



**Tatry mountain resorts, a.s.**

**Bond (in Slovak: *Dlhopis*) TMR V 6,00/2026**

**subordinated bonds with a fixed interest rate of 6.00% p.a.  
in the anticipated total nominal amount of up to EUR 110,000,000 due in 2026**

**ISIN SK4000018255**

Bonds in the anticipated total nominal amount, i.e. the maximum amount of nominal values, of up to EUR 110,000,000 due 2026 (the **Bonds** or **Issue**) issued by Tatry mountain resorts, a.s., with its registered office at Demänovská Dolina 72, 031 01 Liptovský Mikuláš, Slovak Republic, Identification No. (in Slovak: *IČO*): 31 560 636, registered in the Commercial Register of the District Court in Žilina, section: Sa, insert No.: 62/L, LEI: 315700YHD1JR6VB1BA90 (the **Issuer**), are issued under the laws of the Slovak Republic in the book-entry form as bearer bonds. After the issue of the Bonds, the Issuer will apply for their admission to trading on the regulated free market of Bratislava Stock Exchange (in Slovak: *Burza cenných papierov v Bratislave, a.s.*) (the **BSSE**), which is the regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (**MIFID II**), in compliance with the legal regulations and rules of the BSSE. However, no guarantee can be given that the BSSE will admit the Bonds to trading. Nominal value of each Bond is EUR 1,000. The Bond Issue Date (issue date) is 2 February 2021.

The Bonds bear a fixed interest rate of 6.00% p.a.. The interest income for each year will be paid in arrears always on 2 February of each year. The first interest income will be paid on 2 February 2022. The Bonds are redeemable in a bullet payment on 2 February 2026. Payments under the Bonds will be made only in euros and will be subject to the applicable taxes and fees prescribed by the laws of the Slovak Republic. For more information, see clause 6 of the Prospectus "*Terms of the Bonds*" and clause 8 of the Prospectus "*Taxes, levies and foreign exchange regulation in the Slovak Republic*".

The Bonds are **subordinated bonds** under Section 20a of Act No. 530/1990 Coll. on Bonds, as amended (the **Bonds Act**) and under their terms and conditions, all receivables under them or related to them are subordinated to the receivables of all other creditors of the Issuer, whose receivables are not subordinated. Receivables under the Bonds associated with the subordination obligation cannot be early redeemed, even if the Issuer breaches its obligations under the Bonds. Any receivable arising from the Bonds will be subordinated to all other unsubordinated receivables from the Issuer in bankruptcy, liquidation and restructuring of the Issuer and such receivable will be satisfied only after all other receivables against the Issuer are satisfied except for receivables bound by the same or similar subordination condition. The obligations under the Bonds are not secured and are borne by no other person but the Issuer.

This security prospectus dated 4 December 2020 (the **Prospectus**) was prepared under Article 6 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the **Prospectus Regulation**) and pursuant to Article 24 and in accordance with Annexes 6, 14 and 22 of Commission Delegated Regulation (EU) 2019/980 as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the **Prospectus DR**), for the purpose of public offer of the Bonds in the Slovak Republic and potentially in the Czech Republic, and admission of the Bonds to trading on the regulated free market of the BSSE.

This Prospectus was approved by the National Bank of Slovakia (the **NBS**), as the competent authority of the Slovak Republic under Section 120(1) of the Securities Act for the purposes of the Prospectus Regulation. This Prospectus will not be registered, authorised or approved by any authority of another state, except that the Issuer may request the NBS to notify the approval of this Prospectus to the Czech National Bank (the **CNB**) as the competent authority of the Czech Republic under the Prospectus Regulation. **The NBS approved this Prospectus only as document meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. The approval of the Prospectus by the NBS should not be deemed to be a confirmation of the Issuer or a confirmation of the quality of the Bonds being the subject-matter of this Prospectus.** In particular, the Bonds have not been and will not be registered under the United States Securities Act of 1933. Therefore, the Bonds may only be offered, sold or delivered within the United States or to the account or for the benefit of U.S. persons subject to the exemption from the registration requirements under that Act or as part of a deal not subject to this registration requirement. The persons who get hold of this Prospectus are responsible for compliance with the restrictions applicable in individual states to the offering, purchase or sale of the Bonds or the holding and dissemination of any materials relating to the Bonds, including this Prospectus. For more information, see clause 7.5 "*Restrictions applicable to dissemination of the Prospectus and sale of the Bonds*".

**The validity of this Prospectus expires on 10 December 2021.** The obligation to supplement the Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when the Prospectus is no longer valid.

The information specified in this Prospectus shall be valid as of the date of its preparation. Provision of this Prospectus after the date of its preparation does not mean that information given in it would remain current on that later date. When contemplating investment in the Bonds, the investors must consider all other information published by the Issuer after the date of preparation of this Prospectus (including any amendments to the Prospectus, if there is an obligation to prepare and publish it) as well as other publicly available information. The Issuer only approved the representations and information regarding the Bonds that are contained in this Prospectus.

**Investing in Bonds involves risks. Prospective investors should make their own assessment as to the suitability of investing in the Bonds. Prospective investors should consider mainly the risks described in clause 2 "*Risk factors*" of the Prospectus.**

*Lead Manager*

**J&T BANKA, a.s.**

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## 1. SUMMARY

The summary below provides key information that investors need to understand the nature and risks of the Issuer, the Group and the Bonds. The summary is to be read together with the other parts of the Prospectus. Capitalised terms used in the summary have the meanings ascribed to them in the Terms or any other part of the Prospectus. The summary meets all requirements of the Article 7 of the Prospectus Regulation. The summary consists of mandatory disclosures divided into four sections and subsections, whereby it contains all mandatory disclosures that must be included in the summary for this type of securities and the Issuer.

### 1.1 Introduction and notices

<b>Notices</b>	<p>This summary is and should be read as an introduction to the Prospectus.</p> <p>Any decision to invest in the Bonds should be based on the investor's assessment of this Prospectus as a whole, including any amendments thereto.</p> <p>The investor may lose all or part of the invested capital in the event that the Issuer does not have sufficient funds to repay the nominal value of the Bonds and/or to pay out the yield on the Bonds.</p> <p>If a claim regarding the information contained herein is brought before a court, the plaintiff investor may under national laws have to bear the costs related to the translation of the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Bonds.</p>
<b>Name of the Bond and international securities identification number (ISIN)</b>	<p>The name of the Bond is Bond (in Slovak: <i>Dlhopis</i>) TMR V 6,00/2026.</p> <p>International securities identification number (ISIN) SK4000018255 was assigned to the Bonds by Centrálny depozitár cenných papierov SR, a.s., with its registered office at ul. 29. augusta 1/A, 814 80 Bratislava, Slovak Republic, Identification No.: 31 338 976, registered in the Commercial Register of the District Court Bratislava I, section: Sa, insert No.: 493/B (the <b>Central Depository</b> or <b>CDCP</b>).</p>
<b>Identity and contact details of the Issuer</b>	<p>The Issuer of the Bonds is Tatry mountain resorts, a.s., with its registered office at Demänovská Dolina 72, 031 01 Liptovský Mikuláš, Slovak Republic, Identification No.: 31 560 636, registered in the Commercial Register of the District Court Žilina, section: Sa, insert No.: 62/L, LEI: 315700YHD1JR6VB1BA90.</p> <p>The Issuer can be contacted via phone at +421 850 606 202 or via e-mail address at <a href="mailto:info@tmr.sk">info@tmr.sk</a>.</p>
<b>Identity and contact details of the person offering the Bonds and of the person asking for admission to trading on a regulated market</b>	<p>The Bonds will be offered by the Issuer through the lead manager J&amp;T BANKA, a.s., with its registered office Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic, Identification No.: 471 15 378, registered in the Commercial Register of the Municipal Court in Prague, section: B, insert No.: 1731, LEI: 3157001000000043842 operating in the Slovak Republic through its branch, J&amp;T BANKA, a.s., pobočka zahraničnej banky, with its registered office at Dvořákovo nábrežie 8, 811 02 Bratislava, Slovak Republic, Identification No.: 35 964 693, LEI: 097900BHFR0000075034, registered in the Commercial Register of the District Court Bratislava I, section: Po, insert No.: 1320/B (the <b>J&amp;T BANKA</b> and in this capacity also the <b>Lead Manager</b>). The Lead Manager can be contacted via phone at +421 259 418 111 or via e-mail address at <a href="mailto:info@jtbanka.sk">info@jtbanka.sk</a>.</p> <p>The Issuer will apply, through the listing agent, for admission of the Bonds to trading on the regulated free market of the BSSE. The listing agent is J&amp;T BANKA (in this capacity the <b>Listing Agent</b>), which may be contacted in the manner described above.</p>
<b>Identity and contact details of the authority approving the Prospectus</b>	<p>This Prospect is subject to the approval by the National Bank of Slovakia as the competent authority for the purposes of the Prospectus Regulation pursuant to Section 120(1) of the Securities Act. The National Bank of Slovakia can be contacted via phone at +421 257 871 111 or via e-mail address at <a href="mailto:info@nbs.sk">info@nbs.sk</a>.</p>
<b>Date of approval of the Prospectus</b>	<p>The Prospectus was approved by the decision of the National Bank of Slovakia No.: 100-000-263-533 to file No.: NBS1-000-055-753 dated 9 December 2020, which became valid and effective on 10 December 2020.</p>

### 1.2 Key information on the issuer

#### Who is the issuer of the securities?

<b>Registered</b>	The Issuer is a joint-stock company organised under the laws of the Slovak Republic, with its registered office at
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<b>office and legal form of the Issuer, LEI, country of incorporation and the law under which the Issuer operates</b>	Demänovská Dolina 72, 031 01 Liptovský Mikuláš, Slovak Republic, Identification No.: 31 560 636, registered in the Commercial Register of the District Court Žilina, section: Sa, insert No.: 62/L, LEI: 315700YHD1JR6VB1BA90.  The Issuer operates in accordance with the laws of the Slovak Republic, which laws include, without limitation Act No. 513/1991 Coll., the Commercial Code, as amended (the <b>Commercial Code</b> ), Act No. 40/1964 Coll., the Civil Code, as amended (the <b>Civil Code</b> ) and Act No. 455/1991 Coll. on Trade (in each instance as amended).																																		
<b>Issuer's principal activities</b>	The Issuer is a legal person established to pursue business activities. Principal business activities of the Issuer are divided into three segments: Mountains & Aquapark, Hotels and Real Estate. They include operation of mountain resorts, an aquapark, board and lodging facilities, provision of ancillary services such as sports stores, sports equipment rental and service as well as winter and summer attractions.																																		
<b>Main shareholders of the Issuer</b>	The Issuer is not controlled by any person. The Issuer is aware of the following persons holding a share in the registered capital and voting rights of the Issuer exceeding 5% as of the date of this Prospectus.  <table border="1"> <thead> <tr> <th rowspan="2">Name of the company</th> <th rowspan="2">Number of shares</th> <th colspan="2">Share in the registered capital and voting rights of the Issuer</th> </tr> <tr> <th>in EUR</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>C.I. CAPITAL INDUSTRIES LIMITED</td> <td>1,973,197</td> <td>13,812,379</td> <td>29.4</td> </tr> <tr> <td>FOREST HILL COMPANY, s.r.o.</td> <td>1,030,919</td> <td>7,216,433</td> <td>15.4</td> </tr> <tr> <td>STOCKLAC LIMITED</td> <td>924,731</td> <td>6,473,117</td> <td>13.8</td> </tr> <tr> <td>NIKROC INVESTMENTS LIMITED</td> <td>897,771</td> <td>6,284,397</td> <td>13.4</td> </tr> <tr> <td>RMSMI LIMITED</td> <td>588,166</td> <td>4,117,162</td> <td>8.8</td> </tr> <tr> <td>small shareholders &lt;5%</td> <td>1,292,414</td> <td>9,046,898</td> <td>19.2</td> </tr> <tr> <td><b>Total</b></td> <td><b>6,707,198</b></td> <td><b>46,950,386</b></td> <td><b>100.0</b></td> </tr> </tbody> </table>	Name of the company	Number of shares	Share in the registered capital and voting rights of the Issuer		in EUR	%	C.I. CAPITAL INDUSTRIES LIMITED	1,973,197	13,812,379	29.4	FOREST HILL COMPANY, s.r.o.	1,030,919	7,216,433	15.4	STOCKLAC LIMITED	924,731	6,473,117	13.8	NIKROC INVESTMENTS LIMITED	897,771	6,284,397	13.4	RMSMI LIMITED	588,166	4,117,162	8.8	small shareholders <5%	1,292,414	9,046,898	19.2	<b>Total</b>	<b>6,707,198</b>	<b>46,950,386</b>	<b>100.0</b>
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<b>Key management persons of the Issuer</b>	The key management persons of the Issuer are the Chairman of the Board of Directors, Ing. Igor Rattaj and members of the Board of Directors Ing. Jozef Hodek and Čeněk Jilek, MBA.																																		
<b>Statutory auditors of the Issuer</b>	The auditor of the Issuer is KPMG Slovensko spol. s.r.o., with its registered office at Dvořákovo nábrežie 10, 811 02 Bratislava, Slovak Republic, Identification No.: 31 348 238, registered in the Commercial Register of the District Court Bratislava I, section: Sro, insert No.: 4864/B, registered in the register of the Slovak Chamber of Auditors under number 96. The auditor responsible for the audit of the consolidated financial statements for the financial year 2017/2018, i.e. for the period from 1 November 2017 to 31 October 2018, was Ľuboš Vančo, licence of the Slovak Chamber of Auditors (SKAU) No. 745 and for the audit of the consolidated financial statements for the financial year 2018/2019, i.e. for the period from 1 November 2018 to 31 October 2019, Ing. Martin Kršjak, licence of the Audit Oversight Office (in Slovak: <i>Úradu pre dohľad na výkonom auditu</i> , UDVA) No. 990.																																		

### What is the key financial information related to the issuer?

Selected historical key financial information regarding the Issuer, presented for each accounting year of the period covered by the historical financial information, and any subsequent interim accounting period accompanied by comparative data from the same period in the prior accounting year except that the requirement for comparative balance sheet information is satisfied by presenting the year-end balance sheet information.

Key data from the Issuer's audited consolidated financial statements for the financial year 2017/2018, i.e. for the period from 1 November 2017 to 31 October 2018 and for the financial year 2018/2019, i.e. for the period from 1 November 2018 to 31 October 2019 and of the Issuer's unaudited interim summary financial statements for the period from 1 November 2019 to 30 April 2020, prepared in accordance with IFRS:

Summary consolidated statement of financial position					
in thousands of EUR	For the 1st half-year ending on			For the year ending on	
	30 April 2020 (unaudited)	30 April 2019 (unaudited)	31 October 2019 (audited)	31 October 2018 (audited)	31 October 2017 (audited)
<b>Total assets</b>	564,271	503,162	533,858	521,684	437,972
<b>Net assets</b>	119,324	122,716	111,746	113,789	113,149
<b>Liabilities</b>	444,947	380,446	422,112	407,895	324,823
<b>Total net assets and liabilities</b>	564,271	503,162	533,858	521,684	437,972

### Summary consolidated statement of aggregated profit or loss

<i>in thousands of EUR</i>	For the 1st half-year ending on		For the year ending on		
	30 April 2020 (unaudited)	30 April 2019 (unaudited)	31 October 2019 (audited)	31 October 2018 (audited)	31 October 2017 (audited)
<b>Total income</b>	67,556	68,627	127,592	108,249	95,910
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>	27,587	25,779	35,496	34,166	31,516
<b>Earnings before interest and taxes (EBIT)</b>	20,705	16,654	12,723	19,245	17,688
<b>Profit before tax</b>	7,169	9,438	-1,714	3,284	7,821
<b>Profit</b>	6,897	8,880	-2,288	3,095	6,990
<b>Aggregate profit or loss in total</b>	9,151	8,927	-3,445	3,019	7,146
<b>Profit/loss per share</b>	1.040	1.313	-0.341	0.473	1.099

### Cashflow overview

<i>in thousands of EUR</i>	For the 1st half-year ending on		For the year ending on		
	30 April 2020 (unaudited)	30 April 2019 (unaudited)	31 October 2019 (audited)	31 October 2018 (audited)	31 October 2017 (audited)
<b>Net cash flows from operating activities</b>	9,390	23,280	27,663	38,074	20,380
<b>Net cash flows from financing activities</b>	-1,824	-19,365	-35,194	-54,240	-55,165
<b>Net cash flows from investing activities</b>	-17,035	-33,388	-34,918	61,107	36,876
<b>Net increase in cash and cash equivalents</b>	-9,469	-29,473	-42,449	44,941	2,091

In the auditor's report on the audited consolidated financial statements of the Issuer for the financial year 2017/2018, i.e. for the period from 1 November 2017 to 31 October 2018 and for the financial year 2018/2019, i.e. for the period from 1 November 2018 to 31 October 2019 no reservations were entered.

**A statement that there has been no material adverse change in the prospects of the issuer since the date of its last published audited financial statements or a description of any material adverse change.**

The Issuer declares that since the date of its last audited financial statements of the Issuer for the financial year 2018/2019, i.e. for the period from 1 November 2018 to 31 October 2019, there has been no material adverse change in its prospects or significant changes in its business or financial position.

### What are the key risks that are specific to the issuer?

<b>Most significant risks that are specific to the Issuer</b>	<p>Risk factors related to the Issuer and its Group are mainly:</p> <ol style="list-style-type: none"> <li><b>Impact of the COVID-19 pandemic and the related measures in the field of public health protection</b> - The COVID-19 pandemic has had an impact on the business activities of the Issuer and the entire Group since the end of the 2019/2020 winter season. Due to preventive measures against the spread of coronavirus causing the COVID-19 disease, all mountain resorts, amusement parks and hotels of the Group in all countries were closed from mid-March until the end of the season. As a result, there was a certain loss of sales and there is a risk that COVID-19 may have an impact on the Issuer's sales also in the near future.</li> <li><b>Liquidity risk</b> – The Issuer is exposed to the risk of its inability to finance the assets within the contractual maturity period and the interest rate, to repay the obligations on time and the inability to realise the assets for an adequate price within a reasonable time. The liquidity risk is also increased due to the regular payment of income (coupons) from existing issues of the Issuer's bonds in the total amount of EUR 200 million and bonds of the Group's subsidiary in the total amount of CZK 1,500,000,000 and their final maturities in 2021, 2022 and 2024.</li> <li><b>Risk of high capital expenditures and financing of potential new acquisitions</b> – By issuing the Bonds, the Group increases its debt ratio. The increasing debt to equity ratio of the Group may result in a situation in the future where the Group may face problems with obtaining external financing for further investments in its resorts and for potential new acquisitions. Since the strategy of the Group is based on major capital investments and new acquisitions, an increased indebtedness may result in a situation where there is no further external capital available to it under favourable conditions.</li> <li><b>Seasonality risk</b> – Even though the strategy of the Group includes construction and promotion of year-round vacation destinations, the visit rate of the Issuer's resorts and hotels is prone to significant</li> </ol>
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	<p>seasonality. In general, seasonality may adversely affect the operating activities, financial performance and financial prospects of the Group.</p> <p><b>5. Risk of underestimated capital investments</b> – One of the pillars of the Group’s strategy rests on organic growth through capital investments into resorts and hotels. To implement this strategy, substantial capital investments are necessary. Inappropriate or insufficient investments may adversely affect the operating activities, market position, sale, financial performance and financial prospects of the Issuer.</p>
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### 1.3 Key information on the securities

#### What are the main features of the securities?

<b>Description of the type and the class of the securities being offered or admitted to trading, including ISIN</b>	<p>Bonds with a fixed interest rate of 6.00% p.a. in a book-entry bearer form in the anticipated total nominal amount of up to EUR 110,000,000 due in 2026, ISIN SK4000018255. The Bond is a subordinated bond.</p> <p>The name of the Bonds is Bond (in Slovak: <i>Dlhopis</i>) TMR V 6,00/2026. The nominal value of one Bond is EUR 1,000.</p>
<b>Currency of the Issue of securities, the number of securities issued and the term of the securities</b>	<p>The Bonds will be issued in euro (EUR). The maximum number of Bonds that may be issued is 110,000 units if the total nominal value of the Issue reaches EUR 110,000,000. The Bonds will be redeemable in a single payment on 2 February 2026.</p>
<b>Description of the rights attached to the securities</b>	<p>The rights attached to the Bonds and the procedure of their enforcement are provided for by the laws of the Slovak Republic, in particular Act No. 530/1990 Coll. on Bonds, as amended (the <b>Bonds Act</b>), the Securities Act, the Commercial Code and Act No. 7/2005 Coll. on Bankruptcy and Restructuring, as amended (the <b>Bankruptcy Act</b>). The Bondholder has primarily the right to the redemption of the nominal amount, the payment of the relevant interest income and other rights provided for in these Terms.</p> <p>The rights attached to the Bonds will not be subject to restrictions, except for general restrictions resulting from legal regulations concerning creditors’ rights in general (in particular under the Bankruptcy Act) and with the exception of restrictions arising from subordination of the Bonds under Section 20a of the Bonds Act and the terms and conditions of the Bonds. The rights under the Bonds are subject to limitation period of 10 years from their maturity date.</p>
<b>Description of the order of priority of the Bonds in the event of the Issuer’s insolvency</b>	<p>The obligations under the Bonds will constitute direct, general, unconditional, unsecured and <b>subordinated</b> liabilities of the Issuer ranking pari passu among themselves and as to the order of their satisfaction at least pari passu among themselves and will be subordinated to all other current and future direct, general, unsecured, unconditional and unsubordinated liabilities of the Issuer, except for those liabilities of the Issuer so identified by the mandatory provisions of law.</p> <p>The Bonds are subordinated bonds pursuant to Section 20a of the Bonds Act and in accordance with their terms and conditions, all receivables under them or related to them are subordinated to the receivables of all other creditors of the Issuer, whose receivables are not subordinated.</p> <p>Any receivable arising from the Bonds will be subordinated to all other unsubordinated receivables from the Issuer in bankruptcy, liquidation and restructuring of the Issuer and such receivable will be satisfied only after all other receivables against the Issuer are satisfied except for receivables bound by the same or similar subordination condition. The obligations under the Bonds are not secured and are borne by no other person but the Issuer.</p>
<b>Description of any restrictions on the free transferability of the securities</b>	<p>Transferability of the Bonds is not restricted. However, unless it is inconsistent with law, when the Nominal Amount of the Bonds is paid out in accordance with the Terms, any transfers of the Bonds in the Central Depository may be suspended from the day immediately following the Date of Record until the applicable Payment Date on which the Nominal Amount of the Bonds is to be redeemed.</p>
<b>Yield on the Bonds and payment procedure</b>	<p>The Bonds bear a fixed interest rate of 6.00% p.a.. The interest income for each Interest Income Period will be paid in annual arrears always on 2 February of each year. The first interest income will be paid on 2 February 2022.</p> <p>The Issuer will pay interest income on the day of payment of interest after the fulfilment of certain Ratios. However, based on the decision of its Board of Directors and notification in accordance with the Terms, the Issuer may not pay interest income on the Bonds or the Unpaid Interest to the Bondholders even though the Ratios have been achieved, even repeatedly. Any Unpaid Interest will bear interest in accordance with the Terms.</p> <p>Moreover, based on the decision of its Board of Directors and notification in accordance with the Terms, the Issuer may pay interest income on the Bonds or the Unpaid Interest to the Bondholders even though</p>

the Ratios have not been achieved.

#### Where will the securities be traded?

<b>Admission of Bonds on a regulated or other market</b>	The Issuer will apply, through the Listing Agent, for admission of the Bonds to trading on the regulated free market of the BSSE, but no guarantee can be given that the BSSE will admit the Bonds to trading.
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#### What are the key risks that are specific to the securities?

<b>Most significant risks that are specific to the Bonds</b>	<p>Most significant risk factors related to the Bonds are mainly:</p> <ol style="list-style-type: none"><li><b>1. Risk associated with the subordination obligation</b> – The Bonds shall be subordinated bonds under Section §20a of the Bonds Act. Any claim arising from the Bonds will be subordinated to all other non-subordinated claims against the Issuer in bankruptcy on the Issuer, in liquidation and restructuring of the Issuer, and such claim will be satisfied only after all other claims against the Issuer have been satisfied, except for claims bound by the same or similar subordination condition. Receivables under the Bonds related to the subordination commitment cannot be redeemed early, even in case of a breach of the Issuer's obligations in connection with the Bonds.</li><li><b>2. Risk of the possibility of non-payment of interest income</b> – The payment of interest income from the Bonds is conditional on the fulfilment of certain requirements for the Issuer's financial indicators specified in the Terms. Even if these Terms are met, the Issuer may decide not to pay the interest income for the given period, but to defer it. Even if the unpaid interest income continues to bear interest and is paid on or before the Maturity Date of the Bonds, failure to meet the financial ratios and/or the Issuer's decision may cause the yield on the Bonds to be lower at the time than originally expected by the Bondholder.</li><li><b>3. Risk of absence of guarantee or deposit protection scheme</b> – The Issuer is not a bank or a regulated institution. No statutory guarantee under the laws of the Slovak Republic, a protection scheme or other similar insurance or the right to performance shall apply to the receivables of the Bondholders in the event of the Issuer's inability to repay its obligations arising from the issued Bonds, e.g. from the Investment Guarantee Fund.</li><li><b>4. The return on an investment in the Bonds may be affected by fees and other expenses</b> – The overall return on investments in the Bonds may be affected by the level of fees charged by the Lead Manager, securities traders or other intermediaries. The return on an investment in the Bonds will also be affected by the fees that investors have to pay. The total return on the investment in the Bonds will be affected for each investor by the level of fees charged to him in connection with the purchase, sale and registration of the Bond in the settlement system.</li></ol>
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#### 1.4 Key information on the offer of securities to the public and/or the admission to trading on a regulated market

##### Under which conditions and timetable can I invest in this security?

<b>Conditions of the public offer</b>	<p>The Bonds will be placed in the form of a public offer under the Prospectus Regulation to all categories of investors in the territory of the Slovak Republic and potentially in the Czech Republic, i.e. to eligible counterparties, professional clients pursuant to Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, as amended, and also to non-professional clients from among the clients of the Lead Manager. During the primary sale (subscription), the activities associated with the issuance and subscription of all Bonds will be provided for by the Lead Manager.</p> <p>The public offer of the Bonds through the primary sale (subscription) of the Bonds will run from 14 December 2020 to 7 December 2021 (12:00 p.m. (noon)). The date on which the Bonds will commence to be issued (i.e. the date on which the Bonds will commence to be credited to the relevant accounts) as well as the date of issue of the Bonds will be 2 February 2021. The Bonds will be issued on a continuous basis, with the expected period of issuance of the Bonds (i.e. their crediting to the relevant property accounts) ending within the earlier of one month after the end of the subscription period of the Bonds or one month after the maximum amount of nominal values of the Bonds has been subscribed. The minimum order is set to one Bond. The maximum order (i.e. the maximum nominal value of the Bonds requested by an individual investor) is capped only by the maximum amount of nominal values of the Bonds being issued.</p> <p>An investor may take part in the public offer only if he proves his identity by a valid proof of identity. The condition for obtaining the Bonds through the Lead Manager is the conclusion of an agreement on provision of investment services between the investor and the Lead Manager and the submission of an instruction to procure the purchase of the Bonds under this agreement. Within the public offer, the Lead Manager will receive instructions through its branch, J&amp;T Banka, a.s., pobočka zahraničnej banky,</p>
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	Dvořákovo nábrežie 10, 811 02 Bratislava, Slovak Republic.
<b>Anticipated timetable of the public offer</b>	The public offer of the Bonds through the primary sale (subscription) of the Bonds will run from 14 December 2020 to 7 December 2021 (12:00 p.m. (noon)).
<b>Information of the admission to trading on a regulated market</b>	The Issuer will apply, through the Listing Agent, for admission of the Bonds to trading on the regulated free market of the BSSE, but no guarantee can be given that the BSSE will admit the Bonds to trading. In the event of admission of the Bonds, the Bonds will be traded in accordance with the relevant rules of the regulated free market of the BSSE. With the exception of the application for admission to trading on the regulated free market of the BSSE, the Issuer has not asked and does not intend to ask for admission of the Bonds to trading on any domestic or foreign regulated market or a stock exchange.
<b>Plan of distribution of the Bonds</b>	<p>The Issuer plans to offer the Bonds through the Lead Manager under the Prospectus Regulation to all categories of investors in the territory of the Slovak Republic and potentially in the Czech Republic, i.e. to eligible counterparties, professional clients pursuant to Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, as amended, and also to non-professional clients from among the clients of the Lead Manager. Investors will be contacted mainly by distance communication means.</p> <p>The minimum amount for which the investor will be entitled to subscribe and purchase the Bonds is set at EUR 1,000 (i.e. the minimum amount of the investor's order is set per one Bond). The maximum order (i.e. the maximum nominal value of the Bonds requested by an individual investor) is capped only by the maximum amount of nominal values of the Bonds being issued.</p> <p>The Issuer may issue the Bonds in an amount lower than the maximum amount of nominal values of the Bonds; if that is the case, the Issue will still be considered a success. This includes the possibility for the Issuer to suspend or terminate the offer on the basis of its decision (depending on its current financing need), with further orders not being accepted after the offer is terminated and no further orders being accepted after the offer is suspended until the Issuer publishes information on the continuation of the offer. The Issuer will always publish information on the termination of the offer, suspension of the offer or continuation of the offer in advance in a special section of its website <a href="https://www.tmr.sk/pre-investorov/dlhopisy/">https://www.tmr.sk/pre-investorov/dlhopisy/</a>, section TMR V 6,00/2026.</p> <p>The Lead Manager is entitled to reduce the volume of Bonds specified in the orders / instructions of investors at its sole discretion, but always in a non-discriminatory manner, in accordance with the Lead Manager's order execution strategy and in accordance with applicable laws, including MiFID II. In the event of a reduction in the volume of the instruction, the Lead Manager shall return any overpayment to the investors concerned without undue delay to the investor's account for this purpose notified to the Lead Manager.</p> <p>The results of the primary sale (subscription) will be published at a publicly available place in the specified office and also on the Issuer's website after all Bonds have been subscribed, but at the latest on the day following the end of the Bond issuance period. On the instruction of the Lead Manager, the Bonds will be without undue delay credited to the accounts of the Bondholders kept in the relevant records after the issue price of the relevant Bonds has been paid.</p> <p>Once the Bonds have been subscribed for and credited to the accounts of the Bondholders, the Bondholders will be sent a confirmation of the Bonds subscription, whereby trading of the Bonds may only commence once the Bonds have been issued and admitted to trading on a regulated free market of the BSSE.</p> <p>For the purposes of the successful primary settlement (i.e. crediting of the Bonds to the relevant accounts once the issue price has been paid) of the Issuer, the person subscribing the Bonds must proceed in accordance with the instructions of the Lead Manager or its agents. In particular, if the person subscribing the Bonds is not a member of the Central Depository of Securities, it must open an account with the Central Depository or with a member of the Central Depository. No guarantee can be given that the Bonds will be delivered to their first acquirer properly if the first acquirer or the person keeping the relevant account for it does not comply with all procedures and does not comply with all applicable instructions to perform the primary settlement of the Bonds.</p>
<b>Estimate of the total expenses of the Issue and/or offer</b>	<p>The estimated expenses of preparing the Issue are approximately EUR 2,500,000. The estimated net proceeds from the Issue for the Issuer (when issuing the total anticipated nominal value of the Issue) are EUR 107,500,000.</p> <p>In connection with the primary sale (subscription) of the Bonds and the subsequent sale of the Bonds on the secondary market in the form of a public offer, the Lead Manager charges investors a fee according to its current price list, currently 0.60% of the trading volume. If the trade is settled on other than the holder's account, the fee is 1.00%, at least EUR 480. The current standard price list of the Lead Manager is published at <a href="http://www.jtbanka.sk">www.jtbanka.sk</a>, in the Useful information (in Slovak: <i>Užitočné informácie</i>) section under the Price List (in Slovak: <i>Sadzovník poplatkov</i>) link, version Price List Part I – natural persons – non-entrepreneurs, effective from 15 August 2020, and Price List Part II – legal persons and natural persons –</p>



	<p>entrepreneurs, effective from 15 August 2020, and Price List Part II – legal persons and natural persons – entrepreneurs, effective from 1 January 2021 (in Slovak: <i>Sadzobník poplatkov časť I - fyzické osoby nepodnikatelia, účinný od 15.8.2020 a Sadzobník poplatkov časť II - právnické osoby a fyzické osoby podnikatelia, účinný od 15.8.2020 a Sadzobník poplatkov časť II - právnické osoby a fyzické osoby podnikatelia, účinný od 1.1.2021</i>).</p> <p>Fees charged by other selected financial intermediaries to whom the Issuer has given consent to use the Prospectus and who are not known at the time of approval of the Prospectus, as well as other terms and conditions of the offer, will be provided to investors by the financial intermediary at the time of the offer of the Bonds.</p> <p>The investor may be obliged to pay other fees charged by the intermediary for the purchase or sale of the Bonds, the person keeping the records of the Bonds, the person settling the trades in the Bonds or another person, i.e., for example, fees for the creation and maintenance of an investment account, for the transfer of the Bonds, services related to the registration of the Bonds, etc..</p>
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### Who is the offeror and/or the person asking for the admission of the securities to trading ?

