	100	direct
Mölltaler Gletscherbahnen GmbH & Co KG	Austria	full	100	direct	100	direct
Mölltaler Gletscherbahnen GmbH	Austria	full	100	direct	100	direct
Grundstücksverwertungs-GmbH Flattach	Austria	full	100	indirect	100	indirect
Korona Ziemi sp.z o.o.	Poland	full	74	direct	74	direct
TIKAR d.o.o.	Croatia	full	-	-	51	direct
Muttereralm Bergbahnen Errichtungs GmbH	Austria	full	100	direct	100	direct
GOPASS, a.s.	Slovakia	full	100	direct	100	direct
WORLD EXCO s.r.o.	Slovakia	full	100	indirect	-	-
EUROCOM Investment, s.r.o.	Slovakia	full	100	indirect	-	-
International TMR services, s.r.o.	Czech Republic	full	100	direct	-	-
GOPASS SE	Czech Republic	full	100	direct	-	-
Joint ventures						
OSTRAVICE HOTEL a.s.	Czech Republic	equity method	50	indirect	50	indirect
Associate						
MELIDA a.s. (Note 5(b))	Czech Republic	equity method	25	direct	25	direct

In March 2014, the Group acquired a 97% stake in the Polish mountain resort of Szczyrkowski Ośrodek Narciarski S.A. (SON). In April 2015, the Group agreed to acquire a 75% stake in a Polish company that owns and operates the Silesian Amusement Park (Śląskie Wesołe Miasteczko Sp. Z o.o.). In 2017, the subsidiary TMR Parks, a.s. was established, which bought the entire 75% stake in SWM from the Parent Company and subsequently bought the remaining 25% stake from the original owner and thus became the sole owner.

In December 2017, the Group, through its subsidiary TMR Ještěd a.s. officially took over the operation of the Ještěd sports complex in the city of Liberec. In November 2018, the Group entered the golf segment and leases and operates Golf & Ski Resort Ostravice in the Czech Republic. The subject of activity of OSTRAVICE HOTEL a.s. is the rental of real estate, apartments and non-residential premises. In January 2019, the Group leased Golf Resort Kaskáda near Brno, Czech Republic, for a period of 20 years, managing the operation of a hotel with a congress center and restaurant.

The company Tatry mountain resorts CR, a.s. was founded in 2018 and is used for future acquisitions in the Czech Republic. In 2018, the company TMR Finance CR, a.s. whose main activity is the provision of funds obtained by issuing bonds to related companies in the Group in the form of loans, borrowings or other forms of financing.

In 2019, through the subsidiary Tatry Mountain Resorts AT GmbH, the Group acquired shares in the subsidiaries Mölltaler Gletscherbahnen GmbH & Co. KG, Mölltaler Gletscherbahnen GmbH and Grundstücksverwertungs-GmbH Flattach. These subsidiaries operate the Mölltaler Gletscher and Ankogel ski resorts in Austria. In May 2020, the Group acquired a 100% stake in 1. Tatranská, a joint-stock company that operates the Štrbské Pleso ski resort in the High Tatras in Slovakia, operates a hospitality business and operates a ski school. The Group thus acquired a controlling interest in Korona Ziemi sp. z o.o, which operates an amusement park in Poland, and TIKAR d.o.o, which is auctioning a hotel in Croatia.

On 1 May 2021, the Parent Company acquired 100% share in the company Muttereralm Bergbahnen Errichtungs GmbH. The company operates a ski resort in Austria.

On 4 June 2021, GOPASS, a.s. was founded. The Parent company became its sole shareholder.

On 29 October, 2021, the Parent Company sold the assets of Aquapark Tatralandia and Holiday Village Tatralandia to a subsidiary of TMR Parks, a.s. (original name: Tatry mountain resorts PL), but the Parent Company continues to operate them.

On 31 March 2022, the Group acquired a 100% stake and control in the company WORLD EXCO, s.r.o. The acquired company operates a congress center in Bešeňová.

On 31 March 2022, the Group also acquired a 100% stake and control in EUROCOM Investment, s.r.o. The acquired company operates the Bešeňová water park, Hotel Galeria Thermal and Hotel Bešeňová.

On 22 June 2022, the company International TMR services s.r.o. was founded in the Czech Republic for the purpose of providing services within the TMR Group, 100% owned by the Parent Company.

On 1 July 2022, the Group acquired a 100% stake in the European company GOPASS SE, based in the Czech Republic, which will serve the purpose of expanding in the European market.

Igor Rattaj	Jozef Hodek	Marián Klas	Marián Vojtko
Chairman of the Board of Directors	*Member of the Board of Directors*	*Finance Director*	*Person responsible for bookkeeping*

Independent Auditor's Report

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Translation of the Independent 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 Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Tatry mountain resorts, a.s. (the "Company") and its subsidiaries (the "Group"), which comprise:

- the consolidated statement of financial position as at 31 October 2022;

and, for the period then ended:

- the consolidated statement of profit or loss and other comprehensive income;
- the consolidated statement of changes in equity;
- the consolidated statement of cash flows;

and

- notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 October 2022, and of its consolidated financial performance and its consolidated cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Obchodný register Okresného súdu Bratislava I, oddiel Sro, vložka č. 4864/B
Commercial register of district court Bratislava I, section Sro, file No. 4864/B

IČO/Registration number: 31 348 238
Evidenčné číslo licencie audítora: 96
Licence number of statutory auditor: 96

Independent Auditor's Report

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") and 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the following key audit matters:

Going concern considerations

As at 31 October 2022, the Group's current liabilities exceeded its current assets by EUR 91,362 thousand and it recognized loss in amount of EUR 11,947 thousand for the year then ended.

Refer to Notes 2b) (Basis for preparation) of the consolidated financial statements.

Key audit matter	Our response
The Group's financial statements are prepared on a going concern basis. As discussed in Note 2b), the outbreak of the COVID-19 pandemic and the measures adopted by the government of countries in which the Group operates to mitigate the pandemic's spread have significantly negatively impacted the Group's liquidity position and financial performance of the Group for last two years. Also, significant uncertainty arises over how the current volatile economic environment, ongoing war in Ukraine or increasing energy prices will impact the Group's business in future periods and customers' demand for its services. The Group's going concern assessment was based on cash flow forecasts, which in the management's view support the assertion that the Group will have sufficient resources to continue for a period of at least 12 months from the reporting date.	Our audit procedures in the area included, among others: • Understanding the Group's business planning process over the assessment of the Group's ability to continue as a going concern; • Inspecting the management 's assessment of the going concern basis of accounting, including their evaluation of the business/operating and liquidity risks arising from impacts of COVID-19 outbreak, volatile economic environment, ongoing war in Ukraine or increasing energy prices and plans for further actions in response to the risks identified. As part of the procedure we also made corroborating inquiries of the Group's management; • Independently evaluating the reasonableness and feasibility of the plans for future actions in order to alleviate the effects of the outbreak, by reference to the preceding procedure as well as by performing the following:

Independent Auditor's Report

KPMG

The preparation of these forecasts incorporated a number of assumptions and significant judgment under a number of scenarios, including access to additional financing. As part of the assessment, the Group also considered a number of actions aimed at alleviating the potential disruption to its business and liquidity position, such access to additional financing and deferment of unnecessary expenditures. The management concluded that the range of possible outcomes considered at arriving at this judgment does not give rise to material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. Note 2b) further explains how the judgment was formed. The COVID-19 pandemic followed by volatile economic environment, ongoing war in Ukraine and increasing energy prices are an unprecedented challenge for the economy globally, and at the date of the consolidated financial statements their effects are subject to significant levels of uncertainty. The Group's use of the going concern basis of accounting is a key audit matter due to the associated extent of uncertainty, and consequently, high level of judgment required in evaluating the management's plans for future actions and their financial impact.	- Challenging the key assumptions used in the determination of the forecast financial information under various scenarios. This primarily included challenging the assumed capital expenditure and sales forecast based on our understanding of the Group's activities and by reference to publicly available industry/market reports; - Performing an analysis of the going concern conclusion's sensitivity to changes in the aforementioned key assumptions adopted in the going concern assessment, and considering whether there were any indicators of management bias in the assessment; • Assessing the availability of banking and other financing facilities and arrangements, by inspecting underlying documentation, such as draft banking facility agreements and singed contract amendments before and after the reporting period end, and assessing the impact of any covenants and other restrictive terms therein; • Considering whether any additional relevant facts or information have become available since the date on which the Group made its assessment; • Evaluating the appropriateness of Group's disclosures in respect of the going concern assessment, subsequent events and any related uncertainties in the consolidated financial statements against the requirements of the financial reporting standards.

Independent Auditor‘s Report

KPMG

Impairment of property, plant and equipment and intangible assets	
Carrying amount of property, plant and equipment and intangible assets as at 31 October 2022: EUR 440,567 thousand (31 October 2021: EUR 416,259); Impairment allowance of property, plant and equipment and intangible assets as at 31 October 2022: EUR 20,781 thousand (31 October 2021: EUR 15,541 thousand) Refer to Notes 2l), 2m) and 2n) (Summary of significant accounting policies), Note 3c) (Goodwill and impairment testing, Note 3d) (Assets impairment testing), Note 15 (Property, plant and equipment) and Note 17 (Goodwill and intangible assets) of the consolidated financial statements.	
Key audit matter	**Our response**
As described in Note 3d) of the consolidated financial statements, in the current year, the Group identified impairment indicators in respect of its property, plant and equipment and intangible assets, including ones related to business disruption and loss incurred during last two years as a result of the COVID-19 pandemic, ongoing war in Ukraine and increasing energy prices. In the wake of the above factors, as at 31 October 2022, the Group tested property, plant and equipment and intangible assets for impairment, as part of the impairment test performed for the cash generating unit („CGU") ski resort Vysoke Tatry of parent company Tatry mountain resorts, a.s., CGU ski resort Nizke Tatry of parent company Tatry mountain resorts, a.s., CGU aquapark Tatralandia of Slovak daughter company Tatry mountain resorts PL, a.s., CGU ski resort Szczyrk of Polish daughter company Szczyrkowski Osrodek Narciarski S.A., CGU amusement park Legendia of Polish daughter company Ślaskie Wesole Miasteczko Sp. z o. o., CGU ski resort Mölltaler Gletscher & Ankogel Mallnitz in Austrian daughter companies Mölltaler Gletscherbahnen GmbH and Mölltaler Gletscherbahnen GmbH & Co KG, CGU ski resort Jested in Czech daughter company TMR Ještěd a.s. and CGU ski resort Muttereralm Innsbruck in Austrian daughter company Muttereralm Bergbahnen Errichtungs GmbH. The Group determined recoverable amounts for above mentioned CGU's based on the higher of their fair value less costs of disposal and their value in use estimated under the discounted cash flow method.	Our audit procedures in the area included, among others: • Evaluating against the requirements of the relevant financial reporting standards the Group's accounting policy for identification of impairment, and measurement and recognition of any impairment losses in respect of property, plant and equipment and intangible assets; • Evaluating design and implementation of internal controls relating to the identification of impairment indicators and to the process of impairment testing; • Evaluating the quality of the Group's forecasting by comparing historical projections with actual outcomes; • Assessing the appropriateness of asset grouping into CGUs, based on our understanding of the Group's operations and business units; • Inquiring of the management of the Group regarding the impact of the volatile economic environment, ongoing war in Ukraine and increasing energy prices and its results in the current year and going forward. • Assisted by our own valuation specialists, challenging the reasonableness of the Group's key assumptions and judgments used in estimating the recoverable amount, including: - Assessing the Group's discounted cash flow model against the relevant financial reporting standards and market practice,

Independent Auditor's Report

KPMG

Determination of the recoverable amount requires making a number of assumptions and judgments, in particular those relating to grouping of assets into CGUs, discount rates used and future cash flows, with key assumptions made about prices for services provided, costs, and expected levels of sales, output and operating costs. Due to the above factors, coupled with the significantly higher estimation uncertainty stemming from the volatile economic environment, ongoing war in Ukraine and increasing energy prices, assessment of property, plant and equipment and intangible assets for impairment required our significant judgment and increased attention in the course of our audit. As a consequence, we consider the area to be our key audit matter. -	- Challenging reasonableness of the key macroeconomic assumptions used, such as those in respect of discount rates by reference to publicly available external sources, and - Using our knowledge of the Group, its past performance, business, and our industry experience, and also our understanding of the effects of the ongoing war in Ukraine and increasing energy prices, assessing reasonableness of the assumptions relating to future prices of services provided, as well as those in respect of expected sales, output and operating costs, by reference to publicly available reports, market reports and the Group's internal documents; - Assessing susceptibility of the impairment model and the resulting impairment conclusion to management bias, by challenging the Group's analysis of the model's sensitivity to changes in key underlying assumptions; • Evaluating the appropriateness and completeness of impairment-related disclosures in the consolidated financial statements against the requirements of the financial reporting standards.

Independent Auditor's Report

KPMG

Responsibilities of the Statutory Body and Those Charged with Governance for the Consolidated Financial Statements

The statutory body is responsible for the preparation of consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the statutory body is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the statutory body either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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 other information in the Annual Report

The statutory body is responsible for the other information. The other information comprises the information included in the Annual Report prepared in accordance with the Act No. 431/2002 Coll. on Accounting as amended ("the Act on Accounting") but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information in the Annual Report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the Annual Report that we have obtained prior to the date of the auditors' report on the audit of the consolidated financial statements, and, in doing so, consider whether the other information is materially inconsistent with the audited consolidated financial statements or our knowledge obtained in the audit of the consolidated financial statements, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

With respect to the Annual Report, we are required by the Act on Accounting to express an opinion on whether the other information given in the Annual Report is consistent with the consolidated financial statements prepared for the same financial year, and whether it contains information required by the Act on Accounting.

Based on the work undertaken in the course of the audit of the consolidated financial statements, in our opinion, in all material respects:

- the other information given in the Annual Report for the year ended 31 October 2022 is consistent with the consolidated financial statements prepared for the same financial year; and
- the Annual Report contains information required by the Act on Accounting.

In addition to this, in light of the knowledge of the Company and its environment obtained in the course of the audit of the consolidated financial statements, we are required by the Act on Accounting to report if we have identified material misstatements in the other information in the Annual Report. We have nothing to report in this respect.

Independent Auditor's Report

KPMG

Reporting on other information related to European Single Electronic Format

Independent assurance report on the compliance of the presentation of the consolidated financial statements with the requirements of the European Single Electronic Format ("ESEF")

We have been engaged by the Company to conduct a reasonable assurance engagement to verify the compliance of the presentation of the consolidated financial statements of the Group for the year ended 31 October 2022 included in the Annual Financial Report (the "Presentation of the Consolidated Financial Statements") with the requirements of the ESEF Regulation.

Description of subject matter and applicable criteria

The Presentation of the Consolidated Financial Statements has been applied by the management to comply with the requirements of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation"). The applicable requirements regarding the Presentation of the Consolidated Financial Statements are contained in the ESEF Regulation.

The requirements described in the preceding paragraph with respect to the Presentation of the Consolidated Financial Statements constitute, in our view, appropriate criteria to form a reasonable assurance conclusion.

Responsibility of the management and those charged with governance

The management is responsible for the Presentation of the Consolidated Financial Statements that complies with the requirements of the ESEF Regulation.

This responsibility includes:

- preparation of the consolidated financial statements in XHTML format;
- selection and application of appropriate markups in iXBRL using ESEF taxonomy; and
- designing, implementing and maintaining internal controls relevant for the preparation of the Presentation of the Consolidated Financial Statements which is free from material non-compliance with the requirements of the ESEF Regulation.

Those charged with governance are responsible for overseeing the Group's financial reporting process, which also includes the preparation of the consolidated financial statements that also comply with the requirements of the ESEF Regulation.

Our responsibility

Our responsibility is to express a reasonable assurance conclusion whether the Presentation of the Consolidated Financial Statements complies, in all material respects, with the requirements of the ESEF Regulation.

Independent Auditor‘s Report

We conducted our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits and Reviews of Historical Financial Information, (the “ISAE 3000(R)”), issued by the International Auditing and Assurance Standards Board (the “IAASB”). This standard requires that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance whether the Presentation of the Consolidated Financial Statements complies, in all material respects, with the requirements of the ESEF Regulation.

The nature, timing, and extent of procedures performed depend on the auditor’s judgment. Reasonable assurance is a high level of assurance, but it does not guarantee that the service performed in accordance with ISAE 3000(R) always detects material non-compliance.

Our quality control and independence requirements

We apply the provisions of International Standard on Quality Control 1 (issued by the IAASB) and, accordingly, maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We comply with independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Summary of the work performed

Our planned and performed procedures were aimed at obtaining reasonable assurance that the Presentation of the Consolidated Financial Statements complies, in all material respects, with the requirements of the ESEF Regulation. Our procedures included in particular:

- obtaining an understanding of the internal control system and processes relevant to the application of the electronic reporting format of the consolidated financial statements, including the preparation of the XHTML format and marking up the consolidated financial statements;
- verification whether the XHTML format was properly applied;
- evaluating the completeness of marking up the consolidated financial statements using the XBRL markup language according to the requirements of the implementation of the electronic format, as described in the ESEF Regulation;
- evaluating the appropriateness of the Group’s' use of XBRL markups selected from the ESEF taxonomy and the creation of extension markups where no suitable element in the ESEF core taxonomy has been identified; and
- evaluating the appropriateness of the anchoring of the extension elements to the ESEF core taxonomy.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, based on the procedures performed, the Presentation of the Consolidated Financial Statements complies, in all material respects, with the requirements of the ESEF Regulation.

Independent Auditor‘s Report

KPMG

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 Tatry mountain resorts, a.s. on 22 April 2022 on the basis of approval by the General Meeting of Tatry mountain resorts, a.s. held on 25 May 2022. 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 14 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 supervisory board of the Company, which was issued on 28 February 2023.

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 Group in conducting the audit.

In addition to the statutory audit services and services disclosed in the consolidated Annual Report or the consolidated financial statements of the Group, we did not provide any other services to the Group.

Slovenská komora audítorov SKAU Č. licencie 96 KPMG Slovensko spol. s r.o.

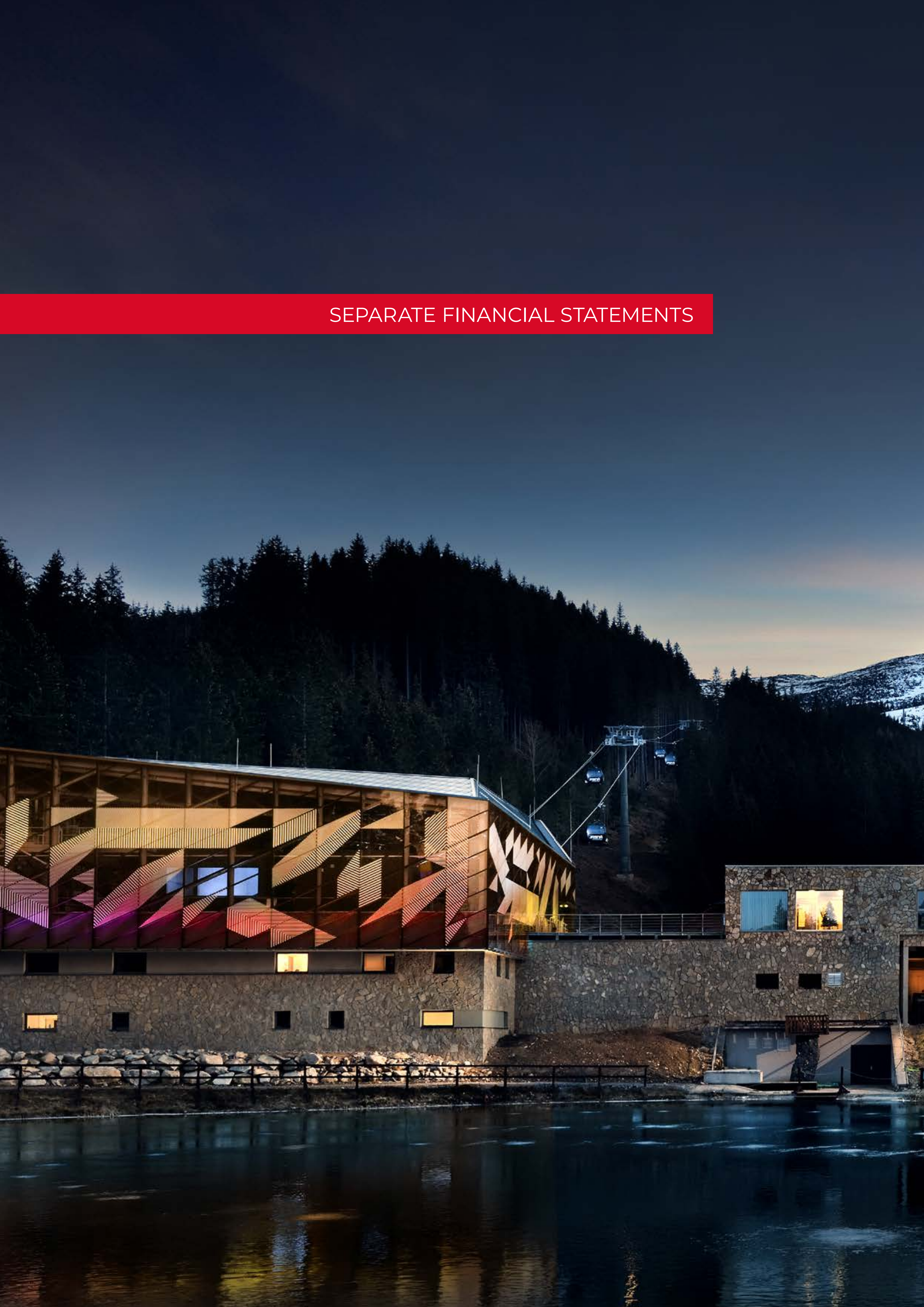
Audit firm:
KPMG Slovensko spol. s r.o.
License SKAU No. 96

Responsible auditor:
Ing. Martin Kršjak
License UDVA No. 990

Bratislava, 6 March 2023

This is a translation of the original Slovak Auditors' Report into English language. The consolidated financial statements have not been translated. For a full understanding of the information stated in the Auditors' Report, the Report should be read in conjunction with the full set of the consolidated financial statements prepared in Slovak.

