

ANNUAL REPORT 2018/19

✱ skistar



Sälen VEMDALEN ÅRE HEMSEDAL TRYSIL St. Johann
IN TIROL

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*S: Information regarding SkiStar's sustainability work is described under the sections indicated.

THIS IS SKISTAR

15%

SHAREHOLDER
DISCOUNT

EQPE

SKISTAR'S VISION IS TO CREATE
MEMORABLE MOUNTAIN EXPERIENCES
AS THE LEADING OPERATOR
OF EUROPEAN ALPINE DESTINATIONS

SKISTAR * LIVING



595,000

DOWNLOADS
OF THE SKISTAR APP

3

COUNTRIES



Brothers Erik and Mats Paulsson acquired the Lindvallen ski resort in 1975/78. Tandådalen & Hundfjället were acquired in 1997, Åre & Vemdalen in 1999 and Hemsedal in 2000. Trysil was acquired in 2005 and since 2016, SkiStar has also been the majority owner of St. Johann in Tirol.



SCANDINAVIAN
MOUNTAINS
AIRPORT

36,874

SHAREHOLDERS



 **skistar.com**

14.9

MILLION VISITS/YEAR



5,800,000

SKIER DAYS ON SKISTAR'S SLOPES



231

LIFTS

THE PAST YEAR

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

FIRST QUARTER

Plentiful bookings pave the way for another good winter season

- * SkiStar opens Scandinavia's most modern express lift in the form of a new eight-seated lift at Hundfjället, Sälen.
- * SkiStar Vacation Club opens new accommodation in Åre.
- * Premiere collection of EQPE released. EQPE, which is SkiStar's own clothing brand, offers affordable ski wear specially designed for the Scandinavian environment. A unique collection for the Alpine World Ski Championships in Åre, which appointed EQPE as official clothing supplier, is also created.
- * Collaboration between SkiStar and Fortum leads to 40 new charging stations for electric cars and plug-in hybrids in Åre.

SECOND QUARTER

Record results for the first half of 2018/19

- * SkiStar implements 2:1 share split resolved on by AGM.
- * Alpine World Ski Championships take place in Åre with SkiStar as title sponsor. In addition to the official competitions, SkiStar Invitational is organised with some of the world's most famous skiing legends.

THIRD QUARTER

New record profits and great optimism for the coming winter season

- * SkiStar launches skistarliving.com, which is a new portal to simplify ownership of housing and property in the mountains.
- * Skistar.com – Winner of 'Best Swedish Website of the Year' award in the recurring competition 'Topp100 – Sweden's best award for sites and services on the internet'.
- * Mats Årjes announces his decision to resign in the autumn after 17 years as SkiStar's CEO.

FOURTH QUARTER

An excellent winter season behind increased revenue – great optimism for the coming season!

- * SAS and BRA launch new direct flights from Denmark, the UK and several locations in Sweden to the new Scandinavian Mountains Airport, which opens in December.
- * SkiStar takes the first step towards electrifying its snowmobile fleet via collaboration with a Canadian partner.



THE YEAR IN FIGURES

	2018/19	2017/18	+/-	+/-, %
Revenue, SEK million	2,676	2,536	140	6
Profit before tax, SEK million	553	587	-34	-6
Profit after tax, SEK million	460	486	-26	-5
Cash flow from operating activities, SEK million	722	679	43	6
Earnings per share, SEK	5.95	6.25	-0.30	-5
Dividend proposal, SEK	3.50	3.50	-	0
Share price 31 August, SEK	116.00	101.00	15.00	15
Share dividend yield, %	3.0	3.5	-0.5	-13.7
P/E ratio, times	19.5	16.2	+3.3	+20.4
Equity, SEK million	2,602	2,421	181	7
Equity/assets ratio, %	51	50	1	2
Return on capital employed, %	15	17	-2	-12
Return on equity, %	18	22	-4	-18
Gross margin, %	33	34	-1	-3
Operating margin, %	22	24	-2	-8
Net margin, %	21	23	-2	-9
Average number of employees	1,322	1,283	39	3

Definitions are provided on page 76.