<p><b>Description of the person offering the Bonds</b></p>	<p>The Bonds will be offered by the Issuer through the Lead Manager, J&amp;T BANKA, which operates in the Slovak Republic through its branch J&amp;T BANKA, a.s., pobočka zahraničnej banky, Dvořákovo nábrežie 8, 811 02 Bratislava, Slovak Republic.</p> <p>The Lead Manager is a joint-stock company incorporated in the Czech Republic under Czech law. J&amp;T BANKA, a.s., pobočka zahraničnej banky, is a branch in the Slovak Republic incorporated under Slovak law. The Lead Manager carries out its activities under Czech law, to the extent applicable to the Slovak branch, under Slovak law.</p>
<p><b>Description of the person who will apply for admission to trading on a regulated market</b></p>	<p>The Issuer will apply for the admission of the Bonds to trading on the regulated free market of the BSSE through the Lead Manager (acting as listing agent).</p>

### Why is this prospectus being produced?

<p><b>Use and estimated net amount of the proceeds</b></p>	<p>The purpose of using the net amount of the proceeds obtained by issuing the Bonds after payment of all fees, costs and expenses is to refinance the Issuer's existing liabilities and to finance its ordinary business activities.</p> <p>The estimated net amount of the proceeds from the issue of the Bonds (when issuing the total anticipated nominal value of the Issue) is EUR 107,500,000.</p>
<p><b>Method of placing the Bonds</b></p>	<p>The Bonds will be placed in the form of a public offer pursuant to the Prospectus Regulation to all categories of investors in the Slovak Republic and potentially in the Czech Republic, i.e. eligible counterparties, professional clients within the meaning of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments as amended, and also non-professional clients from the ranks of clients of the Lead Manager through the Lead Manager, or other financial intermediaries.</p> <p>The Lead Manager has undertaken to make all reasonable efforts that may reasonably be required of it to find investors and place and sell the Bonds. The offer of the Bonds will be carried out on the so-called "best efforts" basis.</p> <p>Neither the Lead Manager nor any other person has entered into a firm obligation to the Issuer to subscribe for or purchase the Bonds in connection with the issue of the Bonds.</p>
<p><b>Conflict of interest of persons participating in the Issue or offer</b></p>	<p>The Lead Manager may be motivated to sell the Bonds with respect to its incentive rewards (in the event of a successful sale), which may create a conflict of interest. The Lead Manager is obliged to take measures in case of conflict of interest in accordance with the requirements of generally binding legal regulations. The Lead Manager participates in the Issue as part of its ordinary activities, for which the Issuer will pay the agreed remuneration to the Lead Manager. Participation in the Issue may, in addition to its preparation, also consist in subscription for all or part of the Issue on the primary market. The Lead Manager may provide various banking services to the Issuer in the course of its ordinary activities. The funds obtained from the Issue may be used to repay the Issuer's existing commitments to the Lead Manager, thus there may also be a potential conflict of interest in providing the Lead Manager's services in connection with the Bonds and loan financing provided by the Lead Manager as a bank to the Issuer.</p> <p>The Lead Manager also acts as Administrator and Listing Agent.</p> <p>Apart from what is stated above, on the date of preparation of the Prospectus, the Issuer is not aware of any other interests relevant to the Issue and the offer of the Bonds.</p>

## 2. RISK FACTORS

*As part of its activities, the Issuer faces several risks typical of the areas in which it operates. The key risks that the Issuer believes could significantly affect the Issuer's business, financial condition and/or results of operations are detailed below. Most of the macroeconomic, operational, market and commercial risks listed below apply not only to the Issuer but to the whole group of the Issuer (the **Group**).*

*The risk factors described below are ranked according to their importance, probability of their occurrence and the expected extent of their negative impact on the Issuer's activity. The risk factors are presented in a limited number of categories depending on their nature. In each category the most material risk factors are mentioned first.*

### 2.1 Risk factors related to the Issuer and its Group

*Risk factors related to the Issuer and its Group are divided into the following categories:*

- (i) risk factors related to the financial condition of the Issuer and the Group;*
- (ii) risk factors related to business and operation of the Issuer and the Group; and*
- (iii) legal, regulatory and macroeconomic risk factors.*

#### **Risk factors related to the financial condition of the Issuer and the Group**

##### ***Liquidity risk***

The liquidity risk arises during the general financing of the Group's activities and management of its financial position. It includes the risk of inability to finance the assets within the contractual maturity period and the interest rate, to repay the obligations on time and the inability to realise the assets for an adequate price within a reasonable time. Liquidity risk is increased also due to the regular payment of income (coupons) from existing issues of the Issuer's bonds in the total amount of EUR 200 million and the bonds of the Group's subsidiary in the total amount of CZK 1,500,000,000 and their final maturity in 2021, 2022 and 2024, for more details see clause 7.4 of the Prospectus. The Group uses various methods to manage liquidity risk by shifting its financial year from the calendar year to the year ended 31 October. The first half of the Issuer's financial year falls on the winter season during which the Group generates 60% of its income. Rising operating profit has historically covered debt service despite a high level of indebtedness, but liquidity risk may adversely affect the Group's operating activities, financial performance and financial prospects in the future, despite all measures. The Group's risk of insufficient liquidity is currently potentially increased as a result of the COVID-19 pandemic and related public health protection measures, which reduce the Group's ability to generate income and cash flows. See also the risk factor headed "*Impact of the COVID-19 pandemic and the related measures in the field of public health protection*" below.

##### ***Risk related to the development of exchange rates***

Volatility of exchange rates in relation to the euro is an external risk factor that affects the Group's income because majority of the Group's foreign clients come from non-Eurozone countries – especially the Czech Republic, Poland, Ukraine and Russia. Therefore, their decision to travel may also be influenced by the development of their domestic currency against the EUR. Historically, investments in resorts in technology, equipment, renovation, procurement and new businesses have been made mainly in EUR. Following the acquisitions in Poland, investments were also made in PLN. Investments in PLN are therefore exposed to currency risk. The value of the investment in MELIDA, a.s., which operates the Špindlerův Mlýn resort, is also converted from CZK to EUR. Development of the exchange rates against the EUR can adversely affect the operating activities, market position, sale, financial performance and financial prospects of the Group.

### ***Interest rate risk***

Changes in interest rates may have a direct impact on the value of interest-bearing assets and interest-bearing liabilities. The extent of this risk is equal to the amount of interest-bearing assets and interest-bearing liabilities for which the interest rate at the time of maturity or at the time of the change is different from the current interest rate. The period of a fixed rate of a financial instrument therefore reflects the risk of interest rate volatility. The Group's loan portfolio for the financial year 2018/2019 consisted mostly of short-term and long-term bank loans with a fixed or variable rate linked to a 12-month EURIBOR. The Issuer considers the variable interest rate to be an automatic management of the interest rate risk. During economic expansion, EURIBOR grows, but at the same time the economic performance of the population should grow and the Group should be more profitable. In the case of an economic recession, it is exactly the opposite. The risk related to the instability of interest rates may adversely affect the operating activities, financial performance and financial prospects of the Group.

### ***Credit risk***

The Group is exposed to credit risk primarily in connection with trade and lease receivables, other receivables, advances and loans granted. The extent of this risk is expressed in terms of the book value of the asset in the financial statement. The book value of receivables, loans and borrowings represents the greatest possible risk of accounting loss that would have to be recognised in the event of a counterparty's default – the counterparty will fail to fully fulfil its contractual obligations and all guarantees and warranties would be zero. For this reason, this value significantly exceeds the expected losses in the provision for bad debts. The risk related to the failure by third parties to fulfil their obligations may adversely affect the operating activities, financial performance and financial prospects of the Group.

### ***Risk of high capital expenditures and financing of potential new acquisitions***

The Group increases its debt ratio by issuing the Bonds. The increasing level of indebtedness of the Group in relation to its equity may in the result in a situation where the Group may not be able in the future to obtain external financing for further investments in its resorts and for potential new acquisitions. Since the strategy of the Group is based on major capital investments and new acquisitions, an increased indebtedness may result in a situation where there is no further external capital available to it under favourable conditions. If it is difficult for the Group to obtain external financing, its rate of growth may decrease. Any restriction or delay in its access to external sources of financing as well as the terms and conditions of financing differing from the assumptions could significantly adversely affect the operating activities, market position, sale, financial performance and financial prospects of the Group.

### ***Risk of refinancing***

February 2021 is the time of the final maturity of the Issuer's subordinated bonds with the name TMR II 6,00%/2021, in the amount of EUR 110,000,000, ISIN: SK4120009614. Proceeds from the Issue will also be used to repay this existing issue of TMR II 6,00%/2021. The Group may need external sources of financing also to repay the Bonds on their final maturity date. External financing may take form of an issue of new bonds or taking of new loans. The ability to refinance its obligations under the Bonds as well as the terms and conditions of refinancing are determined, among other things, by the situation in the financial markets and the financial condition of the Group at the time when the refinancing is required; however, it is impossible to forecast these circumstances accurately. However, we cannot rule out the risk that the Group is not able to obtain external sources necessary for the refinancing, or is able, but only under less favourable conditions. This situation could adversely affect the financial performance and financial prospects of the Group and the fulfilment of the obligations under the Bonds. The Group's risk of refinancing is currently potentially increased as a result of the COVID-19 pandemic and related public health protection measures, which reduce the Group's ability to generate revenues and cash flows and potentially restrict access to external resources on the bank or capital market. See also the risk factor "*Impact of the COVID-19 pandemic and related public health measures*" below.

### ***Risk of underestimated capital investments***

One of the pillars of the Group's strategy rests on organic growth through capital investments into resorts and hotels. To implement this strategy, substantial capital investments are necessary. Over the last 12 years, the Group has invested more than EUR 300 million in the development of mountain resorts (such as Szczyrk, Ještěd, Mölltaler Gletscher and Ankogel). Every investment is preceded by a detailed analysis using assessment of different scenarios. Despite this, there is a risk that some of the ongoing or contemplated investments may be less profitable than planned or even unprofitable. Inappropriate or insufficient investments may adversely affect the operating activities, market position, sale, financial performance and financial prospects of the Group.

### **Risk factors related to business and operation of the Issuer and the Group**

#### ***Impact of the COVID-19 pandemic and the related measures in the field of public health protection***

The COVID-19 pandemic has had an impact on the management of the Issuer and the whole Group since the end of the 2019/2020 winter season. Due to preventive measures against the spread of coronavirus causing the disease COVID-19, all mountain resorts, amusement parks and hotels of the Group in all countries were closed from mid-March until the end of the season. This resulted in a shortfall in sales, but as government measures became effective only after the main season, the shortfall in sales is not as significant, because the Issuer managed to realise sales from the winter season. The impact of the restrictive measures during the summer season (for the period from 1 May 2020 to 30 September 2020) on financial performance compared to the previous year was reflected in certain declines in sales in individual segments. Total sales deteriorated by 15.7% year-on-year in the summer season; sales of cableway tickets for the period decreased by 16.7%, sales of the Amusement Parks segment decreased by 34.9%, sales in the golf segment increased by 18.6%, sales in restaurants decreased by 11.7%, sales in sports services and stores decreased by 18.2% and hotel sales decreased by 5.3%. The management responded to the loss of sales with measures to reduce costs. The management also pays great attention to the preparation for the winter season, communicates with experts so that the companies in the Group can react flexibly to restrictive measures and at the same time maximise the potential for revenue development.

The Group considers several variants of development, but as the situation is constantly changing, the financial budget is currently unadjustable. The Group's plan is to maintain financial stability during the crisis period and to continue its operations safely in future periods. Due to this, the Group is still adjusting its operational financial plans and does not disclose a specific plan. The essence of these measures is to maintain sufficient liquidity to cover operational needs and meet payables. However, in the event of the failure of these measures or in the event of a significant further deterioration of the situation and persistent significant restrictions on the provision of the Group's services, the pandemic situation and related safeguards may have a material adverse effect on the Group's operations, financial performance and financial prospects.

#### ***Competition risk***

The Group's results depend on its ability to face competition. In the main Mountains & Amusement Parks segment, specifically in Mountain Resorts, the Group faces competition from local ski resort operators in the oligopolistic market in Slovakia, Poland and the Czech Republic, where it is a leader in terms of size and range of services. In the European context, the Group operates in a competitive market with a number of competitors that can provide their visitors with an extensive offering.

#### ***Seasonality risk***

Even though the strategy of the Group includes construction and promotion of year-round vacation destinations, the visit rate of the Group's resorts and hotels is prone to significant seasonality. The period with the highest number of visitors interested in winter sports is January to March. Aquapark Tatrallandia, the resort of Vysoké Tatry and Polish Legendia record the highest visit rate in July and August. Even though the Group makes every effort to attract visitors also during the off-season (e.g. by operating snowmaking guns, providing an intensive marketing support, offering accommodation packages for reduced prices and organising various

events in its resorts and hotel during the year), the revenues generated by the Group during the off-season are nevertheless lower than those generated during the main season. In general, seasonality may adversely affect the operating activities, financial performance and financial prospects of the Group.

#### ***Risk of low occupancy of hotels***

The profitability of the Group is also driven by the occupancy rate of its hotels and the utilisation rate of accommodation capacities in its resorts. The risk of lower utilisation rate of accommodation capacities is directly determined by macroeconomic factors, it is also subject to the effect of weather, the threat of competition and the seasonal cycle in general. The problem with a lower utilisation rate is most severe between seasons where the tourism activities in mountain resorts are limited. Even though the Group actively cooperates with local accommodation providers on presenting the resorts as attractive destinations to increase the occupancy rate of hotels as well as the overall number of visitors to the resorts, lower occupancy rate in the hotel segment is caused by generally unfavourable situation in hotel markets is directly affecting the economic results of the Group. Lower occupancy rate could adversely affect the operating activities, market position, sale, financial performance and financial prospects of the Group.

#### ***Risk of effect of weather***

The number of visitors to the Group's winter resorts depends on the successful winter season, i.e. on favourable conditions in terms of the amount of natural snow and temperatures below zero degrees Celsius. The risk of effect of weather is addressed mainly by the use of artificial snow equipment. In Jasná Nízke Tatry, the average snow cover during the winter season is 65 cm, and in the High Tatras it is 82 cm of snow. Drier winters as well as higher temperatures during the winter months increase the costs of generation of technical snow and may also limit the skiable area. Despite the fact that in comparison with other Slovak mountain resorts, the Group's resorts have start and end stations of cableway with the highest altitude and are generally located in locations with a generally colder climate (Chopok, High Tatras), weather conditions, storms, avalanches, landslides and other extreme weather events in general may adversely affect the Group's operations, financial performance and financial prospects.

#### ***Safety and health risks***

The Group is obliged to reduce safety risks and protect its clients and employees, especially during the development, maintenance and operation phases of cableways, ski lifts, slopes and other resort equipment; in connection with health risks when providing boarding services in restaurants and hotels; in connection with the operation of lodging facilities; in the case of any accidents and injuries in its resorts; and when providing ready-made products and services to customers.

This risk is currently increased due to the pandemic situation and the measures imposed to protect public health, compliance with which poses additional demands and risks for the Issuer and the Group. Breach of regulations in those areas can lead to a threat or damage of health of clients and Group's employees; this in turn could adversely affect its operating activities, market position, sale, reputation, financial performance and financial prospects.

#### ***Price volatility risk***

One of the factors affecting the costs of the Group is the consumption of fuels, energy and water. These costs directly affect the operating costs of resorts and hotels, e.g. consumption of energy when operating cableways and snowmaking guns. An increase in the prices of fuels, energy, water and other inputs may adversely affect the operating activities, market position, sale, financial performance and financial prospects of the Group.

#### ***Risk of unfavourable situation in real estate market***

One of the three operational segments of the Group is centred on real estate. The income generated by this segment is determined by sale and/or lease of land, flats and commercial premises in real estate projects. The Group expects that this segment will have a higher share in the Group's overall performance in the future. Any

deterioration of the real estate market situation may adversely affect the operating activities, market position, sale, financial performance and financial prospects of the Group.

#### ***Business strategy risk and acquisition risk***

The foundation stone of the Group's business strategy is organic growth through development of mountain resorts and hotels through high capital investments, strategic acquisitions in Central and Eastern Europe and growth on its client base. The Group considers to strengthen its position in regional markets through further acquisitions. These acquisitions are part of the Group's strategy but in certain cases they can adversely affect the future income and results of the Group, e.g. due to an inappropriate selection of the target, unfavourable contractual arrangement, inability to procure the required consents of public administration authorities (especially an unsuccessful effort to obtain consent of an antimonopoly office or administrative difficulties associated with acquisitions). Any failure to achieve strategic goals and failure to meet business strategy or acquisition goals may have a material impact on the Group's financial condition and results.

#### ***Risk of changing customer preferences***

The future operating performance of the Group may to a certain degree be affected by changing preferences of its customers and visitors to the Group's resorts and hotels. To minimise this risk, the Group's management is systematically monitoring newly-established competitors and trends in the industry in local and regional markets and via major investments and improvement of the quality of its services tries to keep its clients. In spite all of this, an unfavourable change of customer preferences may adversely affect the operating activities, market position, sale, financial performance and financial prospects of the Group.

#### ***Information systems security risk***

The business activities of the Group are extensively dependent on information systems, on ticket points of sale (that are interconnected in ski resorts due to universal ski passes), on lift turnstiles, when outfitting the cableways, in stores, restaurants and hotels. In order to eliminate the risks associated with information systems, various and advanced measures are being adopted to mitigate the risk of system failure by purchasing high-quality software and hardware components and providing strong technical support so that they may operate within standby regimes. However, if these systems fail or are abused, it may adversely affect the operating activities, market position, sale, reputation, financial performance and financial prospects of the Group.

#### **Legal, regulatory and macroeconomic risk factors**

##### ***Risk of changing business cycle and unfavourable economic conditions in the region***

The current operation of the Group focuses on the Slovak, Czech and Polish markets, although most clients are from the region of Central and Eastern Europe, and the Group's performance is largely dependent on the economy of the Slovak Republic, the Czech Republic, Poland and other countries of the region. Most of the income depends on the number of visitors to resorts and hotels. The choice of vacation also depends on the business cycle of the economy, the economic growth of each country and the level of their disposable income, the last two factors being highly correlated. Developments in these macroeconomic factors constitute an external risk factor for the Group. Since a rather substantial part of visitors to the Group's resorts and hotels arrives from various countries with their unique macroeconomic profiles, operation of the Group may be significantly affected by any deterioration of the economic situation in these markets. The risk of a declining business cycle is partly managed through pricing policy and effective marketing campaigns targeting relevant target markets. Change of business cycle generally may adversely affect the operating activities, financial performance and financial prospects of the Group.

##### ***Risk of economic slowdown and especially tourism in related to the COVID-19 pandemic***

After several years of economic growth, the International Monetary Fund (IMF) currently expects an unprecedented global economic slowdown, mainly due to the COVID-19 pandemic, by more than 4%, stressing that the pandemic impact on economic development will be much more significant than during the

times of financial crisis in 2008 and 2009.<sup>1</sup> Since a rather substantial part of visitors to the Group's resorts and hotels arrives from various countries with their unique macroeconomic profiles, operation of the Group may be significantly affected by any deterioration of the economic and geopolitical situation in these markets. In addition, tourism, as the area in which the Group operates, is one of the economic sectors most affected by the COVID-19 pandemic. The World Tourism Organization (UNWTO) anticipates a 20-30% year-on-year decline in international arrivals in connection with the pandemic, which could mean USD 300-450 billion less travel costs across all markets.<sup>2</sup> The Group as well as its target markets were affected by the crisis caused by the COVID-19 pandemic and ordered measures to prevent its spread from March 2020 and given current developments (further wave of pandemic spread and related restrictions), it cannot be predicted how further development of the pandemic impacts the operating activities, market position, sale, financial performance and financial prospects of the Group.

### ***Lease agreement risk***

Majority of the Group's assets and business activities takes place on lands leased by the Group. These include lands under ski slopes, as well as ski lifts and cableways. The owners of the lands leased by the Group are in particular Slovenský pozemkový fond (Slovak Land Fund), Lesy Slovenskej republiky (Forests of the Slovak Republic), Štátne lesy TANAPu (State Forests of TANAP), a landowners association (in Slovak: Pozemkové spoločenstvo urbárikov) and several natural persons. Even though the majority of lease agreements provide for an indefinite term of lease or a term of lease of at least 10 years, an early termination or non-renewal of these tenancies cannot be ruled out in certain cases. The resulting situation could adversely affect the operating activities, market position, sale, financial performance and financial prospects of the Group.

### ***Legal environment risk***

The primary country of operation of the Group is the Slovak Republic, Poland and partly also in the Czech republic; therefore, the Group is exposed to the risk of changes in the legal and regulatory environment of that country. The Group also considers acquisitions in other EU countries (the Central and Eastern Europe region). The legal and regulatory environment in these countries is subject to frequent changes, and courts and public authorities not always apply the laws in a uniform manner. Any changes of laws or changes of their interpretation in the future may adversely affect the operating activities, market position, sale, financial performance and financial prospects of the Group.

### ***Environmental risks and risks associated with public administration authorities consents***

Because the Group perform its business activities primarily in mountain regions that are partially covered by national parks of other protected areas, some of its investment projects may be subject to increased regulation by public administration authorities. Generally speaking, every new investment project providing for an increase of areas covered by snowmaking guns or a construction of a new cableway must undergo the Environmental Impact Assessment (EIA), one of the main instruments of environmental policy of sustainable development, and be approved by the competent environmental protection authorities. A stricter regulation of environmental protection, an expansion of protected areas or a breach of the regulations in this area may adversely affect the operating activities, reputation, financial performance and financial prospects of the Group.

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<sup>1</sup> International Monetary Fund (IMF): World Economic Outlook, October 2020: A Long and Difficult Ascent, published in October 2020, available via hyperlink: <https://www.imf.org/en/Publications/WEO/Issues/2020/09/30/world-economic-outlook-october-2020#Full%20Report%20and%20Executive%20Summary>.

<sup>2</sup> World Tourism Organization (UNWTO): Tourism and COVID, available via hyperlink: <https://www.unwto.org/tourism-covid-19>.

## 2.2 Risk factors related to the Bonds

Risk factors related to the Bonds are divided into:

- (i) *risk factors related to the provisions in the terms and conditions;*
- (ii) *legal and regulatory risk factors related to the Bonds; and*
- (iii) *risk factors related to the trading of the Bonds on the secondary market.*

### **Risk factors related to the provisions in the terms and conditions**

#### ***Risk related to the subordination commitment***

The Bonds are subordinated bonds pursuant to Section 20a of the Bonds Act. Any receivable arising from the Bonds will be subordinated to all other unsubordinated receivables from the Issuer in bankruptcy, liquidation and restructuring of the Issuer and such receivable will be satisfied only after all other receivables against the Issuer are satisfied except for receivables bound by the same or similar subordination condition. The Terms expressly state that the Bondholders agree to such subordination.

Receivables under the Bonds related to the subordination commitment cannot be redeemed early, even in case of a breach of the Issuer's obligations in connection with the Bonds.

#### ***Risk related to the possibility of non-payment of interest income***

The payment of interest income on the Bonds is conditional on the fulfilment of certain requirements for the Issuer's financial indicators specified in clause 11.1 of the Terms. Even if these Terms are satisfied, the Issuer may decide not to pay the interest income for the given period, but to defer it. Even if the unpaid interest income will continue to bear interest and be paid no later than the Maturity Date of the Bonds, failure to meet the financial indicators and/or the Issuer's decision may cause the yield on the Bonds to be lower at given time than originally expected by the Bondholder.

#### ***Fixed interest rate risk***

The value of the Bonds may fall also due to an overall fall in the debt securities market. A holder of a fixed-rate bond also bears the risk of a decrease of the price of that Bond as a result of a change of market interest rates. Whereas the nominal interest rate is fixed for the term of the Bonds, the current interest rate in the capital market (for the purposes of this paragraph the **market interest rate**) is different. As the market interest rate changes, the value of a fixed-rate Bond changes too, but in the opposite direction.

Hence, when the market interest rate increases, the value of a fixed-rate Bond usually falls to the level where the yield on this Bond is approximately equal to the market interest rate. On the other hand, when the market interest rate decreases, the value of a fixed-rate Bond usually rises to the level where the yield on this Bond is approximately equal to the market interest rate.

#### ***Risk of acceptance of further debt financing, including issuance of further bonds***

Although the terms and conditions of the Bonds contain certain restrictions in relation to the total amount of the Group's indebtedness, the acceptance of additional indebtedness in the form of loans, borrowings or the issuance of new bonds is in principle not restricted. For example, in addition to this issue, the Issuer is preparing another issue of secured bonds in the total amount of up to CZK 1.5 billion.

If the Issuer accepts any further debt financing or issues any further bonds, in the case of any bankruptcy or restructuring proceedings, liquidation or any other similar proceedings in respect of the Issuer, there is a risk that the claims under the Bonds in their part not considered (for whatever reason, including due to insufficient value of pledged assets) to be secured would be satisfied to a lesser degree relative to the scenario with no such acceptance of further debt financing. As the debt financing of the Issuer increases, the risk that the Issuer defaults with performance of its obligations under the Bonds also increases.



### ***Risk of reducing the order of the Bonds***

Investors should be aware that the Lead Manager will be entitled to reduce the volume of Bonds specified in investors' orders/instructions at its sole discretion, but always in a non-discriminatory manner, in accordance with the Lead Manager's order execution strategy and applicable law, including Directive 2014/65/EU of 15 May 2014 on markets in financial instruments, as amended (**MiFID II**), whereby any overpayments, if any, will be returned to the investor's account without undue delay.

If the order is reduced, the potential investor will not be able to make an investment in the Bonds in the amount originally intended. Therefore, reduction of the order may have a negative effect on the value of the investment in the Bonds. The Issuer may also suspend or terminate the offer at its decision, and further orders will not be accepted after such suspension or termination of the offer.

### **Legal and regulatory risk factors related to the Bonds**

#### ***Tax cost risk and withholding tax risk***

The investors may have to pay taxes or other payments in accordance with the laws and customs of the country where the Bonds are transferred or of another country relevant in the given situation. In some countries, there may be not available any official positions of tax offices or court decisions regarding the financial instrument such as Bonds.

When acquiring, selling or redeeming the Bonds, the investors should not rely on the general brief summary of tax issues contained in this Prospectus, they should seek advice of tax advisors regarding their individual taxation. Any changes of tax regulations could result in the yield on the Bonds lower than anticipated by the investor or in amount paid in the case of sale or redemption of the Bonds lower than the originally anticipated.

Yield on the Bonds paid to certain categories of investors is subject to withholding tax. For example, 19% in the case of a tax resident of the Slovak Republic and 35% in the case of a tax resident of a country with which the Slovak Republic has not entered into the relevant treaty. The Bondholder must bear all tax obligations that may arise from any payment made in connection with the Bonds, regardless of the jurisdiction, governmental or regulatory authority, state department, local tax requirements or fees. The Issuer will not compensate the Bondholders for any taxes, fees or other costs or deductions paid.

#### ***Risk of absence of liability or deposit protection scheme***

The Issuer is not a bank or a regulated institution. No statutory liability under the law of the Slovak Republic, a protection scheme or other similar insurance or the right to performance, such as from the Investment Guarantee Fund, shall apply to the receivables of the Bondholders in the event of the Issuer's inability to repay its obligations under the issued Bonds.

#### ***Risk of legality of the purchase of the Bonds***

Potential investors in the Bonds (mainly foreign persons) should be aware of the fact that the purchase of the Bonds may be subject to legal restrictions affecting the validity of their acquisition. The Issuer has or assumes no responsibility for the legality of the acquisition of the Bonds by any potential purchaser of the Bonds, whether under the jurisdiction of its incorporation or jurisdictions where it operates (if different). The prospective purchaser may not rely on the Issuer when deciding on the legality of the acquisition of the Bonds. This fact may have a negative effect on the value and development of the investment in the Bonds.

#### ***Currency risk***

The Bond is issued in euro currency (EUR). If the euro is not the domestic currency of the Bondholder and the Bondholder monitors the return on its investment in the Bonds in a currency other than the euro, it is exposed to exchange rate risk that may affect the final return on the investment in the Bonds. If the exchange rate moves in an unfavourable direction, the investment may lose its value.

### ***Inflation risk***

Potential returns on the investment in the Bonds may be affected by inflation. The Bonds do not contain the inflation clause and the fair value of investment in the Bonds may fall with the falling value of the currency due to inflation. Inflation also causes the reduction of real yield on the Bonds. If the value of inflation exceeds the expected annual yield to maturity (6.00% p.a.), the value of real yield on the Bonds will be negative. According to the Statistical Office of the Slovak Republic, the annual year-to-year inflation rate in the Slovak Republic in September 2020 was 1.4%.<sup>3</sup>

### ***The return on an investment in the Bonds may be affected by fees and other expenses***

The overall return on investments in the Bonds may be affected by the level of fees charged by the Lead Manager, securities trader or other intermediaries. The return on investment in the Bonds will also be affected by the fees that investors have to pay. The total return on the investment in the Bonds for each investor will be affected by the level of fees charged to it in connection with the purchase, sale and registration of the Bond in the settlement system.

These fees may include fees for opening accounts, transfers of securities or transfers of funds. Investors should be thoroughly familiar with these fees before making an investment decision. The amount of income (amounts to be paid to the Bondholders) may also be affected by other payments made in connection with the Bonds (for example, taxes and other expenses). The Issuer therefore recommends future investors in the Bonds to familiarise themselves with the documents on the basis of which fees will be charged in connection with the Bonds.

### **Risk factors related to the trading of the Bonds on the secondary market**

#### ***Risk of insufficient liquidity of the Bonds when trading on the secondary market***

The Issuer will apply for admission of the Bonds to trading on the regulated free market of the BSSE, but no guarantee can be given that the Bonds will be admitted to trading. Even if the Bonds are admitted to trading on a regulated market, there is no guarantee that a sufficiently liquid secondary market for the Bonds will be established and maintained so that investors can trade them at any time.

It may not be possible to sell the Bonds at an adequate price at any time in an illiquid market, which may have a negative impact primarily on the Bondholders who have invested in the Bonds for the purposes of trading and generating a profit from their trading and not holding term to maturity. In the case of Bonds not admitted to trading on a regulated market, it may again be difficult to value such Bonds, which may have a negative impact on their liquidity. These facts may have a negative effect on the value of the investment in the Bonds.

#### ***Risk of differences in terms and prices of the Bonds in the case of a parallel primary/secondary offers***

The terms of the primary offer (performed by the Issuer through the Lead Manager) and the secondary offer (performed by the Lead Manager), if executed in parallel, may differ (including the price and fees charged to an investor). If the investor subscribes for or purchases the Bonds at a higher price (the price means either the issue price in the primary offer or the purchase price in the secondary offer), the investor bears the risk that the overall return on its investment will be lower than if it had subscribed or purchased the Bonds at a lower price. The price and its total amount may also reflect the fees of the Lead Manager or third parties associated with the offer (primary or secondary) and the registration of the Bonds that are charged to the investor.

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<sup>3</sup> The annual year-to-year inflation rate in the Slovak Republic in September 2020, Statistical Office of the Slovak Republic, available at: <https://slovak.statistics.sk/>.