SEPARATE FINANCIAL STATEMENTS



Separate
Financial Statements

Tatry mountain resorts, a.s.

Separate Financial Statement
for the Period from 1 November 2021 to 31 October 2022

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

in TEUR	Note	1.11.2021 - 31.10.2022	1.11.2020 - 31.10.2021
Sales	6	90 483	48 191
Other operating revenue	7	1 384	248
Total revenue		**91 867**	**48 439**
Material and goods consumption	8	-15 132	-16 056
Purchased services	9	-25 439	-13 393
Personnel expenses	10	-29 816	-15 920
Other operating expenses	11	-879	-539
Gain / (loss) on sale of assets		5 319	11 712
Gain / (loss) on revaluation of investment property	18	-906	-
Release/(Creation) of value adjustments	23,24,27,29	10 470	-6 960
Profit before interest, taxes, depreciation and amortization (EBITDA)*		**35 484**	**7 283**
Depreciation and amortization	15,17	-12 971	-14 910
Depreciation of right-of-use of leased assets	16	-4 344	-3 496
Profit / (loss) before interest, taxes (EBIT)		**18 169**	**-11 123**
Interest income calculated using effective interest rate	12	7 965	6 746
Financing cost	12	-20 051	-17 741
Net profit / (loss) on financial operations	13	-715	-5
Net profit / (loss) on disposal of subsidiaries	5	-721	-
Profit / (loss) before tax		**4 647**	**-22 123**
Current income tax	14	-1	-3
Deferred income tax	14	-1 359	5 221
Profit / (loss)		**3 287**	**-16 905**
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or (loss) in subsequent periods (net of tax):			
Net gain/(loss) on cash flow hedges	34	-1 103	-1 949
Total comprehensive income		**2 184**	**-18 854**
Profit / (loss) per share (in EUR)	30	**0,490**	**-2,520**
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 otfher income and expenses, which are listed under EBITDA, in particular profit / (loss) from financial operations representing foreign exchange gains / (losses). The EBITDA indicator adjusted in this way is used by the Company's management to manage the Company's performance as well as individual CGUs (cash-generating units).

Separate Statement of Financial Position

in TEUR	Note	31.10.2022	31.10.2021
Assets			
Goodwill and intangible assets	17	32 328	33 933
Property, plant and equipment	15	242 311	237 766
Right-of-use of leased assets	16	59 256	36 928
Investment property	18	7 411	8 317
Investments in an associate and a joint venture	19	7 118	7 118
Loans provided	23	23 351	11 137
Other receivables	25	128	308
Investments in subsidiaries	20	15 074	11 574
Total non-current assets		**386 977**	**347 081**
Inventory	22	2 629	2 662
Trade receivables	24	2 424	3 198
Assets held for sale	26	-	948
Loans provided	23	159 877	81 539
Other receivables	25	3 923	6 819
Financial investments	28	36	36
Cash and cash equivalents	29	5 332	10 194
Other assets	27	4 317	46 139
Total current assets		**178 538**	**151 535**
Assets total		**565 515**	**498 616**
Equity	30		
Share capital		46 950	46 950
Share premium		30 430	30 430
Profit / (loss) for the period		3 287	-16 905
Retained earnings and other funds		10 252	28 260
Total equity		**90 919**	**88 735**
Liabilities			
Loans and borrowings	31	87 272	106 561
Lease liabilities	32	51 901	29 551
Trade payables	33	1 169	181
Provisions	36	133	20
Other non-current liabilities	35	884	819
Bonds issued	37	198 496	196 330
Deferred tax liability	21	16 203	15 137
Total non-current liabilities		**356 058**	**348 599**
Loans and borrowings	31	78 317	25 847
Lease liabilities	32	7 760	7 669
Trade payables	33	9 049	8 847
Provisions	36	754	540
Bonds issued	37	5 108	5 108
Other current liabilities	35	17 550	12 411
Liabilities directly associated with the Assets held for sale	26	-	860
Total current liabilities		**118 538**	**61 282**
Total liabilities		**474 596**	**409 881**
Total equity and liabilities		**565 515**	**498 616**

Separate Statement of Changes in Equity

in TEUR	Share capital	Share premium	Legal reserve fund	Fair value revaluation reserve	Hedging revaluation reserve	Retained earnings	Total
Balance as at 1 November 2021	**46 950**	**30 430**	**7 018**	**180**	**-1 499**	**5 656**	**88 735**
Profit / (loss) for the period	-	-	-	-	-	3 287	**3 287**
Other components of comprehensive income, after tax							
- items with possible subsequent reclassification to profit/(loss):							
Cash Flow hedge	-	-	-	-	-1 103	-	**-1 103**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-1 103**	**3 287**	**2 184**
Transactions with owners posted directly into equity							
Increases from company merger	-	-	-	-	-	-	**-**
Total transactions during the year	**-**	**-**	**-**	**-**	**-**	-	**-**
Balance as at 31 October 2022	**46 950**	**30 430**	**7 018**	**180**	**-2 602**	**8 943**	**90 919**

Separate Statement of Changes in Equity (continued)

in TEUR	Share capital	Share premium	Legal reserve fund	Fair value revaluation reserve	Hedging revaluation reserve	Retained earnings	Total
Balance as at 1 November 2020	**46 950**	**30 430**	**7 018**	**180**	**450**	**23 057**	**108 085**
Profit / (loss) for the period	-	-	-	-	-	-16 905	**-16 905**
Other components of comprehensive income, after tax							
- items with possible subsequent reclassification to profit/(loss):							
Cash Flow hedge	-	-	-	-	-1 949	-	**-1 949**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-1 949**	**-16 905**	**-18 854**
Transactions with owners posted directly into equity							
Increases from company merger	**-**	**-**	**-**	**-**	**-**	**-496**	**-496**
Total transactions during the year	**-**	**-**	**-**	**-**	**-**	**-496**	**-496**
Balance as at 31 October 2021	**46 950**	**30 430**	**7 018**	**180**	**-1 499**	**5 656**	**88 735**

Separate Cash Flow Statement

in TEUR	Note	1.11.2021 - 31.10.2022	1.11.2020 - 31.10.2021
OPERATING ACTIVITIES			
Profit / (loss)		**3 287**	**-16 905**
Adjustments related to:			
Profit from the sale of land, buildings and equipment and intangible assets		-5 319	-11 712
Depreciation and amortization	15,17	12 971	14 910
Depreciation of right-of-use of leased assets	16	4 344	3 496
(Reversal) / creation of value adjustments to receivables	23,24,27	-10 467	6 958
(Profit)/ loss from financial operations	13	715	5
Loss from disposal of subsidiaries	5	721	-
Loss on revaluation of investment property	6	906	-
Net interest expense / (income)	12	12 086	10 995
Change in provisions		327	157
Income tax	14	1 360	-5 218
Change in trade receivables, other receivables and other assets		-2 023	-687
Change in inventories		33	4 809
Change in trade liabilities and other liabilities		6 115	1 245
Cash flow from operating activity before income tax		**25 056**	**8 053**
Income tax paid		167	469
Cash flow from operating activity		**25 223**	**8 522**
INVESTING ACTIVITIES			
Acquisition of land, buildings and equipment and intangible assets	15,17	-19 800	-4 966
Proceeds from sale of property, plant and equipment and intangible assets		7 850	4 704
Cost of acquisition of subsidiaries	5	-17	-2 953
Company merger		-	105
Income from the sale of shares in subsidiaries	5	2 350	-
Loans provided		-33 070	-10 695
Repayment of loans provided		5 166	1 911
Interest received		22	693
Cash flow from investing activity		**-37 499**	**-11 201**
FINANCING ACTIVITIES			
Repayment of lease liabilities		-7 012	-4 671
Repayment of received loans and borrowings		-7 352	-1 830
Loans and borrowings received		37 023	28 977
Bonds issued	37	1 518	109 635
Repayment of bonds		-	-110 000
Interest paid		-16 766	-13 606
Cash flow from financing activity		**7 411**	**8 505**
Net increase/ (decrease) of cash and cash equivalents		-4 865	5 826
Influence of impairment allowance to cash and cash equivalents	29	3	-2
Cash and cash equivalents at the beginning of the year	29	10 194	4 370
Cash and cash equivalents at the end of the year	29	**5 332**	**10 194**

Content

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 EUR 221,338 thousand to EUR 46,950 thousand, i.e. by EUR 174,388 thousand. Then during 2014, the Company issued two bond issues in the total nominal value of EUR 180,000 thousand, which, starting from 19 February 2014, are admitted to trading on the Bratislava Stock Exchange.

On 17 December 2013, the Company issued the first issue of TMR I bonds with a total nominal value of EUR 70,000 thousand, due in 2018. On 5 February 2014, the Company issued the second issue of TMR II bonds with a total nominal value of EUR 110,000 thousand, due in 2021. On 10 October 2018, the Company issued the third bond issue TMR III in the nominal value of EUR 90,000 thousand, with maturity in 2024. On 2 February 2021, the Company issued the fourth bond issue TMR V bonds in the total nominal value of EUR 110,000 thousand, with a maturity date in 2026. On 28 October 2022, the Company issued the fifth bond issue TMR VI bonds in the total nominal value of EUR 59,000 thousand, with a maturity date in 2027. See Note 37 – Bonds Issued.

The Company has the accounting period and fiscal year from 1 November to 31 October, as the Company activity is influenced by seasonal fluctuations.

The Shareholders’ structure of the Company is described in Note 30 - Equity

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 been operating the Tatralandia Aquapark and thus expanded its portfolio of services. 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 the Czech Republic operates ski center Ještěd near Liberec since December 2017. In 2019 the Company acquired interests in Austrian companies operating the ski resorts Mölltaler Gletscher and Ankogel in Austria. In October 2019 the Company became a direct shareholder (9.5% share) in MELIDA a.s., then in December 2019 acquired additional 15.5 % share (in total the Company has 25% share). MELIDA a.s. operates the ski resort Špindlerův Mlýn in the Czech Republic. During the accounting period ended 31 October 2020, the Company acquired shares in the Slovak company 1. Tatranská, akciová spoločnosť, which operates the ski resort Štrbské pleso in High Tatras, provides hospitality services and operates a ski school. On 1 November 2020, the Company merged with 1. Tatranská, akciová spoločnosť (“1. Tatranská”). As at 1 May 2021, the Company expanded its portfolio by adding the subsidiary Muttereralm Bergbahnen Errichtungs GmbH (90% share). On 4 June 2021, GOPASS, a.s. was established, in which the Company became the sole shareholder. GOPASS, a.s. will be used for expansion into Alpine ski resorts which are planned to be incorporated into its platform. On 29 October 2021, the Company sold Aquapark Tatralandia and Holiday Village Tatralandia assets to its subsidiary TMR Parks, a.s. (former name: Tatry mountain resorts PL), but the Company continues to operate them. On 22 June 2022, International TMR services s.r.o. was established for the purpose of providing services within the TMR Group, of which the Company became 100% owner. On 1 July 2022, the Company acquired 100% of the shares in the European company GOPASS SE, which will be used for the purpose of expansion in the European market.

Company bodies are:

The Board of Directors
Ing. Igor Rattaj, the Chairman (since 30.4.2020)
Ing. Jozef Hodek, the Member (since 30.6.2009)
Čeněk Jílek, the Member (since 29.4.2020)

The Supervisory Board:
Ing. Bohuš Hlavatý (since 30.4.2020)
Ing. František Hodorovský (since 18.1.2011)
Roman Kudláček (since 21.4.2012)
Ing. Andrej Devečka (since 29.4.2020)
Ing. Pavol Mikušiak (since 27.4.2013)
Adam Tomis (since 12.4.2014)
Mgr. Marek Schwarz (since 30.6.2021)
Ivan Oško (since 30.6.2021)
Miroslav Roth (since 30.6.2012 until 3.6.2021 and since 30.6.2021)

2. Significant Accounting Policies

(a) Statement of compliance

The separate financial statements for the period from 1 November 2021 to 31 October 2022 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 2023 and that shall be available at the Company headquarters.

The financial statements were approved by the Board of Directors on 28 February 2023.

(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 Company's management expects that the Company has sufficient resources to continue as a going concern for at least another 12 months and that the preparation of the financial statements, assuming the continuity of its operations, is appropriate.

Between 1 November 2021 and mid-January 2022, the Company was exposed to the impacts of measures aimed at mitigating the consequences and the course of the COVID-19 pandemic. In Slovakia, measures were introduced at the end of November 2021 that restricted the operation of water parks, hotels and restaurants. On 17 December 2021, the Company started the ski season, which lasted until May 8, 2022, under tightened anti-epidemiological measures. A further easing of measures came from 25 December 2021, when the services of hotels, restaurants and water parks became available to accommodated guests. Since 19 January 2022, water parks have also been opened to the public. During the remaining period of the winter season, introduced measures were not limiting the operation of the Company. The measures were gradually relaxed, which had a positive impact on the Company's results and the attendance of its resorts, and during the summer season the establishments could operate without restrictions.

A significant risk within the Central and Eastern European region is the military conflict in Ukraine, which may have an impact on visits to the Company's resorts and hotels, as the resorts and hotels are close to the borders of the military conflict, i.e. Ukraine. The Company is affected by the conflict directly due to the loss of visitors from Russia and partially from Ukraine as well. However, even before the war events and the imposition of sanctions, the Company did not consider the Russian or Ukrainian market to be essential. While the loss of visitors from these regions has a negative impact, it is a minor group of visitors in Slovakia and at the same time foreign clients are complemented by new markets such as the countries of the Baltic region, Romania and Hungary.

The costs of the Company are influenced, among other things, by the consumption of energy, natural gas, fuel, and water. These are directly reflected in the operating costs of resorts and hotels, for example in terms of electricity consumption in the operation of cableways and snowmaking facilities. Electricity and natural gas prices in 2022 within the European Union were well above the average of the previous years. The Company had a pre-contracted supply of electricity for 2022 in Slovakia and has contracted electricity for 2023 as well. Thus, price increases do not currently significantly limit the Company's ability to operate its facilities. Due to the active management of commodity prices and systematic investments in snowmaking, the Company was able to open the season on the scheduled date of 3 December 2022 in Jasná and 17 December 2022 in the High Tatras.

In relation to the Company's financing, there were the following changes made during the year:

On 28 October 2022, the Company issued TMR VI bonds in a total value of up to a maximum of EUR 65,000 thousand with an interest rate of 5.4% p.a. and maturity in 2027. On 28 October 2022, bonds worth EUR 1,552 thousand were traded. On 3 November 2022, bonds of the TMR VI issue worth EUR 57,448 thousand were traded. Subsequently, on 4 November 2022, a loan granted by a subsidiary of TMR Finance CR in the amount of CZK 1 533 750 thousand was repaid. On 7 November 2022, TMR Finance CR paid out TMR IV bonds in the Czech Republic to creditors.

The management of the Company modeled a scenario of liquidity development for a period of 12 months from the date of the financial statements. The assumptions used in the model take into account the prices of electricity contracted by the Company, and management assumes gas prices to be higher than the current spot prices on the exchange. The Company also proceeded to optimize the operations and at the same time received an increase in the overdraft from J&T Banka by EUR 4,000 thousand. The baseline scenario, as well as more pessimistic scenario which calculates with overall decrease in revenues of the Company by 5% for whole projected period since February 2023 until the fiscal year end, includes the impact of the reduction of capital expenditures or its financing by bank loans as well as availability of the overdraft is in the total amount of EUR 6,000 thousand which can be drawn by the Company for the purpose of operational cash flow management.

The Company's management assessed the impacts of the war in Ukraine and the energy crisis on the Company's operations and concluded that there was no material uncertainty about the Company's continuing operations (going concern).

The separate financial statements have been prepared in EUR thousands.

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. Significant 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 – Significant 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

In the course of the accounting period starting on 1 November 2021, the Company implemented following new IFRS standards, amendments to standards and IFRIC interpretations. The application of these standards had no impact on the financial statements of the Company.

- Amendments to IFRS 3 Business Combinations - modification of references to the conceptual framework
- Amendments to IAS 16 Property, Plant and Equipment - management of the by-product produced during commissioning
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets - detailed costs included in the calculation of onerous contracts
- Annual Improvements 2018-2020 bring minor changes to IFRS 1 First Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and illustrative examples accompanying IFRS 16 Leases.

(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 2022, the following International Financial Reporting Standards, amendments to standards and interpretations were issued but not yet effective, and have not been applied by the Company in preparing these financial statements:

- Amendments to IFRS 17 Insurance contracts - Initial application of IFRS 17 and IFRS 9 - Comparative information
- Amendments to IAS 12 Income taxes – Deferred tax relating to assets and liabilities arising from a single transaction
- Amendments to IAS 1 Presentation of financial statements and report on the practice of IFRS 2 - Disclosure of accounting principles
- Amendments to IAS 8 Accounting principles, Changes in accounting estimates and errors - Definition of accounting estimates
- IFRS 17 Insurance contracts

The Company anticipates that the issuance of new but not yet effective International Standards will not affect the financial statements.

(e) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i. Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

• Buildings and land	30 years
• Individual movables and sets of movables	
▪ Works of art	20 years
▪ Billboards and advertising space	10 years
▪ Snow groomers	8 years
▪ Others	5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

Refer to the accounting policies for impairment of non-financial assets in Note 2(l) Impairment of non-financial assets.

ii. Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

The Company does not apply the practical expedient in IFRS 16.15. Every contract is examined to determine whether it contains a non-lease components in addition to lease components. Non-lease components are separated from the lease components, and only the lease components are accounted for in accordance with the provisions of IFRS 16.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. When revaluing lease liability due to a lease modification, residual value of the right-of-use asset is adjusted for the revaluation difference. Right-of-use asset is further depreciated from this adjusted value.

The Company's lease liabilities are included in Lease liabilities (see Note 32).

iii. Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Company also applies the lease of low-value assets recognition exemption to leases of items of low value - below EUR 1,000. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Arising rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

In the case of leases, in which the Company transfers substantially all the risks and rewards of ownership of the asset, are classified as finance leases. The leased asset is derecognized and the Company recognizes a financial asset measured at amortized cost, representing the present value of the lease payments, adjusted as in lease liabilities.

In case that the Company leases right-of-use assets, which it further sublets as a lessor to other lessees, the Company evaluates the lease provided to the lessee on whether it is an operating or financial sublease. The only different criterion compared to leasing own assets is the assessment of the sublease against the right-of-use and not the original underlying asset. After assessing whether it is a financial or operating lease, it is subsequently reported in terms of accounting policies for the Company as a lessor.

(f) Financial instruments

i. Initial recognition and measurement of financial asset

Financial assets upon initial recognition are classified in one of three categories as financial assets subsequently measured at amortized 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 rate method (EIR) and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognized, modified or impaired.

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

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 derecognized 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 recognizes 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 recognized 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 recognizes 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. For financial assets, where simplified approach is not used – Loans provided, significant increase in credit risk since initial recognition is assessed on an individual basis.

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 recognized 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.

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 recognized asset or liability

The Company does not use any other form of hedges.

At the beginning of the hedging relationship will be formally defined and documented hedging relationship and objective and strategy of an entity's risk management to ensure implementation. 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 Company actually hedges and the quantity of the hedging instrument that the Company 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

That part of the gain or loss on the hedging instrument that is determined as effective hedging (i.e. that part that is offset by a change in the cash flow hedge provision) is recognized in other comprehensive income (OCI) until any remaining gain or loss on the hedging instrument (or any gain or loss required to offset a change in a cash flow hedge provision) represents a hedge ineffectiveness recognized in profit or loss.

The separate component of equity related to the hedged item (cash flow hedge reserve) is adjusted to the lower of the following values (in absolute terms):

(i) the cumulative gain or loss on the hedging instrument since the inception of the hedge and

(ii) the cumulative change in the fair value (present value) of the hedged item (i.e. the present value of the cumulative change in the hedged expected future cash flows) since the inception of the hedge.