COMMENTS FROM THE CEO



We have yet another excellent financial year to look back on. Although it is particularly pleasing that our core operations – SkiPass sales – have seen an increase of SEK 55 million, or 4.1 percent, compared with the previous year, it is the positive development in several business areas that is behind the total revenue increase of SEK 140 million. Growth for the season can be compared with last year, when we had fantastic weather conditions and a 7.5-percent increase in the number of skier days. Considering this, we are delighted with this year's earnings trend!

Our operations include development of land and property assets. We own more than 5.4 million square metres of land for development, much of it in excellent locations. We endeavour to maintain a good balance between the pace at which we develop our land assets and prevailing operations along with infrastructure development at each destination. We develop and sell plots for the construction of private holiday homes, we build and sell tenant-owner apartments, we sell weekly shares in our Vacation Club holiday concept and we also produce commercial accommodation. Our development operations and sales of shares in Vacation Club have made an earnings contribution of SEK 189 million this year.

Bookings for the 2019/20 winter season are slightly better than the same time last year. We see the highest growth in the foreign markets (notably Denmark and Germany), which is consistent with our strategy of increasing the number of foreign guests at our destinations.

Our digital focus is paying off, and we are concentrating on sales via skistar.com, which attracts over 14.9 million visits a year. Together with our app, which has been downloaded around 600,000 times, we are well equipped for digital interaction with our customers. We received high praise for our initiatives when, in mid-March, we were voted Sweden's best site in the IDG Topp100, an annual ranking of Sweden's best websites.

The number of registered members of SkiStar's MySkiStar customer club continues to rise and is now over 889,000.

We have much to look forward to next season, mostly because we are investing in our business to develop our ski product. Beyond that, we look forward to the opening of Scandinavian Mountains Airport, located between Sälen and Trysil, on 22 December. SkiStar is one of 33 shareholders of the airport. During the airport's premiere season, we look forward to welcoming new skiers, not just from Sweden but also from Denmark and the UK,

who will land at the airport just 10 minutes from Hundfjället in Sälen.