### ***Credit spread risk***

Potential investors in the Bonds must be aware that the Bonds bear the risk of the Issuer's credit spread, which may increase during the life of the Bonds, resulting in a decrease in the price of the Bonds. Factors affecting the credit spread include, inter alia, the Issuer's creditworthiness and rating, probability of default, potential loss in the event of a default and the remaining term to maturity of the Bonds. The liquidity rate, the general level of interest rates, overall economic developments and the currency in which the Bonds are denominated may also have a negative effect on the credit spread.

### 3. RESPONSIBLE PERSONS AND REPRESENTATIONS OF THE RESPONSIBLE PERSONS

The person responsible for the information given in the whole Prospectus is the Issuer, Tatry mountain resorts, a.s., with its registered office at Demänovská Dolina 72, 030 01 Liptovský Mikuláš, Slovak Republic, Identification No.: 31 560 636, registered in the Commercial Register of the District Court Žilina, section: Sa, insert No.: 62/L, LEI: 315700YHD1JR6VB1BA90, represented by Ing. Igor Rattaj, Chairman of the Board of Directors and Ing. Jozef Hodek, Member of the Board of Directors.

The Issuer represents to the best of its knowledge and based on all its due diligence that the information given in the whole Prospectus is true and that no facts affecting or changing its meaning were omitted.

In Bratislava, on 4 December 2020.

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Name. Ing. Igor Rattaj  
Title: Chairman of the Board of Directors

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Name. Ing. Jozef Hodek  
Title: Member of the Board of Directors

## 4. INFORMATION ABOUT THE ISSUER

### 4.1 Statutory auditors

#### (a) The auditors of the Issuer for the period covered by historical financial information

The Issuer's consolidated financial statements for the financial year 2017/2018, i.e. for the period from 1 November 2017 to 31 October 2018 and for the financial year 2018/2019, i.e. for the period from 1 November 2018 to 31 October 2019, both prepared in accordance with the international accounting standards IFRS (the **IFRS**), were verified by KPMG Slovensko spol. s.r.o., with its registered office at Dvořákovo nábrežie 10, 811 02 Bratislava, Slovak Republic, Identification No.: 31 348 238, registered in the Commercial Register of the District Court Bratislava I, section: Sro, file No.: 4864/B, registered in the register of the Slovak Chamber of Auditors (SKAU) under No. 96.

The auditor responsible for the audit of the consolidated financial statements for the financial year 2017/2018, i.e. for the period from 1 November 2017 to 31 October 2018, was Ľuboš Vančo, licence of the Slovak Chamber of Auditors (SKAU) No. 745 and for the audit of the consolidated financial statements for the financial year 2018/2019, i.e. for the period from 1 November 2018 to 31 October 2019, Ing. Martin Kršjak, licence of the Audit Oversight Office (in Slovak: *Úrad pre dohľad na výkonom auditu*, UDVA) No. 990. The auditor issued an unmodified opinion (without qualifications) regarding both financial statements.

The Issuer's summary interim consolidated financial statements for the period from 1 November 2019 to 30 April 2020 prepared in accordance with IFRS have not been audited by any auditor.

#### (b) Replacements of auditors during the period covered by historical financial information

During the accounting periods covered by the historical financial information given in the above audited financial statements of the Issuer, the auditor responsible for the audit of the financial statements had not been replaced.

### 4.2 Information about the Issuer

#### (a) History and development of the Issuer

In 1992, the National Property Fund of the Slovak Republic established SKI Jasná, a.s., the legal predecessor to the Issuer. In 2003, SKI Jasná, a.s. changed its name to Jasná Nízke Tatry, a.s..

In 2009, the shareholders of Jasná Nízke Tatry, a.s. decided to increase its capital to EUR 250 million and rename the company to Tatry mountain resorts, a.s.. Subsequently, a new issue of shares was listed at the BSSE. The Issuer purchased Tatranské lanové dráhy, a.s. (the **TLD**) that was dissolved without liquidation and merged with the Issuer as of 1 May 2010. The Issuer as successor company at the same time continues carrying out the business activities of TLD, especially the operation of ski resorts Vysoké Tatry – Tatranská Lomnica and Starý Smokovec. On 28 December 2009, the Issuer acquired a 100% interest in Grandhotel Praha, a.s. (Grandhotel Praha) and a 50% interest in Interhouse Tatry, s.r.o., the owner of Grandhotel Starý Smokovec.

In October 2010, the Issuer purchased all shares of Tatry mountain resorts services, a.s., whereby it became its sole owner. In December 2010, the Issuer began to co-operate the resort Štrbské Pleso.

In April 2011, Tatalandia Holiday Resort was acquired. This brand represents the Aquapark Tatalandia, the lodging complex Holiday Village Tatalandia, the entertainment park Fun Park, and Tropical Paradise. The acquisition of Tatalandia was a significant step for the Issuer in the implementation of its strategy of building a year-round tourist destination.

In October 2012, a dual listing of the Issuer's shares on stock exchanges in Warsaw and Prague took place.

Since the winter season of 2012/13, the Issuer has been participating in the operation of the Špindlerův Mlýn resort in the Czech Republic through MELIDA, a.s. in which Issuer as of the date of this Prospectus holds shares in the amount of 25% of its registered capital (in Czech: *základní kapitál*).

On 16 February 2013, the Issuer purchased the remaining 50% interest in Interhouse Tatry, s.r.o., the owner of Grandhotel Starý Smokovec, whereby the Issuer became the sole owner and operator of the hotel.

In March 2013, the board of directors of the Issuer decided to merge the subsidiaries of the Issuer – Tatry mountain resorts services, a.s., GRANDHOTEL PRAHA a.s. and Interhouse Tatry, s.r.o. with the Issuer as successor company with the effective date 1 May 2013. The main reason was the streamlining the operating relationships among companies in the Group, better use of mutual synergies and reduction of administrative steps and costs.

In March 2014, the Issuer acquired a 97% interest in the Polish mountain resort of Szczyrkowski Ośrodek Narciarski SA (**Szczyrk**).

In April 2015, the Issuer agreed to take over a 75% interest in a Polish company that has owned and has been operating the Silesian Amusement Park (Śląskie Wesołe Miasteczko) since May 2015.

Since December 2017, the Issuer has been renting and operating the ski resort Ještěd in the Czech Republic. The Issuer rented the Ještěd resort for 10 years with an option for another 10 years.

In November 2018, the Issuer entered the golf segment and has been renting and operating the Golf & Ski Resort Ostravice in the Czech Republic. The lease and management agreement of the department was signed for 20 years. In January 2019, the Group rented Golf Resort Kaskáda near the city of Brno in the Czech Republic; it also operates a hotel with a congress centre and restaurant

In June 2019, the Issuer bought a 100% interest in an Austrian company that owns and operates the Mölltaler Gletscher glacier ski resort and its sister resort Ankogel – Mallnitz in Austria.

On 29 May 2020, the Group signed agreements on the transfer of shares in 1. Tatranská, akciová spoločnosť, making the Group the owner of a 100% interest in this company. 1. Tatranská, akciová spoločnosť operated the ski resort Štrbské Pleso in the High Tatras.

At the time of preparation of this Prospectus, the Issuer is the biggest entity operating in tourism in the Slovak Republic, with developing projects in neighbouring countries, especially in the Czech Republic. The Issuer generates its income through ski resorts, the aquapark, the provision of lodging and related services in restaurants and in a network of sports stores located in the resorts. Regarding the distribution of income, the majority is generated by selling ski passes and tickets to lifts in ski resorts and admission tickets to the aquapark. Other income is generated by lodging services in the hotels owned and/or operated by the Issuer and by other services provided in restaurants located on slopes and in sports stores. In addition to the above activities, the Issuer is active in real estate projects where income is expected to be generated by sale, lease and operation of premises and hotels. The Issuer has been performing all its current business activities in the regions High Tatras and Low Tatras in the Slovak Republic, in the Polish Beskid Mountains, Silesia and in the region Krkonoše in the Czech Republic.

The Issuer's key assets in Nízke Tatry include the mountain resort Jasná Nízke Tatry, hotels Tri Studničky\*\*\*\*, Wellness hotel Grand Jasná\*\*\*\*, Chalets Jasná de Luxe\*\*\*\*, Hotel Pošta\*\*\*\*, Hotel Srdiečko\*\* and Hotel Rotunda. Not far from Jasná is Aquapark Tatralandia with the bungalow park Holiday Village Tatralandia. The Issuer also owns and rents Hotel Liptov\*\*, Ski&Fun Záhradky\*\*, Chata Kosodrevina and lodging facility Otopné.

In the High Tatras, the Issuer also owns and operates resort Vysoké Tatry with mountain locations Tatranská Lomnica and Starý Smokovec and location Štrbské Pleso which the Issuer co-operates. In the High Tatras, it also owns and operates Grandhotel Praha \*\*\*\* Tatranská Lomnica, Grandhotel \*\*\*\* Starý Smokovec, Hotel FIS \*\*\*, Mountain Hotel Hrebienok and rents and operates Hotel Kukučka \*\*\*\*.

The Issuer also holds a 25% interest in MELIDA, a.s., which has been renting and operating the Špindlerův Mlýn resort in the Czech Republic since the winter season 2012/12. In Poland, the Issuer holds a 97.6% interest in the mountain resort Szczyrk, a 100% interest in Legendia - Silesian Amusement Park (Śląskie Wesołe Miasteczko) and a 7.3% interest in the entertainment and education project through the Polish company Korona Ziemi Sp. z o.o..

Furthermore, in order to further expand on foreign markets, the companies Tatry mountain resorts PL, a.s., Tatry mountain resorts CR, a.s. and Tatry Mountain Resorts AT GmbH were established.

(b) **Basic information about the Issuer**

<b>Business name:</b>	Tatry mountain resorts, a.s.
<b>Registered in:</b>	Slovak Republic in the Commercial Register of the District Court Žilina, section: Sa, insert No.: 62/L
<b>Identification No.:</b>	31 560 636
<b>LEI:</b>	315700YHD1JR6VB1BA90
<b>Issuer incorporated on:</b>	The Issuer was incorporated on 30 March 1992, when it was registered in the Commercial Register of the District Court in Bratislava I, section: Sa, insert No.: 5175/B.
<b>Term:</b>	The Issuer was established for an indefinite term.
<b>Established as:</b>	The Issuer was established as a joint-stock company by the foundation deed dated 20 March 1992.
<b>Legal form and laws:</b>	A joint-stock organised and existing under the laws of the Slovak Republic
<b>Registered office:</b>	Demänovská dolina 72, Liptovský Mikuláš 031 01, Slovak Republic
<b>Phone number:</b>	+421 911 881 024
<b>Website:</b>	<a href="https://www.tmr.sk/">https://www.tmr.sk/</a>
	The information provided on the Issuer's website does not form part of the Prospectus, unless such information is incorporated by reference in the Prospectus. The information on this website has not been reviewed or approved by the NBS.
<b>Credit ratings:</b>	No credit rating has been assigned to the Issuer and no credit rating will be assigned to it for the purposes of this Issue.
<b>Registered capital:</b>	The Issuer's registered capital is EUR 46,950,386. The Issuer's registered capital is divided into 6,707,198 ordinary book-entry bearer shares, each in the nominal value of EUR 7. The registered capital was repaid in full.
<b>Foundation deed and articles of association:</b>	The Issuer was established by the foundation deed dated 20 March 1992, and by the founder's decision under the Commercial Code, the Issuer then adopted the articles of association providing for the fundamental relationships within the company. The most recent version of the Issuer's articles of association was adopted on 15 October 2013.
<b>Object:</b>	The Issuer is a legal person established to pursue business activities. The object of the Issuer is specified in Article II of the Issuer's articles of association (for a list of objects, see paragraph 4.3(a) " <i>Object</i> ").
<b>Principal laws governing the Issuer's activities:</b>	The Issuer operates as a company under the laws of the Slovak Republic, in particular under the Commercial Code, Act No. 40/1964 Coll., the Civil Code, and Act No. 455/1991 Coll. on Trade (in each instance as amended).

(c) **Most recent and most important events necessary to assess the solvency of the Issuer**

During its existence, the Issuer has never been insolvent. As of the date of preparation of this Prospectus, the Issuer has no outstanding credits or loans provided by third parties that would be relevant for the assessment of its solvency or its ability to repay its obligations under the Bonds.

For the sake of completeness, an overview of outstanding credits of the Issuer is given in clause 4.12 "*Material agreements*".

(d) **Investments**

The Issuer has implemented several investment projects in accordance with its corporate strategy even also in recent years. In the first half of the financial year 2019/2020, the Group made the following investments:

- (i) During the winter season, the Issuer invested in the construction of the snow-bearing lake “Zadné vody” in the Jasná resort, continued to prepare for the construction of the new hotel “Centrum Jasná”, and procured new snowmobiles for the ski slopes.
- (ii) In the High Tatras in Tatranská Lomnica, the Issuer invested in the reconstruction and construction of the new hotel “Horec”.
- (iii) The Group started with the replacement of the hotel system, when gradually a new reservation and accommodation system will be deployed in individual hotels, which will increase the comfort of hotel receptions, the reservation department and, last but not least, will have a positive impact on clients.
- (iv) The Group continues to make investments related to the modernisation of the amusement park in Chorzów (Slaskie Wesole Miasteczko) and at the same time continues to modernise the Szczyrk resort, where the investments will be used primarily to improve existing services. During the winter season, the Group opened a new gastronomic facility "Kuflonka" in the Polish resort of Szczyrk.

Capital expenditures of completed and ongoing investments of the Group, including advances for the financial year 2018/19, amounted to EUR 45.3 million.

(e) **Material changes in the Issuer’s borrowing and funding structure since the last financial year**

Since the preparation of the last audited financial statements of the Issuer for the financial year 2018/2019, i.e. for the period from 1 November 2018 to 31 October 2019, until the date of preparation of this Prospectus, there have been no material changes the Issuer’s borrowing and funding structure. Since the preparation of the last audited financial statements of the Issuer for the financial year 2018/2019, i.e. for the period from 1 November 2018 to 31 October 2019, until the date of preparation of this Prospectus, the Issuer has not taken any borrowings or accepted any funding.

(f) **Description of the expected financing of the Issuer’s activities**

The Issuer's activities will be financed from the Issuer’s own resources, the net amount of income from the Issue and bank financing.

### 4.3 Overview of business activities

(a) **Object**

According to Article II of the Issuer’s articles of association, its object is:

- (i) operation of cableways,
- (ii) operation of transport on a cableway,
- (iii) operation of ski lifts,

as well as rental of advertising space, operation of a ski school, operation of a snowboard school, construction works and changes, construction of simple structures, small structures and their changes, mediation of sale, lease and purchase of real estate (realtor activities), organisation of children’s leisure time activities other than travel agency activities, grooming of ski slopes, landscaping works, transport of sports equipment and luggage,



left-luggage office, organisation of trainings, seminars, educational and cultural social events, organisation of exhibits, operation of car parks, provision of data services - Internet reading room, operation of no-win slot machines and jukeboxes, reprography services, operation of a tour operator, operation of a travel agency, activities of a travel guide, leasing and rental of immovable items, consumables, computing equipment and technology, personal road transport using vehicles for up to 10 passengers including the driver other than taxi service, mediation and sale of own outdoor sports services, microwave broadcasting of TV signal in hotels and lodging facilities, broadcasting of advertisements and advertising spots as part of the microwave broadcasting of TV signal, creation of internet and web sites, attendance of preschool children, repairs and maintenance of sports tools and equipment, factoring and forfeiting, working with the results of creative activities with the consent of their author, publishing activities within unregulated trades, bookkeeping, business advisory in marketing and market research, cooking and selling for direct consumption of quickly heat-treated meat products and usual side-dishes as well as non-meat meals, sale of food cooked and delivered from an authorised producer at catering facilities, in a confectionery store and in delicatessen store, preparation and selling of for direct consumption of non-alcoholic and industrially-prepared milk drinks, cocktails, beer, wine and spirits, renting of sports equipment, activities of entertainment parks, operation of sports parks, organisation of sporting events, renting of boats, activities of management of constructions for individual recreation, single-floor structures and building site breaking structure if their built-up area not exceed 300 sq. metres and their height 15 metres, of small structures and their changes, drawing-up of documentation and the construction part project for simple structures, small structures and changes of these structures, engineering activities, procurement of services associated with management of residential and non-residential premises, provision of services of driving another person's motor vehicle, activities of an engineer - building structures, purchase of goods for resale to end consumers (retail) or other traders (wholesale), preparatory work for structure construction, mediation of trade, mediation of services, IT services, services related to computer data processing, lease of real estate accompanied by the provision of other than basic lease-related services, lease of movable items, administrative services, activities of business, organisational and economic advisers, operation of cultural, social and entertainment facilities, operation of sports facilities, advertising and marketing services, market and public opinion research, hairdresser, cosmetic services, catering services, winter road maintenance, operation facilities used for a regeneration and recondition, lodging activities in lodging facilities accompanies by catering services provided in these facilities and in a 3rd category cottage parks and 3rd and 4th category camping sites, washing and ironing of clothes, massage services, bureau de change services - purchase of foreign exchange for the Slovak currency in cash, activities of a mountain guide, including guiding and accompanying persons on tourist trails, and irregular domestic bus transport.

(b) **Principal activities**

The principal activity of the Group is the provision of tourist services in the Slovak Republic, with developing activities in neighbouring countries, especially in the Czech Republic, Poland and Austria.

The TMR Group's activities are concentrated in seven key segments: Mountain Resorts, Amusement Parks, Golf, Restaurants, Sports Services and Stores, Hotels and Real Estate.<sup>4</sup> The Group's income come primarily from the operation of ski resorts, the aqua park, the amusement park, and the provision of lodging and ancillary services in restaurants and a network of ski schools, rentals and sports stores in the resorts.

Regarding the distribution of income, the majority is generated by selling ski passes and tickets to lifts in ski resorts (40.4%) and from lodging services in hotels owned and/or operated by the Group (22.7%). Other income comes from the sale of entries in amusement parks (8.8%) and from ancillary services provided in the network of restaurants on slopes and amusement parks (14.4%), sports and souvenir stores, rentals and ski schools (5.7%), and in golf resorts (0.7%).

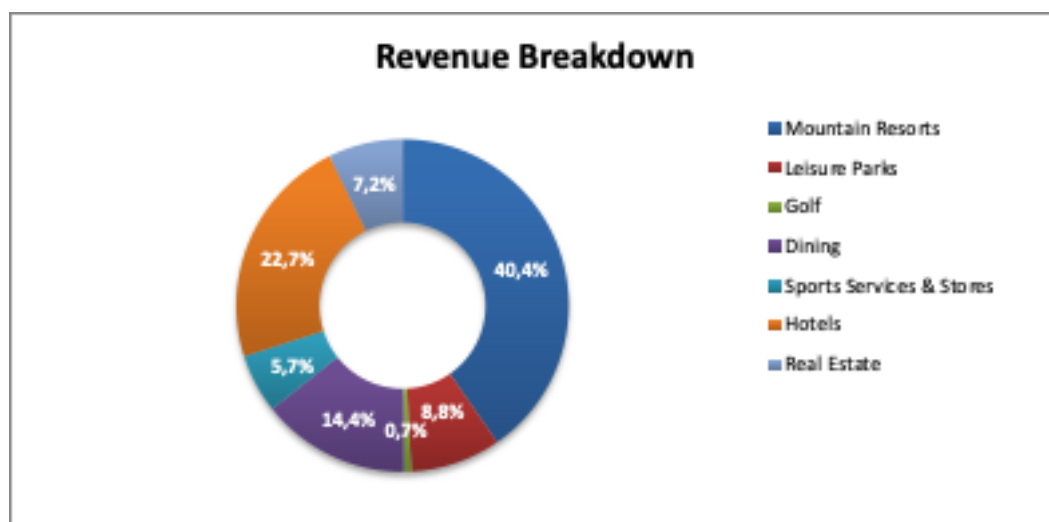
In addition to the above activities, the Group is active in real estate projects where income is expected to be generated mainly by lease of lodging facilities and sale of apartments (7.2%). The Group performs all its current business activities in the regions High Tatras and Low Tatras in the Slovak Republic, in Polish Beskid

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<sup>4</sup> From the financial year 2018/19, the Group changed segmentation from three main segments: Mountains and Amusement Parks (with subsegments Mountain Resorts, Amusement Parks, Restaurants, Sports Services and Stores), Hotels and Real Estate to seven equal segments. Mountain Resorts, Amusement Parks, Golf, Restaurants, Sports Services and Shops, Hotels and Real Estate, with the Golf segment being an addition.

Mountains, Silesia, in the region Krkonoše in the Czech Republic and in the Austrian Mölltaler Gletscher and Ankogel.

The chart below shows the breakdown of the Issuer's income for the financial year 2018/2019.



#### 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 locations – Tatranská Lomnica, Štrbské Pleso and Starý Smokovec
- Situated in the oldest national park in Slovak republic TANAP (Tatra National Park)
- 5 months of snow guaranteed
- 24 km of ski slopes, 17 km of snowmaking
- 20 cableways and ski lifts
- Maximum transport capacity of more than 21,385 persons/hour
- **Hotels:** Grandhotel Praha\*\*\*\* Tatranská Lomnica, Grandhotel\*\*\*\* Starý Smokovec, Hotel FIS\*\*\* Štrbské Pleso, A Night at Lomnický Peak

#### Mountain Resort JASNÁ NÍZKE TATRY (Jasná Low Tatras)

- The biggest winter sports resort in Central Europe
- **Locations:** Chopok Sever and Chopok Juh
- Host of FIS Ski World Cup Ladies 2015, Junior Alpine FIS World Cup 2014
- 50 km of ski slopes, 35.5 km of snowmaking
- 23 cableways and ski lifts
- Maximum transport capacity of 28,439 persons/hour
- **Hotels:** Hotel Tri Studničky\*\*\*\*, Hotel Grand Jasná\*\*\*\*, Chalets Jasná de Luxe\*\*\*\*, Hotel Srdiečko\*\*, Hotel Rotunda, Hotel Pošta\*\*\*\*
- **Real Estate:** lease out of hotels Liptov\*\*, Hotel SKI & FUN\*\*, Kosodrevina Lodge, lodging facility Otučné, sale of Chalets Jasná Collection, sale of apartments in Hotel Pošta

#### Mountain Resort Szczyrk

- 40 km of ski slopes, 22 km with snowmaking, 5 km of lit-up trails
- 12 cableways and ski lifts
- Maximum transport capacity: 22,000 persons/hour
- **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 slopes and almost 7 km of freeride terrain
- 9 cableways and ski lifts

- Maximum transport capacity: 15,610 persons/hour
- 90% of ski slopes 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 slopes and 5 km of freeride terrain
- 5 cableways and ski lifts
- Maximum transport capacity of 4,880 persons/hour
- 50% of ski slopes covered with snow made by 40 snow guns
- A big complex for skiing beginners at the valley cableway station
- Location: Hohe Tauern, Austria

#### **SKIAREÁL JEŠTĚD**

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

#### **AQUAPARK TATRALANDIA**

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

#### **LEGENDIA - SILESIA AMUSEMENT PARK (Legandia, ŚLĄSKIE WESOŁE MIASTECZKO)**

- The largest and oldest amusement park in Poland
- The 40-metre 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 centre, congress centre
- Location – the Beskids, Czechia, Czech Republic

#### **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 centre, a wellness centre
- Location – Moravia, Czech Republic

## **MOUNTAIN RESORTS**

The Mountain Resorts segment includes the operation of six mountain resorts: Jasná Nízke Tatry – Chopok Sever and Juh, 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 the Czech Republic. The resorts taken together offer 137 km of ski slopes with the transport capacity exceeding 103,000 person per hour. Since the winter season 2012/13, TMR has also been cooperating on a sales and marketing basis with the ski resort Špindlerův Mlýn in the Czech Republic, which has been leased by MELIDA a.s., in which the Issuer holds a 25% share as of the date of this Prospectus.

### **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, the Issuer performs all of the tourism activities in such a way as to protect the nature and preserve rare biotopes. In the resort of the High Tatras, the Issuer owns and operates cableways in Tatranská Lomnica and Starý Smokovec and closely cooperates with the owner of the Štrbské Pleso resort which they manage together.

#### **Tatranská Lomnica**

The longest ski slope in Slovakia is located in Tatranská Lomnica and is also the highest ski slope in Central Europe. This ski slope has the highest altitude difference with possibility to ski down from 2,196 metres above sea level on a 5.5 km long ski slope from Lomnické sedlo to Tatranská Lomnica. Ski slopes in Tatranská Lomnica are attractive for all skiers from experts to intermediate skiers and beginners who can use easy blue trails in the bottom part of the resort. There is one difficult, five intermediate, and six beginner trails available for skiers. In September 2015 the ski portal Skiresort.info ranked the ski resort Tatranská Lomnica among the world's top 14 resorts with up to 20 km of trails; and in the category "Beginners" it was ranked among the world's top resorts with infrastructure and services suitable for ski beginners. Besides skiing, visitors can enjoy different adrenaline attractions like snowbike, skifox and snowcoot. The resort in Tatranská Lomnica offers up to 45.9 hectare of ski slopes with total length of 12 km, while almost 32 ha of ski slopes have technical snowmaking coverage thanks to 227 snow guns. Tatranská Lomnica together with Starý Smokovec also offers fun and entertainment after skiing. Every day there is an interesting après ski program available for skiers. Parking has been also improved to the satisfaction of skiers with a new terraced ski-in ski-out parking lot for 350 cars and 10 buses. In the summer Tatranská Lomnica turns into a sought-after tourist destination for relaxation and fun for the whole family. Besides cableway trips up to the top of Lomnický peak, attractions such as cart rides from Štart, there is the original children's project – Tatra's Wilderness. It presents educational-entertainment trails in Tatranská Lomnica, Lomnické sedlo and around Skalnaté pleso, accompanied by games and a mini ecopark Marmot Land at Skalnaté pleso for children under 12. The children's indoor park Kamzíkov is open all year round at Skalnaté pleso.

#### **Starý Smokovec**

The location Starý Smokovec is unlike Tatranská Lomnica more about alternative leisure activities, such as snowtubing, sledging on a 2.5 km long sledging track, and funtools – skifox, snowbike, snowcoot. In the summer season there are attractions like summer tubing. Hrebienok, the end 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 slopes named Jakubkova lúka I and II available for skiers.

#### **Štrbské Pleso**

The Štrbské Pleso ski 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 metres above sea level when one can view beautiful peaks of the High Tatras and the whole mountain ridge of the Low Tatras from Kráľova hoľa to Chopok. In the location Štrbské Pleso, the Issuer offers the visitors up to 26 kilometres of cross-country tracks and more than 9 kilometres of ski slopes with beginner or medium difficulty. There is also, of course, a wide range of ski and snowboard rentals, ski services, and ski school for kids and beginners. In the summer for instance you can take a cableway ride to Solisko, where you get panoramic views of the valley, of the romantic Štrbské pleso, Kriváň, or the Low Tatras. Passionate bikers can rent a mountain bike at Tatry Motion – a sports store underneath ski jump boards – with an option of its return in Starý Smokovec or Tatranská Lomnica. Via mountain trails you can easily get to Popradské pleso or you can take a ride to Sliezsky dom, Smokovec, Hrebienok or to Poprad via the "Freedom Route". After years of monitoring the condition of Štrbské pleso, reintroduction of boating on the mountain lake with more than 130-years of history

was permitted in 2008. Tourist can use 11 wooden flat-bottomed boats and one sports flat-bottomed boat berthed at the newly-built pier with a view of the High Tatras peaks.

### **JASNÁ NÍZKE TATRY (JASNÁ LOW TATRAS)**

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

Jasná Nízke Tatry is currently the biggest ski resort in Slovakia. Skiers have an option to try all types of trails from blue to black, suitable for beginners, families with children, as well as for advanced skiers. The modern snowmaking system with 527 snow points covers 34 km of trails and provides snow guarantee for at least five months a year. Fans of wild rides can enjoy 12 free ride zones, a great snow park, and Fun Zone. You get to the top of Mt. Chopok by ultra-modern cableways – the 24-person Funitel or 15-person cabins. At night you can enjoy night skiing on a 990-metre long lit up ski slope in Jasná. There are 2830 cableways and ski 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, the Issuer also operates several dining facilities. Happy End Disco & Restaurant is well known by its great disco parties and live concerts at night. Furthermore, one can try Bernardino burger restaurant beneath Mt. Chopok, the stylish Restaurant Von Roll Luková, Snack Bar Rovná Hoľa, a panoramic restaurant Rotunda at 2,004 m above sea level with a large sundeck and multiple après-ski bars at the valley 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 cableways 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 Ski service offers ski and snowboard service with a technologically perfect machine on the spot.

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

### **SZCZYRK MOUNTAIN RESORT (SZCZYRK)**

Szczyrk Mountain Resort is located in the Polish Beskid Mountains near the town of Szczyrk and offers skiing on 65 hectares of perfectly laid-out and long ski slopes. The longest ski slope is 5.3 km long. Thanks to cooperation with neighbouring ski areas clients can use a joint ski pass on 40 km of ski slopes. The resort is undergoing modernisation and in the first stage a 10-person gondola and three 6-person chair lifts have been added, as well as a new snowmaking system with a water tank. The slopes and trails have been widened and profiled, and a new multifunctional building – SZCZYRK-GONDOLA – has been added, providing full service for visitors. In March 2014, the Issuer acquired 97% shares in the company owning the resort and as of the end of the financial year 2019, it had invested EUR 66.5 million into modernisation of the resort with further investments planned.

### **MÖLLTALER GLETSCHER**

The Mölltaler Gletscher ski resort located in the only glacial area in Carinthia offers ski slopes 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 and the snow cover reaches as high as 450 centimetres 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 metres above sea level within 8 minutes and surmounts a vertical drop of 1,012 metres on a more than 4.7 km long route. Non-skiers can enjoy the panoramic Ice Palace restaurant at the altitude of 2,800 metres 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 children's club.

## **ANKOGEL MALLNITZ (ANKOGEL)**

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 slopes. A children's club for small skiers from the age of 3 can be found at the valley 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.

## **SKIAREÁL JEŠTĚD (Ještěd)**

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

## **AMUSEMENT PARKS**

### **AQUAPARK TATRALANDIA**

Aquapark Tatralandia with the lodging complex Holiday Village is one of the biggest year-round aqua parks in central Europe. Its visitors can use 14 pools and 26 toboggans, of which 10 are year-round and 4 summer pools, as well as a sauna world and Wellness Paradise. Fun Park Tatralandia is also located within the aquapark. The covered year-round complex Tropical Paradise in the shape of a shell uses salty sea water and sports a special roof membrane that makes it possible for visitors to get tanned, and a snorkel pool with real coral reefs and marine fauna. The indoor simulator, Surf Waves Tatralandia, utilises the technology of an artificial river creating waves similar to ocean. The unique Hawaii complex includes four lanes of 68 square metres. This attraction guided by experienced instructors is suitable for all age groups 6 and over. In 2017, Tatrapolis – a park with metal miniatures of world-famous structures, was added in Tatralandia.

### **LEGENDIA – SILESIAN AMUSEMENT PARK (Legandia, Śląskie Wesole Miasteczko)**

Legandia near the Polish town of Chorzów is the largest and oldest theme park in Poland. It was launched in 1959. It spreads on the area of 26 ha. It is located in the upper Silesian industrial district with its unique “green oasis” of Silesian Park (Park Śląski). The guests will find over 40 popular attractions, such as the Ferris wheel (Legandia Flower), large aircrafts (Dream Flight Airlines) and Tea Cups, as well as new rides, including Diamond River – a water slide from the height of 8 and 12 metres, 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. The Issuer owns a 100% share of the park and has been operating it since May 2015. As of the end of the financial year 2019, the Issuer had invested almost EUR 42 million into modernisation of the park.

## **GOLF**

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

### **GOLF & SKI RESORT OSTRAVICE**

Golf & Ski Resort Ostravice opened its doors to the public for the first time 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 metres above sea level. 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. The Issuer has been renting the resort and operating it since November 2018. The lease and management agreement of the resort was 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-metre lit driving range with a covered tee. The full service resort is complemented by a 4\* hotel with 50 rooms and apartments and 120 beds, a restaurant with a deck and a view of the golf course, a congress centre, and a wellness centre. The Issuer has been managing the resort since January 2019, whilst it rents the hotel and the restaurant. The lease agreement was 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 amusement parks, and in the golf resorts of the Issuer's portfolio.