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

If the hedged expected transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or if the hedged expected transaction with a non-financial asset or non-financial liability becomes a liability to which fair value hedge accounting applies, the entity removes that amount from the cash flow hedge provision, and include it directly in the initial cost or other carrying amount of the asset or liability. It does not constitute a reclassification adjustment (see IAS 1) and therefore does not affect the other components of the comprehensive income.

For other cash flow hedges, the amount is reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows have an impact on profit or loss.

When an entity ceases to account for a cash flow hedge, the amount that has accumulated in the cash flow hedge reserve remains in the cash flow hedge reserve until future cash flows are expected, otherwise the amount is immediately reclassified from the cash flow hedge reserve to profit or loss management as a reclassification adjustment.

(g) 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 recognized at cost.

The cost of financial investments is derived from the amount of spent cash or cash equivalents or is recognized 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 recognized through a value adjustment. Value adjustments are derived from the value of future cash flows discounted to present value.

(h) 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 recognized 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.

(i) 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.

(j) 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. The Company uses a weighted average cost method for valuation of its inventories.

(k) 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 recognized amounts and the transactions are intended to be settled on a net basis.

(l) Impairment of non-financial assets

The carrying amounts of the Company's assets, other than inventories (refer to the accounting policy under letter j), investment property (refer to the accounting policy under letter o), financial assets (refer to the accounting policy under letter f), and deferred tax assets (refer to the accounting policy under letter s) 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 recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

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 asset had not been derecognized from the statement of financial position.

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 recognized.

(m) 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 l). 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. 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 recognized in profit or loss in the period to which they relate.

iii. Depreciation

Except as specified below, depreciation is recognized 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
- Cableways and ski lifts
  - Fixed structures and other objects — 20 – 40 years
  - Technology and accessories — 4 - 12 years
- Individual movables and sets of movables
  - Geothermal borehole — 40 years
  - Slides — 25 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.

iv. 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.

(n) 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.

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 l). 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.

(o) 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 recognized 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) – Significant Accounting Estimates and Assumptions, Valuation of investment property.

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

(p) Government grants

Government grants are recognized where there is a reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

(q) Provisions

A provision is recognized 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 recognized as expenses at the time of provision of the service by the employees. A payable is recognized 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.

(r) Interest income and expense

Interest income and expense is recognized in profit or loss in the period to which it relates using the effective interest rate basis. All expenses on loans and borrowings are recognized in profit or loss, with the exception of capitalised borrowing costs; refer to the accounting policy under Note 2 (m), part *(iv)*.

(s) 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.

The amount of deferred tax is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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.

(t) Trade and other payables

Trade and other payables are stated at amortised cost (see Note (y) Financial liabilities).

(u) 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
Revenues from 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 which 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. The loyalty program has been operated by the subsidiary GOPASS a.s. since 1 November 2021.

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 investment property projects are recognised following the transfer of rights and obligations and related risks on to buyer, which occurs at the day of transfering the ownership rights. The sale of investment property is reported in the Company's revenues on the date of signing the acceptance protocol, or by registration at the cadastre on the basis of the decision to allow the deposit of title, whichever occurs first.

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.

(v) Dividends

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

(w) 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.

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.

(x) 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.

(y) 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 and other 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.

(z) 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 38 – 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 and other financial assets

Short-term receivables without the interest rate are valued at the original invoice amount if the impact of discounting is insignificant. For receivables with a remaining life of less than one year, the nominal amount is deemed to reflect the fair value. Fair value is determined at initial recognition and for disclosure purposes at the end of the accounting period.

iv. Trade payables, and other financial liabilities

Trade payables and other financial liabilities are initially measured at fair value. The carrying amount of trade payables and other financial liabilities is approximately equal to their fair value.

v. Cash and cash equivalents

For cash and cash equivalents, it is assumed that their nominal value is also fair value.

vi. Other financial assets/liabilities

Other assets/liabilities are mainly claims on partner companies, which the Company uses for the proprietary sale of tickets to customers to its resorts, receivable/ liability from derivative operations - currency SWAP, remaining liability to shareholders from a reduction in share capital in 2013. Other financial assets/liabilities are discounted for the determination of fair value if the impact of discounting is material.

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. Information about assumptions and estimation uncertainties at 31 October 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is described below. 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, Note 2); 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.

An overview of investments in property of current and previous period is in Note 18 – Investment Property.

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

Potential decrease of the goodwill value is determined by comparing the recoverable amount of CGU and its book value. The recoverable amount 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 historical revenue and EBITDA, adjusted for the effects of anti-pandemic measures and adjusted by management's expectations for future developments - 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 basic term period with subsequent extrapolation for the next period. The Company used a 25-year projection due to the need of reflecting recently made investments in order to reach a standardised level of cash flows for determination of terminal value. Based on such standard level of cash flows, the terminal value was calculated with expected nominal growth of cash flows by inflation. Discount rates applied in the projecting of cash flows were calculated as weighted average cost of capital (without taking into account the effect of the corporate income tax).

Following table summarizes assumptions, result and sensitivity of impairment of goodwill in CGU High Tatras:

in TEUR	**1.11.2021 - 31.10.2022**	**1.11.2020 - 31.10.2021**
Calculation assumptions		
Horizon for cash flow projection	25 years	25 years
Nominal increase of cash flows	3.8 %	3 %
Discount rate used during cash flow projection	9.50 %	8.15 %
Result and sensitivity		
Impairment for the period	-	-
Impairment as at the end of the period	-	-
Decrease of EBITDA by 5 % – impact on value in use	-8 413	-7 374
Decrease of EBITDA by 5 % – resulting impairment	-	-5 495
Increase of discount rate by 0,5 % – impact on value in use	-10 118	-9 173
Increase of discount rate by 0,5 % – resulting impairment	-	-7 259
Marginal decrease of EBITDA	-9.09 %	-1.3 %
Marginal value of discount rate	10.29 %	8.25 %

In 2022 and 2021, goodwill was tested within CGU High Tatras, and the test did not show any reason for asset impairment.

(c) Impairment test of non-financial assets other than goodwill

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 park - aquapark, 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 Slovakia, Poland, Czech Republic and Austria. Each of the locations was assessed by the management as an individual cash-generating unit (CGU). The Company monitors performance and creates separate budgets for each cash-generating unit. The Company's assets were allocated according to their material affiliation to the individual cash-generating units, while the individual CGU units include all assets located there, i.e. in addition to the lifts and cable cars, also hotels, restaurants and sports services and shops.

As at 31 October 2022 and 31 October 2021, after assessment by the Company's management the indicators of a possible impairment of the Company's assets were identified in connection with current unstable economic situation affected by the increase of energy prices and inflation that were caused by the ongoing military conflict in Ukraine, as well as by the coronavirus global pandemic affecting the Company in the previous accounting period, see Note 2 (b) for more information. The Company carried out testing for impairment of assets for CGU which were most affected by the anti-pandemic measures, did not achieve planned sales and after lifting the restrictions, the number of their visitors did not return to pre-pandemic times or historically did not show the required performance. The impairment test was performed for locations Low Tatras, Tatralandia, resort Szczyrkowski Ośrodek Narciarski („SON“ or „Szczyrk“), Silesian amusement park („SWM“ or „Legendia“), resort Ještěd, resort Mölltaler/Ankogel and resort Muttereralm, and also for the High Tatras location, since it has assigned goodwill as stated in Note 3(b). For the locations Low Tatras, Tatralandia, SON, Ještěd and Mölltaler/Ankogel no impairment of assets was calculated. In location SWM the impairment was reflected in the Company's separate financial statements by accounting for the expected loss from the credit exposure to this subsidiary, for further information refer to Note 3(d). In location Muttereralm no loss from the credit exposure to this subsidiary is expected in the Company's separate financial statements.

Projecting of cash flows applied in determining the value in use covers a basic term period with subsequent extrapolation for the next period. The Company used a 25-year projection due to the need of reflecting recently made investments in order to reach a standardised level of cash flows for determination of terminal value. Based on such standard level of cash flows, the terminal value was calculated with expected nominal growth of cash flows by inflation. Discount rates applied in the projecting of cash flows were calculated as weighted average cost of capital without taking into account the effect of the corporate income tax.

Following table summarizes assumptions, result and sensitivity of impairment of assets in CGU Low Tatras:

in TEUR	**1.11.2021 - 31.10.2022**
Calculation assumptions	
Horizon for cash flow projection	25 years
Nominal increase of cash flows	3.8 %
Discount rate used during cash flow projection	9.50 %
Result and sensitivity	
Impairment for the period	-
Impairment as at the end of the period	-
Decrease of EBITDA by 5 % – impact on value in use	-9 235
Decrease of EBITDA by 5 % – resulting impairment	-5 795
Increase of discount rate by 0.5 % – impact on value in use	-11 017
Increase of discount rate by 0.5 % – resulting impairment	-7 578
Marginal decrease of EBITDA	-1.87 %
Marginal value of discount rate	9.65 %

(d) Impairment testing of financial assets

The Company performs impairment testing of financial assets in accordance with IFRS 9 and reports an impairment allowance for expected credit losses (ECL) as described in Note 2(b). As at 31 October 2019, a significant increase in credit risk was identified in the credit exposure to the subsidiary SWM and the Company proceeded to reclassify this credit relationship to Stage 2. During the period from 31 October 2019 to 31 October 2021, the Company booked a specific allowance for expected credit losses during the total remaining life of the loans to SWM in the total amount of EUR 27,522 thousand.

As at 31 October 2022, the Company prepared a projection of expected cash flows taking into the account current results of CGU SWM, which was discounted with an effective interest rate of 7% as a result of which the value of specific allowance was reduced by the amount of EUR 11,406 thousand. If as at 31 October 2022 the projected EBITDA of CGU SWM which is part of the projected cash flows, was lower by 5% compared to the management´s estimate, the value of the specific allowance would be reduced by the amount of EUR 7,509 thousand.

(e) 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.

in TEUR	**Note**	**31.10.2022**				**31.10.2021**			
		Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets									
Loans provided	23	-	-	183 228	**183 228**	-	-	92 676	**92 676**
Other assets - Hedging derivative transactions - foreign exchange SWAP	27	-	254	-	**254**	-	-	-	**-**
Total		**-**	**254**	**183 228**	**183 482**	**-**	**-**	**92 676**	**92 676**

in TEUR		**31.10.2022**				**31.10.2021**			
		Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities									
Bonds issued	37	-	203 604	-	**203 604**	-	201 438	-	**201 438**
Other liabilities - Hedging derivative transactions - foreign exchange SWAP	35	-	-	-	**-**	-	1 277	-	**1 277**
Total		**-**	**203 604**	**-**	**203 604**	**-**	**202 715**	**-**	**202 715**

The table does not present financial instruments for which the carrying amount is considered to be an approximation of fair value. The above financial instruments are stated at their carrying amounts.

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		Main Segments TOTAL		Other		TOTAL	
	31.10.22	31.10.21	31.10.22	31.10.21	31.10.22	31.10.21	31.10.22	31.10.21	31.10.22	31.10.21	31.10.22	31.10.21	31.10.22	31.10.21	31.10.22	31.10.21	31.10.22	31.10.21
	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*	*12 m*	*12 m*
Sales	34 473	12 898	6 700	3 298	31 106	14 404	13 747	6 019	3 677	1 838	780	9 734	**90 483**	**48 191**	-	-	**90 483**	**48 191**
Other operating revenue	37	75	8	1	173	118	100	54	-	-	-	-	**318**	**248**	1 066	-	**1 384**	**248**
Material and goods consumption	-1 882	-1 412	-440	-204	-6 999	-3 209	-4 103	-1 912	-1 148	-1 200	-560	-8 119	**-15 132**	**-16 056**	-	-	**-15 132**	**-16 056**
Purchased services	-10 097	-6 254	-1 501	-944	-9 412	-4 425	-2 274	-1 220	-594	-271	-597	-279	**-24 475**	**-13 393**	-964	-	**-25 439**	**-13 393**
Personnel expenses	-9 362	-4 485	-1 792	-1 231	-11 688	-6 526	-4 895	-2 780	-1 573	-844	-506	-54	**-29 816**	**-15 920**	-	-	**-29 816**	**-15 920**
Other operating expenses	-387	-221	-81	-32	-245	-184	-106	-57	-44	-27	-16	-18	**-879**	**-539**	-	-	**-879**	**-539**
Gain / (loss) on sale of assets	45	-92	597	-	35	-	-	-	4	-	4 638	2 590	**5 319**	**2 498**	-	9 214	**5 319**	**11 712**
Gain / (loss) on revaluation of investment property	-	-	-	-	-	-	-	-	-	-	-906	-	**-906**	**-**	-	-	**-906**	**-**
Release / (creation) of value adjustments	-	-	-	-	3	-6	-1	-	-	-	-7	-962	**-5**	**-968**	10 475	-5 992	**10 470**	**-6 960**
Depreciation and amortization	-8 040	-8 170	-128	-1 284	-3 047	-3 577	-951	-1 212	-636	-407	-169	-260	**-12 971**	**-14 910**	-	-	**-12 971**	**-14 910**
Depreciation and amortization (IFRS 16)	-2 720	-2 745	-816	-386	-612	-209	-148	-28	-48	-128	-	-	**-4 344**	**-3 496**	-	-	**-4 344**	**-3 496**
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**	7 965	6 746	**7 965**	**6 746**
Financing cost	-7 718	-6 829	-1 203	-1 064	-5 687	-5 032	-2 873	-2 542	-1 139	-1 007	-1 431	-1 267	**-20 051**	**-17 741**	-	-	**-20 051**	**-17 741**
Net profit / (loss) on financial operations	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**	-715	-5	**-715**	**-5**
Share of profit or (loss) from disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**	-721	-	-721	-
Profit / (loss) of the segment before taxes	**-5 651**	**-17 235**	**1 344**	**-1 846**	**-6 373**	**-8 646**	**-1 504**	**-3 678**	**-1 501**	**-2 046**	**1 226**	**1 365**	**-12 459**	**-32 086**	**17 106**	**9 963**	**4 647**	**-22 123**
Income tax - current																	**-1**	**-3**
Income tax - deferred																	**-1 359**	**5 221**
Profit/ (Loss)																	**3 287**	**-16 905**

The Company generates all of its revenues on the territory of the Slovak Republic. Intersegment eliminations are included in the amounts reported for each period. The Company reports the operating segment information that have been adjusted for intersegment transactions. The threshold of 10% of the share in total revenues was not exceeded by any client of the Company. Cost interest is distributed according to the management key and not according to the distribution in the table below.

Information about Operating Segments - Separate Statement of Financial Position

	Mountain Resorts		Leisure Parks		Hotels		Dining		Sports Services and Stores		Real Estate		Main Segments TOTAL		Other		TOTAL	
in TEUR	**31.10.22**	**31.10.21**	**31.10.22**	**31.10.21**	**31.10.22**	**31.10.21**	**31.10.22**	**31.10.21**	**31.10.22**	**31.10.21**	**31.10.22**	**31.10.21**	**31.10.22**	**31.10.21**	**31.10.22**	**31.10.21**	**31.10.22**	**31.10.21**
Goodwill	23 769	23 770	-	-	3 390	3 390	-	-	-	-	-	-	**27 159**	**27 160**	-	-	**27 159**	**27 160**
Intangible assets	3 273	3 284	1 088	2 579	533	894	141	4	65	11	69	1	**5 169**	**6 773**	-	-	**5 169**	**6 773**
Property, plant and equipment	150 129	141 147	8 240	8 517	59 251	64 746	14 869	14 988	1 756	2 186	5 829	3 707	**240 074**	**235 291**	2 237	2 475	**242 311**	**237 766**
Right-of-use leased assets	30 330	31 769	22 759	260	3 736	3 156	1 716	876	715	867	-	-	**59 256**	**36 928**	-	-	**59 256**	**36 928**
Investments property	-	-	-	-	-	-	-	-	-	-	7 411	8 317	**7 411**	**8 317**	-	-	**7 411**	**8 317**
Inventory	293	968	-	-	813	539	-	-	948	649	575	506	**2 629**	**2 662**	-	-	**2 629**	**2 662**
Trade receivables	1 608	1 628	408	385	222	571	36	277	17	182	133	155	**2 424**	**3 198**	-	-	**2 424**	**3 198**
Investments in associates	7 118	7 118	-	-	-	-	-	-	-	-	-	-	**7 118**	**7 118**	-	-	**7 118**	**7 118**
Participations with control	10 309	11 228	3 472	345	-	1	-	-	-	-	-	-	**13 781**	**11 574**	1 293	-	**15 074**	**11 574**
Other receivables	3 143	692	424	6 435	-	-	-	-	-	-	484	-	**4 051**	**7 127**	-	-	**4 051**	**7 127**
Financial investments	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**	36	36	**36**	**36**
Other assets	1 612	1 969	328	41 661	2 226	2 349	27	45	124	115	-	-	**4 317**	**46 139**	-	-	**4 317**	**46 139**
Loans provided	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**	183 228	92 676	**183 228**	**92 676**
Cash and cash equivalents	1 996	6 187	400	665	1 512	2 541	778	701	302	100	344	-	**5 332**	**10 194**	-	-	**5 332**	**10 194**
Assets held for sale	-	711	-	237	-	-	-	-	-	-	-	-	**-**	**948**	-	-	**-**	**948**
Assets total	**233 580**	**230 471**	**37 119**	**61 084**	**71 683**	**78 187**	**17 567**	**16 891**	**3 927**	**4 110**	**14 845**	**12 686**	**378 721**	**403 429**	**186 794**	**95 187**	**565 515**	**498 616**

in TEUR	**31.10.22**	**31.10.21**	**31.10.22**	**31.10.21**	**31.10.22**	**31.10.21**	**31.10.22**	**31.10.21**	**31.10.22**	**31.10.21**	**31.10.22**	**31.10.21**	**31.10.22**	**31.10.21**	**31.10.22**	**31.10.21**	**31.10.22**	**31.10.21**
Loans and borrowings long-term	47 724	33 133	26 998	5 954	9 155	8 973	2 263	2 000	1 132	1 000	-	-	**87 272**	**51 060**	-	55 501	**87 272**	**106 561**
Loans and borrowings short-term	15 787	22 635	1 280	68	287	417	45	67	23	33	-	-	**17 422**	**23 220**	60 895	2 627	**78 317**	**25 847**
Lease liabilities	31 508	32 966	22 023	218	3 611	2 460	1 766	897	753	679	-	-	**59 661**	**37 220**	-	-	**59 661**	**37 220**
Trade payables	4 701	5 757	1 587	344	1 117	1 786	613	726	141	234	1 869	181	**10 028**	**9 028**	190	-	**10 218**	**9 028**
Other liabilities	6 795	6 345	2 082	1 715	2 667	2 016	939	1 348	372	529	4 776	-	**17 631**	**11 953**	803	1 277	**18 434**	**13 230**
Liabilities directly associated with the Assets held for sale	-	645	-	215	-	-	-	-	-	-	-	-	**-**	**860**	-	-	**-**	**860**
Provisions	353	223	86	54	220	139	120	76	51	32	57	36	**887**	**560**	-	-	**887**	**560**
Bonds issued	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**	203 604	201 438	**203 604**	**201 438**
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**	16 203	15 137	**16 203**	**15 137**
Corporate income tax	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**	-	-	**-**	**-**
Total liabilities	**106 868**	**101 704**	**54 056**	**8 568**	**17 057**	**15 791**	**5 746**	**5 114**	**2 472**	**2 507**	**6 702**	**217**	**192 901**	**133 901**	**281 695**	**275 980**	**474 596**	**409 881**

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.
Loans and Borriwings and Bonds Issued in the Other category were not used to finance specific projects.

5. Increase and Decrease of Shares in Companies

On 30 September 2022, the Company sold its 51% share in Tikar D.O.O. The consideration transferred was in the amount of EUR 2,350 thousand, part of which was used to settle loans with the corresponding outstanding interest in the amount of EUR 3,071 thousand. The transaction resulted in a loss from the sale of the subsidiary in the amount of EUR 721 thousand.

On 1 July 2022, the Company acquired a 100% stake in the European company GOPASS SE with a place of business in the Czech Republic and a total value of CZK 2,924 thousand, which will serve to expand in the European market. This company for established solely for the purpose of further sale and before acquiring the 100 % share it did not carry out any business activity. By its purchase the Company acquired only receivable from unpaid share capital in the amount of CZK 2,924 thousand, which was not paid as at the date of acquisition. The consideration transferred in the amount of CZK 2,924 was settled in cash.

On 22 June 2022, for the purpose of providing services within the TMR Group, International TMR services s.r.o. was founded in the Czech republic with a share capital of CZK 200 thousand, which became 100% owned by the Company.

On 4 June 2021, GOPASS, a. s. was founded with registered capital of EUR 25 thousand. The Company became its sole shareholder.

On 1 May 2021, the Company acquired a 90% share in Muttereralm Bergbahnen Errichtungs GmbH with a purchase price of EUR 3,714 thousand. The shareholding of 10% was acquired by the subsidiary Tatry mountain resorts AT GmbH. The company operates a ski resort in Austria.