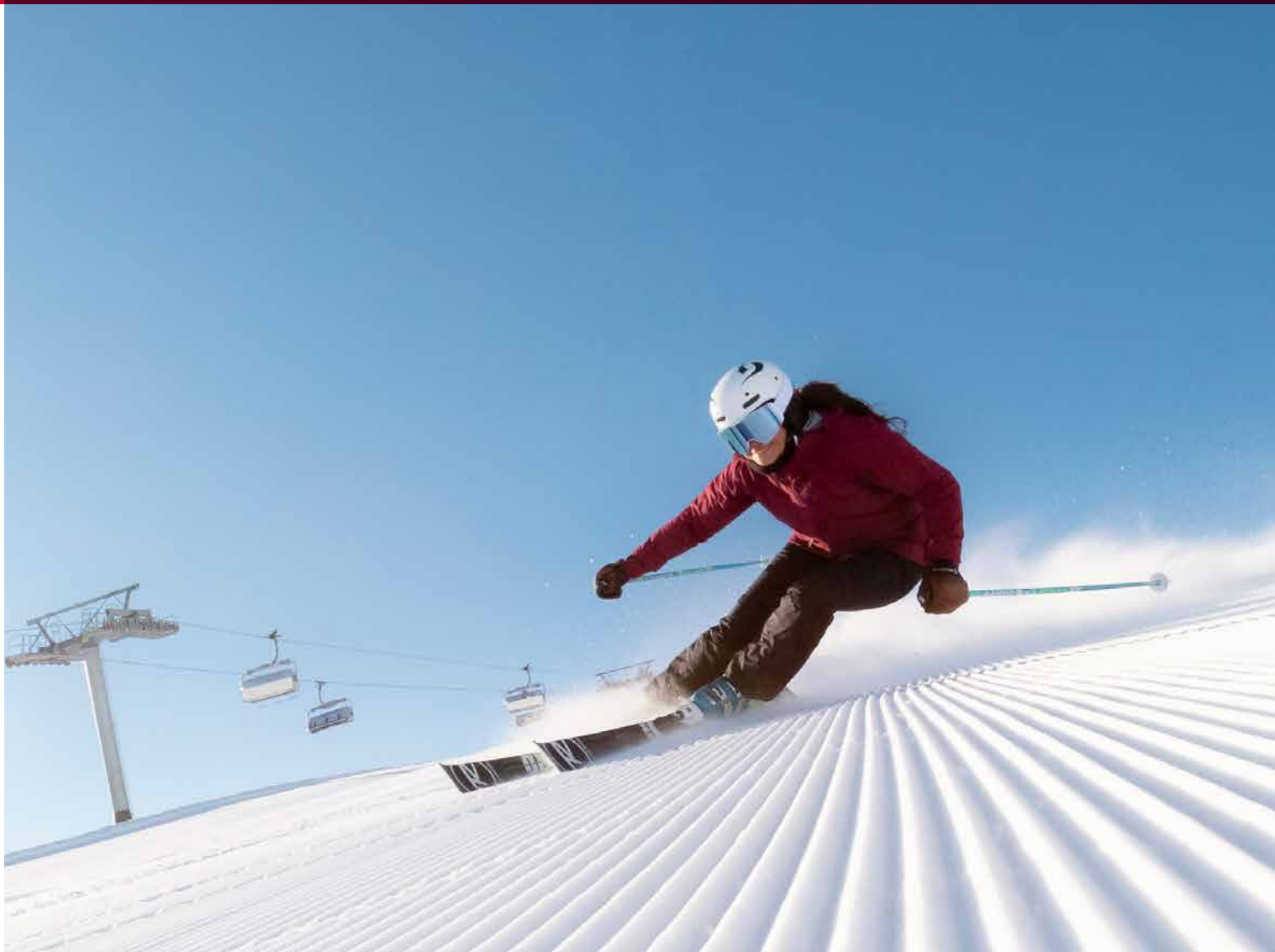
Over the past year, we have worked hard to define targets for the company's sustainability work. We have the potential to be a leading operator in the alpine mountain tourism industry in terms of sustainability and in this way, we can also inspire others. For us, it is crucial to protect the unique environment in which we work, and we want to help give more people the same opportunity in the future. We have also improved our sustainability report through detailed work on quantifiable targets to provide an even clearer picture and create a collective sense of purpose for SkiStar's sustainable development.

My position at SkiStar ends on 30 November, so this will be my last *Comments from the CEO*. I can say that SkiStar enjoys a stronger position today than ever before, not only financially, but also with well-established goals and strategies. The company has a management team with all the opportunities needed to continue developing the fantastic company that I have had the privilege of leading for 17 years as CEO.

I wish all our employees good luck in the future!

MATS ÅRJES
CEO

NEW FOR THE 2019/20 WINTER SEASON



SkiStar's new features for the 2019/20 winter season: more of children's favourite Valle, new accommodation close to slopes and opening of Scandinavian Mountains Airport. With more international guests at SkiStar's resorts, the product range is developed to include the launch of half-day lessons in the group ski school this winter.

TRYSIL

New slopes and improved snow production for a top-class skiing experience

This winter season, Trysil's well-groomed pistes will be even better as slopes are widened and snow production improved. Trysil will also have an expanded selection of restaurants.

The season's biggest news of course is the official opening of Scandinavian Mountains Airport in December 2019. BRA and SAS will then begin operating direct flights to the new airport from Sweden, Denmark and the UK. With a transfer time of 40 minutes, travel will be simpler and take less time for guests from further afield.