## **SPORT SERVICES AND STORES**

Sport Services and Stores under the Tatry Motion, Szczyrk Motion, and Ještěd Motion brands include specialised 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 base levels of mountain resorts of TMR. In the amusement parks, stores sell souvenirs and specialised summer and sports merchandise.

## **HOTELS**

The Issuer 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. The hotels operated by the Issuer can therefore offer more than 2,300 beds. Its hotels are capable of satisfying the needs of a wide spectrum of customers, from individuals and families to corporate clients. Its hotels can also offer suitable premises for conferences and company meetings, efficiently using their spare capacity during the time between the main seasons.

### **THE HIGH TATRAS**

#### **Grandhotel Praha\*\*\*\*, Tatranská Lomnica**

*number of rooms: 125, number of beds: 236*

Grandhotel Praha is located in the centre 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 centre Grand Mountain Spa combines local spa tradition with healing effects of the Tatra's nature. During the financial year 2016/17, the hotel's rooms underwent a renovation in the "Classic" style.

#### **Grandhotel\*\*\*\*, Starý Smokovec**

*number of rooms: 75, number of beds: 147*

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**

*number of rooms: 80, number of beds: 194*

Mountain ski-in ski-out Hotel FIS is located right below the FIS slope, in the centre of a sport area at Štrbské pleso. The location is its main competitive advantage. It offers newly renovated rooms and is the first truly dog-friendly hotel in Slovakia. It is located at an altitude of 1,346 metres above sea level. The hotel with its own sports arena and a pro fitness centre also offers a natural wellness & spa designed in a mountain-meadow style.

#### **A night on Mt. Lomnický štít**

*number of rooms: 2, number of beds: 7*

A night at the top of Lomnický štít is an experience that is not enough to hear about, it is necessary to experience it. Discover the most beautiful place in Slovakia where the summits of the Tatras are touching the sky. Enjoy countless breath-taking 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**

*number of rooms: 36, number of beds: 100*

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

### **Hotel Grand\*\*\*\*, Jasná**

*number of rooms: 157, number of beds: 311*

This mountain hotel is situated in the centre of Jasná at an altitude of 1,100 metres above sea level right next to the valley station of the modern 8-seat cabin cableway Grand Jet. Its ski-in ski-out location is exceptional, as well as the renovated wellness centre or a multipurpose conference hall with a 350-person capacity. This kids-friendly hotel is well-suited for families with children.

### **Hotel Pošta\*\*\*\***

*number of rooms: 31, number of beds: 72*

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

### **Chalets Jasná Collection\*\*\*\***

*number of apartments: 14 owned, 27 managed*

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

### **Hotel Srdiečko \*\***

*number of rooms: 45, number of beds: 125*

A ski-in ski-out hotel with an unbeatable ski-in ski-out location, directly below the slopes in the resort of Jasná Nízke Tatry – Chopok Juh. A friendly ambiance and a homey feel surrounded by nature in a less busy area of Jasná, equipped with a new wellness centre, saunas, and an open-air jacuzzi.

### **Hotel Rotunda**

*počet izieb 3, počet lôžok 12*

It is located at the top of Chopok Mountain in the Low Tatras at an altitude of 2,004 metres above sea level. Hotel Rotunda is a part of the renovated facility Rotunda, which connects the north and south side of Chopok Mountain with cableways. The ski-in ski-out hotel with the highest elevation offers lodging for the most demanding clients that want to enjoy a top experience in comfort and seek out an absolute escape. The hotel includes a panoramic restaurant Rotunda with Slovak and world cuisine, Energy Bar with quick snacks, and Rum Bar with a selection of specialty world rums.

### **Holiday Village Tatralandia**

*number of bungalows and apartments: 123*

The stylish bungalows of Holiday Village Tatralandia are a combination of relaxation and experiences in one place. In addition to accommodation in 119 bungalows, the thematic settlements offer a unique atmosphere of Liptov with the possibility of hiking and cycling in the vicinity. The accommodation complex is located next to Aquapark Tatralandia and offers a wide range of leisure activities. A novelty of the summer of 2019 are the newly built DELUXE bungalows, the equipment of which meets the requirements of even the most demanding guests.



## CZECH REPUBLIC

### **Green Inn Hotel, Golf & Ski Resort Ostravice**

*number of rooms: 36, number of beds: 78*

The Issuer 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 centre, and seven separate hotel houses.

### **Hotel Kaskáda\*\*\*\*, Golf Resort Kaskáda**

*number of rooms: 50, number of beds: 100*

The Issuer rents and manages the golf hotel Kaskáda, situated in Golf Resort Kaskáda near the city of Brno. The hotel with a restaurant, wellness centre, 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**

*number of rooms: 36, number of beds: 110*

The Issuer owns a recently renovated ski-in ski-out hotel in the vicinity of ski area of the Szczyrk Mountain Resort. The hotel provides accommodation in 2 – 4-bed rooms and family apartments. There is a wellness spa, fitness centre, relaxation area and conference room.

## REAL ESTATE

The goal of this segment is to build infrastructure and buildings in the mountain regions. During their implementation, the Issuer intends to use the unique location of the region of High and Low Tatras. The strategy of the Issuer in this segment is primarily to build and sell flats. In the past year another phase of the Chalets Jasná Collection\*\*\*\* Center project was underway, with the construction of investment apartments, whilst the chalets at Záhradky are also still for sale. Furthermore, the project of the Apartment house Horec was launched in Tatranská Lomnica with the remodeling of the lodging building Horec into luxurious apartments for sale. The Issuer also continued with the construction and sale of additional investment real estate in Holiday Village Tatralandia. In addition to these projects, the infrastructure necessary for the natural development of tourism is under construction in the following areas: cableways, utility networks, tracks, information boards etc.. The Issuer plans its real estate projects mostly on traditional, urban areas, where sport and tourism have been part of history for decades.

Within the Real Estate segment, the Issuer already owns and leases the hotels Liptov\*\*, Hotel SKI & FUN\*, Chata Kosodrevina 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.

### (c) **Business strategy**

The long-term strategic objective of the Group for the next 10 years is to become the leader in both winter and summer tourism industries in the region of Central and Eastern Europe. Leadership in the tourism industry allows the Group to set trends and standards in this industry. At the same time, the leadership leads the Group to the differentiation strategy. As a result, the Group strives to provide premium services that it is able to sell for reasonable prices across Europe. The width and quality of its offering are key to the Group's direction. The achievement of this objective is based on the following three mutually interconnected pillars:

#### **1st pillar: Higher quality through investments**

By the end of financial year 2019, over the 13 years, the Issuer invested EUR 400 million in its resorts and hotels. These investments helped to significantly increase the quality of the services provided in High and Low Tatras, as well as in Szczyrk a Legendia in Poland. Thanks to these investments, the mountain resorts in the Issuer's portfolio have already developed to the level of Alpine resorts and have strengthened their leading position in the region.

Significant investments in 2018/19 include, for example, the start of construction of new snow tanks in Jasná, the reconstruction of the lower restaurant at Skalnaté pleso, the change of the Rotunda restaurant, the reconstruction of the Grandhotel Starý Smokovec and the Hotel Srdiečko. In the Szczyrk resort, the transport capacity on the existing cableways was strengthened and the largest restaurant of the entire holding with a capacity of 450 seats was built. Other attractions have been added to the Polish Legendia. In the Real Estate segment, the Issuer built additional bungalows and apartments for sale in Holiday Village Tatralandia, the Horec apartments project in Tatranská Lomnica was launched and other Chalets Jasná Collection were added.

In the following periods, the Issuer plans to grow organically and benefit from completed investments in its resorts in the Slovak Tatras. Future capital investments in Slovak resorts will mainly cover investments in maintenance and infrastructure, such as completion of storage tanks in Jasná. The Group also plans to continue with planned real estate projects in Slovak resorts. The Horec apartment house is being built in Tatranská Lomnica, which is the zero stage of the long-planned Lomnické korzo. The last stage of the Chalet Jasná Collection will be completed in Jasná. In Tatralandia, after obtaining the necessary permits, new bungalows will be built for sale, which will be used by the Issuer.

Regarding development investments in Poland, the Issuer plans to bring the Polish resort of Szczyrk to the level offered by the Tatra resorts. In the following period, investments will be directed mainly to lodging capacities in the resort, the rooms of the Gronie hotel in Szczyrk will be renovated. The Polish amusement park, Legendia, will also be further developed, where a new water attraction should be added.

Extensive investments will also be required for the Austrian resorts acquired most recently, which the Issuer plans to make in a few years. New ski slopes, cableways and the strengthening of lodging infrastructure in almost every resort are also being prepared, but many of them are hampered by lengthy processes in granting permissions or exemptions.

### **2nd pillar: Strategic acquisitions and expansion of operation in the CEE region**

Following the expansion of the portfolio with an Alpine resort in June 2019, when the Group acquired two Austrian sister resorts – Mölltaler Gletscher and Ankogel Mallnitz – through a 100% interest, the Issuer will focus in the medium term on completing and strengthening existing resorts where it has sufficient opportunities for growth, improved services and improved results.

The strategic expansion of business activities to the Czech market has long been realised through a minority stake in MELIDA a.s., which operates the Špindlerův Mlýn resort, where the Issuer helps manage the sales and marketing strategy for further development. The resort is also a member of the Issuer's loyalty program, Gopass. In November 2017, the Issuer in the Czech Republic also agreed with the city of Liberec on the rent and operation of the Ještěd ski resort. In the coming years, TMR plans to develop the potential of this unique city ski resort through investments.

TMR also wants to expand its business in the golf segment in the Czech Republic. From 1 November 2018, it has been renting the Golf & Ski resort Ostravice for 20 years, and in January 2019, the management agreed to rent the Kaskáda Golf Resort Brno, where it covers the operation of the hotel, restaurant and congress centre. The agreement was signed for 20 years. In the following period, the Issuer plans to expand its golf segment by partnering with Golf Resort Olomouc. Furthermore, the Issuer plans to expand its business activity in the utilisation of lodging capacities for third parties, specifically the new hotel and boarding house in Bešeňová and the new Chalets Jasná Collection.

### **3rd pillar: Continuous improvement of quality of operations and services**

The Group intends to considerably increase the number of visitors by a genuine concentrated focus on the customer. The strategic steps to achieve this objective include increased complexity and quality of provided services. The Group expands the range of attractions on offer and improves the quality of ski schools, ski equipment rentals and restaurant options on the slopes. The Group also continuously improves the offer of après-ski options, attempts to optimise the transport facilities into the resorts, and cooperates with local business and public administration entities within regional associations and clusters.

Instead of competing, the Group wants to build on their success and give their visitors easy access to its adjacent mountain resorts and amusement parks and offer a wide range of attractions such as activities for children, adrenaline sports for young people (e.g. bike parks) or relaxation areas. In terms of accommodation, the Group focuses on four-star hotels and improving their wellness and catering services.

Other strategic steps include: increased focus on wealthier clients, necessary quality of management and operating staff, and a sophisticated marketing strategy. Another key to the Group's growth is innovation. The Group tries to set trends in tourism. The GOPASS loyalty program allows clients to shop online through the application and collect points in the Group's shops when using its services, while receiving discounts. In addition, GOPASS serves the Group as a tool for customer relationship management and direct marketing. In 2015, the GOPASS loyalty program also won an international award at The Loyalty Awards in London, where it won in the following categories: The Best Loyalty Program Of The Year In The Tourism Sector (airlines, hotels, destinations), the Best Loyalty Program In Central And Eastern Europe and the Best Customer Relationship Management (CRM) in the loyalty program for work in direct marketing.

Under this pillar, the Group makes full use of synergies between its segments and subsegments, thus being able to constantly streamline the services offered as well as expand its range of products and services, such as the ability to use the services of several mountain resorts and aqua parks when buying only one ticket.

(d) **Main markets**

The target segment of the Group are tourists from the countries of Central and Eastern Europe, especially from Slovakia, Czech Republic, Poland and Russia. 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. According to the International Monetary Fund (the **IMF**), gross domestic product grew by 2.9% worldwide in 2019.<sup>5</sup> However, according to the European Bank for Reconstruction and Development (the **EBRD**), the economic situation in the CEE region, despite growing at 2.6%, did not reach the same level of acceleration in economic activity as in 2018 and 2017 (3.4% in 2018 and 3.8% in 2017). In the context of the unprecedented situation in connection with the COVID-19 pandemic, it can be assumed that the slowdown in the region will continue more significantly in the coming period. According to the EBRD, given restrictions in the form of curfews and restrictions on movement, they will result in the greatest disruption to the standard functioning of economic relations since World War II.<sup>6</sup> In the context of the IMF's further development in 2020, it also envisages a decline in the world economy of more than 4%, stressing that the impact of the pandemic on economic development will be much greater than it was during the 2008 and 2009 financial crises. However, after the situation stabilises, according to the IMF, the world economy should grow by 5.2% in 2021.<sup>7</sup>

**Slovak Republic**

Over the recent years, Slovakia recorded one of the highest economic growths in the EU, primarily thanks to external demand and positive trade balance. This trend, from which the Slovak open economy has benefited robustly in recent years, slowed down in 2019, when the country's gross domestic product (the **GDP**) grew by only 2.3%. It was favourably affected by high household consumption, exacerbated by record low unemployment and rising average wages. Given the unprecedented situation in connection with the COVID-19 pandemic, the IMF expects the GDP in Slovakia to fall by 6.2% and inflation by 1% in 2020.<sup>8</sup>

**Czech Republic**

According to the Czech National Bank, the Czech Republic's GDP growth slowed down to 2.4% in 2019, compared with 2.9% in 2018. Due to the continuing emergency situation in the Czech Republic, the decline in the GDP in 2020 is estimated at -8% also due to the already observed drop in foreign demand and lower capital formation in the first quarter (1Q) 2020. In 2021, the economy is expected to recover at a rate of 5.8%.<sup>9</sup>

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<sup>5</sup> International Monetary Fund (IMF): World Economic Outlook, October 2020: A Long and Difficult Ascent, published in October 2020, available at the hyperlink: <https://www.imf.org/en/Publications/WEO/Issues/2020/09/30/world-economic-outlook-october-2020#Full%20Report%20and%20Executive%20Summary>.

<sup>6</sup> European Bank for Reconstruction and Development (EBRD): Regional Economic Prospects in EBRD Countries of Operations: April 2020 Update, published in April 2020, available at the hyperlink: <https://www.ebrd.com/cs/Satellite?c=Content&cid=1395289845931&d=&pagename=EBRD%2FContent%2FDownloadDocument>.

<sup>7</sup> International Monetary Fund (IMF): World Economic Outlook, October 2020: A Long and Difficult Ascent, published in October 2020, available at the hyperlink: <https://www.imf.org/en/Publications/WEO/Issues/2020/09/30/world-economic-outlook-october-2020#Full%20Report%20and%20Executive%20Summary>.

<sup>8</sup> *Ibidem*.

<sup>9</sup> Czech National Bank: Financial Market Inflation Expectations, published in May 2020, available at the hyperlink: [https://www.cnb.cz/export/sites/cnb/cs/financni-trhy/galleries/inflacni\\_ocekavani\\_ft/inflacni\\_ocekavani\\_ft\\_2020/C\\_inflocek\\_05\\_2020.pdf](https://www.cnb.cz/export/sites/cnb/cs/financni-trhy/galleries/inflacni_ocekavani_ft/inflacni_ocekavani_ft_2020/C_inflocek_05_2020.pdf)

## Poland

Poland's GDP growth slowed down to 4.1% in 2019. Poland is also dependent on international trade, especially within the EU, and the coronavirus crisis is expected to hit it more drastically than the 2008-2009 financial crisis, despite a large domestic market. With the help of the Polish government, the impact of the corona crisis in 2020 could be only a 3.5% decline in the GDP, followed by an increase of 4% in 2021.<sup>10</sup>

## Austria

According to the Organisation for Economic Co-operation and Development (the **OECD**), Austria's GDP growth at 2.3% in 2018 slowed down to 1.4% in 2019.<sup>11</sup> The rapid spread of COVID-19 has also affected the Austrian economy. Government and European regulations against the spread of coronavirus have hit both the demand and supply sides. Therefore, Austria's GDP is projected to decline by 5.5% in 2020, more than during the 2008-2009 financial crisis. GDP growth in 2021 is expected to return to 5%.<sup>12</sup>

## Russian Federation

After several years of modest economic growth of around 1.5%, in the coming period, in addition to the direct consequences of the COVID-19 pandemic, the Russian economy will be struggling mainly with low oil prices, as, according to the EBRD, it is still significantly dependent on them. As much as 30% of Russia's GDP comes from the sale of oil. The likely response to the situation with low oil prices on the market will be the weakening of the Russian ruble and rising inflation.<sup>13</sup> Despite the high level of uncertainty, the IMF expects the GDP to fall to 5.5% and inflation to 3.8% for the Russian Federation.

## Tourism

The number of international tourist arrivals measured by the methodology of the World Tourism Organization (the **UNWTO**) increased year-on-year in 2019 after a record growth in 2018, by 4% (in 2018 it was 6%), reaching an absolute all-time high of 1.5 billion passengers.

The most significant percentage increase of all regions was recorded in the Middle East (8%), followed by the Asia-Pacific region (5%). The Africa and Europe regions both achieved growth of 4%. The weakest results were recorded in America, where growth reached only 2%, with the Caribbean growing the most significantly (+5%).<sup>14</sup>

In 2019, Europe confirmed its position as the region with the highest absolute number of international arrivals (742 million), despite several uncertainties (Brexit or the collapse of the Thomas Cook travel agency). Year-on-year, 26 million more passengers visited it last year. The largest increases were again recorded in the region of Southern Europe and the Mediterranean (+6%). Central Europe grew by 4%. Western Europe showed growth of 2% and the lowest growth was recorded in Northern Europe (1%).<sup>15</sup> The European countries with the largest increase in international arrivals in 2019 were Montenegro (+21%), Turkey (+14%), Latvia (+10%) and Slovakia (+9%).<sup>16</sup>

Due to the fact that tourism is one of the sectors most affected by the pandemic caused by the coronavirus COVID-19, the UNWTO anticipates a 20-30% year-on-year decline for 2020 in international arrivals in connection with the pandemic, which could mean USD 300-450 billion less travel costs across all markets.<sup>17</sup> This trend will undoubtedly significantly affect the overall development of tourism in the region of Central and Eastern Europe, in which the Issuer operates.

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<sup>10</sup> European Bank for Reconstruction and Development (EBRD): Regional Economic Prospects in EBRD Countries of Operations: May 2020 Update, published in May 2020, available at the hyperlink: <https://www.ebrd.com/what-we-do/economic-research-and-data/rep.html>.

<sup>11</sup> Economic Survey of the Organisation for Economic Co-operation and Development (OECD): Austria 2019, published in October 2019, available at the hyperlink: [https://www.oecd-ilibrary.org/economics/oecd-economic-surveys-austria\\_19990189](https://www.oecd-ilibrary.org/economics/oecd-economic-surveys-austria_19990189).

<sup>12</sup> European Commission: European Economic Forecast: Spring 2020. Institutional paper 125. Published in May 2020, available at the hyperlink: [https://ec.europa.eu/info/sites/info/files/economy-finance/ip125\\_en.pdf](https://ec.europa.eu/info/sites/info/files/economy-finance/ip125_en.pdf).

<sup>13</sup> European Bank for Reconstruction and Development (EBRD): Regional Economic Prospects in EBRD Countries of Operations: April 2020 Update, published in April 2020, available at the hyperlink: <https://www.ebrd.com/cs/Satellite?c=Content&cid=1395289845931&d=&pagename=EBRD%2FCContent%2FDownloadDocument>.

<sup>14</sup> World Tourism Organization (UNWTO): World Tourism Barometer N°18 JANUARY 2020, published on 19 January 2020, available at the hyperlink: <https://www.unwto.org/world-tourism-barometer-n18-january-2020>.

<sup>15</sup> *Ibidem*.

<sup>16</sup> European Travel Commission: European Tourism in 2019: Trends and Prospects (Q4/2019), published in February 2020, available at the hyperlink: <https://etc-corporate.org/reports/european-tourism-2019-trends-prospects-q4-2019/>.

<sup>17</sup> World Tourism Organization (UNWTO): Tourism and COVID, available at the hyperlink: <https://www.unwto.org/tourism-covid-19>.

However, in addition to macroeconomic developments, other factors may also affect the Issuer's management. For example, the Tourism Competitiveness Index (developed by the World Economic Forum) measures factors and rules that have an impact on the competitiveness of the travel and tourism sector in individual countries in the context of the legal, commercial, cultural and natural environment. According to the index in 2019, the countries of the CEE region, which were rated higher than Slovakia, namely the Czech Republic (38), Poland (42), Hungary (48) and Russia (39), all improved year-on-year, while Slovakia, which fell from 59th place in 2017 to 60th place, is perceived as the least attractive, except for Ukraine, ranked 87th.<sup>18</sup>

### **Slovak tourism**

Apart from the majority of domestic tourists, Slovakia is mostly visited by tourists from neighbouring countries, with the majority of tourists in 2019 came from the Czech Republic (33.7% or 777,000) and Poland (9.3% or 240,000). They were followed by German tourists (7.5% or 182,000). In 2019, the number of international tourist arrivals increased by 9.7% to a record 2.5 million. The number of domestic tourists in 2019 also increased by 18.5% to 3.9 million. The ratio of domestic to foreign tourists has been around 60/40 for a long time.<sup>19</sup> In the first quarter of 2020, the total number of visitors to Slovakia decreased by 13.7% to 1.1 million. Foreign visitors accounted for 35%.<sup>20</sup>

### **European mountain tourism**

For the business activities of the Issuer focused on operation of ski resorts is the relevant market Europe as such, in particular the region of Central and Eastern Europe. In Europe, the biggest skiing destinations are the Alpine countries: Austria, France, Switzerland, Germany, and Italy. On a global scale, the Alps hold the biggest market share representing 44% of the total number of skier visits (so-called person days).<sup>21</sup> The second most important is North America with 21%. Central and Eastern Europe is attractive to only 9% of skiers even though this area produces 13% of all skiers worldwide. Since the beginning of the new millennium, world ski destinations have experienced a declining trend in the number of person days, especially Western European traditional ski destinations, despite global population growth as well as the growth of person days in the world. One of the reasons is the aging population and also the difficulty in promoting skiing among young people. This represents an opportunity for the CEE region to increase the supply of ski resorts at least to meet regional demand and even attract more foreign skiers. From among the Alpine countries, the majority of bigger ski resorts (with more than 1 million skier visits) is in France and Austria: 13 and 16 in both, and France is also the most popular destination among skiers: 53.2 million (average for five years), whereas Switzerland has the highest share of domestic skiers: 35%, and Germany has the highest number of domestic skiers: 14.6 million.<sup>22</sup> Mountain tourism in general requires extensive capital because lifts and other equipment used in resorts require big investments that constitute a big barrier to entry. Another critical criterion is the resort's location since skiing requires mountain areas with moderate/cooler climate.

In terms of the attributes of mountain resorts, they differ in size, ownership and level of infrastructure. In some Alpine countries, they are usually operated by a number of small private operators who cooperate with local governments and promote the resort or the mountain region as a whole. This is true for Italy, Switzerland or Austria. On the other hand, in France, operation of most big ski resorts is concentrated in the hands of a single big operator. German resorts are also fragmented, but to a lesser degree than resorts in other Alpine countries.<sup>23</sup> Big Alpine resorts usually offer top-class infrastructure and facilities, more than 100 km of ski slopes, transport capacity of more than 50,000 persons an hour and more than 30 ski lifts. They also reinvest large sums of money in improving the resorts. TMR resorts can be compared to medium-sized Alpine ski resorts.

### **Mountain tourism in the CEE region**

In the CEE region, Russia has the most ski locations – 354, although only about 67 have more than 5 ski lifts and most areas have limited infrastructure. It is followed by Poland with 182, the Czech Republic with 191

<sup>18</sup> World Economic Forum. Travel and Tourism Competitiveness Index 2019, available at the hyperlink: <https://www.weforum.org/reports/the-travel-tourism-competitiveness-report-2019>.

<sup>19</sup> Ministry of Transport and Construction of the Slovak Republic. Accommodation statistics on tourism in Slovakia 2019, available at the hyperlink: <https://www.mindop.sk/ministerstvo-1/cestovny-ruch-7/statistika/ubytovacia-statistika/rok-2019>.

<sup>20</sup> Ministry of Transport and Construction of the Slovak Republic. Accommodation statistics on tourism in Slovakia for the 1st quarter 2020, available at the hyperlink: <https://www.mindop.sk/ministerstvo-1/cestovny-ruch-7/statistika/ubytovacia-statistika/rok-2020>.

<sup>21</sup> The number of ski visitors is measured in terms of person days, i.e. one person who has visited the ski resort any part of the day or night for the purpose of skiing, snowboarding or other type of downhill. For example, a 4-day ticket means four visitors.

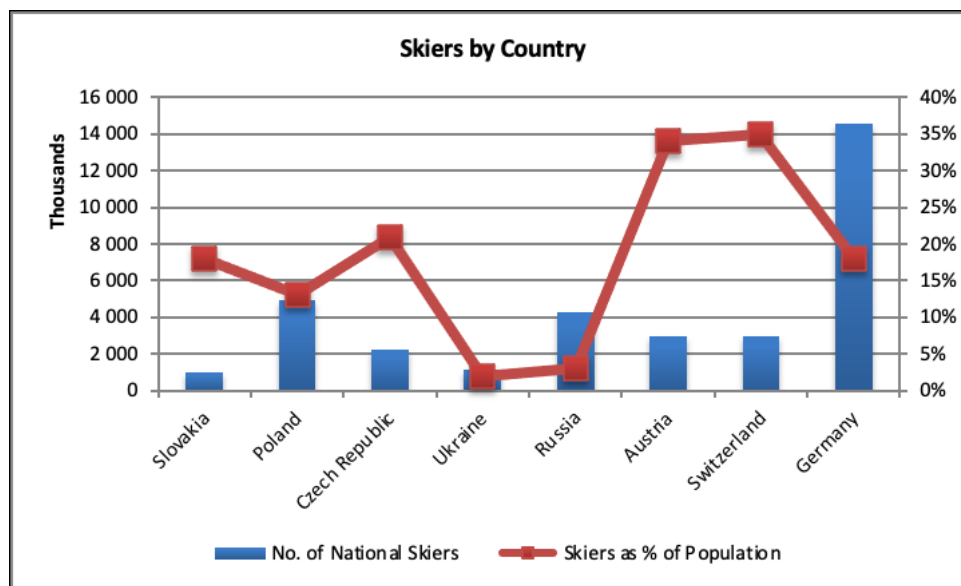
<sup>22</sup> Laurent Vanat: 2020 International Report on Snow & Mountain Tourism, 12th edition published in April 2020, available at the hyperlink: <https://www.vanat.ch/RM-world-report-2020.pdf>.

<sup>23</sup> *Ibidem*.

locations and Slovakia with about 107 resorts. Polish ski areas are mostly small, suitable for beginners and the Czech ones are mostly located at an altitude of 1300 metres above sea level. On average over the last 5 years, Russia recorded the highest number of skier visits during the winter season: 7.4 million, followed by the Czech Republic: 5.8 million, Slovakia and Poland: both with estimated 3.9 million. As far as domestic skiers are concerned, the winter sports in Poland are getting popular, as Poland has the highest absolute number of skiers: 5 million, which represents 3% of its population. This share has more than doubled year-on-year since 2013, which represents a huge growth potential in this market. Slovakia and Czech Republic has substantially higher percentage of skiers: 18% and 22% respectively, even though in absolute numbers, much more skiers lives in the Czech Republic: 2.2 million. Slovakia has a competitive advantage because 80% of its territory is located above 750 metres above sea level and includes the highest mountain range, the Tatras region, with the highest peak, Gerlachovský, at 2,655 metres.<sup>24</sup>

Regional mountain tourism still represents room for growth compared to the saturating alpine resorts. Besides investments in the resorts' infrastructure and facilities, the visible trends include a broadening of the scale of services in mountain resorts such as skiing schools, ski services and stores as well as non-skiing activities such as après ski bars, night life, restaurants, wellness, family activities and events. For summer activities, emphasis is put on adrenaline sports, summer events for families, bicycle riding, which emphasis is evidenced by increased construction activity in resorts, cycling tourism and increased marketing activities. Mountain resorts tend to spread technical snow. Visitors to mountain resorts were also attracted by offers of accommodation packages and ski passes; this trend is therefore expected to continue. Another trend in mountain resorts is consolidation of marketing activities of an high-alpine destination or region and mutual cooperation between operators of mountain resorts. Regional tourism organisations in Slovakia, for example, are associated in destination management. These trends can also be seen in all locations operated by the Issuer. The Issuer also cooperates with other operators of mountain resorts in the area in marketing.

The graph below shows the distribution of skiers by country.



### Mountain tourism - comparison<sup>25</sup>

Country	Number of ski areas	Number of major resorts (more than 1 million skier visits)	Number of skier visits	Share of domestic skiers (in % of population)	Number of domestic skiers	Percentage of foreign skiers
<b>Alpine countries</b>						
Austria	253	16	52,540,000	34.0%	2,960,000	66%
France	317	13	52,809,000	13.0%	8,574,000	27%

<sup>24</sup>

*Ibidem.*

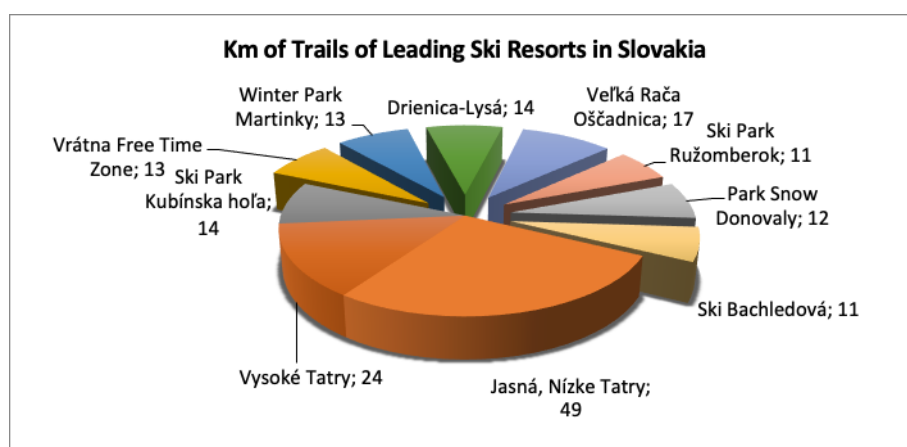
<sup>25</sup>

Laurent Vanat: 2020 International Report on Snow & Mountain Tourism, 12th edition published in April 2020, available at the hyperlink: <https://www.vanat.ch/RM-world-report-2020.pdf>.

Italy	349	7	27,749,000	12.0%	7,266,000	35%
Switzerland	186	5	22,769,000	35.0%	2,959,000	46%
Germany	498	0	9,153,000	18.0%	14,607,000	10%
United States	481	6	54,749,000	8.0%	25,017,000	6%
<b>Central and Eastern Europe</b>						
Czech Republic	191	0	6,185,000	21.0%	2,236,000	30%
Slovenia	44	0	1,212,000	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	8,168,000	3.0%	4,275,000	5%
Slovak Republic	107	0	5,000,000	18.0%	979,000	25%

### Mountain tourism in Slovakia

The Group is the undisputed leader in the Slovak mountain tourism market in terms of the number of its resorts, ski lifts, transport capacity, length of ski slopes and ski lifts. Mountain resorts in Slovakia are mostly run by small private entrepreneurs in cooperation with local governments and national parks. Overall, there are some 107 ski locations in Slovakia and some 47 major ski resorts (three-, four-, and five-star). When comparing the individual resorts and the length of their ski slopes, the Group with its resorts Jasná Nízke Tatry (49 km) and Vysoké Tatry – Tatranská Lomnica, Starý Smokovec and Štrbské pleso (24 km) is the biggest in Slovakia, followed by Veľká Rača Oščadnica (17 km) Vrátna Free Time Zone (13 km), Skipark Kubínska Hoľa (14 km), and Winter Park Martinky (13 km).<sup>26</sup>



### Mountain tourism in Austria

Austria is one of the European alpine countries with the largest number of ski resorts with more than a million ski visitors a year, also thanks to the ski lifts connecting its resorts. It operates the most ski lifts in the world, about 3,000, at the level of France and the United States. It also has one of the highest shares of domestic skiers of the total population, 34%, one of the highest visits by skiers in the world – 51.8 million (5-year average), of which 66% are foreigners, the largest share in the world. Traffic is constantly growing despite problems in other Western markets. Austrian ski resort operators have been investing heavily in the development of ski infrastructure over the last 15 years. Some resorts have joint marketing campaigns that allow them to ask for higher prices, and the number of interconnected resorts has been increasing in recent years.<sup>27</sup>

<sup>26</sup> The Issuer's own analysis based on information from the websites of individual resorts and information available at the hyperlink: <https://www.skiresort.info/>.