On 1 November 2020, the Company merged with its subsidiary 1. Tatranská. The additions due to the merger in 2020 are shown in the table below:

in TEUR	**1. Tatranská, akciová spoločnosť**
Intangible assets	3 071
Property, plant and equipment	13 041
Right-of-use of leased assets	4 642
Investment property	1 065
Investments in an associate and a joint venture	199
Inventories	43
Trade receivables	39
Loans provided *	-14 652
Other receivables**	-3 508
Financial instruments	1
Cash and cash equivalents	105
Other assets	237
Retained earnings and other funds	497
Deferred tax liability	-2 012
Trade payables	-37
Lease liabilities	-1 209
Provisions	-14
Other current liabilities	-31
Net identified assets and liabilities	1 477
Investment in subsidiary	-25 247
Goodwill	**23 770**

*Loans provided in the amount of EUR -14,652 thousand represent elimination of the loan receivable due from 1. Tatranská in the Company's records as at the acquisition date.

**Other receivables in the amount of EUR -3,508 thousand represent elimination of the lease receivable due from 1. Tatranská in the Company's records as at the acquisition date.

6. Sales

in TEUR	**1.11.2021 - 31.10.2022**	**1.11.2020 - 31.10.2021**
Mountain Resorts	34 473	12 898
Hotels	31 106	14 404
Restaurant facilities	13 747	6 019
Real Estate Projects	780	9 734
Leisure Parks	6 700	3 298
Sports Services and Stores	3 677	1 838
Total	**90 483**	**48 191**

7. Other Operating Revenue

in TEUR	**1.11.2021 - 31.10.2022**	**1.11.2020 - 31.10.2021**
Claims paid by insurance company	22	45
Other operating revenue	1 362	203
Total	**1 384**	**248**

Other operating revenue is represented by revenues from the sale of a part of the business between the Company and GOPASS a.s. in the amount of EUR 1,066 thousand. This item also includes revenues related to the allowance for the provision of practical teaching in the dual education system, worth EUR 62 thousand, and the allowance for the provision of accommodation to displaced persons in the context of the war in Ukraine, worth EUR 32 thousand.

8. Consumption of Material and Goods

in TEUR	**1.11.2021 - 31.10.2022**	**1.11.2020 - 31.10.2021**
Material in hotels and restaurant facilities	-7 745	-3 476
Goods	-2 701	-2 043
Chalets sold	-529	-8 032
Fuels	-809	-277
Material for repair and maintenance	-834	-718
Material and goods – other	-2 514	-1 510
Total	**-15 132**	**-16 056**

9. Purchased Services

in TEUR	1.11.2021 - 31.10.2022	1.11.2020 - 31.10.2021
Energy consumption	-10 793	-3 992
Advertisement expenses	-1 586	-1 389
Rental costs (cost of premises) and others	-685	-1 102
Other administrative expenses	-2 405	-1 316
Repairs and maintenance expenses	-1 972	-1 371
Communication expenses	-1 674	-1 458
Legal advice expenses	-958	-749
Services related to owned premises	-445	-290
Transport, accommodation, travel expenses	-271	-224
Training expenses	-111	-60
Other purchased services	-4 745	-2 918
State aid related to rental costs and other costs	206	1 476
Total	**-25 439**	**-13 393**

Other purchased services during financial year 2022 are represented by various costs of the Company related to its operation, such as the costs of washing and cleaning in the amount of EUR 923 thousand, costs related to the fees to GOPASS a.s. in the amount of EUR 635 thousand, costs related to services supplied from subsidiaries in the amount of EUR 498 thousand, also including costs related to the provision of music and animation for clients in the amount of EUR 421 thousand and the cost of guard and security services in the amount of EUR 225 thousand. 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 separate and consolidated financial statements. Between 1 November 2021 and 31 October 2022, the expense of these items represented EUR 178 thousand (for the period ended on 31 October 2021: EUR 165 thousand) for auditing of year-end financial statements and EUR 69 thousand (for the period ended on 31 October 2021: EUR 40 thousand) for other assurance services.

10. Personnel Expenses

in TEUR	1.11.2021 - 31.10.2022	1.11.2020 - 31.10.2021
Wages and salaries	-16 051	-12 301
Personnel leasing	-5 898	-2 730
Social security (compulsory)	-6 691	-5 197
Remuneration of members of key management and Supervisory Board	-1 531	-836
Other social expenses	-15	-13
State aid related to wages and salaries	370	5 157
Total	**-29 816**	**-15 920**

In the period between 1 November 2021 and 31 October 2022, the average number of Company employees was 918, of which management 14 (between 1 November 2020 and 31 October 2021, it was 881, of which management 14). During the year, the Company used the services of employment agencies for short-term personnel leasing. In the period between 1 November 2021 and 31 October 2022 it was 318 employees in average (between 1 November 2020 and 31 October 2021: 72 employees).

The table below provides an overview of the Company's key management remuneration for the period from 1 November 2021 to 31 October 2022:

in TEUR

Remuneration of members of key management	**Base remuneration**	**Extraordinary bonuses**	**Variable component of renumeration**	**Total**
Board of Directors	192	-	941	1 133
Supervisory Board	79	-	-	79
Top management	219	100	-	319
Audit Committee	-	-	-	-
Total	**490**	**100**	**941**	**1 531**

The table below provides an overview of the Company's key management remuneration for the period from 1 November 2020 to 31 October 2021:

in TEUR

Remuneration of members of key management	**Base remuneration**	**Extraordinary bonuses**	**Variable component of renumeration**	**Total**
Board of Directors	192	-	-	192
Supervisory Board	74	-	-	74
Top management	350	220	-	570
Audit Committee	-	-	-	-
Total	**616**	**220**	**-**	**836**

Based on organization structure of the Company effective 1 November 2019, top management consists of positions CEO, CFO, COO and CCO. The Board of Directors determines the remuneration of the top management.

For the year ending 31 October 2022, base remuneration for top management amounted EUR 219 thousand (from 1 November 2020 to 31 October 2021: EUR 350 thousand). Extraordinary remuneration was paid to members of the top management in the total amount of EUR 100 thousand (from 1 November 2020 to 31 October 2021: EUR 220 thousand) in salary for the month of March 2022, based on the decision of the Board of Directors in view of the financial results achieved by the Company for the winter season 2021/2022. The Board of Directors of the Company has decided that the payment of additional remuneration to members of the top management will be decided in the month of March 2023, based on the results of the financial year ending on 31 October 2022 and the results of the Company achieved in the winter season 2022/2023.

Members of the Board of Directors of the Company, in accordance with the Rules of Remuneration of Company Bodies dated 29 April 2020 (hereinafter referred to as the "Rules of Remuneration"), are granted remuneration for the performance of their duties as a member of the Board of Directors of the Company, which consists of a fixed component of remuneration and a variable component of remuneration. The amount of the fixed component of remuneration is agreed with the member of the Board of Directors in accordance with the Remuneration Rules in the contract for the performance of the duties of a member of the Board of Directors, which has been approved by the Supervisory Board of the Company. For the year ending 31 October 2022, fixed remuneration components totaling EUR 192 thousand were paid to the members of the Board of Directors (from 1 November 2020 to 31 October 2021: EUR 192 thousand). The variable remuneration component is paid to the members of the Board of Directors after fulfilling the criteria defined in the Remuneration Rules, the main criterion being the achievement of the EBITDA ratio at the next payout date specified in the Company for the payment of wages to employees after the publication of the consolidated statutory financial statements of the Company for the financial year for which the remuneration is paid. The total amount of the claimable variable component of the renumeration in the value of EUR 941 thousand represents a provision for the variable remuneration component of the members of the Board of Directors for the period from 1 November 2021 to 31 October 2022. The year-on-year increase occurred due to the fulfillment of the criteria set for the award of the variable remuneration component (fulfillment of the Company's EBITDA plan).

The members of the Supervisory Board are paid fixed components of remuneration in accordance with the Rules on remuneration of members of the Supervisory Board and concluded contracts for the performance of their duties, the variable components of remuneration shall not be paid to the members of the Supervisory Board. For the year ending on 31 October 2022, basic remuneration totaling EUR 79 thousand was paid (from 1 November 2020 to 31 October 2021: EUR 74 thousand).

11. Other Operating Expense

in TEUR	**1.11.2021 - 31.10.2022**	**1.11.2020 - 31.10.2021**
Insurance (property, automobiles, travel cost)	-343	-335
Fees and commissions	-415	-125
Shortages and losses	-92	-56
Other operating cost	-29	-23
Total	**-879**	**-539**

12. Finance Income and Expense

in TEUR	**1.11.2021 - 31.10.2022**	**1.11.2020 - 31.10.2021**
Interest income calculated using effective interest rate	7 965	6 746
Financing costs	-20 051	-17 741
Total	**-12 086**	**-10 995**

Interest income calculated using effective interest rate is payable mainly from loans provided at a fixed interest rate. See Note 23 - Loans Provided.

The table below shows the composition of financing costs:

in TEUR	**1.11.2021 - 31.10.2022**	**1.11.2020 - 31.10.2021**
Interest expense related to loans and borrowings	-6 727	-5 479
Interest expense from bonds issued	-11 457	-11 302
Interest expense from leasing	-2 659	-1 628
Income associated with hedging derivative transaction SWAP	792	668
Financing costs total	**-20 051**	**-17 741**

For information about received loans and borrowings see Note 31 – Loans and Borrowings. For information about bonds issued see Note 37 – Bonds Issued. For information about leases see Note 32 – Lease Liabilities.

In the period from 1 November 2021 to 31 October 2022, the Company capitalised interest expense into assets with a total value of EUR 137 thousand (from 1 November 2020 to 31 October 2021: EUR 0 thousand).

13. Net Profit / (Loss) from Financial Operations

in TEUR	1.11.2021 - 31.10.2022	1.11.2020 - 31.10.2021
Cost of administration of financial instruments	-484	-357
Other, net	-231	352
Total	**-715**	**-5**

In the period between 1 November 2021 and 31 October 2022, category other is represented mainly by losses from foreign exchange rate differences (between 1 November 2020 and 31 October 2021, category other was represented mainly by gains from foreign exchange rate differences).

14. Current and Deferred Income Tax

Deferred income tax is calculated using statutory tax rates, which are expected in a period in which the receivable is realized, or the liability is settled.

To calculate deferred tax from temporary differences originated in the Slovak Republic, the Company applied a 21% rate for the year 2022 (2021: 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

in TEUR	1.11.2021 - 31.10.2022	1.11.2020 - 31.10.2021
Current tax:		
Tax of current accounting period	-	-
Withholding tax on interest	-1	-3
	-1	**-3**
Deferred tax:		
Posting and release of temporary differences	-1 359	5 221
Change of tax rate	-	-
Total reported tax	**-1 360**	**5 218**

in TEUR	1.11.2021 - 31.10.2022			1.11.2020 - 31.10.2021		
	Before taxes	Tax	After taxes	Before taxes	Tax	After taxes
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:						
Net gain/(loss) on cash flow hedges	-1 396	-293	-1 103	-2 467	-518	-1 949
Total comprehensive income	**-1 396**	**-293**	**-1 103**	**-2 467**	**-518**	**-1 949**

Reconciliation of effective tax rate

in TEUR	1.11.2021 - 31.10.2022		1.11.2020 - 31.10.2021	
	%		%	
Profit before taxes		**4 647**		**-22 099**
Tax rate 21%	21%	976	21%	-4 646
Tax non-deductible expenses	16%	738	-5%	1 006
Income not subject to tax	-2%	-78	6%	-1 286
Current tax: withholding tax on interest	0%	1	0%	3
Tax losses claimed during the period	-6%	-277	1%	-295
Change of tax rate	0%	-	0%	-
Total	**29%**	**1 360**	**24%**	**-5 218**

Movements of deferred tax liability (net) during 2022 and 2021

2022

in TEUR	Balance as at 1 November 2021	Reported in profit and loss statement	Reported in other comprehensive income	Acquired through business combination	Balance as at 31 October 2022
Non-current tangible and intangible assets	-22 501	526	-	-	-21 975
Investment property	-785	190	-	-	-595
Losses from impairment of trade receivables and other assets	6 996	-2 206	-	-	4 791
Cash Flow hedge	398	-	293	-	691
Provisions and liabilities	183	343	-	-	526
Leases (IFRS 16)	-181	71	-	-	-110
Tax losses	753	-284	-	-	469
Total, net	**-15 137**	**-1 360**	**293**	**-**	**-16 203**

2021

in TEUR	Balance as at 1 November 2020	Reported in profit and loss statement	Reported in other comprehensive income	Acquired through business combination	Balance as at 31 October 2021
Non-current tangible and intangible assets	-23 547	3 991	-	-2 945	-22 501
Investment property	-976	191	-	-	-785
Losses from impairment of trade receivables and other assets	5 533	1 462	-	-	6 996
Cash flow hedge	-120	-	518	-	398
Provisions and liabilities	244	-61	-	-	183
Leases (IFRS 16)	-79	-117	-	15	-181
Tax losses	80	-245	-	918	753
Total, net	**-18 865**	**5 221**	**518**	**-2 012**	**-15 137**

See also Note 21 - Deferred Tax Asset, Deferred Tax Liability.

15. Property, Plant and Equipment

in TEUR	Land and buildings	Individual movable assets and sets of movable assets	Assets under construction	Total
Cost				
Opening balance as at 1.11.2020	242 539	131 220	10 118	383 877
Additions	1 209	420	2 678	4 307
Increases from company merger	5 773	7 009	259	13 041
Disposals	-34 569	-7 094	-150	-41 813
Transfer from/to Investment property	1 077	-	-	1 077
Transfer from Right-of-use asset	-	1 678	-	1 678
Transfer from/to Assets held for sale	-	-5	-	-5
Movements within assets	4 493	1 325	-5 819	-
Balance as at 31.10.2021	**220 522**	**134 553**	**7 086**	**362 162**
Opening balance as at 1.11.2021	220 522	134 553	7 086	362 162
Increases	1 061	822	17 754	19 637
Disposals	-4 216	-806	-298	-5 320
Transfer from Right-of-use asset	-	350	-	350
Movements within assets	235	107	-343	-
Balance as at 31.10.2022	**217 602**	**135 026**	**24 199**	**376 829**
Accumulated depreciation and losses from impairment of assets				
Opening balance as at 1.11.2020	-60 534	-62 876	-	-123 410
Depreciation of current accounting period	-7 003	-7 207	-	-14 210
Decreases	7 996	6 119	-	14 115
Transfer from Right-of-use asset	-	-896	-	-896
Transfer from/to Assets held for sale	-	5	-	5
Balance as at 31.10.2021	**-59 541**	**-64 855**	**-**	**-124 396**
Opening balance as at 1.11.2021	-59 541	-64 855	-	-124 396
Depreciation of current accounting period	-6 351	-6 134	-	-12 485
Decreases	1 755	780	-	2 535
Transfer from Right-of-use asset	-	-172	-	-172
Balance as at 31.10.2022	**-64 137**	**-70 381**	**-**	**-134 518**
Carrying value				
As at 1.11.2020	**182 005**	**68 344**	**10 118**	**260 467**
As at 31.10.2021	**160 981**	**69 698**	**7 086**	**237 766**
As at 1.11.2021	**160 981**	**69 698**	**7 086**	**237 766**
As at 31.10.2022	**153 465**	**64 645**	**24 199**	**242 311**

In the period from 1 November 2021 to 31 October 2022, the Company made investments totaling EUR 19,637 thousand. The Company invested EUR 10,446 thousand in the construction of the Biela Púť – Priehyba cableway, EUR 3,689 thousand in the continuation of the construction of the Centrum Jasná complex and completely strengthened snowmaking worth EUR 1,903 thousand. The Company also procured the gastronomic operation, named Humno, in Tatranská Lomnica in the value of EUR 780 thousand, invested EUR 402 thousand in the completion of water reservoir, named Zadné vody, and made other minor investments.

The Company also reclassified assets with a right of use at an accounting residual value of EUR 177 thousand due to the termination of financial leasing during the period from 1 November 2021 to 31 October 2022.

In the period from 1 November 2020 to 31 October 2021, the Company made investments in total amount of EUR 4,307 thousand. The Company invested EUR 1,400 thousand in the construction of Biela Púť cableway. The Company also acquired an indoor swimming pool of EUR 540 thousand located in the FIS Hotel area at Štrbské pleso, invested EUR 398 thousand to complete the Zadné vody reservoir, EUR 325 thousand to continue the construction of the Centrum Jasná complex, EUR 266 thousand to renovate the Chivas bar in Hotel Pošta, and made other minor investments.

Additions in Property, plant and equipment due to the Company's merger with 1. Tatranská as at 1 November 2020 amounted to EUR 13,041 thousand.

As at 30 April 2021, the Company terminated the investment property lease and relaunched the operation of Hotel SKI in the Jasná resort. Accordingly, Hotel SKI was transferred from the Investment property category to the Property, plant and equipment category, in the amount of EUR 1,077 thousand.

The Company also reclassified right-of-use assets in the net book value of EUR 782 thousand due to termination of financial leases during the period from 1 November 2020 to 31 October 2021.

On 29 October 2021, the Company sold Aquapark Tatralandia and Holiday Village Tatralandia assets in the net book value of EUR 25,382 thousand to its subsidiary Tatry mountain resorts PL, a.s.

Unused assets and fully depreciated used assets

As at 31 October 2022 and 2021, the Company did not hold any unused assets. As at 31 October 2022 the Company used fully depreciated assets in acquisition cost EUR 19,259 thousand (2021: EUR 15,758 thousand).

Impairment loss

For the period ended on 31 October 2021 and 31 October 2022, the Company did not recognize any loss from impairment of land, buildings and equipment.

Property Insurance

in TEUR	**31.10.2022**	**31.10.2021**
Natural disaster and vandalism	490 820	453 114
General machinery risks	31 900	32 805
Liability for damage	5 706	9 556

Security

As at 31 October 2022, Land, buildings and equipment in the amount of EUR 228,247 thousand were used as the security of the bank loans (as at 31 October 2021: in the amount of EUR 223,257 thousand).

Capitalized financial cost

As at 31 October 2022, the Company capitalized the interest expenses into the assets in the amount of EUR 137 thousand (as at 31 October 2021: EUR 0 thousand).

16. Right-of-use of Leased Assets

Movements in the carrying amounts of property, plant and equipment acquired through leasing were as follows:

in TEUR

	Land and buildings	Individual movable assets and sets of movable assets	Total
Cost			
Opening balance as at 1.11.2020	**30 393**	**8 126**	**38 519**
Increases from company merger	4 835	28	4 863
Additions	665	1 951	2 616
Transfer from/to Property, plant and equipment	-	-1 678	-1 678
Disposals	-187	-90	-277
Modifications	990	-71	919
Balance as at 31.10.2021 / 1.11.2021	**36 696**	**8 266**	**44 962**
Additions	24 148	905	25 053
Transfer to Property, plant and equipment	-	-350	-350
Disposals	-870	-832	-1 702
Modifications	1 732	46	1 778
Balance as at 31.10.2022	**61 706**	**8 036**	**69 742**
Accumulated depreciation			
Opening balance as at 1.11.2020	**-2 833**	**-2 529**	**-5 362**
Increases from company merger	-214	-7	-221
Depreciation of current accounting period	-2 112	-1 394	-3 506
Transfer to Property, plant and equipment	-	896	896
Disposals	69	90	159
Balance as at 31.10.2021 / 01.11.2021	**-5 090**	**-2 944**	**-8 034**
Depreciation of current accounting period	-2 947	-1 397	-4 344
Transfer to Property, plant and equipment	-	172	172
Disposals	860	860	1 720
Balance as at 31.10.2022	**-7 177**	**-3 309**	**-10 486**
Carrying value			
As at 31.10.2021	**31 606**	**5 322**	**36 928**
As at 31.10.2022	**54 529**	**4 727**	**59 256**

17. Goodwill and Intangible Assets

in TEUR	Goodwill	Valuable rights	Software	Acquired intangible assets	Total
Acquisition price					
Opening balance as at 1.11.2020	3 740	3 803	3 612	706	11 861
Increases	-	-	567	93	660
Increases from company merger	23 770	3 071	-	-	26 841
Decreases	-	-	-1	-	-1
Transfers within assets	-	-	665	-665	-
Transfers from/to Assets held for sale	-	-	-2 226	-	-2 226
Balance as at 31.10.2021	**27 510**	**6 874**	**2 617**	**134**	**37 135**
Opening balance as at 1.11.2021	27 510	6 874	2 617	134	37 135
Increases	-	-	184	22	206
Decreases	-	-1 653	-	-24	-1 677
Transfers within assets	-	-	110	-110	-
Balance as at 31.10.2022	**27 510**	**5 221**	**2 911**	**22**	**35 664**
Accumulated depreciation and losses from impairment of assets					
Opening balance as at 1.11.2020	-350	-1 076	-2 356	-	-3 782
Depreciation of current accounting period	-	-174	-525	-	-699
Decreases	-	-	1	-	1
Transfer from/to Assets held for sale	-	-	1 278	-	1 278
Balance as at 31.10.2021	**-350**	**-1 250**	**-1 602**	**-**	**-3 202**
Opening balance as at 1.11.2021	-350	-1 250	-1 602	-	-3 202
Depreciation of current accounting period	-	-158	-328	-	-486
Decreases	-	352	-	-	352
Balance as at 31.10.2022	**-350**	**-1 056**	**-1 930**	**-**	**-3 336**
Carrying value					
As at 1.11.2020	**3 390**	**2 727**	**1 256**	**706**	**8 079**
As at 31.10.2021	**27 160**	**5 624**	**1 015**	**134**	**33 933**
As at 1.11.2021	**27 160**	**5 624**	**1 015**	**134**	**33 933**
As at 31.10.2022	**27 160**	**4 165**	**981**	**22**	**32 328**

Valuable rights are represented in particular by the customer relationships obtained by merging the Company with the company 1. Tatranská worth EUR 3,071 thousand. Disposals of valuable rights with a net book value of EUR 1,301 thousand are trademarks sold by the Company in the period from 1 November 2021 to 31 October 2022 to its subsidiary of TMR Parks, a.s.