SÄLEN

Better skiing and wider choice of attractive accommodation

The transfer time to Sälen from Scandinavian Mountains Airport is short – 10–15 minutes to Hundfjället-Tandådalen, 20 minutes to Högfjället and 25 minutes to Lindvallen – which means that guests can hit the slopes in a matter of just a few hours.

This season, Sälen will be offering more and better skiing. A third Fun Ride will be moving into eastern Tandådalen. Lindvallen is investing in new lighting, which will improve opportunities for evening skiing. Bigger, more convenient parking areas are also being built to make it easier for families to get to and from the pistes.

There will be more accommodation alternatives on offer this season. Ski Apartments were built in Tandådalen and Hundfjället – 38 fully furnished apartments with a secluded, yet optimum Ski-in Ski-out location. At Tandådalstorget, expansion of the popular Solbacken accommodation area is progressing. In Lindvallen, the new Timmerby Village is under construction at Söderåstorget – a completely new accommodation area comprising some 50 ski-in ski-out properties. Furthermore, 12 apartments are now ready in the Fjällgläntan accommodation area at the top of Trollbäcken.

VEMDALEN

New Valle stage and more accommodation in prime location

This year's winter season in Vemdalen offers several new features for families with children. A completely new Valle stage is being built in Björnrike, and Valles stuga, which the guests had a sneak preview of last year, will be open all winter this year. The family favourite ski slope, Pers, will be widened and the skiing route between Björnvalen and Blästervallen developed to make the area around Björnvalen and Björnrike torg safer and more accessible.

Vemdalen is also expanding its range of accommodation options. Hotell Klövsjöfjäll is being extended to provide more rooms and facilities,

making ski trips to Klövsjö a fuller experience. In Vemdalskalet, ten new apartments are being built at Klockarfjället right next to the Väst Express chair lift. The new Högåsvillorna area, which is close to the children's area, will also open this winter. Black Timber Lodge is under construction in Björnrike, comprising four new semi-detached homes right in the heart of Björnrike's skiing area.

ÅRE

Valle's Time Travel and range of restaurants go international

All families with children will be able to get to know Valle the snowman in a whole new way as what used to be Valles Gruvgång gets a facelift and becomes Valle's Time Travel. The feature will give children and parents the opportunity to share in all the fantastic places Valle has been.

Åre's already vibrant restaurant scene will have several new additions this season.

ST. JOHANN IN TIROL

Adventurous skiing and new conference opportunities

For this year's winter season, development of activities is continuing, primarily for families with children, with the opening of the highly popular SkiStar Fun Ride and Valle's Fun Ride. In the ski cross inspired SkiStar Fun Ride, the thrill-seeking skier will encounter velodrome curves, rollers, simple box jumps and jumps. For the younger guests there will be Valle's Fun Ride, featuring rollers and figures with Valle the snowman. Morning skiing from 6:59 am is also new for this year.

Another new feature is the opportunity to hold skiing conferences at St. Johann, combining productive meetings with physical activity in a stunning alpine setting. SkiStar Business welcomes both small groups and entire organisations, helping them to create a bespoke conference event.

HEMSEDAL

New hotel, more slopes and improvements to Valleskogen

Hemsedal is offering numerous exciting new features this season. In Totteskøgen, the new FÝRI Resort of Hemsedal hotel is being built. With the slopes on the doorstep, central Hemsedal a short walk away and magnificent mountain views, the new hotel will be a strong addition to Hemsedal's range of accommodation and a new opportunity for guests to experience good food and drink alongside great skiing.

The two new slopes Sentrumsvingen and Fyriløypa will also offer entirely new skiing opportunities, with long runs and fantastic mountain views in the eastern parts of the resort. When combined with the new Totteskogheisen lift, which connects the new hotel and cabin areas in Totteskøgen with the skiing area, it will now be

possible for skiing enthusiasts to take the slopes down to central Hemsedal without having to take the ski bus back.