<sup>27</sup> Laurent Vanat: 2020 International Report on Snow & Mountain Tourism, 11th edition published in April 2020, available at the hyperlink: <https://www.vanat.ch/RM-world-report-2019.pdf>.

### Hotel market in the region

Despite a 4% increase in the number of international arrivals, the indicator of the return from the available room (the **RevPAR**) expressed in euros on the European market in 2019 increased by only 2.5%. The reason for the lower growth compared to 2018, when RevPAR grew by 5%, was mainly the drop in the number of Chinese tourists at the end of the year due to COVID-19, but also the overall economic slowdown in the region during the year, due to which average room prices did not grow as fast as in previous periods.<sup>28</sup>

Until last year, the hotel market in Slovakia continued the growth trend that began in 2015. In 2019, revenues from accommodation in hotels increased year-on-year by a total of 20.4% to 516.2 million EUR.<sup>29</sup> Hotels of the Issuer are located in their mountain resorts, golf resorts and in Aquapark Tatralandia. The majority of clients is using the Issuer's hotel services when visiting these resorts. Therefore, the Issuer's hotels are competing for clients with lodging providers in the given resort and its surroundings. During the winter season, the performance of hotels is significantly determined by the performance of mountain resorts. In Aquapark Tatralandia, there is a single lodging facility, so the Issuer has a monopoly position there. In mountain resorts, there are other, mostly private, operators of resort hotels, boarding houses, apartments and chalets. The region, which includes Jasná Nízke Tatry and Tatralandia, followed an overall positive trend in 2019 and recorded an 18.7% increase in hotel revenues. The region, which includes the High Tatras, showed an increase of 27.2% in 2019.<sup>30</sup> Two rented golf hotels in Czech golf resorts are the only ones in the given resorts, therefore their location represents a great competitive advantage in individual locations and visitors to the resorts usually choose these hotels. The rating of the Issuer's hotels is two to four stars. In the resort, majority of hotels of its competitors is in lower categories. A trend in hotels located in resorts is a close cooperation with operators of mountain resorts whose aim is to attract clients using special offer packages. The hotel market in the Issuer's resorts is not yet saturated, due to the significant investments made by the Issuer over the recent years, so these resorts are still attractive to new investors.

### Aquapark trends in the region

There are some 12 aquaparks and thermal spas in Slovakia. Aquapark Tatralandia ranks among the top three parks in terms of size, traffic and range of offered services. The number of visitors of aquaparks is determined primarily by the scope and quality of offered services. As for the target group of aquaparks, aquaparks have a growing number of visitors and a growing share of solvent visitors who are willing to pay more when visiting aquaparks and demand ever higher quality and an offer of constantly new, tailor-made services. The GOPASS loyalty system helps the Issuer in this. Another observable trend is the return of the predominant Slovak clientele, in contrast to the past until 2009, when clients from Poland predominated. Aquaparks also record an increasing number of families with children, who are looking for a wide range of activities, even outside the water attractions. The demand for quality requires quality staff, which increases the personnel costs for operators, as aquaparks are mainly seasonal and weekend business. Solutions are sought in automation and at the Issuer's transfer of employees from mountain resorts in the winter to amusement parks in the summer. The trend is also a gradual investment in the development of parks, especially in year-round attractions. The advantage of the competition is the year-round aquaparks, independent of the weather.<sup>31</sup> Competition in neighbouring countries is of particular relevance near the border – there are three aquaparks near Slovakia in Poland, nine in the Czech Republic, and seven in Hungary.

### Regional trends in amusement parks

The CEE region is characterised by a lack of amusement parks at the level of Western Europe, where most of the 300 parks are located, with annual revenues of around 4.5 billion EUR. There are about 30 parks in Europe with an average annual attendance of 1-2 million. In Poland, there are about 45 amusement parks of various sizes and with different themes. They can be divided into several groups based on their main concept – amusement parks, western parks, fairytale parks, dinosaur adventure parks and miniature parks. Most are dinosaur parks (19) and miniature parks (13). These should be considered as a substitute rather than as direct competitors of the TMR's Legendia – Silesian Amusement Park. There is only one amusement park of

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<sup>28</sup> European Travel Commission: European Tourism in 2019: Trends and Prospects (Q4/2019), published in February 2020, available at the hyperlink: <https://etc-corporate.org/reports/european-tourism-2019-trends-prospects-q4-2019/>.

<sup>29</sup> Statistical Office of the Slovak Republic: development of tourism in lodging facilities in the Slovak Republic 12/2019, published on 21 February 2020, available at the hyperlink: <https://slovak.statistics.sk/PortalTraffic/fileServlet?Dokument=826fe6e5-f58e-480b-aa47-76488f578340>.

<sup>30</sup> *Ibidem*.

<sup>31</sup> Trend: Guests are becoming more demanding. However, the big three are doing well. The article was published on 3 August 2019 and is available at the hyperlink: <https://www.etrend.sk/trend-archiv/rok-2019/cislo-29/velkej-trojke-sa-dari-a-nielen-jej.html>.



comparable size and with a comparable number of attractions as the Silesian Amusement Park and it is also located in Silesia.

#### Regional trends in golf resorts

There are about 100 golf courses in the Czech Republic, where TMR operates two golf resorts. Golf & Ski Resort Ostravice and Golf Resort Kaskáda are among the top 10 golf resorts in the Czech Republic.<sup>32</sup> There are more than 20 golf courses in neighbouring Slovakia and 55 in Austria. Trends in the regional golf industry include a focus on technology, as online presence, functional reservation systems or rating websites are essential for golf resort operators. The promotion of the resorts is important, so the operators of the resorts organise professional tournaments and provide additional services. Visitors emphasise the quality of accommodation and catering services in the resorts. Another decisive factor for golfers is access to “tee time”. The demand of golfers for golf travel is also constantly growing. Half of European golfers travel to golf individually and half use the services of travel agencies, mostly older players.<sup>33</sup>

#### Regional trends in the real estate market

Performance of regional real estate markets will be driven by demand stability affected by macroeconomic developments, labour market events, income growth and access to bank financing. In recent years, the Slovak investment market has experienced another strong period, resulting in, for example, a volume of transactions in 2018 of approximately EUR 820 million. The sectoral distribution of revenue-producing assets consisted mainly of retail and office space. The year 2018 was strong in apartment buildings, where supply still cannot satisfy demand. However, construction costs increased due to a lack of construction capacity. Investment in hotels and holiday apartments has grown in recent years. The beginning of 2019 continued the positive trend with a large number of new projects, although several segments of the real estate market began to slow down due to uncertainties regarding Brexit, world trade and political wars.<sup>34</sup> According to JLL Slovensko, the total volume of investments in the Slovak real estate market in 2019 reached EUR 770 million, with a significant part of this volume (40%) going to office buildings.<sup>35</sup> The real estate market in the Jasná resort has also flourished in recent years with new projects, such as the 5-star hotel complex under construction or the next stages of Chalets Jasná. In the High Tatras, especially in the vicinity of Tatranská and Veľká Lomnica, there are several real estate projects in the phase of preparation or implementation, even under the Issuer.<sup>36</sup>

## **4.4 Organisational structure**

### **(a) Issuer’s position within the Group**

The Issuer is not controlled by any other person. All shareholders of the Issuer who hold an interest in the registered capital of the Issuer exceeding 5% are set out in paragraph 4.8(a) “*Control over the Issuer*”.

The Issuer owns shares in several companies as set out below.

### **(b) Organisational structure of the Group**

The Issuer control the Group and is not controlled by any person. The structure of the Group is as follows, with the stated percentages corresponding to the percentages of shares in the registered capital as well as in the voting rights:

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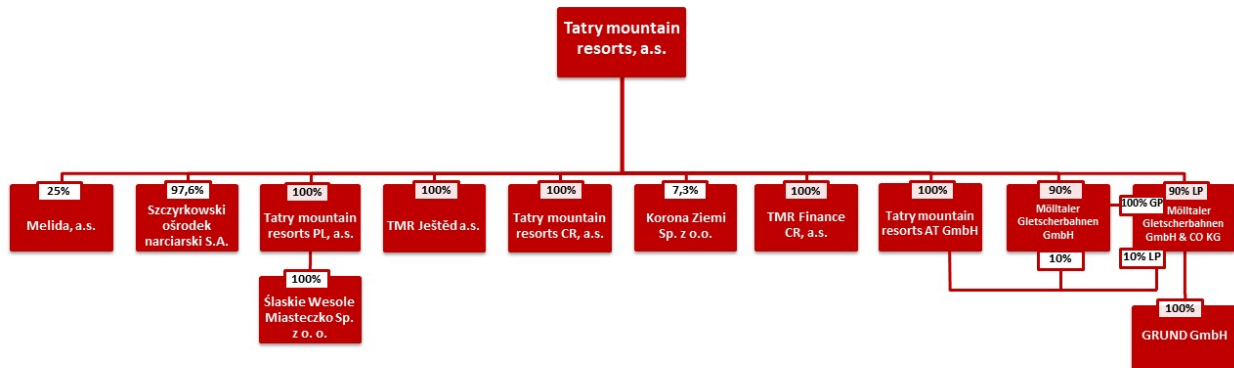
<sup>32</sup> According to the rankings or evaluations published on the website <https://www.nagolf.eu/> and <https://forbes.cz/>.

<sup>33</sup> Golfextra: 10 trends in golf travel, what is in in 2018? The article was published on 8 March 2018 and is available at the hyperlink: [www.golfextra.cz/detail/3477/10-trendu-cestovani-za-golfem-co-frci-v-roce-2018](http://www.golfextra.cz/detail/3477/10-trendu-cestovani-za-golfem-co-frci-v-roce-2018).

<sup>34</sup> Trend, Banks: Inexperienced developers in the market is growing. The article was published on 5 June 2019 and is available at the hyperlink: <https://reality.etrend.sk/reality-biznis/trh-rastol-mnoziasa-vsak-slovicka-ale.html>.

<sup>35</sup> JLL Bratislava City Report 4Q 2019, available at the hyperlink: <https://www.jll.sk/content/dam/jll-com/documents/pdf/research/jll-bratislava-city-report-q4-2019.pdf>.

<sup>36</sup> Trend: Another zone of holiday homes near the golf course below the Tatras. The article was published on 5 February 2015 and is available at the hyperlink: <https://reality.trend.sk/komercne-nehnutelnosti/pri-golfovom-ihrisku-tatrami-dalsia-zona-rekreativnych-domov>.



(c) **Dependence of the Issuer upon the entities within the Group**

The Issuer is not controlled by any person and, as the parent company of the Group, is not significantly dependent on any of its subsidiaries.

**4.5 Trend information**

(a) **No adverse change in the prospects**

In addition to the negative impact of the COVID-19 pandemic and related public health protection measures, the Issuer represents that there has been no material adverse change in its prospects since 31 October 2019, the date on which the Issuer’s last audited consolidated financial statements were prepared.

(b) **Information on any trends, uncertainties, demands, commitments or events that will have a material effect on the Issuer’s prospects**

The Issuer will be affected by the tourism trends in the region of Central and Eastern Europe, the trends in the Slovak tourism and in particular the trends in the Slovak hotel market, the trends in the aquapark market as well as the trends in the real estate market described in paragraph 4.3(d) of the Prospectus headed “*Main markets*”; if these represent a significant risk, also in the applicable paragraphs of clause 2.1 of the Prospectus headed “*Risk factors related to the Issuer and its Group*”.

In particular, the COVID-19 pandemic has had an impact on the management of the Issuer and the Group since the end of the 2019/2020 winter season. Due to preventive measures against the spread of the disease COVID-19, all mountain resorts, amusement parks and hotels of the Group in all countries were closed from mid-March until the end of the season. This resulted in a shortfall in sales, but as government measures became effective only after the main season, the shortfall in sales is not as significant, because the Issuer managed to realise sales from the winter season. The impact of the restrictive measures during the summer season (for the period from 1 May 2020 to 30 September 2020) on financial performance compared to the previous year was reflected in certain declines in sales in individual segments. Total sales deteriorated by -15.7% year-on-year in the summer season; sales of cableway tickets for the period decreased by -16.7%, sales of the Amusement Parks segment decreased by -34.9%, sales in the golf segment increased by +18.6%, sales in restaurants

decreased by -11.7%, sales in sports services and stores decreased by -18.2% and hotel sales decreased by -5.3%. On the contrary, sales in the golf segment improved by +18.6%. The Issuer's management responded to the loss of sales with measures to reduce costs. The management also pays great attention to the preparation for the winter season, communicates with experts so that the companies in the Group can react flexibly to restrictive measures and at the same time maximise the potential for revenue development.

With regard to the business plan for the current financial year 2020/21, in view of the development of the COVID-19 pandemic, the Issuer takes into account several variants of the development of the financial condition. Because the situation is constantly changing, it is currently not possible to set a fixed budget. The Issuer's plan is to maintain financial stability during the crisis period and to safely continue its operations safely in future periods. Due to this, the Issuer is still adjusting its operational financial plans and does not disclose a specific plan.

In the event of a worse development of the COVID-19 pandemic in the winter months, the Issuer and the Group plan to switch to a massive "cost-saving regime" on the cost side and postpone all planned investments for the next year. The Group is not currently committed to any significant investment that cannot be withdrawn. Due to the liquidity solution, the Group has already started active negotiations with its financial creditors on the possibility of postponing loan repayments by one year, or discussions on the possibility of utilising new bridging loans to cover its operating costs and maintain financial stability. For the time being, the Group is able to fulfil its obligations under loans and issued bonds under unchanged conditions. In the case of bonds, the Issuer shall pay only interest payments during the following year, except for the redemption of TMR II 6,00%/2021 bonds, ISIN: SK4120009614, in the amount of EUR 110 million. In the case of a longer duration of the COVID-19 pandemic and financial difficulties, the Group is able to defer the payment of interest after approval by major bondholders, i.e. those who own more than 10%. The Group also has the option of using an approved overdraft facility, which will be used by the Group to ensure continuity in cash flows.

The Issuer is not aware of any other trends, uncertainties, demands, commitments or events that should be reasonably likely to have a material effect on the Issuer's prospects for at least the current financial year.

#### **4.6 Profit forecasts and estimates**

For the financial year 2019/2020 beginning on 1 November 2019, the Issuer did not publish any profit forecast or estimate and is not publishing the same in this Prospectus.

#### **4.7 Administrative, management and supervisory bodies**

The Issuer is a joint-stock company organised and existing under the laws of the Slovak Republic. The management body of the Issuer is its board of directors and the supervisory body of the Issuer is its supervisory board.

##### **(a) Members of management and supervisory bodies**

###### *Board of directors of the Issuer*

The board of directors is the statutory body of the Issuer. The board of directors is managing the activities of the Issuer and decides on all matters of the Issuer, unless a matter is reserved for the general meeting or the supervisory board by law or the Issuer's articles of association. Among other documents, the board of directors submits to the supervisory board for approval a draft investment and financial plan and is responsible for its implementation. The board of directors submits to the general meeting for approval the articles of association of the Issuer. The board of directors convenes the general meeting at least once a year.

In all matters, two members of the board of directors acting jointly are authorised to act on behalf of the Issuer. The board of directors has no statute and no committees.

The board of directors has four members elected and removed by the Issuer's general meeting. Only a natural person may become a member of the board of directors. The term of office of a member of the board of

directors is five years. Members of the board of directors are elected and removed by the supervisory board. Members may be re-elected. The supervisory board will also determine which member of the board of directors shall be its chairman and vice chairman.

The board of directors meets as and when necessary, in any case at least once in two months. The board of directors has a quorum if a simple majority of all its members is present at its meeting. A decision of the board of directors is adopted if the simple majority of all its members voted for it.

Ing. Igor Rattaj is the chairman of the Issuer's board of directors. Members of the Issuer's board of directors are Ing. Jozef Hodek and Čeněk Jílek, MBA. The business contact address of the chairman of the board of directors and all members of the board of directors is Demánovská Dolina 72, 030 01 Liptovský Mikuláš. An overview of the relevant information about members of the Issuer's board of directors is given below.

### **Ing. Igor Rattaj**

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**Title, and since:**

Chairman of the board of directors, since 28 May 2020

**Education, practice and other relevant information:**

Ing. Rattaj was first elected chairman of the board of directors in May 2020. Until September 2019, he served on the Issuer's supervisory board from 29 June 2009, when he was elected by the general meeting as a member of the supervisory board and re-elected as a member of the supervisory board by the general meeting held on 12 April 2014. He has extensive experience in finance. He serves as the chairman of the board of directors of GARFIN HOLDING, a.s.. He worked as the Securities Trading Director in J&T Securities. Before that, he served as vice-chairman of the board of directors and the Director of Private Banking in Podnikatel'ská banka in Prague. He graduated from the Slovak Technical University, Faculty of Electrical Engineering in Bratislava.

In addition to serving as chairman of the board of directors of the Issuer, Ing. Rattaj serves as chairman of the board of directors of GARFIN HOLDING, a.s., a member of the board of directors in Algo Financial Technologies, a.s., in Park Orbis Pictus a.s., Czech Republic, in MELIDA, a.s., Czech Republic, in NARCIUS, a.s..

Ing. Rattaj is also a statutory director and a member of the board of directors of HOBACOR, a.s., Czech Republic, and at the same time Ing. Rattaj is also a member of the supervisory board of RIVERSAND a. s., a member of the board of directors of Profimedia.CZ a.s., Czech Republic, SOLIVARY akciová spoločnosť Prešov in bankruptcy, chairman of the board of directors of TMR Ještěd a.s., Czech Republic (until 31 January 2018 Tatry mountain resorts CR, a.s.).

He is a member of the board of directors of J&T Foundation, since 29 May 2018 he has been a member of the supervisory board of isifa a.s., Czech Republic, since 4 September 2018 he has been the executive of HURRICANE FACTORY PRAHA s.r.o., Czech Republic, since 16 February 2018 he has been a member of the board of directors of Tatry mountain resorts CR, a.s., since 8 October 2018 he has been the executive in CARMEN INVEST s.r.o., since 20 December 2017 he has been a member of the supervisory board of CryptoData a.s..

Ing. Rattaj is also a participant in EU GEN s.r.o., since 10 December 2018 he has been a member of the supervisory board of RENTAL LIVE a.s.. Since 30 November 2018 he has been the executive of Muchalogy s.r.o. and since 21 June 2019 he has been the statutory director and a member of the board of directors of DEVEREAL a.s..

As of 20 October 2020, he serves as the executive in the companies KPRHT 5, s. r. o., Thalia s.r.o., C4U, s.r.o., MONTIR, s.r.o. and RCBT, s. r. o, ORBIS NATURA, s.r.o., Czech Republic, MORAVA SPORT, s.r.o., Aerodrome

Promotion s.r.o., Czech Republic and is also a member of the supervisory board of RIVERSAND a. s., Snowparadise a.s., Hurricane Factory a.s., a 100% participant in In Vestito, s.r.o., Czech Republic and a participant in BEB, s.r.o., Czech Republic.

#### **Ing. Jozef Hodek**

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<b>Title, and since:</b>	Member of the board of directors, since 29 June 2009
<b>Education, practice and other relevant information:</b>	<p>Ing. Hodek was first elected as the Issuer's member of the board of directors in June 2009. Ing. Hodek was re-elected as member of the board of directors in 2014 and 2019. With the Issuer, he first served as Chief Financial Officer in 2007; later, he continued his work on the financial consolidation of the companies that are now part of the Group. From 2008 until 2009, he acted as Chief Financial Officer of Tatry mountain resort services, a.s. that merged with the Issuer. He currently serves as the Issuer's CFO. He worked on making the Issuer more efficient, on the issues of new shares and their listing at the BSSE. From 2006 to 2007, he worked in the field of audit at Pricewaterhouse Cooper Slovakia. He graduated from the University of Economics, Faculty of Economic Informatics in Bratislava.</p> <p>Ing. Hodek is a member of the supervisory board of the Polish company Szczyrkowski Ośrodek Narciarski S.A., a member of the supervisory board of Korona Ziemi Sp. z o.o. and a member of the supervisory board of Śląskie Wesołe Miasteczko Sp. z o.o.. Since 5 May 2017 he has been a member of the board of directors of TMR Ještěd a.s. and since 30 September 2017 he has been a member of the supervisory board in Tatry mountain resorts PL, a.s.. Since 3 October 2019 he has been a member of the board of directors of Tatry mountain resorts CR, a.s., Czech Republic, since 14 September 2018 he has been the statutory director and chairman of the board of directors of TMR Finance CR, a.s., Czech Republic and since 9 July 2018 he has been a member of the supervisory board of GARFIN HOLDING, a.s..</p>

#### **Čeněk Jílek, MBA**

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<b>Title, and since:</b>	Member of the board of directors, since 4 June 2020
<b>Education, practice and other relevant information:</b>	<p>Čeněk Jílek has been a member of the Issuer's board of directors since June 2020. Prior to that, he served as manager of Tatry Motion brand stores, which belong to the Issuer, and also served as director of the Špindlerův Mlýn resort. He also gained experience in tourism during seven years as a sales manager in the luxury hotel industry in the Canary Islands. He received his MBA from Bircham International University.</p> <p>Mr. Jílek is also the chairman of the board of directors of MELIDA, a.s., Czech Republic, the vice-chairman of the board of directors of SKOL MAX Ski School, a. s., Czech Republic, a member of the board of directors at HAMBREND a.s., a member of the supervisory board of CAREPAR, a.s., Czech Republic, statutory director and member of the board of directors of TMR Ještěd a.s. (until 31 January 2018 Tatra mountain resorts CR, a.s.), Czech Republic and a participant and executive of Refugio, s.r.o.. Since 16 February 2018 he has been the statutory director of Tatra mountain resorts CR, a.s., Czech Republic and since 14 September 2018 he has been a member of the board of directors of TMR Finance CR, a.s., Czech Republic.</p>

#### *Supervisory board of the Issuer*

The supervisory board is the supreme supervisory body of the Issuer. The supervisory board supervises the board of directors and the performance of the Issuer's business activities. In the cases specified in Section 196a of the Commercial Code, the board of directors may enter relevant agreements only with the prior consent of the supervisory board. Additionally, the supervisory board approves the financial plans submitted by the board

of directors, significant investments and other significant financial and business transactions for the relevant financial year, the rules of remuneration of members of the board of directors and provides the general meeting with the results of its audit activities.

The supervisory board has nine members. As of the date of this Prospectus, it has seven members; two members must be elected in place of two employees' representatives whose term of office has expired. The term of office of members of the supervisory board is five years. Members of the supervisory board are elected and removed by the general meeting. If, at the time of election, the Issuer has more than 50 full-time employees, two thirds of members of the supervisory board are elected and removed by the general meeting and one third by employees of the Issuer. The supervisory board elects the chairman and vice-chairman of the supervisory board from among its members.

The supervisory board consists of the following persons:

- (a) Ing. Bohuš Hlavatý, member of the supervisory board;
- (b) Ing. Andrej Devečka, member of the supervisory board;
- (c) Ing. František Hodorovský, member of the supervisory board;
- (d) Roman Kudláček, member of the supervisory board;
- (e) Adam Tomis, member of the supervisory board;
- (f) Ing. Miroslav Roth, member of the supervisory board; and
- (g) Ing. Pavol Mikušiak, member of the supervisory board.

The business contact address of all members of the supervisory board is Demänovská Dolina 72, 030 01 Liptovský Mikuláš. An overview of the relevant information about members of the Issuer's supervisory board is given below.

#### **Ing. Bohuš Hlavatý**

<b>Title, and since:</b>	Member of the supervisory board, since 28 May 2020
<b>Education, practice and other relevant information:</b>	Until May 2020, Ing. Hlavatý served as the Issuer's chairman of the board of directors and also as the Chief Executive Officer of the Group and under his leadership, the Issuer underwent a successful revitalisation and began to take advantage of the synergies existing within its subsidiaries. Ing. Hlavatý managed a successful issue of the Issuer's shares on the BSSE. Since 2006, he has been acting at several senior management functions in the hotel and tourism sectors in High and Low Tatras. Between 2006 and 2008, he had acted as the General Manager of JASNÁ Nízke Tatry (predecessor to the Issuer) and the General Manager of Tatranské lanové dráhy. Before that, he acted at top management positions in Slovak, Polish and Czech FMCG (fast moving consumer goods) companies, including Wyborova SA (Pernod Ricard Poland) – Sales Director (2001 – 2003) and Seagram Poland – Sales Director (1995 – 2001).

Since November 2006, Ing. Hlavatý has been a participant and executive 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 board of Szczyrkowski Ośrodek Narciarski S.A., Poland and a member of the supervisory board of Śląskie Wesołe Miasteczko Sp. z o.o., Poland. Since 5 May 2017 he has been a member of the board of directors of TMR Ještěd a.s., Czech Republic (until 31 January 2018 Tatry mountain resorts CR, a.s.), since 30 September 2017 he has been the chairman of the supervisory board at Tatry mountain resorts PL, a.s., since 3 October 2019 he has been a member of the board of directors of Tatry mountain resorts CR, a.s., Czech Republic and since 14 September 2018 he has been a member of the board of directors of TMR

Finance CR, a.s., Czech Republic.

### Ing. Andrej Devečka

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<b>Title, and since:</b>	Member of the supervisory board, since 28 May 2020
<b>Education, practice and other relevant information:</b>	<p>Ing. Devečka was elected a member of the supervisory board in May 2020. Prior to that, he had served on the Issuer's board of directors since December 2011. Since 1991, he has been an owner, entrepreneur, co-owner, executive and member of supervisory boards of numerous companies. Before that, he acted as the Senior Manager in the technology engineering company Tesla Liptovský Hrádok. He graduated from the Technical University in Liptovský Mikuláš as an MSc. specialising in microelectronics and laser technology.</p> <p>In addition to serving on the Issuer's board of directors, Ing. Devečka is the executive in HOLLYWOOD C.E.S., s.r.o. and C4U, s.r.o. and since 30 September 2017 he has been a member of the supervisory board in Tatry mountain resorts PL, a.s..</p>

### Ing. František Hodorovský

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<b>Title, and since:</b>	Member of the supervisory board, since 18 January 2011
<b>Education, practice and other relevant information:</b>	<p>In January 2011, Ing. Hodorovský was first elected a member of the supervisory board by the general meeting and re-elected in April 2016. Since 1996, he worked as general counsel, partner and shareholder of several companies doing business in tourism. Hodorovský graduated from the University of Economics in Bratislava, Faculty of Business Management.</p> <p>Besides serving as a member of the supervisory board of the company, Ing. Hodorovský serves as executive in DITERGO, 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. and is also a participant in E-is-W, s.r.o. and DITERGO, s.r.o..</p>

### Roman Kudláček

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<b>Title, and since:</b>	Member of the supervisory board, since 21 April 2012
<b>Education, practice and other relevant information:</b>	<p>Mr. Kudláček was elected a member of the supervisory board in April 2012 by the general meeting and re-elected in 2017. He has extensive experience in mechanical engineering. In the past, he served as chairman of the board of directors of K&amp;M, a.s. and from 2001 to 2008, he was an executive of Liptosol, s.r.o. in Liptovský Mikuláš. Before that, he served as chairman of the board of directors of the machine engineering company LIPTOVSKÉ STROJÁRNE plus, a.s. (1997 – 1999). From 1993 to 1999, he acted as an executive of RBL, s.r.o.. Previous years, he had been doing business in retail.</p> <p>Besides serving on the supervisory board of the company, Mr. Kudláček acts as an executive for NORDBELL s.r.o.. C4U, s.r.o and is a member of the supervisory board of EUROCOM Investment, s.r.o. and WORLD EXCO s.r.o..</p>

### Adam Tomis

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<b>Title, and since:</b>	Member of the supervisory board, since 12 April 2014
<b>Education, practice and other relevant information:</b>	<p>Mr. Tomis was elected a member of the supervisory board in April 2014 by the general meeting and re-elected in 2019. He currently works as a project manager, responsible for non-bank investments of the J&amp;T group. In 2012-2013 he worked in the consulting company McKinsey&amp;Company on projects in banking and telecommunications. Prior to that, he had worked for eight years at the investment company Benson Oak Capital and for a year at the independent airline Travel Service. Mr. Tomis completed a master's degree program at</p>

Charles University in Prague, Institute of Economic Studies, Department of Finance, Financial Markets and Banking.

Besides serving on the Issuer's supervisory board, Adam Tomis is a member of the board of directors of Equity Holding, a.s., Czech Republic, a member of the supervisory board of Westminster JV a.s., Czech Republic and since 5 October 2018 he has been a member of the supervisory board of EP Global Commerce a.s., Czech Republic.

#### **Ing. Miroslav Roth**

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<b>Title, and since:</b>	Member of the supervisory board, since 30 June 2012
<b>Education, practice and other relevant information:</b>	Ing. Roth was elected a member of the supervisory board in June 2012 by the Issuer's employees and re-elected in 2017. In the company, he has been working as an electric networks technician, a position he had held since 1985 in Tatranské lanové dráhy.

#### **Ing. Pavol Mikušiak**

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<b>Title, and since:</b>	Member of the supervisory board, since 27 April 2013
<b>Education, practice and other relevant information:</b>	Ing. Mikušiak was elected a member of the supervisory board in April 2013 by the general meeting and re-elected in 2018. He is a member of the statutory bodies of several Slovak companies. Since 1996, he has acted as the Business Director of CBA Verex, a.s.. Prior to that, he had worked as director of foreign trade of Verex, s.r.o. (1992 – 1996) and as a member of the scientific research staff in the Research Institute in Liptovský Mikuláš (1987 – 1992). He graduated from the Technical University in Košice, Faculty of Information Technologies and Programming.

In addition to serving on the supervisory board of the company, he serves as member of the supervisory board of CBA SK, a.s., OSKO, a.s., EUROCOM Investment, s.r.o., WORLD EXCO, s.r.o. and LEVEL a.s.. He also serves as chairman of the board of directors of Svätôjánske Kúpele, a.s. and NARCIUS, a.s., vice-chairman of the board of directors of CBA VEREX, a.s., VEREX HOLDING, a.s. and VEREX-ELTO, a.s., a member of the board of directors of VETEX ŽILINA, a.s.. Ing. Mikušiak is the executive in ELTO REALITY, s.r.o., VEREX REALITY s.r.o., PeLiM, pracovne a čistiarne, s.r.o., Invest Liptov, s.r.o and MPL Invest, s.r.o..

#### **(h) Administrative, Management, and Supervisory bodies conflicts of interests**

The Issuer represents that members of the board of directors and the supervisory board are subject to statutory restrictions imposed by Section 196 of the Commercial Code dealing with the ban on competition. Member of the board of directors and the member of the supervisory board may not: (a) in their own name or on their own account enter into any transactions that relate to the business activities of the Issuer, (b) mediate the business of the Issuer to other persons, (c) participate in the business of any other company as an unlimited shareholder, and (d) serve as a statutory body or a member of a statutory or other body of another legal person having a similar object unless the company whose statutory body they are members participate in the business of that company.

The Issuer is not aware of any potential conflict of interests between any the of members of the board of directors and the supervisory board to the Issuer and their private interests or other duties.



(i) **Issuer’s audit committee**

The activities of the Audit Committee, i.e. the supervision of the internal and external audit and the recommendation of the external auditor, are performed by the supervisory board pursuant to Act No. 423/2015 Coll. on Statutory Audit, Amending and Supplementing Act No. 431/2002 Coll. on Accounting, as amended.

**Corporate governance regime - Corporate Governance Code**

At the moment, the Issuer complies with all corporate governance requirements prescribed by the laws of the Slovak Republic, in particular the Commercial Code. At the same time, being a company traded on three central European stock exchanges (BSSE, Warsaw Stock Exchange and Stock Exchange Prague), the Issuer is fully aware of the importance of its compliance with the Corporate Governance principles prescribed by the relevant corporate governance codices. Still, they currently constitute a recommendation only and are not generally binding rules binding on the Issuer.