18. Investment Property

in TEUR	**31.10.2022**	**31.10.2021**
Acquisition price		
Opening balance as at 1.11.2021 / 1.11.2020	8 317	8 329
Transfer from Property, Plant and Equipment	-	-1 077
Increases from company merger	-	1 065
Revaluation at fair value	-906	-
Balance as at 31.10.2022 / 31.10.2021	**7 411**	**8 317**

As at 31 October 2022, investment property represents two hotels (Liptov, Kosodrevina), the accommodation facility Otupné, Chata Solisko and Vila Zámoček with an aggregate book value of EUR 1,789 thousand (as at 31 October 2021: EUR 2,695 thousand), which are leased out to third parties that operate them. In addition, investment property also includes forest areas and lots of land obtained during an acquisition in 2009 in the book value of EUR 5,622 thousand (as at 31 October 2021: EUR 5,622 thousand). Chata Solisko and Vila Zámoček in the amount of EUR 833 thousand (as at 31 October 2021: EUR 1,065 thousand) were acquired as a result of the Company's merger with 1. Tatranská. As at 30 April 2021, the lease of Hotel SKI to a third party was terminated and accordingly, the Company reclassified Hotel SKI from the Investment property category to the Property, plant and equipment category, in the amount of EUR 1,077 thousand.

As of 31 October 2022, based on the current market and contractual conditions, the management of the Company has revised the value of investment property downwards by EUR 906 thousand (as at 31 October 2021: the Management of the Company concluded that the assumptions that would lead to a change in the value of these investments have not changed significantly).

The value of the leased properties was determined by management's estimate. The estimate of management's fair value is based on discounting future cash flows arising from currently concluded lease contracts after taking into account non-recoverable costs of 4-10% in each of the objects at yield of 6-10%, assuming continuation at current prices. During the current period the lease contract of the Hotel Kosodrevina was reviewed and decreased compared to the previous period. Other assumptions also changed during the current period presented, resulting in revaluation of investment property and decrease in their fair value.

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. The price per m^2 for forest land is in a range between EUR 0.60 – EUR 1.10, the price for land with built-up areas and courtyards ranges from EUR 60 to EUR 110 per m^2. Prices per m^2 for individual types of land did not change during the presented or comparable period.

If the fair value of that part of investment property that was determined based on management's estimates differed by 10%, the carrying amount of investment property would be EUR 741 thousand higher or lower compared to the amount reported as at 31 October 2022 (as at 31 October 2021: EUR 832 thousand).

In the period between 1 November 2021 and 31 October 2022, income from investment property accounted for EUR 138 thousand and direct operating cost related to investment property was EUR 39 thousand (between 1 November 2020 and 31 October 2021: income from investment property accounted for EUR 140 thousand, and direct operating cost related to investment property was EUR 38 thousand).

Security

As at 31 October 2022, a part of investment property in the amount of EUR 1,257 thousand was used as the security for bank loans (as at 31 October 2021: in the amount of EUR 1,325 thousand).

19. Investment in an Associate and a Joint Venture

in TEUR	31.10.2022	31.10.2021
MELIDA, a.s. (25% stake)	7 118	7 118
Total	**7 118**	**7 118**

On 15 December 2019, the Company signed an agreement regarding transfer of securities, on the basis of which it purchased an additional 15.5% stake in MELIDA a.s., which is the operator of the Špindlerův Mlýn ski resort in the Czech Republic. By signing the contract, the Company became owner of a total share of 25% in the amount of EUR 7,118 thousand. As at 31 October 2022, the stake in MELIDA a.s. is reported as an investment in associates at cost.

The purchase price of MELIDA a.s. in the amount of EUR 7,118 thousand was the fair value of the share held as at 30 October 2019, increased by an additional cash consideration in the amount of EUR 2,027 thousand. The valuation of the 9.5% stake held as at 30 October 2019 in the amount of EUR 4,498 thousand, which was increased by additional capital contributions of EUR 593 thousand, totaled EUR 5,091 thousand, was assessed by the Company as a reliable estimate of the fair value of the 9.5% stake held as of 15 December 2019.

As at 31 October 2019, the Company recorded a financial investment of 9.5% stake in MELIDA, a.s. in the amount of EUR 4,498 thousand.

As at 29 October 2019, the Company signed an agreement on the transfer of securities with CAREPAR, a.s., on the basis of which the Company acquired 19 ordinary shares of MELIDA, a.s. and thus became a direct shareholder (9.5% stake) in MELIDA, a.s..

20. Investments in Subsidiaries

in TEUR	31.10.2022	31.10.2021
Szczyrkowski Ośrodek Narciarski S.A. (97% stake)	7 191	7 191
Muttereralm Bergbahnen Errichtungs GmbH (90% stake)	3 714	3 714
TMR Parks, a.s. (the original name: Tatry mountain resorts PL, a.s.) (100% stake)*	2 327	27
GOPASS, a.s. (100% stake)	1 102	28
Korona Ziemi Sp. z o.o. (73% stake)	317	317
GOPASS SE (100% stake)	118	-
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	33
Tatry Mountain Resorts AT GmbH (100% stake)	32	32
International TMR services s.r.o. (100% stake)	8	-
Mölltaler Gletscherbahnen GmbH & Co KG (90% stake)	0,002	0,002
Tikar D.O.O. (51% stake)	-	1
Total investments in subsidiaries	**15 074**	**11 574**

*As at 7 September 2022, a change of the name of the company Tatry mountain resorts PL, a.s. to TMR Parks, a.s. was registered in the Commercial Register.

On 30 September 2022, the Company sold its 51% share in Tikar D.O.O. The consideration transferred was in the amount of EUR 2,350 thousand, part of which was used to settle loans with the corresponding outstanding interest in the amount of EUR 3,071 thousand. The transaction resulted in a loss from the sale of the subsidiary in the amount of EUR 721 thousand.

As of 7 September 2022, an increase in the registered capital of TMR Parks, a.s. by EUR 2,300 thousand was entered in the Commercial Register.

On 1 July 2022, the Company acquired 100% of the shares in the European company GOPASS SE with a value of CZK 2,924 thousand, which will be used for the purpose of expansion into the European market.

On 22 June 2022, the company International TMR services, s.r.o. was established with a registered capital of CZK 200 thousand, in which the Company became the sole shareholder. The Company will serve to provide services within the Group.

As at 12 April 2022, an increase in the registered capital of GOPASS, a.s. by EUR 1,074 thousand was entered in the Commercial Register.

On 4 June 2021, GOPASS, a.s. was founded with registered capital of EUR 25 thousand. The Company became its sole shareholder. GOPASS, a.s. will be used for expansion into Alpine ski resorts which are planned to be incorporated into its platform.

On 1 May 2021, the Company acquired a 90% share in Muttereralm Bergbahnen Errichtungs GmbH, amounting to EUR 3,714 thousand. The shareholding of 10% was acquired by the subsidiary Tatry mountain resorts AT GmbH. The Company operates a ski resort in Austria.

On 1 November 2020, the Company merged with its subsidiary 1. Tatranská. As a result of this merger, the Company increased its direct interests in Korona Ziemi Sp. z o.o. and TIKAR D.O.O. in the amount of EUR 317 thousand (73% interest) and EUR 1 thousand (51% interest), respectively.

On 31 May 2020, the Company acquired 100% stake in 1.Tatranská, akciová spoločnosť for EUR 25,247 thousand. Acquired company operates the ski resort Štrbské pleso in High Tatras in Slovakia, provides restaurant and catering services and runs a ski and snowboard school.

On 1 May 2019, the Company acquired 90% stake in Mölltaler Gletscherbahnen GmbH for 33 thousand and 90% stake in Mölltaler Gletscherbahnen GmbH & Co KG for EUR 1.8. 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 CZK 2,000 thousand (EUR 79 thousand). 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 EUR 32 thousand, with the Company becoming the sole owner of the business. The net asset value of the company at the time of acquisition amounted to EUR 32 thousand.

On 14 September 2018, TMR Finance CR, a.s. was founded, with a registered capital of CZK 2,000 thousand (EUR 78 thousand). Its sole shareholder has become the Company. TMR Finance CR, a.s. issued bonds on the Prague Stock Exchange on 7 November 2018.

On 5 May 2017, company Tatry mountain resorts CR, a.s. was incorporated, with share capital in total amount of CZK 2,000 thousand (EUR 75 thousand). 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 TMR Parks, a.s. (former name: Tatry mountain resorts PL, a.s.), with share capital in total amount of EUR 27 thousand was incorporated. The Company became sole shareholder in the new company. 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 PLN 30,000 thousand.

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 EUR 6,727 thousand. On 4 August 2015, the Company purchased an additional 5% stake, in a total amount of EUR 723 thousand. 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 EUR 9,489 thousand, and the total value of equity was EUR 9,077 thousand. On 6 December 2017 the Company sold its 75% stake in Śląskie Wesole Miasteczko Sp. Z o.o., to the subsidiary Tatry mountain resorts PL, a.s. for PLN 30 million.

On 5 March 2014, the Company purchased 97% shares of Szczyrkowski Osrode Narciarski S.A. (hereinafter referred to as SON), in a total amount of EUR 7,191 thousand. 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 EUR 13,321 thousand, and the total value of equity was EUR 9,031 thousand.

Security

As at 31 October 2022, shares in subsidiary SON in the amount of EUR 7,191 thousand (as at 31 October 2021: in the amount of EUR 7,191 thousand) were used to secure bank loans of the subsidiary SON.

21. Deferred Tax Asset, Deferred Tax Liability

Deferred tax asset (liability) was posted for the following items:

in TEUR	**Receivables**		**Payables**		**Total**	
	31.10.2022	**31.10.2021**	**31.10.2022**	**31.10.2021**	**31.10.2022**	**31.10.2021**
Temporary differences related to:						
Non-current fixed and intangible assets	-	-	-21 975	-22 501	**-21 975**	**-22 501**
Investments property	-	-	-595	-785	**-595**	**-785**
Losses from impairment of trade receivables and other assets	4 791	6 996	-	-	**4 791**	**6 996**
Cash flow hedge	691	398	-	-	**691**	**398**
Provisions and liabilities	526	183	-	-	**526**	**183**
Leases (IFRS 16)	-	-	-110	-181	**-110**	**-181**
Tax losses	469	753	-	-	**469**	**753**
Set-off	**-6 477**	**-8 330**	**6 477**	**8 330**	**-**	**-**
Total	**-**	**-**	**-16 203**	**-15 137**	**-16 203**	**-15 137**

Deferred tax asset was not posted for the following items (tax base):

in TEUR	**31.10.2022**	**31.10.2021**
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.

Expected last periods for redemption of tax losses are as follows:

in TEUR	**2023**	**2024**	**2025**	**post 2025**
Tax losses	1 343	891	-	-

Based on the legislative change, the tax loss can be deducted from the tax base for 2022 as follows:

- for the year 2018 - in the amount of ¼, if it has not been applied under the Corona Act from the tax base for 2019,
- for the year 2019 - in the amount of ¼,
- for the year 2020 - in any amount, but not more than 50% of the tax base of the current year,
- for the year 2021 - in any amount, but not more than 50% of the tax base of the current year.

22. Inventory

in TEUR	**31.10.2022**	**31.10.2021**
Goods	947	1 181
Material	1 107	975
Chalets and apartments developed for sale	575	506
Total	**2 629**	**2 662**

Chalets and apartments for sale worth EUR 575 thousand are recreational objects in the cottage settlement Bobrovečky 1, the construction of which the Company carries out and subsequently plans to sell to third parties. Revenue from the sale of recreational objects will be recognized in 2023 or later. These are 16 recreational objects in the cottage settlement Bobrovečky 1, Liptovská Ondrášová.

In the period from 1 November 2021 to 31 October 2022, inventories amounting to EUR 9,104 thousand (from 1 November 2020 to 31 October 2021: EUR 4,821 thousand) were recognized as an expense during the year and included in the income statement. The Company did not create a valuation allowance for inventories in the reporting and comparative period.

Security

As at 31 October 2022, inventory of EUR 2,629 thousand (as at 31 October 2021: EUR 2,662 thousand) was used to secure bank loans.

23. Loans Provided

in TEUR	**31.10.2022**	**31.10.2021**
Short-term	182 439	113 230
Long-term	23 351	11 137
Total	**205 790**	**124 367**
Impairment allowance	-22 562	-31 691
Total with allowance	**183 228**	**92 676**

Table below summarizes short-term loans as at 31 October 2022 and 31 October 2021. As at 31 October 2022, the weighted average interest rate applied on the short-term loans was 5.45% p.a. (as at 31 October 2021: 6.95% p.a.).

As at 31 October 2022 in accordance with the rules of IFRS 9, the value of the provision for short-term loans was EUR 6,447 thousand (as at 31 October 2021: EUR 4,169 thousand) and the specific provision for short-term loans to companies within the Group - Ślaskie Wesole Miasteczko Sp. z o.o./TMR Parks, a.s. in the amount of EUR 16,116 thousand (as at 31 October 2021: EUR 27,522 thousand).

in TEUR **Debtor**	**Interest rate type**	**31.10.2022** **Loan value**	**31.10.2020** **Loan value**
Szczyrkowski Osrodek Narciarski S.A.	7% p.a.	36 941	34 456
TMR Parks, a.s. (Tatry mountain resorts PL, a.s.)*	-	35 725	-
TMR Parks, a.s. (Tatry mountain resorts PL, a.s.)*	7% p.a.	28 692	27 031
Śląskie Wesole Miasteczko Sp. z o. o.	12M EURIBOR + 6% p.a.	27 142	-
Śląskie Wesole Miasteczko Sp. z o. o.	7% p.a.	19 902	21 378
Mölltaler Gletscherbahnen GmbH & Co KG	7% p.a.	9 122	6 061
Szczyrkowski Osrodek Narciarski S.A.	7% p.a.	5 454	4 582
TMR Ještěd a.s.	7% p.a.	3 743	2 517
Śląskie Wesole Miasteczko Sp. z o. o.	7% p.a.	3 227	-
TMR Ještěd a.s.	7% p.a.	2 955	2 402
Tatry mountain resorts CR, a.s.	7% p.a.	2 537	2 272
Korona Ziemi	7% p.a.	1 615	1 495
Śląskie Wesole Miasteczko Sp. z o. o.	7% p.a.	1 193	-
Thalia s.r.o.	5% p.a.	1 033	990
SON Partner	7% p.a.	963	948
TMR Ještěd a.s.	7% p.a.	901	813
Muttereralm Bergbahnen Errichtungs GmbH	5% p.a.	468	-
Tatry mountain resorts AT GmbH	5% p.a.	349	333
TMR Finance CR a.s.	4.51% p.a.	205	136
OSTRAVICE HOTEL a.s.	4% p.a.	138	-
P.M.I.R a.s.	5% p.a.	132	126
Other	4% p.a.	2	71
TMR Parks, a.s. (Tatry mountain resorts PL, a.s.)	7% p.a.	-	1 193
TIKAR d.o.o.	4% p.a.	-	329
Muttereralm Bergbahnen Errichtungs GmbH	5% p.a.	-	363
HRQ services SK s. r. o.	5% p.a.	-	6
TMR Parks, a.s. (Tatry mountain resorts PL, a.s.)*	7% p.a.	-	5 728
Total short-term provided loans		**182 439**	**113 230**

* These items represent bills of exchange.

Table below summarizes long-term loans as at 31 October 2022 and 31 October 2021. As at 31 October 2022, the weighted average interest rate applied on the long-term loans was 4.68 % p.a. (as at 31 October 2021: 5.76% p.a.).

in TEUR		**31.10.2022**	**31.10.2020**
Debtor	**Interest rate type**	**Loan value**	**Loan value**
EUROCOM Investment s.r.o.	4.75% p.a.	11 781	-
Molltaler Gletscherbahnen Gesellschaft GmbH & Co KG	5% p.a.	10 498	7 584
MELIDA, a.s.	-	894	852
WORLD EXCO, s.r.o.	4.75% p.a.	178	-
TIKAR d.o.o.	10% p.a.	-	2 574
OSTRAVICE HOTEL a.s.	4% p.a.	-	127
Total long-term provided loans		**23 351**	**11 137**

For more information on credit risk management, see Note 40 – Information on Risk Management, Credit Risk section.

24. Trade Receivables

in TEUR	**31.10.2022**	**31.10.2021**
Trade receivables	2 657	3 391
Impairment allowance to receivables	-233	-193
Total	**2 424**	**3 198**
Short-term	2 424	3 198
Long-term	-	-
Total	**2 424**	**3 198**

As at 31 October 2022, trade receivables amount to EUR 2,424 thousand and comprise current operating receivables. As at 31 October 2021, trade receivables involved current operating receivables amounting to EUR 3,198 thousand.

The ageing structure of receivables is as follows:

in TEUR		**31.10.2022**			**31.10.2021**	
	Gross	**Impairment allowance**	**Net**	**Gross**	**Impairment allowance**	**Net**
Within due period	2 267	-55	2 212	2 366	-6	2 360
Overdue within 30 days	136	-3	133	721	-19	702
Overdue from 30 days to 180 days	54	-36	18	153	-17	136
Overdue from 180 days to 365 days	76	-15	61	1	-1	-
Overdue over 365 days	123	-123	-	150	-150	-
Total	**2 656**	**-232**	**2 424**	**3 391**	**-193**	**3 198**

As at 31 October 2022 and 31 October 2021, the amount of impairment allowance is related to current operating receivables.

Development of value adjustment during accounting period is shown in the following overview:

in TEUR	**31.10.2022**	**31.10.2021**
Balance as at 1.11.2021 / 1.11.2020	193	76
Creation of value adjustment	71	128
Use	-25	-2
Reversal of value adjustment	-7	-9
Balance as at 31.10.2022 / 31.10.2021	**232**	**193**

Security

As at 31 October 2022, receivables in amount of EUR 2,424 thousand (as at 31 October 2021: EUR 3,198 thousand) were used to secure bank loans.

25. Other Receivables

in TEUR	**31.10.2022**	**31.10.2021**
Advance payments made	4 051	7 127
Total	**4 051**	**7 127**
Short-term	3 923	6 819
Long-term	128	308
Total	**4 051**	**7 127**

The advances provided, totaling EUR 3,587 thousand, are mainly related to unfinished investment activity (as at 31 October 2021: EUR 462 thousand). The advance provided in respect of future planned acquisitions in the amount of EUR 6,388 thousand (value as at 31 October 2021) was transferred on 28 February 2022 to the subsidiary TMR Parks, a.s.

26. Assets held for sale and liabilities directly associated

As at 31 October 2022, the Company did not recognize any assets held for sale or any related liabilities.

As ot 31 October 2021, the Company reported the following assets held for sale and related liabilities:

in TEUR	**2021**
Intangible assets	948
Other current liabilities	-860
Total	**88**

At the Company's Annual General Meeting held on 1 July 2021, the shareholders approved the sale of part of the business to subsidiary GOPASS, a.s. As a result, the related assets and liabilities have been reclassified and are reported as assets held for sale and related liabilities. Intangible assets in the total amount of EUR 948 thousand are represented by the Gopass software including its complete upgrades of EUR 561 thousand, the Gopass.travel mobile application of EUR 133 thousand, Revenue management software of EUR 130 thousand, as well as two other supporting software products in the aggregate value of EUR 123 thousand. Other current liabilities in the amount of EUR 860 thousand represent loyalty credits of Gopass clients. These assets and related liabilities are classified as held for sale in connection with the establishment of the subsidiary GOPASS, to which the Company plans to sell these assets. The Company expects to sell these assets within one year of the date of their classification as held for sale. Fair value less costs to sell represents an approximation of the original carrying amount. The Company did not recognize any revaluation gains or losses on classification of the assets as held for sale. After the end of the financial year, the Company sold the Gopass division in excess of its carrying amount. Information regarding individual segments where the assets originate from can be found in Note 4 - Information about Operating Segments.

27. Other Assets

in TEUR	**31.10.2022**	**31.10.2021**
Prepaid expenses and accrued income	1 563	971
Other tax assets	-	168
Finance sublease receivables	97	149
Derivative operations - currency SWAP	254	-
Other assets	2 419	46 271
Impairment allowance	-16	-1 420
Total	**4 317**	**46 139**
Short-term	4 268	46 043
Long-term	49	96
Total	**4 317**	**46 139**

Other assets totalling EUR 2,419 thousand mainly represent a receivable from Penzión Energetik s.r.o.. Based on an assignment contract and set-off agreement, the Company records a receivable against Penzión Energetik s.r.o.in the amount of EUR 1,994 thousand as at 31 October 2022 (31 October 2021: EUR 1,994 thousand).