Younger guests will also have something to look forward to this winter when the popular Valleskøgen and children's area are upgraded with new lighting, sound and effects.

EQPE

SkiStar chooses EQPE as its workwear supplier

SkiStar's workwear will have a new lease of life for the 2019/20 winter season as EQPE becomes the company's new supplier. A large proportion of SkiStar's employees work outdoors, which means clothing needs to be functional, comfortable and durable, capable of coping with any kind of challenge. EQPE was the official clothing supplier for the 2019 Alpine World Ski Championships in Åre and was worn by all 1,500 volunteers.

SCANDINAVIAN MOUNTAINS AIRPORT

Travel for skiing holidays in Sälen and Trysil for winter 2019/20 will be both simpler and quicker, as train and bus journeys are joined by flights. Scandinavian Mountains Airport will be officially opened in December 2019, offering some 15 routes from Sweden, Denmark and the UK. The transfer time to SkiStar's destinations is just 10–40 minutes, which makes the airport unique in the industry.

More bookable transport and accommodation via SkiStar's channels

SkiStar is building on both its transport and accommodation offering at skistar.com by offering flight and transfer bookings and external hotels. This means that customers can easily book their entire holiday at skistar.com.

VALLE

Valle gets his own children's programme this winter and Valle's App is updated

At last, Valle will get his very own children's programme, created in a storybook style with ten sections, with learning and humour being the key features throughout. Valle's App is being updated, with a focus on improving children's knowledge in an entertaining way on topics like health, the environment and social responsibility.



OUR INDUSTRY

Alpine skiing is found in 100 countries around the world



THE GLOBAL TOURISM INDUSTRY

Tourism is one of the world's largest industries. According to the UN World Tourism Organisation (UNWTO), which publishes statistics on global tourism, the sector accounts for around seven percent of total global exports of goods and services. According to UNWTO, global tourism has increased by approximately 166 percent since 1995, in terms of tourist arrivals. Holidays, recreation and other types of leisure activities account for 56 percent of travel, while 13 percent relates to business travel and 27 percent can be attributed to visits by family and friends and travel for religious or health-related reasons.

In 2018, global tourist arrivals increased for the ninth year in a row. This time, the figure increased by five percent to 1,400 million visits compared with the previous year. Tourism receipts increased by four percent in fixed prices to USD 1,451 billion.

Europe is the most visited region, accounting for half of the world's visits. The most visited

country is France with over 89 million visits annually, followed by Spain and the US, with 82 and 80 million annual visits respectively. In 2018, tourist arrivals in Europe increased by five percent, which can be compared with for example North and South America, which saw a rise of two percent, and Asia, Oceania and Africa, which saw an increase of seven percent.

According to UNWTO's long-term forecast, global travel is projected to rise by just over 90 percent, to 1.8 billion trips, by the year 2030. Europe is expected to experience an annual growth in tourist arrivals of 2.5 percent up until 2030.

THE SWEDISH TOURISM INDUSTRY

Tourism is also an important industry in Sweden. Accounting for almost three percent of Sweden's combined GDP and employing 172,400 people, tourism makes a significant contribution to the Swedish economy. According to the Swedish Agency for Economic and Regional Growth, total

tourist consumption in Sweden has risen by 124 percent in current prices since 2000.

In 2018, total tourist consumption in Sweden increased by six percent to SEK 337 billion. Of this figure, SEK 193 billion relates to tourist consumption by Swedes in Sweden. Swedes' tourist consumption, specified according to private and business travel, grew by five percent to approximately SEK 140 billion for private travel, and saw an increase of six percent to roughly SEK 53 billion for business travel. Of total tourist consumption, SEK 144 billion refers to foreign visitors' consumption in Sweden, which is an increase of eight percent compared with the previous year. The export share of tourist consumption in Sweden has risen at a faster pace in recent years than domestic tourist consumption; in 2018, foreign visitors accounted for just over 43 percent of total tourist consumption in Sweden, compared with 27 percent in 2000.