The Issuer’s board of directors declared its compliance with the Slovak corporate governance code and also with principles of the Corporate Governance Code for companies listed on the Warsaw Stock Exchange as of 31 October 2019. The compliance with the individual codes and any deviations from them are published at the Issuer’s web site: <http://www.tmr.sk/pre-investorov/sprava-a-riadenie/>.

**4.8 Major shareholders**

(a) **Control over the Issuer**

The Issuer is a publicly traded company. The shares of the Issuer are traded on the markets of the BSSE, Warsaw Stock Exchange and Stock Exchange Prague. Therefore, the shareholder structure of the Issuer is constantly changing. According to information available to the Issuer, as of the date of preparation of this Prospectus, the Issuer had the following shareholders whose share in the registered capital and voting rights exceeded 5%:

Name of the company	Number of shares	Share in the registered capital and voting rights of the Issuer	
		in EUR	%
C.I. CAPITAL INDUSTRIES LIMITED	1,973,197	13,812,379	29.4
FOREST HILL COMPANY, s.r.o.	1,030,919	7,216,433	15.4
STOCKLAC LIMITED	924,731	6,473,117	13.8
NIKROC INVESTMENTS LIMITED	897,771	6,284,397	13.4
RMSM1 LIMITED	588,166	4,117,162	8.8
small shareholders < 5%	1,292,414	9,046,898	19.2
<b>Total</b>	<b>6,707,198</b>	<b>46,950,386</b>	<b>100.0</b>

The above distribution of shareholdings implies that the Issuer is not controlled by any person.

The measures in place to ensure that such control over the Issuer is not abused result from the laws of the Slovak Republic. The Issuer did not adopt any measures in excess of the laws of the Slovak Republic.

(b) **The arrangements that may result in a change in control of the Issuer**

The Issuer is not aware of any mechanisms or arrangements that could result in a change in control of the Issuer.

#### **4.9 Financial information concerning the Issuer's assets and liabilities, financial position and profits and losses**

##### **(a) Historical and preliminary financial information**

The Issuer has been operating on the market under the name Tatry mountain resorts, a.s. and publishing audited consolidated financial statements prepared in accordance with the IFRS since 2009. Since 1 November 2010, the Issuer's financial year ends on 31 October of the following year.

##### *Historical financial information, audit information*

At the end of February each year, the Issuer publishes annual financial reports as of 31 October, which include audited consolidated financial statements prepared in accordance with the IFRS. The consolidated financial statements for the financial year 2018/2019, i.e. for the period from 1 November 2018 to 31 October 2019 and for the financial year 2017/2018, i.e. for the period from 1 November 2017 to 31 October 2018 were prepared by the Issuer in accordance with the IFRS. The consolidated financial statements of the Issuer were audited by the auditors. The auditor's reports are attached to the Issuer's financial statements. The auditors audited the consolidated financial statements of the Issuer with the verdict "no qualifications".

Besides the historical financial information, not other information provided in this Prospectus was audited.

##### *Preliminary financial information*

In addition to that, every year in June, the Issuer publishes semi-annual financial reports as of 30 April that include unaudited consolidated financial statements prepared in accordance with the IFRS. As part of the last semi-annual report, the Issuer prepared unaudited condensed interim consolidated financial statements for the period from 1 November 2019 to 30 April 2020 prepared in accordance with the IFRS.

Preliminary financial information has not been audited.

##### *Inclusion and presentation of financial information*

Consolidated financial statements of the Issuer for the financial year 2017/2018, i.e. for the period from 1 November 2017 to 31 October 2018 and for the financial year 2018/2019, i.e. for the period from 1 November 2018 to 31 October 2019 and the Issuer's condensed interim consolidated financial statements of the Issuer for the period from 1 November 2019 to 30 April 2020, all prepared in accordance with the IFRS are included in the Prospectus through a reference in clause 11 of the Prospectus headed "*Documents included by reference*".

#### **4.10 Legal, administrative and arbitration proceedings**

As of the date of this Prospectus, the Issuer registers passive disputes with the total estimated value of EUR 0.5 million. According to the information available to the Issuer as of the date of this Prospectus, the Issuer is not and has not been a party to any litigation, administrative proceedings or arbitration proceedings during the previous 12 months that could or would have a material effect on its financial position.

#### **4.11 Significant change in the financial or trading position**

During the time since the last audited consolidated financial statements prepared for the financial year ended 31 October 2019 until the date of preparation of this Prospectus, no changes in the financial position of the Issuer took place that could be seen as significant:

#### **4.12 Material agreements**

Other than those specified below, the Issuer has no material agreements entered into outside the ordinary course of the Issuer's business that could result in the creation of obligations or claims that would be material for the Issuer's ability to fulfil its obligations under the Bonds.

#### *Material agreements related to the external financing*

- (a) In 2014 and 2018, the Group issued one subordinated and two secured bond issues with a nominal value of almost EUR 250 million. February 2021 is the time of the final maturity of the Group's subordinated bonds in the total amount of EUR 110 million. Proceeds from the issue of the Bonds will also be used to repay this existing issue. Secured issues have maturities in 2022 and 2024.
- (b) Poštová banka a.s. provided the Issuer with several loans in the total outstanding amount of 18.4 million EUR, maturing in 2022 to 2032; these loans are secured by a pledge over the movable and immovable property of the Group.
- (c) The Issuer is liable for the loan provided by J&T BANKA, a.s. to Szczyrkowski Ośrodek Narciarski S.A. in the amount of 36.2 million EUR; the loan is due in 2033.
- (d) J&T Mezzanine, a.s. provided a loan to the subsidiary Tatry Mountain Resort PL, a.s. in the amount of 20 million EUR, due in 2020, secured by a pledge over the movable property and shares of the Group.
- (e) The Group entered into several dozens of leasing agreements with Tatra-leasing a Volkswagen FS for personal cars of various manufacturers, snowcats and their accessories.

#### *Lease agreement for SKIAREÁL Špindlerův mlýn, a.s.*

On 6 November 2012, the affiliate MELIDA, a.s. entered as tenant into the business lease agreement with SKIAREÁL Špindlerův mlýn, a.s. as owner for the lease of Skiareál Špindlerův mlýn in the Czech Republic. As of the date of this Prospectus, the Issuer owned a 25% interest in MELIDA, a.s.. Under the lease agreement, MELIDA a.s. is the operator of the ski resort Špindlerův mlýn in Krkonoše for 40 years for the annual rent of CZK 60 million. In addition to operating Špindlerův mlýn, MELIDA, a.s. agreed to provide for the further development of the resort by expanding its ski slopes, renovating its technological facilities and otherwise improving the conditions for skiers by investments of at least CZK 1.925 billion during the entire term of the lease. The Issuer is a party to the lease agreement in its capacity as third party security provider for the benefit of MELIDA, a.s. in the form of a guarantee for the obligations of MELIDA, a.s. arising out of the lease agreement and of an interest-free loan.

#### *Lease agreement for Sportovní areál Ještěd a.s.*

On 21 December 2017, the Group, through its Czech subsidiary TMR Ještěd a.s., signed a lease agreement with Sportovní areál Ještěd a.s., by which it undertook to operate the Ještěd sports complex near the city of Liberec.

#### *Lease agreements*

The Issuer entered into lease agreements with several owners of land used by it for its activities. These are mostly lands under the ski lifts and ski slopes of the Issuer and certain other facilities of the Issuer. The landlords include Slovenský pozemkový fond (Slovak Land Fund), Lesy Slovenskej republiky (Forests of the Slovak Republic), Štátne lesy TANAPu (State Forests of TANAP), a landowners association (Pozemkové spoločenstvo urbárikov) and others, including individual natural persons. During the financial year 2018/2019, the total rent paid under all lease agreements for lands was approximately EUR 1 million. In most of the cases, the agreements were signed for an indefinite period of time or are usually valid for 10 and more years.

## 5. REASONS FOR THE OFFER AND USE OF PROCEEDS OF THE ISSUE

The purpose of using the net amount of proceeds obtained by issuing the Bonds after payment of all fees, costs and expenses is to refinance the Issuer's existing liabilities and to finance its ordinary business activities.

The estimated net proceeds of the Issue for the Issuer (upon issuing the entire estimated nominal value of the Issue) is EUR 107,500,000. The Issuer estimates that remunerations, costs and expenses associated with the Issue, especially those associated with the preparation of the Prospectus and the associated services, approval of the Prospectus, assignment of ISIN, issuance of the Bonds, admission of the Bonds for trading on the regulated free market of the BSSE, legal services and other professional activities (the **Costs**) will be approximately EUR 2,500,000.

## 6. TERMS OF THE BONDS

This clause 6 of the Prospectus, which is also referred to as the **Terms**, contains the terms conditions governing the bonds (the **Issue** or **Bonds**, which term shall also include one **Bond**) and, pursuant to Section 3(11) of Act No. 530/1990 Coll. on Bonds, as amended (the **Bonds Act**), supersedes the terms and conditions of the Bonds.

For the sake of clarity, the paragraphs of this part are numbered separately.

### 1. ISSUER OF THE BONDS

- 1.1 The Issuer of the Bonds is Tatry mountain resorts, a.s., with its registered office at Demänovská Dolina 72, Liptovský Mikuláš 031 01, Slovak Republic, Identification No.: 31 560 636, registered in the Commercial Register of the District Court Žilina, section: Sa, insert No.: 62/L.
- 1.2 The Issuer's Board of Directors decided on 30 November 2020 and the Supervisory Board decided on 30 November 2020 to issue the Bonds. Approval by another body of the Issuer is not required.

### 2. LEGAL REGULATIONS GOVERNING THE ISSUANCE OF THE BONDS

- 2.1 The Bonds are issued by the Issuer in accordance with the Bonds Act, as amended, and Act No. 566/2001 Coll. on Securities and Investment Services, Amending and Supplementing Certain Acts, as amended (the **Securities Act**).

### 3. CLASS, NAME, TOTAL NOMINAL AMOUNT AND ISSUE PRICE OF THE SECURITIES

- 3.1 The class of security is a bond, to which a subordination obligation is attached (a subordinated bond under Section 20a of the Bonds Act).
- 3.2 The name of the Bond is: Bond (in Slovak: *Dlhopis*) TMR V 6,00/2026.
- 3.3 The total nominal amount of the Issue, i.e. the maximum amount of nominal values of the Bonds being issued, is EUR 110,000,000.
- 3.4 The issue price of the Bonds for the Bond Issue Date was set at 100% of the Nominal Value of the Bonds (the **Issue Price**). The Issue Price for every following day after the Bond Issue Date falling within the subscription period of the Bonds (the primary sale) shall be increased by the corresponding accrued interest calculated using the following formula:

$$EK = 100\% + \left( \frac{6,00\%}{360} \times PD \right)$$

where *EK* means the increased issue price expressed as a % of the Bond's nominal value and *PD* means the number of days from the Bond Issue Date to the subscription (sale) date; when performing the calculation, the "Standard BCK 30E/360" convention described in clause 11.3 below shall apply.

#### **4. FORM, TYPE AND METHOD OF ISSUANCE OF THE BONDS, CURRENCY OF THE BONDS, NOMINAL VALUE OF THE BONDS**

- 4.1 The Bonds are book-entered security registered with Centrálny depozitár cenných papierov SR, a.s., with its registered office at ul. 29. augusta 1/A, 814 80 Bratislava, Slovak Republic, Identification No.: 31 338 976, registered in the Commercial Register of the District Court Bratislava I, section: Sa, insert No.: 493/B (the **Central Depository** or **CDCP**).
- 4.2 The Bonds will be issued in euros (EUR) in the bearer form, with the nominal value of each Bond being EUR 1,000 (the **Bond Nominal Value**) in the number of 110,000 Bonds.
- 4.3 ISIN of the Bonds is SK4000018255.
- 4.4 The date of issue of the Bonds (the **Issue Date**) is set to 2 February 2021. The Bonds will be issued under a public offer under the Prospectus Regulation and the laws of the Slovak Republic, in particular the Bonds Act and the Securities Act.

#### **5. RIGHTS ATTACHED TO THE BONDS**

- 5.1 A Bondholder shall have primarily the right to the redemption of the nominal amount, the payment of the relevant interest income and other rights provided for in these Terms.
- 5.2 The rights attached to the Bonds are not restricted, except for the general statutory restrictions applicable to creditor rights in general (in particular under the Bankruptcy Act) and except for the subordination of the Bonds as is results from clause 8 below.
- 5.3 There are no rights of pre-emption or exchange attached to the Bonds. No person has any pre-emptive or exchange rights to the Bonds or any pre-emptive subscription rights.

#### **6. TRANSFERABILITY AND REPRESENTATIVE**

- 6.1 Transferability of the Bonds is not restricted. However, unless it is inconsistent with law, pursuant to clause 13.3 below, any transfers of the Bonds in the Central Depository may be suspended from the day immediately following the Date of Record until the applicable Payment Date (as defined below) on which the redemption of the Bond Nominal Value shall take place.
- 6.2 A transfer of the Bonds is made through the registration of the transfer by the Central Depository or a Central Depository member, or another person that registers the Bondholder for the Bonds registered on the custody account maintained for this person by the Central Depository.
- 6.3 The representative of the Bondholders was not appointed.
- 6.4 Prior to the submission of the application for approval of the Securities Prospectus to the National Bank of Slovakia, the Bonds were not admitted to a listed or other market of any stock exchange, nor were they traded on any foreign regulated public market.

#### **7. BONDHOLDERS**

- 7.1 The Bondholders will be the persons registered as holders of the Bonds in the Relevant Records (the **Bondholders**). If some of the Bonds are registered in a custody account kept

by the Central Depository, the Issuer reserves the right to rely on the authority of each person registering the Bondholder for the Bonds registered in the custody account to fully represent (directly or indirectly) the Bondholder and perform vis-à-vis the Issuer and to the account of the Bondholder all legal acts (either in the Bondholder's name or in its own name) associated with the Bonds as if this person were their holder. Any persons who will be Bondholders and who, for any reason, will not be registered in the Central Depository records shall inform the Issuer of this fact and of the title of acquisition of the Bonds without undue delay, by means of a notification delivered to the Designated Office.

- 7.2 Unless the laws or a decision of the court delivered to the Issuer provides otherwise, the Issuer and the Administrator will deem every Bondholder the authorised owner in all respects and make the payments under this Prospectus to that Bondholder.

## **8. STATUS OF ISSUER'S OBLIGATIONS; SUBORDINATION OBLIGATION**

- 8.1 The obligations under the Bonds will constitute direct, general, unconditional, unsecured and subordinated liabilities of the Issuer ranking *pari passu* among themselves and as to the order of their satisfaction at least *pari passu* among themselves and shall be subordinate to all other current and future direct, general, unsecured, unconditional and unsubordinated liabilities of the Issuer, except for those liabilities of the Issuer so identified by the mandatory provisions of law.
- 8.2 The Bonds shall be subordinated bonds under Section 20a of the Bonds Act. All claims under or in connection with the Bonds, including the claim for the payment of the nominal amount, interest income under clause 11, Outstanding Income, default interest or any other performance in respect of the Bonds shall be subject to the subordination obligation under this clause 8 and the related provisions of clause 11.1 and clause 12.1 below.
- 8.3 Any claim arising from the Bonds will be subordinated to all other non-subordinated claims against the Issuer in bankruptcy on the Issuer, in liquidation and restructuring of the Issuer, and such claim will be satisfied only after all other claims against the Issuer have been satisfied, except for claims bound by the same or similar subordination condition.
- 8.4 By purchasing or otherwise acquiring the Bonds, each Bondholder expressly agrees to the subordination obligation under this clause 8 and the related provisions of clause 12.1 below.
- 8.5 The Issuer undertakes to treat all the Bondholders equally.

## **9. REPRESENTATION AND OBLIGATION OF THE ISSUER**

The Issuer represents that it owes the Principal Amount of the Bonds to the Bondholders and undertakes to repay them the Principal Amount and the applicable interest income in accordance with these Terms.

## **10. NEGATIVE PLEDGES**

### **10.1 Restrictions on transactions with persons having close ties**

- (a) The Issuer will not enter into a transaction with any person having close ties for the disposal of the Issuer's assets (including the assets of its subsidiaries) on terms other than in the ordinary course of business, or any such transactions that, due to their

nature, purpose or risk, would not be carried out with a person other than a person having close ties.

- (b) **Person having close ties** means (i) any company in the Group, (ii) any natural person who is a shareholder (direct or indirect) of the Issuer with a share in the registered capital and voting rights of more than 10% or is a member of the statutory body of any company in the Group, (iii) any person having close ties (within the meaning of the Civil Code) of such natural persons; and (iv) any legal person controlled by a natural person or jointly controlled by several natural persons referred to in subparagraph (ii) or (iii).

## 11. YIELD ON THE BONDS

### 11.1 Method of interest payment

- (a) The Bonds bear a fixed interest rate of 6.00% p.a. (the **Interest Rate**).
- (b) The interest income will accrue from the first day of each Interest Income Period until the last day of the Interest Income Period. The interest income for each Interest Income Period will be paid in annual arrears always as of 2 February of each year (the **Interest Payment Date**). The first interest income will be paid as of 2 February 2022.
- (c) For the purposes of these Terms, **Interest Income Period** means the period beginning on the Bond Issue Date (inclusive) and ending on the first Interest Payment Date (exclusive) and every immediately following twelve-month period beginning on the Interest Payment Date (inclusive) and ending on the next following Interest Payment Date (exclusive), until the Bonds Maturity Date. For the purposes of the beginning of any Interest Income Period, the Interest Payment Date shall not be changed in accordance with the Business Day convention.

### 11.2 Deferral of payment of interest income

- (a) The Issuer will pay the Interest Income on the Interest Payment Date only if, according to the last published audited financial statements of the Issuer:
- I. the Issuer's net profit after tax (the **Issuer's After-tax Net Profit Ratio**) will be higher than EUR 1.00 (one euro);
  - II. the Senior Debt to EBITDA ratio (the **Senior Debt to EBITDA Ratio**) will be at the level of no more than 5.25, where  
**Senior Debt** means the debt of the Issuer under the credit and debt financial instruments, including the Bonds TMR III 4,40%/2024 and TMR F CR 4,50%/2022, but excluding any subordinated debt, including the debt under these Bonds or other subordinated bonds issued by the Issuer; and
  - III. The debt service coverage ratio (DSCR) will be higher than 1.2.

For the purposes of these Terms, the **Debt Service Coverage Ratio (DSCR)** is calculated according to the following formula:



$$DSCR = \frac{EBITDA - DP}{\acute{U} + \acute{U}P + FL + \acute{U}VD}$$

where

**EBITDA** means the value stated in the relevant consolidated financial statements of the Issuer in the item Earnings before interest, taxes, depreciation and amortisation;

**DP** means income tax payable;

**Ú** means interest expense;

**ÚP** means total of principal repayment instalments of all facilities and loans during the measurement period;

**FL** means total of principal repayment instalments of financial leasings during the measurement period; and

**ÚVD** means the total amount of costs for the payment of interest income under all bonds issued by the Issuer.

(The ratios under points I, II and III above the **Ratios**).

- (b) The achievement of the Ratios will be verified always once a year on the basis of data from the last available audited consolidated financial statements of the Issuer, in any case in accordance with IFRS. The Issuer shall notify the Bondholders of the achievement of the Ratios (or their possible non-achievement) and the relevant calculations at the time and manner pursuant to clauses 19.1 and 20. For the first time, the verification of the Ratios will be performed on or before 2 January 2022 on the basis of data from the Issuer's audited consolidated financial statements for the financial year ending 31 October 2020.
- (c) Every financial information and all indicators used or necessary for the calculations of the Ratios under this clause 11.2 will be determined on the basis of the last available audited consolidated IFRS financial statements of the Issuer. If a piece of information cannot be determined directly from such audited financial statements of the Issuer or from the notes to them, the Issuer will provide the necessary information from its accounting records. For the avoidance of doubt, unless specified otherwise, all accounting categories and amounts are understood to be specified exclusive of VAT, on a consolidated basis and pursuant to the IFRS standards applicable at the time of the preparation of the relevant financial statements.
- (d) Any amount of unpaid interest for previous Interest Income Periods (the **Unpaid Interest**) will be paid in accordance with the decision of the Issuer:
  - (i) on the following Interest Payment Date on which the Ratios under paragraph (a) will be achieved, provided that the payment of Unpaid Interest on the given Interest Payment Day does not cause the Debt Service Coverage Ratio for the financial year in which the payment is made to fall below 1.2; or

- (ii) on any of the following Interest Payment Days, but on or before the last Interest Payment Day that is also the Maturity Date under paragraph (e).
- (e) The terms for achieving the Ratios do not apply to the payment of interest income for the last Interest Income Period for which the Interest Payment Date shall also be the Maturity Date. For that last Interest Income Period, interest income will be paid out together with the Bond Nominal Value and the total amount of any Unpaid Interest.
- (f) Based on the decision of its Board of Directors and notification in accordance with clause 19.1 of the Terms, the Issuer may not pay interest income on the Bonds or the Unpaid Interest to the Bondholders even though the Ratios have been achieved, even repeatedly. In the event of such deferral, the interest income on the Bonds (together with any Unpaid Interest) will be paid pursuant to paragraph (d) or at the Issuer's discretion on any of the following Interest Payment Days, but in any case on or before the last Interest Payment Date that is also the Maturity Date pursuant to paragraph (e).
- (g) Every amount of Unpaid Interest paid under paragraphs (d), (e) or (f) above shall be increased by an interest income of 6.00% p.a. for the period beginning on the Interest Payment Date (inclusive) on which the relevant amount of Unpaid Interest was to be, but has not been, paid and ending, as the case may be, on the Interest Payment Date or the Maturity Date (always excluding), with this additional interest income to be determined in accordance with paragraph 11.4(b) below.
- (h) Based on the decision of its Board of Directors and notification in accordance with clause 19.1 of the Terms, the Issuer may pay interest income on the Bonds or the Unpaid Interest to the Bondholders even though the Ratios have not been achieved.

### **11.3 Interest calculation convention**

For the purposes of the calculation of interest income attributable to the Bonds for a period of less than one year, the "BCK – Standard 30E/360" interest calculation convention shall be used according to which one year includes 360 days divided into 12 months of 30 calendar days; if a month is incomplete, the actual number of days shall be used. Interest rate and calculation of income on the Bonds by the Calculation Agent will be final and binding on all Bondholders (save for manifest error).

### **11.4 Determination of the interest income**

- (a) The amount of interest income attributable to one Bond for each period of one current year shall be determined as the Nominal Value of the Bond multiplied by the Interest Rate (expressed by a decimal number). The amount of interest income attributable to one Bond for each period of less than one current year shall be determined as the Nominal Amount of the Bond multiplied by the Interest Rate (expressed as a decimal number) multiplied by the relevant day fraction calculated in accordance with the interest calculation convention specified in clause 11.3 above. The total amount of interest income calculated according to this point will be mathematically rounded to two decimal places.

- (b) The amount of additional interest income for each amount of Unpaid Interest pursuant to paragraph 11.2(g) above shall be determined according to the formula:

$$DU = NU \times \left(1 + \frac{6}{100}\right)^n$$

where

**DU** means the amount of additional interest income for payment;

**NU** means the relevant amount of Unpaid Interest; a

**n** means the number of Interest Income Periods that have elapsed since the relevant amount of Unpaid Interest was not paid.

- (c) Every calculation of income on the Bonds shall be made by the Calculation Agent on instruction of the Issuer and these calculations will be final and binding on all Bondholders (save for manifest error). The Issuer shall notify the Bondholders no later than 30 calendar days before the relevant Payment Date whether the interest and any Unpaid Interest will be paid for the given Interest Income Period.

## 11.5 End of interest payment

The Bonds will cease to bear interest on the Maturity Date (**Maturity Date** means **Final Maturity Date**), unless at the moment of all conditions and requirements being satisfied, the repaid outstanding amount was falsely retained or rejected by the Issuer. In such a case, the interest income will accrue at the above interest rate until the earlier of (a) the day on which the Bondholders are paid all amounts payable as of that day in accordance with these Terms, or (b) the day on which the Administrator notifies the Bondholders of its receipt of all amounts payable in connection with the Bonds, unless another false retainment or rejection of payments took place after that notice.

## 12. MATURITY OF THE BONDS AND THEIR REDEMPTION

### 12.1 Final repayment

The Bond Nominal Value shall be payable once on 2 February 2026 (the **Maturity Date**). Due to the subordination obligation, the Bonds cannot be early redeemed for any reason and the Issuer may not purchase them.

## 13. METHOD, DATES AND PLACE OF REPAYMENT

### 13.1 Currency

The Issuer undertakes to pay the income on the Bonds and repay the Bond Nominal Value in the currency euro (EUR). The income on the Bonds will be paid and the Bond Nominal Value will be repaid to the Bondholders in accordance with these Terms and in accordance with tax and other applicable laws of the Slovak Republic as valid and effective at the time of making of the payment.

## 13.2 Payment date

The income on the Bonds will be paid as of the Interest Payment Date and the Bond Nominal Value will be repaid as of the dates specified in these Terms (each such date separately also a **Payment Date**) in accordance with these Terms, through the Administrator in the Designated Office.

If the Payment Date falls on a day other than a Business Day, the Issuer must pay the payable amounts on the next following Business Day without being obliged to pay any default interest or any other additional amounts for this time delay.

For the purposes of the Terms, Business Day means any calendar day (other than Saturday and Sunday) on which banks in the Slovak Republic are normally open to the public and when interbank transactions are settled in EUR (the **Business Day**).

## 13.3 Determination of the right to receive payments associated with the Bonds

- (a) The income on the Bonds and the Bond Nominal Value will be paid to those persons who are according to the Relevant Records demonstrably Bondholders at the end of the business hours of the Central Depository on the relevant Date of Record (the **Eligible Recipient**).
  - (i) **Date of Record** for the purposes of the Terms means the day which is the thirtieth (30th) calendar day preceding the relevant Payment Day.
- (b) For the purposes of determination of the Eligible Recipient, neither the Issuer nor the Administrator will take into consideration any transfers of the Bonds after the Date of Record until the relevant Payment Date. Unless in breach of law, transfers of all Bonds may be suspended from the day immediately following the Date of Record until the relevant Payment Date on which the Bond Nominal Value is to be redeemed; if requested to do so by the Administrator, the Bondholder must provide its cooperation necessary for this suspension of transfers.

## 13.4 Making of payments

- (a) The administrator will pay the income on the Bonds and the Bond Nominal Value to the Eligible Recipients by wire transfer to their accounts in a bank or in a branch of a foreign bank in a Member State of the European Union pursuant to the instruction given by the relevant Eligible Recipient to the Administrator, in a manner credible to the Administrator, no later than five Business Days before the Payment Date.
- (b) The instruction must be in the form of a signed written statement (with the signature/signatures authenticated or the signature verified by the authorised member of the Administrator) containing precise information about the Eligible Recipient's account sufficient for the Administrator to make the payment. In the case of legal persons, the instruction shall be supplemented by the original or a copy of a valid extract from the Commercial Register or other similar register in which the Eligible Recipient is registered, the correctness of the data in this extract from the commercial register or similar register verified by an employee of the Administrator as of the Payment Date (such instruction together with the extract from the

commercial register or other similar register (if relevant) and any other potential relevant schedules an **Instruction**).

- (c) The Instruction must be in the form and substance satisfying the reasonable requirements of the Administrator; the Administrator may demand sufficiently satisfactory evidence of the authority of the person who signed the Instruction to sign the Instruction on behalf of the Eligible Recipient. This evidence must be delivered to the Administrator also no later than five Business Days before the Payment Date. In this regard, the Administrator will in particular be entitled to request:
  - (i) submission of a power of attorney if a representative acts on behalf of the Eligible Recipient; and/or
  - (ii) an additional confirmation of the Instruction from the Eligible Recipient.
- (d) An Eligible Recipient who in accordance with any relevant international double taxation treaty (to which the Slovak Republic is a party) claims preferential tax treatment must deliver to the Administrator, together with the Instruction as its integral part, a current proof of its tax domicile and other documents that the Administrator and the relevant taxation authorities may require. Notwithstanding their authority, neither the Administrator nor the Issuer will verify the correctness and completeness of these Instructions and will not be liable for any damage caused by the delay of the Eligible Person in delivering the Instruction or incorrectness or other defect of this Instruction. If the above-mentioned documents, and in particular the proof of tax domicile, are not delivered to the Administrator within the specified period, the Administrator will proceed as if the documents had not been submitted to it. The Eligible Person may submit these documents evidencing the entitlement to tax advantage subsequently and request the Issuer, through the Administrator, for a refund of the withholding tax. In such a case, the Issuer shall have the right to demand that the Eligible Person pay all direct and indirect costs incurred for the tax refund. In the case of originals of foreign official documents or official certification abroad, the Administrator may request the relevant legalisation or further verification or an Apostille under the Hague Apostille Convention (as appropriate).
- (e) The Administrator may also require that all documents prepared in a foreign language are submitted with their official translation into the Slovak language. If the Instruction satisfies all the requirements under this clause and is notified to the Administrator in accordance with this clause and in all other respects complies with the requirements of this clause, it shall be considered to be proper. The obligation to pay any interest income or the Bond Nominal Value is deemed to be satisfied properly and on time if the relevant amount is transferred to the Eligible Recipient in accordance with a proper Instruction under this clause and if the amount is credited to the bank account of this Eligible Recipient on or before the relevant maturity date of the amount. Neither the Issuer nor the Administrator shall be liable for any delay in the payment of any amount due because:
  - (i) the Eligible Recipient has not delivered a proper Instruction or other documents or information required of it in this clause in a timely manner;
  - (ii) such instruction, documents or information were incomplete, incorrect or false; or

- (iii) such delay was caused by circumstances beyond the control of the Issuer or the Administrator.

In these cases, the Eligible Recipient shall not be entitled to any additional payment, interest or other income for the delay of the relevant payment so caused.

- (f) If the Administrator is unable to pay any amount within a reasonable time after the Payment Date due from the Notes due to delays on the part of the Eligible Recipient or for other reasons on the part of the Eligible Recipient (e.g. in the case of his/her death), the Administrator may, without prejudice to the authorisation pursuant to Section 568 of the Civil Code and at its own discretion or at the instruction of the Issuer, deposit the due amount at the expense of the Eligible Recipient (or the Eligible Recipient's legal successor) to a notarial custody or keep the due amount itself. By depositing the due amount into custody, the Issuer's and the Administrator's obligation in connection with the payment of the amount shall be deemed to have been discharged and the Eligible Recipient (or the Eligible Recipient's legal successor) shall in such cases not be entitled to any additional payment, interest or other income in connection with the safekeeping and subsequent payment of the amount.

### **13.5 Change in the method and place of making payments**

The Issuer together with the Administrator shall be entitled to decide on a change in the place of payments (the payment venue), while such a change may not cause harm to the Bondholders. Any such change will become effective upon the expiration of 15 days following the date of such notice unless a later effective date is specified in the notice.

## **14. TIME LIMITATION**

The rights under the Bonds are subject to a limitation period of ten years from their maturity date.

## **15. DESIGNATED OFFICE AND THE ADMINISTRATOR**

- 15.1 The Designated Office and the Administrator's payment place (the **Designated Office**) are at the following address:

J&T BANKA, a.s., pobočka zahraničnej banky  
Dvořákovo nábrežie 8  
811 02 Bratislava  
Slovak Republic

- 15.2 The activities of the Administrator associated with payments of interest income and redemption of the Bonds will be provided for the Issuer by J&T BANKA, a.s. through its branch in the Slovak Republic under the Agreement with the Administrator.
- 15.3 The Issuer may appoint any other or another person authorised to perform the services of Administrator to perform those services under the new Agreement with the Administrator. The Issuer may also determine other or another Designated Office of the Administrator. These changes constitute changes of the payment venue under Section 3(4) of the Bonds Act and are not deemed to be material changes requiring publication of an amendment to the

Prospectus. The change may not materially harm the Bondholders. The decision to appoint other or another Administrator will be notified to the Bondholders by its publication in the same manner as the Prospectus.