As at 31 October 2021, the other assets in the total amount of EUR 46,271 thousand, in addition to the receivable against Penzión Energetik s.r.o., included a receivable from the sale of the property of Aquapark Tatralandia and Holiday Village Tatralandia to the subsidiary Tatry mountain resorts PL, a.s., in the amount of EUR 35,725 thousand, as well as the Company's receivable from the sale of 75% of the shareholding in Slaskie Wesole Miasteczko Sp. z o.o. against Tatry mountain resorts PL, a.s., in the amount of EUR 6,491 thousand. The Company's receivable from the sale of the property of the Aquapark Tatralandia and Holiday Village Tatralandia was in the period from 1 November 2021 to 31 October 2022 due to a change in the payment method reclassified as a promissory note for direct debit (for more information, see Note 23 - Loans provided). The Company's receivable from the sale of 75% of the shares was settled by mutual crediting on 6 April 2022.

As at 31 October 2021 other assets of EUR 1,402 thousand represents also a receivable from subsidies from the state budget for the tourism sector in situation caused by the COVID-19 for the period of November 2020 to May 2021. This receivable was paid during the financial year. For more information on government grants, see Note 35 - Other liabilities.

As at 31 October 2022, in accordance with the rules of IFRS 9, the impairment allowance for other assets amounted to EUR 16 thousand (as at 31 October 2021: EUR 1,420 thousand).

28. Financial Investments

in TEUR	**31.10.2022**	**31.10.2021**
Financial instruments measured at fair value through profit or loss	36	36
Total	**36**	**36**

As at 31 October 2022 the financial investments in the amount of EUR 36 thousand represent a share in the company Tatranské družstvo (as of 31 October 2021: EUR 36 thousand).

29. Cash and Cash Equivalents

in TEUR	**31.10.2022**	**31.10.2021**
Cash	10	10
Meal vouchers	31	-
Current accounts with banks	5 293	10 188
Impairment allowance	-2	-4
Total	**5 332**	**10 194**

As at 31 October 2022, the Company created impairment allowance of EUR 2 thousand in light of IFRS 9 expected credit loss changes (as at 31 October 2021: EUR 4 thousand).

Security

The Company can freely dispose of bank accounts.

30. Equity

Share capital and share premium

As at 31 October 2022 and 31 October 2021, 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. The emission of shares is marked by ISIN: SK1120010287.

On 25 May 2022, an ordinary general assembly of Tatry mountain resorts, a.s. was held. The general assembly decided, among other things, on the settlement of loss Tatry mountain resorts, a.s. generated in the period between 1 November 2020 and 31 October 2021 according to the financial statements compiled for that accounting period, in the amount of EUR 16,905 thousand as follows:

- The balance in the amount of EUR 16,905 thousand transfer to losses 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.

31 October 2022	Number of shares	Ownership interest *in TEUR*	Ownership interest %	Voting rights %
C.I. CAPITAL INDUSTRIES LIMITED	1 973 197	13 812	29.4%	29.4%
FOREST HILL COMPANY, s.r.o.	1 030 919	7 216	15.4%	15.4%
NEEVAS INVESTMENTS LIMITED	992 666	6 949	14.8%	14.8%
STOCKLAC LIMITED	800 000	5 600	11.9%	11.9%
RMSM1 LIMITED	404 486	2 831	6.0%	6.0%
Minority shareholders	1 505 930	10 542	22.5%	22.5%
Total	**6 707 198**	**46 950**	**100%**	**100%**

31 October 2021	Number of shares	Ownership interest *in TEUR*	Ownership interest %	Voting rights %
C.I. CAPITAL INDUSTRIES LIMITED	1 973 197	13 813	29.4%	29.4%
FOREST HILL COMPANY, s.r.o.	1 030 919	7 216	15.4%	15.4%
NEEVAS INVESTMENTS LIMITED	909 173	6 364	13.6%	13.6%
STOCKLAC LIMITED	909 731	6 368	13.6%	13.6%
RMSM1 LIMITED	677 666	4 744	10.1%	10.1%
Minority shareholders	1 206 512	8 445	18.0%	18.0%
Total	**6 707 198**	**46 950**	**100%**	**100%**

Profit / (loss) per share

	31.10.2022	31.10.2021
Profit / (loss) for the period *in TEUR*	3 287	-16 905
Weighted average number of ordinary shares	6 707 198	6 707 198
Profit / (loss) per share in EUR	**0.490**	**-2.520**

Legal reserve fund

As at 31 October 2022, the legal reserve fund amounts to EUR 7,018 thousand (as at 31 October 2021: 7,018 thousand). 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.

Profit (Loss) Distribution

For the fiscal year ended on 31 October 2022, the Company's management proposes the distribution of total profit in the amount of EUR 3,287 thousand as follows:

- Allocation to the legal reserve fund of EUR 329 thousand
- Allocation to the social fund on the basis of a collective agreement in the amount of EUR 16 thousand
- Balance of EUR 2,942 thousand transfer to retained earnings of previous periods

31. Loans and Borrowings

in TEUR	31.10.2022	31.10.2021
Loans and borrowings received	165 589	132 408
Total	**165 589**	**132 408**
Short-term	78 317	25 847
Long-term	87 272	106 561
Total	**165 589**	**132 408**

Creditor	Interest rate type	Maturity date	Unpaid amount as at 31.10.2022 *in TEUR*
TMR Finance CR, a.s.	4.51% p.a.	30.11.2022	60 894
J&T BANKA, a.s.	3M EURIBOR + 4.75%	31.12.2029	38 116
J&T BANKA, a.s.	3M EURIBOR + 4.75%	31.12.2026	21 494
J&T BANKA, a.s.	3M EURIBOR + 5.25%	31.12.2026	20 116
EUROCOM Investment s.r.o.	4% p.a.	On demand within 15 days	11 285
J&T BANKA, a.s.	3M EURIBOR + 4.75%	31.12.2026	9 418
Śląskie Wesołe Miasteczko Sp. z o. o.	7% p.a.	31.12.2023	4 147
GOPASS SE	-	31.12.2032	119
Total			**165 589**

Creditor	Interest rate type	Maturity date	Unpaid amount as at 31.10.2021 *in TEUR*
TMR Finance CR, a.s.	4.51% p.a.	30.11.2022	58 128
J&T BANKA, a.s.	12M EURIBOR + 4.5%	31.1.2024	20 668
365.bank a.s.	12M EURIBOR + 4.657% p.a.	31.12.2028	19 141
EUROCOM Investment s.r.o.	4% p.a.	30.4.2022	7 929
365.bank a.s.	12M EURIBOR + 4.571% p.a.	30.6.2022	7 055
365.bank a.s.	3M EURIBOR + 3.818% p.a.	27.5.2022	4 959
365.bank a.s.	12M EURIBOR + 4.684% p.a.	31.12.2028	4 670
365.bank a.s.	12M EURIBOR + 4.686% p.a.	30.6.2032	4 223
Śląskie Wesołe Miasteczko Sp. z o. o.	7% p.a.	31.12.2023	3 955
365.bank a.s.	12M EURIBOR + 4.982%	31.12.2024	1 680
Total			**132 408**

The weighted average of interest rates for loans and borrowings as at 31 October 2022 accounted for 4.72 % (as at 31 October 2021: 4.57%). The interest is due on a monthly and quarterly basis. For more information, see Note 12 – Finance Income and Expense.

As at 30 March 2022, the Company drew funds from a syndicated loan from J&T Banka and thus refinanced its existing loans from J&T Banka and 365.bank, the value of which was EUR 62,396 thousand as at 31 October 2021. The total outstanding amount of the loan to J&T Bank as at 31 October 2022 is of EUR 89,144 thousand. The funds provided served primarily as a loan to a subsidiary TMR Parks, a.s. to cover the purchase price for the transfer of EUROCOM Investment, s.r.o. shareholding of EUR 10,000 thousand, the refinancing of loans in the acquired companies EUROCOM Investment, s.r.o. and WORLD EXCO s.r.o. in the amount of EUR 11,651 thousand and the construction of the Biela púť - Priehyba cableway, while the amount drawn at the end of the financial year as at 31 October 2022 amounted to EUR 9,372 thousand out of the total loan value of EUR 12,300 thousand.

As at 31 October 2022, the Company has committed to meet the covenant total consolidated EBITDA, which may not be less than EUR 29,000 thousand, and the covenant LTV ratio, which may not be higher than 60%. However, failure to meet the LTV ratio does not have effect the maturity of the debt only on the amount of security. The Company evaluated fulfillment of covenants as at 31 October 2022. The covenants which evaluation is due within the dates of issuing the consolidated financial statements were met. Fulfillment of other covenants will be evaluated later.

In the period from 1 November 2020 to 31 October 2021, the Company drew new loans from Poštová banka, a.s. and J&T Banka in the amount of EUR 1,620 thousand and EUR 20,000 thousand, respectively. The loan from Poštová banka, a.s. was used to finance the construction of the Zadné vody reservoir; the outstanding balance of the loan as at the reporting date was EUR 1,680 thousand. The loan from J&T Banka was used to cover operating costs; the outstanding balance of the loan as at the reporting date was EUR 20,668 thousand.

On 2 December 2018 the Company drawn new loan from TMR Finance CR, a.s. in the total amount of EUR 58,773 thousand. The outstanding unpaid balance of the loan as of the date of financial statements was of EUR 60,894 thousand.

On 7 October 2019, the Company signed a short-term loan agreement with EUROCOM Investment, s.r.o. The amount of the loan was gradually increased to EUR 10,500 thousand by several amendments. By the Amendment no. 4, the repayment term was changed from 30 April 2022 to "on demand within 15 days". The total outstanding balance of the loan at the reporting date is EUR 11,285 thousand (31 October 2021: EUR 7,929 thousand).

Security

The following assets were used as a security of bank loans and bonds: land, technology and operating buildings of mountain lift facilities: lifts, chair-lift rope ways (hereinafter: RWs), funicular RWs, aerial RWs, gondola RWs, substations, 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 2022, lots of land, buildings and equipment, property investments, inventory and receivables of EUR 234,557 thousand were used as a security of bank loans (as at 31 October 2021: in the amount of EUR 230,443 thousand).

32. Lease Liabilities

in TEUR	
Opening balance as at 1.11.2020	**35 646**
Increases from company merger	1 209
Additions	2 534
Modifications	919
Interest	1 628
Lease payments	-4 716
Balance as at 31.10.2021	**37 220**
Short-term	7 669
Long-term	29 551
Total	**37 220**
Additions	25 066
Modifications	1 782
Interest	2 659
Lease payments	-7 066
Balance as at 31.10.2022	**59 661**
Short-term	7 760
Long-term	51 901
Total	**59 661**

The maturity of lease liabilities is as follows:

in TEUR	**31.10.2022**	**31.10.2021**
Less than 1 year	7 767	7 669
1 - 5 years	14 064	8 650
Above 5 years	37 830	20 901
Total	**59 661**	**37 220**

33. Trade Liabilities

in TEUR	31.10.2022	31.10.2021
Trade Liabilities	7 705	7 784
Unbilled deliveries	2 513	1 244
Total	**10 218**	**9 028**
Short-term	9 049	8 847
Long-term	1 169	181
Total	**10 218**	**9 028**

As at 31 October 2022, long-term liabilities amounting to EUR 1,169 thousand are mainly retention fees against suppliers for the construction of the Centrum Jasná complex and the Biela Púť - Priehyba cableway.

As at 31 October 2022, overdue liabilities amounted to EUR 922 thousand (as at 31 October 2021: EUR 962 thousand). Overdue liabilities as at 31 October 2022 represent primarily unpaid retention fees due to signed construction contracts with suppliers for their performed and realised construction of individual buildings, in some cases repayment schedules are agreed with suppliers.

34. Hedge Accounting

The Company applies only cash-flow hedges and hedges only against foreign currency risk.

Since the Company took out a loan from the Czech subsidiary, the Company has opened a position in CZK. 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 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 provided by a Czech subsidiary with a 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 (nominal value 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 terms of the swap copy the terms of the loan (nominal value and repayment schedules), the Company expects the hedging relationship to be effective to a high degree.

The hedge inefficiencies can arise when the Company ceases to adhere to the repayment schedule. The company expects to repay the loan in accordance with the repayment schedule.

Hedging Instrument profile – the hedging instrument has a fixed maturity in November 2022 for the entire nominal value of EUR 57.9 million. The forward rate used for hedging is 25.870 CZK / 1 EUR.

In the current period from 1 November 2021 to 31 October 2022, 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	254	Other assets	1 532

In '000 EUR	Change in fair value used for measuring ineffectiveness.	Cash flow hedge reserve	Cost of hedging reserve
Foreign exchange swap	-1 532	-2 602	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	-1 103	0	-	0	379	Interest income calculated using the effective interest rate and Interest expense
					2 865	Profit / (loss) from financial operations, net

In previous period from 1 November 2020 to 31 October 2021, the impact of hedging instrument and hedged instrument on statement of financial position was:

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	-1 277	Other liabilities	920

In '000 EUR	Change in fair value used for measuring ineffectiveness.	Cash flow hedge reserve	Cost of hedging reserve
Foreign exchange swap	-920	-1 499	0

In previous period, the effect of cash flow hedge on statement of financial performance was:

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	-1 949	0	-	0	317	Interest income calculated using the effective interest rate and Interest expense
					3 315	Profit / (loss) from financial operations, net

35. Other Liabilities

in TEUR	**31.10.2022**	**31.10.2021**
Liabilities towards employees	2 831	1 430
Advances received	5 818	1 567
Hedging derivative transactions - foreign exchange SWAP	-	1 277
Deferred revenues	4 770	3 896
Liabilities to shareholders from reduction in share capital	213	213
Contingent consideration	884	819
Other	3 266	2 435
Value added tax liabilities	652	1 593
Total	**18 434**	**13 230**
Short-term	17 550	12 411
Long-term	884	819
Total	**18 434**	**13 230**

As at 31 October 2022, liabilities towards employees represent mainly a provision for bonuses for the fiscal year between 1 November 2021 and 31 October 2022 in the amount of EUR 1,744 thousand (as at 31 October 2021: EUR 541 thousand) and wage liabilities to employees in the amount of EUR 1,047 thousand (as at 31 October 2021: EUR 862 thousand).

As at 31 October 2022, advance payments received comprise in particular of advance payments received on construction of the water structure Pumping station and substation – Otupné, which the Company implements, in the amount of EUR 3,000 thousand, as well as advance payments for the purchase of Chalets in the amount of EUR 265 thousand (as at 31 October 2021 : EUR 328 thousand) and advance payments for hotel accommodation in the amount of EUR 2,511 thousand (as at 31 October 2021: EUR 1,205 thousand).

As at 31 October 2022, derivative operations - currency SWAP represents the fair value of the derivative in the amount of EUR 254 thousand recognised within Note 27 - Other assets (as at 31 October 2021: recognised within Note 35 - Other liabilities in the amount of EUR 1,277 thousand). For more information, see Note 34 - Hedge Accounting.

As at 31 October 2022, the deferred revenues include mainly the amount of EUR 3,485 thousand for accrual of ski passes sold - "Šikovná sezónka" (as at 31 October 2021: EUR 2,706 thousand), the subsidy amount of EUR 453 thousand for construction of the cableway Furkotka in ski resort Štrbské pleso (as at 31 October 2021: EUR 464 thousand) and the amount of EUR 74 thousand represents a subsidy for the Hotel Tri Studničky (as at 31 October 2021: EUR 76 thousand). The provision for discounts on purchases was as at 31 October 2022 in total amount of EUR 384 thousand (as at 31 October 2021: EUR 384 thousand). Deferred revenues relating to government grants amounted to EUR 527 thousand as at 31 October 2022 (as at 31 October 2021: EUR 550 thousand).

Details of movement of government grants are presented in the table:

in TEUR	**31.10.2022**	**31.10.2021**
Balance as at 1.11.2021 / 1.11.2020	550	438
Received during the year	576	6 299
Increases from company merger	-	470
Released to the statement of profit and loss and other comprehensive income	-599	-6 657
Balance as at 31.10.2022 / 31.10.2021	**527**	**550**

State aid related to COVID-19 was received during the year in the amount of EUR 576 thousand. This is short-term state aid that has been recognized in the statement of comprehensive income as income during the period in which the related costs to be reimbursed are recorded. In the period from 1 November 2021 to 31 October 2022 the state aid was recognized in the statement of comprehensive income in the amount EUR 599 thousand (as at 31 October 202: EUR 6,657 thousand). For more details see Note 9 - Purchased Services and Note 10 - Personnel Expenses.

Details of government grants recognised in the statement of other comprehensive income are presented in the table:

in TEUR	**1.11.2021 - 31.10.2022**	**1.11.2020 - 31.10.2021**
State aid related to rental costs	206	76
State aid related to wages and salaries	370	5 157
State aid related to other costs	23	1 424
Total	**599**	**6 657**

As at 31 October 2022, the liabilities to shareholders from the reduction in share capital amount to EUR 213 thousand (31 October 2021: EUR 213 thousand) and comprise mainly the remaining liability from the reduction in share capital in 2013 totaling EUR 174,388 thousand.

As at 31 October 2022, the conditional part of the purchase price of EUR 884 thousand (31 October 2021: EUR 819 thousand) represents the part of the purchase price for the subsidiary Muttereralm Bergbahnen Errichtungs GmbH (see also Note 5 – Increase and Decrease of Shares in Companies) that is conditional on the seller fulfilling the contractually stipulated conditions.

As at 31 October 2022, the amount of other liabilities mainly contains EUR 2,125 thousand liabilities related to social security (as at 31 October 2021: EUR 2,055 thousand) as well as liabilities in respect of Gopass credits sold in the total amount of EUR 660 thousand.

The creation and drawing from the social fund during the accounting period are presented in the table below:

in TEUR	**31.10.2022**	**31.10.2021**
Balance as at 1.11.2021 / 1.11.2020	-3	18
Creation of social fund against expenses	86	58
Drawing	-73	-79
Balance as at 31.10.2022 / 31.10.2021	**10**	**-3**

36. Provisions

in TEUR	Unused vacations	Other	Total
Opening balance as at 1.11.2021	**536**	**24**	**560**
Creation of provisions during the year	754	113	867
Use of provisions during the year	-540	-	-540
Balance as at 31.10.2022	**750**	**137**	**887**

	31.10.2022	31.10.2021
Short-term	754	540
Long-term	133	20
Total	**887**	**560**

37. Bonds Issued

On 10 October 2018, the Company issued the third bond issue in the total value of EUR 90,000 thousand.

In February 2021, the Company issued new TMR V bonds in the total value of up to EUR 150 million, at an interest rate of 6% p.a. and with a maturity date in 2026.

On 28 October 2022, the Company issued TMR VI bonds up to a maximum of EUR 65,000 thousand with an interest rate of 5.4% p.a. and maturity in 2027. On 28 October 2022, EUR 1,552 thousand worth of bonds were traded.

Details on particular bonds as of end of current and immediately preceding accouting period 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 at 31.10.2022	Carrying value as at 31.10.2021
TMR III 4.40%/2024	SK4120014598	10.10.2018	10.10.2024	EUR	90 000	4.4	4.940	89 229	88 825
TMR V 6.00%/2026	SK4000018255	2.2.2021	2.2.2026	EUR	110 000	6.0	6.697	113 091	112 612
TMR VI 5.40%/2027	SK4000021713	28.10.2022	28.10.2027	EUR	59 000	5.4	5.924	1 284	-
Total								**203 604**	**201 437**
Short-term								5 108	5 108
Long-term								198 496	196 330
Total								**203 604**	**201 438**

All three bonds represent a book-entry security in bearer form, and their issue was approved by the National Bank of Slovakia.

Covenants

Issue of TMR III - The Company has committed that, until all of its monetary obligations under the Bonds have been met, the Net Senior Debt to Modified EBITDA (Leverage) ratio will not exceed 8. The Company has also committed to the LTV ratio, this indicator may not be higher than 70%. However, failure to meet the LTV ratio does not affect the maturity of the debt only the amount of security.

Issue of TMR V does not include conditions causing its immediate repayment. At the same time, the Company is entitled under certain conditions to postpone payment of interest.

Issue of TMR VI - The Company has committed that until all of its monetary obligations under the Bonds have been satisfied, the LTV ratio may not be higher than 70%. However, failure to meet the LTV indicator does not affect the maturity of the debt only the amount of security.

The Company evaluated fulfillment of covenants as at 31 October 2022. The covenants which evaluation is due within the dates of issuing the consolidated financial statements were met. Fulfillment of other covenants will be evaluated later.

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 EUR 203,604 thousand (as at 31 October 2021: EUR 201,438 thousand), a short-term portion amounts to EUR 5,108 thousand, which represents a liability from coupon due in the period of 12 months after 31 October 2022 (as at 31 October 2021: EUR 5,108 thousand, which represents a liability from coupon due in the period of 12 months after 31 October 2021).