THE GLOBAL ALPINE SKIING MARKET

Alpine skiing on six continents

There are just over 2,000 alpine skiing destinations in the world, and the annual number of skier days globally has remained relatively stable at around 400 million, according to the 2019 International Report on Snow & Mountain Tourism. Alpine skiing is found at organised outdoor ski resorts in 67 countries worldwide. If countries with indoor arenas are added, the number of countries offering alpine skiing rises to around 100.

Some 44 percent of all skier days in the world can be attributed to the Alps. Owing to this, Europe constitutes the largest alpine market, with around 200 million skier days a year. The US is the second largest market, with roughly 75 million skier days a year. The largest individual markets are the US, France and Austria, with approximately 50–55 million skier days a year each. Sweden, Norway and Finland account for roughly 18.6 million skier days a year. The number of skier days at Sweden's 50 largest resorts totalled just over 8.7 million in the 2018/19 season. SkiPass sales in Sweden amounted to over SEK 1.7 billion, an increase of 1.7 percent compared with the previous winter, which itself was a record season.

National and international skiers

There are an estimated 130 million skiers in the world, and the figure is set to increase in the long term. However, the number of skier days is not expected to rise at the same rate, as new skiers tend to consume fewer skier days than existing skiers.

A national customer base is an important tool, as most skiers visit resorts in their own country. For most countries, the significance of international skiing guests is limited. Travel between countries is affected by factors such as

size of market, transport opportunities, travel time and travel costs, as well as access to airports.

Flows of international skiing guests are mainly concentrated to Europe, with Germany and the UK exporting the most skiers. The volume of inbound skiers has the most significance for countries such as Austria, where the percentage of foreign skiers is roughly 66 percent, and for Switzerland and Norway, for which the figure is around 46–47 percent according to the 2019 International Report on Snow & Mountain Tourism. In the US and Canada, international skiers account for around six and twelve percent respectively. In Sweden and Finland, the share is around 15 and 17 percent respectively.

Corporate culture and ownership

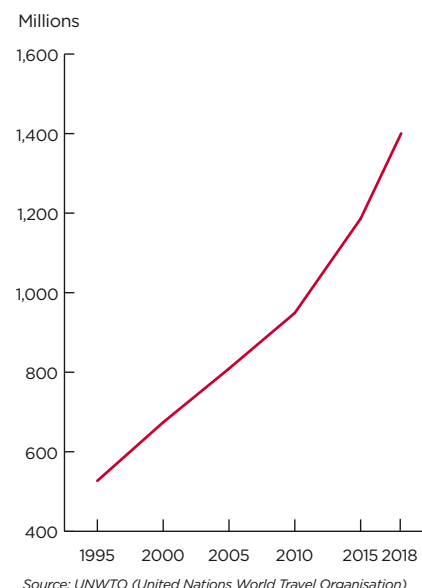
The ownership structure in the global alpine market is fragmented, with many small companies. Examples of larger companies in the industry include the listed ski resort companies Compagnie des Alpes (CDA) in France and Vail Resorts in the US. These companies are operators that have acquired a number of ski resorts in their own countries. Otherwise, most ski resorts in Europe and North America are privately owned or owned by public interests such as municipalities, local tourist organisations and/or local banks. Examples of companies, besides SkiStar, that own more than one ski resort in Sweden include Branäsgruppen and Grönklittgruppen, and in Norway, Alpinco.