- 15.4 The Issuer may not dispose with the funds paid by the Issuer to the account held by the Administrator to be used to pay the interest income on the Bonds or redeem the Bond Nominal Value (except for the interest on these funds). These funds are not owned by the Administrator; the Administrator must record them separately from its assets and use them only for payment to the Bondholders. In connection with performance of obligations arising out of the Agreement with the Administrator, the Administrator shall act as Issuer's agent. The Administrator shall have no direct legal relationship with Bondholders.

## **16. LISTING AGENT AND CALCULATION AGENT**

- 16.1 The activities of the Listing Agent in connection with the admission of the Bonds to the relevant regulated market and the activities of the Calculation Agent will be performed by J&T BANKA, a.s. through its branch in the Slovak Republic. The Issuer will apply, through the Listing Agent, for admission of the Bonds to the relevant regulated market of the BSSE. The Listing Agent and the Calculation Agent act in connection with performance of their obligations as agents of the Issuer and have no legal relationship with the Bondholders.
- 16.2 The Issuer may appoint any other or another person authorised to perform the services of the Listing Agent or the Calculation Agent to perform those services. Because these persons have no obligations vis-à-vis the Bondholders, such an appointment does not constitute a change of the Terms, the Prospectus or the Bonds; however, the Issuer will disclose it by publishing a notice.

## **17. MEETING OF THE BONDHOLDERS**

### **17.1 Initiating a meeting of the Bondholders**

- (a) The Issuer may in accordance with Section 5a of the Bonds Act at any time convene the meeting of the Bondholders (the **Meeting**) and the Bondholders whose principal amount is at least 10% of the total aggregate principal amount of the issued and outstanding Bonds shall also have the right to request the convening of the Meeting. The written request to convene the Meeting (also the **Meeting Convocation Request**) must be delivered to the Issuer and the Administrator. Each Bondholder who requests the convocation of a Meeting shall state in the Meeting Convocation Request the number of Bonds it owns and together with the Meeting Convocation Request submit an extract from the Relevant Records evidencing that it is a Bondholder pursuant to clause 7 of the Terms holding the number claimed by it as of the day of signing the within the amount specified in Meeting Convocation Request.
- (b) The reason for a Meeting Convocation Request cannot be simply a deferral of the payment of interest income pursuant to clause 11.2 as such deferral is the right of the Issuer and is not a breach or default by the Issuer in fulfilling its obligations under the Bonds.
- (c) The relevant Bondholder may withdraw the Meeting Convocation Request, but only if the withdrawal is delivered to the Issuer and the Administrator no later than three Business Days before the date of the Meeting. Withdrawal of the Meeting

Convocation Request shall be without prejudice to any other Meeting Convocation Request by other Bondholders. If a Meeting does not take place solely due to the withdrawal of the Meeting Convocation Request, the relevant Bondholders shall jointly and severally reimburse the Issuer for the costs incurred so far for the preparation of the Meeting.

## **17.2 Convocation of the Meeting**

- (a) The Issuer must provide for the convocation of a Meeting without undue delay, in any case within ten Business Days of the delivery of the Meeting Convocation Request.
- (b) The costs of organising and convening the Meeting shall be borne by the Issuer, unless stated otherwise. However, the Issuer has the right to demand reimbursement of the costs of convening the Meeting from the Bondholders who have filed the Meeting Convocation Request without serious reason, especially if the Issuer duly fulfils the obligations arising from the Terms. The costs of attendance of a Meeting shall be covered by each attendee himself.

## **17.3 Notice of convocation of a Meeting**

- (a) The Issuer shall publish the notice of convocation of the Meeting in the manner set out in clause 19, no later than 10 Business Days prior to the date of the Meeting.
- (b) The notice of convocation of the Meeting must include at least:
  - (i) name, identification No. and registered office of the Issuer;
  - (ii) designation of the Bonds, including at least name of the Bond, its Issue Date and ISIN;
  - (iii) place, date and hour of the Meeting; the place of the Meeting must be a place in Bratislava or District of Liptovský Mikuláš, the date of the Meeting must be a day which is a Business Day and the hour of the Meeting may not be earlier than 11.00 a.m. and later than 4.00 p.m.;
  - (iv) the agenda of the Meeting; the election of the Chairman of the Meeting must be the first item of the agenda of the Meeting – this shall not apply if the Meeting is convened by the Issuer on its own initiative, where the Meeting is chaired by the person appointed by the Insurer; and
  - (v) the Date of Record for Attending the Meeting.
- (c) If the reason to convene the Meeting no longer applies, the Issuer may cancel it in the same way as it was convened.

## **17.4 Persons authorised to attend and vote at a Meeting**

- (a) Persons authorised to attend a Meeting

Each Bondholder who has been registered as Bondholder of the Bonds pursuant to clause 7 above (the **Person Entitled to Attend the Meeting**) at the end of the



seventh day prior to the day of the relevant Meeting (the **Date of Record for Attending the Meeting**) may attend the Meeting. Any transfers of the Notes made after the Date of Record for Attending the Meeting shall be disregarded.

The Person Entitled to Attend the Meeting may be represented by an attorney who, at the beginning of the Meeting, presents and hands over to the Chairman of the Meeting (as defined below) the original of a power of attorney with an officially certified signature of the Person Entitled to Attend the Meeting or its statutory body, in case of a legal person, together with an original or a copy of a valid extract from the commercial register or other similar register in which the Person Entitled to Attend the Meeting is registered (possibly also the attorney, if legal person); this power of attorney shall be, except for manifest deficiencies, an irrefutable proof of the representative's right to participate and vote at the Meeting on behalf of the represented Person Entitled to Attend the Meeting. After the end of the Meeting, the Chairman of the Meeting shall hand the power of attorney over to the Issuer's custody.

(b) Voting right

The Bondholders being the Issuer itself and persons controlled by it (the **Excluded Persons**) shall not have the right to vote at the Meeting, but may attend the Meeting. The Person Entitled to Attend the Meeting shall have as many votes out of the total number of votes that corresponds to the ratio held by the principal amount of the Bonds it holds as of the Date of Record for Attending the Meeting to the total principal amount of the Bonds held by other Persons Entitled to Attend the Meeting attending the Meeting as of the Date of Record for Attending the Meeting.

(c) Attendance of a Meeting by others persons

The Issuer shall attend a Meeting, either through its statutory body or through a duly authorised person. Any other members of the Issuer's and/or Administrator's statutory, supervisory, audit or management body, other representatives of the Administrator, a notary public and guests invited by the Issuer and/or the Administrator, or any other persons whose attendance at the Meeting has been approved by the Issuer and the Administrator, may also attend the Meeting.

## 17.5 Course and decision-making process of a Meeting

(a) Quorum

A Meeting shall have a quorum if attended by the Persons Entitled to Attend the Meeting who are, as of the Date of Record for Attending the Meeting, the Bondholders of the Bonds whose principal amount represents more than 50% of the total principal amount of issued and outstanding Bonds. For these purposes, the Bonds held by the Excluded Persons shall not be included. Prior to commencement of the Meeting, the Issuer will provide (based on the information provided by the Administrator from extracts from the Relevant Records as of the Date of Record for Attending the Meeting) information on the number of Bonds in respect of which the Persons Entitled to Attend the Meeting are entitled to attend and vote at the Meeting.

(b) Chairman of a Meeting

A Meeting convened on the initiative of the Issuer shall be chaired by the Issuer or a person designated by the Issuer.

If a Meeting has been convened on the initiative of the Bondholders, the Meeting shall be chaired by the Issuer or a person designated by the Issuer until the Meeting decides that another person is to become the Chairman of the Meeting (the **Chairman of the Meeting**). Election of the Chairman of the Meeting shall be the first item of the agenda of the Meeting. If the election of the Chairman of the Meeting at the Meeting is not successful, the Meeting shall be chaired by the Issuer or a person designated by the Issuer until the end of the Meeting.

(c) Decision-making process of a Meeting

A Meeting shall decide on the submitted proposals by way of resolutions. A Meeting shall decide by a simple majority of votes of the attending Persons Entitled to Attend the Meeting, except for the Excluded Persons (the **Voting Bondholders**). Any matters that were neither included in the proposed agenda of a Meeting nor mentioned in the convening notice can only be decided if the discussion of these points is agreed by all Voting Bondholders.

After the Chairman of the Meeting has announced the wording of the proposed resolution, each Voting Bondholder shall declare, upon the request of the Chairman of the Meeting, whether it is (A) for the adoption of the proposed resolution, (B) against the adoption of the proposed resolution, or (C) abstains from voting; each such statement shall be recorded by the attending notary. The Voting Bondholder may also divide its votes and vote with a part of its votes for any of the statements under (A), (B) or (C). After the end of the vote by all Voting Bondholders as described above and after the evaluation of the results, the Chairman of the Meeting, upon agreement with the attending notary public, shall notify the Voting Bondholders whether the proposed resolution has been adopted or rejected by the necessary number of votes of the Voting Bondholders; the announcement, together with the record of the attending notary public on the result of the vote, shall be an irreversible and conclusive evidence of the result of the vote.

For the avoidance of doubt, due to the subordinate nature of the Bonds, the Bondholders may not, under any circumstances, demand early redemption of the Bonds. Any changes to the Terms may be approved only with the consent of the Issuer.

Any duly adopted resolution shall be binding on the Issuer and all Bondholders, regardless of whether they attended the Meeting and voted or did not vote for the resolution at the Meeting. This shall be without prejudice to the rights of the Bondholders under clause 17.6 below.

(d) Adjourning the Meeting

The Chairman of the Meeting shall dissolve a Meeting if a duly convened Meeting does not have a quorum in accordance with the provisions of paragraph 17.5(a) above after the lapse 60 minutes after the time specified for the beginning of the

Meeting. The Issuer shall convene an alternate Meeting so that it takes place no earlier than after 14 days and no later than 42 days from the date for which the original Meeting was convened.

The replacement Meeting shall be announced in the manner set out in clause 17.3. The new Meeting shall resolve and decide under the same terms and in the same manner as the dissolved Meeting, and the condition under paragraph 17.5(a) does not have to be satisfied.

(e) Minutes of the Meeting

The course of every Meeting (including, but not limited to, (A) the agenda of the Meeting, (B) the individual resolutions adopted by the Meeting, and (C) the results of voting at the Meeting on individual resolutions) will be recorded in a notarial deed prepared at the Meeting; one copy will be prepared by the attending notary public for the Issuer. Minutes that shall be duly deposited with the Issuer will constitute an irrefutable evidence of the facts contained in such minutes and, unless proven otherwise, will evidence the fact that each Meeting recorded in the minutes has been duly convened and/or held, and that all resolutions of such Meeting were adopted in accordance with the Terms. The Issuer shall publish the minutes within 14 days of the date of their preparation and deliver one counterpart also to the Administrator.

(f) Attendance and voting at a Meeting through electronic means of distance communication

If, in the notice of convocation of a Meeting, the Issuer set out the organisational and technical terms and conditions for participation of the Bondholders in the Meeting through electronic means of distance communication, the Person Entitled to Attend the Meeting may participate in and vote at it through electronic means of distance communication under the following conditions:

- (i) The Person Entitled to Attend the Meeting shall respect the organisational and technical conditions and instructions of the Issuer (in particular the hardware and software requirements) and shall maintain video and audio contact with the Meeting from the start of the Meeting; any later registrations of the Persons Entitled to Attend the Meeting will not be taken into account;
- (ii) The Person Entitled to Attend the Meeting may, if attending the Meeting through electronic means of distance communication, not be represented by an attorney, except if the Person Entitled to Attend the Meeting notified the Issuer of this fact in writing at least two Business Days before the Meeting and at the same time delivered to the Issuer the original of a power of attorney with an officially certified signature of the Person Entitled to Attend the Meeting or its statutory body, in the case of a legal entity, together with an original or a copy of a valid extract from the commercial register or other similar register in which the Person Entitled to Attend the Meeting is registered (possibly also the attorney itself, if legal entity); this power of attorney shall be, except for manifest deficiencies, an irrefutable evidence of the attorney's right to participate and vote at the Meeting on behalf of the represented Person Entitled to Attend the Meeting.

- (iii) the two-way communication between the Meeting and the Bondholder and the transmission of video and audio will not be interrupted, delayed and will be of sufficient quality, which in particular allows the Chairman of the Meeting to verify the identity of the Person Entitled to Attend the Meeting and the Person Entitled to Attend the Meeting to participate in the discussions and vote on the items on the agenda as well as viewing, receiving and submitting documents (in electronic form, if necessary);
- (iv) in the event of failure to comply with the condition under subparagraph (iii) above, the Chairman of the Meeting shall be entitled to terminate the participation of the relevant person in the Meeting by interrupting the connection, in which case the relevant Person Entitled to Attend the Meeting shall be deemed to be absent from the Meeting;
- (v) in case of any technical failure or other event giving rise to the termination of the video and/or audio connection between the Meeting and the Person Entitled to Attend the Meeting, such person shall be deemed to be absent from such moment and the Issuer is not obliged to interrupt the Meeting;
- (vi) the Person Entitled to Attend the Meeting shall provide its necessary assistance to the extent that the Chairman of the Meeting is able to identify and verify the identity of the Person Entitled to Attend the Meeting; and
- (vii) the Chairman of the Meeting can control how the Meeting proceeds and determine and announce the results of voting.

The Person Entitled to Attend the Meeting attending a Meeting through electronic means of distance communication under the above terms will be deemed to be present at the Meeting.

The provisions of Section 5b of the Bonds Act shall apply to the course and decision-making of a Meeting to the extent that they are not provided for in the Terms.

## 17.6 Rights of dissenting or non-voting Bondholders

- (a) If a Meeting approves changes in the requirements of the Bonds specified in Section 3(1)(d), (e), (f), (k), (m) and (n) of the Bonds Act, the Bondholder who according to the entry voted at the Meeting against the resolution or did not attend the Meeting (even though he was entitled to), may request the early redemption of the nominal value of the Bond, including the *pro rata* income, or preservation of the rights and obligations of the Issuer and the Bondholder in accordance with the original Terms (the **Request**).
- (b) The Request must be submitted within 30 days of the Meeting, or the right under this clause shall cease to exist. The Issuer shall pay the Bondholder in accordance with clause 13 within 30 days of the delivery of the Request or ensure that the terms of the Bonds are retained vis-à-vis the Bondholder in accordance with these Terms.

## **18. CHANGES AND WAIVERS**

The Issuer and the Administrator may, without the consent of the Bondholders, agree on (a) any change of any provision of the Administrator Agreement if the change is exclusively of a formal, secondary or technical nature or if it is made in order to correct a manifest error or required due to changes in laws; and (b) any other change and waiver of claims arising from any breach of any provision of the Administrator Agreement that, in the reasonable opinion of the Issuer and the Administrator, will not be detrimental to the Bondholders.

## **19. NOTICES**

- 19.1 Any notices to the Bondholders in connection with the Bonds will be made duly and validly if they are published in the Slovak language on the Issuer's website <https://www.tmr.sk/pre-investorov/dlhopisy/>, section TMR V 6.00 2026.
- 19.2 If a law or regulation requires its publication by other means, the notice will be published also by those other means. If a notice is published by several means, the publication date of such notice will be deemed to be the date of its first publication. The date of publication is also deemed to be the date of delivery of the notice to the Bondholders.
- 19.3 Information and changes for which an amendment to the Prospectus is required will be published by the same means as the Prospectus.
- 19.4 Any notice to the Issuer under these Terms must be delivered to the following address:

Tatry mountain resorts, a.s.  
Demänovská Dolina 72  
Liptovský Mikuláš 031 01  
Slovak Republic

or to another address notified to the Bondholders in the manner specified in this clause 19.1.

## **20. INFORMATION DUTIES**

In addition to information and documents required by the applicable legal regulations, the Issuer will also publish the following information on the Issuer's website referred to in clause 19:

- (a) On or before 2 January of a calendar year, information on the amount and achievement (or possible non-achievement) of Ratios under clause 11.2 on the basis of data from the Issuer's last available audited consolidated IFRS financial statements, for the first time on or before 2 January 2022 on the basis of the audited consolidated IFRS financial statements Issuer for the financial year ended 31 October 2020.
- (b) On or before 28 February of the following calendar year, the annual report, including the annual audited consolidated financial statements of the Issuer prepared in accordance with IFRS, prepared as of the last day of the Issuer's immediately preceding accounting period, for the first time on or before 28 February 2021.
- (c) On or before 31 July of the following calendar year, the half-yearly report, including the condensed interim consolidated financial statements of the Issuer for the period

from 1 November to 30 April of the relevant year prepared in accordance with IFRS, for the first time on or before 31. July 2021.

**21. INTERPRETATION, GOVERNING LAW, DISPUTE RESOLUTION AND LANGUAGE**

- 21.1 Any contractual and non-contractual rights and obligations arising from the Bonds and these Terms shall be governed by, and construed in accordance with, the laws of the Slovak Republic; any disputes arising out of the Bonds and these Terms shall be resolved by the court of the Slovak Republic having jurisdiction.
- 21.2 The Prospectus and these Terms are made in the Slovak language. The Prospectus or these Terms may be translated into the Czech language, the English languages and/or other languages. In the case of any conflicts between different language versions, the Slovak version will prevail.

*[end of the text of the Terms]*

## **7. TERMS OF THE OFFER, ADMISSION TO TRADING AND RESTRICTIONS ON DISTRIBUTION**

### **7.1 Offer and subscription of the Bonds (primary sale)**

The anticipated amount of the Issue (i.e. the maximum amount of nominal values) is up to EUR 110,000,000. Nominal value of each Bond is EUR 1,000. The Bonds will be placed in the form of a public offer pursuant to the Prospectus Regulation to all categories of investors in the territory of the Slovak Republic and potentially in the Czech Republic, i.e. to eligible counterparties, professional clients pursuant to Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, as amended, and also to non-professional clients from among the clients of the Lead Manager. The Bonds will be offered on the basis of the terms and conditions set out in this Prospectus.

During the primary sale (subscription), the activities associated with the issuance and subscription of all Bonds will be provided for by the Lead Manager, J&T BANKA, a.s., with its registered office at Sokolovská 700/113a, Karlín, 186 00 Praha 8, Czech Republic, Identification No.: 471 15 378, registered in the Commercial Register of the Municipal Court in Prague, section: B, insert No.: 1731. Before the issuance of the Bonds, the Issuer will enter with the Lead Manager into an agreement on placing of the Bonds without a firm commitment basis. The public offer of the Bonds through the primary sale (subscription) of the Bonds will run from 14 December 2020 to 7 December 2021 (12:00 pm).

The date on which the Bonds will commence to be issued (i.e. the date on which the Bonds will commence to be credited to the relevant accounts) as well as the date of issue of the Bonds will be 2 February 2021. The Bonds will be issued on a continuous basis, with the expected period of issuance of the Bonds (i.e. their crediting to the relevant property accounts) ending within the earlier of one month after the end of the subscription period of the Bonds or one month after the maximum amount of nominal values of the Bonds has been subscribed for. The Issuer may issue the Bonds in an amount lower than the maximum amount of nominal values of the Bonds; if that is the case, the Issue will still be considered a success. This includes the possibility for the Issuer to suspend or terminate the offer at its discretion (depending on its current financing need), with further orders not being accepted after the offer is terminated and no further orders being accepted after the offer is suspended until the Issuer publishes information on the continuance of the offer. The Issuer will always publish information on the termination of the offer, suspension of the offer or continuation of the offer in advance in a special section of its website <https://www.tmr.sk/pre-investorov/dlhopisy/>, section TMR V 6,00/2026. The minimum order is set to one Bond. The maximum order (i.e. the maximum nominal value of the Bonds requested by an individual investor) is capped only by the maximum amount of nominal values of the Bonds being issued.

The Lead Manager is entitled to reduce the volume of Bonds specified in the orders / instructions of investors at its sole discretion, but always in a non-discriminatory manner, in accordance with the Lead Manager's order execution strategy and in accordance with applicable laws, including MiFID II. If the volume of an order has been reduced, the Lead Manager shall return any overpayment to the investors concerned without undue delay to the investor's account notified for this purpose to the Lead Manager. Relevant agreements and orders will be available to investors at the Lead Manager. The net purchase price of the Bonds to be paid to the Issuer may be reduced by any remuneration, fees or expenses associated with the subscription for and purchase of the Bonds. An investor may take part in the public offer only if he proves his identity by a valid proof of identity. Investors will be contacted mainly by means of distance communication means. The condition for obtaining the Bonds through the Lead Manager is the conclusion of an agreement on provision of investment services between the investor and the Lead Manager and the submission of an instruction to procure the purchase of the Bonds under this agreement. Once the Bonds have been subscribed for and credited to the accounts of the Bondholders, the Bondholders will be sent a confirmation of subscription of the Bonds; trading in the Bonds may only commence once the Bonds have been issued and admitted to trading on a regulated free market of the BSSE. There are no rights of pre-emption or preferential subscription attached to the Bonds.

The results of the primary sale (subscription) will be published on the Issuer's website after all the Bonds have been subscribed, in any case on or before the day following the end of the Bond issuance period. On the instruction of the Lead Manager, the Bonds will be without undue delay credited to the accounts of the Bondholders kept in the Relevant Records against the payment of the Issue Price of the relevant Bonds. In connection with the primary sale (subscription) of the Bonds in the form of a public offer based on the Issuer's consent granted to the Lead Manager as a financial intermediary with using this Prospectus, the Lead Manager shall charge investors a fee according to its current fee list, currently amounting to 0.60 % of a transaction volume. If the transaction is settled on an account other than custody account, the fee is 1.00%, in any case at least EUR 480. The current pricelist of the Lead Manager is published at [www.jtbanka.sk](http://www.jtbanka.sk); in the Useful information (in Slovak: *Užitočné informácie*) section under the Price list (in Slovak: *Sadzobník poplatkov*) link, Price List Part I – natural persons – non-entrepreneurs, effective from 15 August 2020, and Price List Part II – legal persons and natural persons – entrepreneurs, effective from 15 August 2020 and and Price List Part II – legal persons and natural persons – entrepreneurs, effective from 1 January 2021 (in Slovak: *Sadzobník poplatkov časť I - fyzické osoby nepodnikatelia, účinný od 15.8.2020 a Sadzobník poplatkov časť II - právnické osoby a fyzické osoby podnikatelia, účinný od 15.8.2020 a Sadzobník poplatkov časť II - právnické osoby a fyzické osoby podnikatelia, účinný od 1.1.2021*). The estimated remuneration (commission) of the Lead Manager for placing the Bonds is approximately 2.00% of the total volume of the Issue.

For the purposes of the successful primary settlement (i.e. crediting of the Bonds to the relevant accounts once the Issue Price has been paid) of the Issue, the persons subscribing the Bonds must proceed in accordance with the instructions of the Lead Manager or its agents. In particular, if the person subscribing the Bonds is not a member of the Central Depository, it must open an account with the Central Depository or with a member of the Central Depository. No guarantee can be given that the Bonds will be delivered to their first acquirer properly if the first acquirer or the person keeping the relevant account for it does not comply with all procedures and does not comply with all applicable instructions to perform the primary settlement of the Bonds.

## **7.2 Secondary offer of the Bonds**

The Issuer agrees with the subsequent public offer of the Bonds on the secondary market in the Slovak Republic and potentially in the Czech Republic to be performed by the Lead Manager or another financial intermediary in the Slovak Republic or the Czech Republic and grants its consent to the use of this Prospectus for the purposes of this subsequent public offer of the Bonds. For the avoidance of doubt, the Issuer grants its consent to the use of the Prospectus to selected financial intermediaries. The condition for granting the consent to the use of the Prospectus is the written consent of the Issuer to use the Base Prospectus for the purposes of a public offer or the final placement of the Bonds, which shall determine the financial intermediary to whom the authorisation has been granted. The list of relevant financial intermediaries to whom the consent has been granted will be published on the Issuer's website <https://www.tmr.sk/pre-investorov/dlhopisy/>, section TMR V 6,00/2026. The consent of the Issuer to the subsequent public offer of the Bonds on the secondary market is limited to the period of time from the issuance of the bonds until the end of 12 months from the date on which the decision of the NBS approving this Prospectus has become final and enforceable.

The Issuer accepts its liability for the content of the Prospectus, also due to the secondary offer of the Bonds through the selected financial intermediaries.

As regards the secondary offer of the Bonds by the Lead Manager, the minimum nominal value of the Bonds allowed to be purchased by an individual investor will be one Bond. The maximum volume of the nominal value of the Bonds requested by the individual investor in its order is limited by the total volume of the Bonds offered. The final nominal value of the Bonds allocated to the individual investor will be specified in the offer acceptance confirmation to be sent by the Lead Manager to individual investors (using mainly the distance communication means). The Bonds will be offered at a price set by the Lead Manager as a listing agent at a price given by the current supply and demand for the Bonds. At the subsequent sale of the Bonds at the secondary market in the form of a public offer on the basis of the consent granted to selected financial



intermediaries with the use of this Prospectus, the Lead Manager charges to the investors a fee according to its current fee tariff, currently being 0,60 of the volume of the transaction. If the transaction is settled on an account other than custody account, the fee is 1.00%, in any case at least EUR 480. The current pricelist of the Lead Manager is published at [www.jtbanka.sk](http://www.jtbanka.sk); in the Useful information (in Slovak: *Užitočné informácie*) section under the Price list (in Slovak: *Sadzobník poplatkov*) link, Price List Part I – natural persons – non-entrepreneurs, effective from 15 August 2020, and Price List Part II – legal persons and natural persons – entrepreneurs, effective from 15 August 2020 and Price List Part II – legal persons and natural persons – entrepreneurs, effective from 1 January 2021 (in Slovak: *Sadzobník poplatkov časť I - fyzické osoby nepodnikatelia, účinný od 15.8.2020 a Sadzobník poplatkov časť II - právnické osoby a fyzické osoby podnikatelia, účinný od 15.8.2020 a Sadzobník poplatkov časť II - právnické osoby a fyzické osoby podnikatelia, účinný od 1.1.2021*).

## **NOTICES TO INVESTORS:**

**The financial intermediary must provide each investor with the terms and conditions of the financial intermediary's offer at the time of the offer.**

### **7.3 MiFID II monitoring of the creation and distribution of a financial instrument**

#### ***Target market, eligible counterparties, professional clients and non-professional clients***

For the sole purpose of the approval process itself, by reviewing the target market in relation to the Bonds, the Lead Manager concluded that (i) the target market for the Bonds are eligible counterparties, professional clients within the meaning of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, as amended (**MiFID II**) as well as non-professional clients from among the Lead Manager's clients, and (ii) when distributing the Bonds in this target market, distribution channels are selected through the sale without advice or portfolio management service.

Any person subsequently offering, selling or recommending the Bonds being subject to MiFID II rules is responsible for conducting its own analysis of the target market for the Bonds (either by adopting or improving the assessment of the target market) and identifying its own appropriate distribution channels. The Lead Manager and the Issuer are responsible for specifying the target markets and distribution channels always only in relation to the primary offer of the Bonds, or to an offer performed by the Lead Manager itself.

### **7.4 Admission to trading and method of trading**

No later than the total nominal amount of the Bonds has been subscribed for or the period to subscribe the Bonds has expired (if the total nominal amount of the Bonds has not been subscribed on or before the end of the subscription period), the Issuer will ask the BSSE for admission to trading on the regulated free market of the BSSE. The Issuer cannot guarantee that the BSSE will accept the application for admission to trading. Trading in the Bonds will commence only upon their admission to trading on the regulated free market of the BSSE. With the exception of the application for admission to trading on the regulated free market of the BSSE, the Issuer has not asked and does not intend to ask for admission of the Bonds to trading on some domestic or foreign regulated market or a stock exchange. As of the Bond Issue Date, the costs of the Issuer associated with the admission of the Bonds to trading on the regulated free market of the BSSE in accordance with the stock exchange price list are estimated at EUR 4,200 (EUR 3,500 is the one-off fee and EUR 700 is the annual fee for the admission to trading on the regulated free market of the BSSE).

There are no persons appointed with the firm commitment to act as intermediaries during the secondary trading, providing liquidity through purchase and sale price offers.

The Lead Manager or persons acting on its behalf may carry out stabilisation transactions (purchases or sales) related to the Bonds with a view to support the market prices of the Bonds at the level higher than would otherwise prevail without carrying-out such transactions. **However, there is no assurance that the Lead Manager or any other person will carry out stabilisation transactions and that any stabilisation carried**

**out may be at any time terminated.** Any stabilisation transactions will be carried out only subject to the terms and restrictions of the applicable legislation requirements.

In addition to these Bonds, the Issuer issued the following bonds:

- (a) TMR II 6,00%/2021, in the amount of EUR 110,000,000 payable in 2021, ISIN: SK4120009614; and
- (b) TMR III 4,40%/2024, in the amount of EUR 90,000,000 payable in 2024, ISIN: SK4120014598.

being the debt securities admitted to trading on the regulated free market of the BSSE. The Issuer also issued book-entry shares, ISIN: SK1120010287, that are admitted to trading on the regulated markets of the BSSE and also on the Prague and Warsaw Stock Exchanges.

TMR Finance CR, a.s., which belongs to the Group, issued TMR F CR 4,50%/2022 bonds in the amount of CZK 1,500,000,000, due in 2022, ISIN: CZ0003520116, that are traded on the Prague Stock Exchange.

## **7.5 Restrictions applicable to dissemination of the Prospectus and sale of the Bonds**

Dissemination of this Prospectus and offer, sale or purchase of the Bonds are restricted by law in certain countries. This Prospectus was approved only by the NBS and the Issuer may request the NBS to notify the approval of this Prospectus to the CNB for the purposes of the public offering of the Bonds in the Slovak Republic and the Czech Republic. The Bonds are not and will not be registered, permitted or approved by any administrative or other authority of another country. Therefore, it is only possible to offer the Bonds in a country other than the Slovak Republic and potentially the Czech Republic if the laws of this other country do not require approval or notification of the Prospectus and all other terms and conditions of the laws of that country must be satisfied.

**In particular, the Bonds have not been and will not be registered under the United States Securities Act of 1933. Therefore, the Bonds may only be offered, sold or delivered within the United States or to the account or for the benefit of U.S. persons subject to the exemption from the registration requirements under that Act or as part of a deal not subject to this registration requirement. The persons who get hold of this Prospectus must familiarise themselves with all of the above restrictions that may apply to them and comply with those restrictions. This Prospectus as such does not represent an offer for sale or an invitation to give offers to purchase the Bonds in any country.**

Every person acquiring the Bonds will be understood to have represented and agreed that (a) this person is aware of all relevant restrictions regarding the offer and sale of the Bonds applicable to it and the relevant method of offer or sale, that (b) this person will not offer for resale and will not re-sell the Bonds without compliance with all the relevant restrictions applicable to it and the relevant method of offer or sale and that (c) before it offered the Bonds for resale or re-sold them, this person would inform the purchasers that further offers or sales of the Bonds may be subject to statutory restrictions in different countries which restrictions must be complied with.

In addition to above, all acquirers of the Notes are required by the Issuer to comply with the provisions of all applicable laws (including the laws of the Slovak Republic) when they distribute, make available or otherwise circulate the Prospectus or other offering or promotional materials or information related to the Bonds, always at their own expense and regardless of whether the Prospectus or other offering or promotional materials or information related to the Bonds are in written, electronic or any other form.

## 8. TAXES, LEVIES AND FOREIGN EXCHANGE REGULATION IN THE SLOVAK REPUBLIC

**Tax legislation of the investor's Member State and of the issuer's country of incorporation (i.e. the Republic of Malta) may have an impact on the income received from the securities.**

*The text of this paragraph is only a summary of certain tax and levy contexts of Slovak laws regarding the acquisition, ownership and disposal of the Bonds and is not an exhausting summary of all tax relevant contexts that may be of importance for the investor's decision to purchase the Bonds. This summary does not describe tax and levy contexts arising out of the laws of a country other than the Slovak Republic. This summary is based on laws effective as of the date of preparation of this Prospectus and may be subject to subsequent change with possible retroactive effects. Investors interested in purchasing the Bonds are recommended to seek advice of their legal and tax advisors regarding the tax, levy and foreign exchange law consequences of purchase, sale and holding of the Bonds and receipt of payments of interest on the Bonds under the tax and foreign exchange laws and social and medical insurance laws valid in the Slovak Republic and in the countries of their residence as well as in the countries where the yield from the holding and sale of the Bonds may be taxed.*

*The description below assumes that the person receiving any payments arising from the Bonds is the beneficial owner of such income, e.g. that person is not an agent or an intermediary who receives such payments on behalf of another person.*

### 8.1 Taxes and other levies on the Bonds in the Slovak Republic

Under the Income Tax Act, income of legal person is generally subject to a 21% rate of tax and income of natural persons is subject to a 19% rate of tax, except for income exceeding 176.8 times the subsistence minimum that is subject to a 25% rate of tax.