Security

A right of lien (“Pledge”) for the issued TMR III bonds on the property, movable assets and part of receivables owned by the Company, in the total amount of EUR 97,578 thousand (as at 31 October 2021: EUR 103,254 thousand). It is property that is not used as a security for other Company’s liabilities.

38. Information about the Fair Value

The following table contains information about the book value and fair value of Company financial assets and liabilities, that are not accounted for at fair value:

in TEUR		Carrying value		Fair value	
		31.10.2022	**31.10.2021**	**31.10.2022**	**31.10.2021**
Financial assets					
Loans provided	23	183 228	92 676	179 276	92 914
Total		**183 228**	**92 676**	**179 276**	**92 914**

in TEUR		Carrying value		Fair value	
		31.10.2022	**31.10.2021**	**31.10.2022**	**31.10.2021**
Financial liabilities					
Bonds issued	37	203 604	201 438	201 752	202 458
Total		**203 604**	**201 438**	**201 752**	**202 458**

The table does not present financial instruments for which the carrying amount is considered to be an approximation of fair value.

39. Changes in Liabilities Arising from Financial Activities

in TEUR	**1 November 2021**	**Additions / Drawings**	**Payment**	**Interest**	**Additions due to business combinations**	**Other**	**31 October 2022**
Loans and borrowings	132 408	37 023	-13 505	6 727	-	2 936	165 589
Lease liabilities	37 220	26 848	-7 066	2 659	-	-	59 661
Bonds issued	201 438	1 518	-10 560	11 457	-	-249	203 604
Total liabilities from financing activities	**371 066**	**65 389**	**-31 131**	**20 843**	**-**	**2 687**	**428 854**

In case of loans and borrowings, the category Other represents the impact of foreign currency loan hedge (see also Note 34 – Hedge accounting). In case of issued bonds, the category Other represents administrator's fee for bond issuance administration.

in TEUR	**1 November 2020**	**Additions / Drawings**	**Payment**	**Interest**	**Additions due to business combinations**	**Other**	**31 October 2021**
Loans and borrowings	99 543	28 977	-4 832	5 448	-	3 272	132 408
Lease liabilities	35 646	3 453	-4 716	1 628	1 209	-	37 220
Bonds issued	203 244	109 636	-120 560	11 302	-	-2 184	201 438
Total liabilities from financing activities	**338 433**	**142 066**	**-130 108**	**18 378**	**1 209**	**1 088**	**371 066**

40. 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 to 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.

Probability of default (PD)	Loss Given Default (LGD)	Carrying amount	Impairment allowance (ECL)
1.99% - 7.38%	**40%**	**205,790**	**-22,562**

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 EUR 2,265 thousand. If PD decreased by 10%, ECL would decrease by EUR 2,265 thousand.

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 2022, the Company was exposed to the following credit risk:

in TEUR	Legal entities	Banks	Other financial institutions	Other	Total
Financial assets					
Loans provided	183 226	-	-	2	183 228
Other receivables	248	-	-	-	248
Trade receivables	2 424	-	-	-	2 424
Cash and cash equivalents	-	5 291	-	41	5 332
Other Assets	2 220	254	156	8	2 638
Total	**188 118**	**5 545**	**156**	**51**	**193 870**

As at 31 October 2021, the Company was exposed to the following credit risk:

in TEUR	Legal entities	Banks	Other financial institutions	Other	Total
Financial assets					
Loans provided	92 605	-	-	71	92 676
Other receivables	47	-	-	-	47
Trade receivables	3 198	-	-	-	3 198
Cash and cash equivalents	-	10 184	-	10	10 194
Other Assets	43 435	-	45	1 402	44 882
Total	**139 285**	**10 184**	**45**	**1 483**	**150 997**

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 High Tatras centre, the seasonal nature is also balanced with a strong summer season, which ensures its more stable liquidity all year round.

The liquidity risk associated with the crisis in Ukraine and the energy crisis is described in Note 2 (b) - Basis of preparation.

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, based on contracted terms. 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 2022, the Company had financial assets and liabilities with the following remaining maturities:

in TEUR	Carrying value	Future cash flow	Up to 3 months	3 months up to 1 year	1 year up to 5 years	Above 5 years	Without specification
Financial assets							
Loans provided	**183 228**	**205 791**	118 399	64 040	11 959	11 393	-
Other receivables	**248**	**248**	248	-	-	-	-
Trade receivables	**2 424**	**2 657**	2 657	-	-	-	-
Cash and cash equivalents	**5 332**	**5 333**	5 333	-	-	-	-
Other assets	**2 638**	**2 646**	2 556	90	-	-	-
Total	**193 870**	**216 675**	**129 193**	**64 130**	**11 959**	**11 393**	**-**
Financial liabilities							
Loans and borrowings	**-165 589**	**-183 233**	-74 893	-7 544	-86 099	-14 697	-
Lease liabilities	**-59 661**	**-132 534**	-2 195	-11 126	-38 800	-80 413	-
Bonds issued	**-203 604**	**-236 291**	-	-10 644	-225 647	-	-
Trade payables	**-9 835**	**-9 835**	-9 835	-	-	-	-
Other liabilities	**-2 098**	**-1 924**	-1 040	-	-884	-	-
Total	**-440 787**	**-563 817**	**-87 963**	**-29 314**	**-351 430**	**-95 110**	**-**

As at 31 October 2022 the loans provided up to 1 year amount to EUR 182,439 thousand (as at 31 October 2021: EUR 113,230 thousand), a majority of which is payable on demand or by the end of October 2023. These loans will not be paid within 1 year. The Company plans to require the repayment of these financial resources 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. For securing sufficient liquidity shortly after the end of the accounting period the Company has increased an overdraft from J&T Bank and the bonds from TMR VI issue were traded as described in Note 2 (b) - Basis of preparation.

As at 31 October 2021, the Company had financial assets and liabilities with the following remaining maturities:

in TEUR	Carrying value	Future cash flow	Up to 3 months	3 months up to 1 year	1 year up to 5 years	Above 5 years	Without specification
Financial assets							
Loans provided	**92 676**	**126 645**	111 840	1 390	2 701	10 714	-
Other receivables	**47**	**47**	47	-	-	-	-
Trade receivables	**3 198**	**3 198**	3 198	-	-	-	-
Cash and cash equivalents	**10 194**	**10 199**	10 199	-	-	-	-
Other assets	**44 882**	**46 302**	46 031	56	215	-	-
Total	**150 997**	**186 391**	**171 315**	**1 446**	**2 916**	**10 714**	**-**
Financial liabilities							
Loans and borrowings	**-132 408**	**-143 945**	-2 467	-25 122	-101 378	-14 978	-
Lease liabilities	**-37 220**	**-52 281**	-899	-7 913	-12 435	-31 034	-
Bonds issued	**-201 438**	**-244 880**	-	-10 560	-234 320	-	-
Trade payables	**-8 697**	**-8 696**	-8 696	-	-	-	-
Other liabilities	**-2 581**	**-2 582**	-311	-	-2 271	-	-
Total	**-382 344**	**-452 384**	**-12 373**	**-43 595**	**-350 404**	**-46 012**	**-**

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 2021 and 2022, the Company is primarily exposed to the risk of changes in the exchange rate of Polish Zloty and Czech Crown against the euro. The management monitors regularly whether there is a large difference between foreign currency liabilities and receivables. As at 31 October 2022, the Company reported an investment in the subsidiaries in Polish Zloty in the amount of EUR 7,508 thousand, and loans provided in Polish Zloty were in amount of EUR 31,159 thousand. The Company also reported investment in the subsidiaries in Czech Crown in the amount of EUR 358 thousand, and loans provided in Czech Crown in the amount of EUR 8,280 thousand.

Since the Company has drawn a loan from its subsidiary in Czech Republic, denominated in Czech Crown, 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 34 - Hedge Accounting.

The other Company assets and liabilities are denominated in euro.

Secondarily, there is a risk that weakening of the Czech Crown or Polish Zloty against the euro would lead to reducing the number of visitors from the above stated countries.

Sensitivity analysis

5% strengthening of the EUR against the Polish Zloty and the Czech Crown would have the following effect on the financial assets and financial liabilities of the Company:

in TEUR	**2022**	**2021**
PLN	-1 558	-1 745
CZK	-414	-330

5% weakening of the EUR against the Polish Zloty and the Czech Crown would have an identically high but opposite effect on the financial assets and financial liabilities in comparison with strengthening of the euro.

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 2022 and as at 31 October 2021, the Company has the following assets and liabilities linked to interest rates:

in TEUR	**31.10.2022**	**31.10.2021**
Fixed interest rate		
Assets	166 666	150 997
Payables	-351 643	-319 947
Variable interest rate		
Assets	27 204	-
Payables	-89 144	-62 397

<u>Sensitivity analysis for instruments with a variable interest rate</u>

Change by 100 basis points in interest rates would have the following effect on the profit/loss from operations and cash flow sensitivity:

in TEUR	**Profit (Loss)**	
	100 bb growth	**100 bb decline**
31 October 2022		
Instruments with variable interest rate	619	-619
Effect	**619**	**-619**

in TEUR	**Profit (Loss)**	
	100 bb growth	**100 bb decline**
31 October 2021		
Instruments with variable interest rate	624	-
Effect	**624**	**-**

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.

In the previous period, when EURIBOR had negative value, the variable interest component of the total interest rate did not affect the economic result and cash flow sensitivity, as according to the loan agreements the value of EURIBOR is then taken at the level of 0%. In the current period, EURIBOR has positive values and therefore a decrease of 100 basis points in interest rates would have an impact on the economic result and cash flow sensitivity.

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 54 cm and 59 cm 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. Thanks to the system of snowmaking, the snow conditions during the winter are stable each year.

41. 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 2022 and 31 October 2021 or during the period between 1 November 2021 and 31 October 2022 and 1 November 2020 and 31 October 2021:

(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 or companies in which top management has control or significant influence (see also Note 10 – Personnel Expenses)

Information on remuneration of Members of Key management is stated in Note 10 – Personnel Expenses. All transactions with related 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:

in TEUR	Note:	**Receivables 31.10.2022**	**Payables 31.10.2022**	**Receivables 31.10.2021**	**Payables 31.10.2021**
Szczyrkowski Osrodek Narciarski S.A.	1	42 399	8	39 085	-
Ślaskie Wesole Miasteczko Sp. z o. o.	2	51 465	4 147	21 379	3 954
TMR Ještěd a.s.	3	7 618	18	5 787	34
Tatry mountain resorts CR, a.s.	4	2 543	2	2 272	1
TMR Parks, a.s.	5	64 465	1 024	76 169	-
Mölltaler Gletscherbahnen GmbH & Co KG	6	19 693	5	13 697	135
Mölltaler Gletscherbahnen GmbH	7	6	-	4	-
Grundstücksverwertungs-GmbH Flattach	8	5	-	4	-
TMR Finance CR, a.s.	9	205	60 895	140	58 128
Ostravice Hotel a.s.	10	138	-	127	-
MELIDA, a.s.	11	966	4	852	-
TIKAR d.o.o	12	-	-	2 902	-
Korona Ziemi sp.z o.o.	13	1 615	-	1 495	-
Muttereraim Bergbahnen Errichtungs GmbH	14	468	-	429	-
Tatry mountain resorts AT GmbH	15	350	-	333	-
GOPASS, a.s.	16	47	748	-	-
WORLD EXCO s.r.o.	17	178	-	-	-
EUROCOM Investment, s.r.o.	18	12 426	11 420	-	-
International TMR services, s.r.o.	19	1	1	-	-
GOPASS SE	20	-	119	-	-
Members of Key Management		25	983	31	111

in TEUR	Note:	**Revenues 1.11.2021 - 31.10.2022**	**Costs 1.11.2021 - 31.10.2022**	**Revenues 1.11.2020 - 31.10.2021**	**Costs 1.11.2020 - 31.10.2021**
Szczyrkowski Osrodek Narciarski S.A.	1	2 322	8	2 408	3
Ślaskie Wesole Miasteczko Sp. z o. o.	2	1 885	212	1 158	201
TMR Ještěd a.s.	3	618	333	378	107
Tatry mountain resorts CR, a.s.	4	144	213	167	8
TMR Parks, a.s.	5	2 301	1 258	36 609	-
Mölltaler Gletscherbahnen GmbH & Co KG	6	924	5	683	-
Mölltaler Gletscherbahnen GmbH	7	5	-	4	-
Grundstücksverwertungs-GmbH Flattach	8	5	-	4	-
TMR Finance CR, a.s.	9	8	2 630	4	2 518
Ostravice Hotel a.s.	10	-	-	-	-
MELIDA, a.s.	11	-	-	-	-
TIKAR d.o.o	12	167	-	183	-
Korona Ziemi sp.z o.o.	13	81	-	74	-
Muttereraim Bergbahnen Errichtungs GmbH	14	19	-	13	-
Tatry mountain resorts AT GmbH	15	16	-	8	-
GOPASS, a.s.	16	37	927	-	-
WORLD EXCO s.r.o.	17	10	-	-	-
EUROCOM Investment, s.r.o.	18	1 785	327	-	-
International TMR services, s.r.o.	19	-	101	-	-
GOPASS SE	20	-	-	-	-
Members of Key Management		43	5 613	242	3 492

[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 Parks, 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.
[11] MELIDA, a.s. became a related party on 15 December 2019.
[12] TIKAR d.o.o. was a related party from 31 May 2020 to 30 September 2022.
[13] Korona Ziemi sp. Z.o.o. became a related party on 31 May 2020.
[14] Muttereraim Bergbahnen Errichtungs GmbH became a related party on 1 May 2021.
[15] Tatry mountain resorts AT GmbH became a related party on 28 May 2018.
[16] GOPASS, a.s. became a related party on 4 June 2021.
[17] WORLD EXCO s.r.o. became a related party on 1 April 2022.
[18] EUROCOM Investment, s.r.o. became a related party on 1 April 2022.
[19] International TMR services, s.r.o. became a related party on 22 June 2022.
[20] GOPASS SE became a related party on 1 June 2022.

42. Subsequent Events

On 3 November 2022, bonds of the TMR VI issue worth EUR 57,448 thousand were traded.

On 4 November 2022, a loan granted by a subsidiary of TMR Finance CR in the amount of CZK 1,533,750 thousand was repaid. Subsequently, on 7 November 2022, the TMR IV bonds issued by TMR Finance CR were paid out to the creditors in the Czech Republic.

On 8 November 2022, GOPASS SE, an organizational unit in Slovakia, was founded. It is an enterprise of a foreign entity of the European company GOPASS SE. For more information, see point 20 – Investments in subsidiaries.

In December 2022, the management negotiated an increase of the overdraft by an additional EUR 4,000 thousand for the purposes of operations management of financial needs.

On 2 February 2023, the Company paid out a coupon from the TMR V bond in the amount of EUR 6,600 thousand.

Information on events related to the crisis in Ukraine and the energy crisis after the end of the accounting period are described in point 2(b) – Basis of Preparation.

43. Capital Commitments and Capital Management

During 2014, the Company issued two bond issues in the total nominal value of EUR 180,000 thousand, which, starting from 19 February 2014, were 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 EUR 90,000 thousand. Interest income on the TMR III bond is 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.

During February 2021, the Company issued TMR V bonds with a total nominal value of EUR 110,000 thousand. Interest income from this bond is paid for each annual period in arrears, always on the 2 February, with the first occurrence on 2 February 2022. The maturity of TMR V bond is on 2 February 2026.

On 28 October 2022, the Company issued TMR VI bonds with a total value of up to a maximum of EUR 65,000 thousand with an interest rate of 5.4% p.a. and a maturity in 2027. On 28 October 2022, bonds worth EUR 1,552 thousand were traded. Interest income from this bond will be paid for each income period on a semi-annual basis in arrears, always on 28 April and 28 October of each year, the first time on 28 April 2023. The maturity of TMR VI bond is on 28 October 2027.

Further information on issued bonds and related covenants are provided in Note 37 – Bonds Issued.

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.

No external requirements for capital management are linked either to the Company or to its subsidiaries.

Over the course of the period between 1 November 2021 and 31 October 2022, no changes occurred in the Company's management approach to capital management.

44. 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.

The Company has initiated several legal proceedings. The maximum amount of compensation in all legal proceedings can be up to EUR 260 thousand and accessions thereof.

Igor Rattaj *The Chairman of the Board of Directors*	Jozef Hodek *Member of the Board of Directors*	Marián Klas *Finance Director*	Marián Vojtko *Person responsible for bookkeeping*

Independent Auditor's Report

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Translation of the Independent 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 2022;

and, for the period then ended:

- the separate statement of profit or loss and other comprehensive income;
- the separate statement of changes in equity;
- the separate statement of cash flows;

and

- notes to the 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 2022, and of its unconsolidated financial performance and its unconsolidated cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Independent Auditor‘s Report

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”) and 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Separate Financial Statements section of our report. 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.

We have determined the following key audit matters:

Going concern considerations

For the year ended 31 October 2022, the Company recognized profit in amount of EUR 3,287 thousand.

Refer to Notes 2b) (Basis for preparation) of the separate financial statements

Key audit matter	**Our response**
The Company’s separate financial statements are prepared on a going concern basis. As discussed in Note 2b), the outbreak of the COVID-19 pandemic and the measures adopted by the government of Slovak republic to mitigate the pandemic’s spread have significantly negatively impacted the Company’s liquidity position and financial performance of the Company for last two years. Also, significant uncertainty arises over how the current volatile economic environment, ongoing war in Ukraine or increasing energy prices will impact the Company’s business in future periods and customers’ demand for its services. The Company’s going concern assessment was based on cash flow forecasts, which in the management’s view support the assertion that the Company will have sufficient resources to continue for a period of at least 12 months from the reporting date.	Our audit procedures in the area included, among others: • Understanding the Company’s business planning process over the assessment of the Company’s ability to continue as a going concern; • Inspecting the management ’s assessment of the going concern basis of accounting, including their evaluation of the business/operating and liquidity risks arising from impacts of COVID-19 outbreak, volatile economic environment, ongoing war in Ukraine or increasing energy prices and plans for further actions in response to the risks identified. As part of the procedure we also made corroborating inquiries of the Company’s management; • Independently evaluating the reasonableness and feasibility of the plans for future actions in order to alleviate the effects of the outbreak, by reference to the preceding procedure as well as by performing the following:

Independent Auditor's Report

KPMG

The preparation of these forecasts incorporated a number of assumptions and significant judgment under a number of scenarios, including access to additional financing. As part of the assessment, the Company also considered a number of actions aimed at alleviating the potential disruption to its business and liquidity position, such access to additional financing and deferment of unnecessary expenditures. The management concluded that the range of possible outcomes considered at arriving at this judgment does not give rise to material uncertainties related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Note 2b) further explains how the judgment was formed. The COVID-19 pandemic followed by volatile economic environment, ongoing war in Ukraine and increasing energy prices are an unprecedented challenge for the economy globally, and at the date of the separate financial statements their effects are subject to significant levels of uncertainty. The Company's use of the going concern basis of accounting is a key audit matter due to the associated extent of uncertainty, and consequently, high level of judgment required in evaluating the management's plans for future actions and their financial impact.	- Challenging the key assumptions used in the determination of the forecast financial information under various scenarios. This primarily included challenging the assumed capital expenditure and sales forecast based on our understanding of the Company's activities and by reference to publicly available industry/market reports; - Performing an analysis of the going concern conclusion's sensitivity to changes in the aforementioned key assumptions adopted in the going concern assessment, and considering whether there were any indicators of management bias in the assessment; • Assessing the availability of banking and other financing facilities and arrangements, by inspecting underlying documentation, such as draft banking facility agreements and singed contract amendments before and after the reporting period end, and assessing the impact of any covenants and other restrictive terms therein; • Considering whether any additional relevant facts or information have become available since the date on which the Company made its assessment; • Evaluating the appropriateness of Company's disclosures in respect of the going concern assessment, subsequent events and any related uncertainties in the separate financial statements against the requirements of the financial reporting standards.

Independent Auditor‘s Report

KPMG

Impairment of property, plant and equipment and intangible assets	
Carrying amount of property, plant and equipment and intangible assets as at 31 October 2022: EUR 274,639 thousand (31 October 2021: EUR 271,699); Impairment allowance of assets as at 31 October 2022: EUR 0 thousand (31 October 2021: EUR 0 thousand) Refer to Notes 2l), 2m) and 2n) (Summary of significant accounting policies), Note 3b) (Goodwill and impairment testing, Note 3c) (Assets impairment testing), Note 15 (Property, plant and equipment) and Note 17 (Goodwill and intangible assets) of the separate financial statements.	
Key audit matter	**Our response**
As described in Note 3c) of the separate financial statements, in the current year, the Company identified impairment indicators in respect of its property, plant and equipment and intangible assets, including ones related to business disruption and loss incurred during last two years as a result of the COVID-19 pandemic, ongoing war in Ukraine and increasing energy prices. In the wake of the above factors, as at 31 October 2022, the Company tested property, plant and equipment and intangible assets for impairment, as part of the impairment test performed for the cash generating unit („CGU") ski resort Vysoke Tatry and CGU ski resort Nizke Tatry. The Company determined recoverable amount for above mentioned CGU's based on their value in use estimated under the discounted cash flow method. Determination of the recoverable amount requires making a number of assumptions and judgments, in particular those relating to grouping of assets into CGUs, discount rates used and future cash flows, with key assumptions made about prices for services provided, costs, and expected levels of sales, output and operating costs. Due to the above factors, coupled with the significantly higher estimation uncertainty stemming from the volatile economic environment, ongoing war in Ukraine and increasing energy prices, assessment of property, plant and equipment and intangible assets for impairment required our significant judgment and increased attention in the course of our audit. As a consequence, we consider the area to be our key audit matter	Our audit procedures in the area included, among others: • Evaluating against the requirements of the relevant financial reporting standards the Company's accounting policy for identification of impairment, and measurement and recognition of any impairment losses in respect of property, plant and equipment and intangible assets; • Evaluating design and implementation of internal controls relating to the identification of impairment indicators and to the process of impairment testing; • Evaluating the quality of the Company's forecasting by comparing historical projections with actual outcomes; • Assessing the appropriateness of asset grouping into CGUs, based on our understanding of the Company's operations and business units; • Inquiring of the management of the Company regarding the impact of the volatile economic environment, ongoing war in Ukraine and increasing energy prices and its results in the current year and going forward. • Assisted by our own valuation specialists, challenging the reasonableness of the Company's key assumptions and judgments used in estimating the recoverable amount, including: - Assessing the Company's discounted cash flow model against the relevant financial reporting standards and market practice,

Independent Auditor's Report

KPMG

	- Challenging reasonableness of the key macroeconomic assumptions used, such as those in respect of discount rates by reference to publicly available external sources, and - Using our knowledge of the Company, its past performance, business, and our industry experience, and also our understanding of the effects of the ongoing war in Ukraine and increasing energy prices, assessing reasonableness of the assumptions relating to future prices of services provided, as well as those in respect of expected sales, output and operating costs, by reference to publicly available reports, market reports and the Company's internal documents; - Assessing susceptibility of the impairment model and the resulting impairment conclusion to management bias, by challenging the Company's analysis of the model's sensitivity to changes in key underlying assumptions; • Evaluating the appropriateness and completeness of impairment-related disclosures in the separate financial statements against the requirements of the financial reporting standards.

Independent Auditor's Report

KPMG

Impairment of loans provided	
As at 31 October 2022, the carrying amount of loans provided (long term and short term): EUR 183,228 thousand; related impairment allowance: EUR 22,562 thousand; impairment loss / (release) for the year then ended: EUR (9,129) thousand (as at 31 October 2021 and for the year then ended: EUR 92,676 thousand, EUR 31,691 thousand and EUR 5,639 thousand, respectively) Refer to Notes 2f) (Summary of significant accounting policies) and Note 23 (Loans provided) of the separate financial statements	
Key audit matter	**Our response**
As at 31 October 2022, loans provided are represented primarily by uncollateralized loans to related companies totalling EUR 205,790 thousand. Loans provided 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. We identified impairment of loans provided 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 including due to significantly higher estimation uncertainty stemming from the business disruption impact of the COVID-19 global pandemic in last two years, volatile economic environment, ongoing war in Ukraine and increasing energy prices.	Our audit procedures in the area, performed where applicable, with the assistance from our own financial instruments and valuation specialists, included: • Updating understanding of and assessing the design and implementation of key internal controls over the credit control, the loans collection process and making loss allowances for loans provided; • 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; • Evaluating whether in its loan staging and ECL measurement the Company appropriately considered the effects of the market disruption resulting from the COVID-19 pandemic in last two years, volatile economic environment, ongoing war in Ukraine and increasing energy prices. • Assessment of the accuracy and completeness of the Company's ECL estimates at 31 October 2022 including:

Independent Auditor's Report

KPMG

	For loans assessed individually, for a risk-based sample of debtors: - Inspecting the debtors' most recent financial statements, credit terms and historical repayment patters, and making corroborating inquiries of the Company's management and relevant finance personnel, to obtain understanding of any credit/ repayment uncertainties, 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's impairment assumptions and estimates, including estimated loss rates, against actual outcomes; • Evaluating whether the disclosures in the separate financial statements in respect of the expected credit losses for the loans and other receivables satisfy the requirements of the relevant financial reporting standards.

Independent Auditor's Report

KPMG

Responsibilities of the Statutory Body and Those Charged with Governance for the Separate Financial Statements

The statutory body is responsible for the preparation of 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 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 scepticism 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.

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.

Independent Auditor‘s Report

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, actions taken to eliminate threats or safeguards applied.

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 other information in the Annual Report

The statutory body is responsible for the other information. The other information comprises the information included in the Annual Report prepared in accordance with the Act No. 431/2002 Coll. on Accounting as amended (“the Act on Accounting”) but does not include the separate financial statements and our auditors’ report thereon. Our opinion on the separate financial statements does not cover the other information in the Annual Report.

In connection with our audit of the separate financial statements, our responsibility is to read the other information in the Annual Report that we have obtained prior to the date of the auditors’ report on the audit of the separate financial statements, 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 of the separate financial statements, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

With respect to the Annual Report, we are required by the Act on Accounting to express an opinion on whether the other information given in the Annual Report is consistent with the separate financial statements prepared for the same financial year, and whether it contains information 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, in all material respects:

- the other information given in the Annual Report for the year ended 31 October 2022 is consistent with the separate financial statements prepared for the same financial year; and
- the Annual Report contains information required by the Act on Accounting.

In addition to this, in light of the knowledge of the Company and its environment obtained in the course of the audit of the separate financial statements, we are required by the Act on Accounting to report if we have identified material misstatements in the other information in the Annual Report. We have nothing to report in this respect.

Independent Auditor's Report

KPMG

Reporting on other information related to European Single Electronic Format

Independent assurance report on the compliance of the presentation of the separate financial statements with the requirements of the European Single Electronic Format ("ESEF")

We have been engaged by the Company to conduct a reasonable assurance engagement to verify the compliance of the presentation of the separate financial statements of the Company for the year ended 31 October 2022 included in the Annual Financial Report (the "Presentation of the Separate Financial Statements") with the requirements of the ESEF Regulation.

Description of subject matter and applicable criteria

The Presentation of the Separate Financial Statements has been applied by the management to comply with the requirements of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation"). The applicable requirements regarding the Presentation of the Separate Financial Statements are contained in the ESEF Regulation.

The requirements described in the preceding paragraph with respect to the Presentation of the Separate Financial Statements constitute, in our view, appropriate criteria to form a reasonable assurance conclusion.

Responsibility of the management and those charged with governance

The management is responsible for the Presentation of the Separate Financial Statements that complies with the requirements of the ESEF Regulation.

This responsibility includes:

- preparation of the separate financial statements in XHTML format; and
- designing, implementing and maintaining internal controls relevant for the preparation of the Presentation of the Separate Financial Statements which is free from material non-compliance with the requirements of the ESEF Regulation.

Those charged with governance are responsible for overseeing the Company's financial reporting process, which also includes the preparation of the separate financial statements that also comply with the requirements of the ESEF Regulation.

Our responsibility

Our responsibility is to express a reasonable assurance conclusion whether the Presentation of the Separate Financial Statements complies, in all material respects, with the requirements of the ESEF Regulation.

We conducted our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits and Reviews of Historical Financial Information, (the "ISAE 3000(R)"), issued by the International Auditing and Assurance Standards Board (the "IAASB"). This standard requires that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance whether the Presentation of the Separate Financial Statements complies, in all material respects, with the requirements of the ESEF Regulation.

The nature, timing, and extent of procedures performed depend on the auditor's judgment. Reasonable assurance is a high level of assurance, but it does not guarantee that the service performed in accordance with ISAE 3000(R) always detects material non-compliance.

Independent Auditor‘s Report

Our quality control and independence requirements

We apply the provisions of International Standard on Quality Control 1 (issued by the IAASB) and, accordingly, maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We comply with independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Summary of the work performed

Our planned and performed procedures were aimed at obtaining reasonable assurance that the Presentation of the Separate Financial Statements complies, in all material respects, with the requirements of the ESEF Regulation. Our procedures included in particular:

- obtaining an understanding of the internal control system and processes relevant to the application of the electronic reporting format of the separate financial statements, including the preparation of the XHTML format; and
- verification whether the XHTML format was properly applied.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, based on the procedures performed, the Presentation of the Separate Financial Statements complies, in all material respects, with the requirements of the ESEF Regulation.

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 on 22 April 2022 on the basis of approval by the General Meeting of the Company held on 25 May 2022. 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 14 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 supervisory board of the Company, which was issued on 28 February 2023.

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.

Audit firm:
KPMG Slovensko spol. s r.o.
License SKAU No. 96

Slovenská komora audítorov SKAU Č.licencie 96 KPMG Slovensko spol. s r.o.

Responsible auditor:
Ing. Martin Kršjak
License UDVA No. 990

Bratislava, 28 February 2023

except for the part of our Report on Reporting on other legal and regulatory requirements, including the Annual Report, dated 6 March 2023 and part of our Report on Independent assurance report on the compliance of the presentation of the separate financial statements with the requirements of the European Single Electronic Format ("ESEF"), which is dated on 6 March 2023

This is a translation of the original Slovak Auditors' Report into English language. The separate financial statements have not been translated. For a full understanding of the information stated in the Auditors' Report, the Report should be read in conjunction with the full set of the separate financial statements prepared in Slovak.


TERNUA

REMUNERATION REPORT

Remuneration report

REMUNERATION REPORT OF MEMBERS OF THE BODIES OF PUBLIC LIMITED COMPANY TATRY MOUNTAIN RESORTS, A.S.

Board of Directors of Tatry mountain resorts, a.s. with its registered seat at Demänovská Dolina 72, 031 01 Liptovský Mikuláš, ID: 31 560 636, registered in the Commercial Register kept by the District Court of Žilina, Section: Sa, Insert No. 62/L (hereinafter referred to as "**The Company**") in accordance with the provision stated in § 201e of Act No. 513/1991 of the Commercial Code as amended (hereinafter referred to as the "**Commercial Code**") prepared the following report on the remuneration of members of the Company's bodies for the financial year starting on 01.11.2021 and ending on 31.10.2022 (hereinafter referred to as the "**Remuneration Report**").

1. REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS

1.1. The Board of Directors of the Company was active in the financial year starting on 01.11.2021 and ending on 31.10.2022 (hereinafter referred to as the "**Financial year**") in the following composition:

1.1.1 Ing. Igor Rattaj, Chairman of the Board of Directors since 30.04.2020
1.1.2 Ing. Jozef Hodek, Member of the Board of Directors since 30.06.2009
1.1.3 Čeněk Jílek, Member of the Board of Directors since 29.04.2020

1.2 Overview of all components of the total remuneration

1.2.1 In accordance with the remuneration rules of the Company's bodies approved by the General Meeting on 29.04.2020 (hereinafter referred to as "**Remuneration rules**") the members of the Board of Directors are provided with so-called total remuneration of a member of the Board of Directors which consists of: (i) fixed component – point 2.2 of the Remuneration rules, (ii) variable component – point 2.3 of the Remuneration rules and (iii) bonuses and other benefits.

1.2.2 For the Financial year, these following components of the total remuneration were paid to the members of the Board of Directors:

1.2.2.1 Fixed component of the total remuneration:
Ing. Igor Rattaj, in the amount of 96.000,- EUR
Ing. Jozef Hodek, in the amount of 48.000,- EUR
Čeněk Jílek, in the amount of 48.000,- EUR

1.2.2.2 Granted variable component of the total remuneration:
Ing. Igor Rattaj, in the amount of 418.417,- EUR
Ing. Jozef Hodek, in the amount of 261.511,- EUR
Čeněk Jílek, in the amount of 261.511,- EUR

1.3 Proportional share of fixed and variable component in the total remuneration

1.3.1 The proportional share of fixed and variable component of the total remuneration for members of the Board of Directors is as follows:

	Fixed component	Variable component
Ing. Igor Rattaj	3,68%	96,32%
Ing. Jozef Hodek	26,08%	73,92%
Čeněk Jílek	7,10%	92,90%

1.4 Explanation of how the total remuneration corresponds to the agreed remuneration rules including how it contributes to a long-term performance of the Company and information on how the performance assessment criteria have been applied

1.4.1 The total remuneration provided or awarded to the members of the Board of Directors in the Financial year takes full account of the criteria for awarding remuneration within the meaning of the Remuneration rules. In the case of a fixed component of the total remuneration it is the proper performance of the function of a member of the Board of Directors and in the case of the variable component of the total remuneration it is the achievement of the performance criteria, which is the positive financial result of the Company.

1.4.2 For the Financial year, the Company achieved positive consolidated financial result (EBITDA) of EUR 33,696 thousand and when comparing the so-called modified EBITDA like-for-like, the achieved modified EBITDA for the year ended 31.10.2022 (EUR 27,824 thousand) reached more than 90% of modified EBITDA for the year ended 31.10.2021 (EUR 4,106 thousand). At the same time, the Company properly complied with the set of non-financial performance indicators – the Company´s position as the so called "Creditable debtor". Due to achievement of all criteria in terms of the Remuneration rules, the members of the Board of Directors in the Financial year were entitled to a variable component of the total remuneration in the amount specified in point 2.3.1. of the Remuneration rules. The granted variable components of remuneration in accordance with point 2.3.1 of the Remuneration Rules in the total amount of EUR 941,439 will be paid to the members of the Board of Directors in accordance with point 2.3.10 of the Remuneration rules on the next payment date determined by the Company for the payment of wages to employees after the publication of the consolidated IFRS financial statements of the Company for the year ended 31.10.2022.

2. REMUNERATION OF MEMBERS OF THE SUPERVISORY BOARD

2.1. The Supervisory Board of the Company served during the Financial year in the following composition:

2.1.1. Ing. Bohuš Hlavatý, Chairman of the Supervisory Board since 30.04.2020
2.1.2. Ing. František Hodorovský, Vice-Chairman of the Supervisory Board since 18.01.2011
2.1.3. Roman Kudláček, Member of the Supervisory Board since 21.04.2012
2.1.4. Ing. Pavol Mikušiak, Member of the Supervisory Board since 27.04.2013
2.1.5. Adam Tomis, Member of the Supervisory Board since 12.04.2014
2.1.6. Ing. Andrej Devečka, Member of the Supervisory Board since 29.04.2020
2.1.7. Miroslav Roth, Member of the Supervisory Board since 30.06.2012 until 03.06.2021 and since 30.06.2021
2.1.8. Mgr. Marek Schwarz, Member of the Supervisory Board since 30.06.2021
2.1.9. Ivan Oško, Member of the Supervisory Board since 30.06.2021

2.2. Overview of all components of the total remuneration

2.2.1. In accordance with the Remuneration rules, the members of the Supervisory Board are provided with the so-called total remuneration of a member of the Supervisory Board, which consists of: (i) fixed component – point 3.2 of the Remuneration rules, (ii) variable component – point 3.3 of the Remuneration rules and (iii) bonuses and other benefits.

2.2.2. For the Financial year, these following components of the total remuneration were paid to the members of the Supervisory Board:

2.2.2.1. Fixed component of the total remuneration:
Ing. Bohuš Hlavatý, in the amount of 48.000,- EUR
Ing. František Hodorovský, in the amount of 6.000,- EUR
Roman Kudláček, in the amount of 3.327,- EUR
Ing. Pavol Mikušiak, in the amount of 3.600,- EUR
Adam Tomis, in the amount of 3.600,- EUR
Ing. Andrej Devečka, in the amount of 3.600,- EUR
Miroslav Roth, in the amount of 3.600,- EUR
Mgr. Marek Schwarz, in the amount of 3.600,- EUR
Ivan Oško, in the amount of 3.600,- EUR

2.2.2.2. The variable component of the total remuneration is not granted to the members of the Supervisory Board in accordance with the Remuneration rules.

2.3. Proportional share of fixed and variable component in the total remuneration

2.3.1 The proportional share of fixed and variable component of the total remuneration of the members of the Supervisory Board is as follows:

	Fixed remuneration	Variable remuneration
Ing. Bohuš Hlavatý	100%	0%
Ing. František Hodorovský	100%	0%
Roman Kudláček	100%	0%
Ing. Pavol Mikušiak	100%	0%
Adam Tomis	100%	0%
Ing. Andrej Devečka	100%	0%
Miroslav Roth	100%	0%
Mgr. Marek Schwarz	100%	0%
Ivan Oško	100%	0%

2.4. Explanation of how the total remuneration corresponds to the approved remuneration rules, including how it contributes to the long-term performance of the Company and information on how the performance assessment criteria have been applied

2.4.1. The total remuneration provided or awarded to the members of the Supervisory Board in the Financial year takes full account of the criteria for awarding remuneration within the meaning of the Remuneration rules. Only a fixed component of the total remuneration is awarded to members of the Supervisory Board for the proper performance of the function of a member of the Supervisory Board.

3. COMMON PROVISIONS ON REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE MEMBERS OF THE SUPERVISORY BOARD

3.1. Annual remuneration summary regardless of its form of acquisition, annual development of the Company's performance assessment and average annual remuneration summary based on comparison of income from total remuneration of a member of the Body of the Company and income of the Company's employees who are not members of the Body of the Company and have a weekly working time established according to a special law, for at least five previous accounting periods

3.1.1. In accordance with the Remuneration rules a member of the Board of Directors and a member of the Supervisory Board also have the right to remuneration in the form of salary or any other form obtained from the Company for the act of employment contract or any other contract in the case of a membership within the Board of Directors and in the form of a salary in the case of a membership within the Supervisory Board. However, members of the Board of Directors and members of the Supervisory Board are not awarded remuneration for the performance of their duties in the bodies of other companies belonging to the TMR Group. No royalties were awarded or paid to the members of Board of Directors or members of Supervisory Board during the Financial year.

3.1.2. For the Financial year, members of the Board of Directors and members of the Supervisory Board were paid salaries and bonuses, and at the same time the members of Board of Directors were granted bonuses in aggregate as follows:
Ing. Igor Rattaj, in the amount of 707.857,- EUR
Ing. Jozef Hodek, in the amount of 537.029,- EUR
Čeněk Jílek, in the amount of 545.615,- EUR
Bohuš Hlavatý, in the amount of 48.000,- EUR
Ing. Andrej Devečka, in the amount of 29.196,- EUR
Ing. František Hodorovský, in the amount of 6.000,- EUR

Roman Kudláček, in the amount of 3.327,- EUR
Ing. Pavol Mikušiak, in the amount of 3.600,- EUR
Adam Tomis, in the amount of 3.600,- EUR
Miroslav Roth, in the amount of 26.194,- EUR
Mgr. Marek Schwarz, in the amount of 98.529,- EUR
Ivan Oško, in the amount of 32.627,- EUR

3.1.3. Comparison of income from total remuneration of a member of the Body of the Company and income of the Company's employees in thousand EUR:

Financial year	2022	2021	2020	2019	2018
Number of „E“	1 359	1 193	1 332	1 456	1 402
Number of „BoC“	12	13	12	19	18
Number of „EE“	1 347	1 180	1 325	1 444	1 391
Total annual personal expenses for „EE“	27 375	18 959	21 760	22 672	18 992
Total annual remuneration for „BoC“	1 925	836	1 195	2 424	2 154
Total annual remuneration for BoC/number of BoC	160.4	64.3	99.6	127.6	119.7
Total annual personal expenses for EE/number of EE	18.9	15.4	15.5	14.0	12.1
Total annual remuneration BoC/number BoC to total annual personal expenses EE/number of EE	8.5 multiple	4.2 multiple	6.4 multiple	9.1 multiple	9.9 multiple

„E“ Employees of the Company in the corresponding Financial year
„EE“ Employees of the Company in the corresponding Financial year without the number of members of the Body of the Company
„BoC“ Members of the Body of the Company (member of the Board of Directors, member of the Supervisory Board, persons on the highest level of management) in the corresponding Financial year

3.2. Number of shares and share options granted or offered in connection with the performance of the function

3.2.1. No member of the Board of Directors and the Supervisory Board has acquired any shares or stock options in connection with the performance of a member of the Board of Directors function neither as member of the Supervisory Board. Information on the number of shares of the Company owned by individual members of Board of Directors and members of the Supervisory Board is provided in the annual report prepared as of 31.10.2022, which includes this Remuneration report.

3.3. Information on the use of the possibility of recovering option of the variable component of the total remuneration

3.3.1. The Company has not set any criteria for recovering the variable component of the total remuneration.

3.4. Information on all cases pursuant to § 201a, section 3, including an explanation of the nature of exceptional cases and an indication of the specific provisions from which they have temporarily deviated

3.4.1. The Remuneration rules do not provide for any exceptional cases referred to in § 201a, section 3 of the Commercial Code, therefore the provisions in the Financial year have not been applied.

Demänovská Dolina, 6.3.2023

STATEMENT BY THE BOARD OF DIRECTORS


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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, 2023

Igor Rattaj	Jozef Hodek
Chairman of the Board of Directors	Member of the Board of Directors, CFO

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