Pursuant to the Income Tax Act, withholding tax is at the rate of 19%; if such income is paid, remitted or credited to a taxpayer of a non-contracting state, a tax rate of 35% shall apply. The list of taxpayers of non-contracting states is published on the website of the Ministry of Finance of the Slovak Republic.

#### *Income tax on yield (interest income)*

According to the applicable provisions of the Income Tax Act:

- (a) the interest income on the Bonds received by a tax non-resident is not subject to the income tax in the Slovak Republic;
- (b) the interest income on the Bonds received by a tax resident is not subject to the withholding tax, but is part of the income tax base, except for the taxpayers who are natural persons and the taxpayers who are not established to do business, the National Property Fund of the Slovak Republic and the National Bank of Slovakia; and
- (c) the interest income on the Bonds received by a tax resident being the taxpayer who is natural person or the taxpayer who is not established to do business, the National Property Fund of the Slovak Republic and the National Bank of Slovakia is subject to the withholding tax.

Because the income tax law may change during the life of the Bonds, the yield on the Bonds will be taxed pursuant to the law applicable at the time of its payment.

According to the valid wording of the Income Tax Act, the Issuer or the securities trader who holds the bonds for the client is liable to make the deduction. The Issuer will not provide the Bondholders with any compensation or gross-up in connection with any tax withholding.

### *Income tax on sale*

The profit from sale of the Bonds generated by a legal person who is a Slovak tax resident or a permanent establishment of a tax non-resident - a legal person with its registered office outside the territory of the Slovak Republic are included in the general tax base taxed by the applicable corporate income tax rate. Losses from sale of the Bonds calculated on a cumulative basis for all Bonds sold during a single taxable period are generally not tax recognised, except for specific cases provided by law.

Generally, income from the sale of the Bonds realised by an individual being a Slovak tax resident or a permanent establishment of a tax non-resident – natural person is included in the standard personal income tax base. Losses from the sale of the Bonds calculated cumulatively for all Bonds and other securities sold during a single tax period cannot be considered tax deductible. If a natural person owns Bonds admitted to trading on a regulated market for more than one year, income from the sale is exempt from income tax, except for income from the sale of the Bonds that were the business property of the individual.

Income from sale of the Bonds generated by a Slovak tax resident from a Slovak tax resident or a permanent establishment of a Slovak tax non-resident with its registered office outside the territory of the Slovak Republic are generally subject to the relevant income tax rate, unless the relevant double taxation treaty entered into by the Slovak Republic provides otherwise.

### *Levies on yield on the Bonds*

The income on the Bonds owned by individuals with mandatory health insurance in the Slovak Republic are not subject to health insurance contributions.

## **8.2 Foreign exchange regulation in the Slovak Republic**

Issuance and acquisition of the Bonds is not subject to foreign exchange regulation in the Slovak Republic. Foreign Bondholders may, subject to satisfaction of certain assumptions, purchase foreign currency funds for the Slovak currency (euro) without any foreign exchange restrictions and thereby transfer the amounts paid by the Issuer under the Bonds from the Slovak Republic in foreign currency.

## 9. ENFORCEMENT OF PRIVATE CLAIMS AGAINST THE ISSUER

*This clause is only a summary of certain provisions of Slovak law regarding the enforcement of private law claims associated with the Bonds against the Issuer. This summary is not describing enforcement of claims vis-à-vis the Issuer under the laws of any other county. This summary is based on laws effective as of the date of preparation of this Prospectus and may subject to subsequent change with possible retroactive effects. Any information provided in this clause is provided as general information only that describe the legal situation and were obtained from laws. Investors should not rely on information provided here and are recommended to consider the issues of enforcement of private law obligations vis-à-vis the Issuer with their legal advisors.*

For the purposes of enforcement of any private law claims vis-à-vis Issuer associated with the purchase or holding of the Bonds, the courts of the Slovak Republic shall have jurisdiction. All rights and obligations of the Issuer vis-à-vis the Bondholders are governed by Slovak law. As a result, the option to enforce the rights vis-à-vis the Issuer within the proceedings held before foreign courts or under foreign law is limited.

The Brussels I Regulation (recast) is directly applicable in the Slovak Republic. Pursuant to the Brussels I Recast, save for certain exceptions stated therein, judicial decisions issued by judicial bodies in the EU Member States in civil and commercial matters are enforceable in the Slovak Republic, and vice versa, the judicial decisions issued by judicial bodies in the Slovak Republic in civil and commercial matters are enforceable in the EU Member States.

If, for the purposes of the recognition and enforcement of a foreign decision the application of the Brussels I Regulation Recast is excluded, but the Slovak Republic entered into an international treaty on the recognition and enforcement of court decisions with a certain country, the enforcement of a judicial decision of such country is ensured in accordance with the provisions of the given treaty. In the absence of such a treaty, decision of foreign courts may be recognised and enforced in the Slovak Republic on the terms specified in Act No. 97/1963 Coll. on International Private and Procedural Law, as amended (the **IPPLA**). According to that Act, decisions of judicial authorities of foreign counties in the matter specified in Section 1 of the IPPLA, foreign settlements and foreign notarial deeds (the **foreign decisions**) may not be recognised and enforced if (i) the decided matter falls within the exclusive jurisdiction of the authorities of the Slovak Republic or the authority of the foreign state had no jurisdiction to decide on the matter if the provisions of Slovak law were applied to the assessment of its jurisdiction, or (ii) are not final and enforceable in the country of their issuance, or (iii) do not constitute a decision on the merits, or (iv) by the procedure of the foreign authority, the party to the proceedings against whom should the decision be recognised was deprived of the option to act before this authority, especially if the party was not delivered the summons or the application initiating proceedings; the court does not examine the satisfaction of this term if the foreign decision has been properly delivered to that party and the party did not appeal it or if that party declared not to insist on the examination of this term, or (v) a Slovak court has already validly decided on the matter, or there is an earlier foreign decision on the same matter that was recognised or satisfies the terms of its recognition, or (vi) their recognition would be inconsistent with the Slovak public order.

## **10. ADDITIONAL INFORMATION AND WARNINGS**

### **10.1 Interest of natural and legal persons involved in the Issue/offer**

Under the agreement on organisation of issuance of the Bonds, the Issuer instructed the Arranger to perform the activities associated with the preparation and organisation of issuance of the Bonds, with the Arranger performing these activities under Section 6(2)(f) of the Securities Act.

In addition to that, under the agreement on placing of the Bonds, the Issuer will instruct J&T BANKA, a.s. as Lead Manager for the offer of the Bonds to perform the activities associated with placing of the Bonds. The Issuer also instructed J&T BANKA, a.s. acting through its Slovak branch to perform the activities of the Administrator, the Calculation Agent and the Listing Agent in connection with the admission of the Bonds to the regulated free market of the BSSE.

The Lead Manager may be motivated to sell the Bonds with respect to its incentive rewards (in the event of a successful sale), which may create a conflict of interest. The Lead Manager is obliged to take measures in case of any conflict of interest in accordance with the requirements of generally binding legal regulations. The Lead Manager participates in the Issue as part of its ordinary activities, for which the Issuer will pay the agreed remuneration. Participation in the Issue may, in addition to its preparation, also consist in subscription for the entire, or part of, the Issue on the primary market. The Lead Manager may provide the Issuer with various banking services in the ordinary course of its business. The funds obtained from the Issue may be used to repay the Issuer's existing credit obligations to the Lead Manager, thus there may also be a potential conflict of interest in providing the Lead Manager's services in connection with the Bonds and credit financing provided by the Lead Manager to the Issuer as a bank.

Neither the Lead Manager nor any other person has assumed any obligation to the Issuer to subscribe for or buy the Bonds in connection with the Issue.

In addition to the above, as of the date of preparation of the Prospectus, the Issuer is not aware of any other interests material to the Issue and the offer of the Bonds.

### **10.2 Advisors in connection with the issue of securities**

In connection with the issue of the Bonds, the Issuer is advised by the Arranger. The subject-matter of the agreement on issue of the Bonds entered into between the Issuer and the Arranger is the exclusive appointment of the Arranger on the terms specified in this agreement to provide, in the name and on the account of the Issuer, for the issuance of the contemplated issue of the Bonds of the Issuer; the Arranger is performing activities solely under Section 6(2)(f) of the Securities Act.

When issuing the Bonds and preparing this Prospectus, the Issuer indirectly used the services of Allen & Overy Bratislava, s.r.o. as its transaction legal advisor.

### **10.3 Audit of information**

Save for the information taken from the audited financial statements of the Issuer, no other information on the Issuer contained in this Prospectus has been audited by an auditor. The auditor has not audited the Prospectus as a whole.

### **10.4 Information by experts and third party information**

In paragraph 4.3(d) of the Prospectus headed "*Main markets*", the Issuer used publicly available information published on the following web sites:

- (a) The annual year-to-year inflation rate in the Slovak Republic for September 2020, Statistical Office of the Slovak Republic, available at: <https://slovak.statistics.sk/>.
- (b) International Monetary Fund (IMF): World Economic Outlook, October 2020: A Long and Difficult Ascent, published in October 2020, available at: <https://www.imf.org/en/Publications/WEO/Issues/2020/09/30/world-economic-outlook-october-2020#Full%20Report%20and%20Executive%20Summary>;
- (c) European Bank for Reconstruction and Development (EBRD): Regional Economic Prospects in EBRD Countries of Operations: April 2020 Update, published in April 2020, available at: <https://www.ebrd.com/cs/Satellite?c=Content&cid=1395289845931&d=&pagename=EBRD%2FContent%2FDownloadDocument>;
- (d) Czech National Bank: Financial Market Inflation Expectations, published in May 2020, available at: [https://www.cnb.cz/export/sites/cnb/cs/financi-trhy/galleries/inflacni\\_ocekavani\\_ft/inflacni\\_ocekavani\\_ft\\_2020/C\\_inflocek\\_05\\_2020.pdf](https://www.cnb.cz/export/sites/cnb/cs/financi-trhy/galleries/inflacni_ocekavani_ft/inflacni_ocekavani_ft_2020/C_inflocek_05_2020.pdf);
- (e) European Bank for Reconstruction and Development (EBRD): Regional Economic Prospects in EBRD Countries of Operations: May 2020 Update, published in May 2020, available at: <https://www.ebrd.com/what-we-do/economic-research-and-data/rep.html>;
- (f) Organization for Economic Co-operation and Development (OECD) Economic Surveys: Austria 2019, published in October 2019, available at: [https://www.oecd-ilibrary.org/economics/oecd-economic-surveys-austria\\_19990189](https://www.oecd-ilibrary.org/economics/oecd-economic-surveys-austria_19990189);
- (g) European Commission: European Economic Forecast: Spring 2020. Institutional paper 125. Published in May 2020, available at: [https://ec.europa.eu/info/sites/info/files/economy-finance/ip125\\_en.pdf](https://ec.europa.eu/info/sites/info/files/economy-finance/ip125_en.pdf);
- (h) World Tourism Organization (UNWTO): World Tourism Barometer N°18 JANUARY 2020, published on 19 January 2020, available at: <https://www.unwto.org/world-tourism-barometer-n18-january-2020>;
- (i) European Travel Commission: European Tourism in 2019: Trends and Prospects (Q4/2019), published in February 2020, available at: <https://etc-corporate.org/reports/european-tourism-2019-trends-prospects-q4-2019/>;
- (j) World Tourism Organization (UNWTO): Tourism and COVID, available at: <https://www.unwto.org/tourism-covid-19>;
- (k) World Economic Forum. The Travel & Tourism Competitiveness Report 2019, available at: <https://www.weforum.org/reports/the-travel-tourism-competitiveness-report-2019>;
- (l) Ministry of Transport and Construction of the Slovak Republic. Accommodation statistics on tourism in Slovakia 2019, available at: <https://www.mindop.sk/ministerstvo-1/cestovny-ruch-7/statistika/ubytovacia-statistika/rok-2019>;
- (m) Ministry of Transport and Construction of the Slovak Republic. Accommodation statistics on tourism in Slovakia 2019 for 1Q 2020, available at: <https://www.mindop.sk/ministerstvo-1/cestovny-ruch-7/statistika/ubytovacia-statistika/rok-2020>;
- (n) Laurent Vanat: 2020 International Report on Snow & Mountain Tourism, 12th Edition, published in April 2020, available at: <https://www.vanat.ch/RM-world-report-2020.pdf>;
- (o) Laurent Vanat. 2019 International Report on Snow & Mountain Tourism. 11th Edition, published in April 2019, available at: <https://www.vanat.ch/RM-world-report-2019.pdf>;
- (p) Statistical Office of the Slovak Republic: development of tourism in accommodation facilities in the Slovak Republic in December 2019, published on 21 February 2020, available at: <https://slovak.statistics.sk/PortalTraffic/fileServlet?Dokument=826fe6e5-f58e-480b-aa47-76488f578340>;
- (q) Trend: Guests are becoming more demanding. However, the big three are doing well. The article published on 3 August 2019, available at: <https://www.etrend.sk/trend-archiv/rok-2019/cislo-29/velkej-trojke-sa-dari-a-nielen-jej.html>;
- (r) Rankings and ratings published on the websites <https://www.nagolf.eu/> and <https://forbes.cz/>;
- (s) Golfextra: 10 trends in golf travel, what's in in 2018? The article published on 8 March 2018, available at: [www.golfextra.cz/detail/3477/10-trendu-cestovani-za-golfem-co-frci-v-roce-2018](http://www.golfextra.cz/detail/3477/10-trendu-cestovani-za-golfem-co-frci-v-roce-2018);

- (t) Trend, Banks: The number of inexperienced developers in the market is increasing. The article published on 5 June 2019, available at: <https://reality.etrend.sk/reality-biznis/trh-rastol-mnoziasa-ysak-slovicka-ale.html>;
- (u) JLL Bratislava City Report 4Q 2019, available at: <https://www.jll.sk/content/dam/jll-com/documents/pdf/research/jll-bratislava-city-report-q4-2019.pdf>;
- (v) Trend: There will be another zone of holiday homes at the golf course under the Tatras. The article published on 5 February 2015, available at: <https://reality.trend.sk/komerčne-nehnutelnosti/pri-golfovom-ihrisku-tatrami-dalsia-zona-rekreacnych-domov>.

The Issuer confirms that information from third parties was reproduced accurately, and so far as the Issuer is aware, no facts were omitted whose omission would make the reproduced information inaccurate or misleading. However, the Issuer may not warrant the accuracy and correctness of information so reproduced.

No statements attributed to a person acting in its capacity as expert were used in the Prospectus.

## **10.5 Credit and indicative ratings**

Neither the Issuer nor the Bonds were rated by any rating agency and no rating is expected for the purposes of this Issue.

## **10.6 Language of the Prospectus**

This Prospectus has been prepared and approved by the NBS in the Slovak language. If the Prospectus is translated into another language, the Slovak language version of the Prospectus shall prevail in case of any interpretation discrepancy between the wording of the Prospectus in the Slovak language and the wording of the Prospectus translated into another language.

## **10.7 Forward-looking statements**

Some statements in this Prospectus may be deemed to be “forward-looking statements”. Forward-looking statements include statements concerning the Issuer’s plans, objectives, goals, strategies and future operations and performance and the assumptions underlying these forward-looking statements. The Issuer uses the words “anticipates”, “estimates”, “expects”, “believes”, “intends”, “plans”, “may”, “are expected to”, “could”, “will”, “will continue”, “should”, “would be”, “seeks”, “approximately”, “estimates”, “predicts”, “projects”, “aims” or “anticipates”, and other similar expressions to identify forward-looking statements. This applies, in particular, to statements containing information on future financial results, plans, or expectations regarding the Issuer’s business and management, the Issuer’s future growth or profitability and general economic and regulatory conditions and other matters affecting the Issuer.

Forward-looking statements reflect the Issuer’s current views of future events. They are based on the Issuer’s assumptions and involve known and unknown risks, uncertainties and other important factors that could cause circumstances or the Issuer’s results, performance or achievements to be materially different from any future circumstances, results, performance or achievements expressed or implied by such statements. The existence or non-existence of an assumption could cause the Issuer’s actual financial condition and results to differ materially from, or fail to meet expectations expressed or implied by, such forward-looking statements. The Issuer’s business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate or prediction to become inaccurate.

Forward-looking statements are current only as of the date of this Prospectus. Accordingly, except as required by the Prospectus Regulation and other applicable regulations, the Issuer is not obliged to, and does not intend to, update or revise any forward-looking statements made in this Prospectus whether as a result of new information, future events or otherwise. All subsequent written or oral forward-looking statements attributable to the Issuer, or persons acting on the Issuer’s behalf, are expressly qualified in their entirety by the cautionary statements contained throughout this Prospectus. As a result of these risks, uncertainties and assumptions, a prospective purchaser of the Offer Shares should not place undue reliance on these forward-looking statements.



## 10.8 Alternative performance measures

This Prospectus lists EBITDA and EBITDA margin indicators, which may be considered as alternative performance measures pursuant to Guidelines of the European Securities and Markets Authority ESMA/2015/1415 (the **APM Guidelines**). However, in the case of the Group, the EBITDA indicator is stated in the audited consolidated financial statements of the Group; therefore, in the Issuer's opinion, the APM Guidelines are not applicable. The Issuer presents EBITDA indicators in the Prospectus because it believes that it is an indicator that is useful for assessing the Group's financial situation and is commonly used by creditors, investors and analysts. Notwithstanding the fact that the APM Guidelines are not fully applicable, the Issuer warns that the EBITDA indicator should not be understood as an alternative to the pre-tax profit value under the IFRS or an alternative to net cash flows from operating activities (or any other IFRS indicator). In particular, EBITDA should not be understood as an expression of free cash available for investments in the growth of the Group's business. In any case, EBITDA is calculated from IFRS items as pre-tax profit adjusted for depreciation and amortisation, net interest expenses and profit or loss from financial instruments.

## 10.9 Warnings

**Potential investors should make their own assessment (or consult with their advisers) as to the appropriateness of investing in the Bonds. Investing in Bonds involves risks. Prospective investors should consider mainly the risks described in clause 2 of the Prospectus "Risk factors".**

In particular, each potential investor should:

- (a) have sufficient knowledge and experience to purposefully value the Bonds, assess the benefits and risks of investing in the Bonds and should be able to evaluate the information contained in this Prospectus and any supplements thereto (whether such information is provided directly in the above documents or by reference);
- (b) have knowledge of and access to appropriate analytical tools to evaluate investments in the Bonds and be able to evaluate the effect of the investments in the Bonds on its financial situation and/or its overall investment portfolio, always in the context of its particular financial situation;
- (c) have sufficient funds and liquidity to be prepared to bear all the risks associated with investments in the Bonds, including the potential volatility of the value of the Bonds;
- (d) be aware that if a loan or credit is used to finance the purchase of the Bonds, it may happen that the cost of such a loan or credit may exceed the yield earned on the Bonds; the potential investor should not presume that they will be able to repay loan or credit and relevant interest from the yield from investment in the Bonds;
- (e) fully understand the Terms and this Prospectus and be familiar with the behaviour or development of any relevant indicator or the financial market; and
- (f) be able to evaluate (either alone or with the help of a financial adviser) the possible development scenarios for the economy, interest rates and other factors that may affect its investment and its ability to bear the possible risks.

Unless specified otherwise, every financial information of the Issuer set out in the Prospectus come from its financial statements prepared in accordance with the IFRS. Some values set out in this Prospectus were rounded. This also means that values given for the same information item may slightly differ at different places and that values given as a sum of certain values do not necessarily have to be an arithmetic sum of the values on which they are based.

When giving information from internal estimates and analyses, the Issuer used all its reasonable care; however, the Issuer may not guarantee the accuracy of this information. Any assumptions and prospects regarding the future development of the Issuer, its financial situation, scope of its business activities or its market position may not be deemed representations or binding promises given by the Issuer regarding the future events or results because these future events and results are determined by circumstances and events that the Issuer may not, fully or partially, influence. Investors who are interested in purchasing the Bonds should carry out their own analyses of any development trends or prospects given in this Prospectus and base their investment decision on the results of these separate analyses.

**The NBS as the competent authority has approved this Prospectus as a document satisfying the standards of completeness, comprehensibility and consistency set out in the Prospectus Regulation. Such an approval should not be deemed to be a confirmation of the Issuer or a confirmation of the quality of the Bonds being the subject-matter of this Prospectus.**

## 11. DOCUMENTS INCLUDED BY REFERENCE

Information from the following documents is incorporated by reference into this Prospectus and the Prospectus should be read and construed in conjunction with information from the following documents:

- (a) Audited consolidated financial statements of the Issuer for the period from 1 November 2017 to 31 October 2018, including the audit report prepared in accordance with the IFRS, which is published as part of the Issuer's annual report for 2017/2018 on the Issuer's website at the following hypertext link:

[https://www.tmr.sk/data/modules/document.manager/documents/vyrocn\\_e\\_spravy/2019/vs\\_tmr\\_2017-18\\_en-002.pdf](https://www.tmr.sk/data/modules/document.manager/documents/vyrocn_e_spravy/2019/vs_tmr_2017-18_en-002.pdf).

Other parts of the Issuer's Annual Report for 2017/2018 not incorporated in the Prospectus by reference are of no relevance for the investors.

- (b) Audited consolidated financial statements of the Issuer for the period from 1 November 2018 to 31 October 2019, including the audit report prepared in accordance with the IFRS, which is published as part of the Issuer's annual report for 2018/2019 on the Issuer's website at the following hypertext link:

[https://www.tmr.sk/data/modules/document.manager/documents/vyrocn\\_e\\_spravy/2020/vs\\_tmr\\_2018-19\\_en.pdf](https://www.tmr.sk/data/modules/document.manager/documents/vyrocn_e_spravy/2020/vs_tmr_2018-19_en.pdf).

Other parts of the Issuer's Annual Report for 2018/2019 not incorporated in the Prospectus by reference are of no relevance for the investors.

- (c) Unaudited condensed interim financial statements of the Issuer for the period from 1 November 2019 to 31 April 2020 prepared in accordance with the IFRS, which is published as part of the Issuer's semi-annual report on the Issuer's website at the following hypertext link:

[https://www.tmr.sk/data/upload/short.messages/polrocna-sprava-2019-20\\_4\\_20200630\\_144248.pdf](https://www.tmr.sk/data/upload/short.messages/polrocna-sprava-2019-20_4_20200630_144248.pdf).

Other parts of the Issuer's semi-annual report for 2019/2020 not incorporated in the Prospectus by reference are of no relevance for the investors.

**Other than in relation to the documents that are deemed to be incorporated by reference listed in this clause of the Prospectus, the information on the websites to which this Prospectus refers does not form part of this Prospectus and has not been scrutinised or approved by the NBS.**

## 12. DOCUMENTS AVAILABLE

The following documents are available free of charge in electronic form in the reserved part of the Issuer's website <https://www.tmr.sk/pre-investorov/dlhopisy/>, section TMR V 6,00/2026 until the maturity of the Bonds:

- (a) the Prospectus and any updates thereto in the form of amendments to the Prospectus (if any);
- (b) the foundation deed and articles of association of the Issuer;
- (c) the financial statements of the Issuer included in this Prospectus by reference (as part of the relevant annual reports and the relevant semi-annual report of the Issuer);
- (d) minutes of the Bondholders Meetings (if any); and
- (e) notices to the Bondholders (if any).

The Prospectus is also available free of charge to all investors in electronic form on the Lead Manager's website <http://www.jtbanka.sk>, in the section "Useful Information", in the part "Securities Issues".

The information provided on the Issuer's and Lead Manager's websites does not form part of the Prospectus, unless such information is incorporated in the Prospectus by reference. **The information on these websites has not been reviewed or approved by the NBS.**

### 13. LIST OF USED DEFINED TERMS AND ABBREVIATIONS

In this Prospectus:

**Administrator** means J&T BANKA, a.s., acting through its branch in the Slovak Republic as administrator of the Issue or any other person appointed by the Issuer as administrator in accordance with this Prospectus.

**ADR** means average daily rate for a room in the Hotels segment.

**Agreement with the Administrator** means the agreement entered into between the Issuer and the Administrator on the performance of its office.

**Arranger** means J&T IB and Capital Markets, a. s., organizačná zložka, with its registered office at Dvořákovo nábrežie 10, Bratislava 811 02, Slovak Republic, Identification No.: 46 588 345, registered in the Commercial Register of the District Court Bratislava I, section: Po, insert No.: 2066/B.

**Bankruptcy Act** means Act No. 7/2005 Coll. on Bankruptcy and Restructuring, as amended.

**Bondholders** has the meaning given in clause 7.1 of the Terms.

**Bond Issue Date or Issue Date** means 2 February 2021.

**Bonds Act** means Act No. 530/1990 Coll. on Bonds, as amended.

**Bonds or Issue** means bonds covered by this Prospectus with an estimated total nominal value of up to EUR 110,000,000 due and payable in 2026, issued by the Issuer under Slovak law as book-entry bearer bonds.

**Brussels I Regulation (recast)** means Council Regulation (EC) No 1215/2012/ES of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast).

**BSSE** means Burza cenných papierov v Bratislave, a.s., with its registered office at Vysoká 17, 811 06 Bratislava, Slovak Republic, Identification No.: 00 604 054, registered in the Commercial Register of the District Court Bratislava I, section: Sa, insert No.: 117/B.

**Business Day** means any calendar day other than Saturday, Sunday and holiday.

**Calculation Agent** means J&T BANKA, a.s., acting through its branch in the Slovak Republic as calculation agent or any other person appointed by the Issuer as calculation agent in accordance with this Prospectus.

**CDCP or Central Depository** means Centrálny depozitár cenných papierov SR, a.s., with its registered office at ul. 29. augusta 1/A, 814 80 Bratislava, Slovak Republic, Identification No.: 31 338 976, registered in the Commercial Register of the District Court Bratislava I, section: Sa, insert No.: 493/B.

**CERI** means Central Records of Regulated Information.

**Chairman of the Meeting** has the meaning given in paragraph 17.5(b) of the Terms.

**Civil Code** means Act No. 40/1964 Coll., the Civil Code, as amended.

**CNB** means Czech National Bank (*Česká národní banka*).

**Commercial Code** means Act No. 513/1991 Coll., the Commercial Code, as amended.

**Czech Crown or CZK** means Czech crown, the legal tender of the Czech Republic.

**Date of Record** has the meaning given in paragraph 13.3(a)1.1(a)(a)(i)(i) of the Terms.

**Date of Record for Attending the Meeting** has the meaning given in paragraph 17.4(a) of the Terms.

**EBITDA** means earnings before interest, tax, depreciation and amortization.

**EBRD** means the European Bank for Reconstruction and Development.

**Eligible Recipient** has the meaning given in paragraph 13.3(a) of the Terms.

**EUR** or **euro** means the legal currency of the Slovak Republic and at the same time the single currency of the European Union.

**Excluded Persons** has the meaning given in paragraph 17.4(b) of the Terms.

**Hague Apostille Convention** means the Convention of 5 October 1961 Abolishing the Requirement of Legalisation for Foreign Public Documents.

**IFRS** or **International Accounting Standards** means the International Financial Reporting Standards designed in accordance with the standards and interpellations approved by the International Accounting Standards Board, formerly known as International Accounting Standards (IAS).

**IMF** means the International Monetary Fund.

**Income Tax Act** means Act No. 595/2003 Coll. on Income Tax, as amended.

**Instruction** has the meaning given in paragraph 13.4(b) of the Terms.

**Interest Income Period** has the meaning given in paragraph 11.2(b) of the Terms.

**Interest Payment Date** has the meaning given in paragraph 11.1(b) of the Terms.

**Interest Rate** has the meaning given in paragraph 11.1(a) of the Terms.

**Issue Price** has the meaning given in clause 3.4 of the Terms.

**Issuer** means Tatry mountain resorts, a.s., with its registered office at Demänovská Dolina 72, Liptovský Mikuláš 031 01, Slovak Republic, Identification No.: 31 560 636, registered in the Commercial Register of the District Court Žilina, section: Sa, insert No.: 62/L.

**J&T BANKA** means J&T BANKA, a.s., with its registered office Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic, Identification No.: 471 15 378, registered in the Commercial Register of the Municipal Court in Prague, section: B, insert No.: 1731, operating in the Slovak Republic through its branch, J&T BANKA, a.s., pobočka zahraničnej banky, with its registered office at Dvořákovo nábrežie 8, 811 02 Bratislava, Slovak Republic, Identification No.: 35 964 693, registered in the Commercial Register of the District Court Bratislava I, section: Po, insert No.: 1320/B.

**Lead Manager** means J&T BANKA, a.s. as lead manager of the Issue.

**Listing Agent** means J&T BANKA, a.s., acting through its branch in the Slovak Republic as listing agent in respect of the Issue or any other person appointed by the Issuer as listing agent in accordance with this Prospectus.

**Maturity Date** has the meaning given in clause 11.5 of the Terms.

**Maturity Date** has the meaning given in clause 12.1 of the Terms.

**Meeting** has the meaning given in paragraph 17.1(a) of the Terms.

**Meeting Convocation Request** has the meaning given in paragraph 17.1(a) of the Terms.

**NBS** or **National Bank of Slovakia** means the legal entity established by Act No. 566/1992 Coll. on the National Bank of Slovakia or any of its legal successors in accordance with the laws of the Slovak Republic, which is the competent authority of the Slovak Republic pursuant to Section 120(1) of the Securities Act for the purposes of the Prospectus Regulation.

**Nominal Value of the Bond** has the meaning given in clause 4.2 of the Terms.

**Payment Date** has the meaning given in clause 13.2 of the Terms.

**Person Entitled to Attend the Meeting** has the meaning given in paragraph 17.4(a) of the Terms.

**Prospectus** means this security prospectus dated 4 December 2020.

**Relevant Records** means the records of the Bondholders in respect of the Bonds maintained by the Central Depository or a member of the Central Depository or internal records of the person registering the Bondholder whose Bonds are registered in the holder's account.

**Request** has the meaning given in paragraph 17.6(a) of the Terms.

**Securities Act** means Act No. 566/2001 Coll. on Securities and Investment Services, as amended.

**Slovak Corporate Governance Code** means the Slovak Corporate Governance Code prepared by the Slovak Association of Corporate Governance (original name of the association: Central European Corporate Governance Association) in 2016.

**Slovak Republic** means the Slovak Republic.

**Specified Office** has the meaning given in clause 15.1 of the Terms.

**Stock Exchange Rules** means the stock exchange rules of the BSSE.

**Terms** means the terms of the Bonds set out in clause 6 of the Prospectus, which replaces the terms and conditions of the Bonds.

**Voting Holders** has the meaning given in paragraph 17.5(c) of the Terms.

## ISSUER

**Tatry mountain resorts a.s.**  
Demänovská dolina 72  
031 01 Liptovský Mikuláš  
Slovak Republic

## LEAD MANAGER

**J&T BANKA, a.s.**  
Sokolovská 700/113a  
Karlín, 186 00 Prague 8  
Czech Republic  
acting in the Slovak Republic through  
**J&T BANKA, a.s., pobočka zahraničnej banky**  
Dvořákovo nábrežie 8  
811 02 Bratislava  
Slovak Republic

## ARRANGER

**J&T IB and Capital Markets, a.s., organizačná zložka**  
Dvořákovo nábrežie 10  
811 02 Bratislava  
Slovak Republic

## ADMINISTRATOR AND LISTING AGENT

**J&T BANKA, a.s.**  
Sokolovská 700/113a  
Karlín, 186 00 Prague 8  
Czech Republic  
acting in the Slovak Republic through  
**J&T BANKA, a.s., pobočka zahraničnej banky**  
Dvořákovo nábrežie 8  
811 02 Bratislava  
Slovak Republic

## TRANSACTION LEGAL ADVISOR

**Allen & Overy Bratislava, s.r.o.**  
Eurovea Central 1, Pribinova 4  
811 09 Bratislava  
Slovak Republic

## AUDITOR OF THE ISSUER

**KPMG Slovensko spol. s r.o.**  
Dvořákovo nábrežie 10  
811 02 Bratislava  
Slovak Republic