COMPETITION

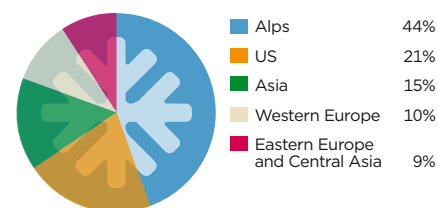
SkiStar competes for people's disposable income. This means that, in a broader sense and in addition to the travel industry, SkiStar is competing with industries such as durable goods and home improvement. The travel industry competes with varying holiday offerings. Skiing primarily

competes with travel alternatives involving sunshine, beaches, big cities, amusement parks, shopping or all-inclusive packages. In the alpine ski industry, competitors comprise other alpine resorts in Scandinavia and the Alps.

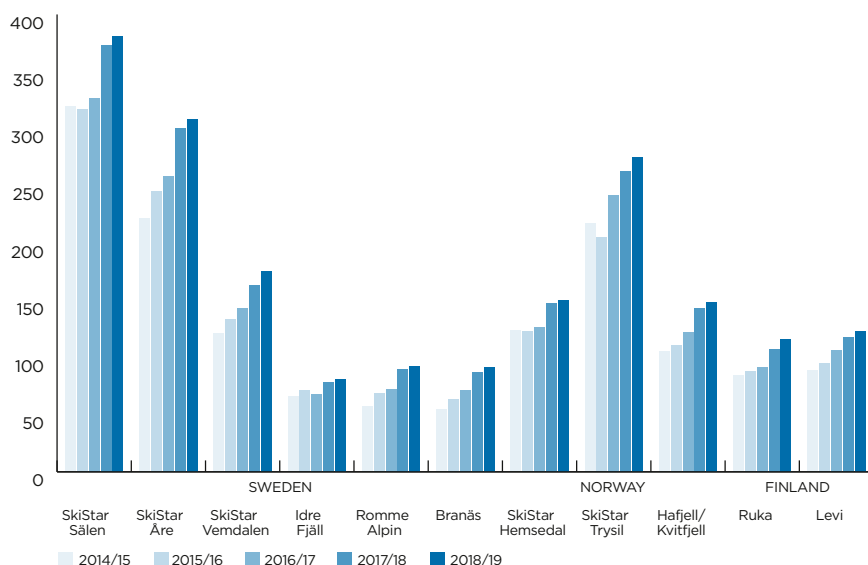
TOURIST VISITS globally, MILLIONS



MARKET SHARE, skier days



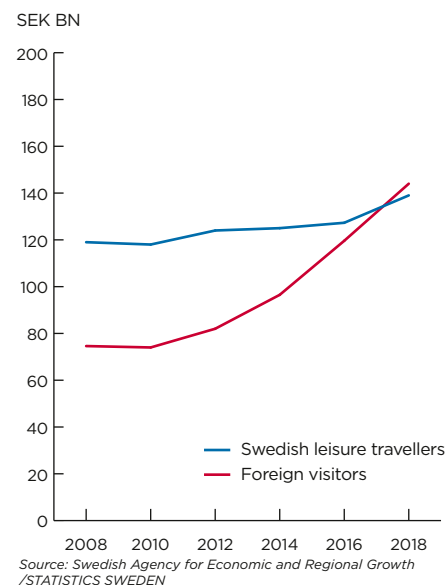
SKIPASS SALES, SEK M, for the larger alpine resorts in the Nordic region



NOK/SEK is restated at the rate of 1.08 for 2018/19, 1.05 for 2017/18, 1.06 for 2016/17 and 1.02 for 2015/16 and 2014/15. EURO/SEK is restated at the rate of 10.48 for 2018/19, 10.05 for 2017/18, 9.48 for 2016/17, 9.51 for 2015/16 and 9.50 for 2014/15.

Sources: Svenska Skidåkningsorganisation (Swedish Ski Lift Organisation), Alpinanleggenes Landsforening (Norwegian Ski Lift Association) and the Finnish Ski Area Association

TOURIST CONSUMPTION IN SWEDEN at current prices, SEK BN



VISION, GOALS AND STRATEGIES

SkiStar aims to lead the way in terms of concept,
overall approach and development



VISION

SkiStar's vision is to create memorable mountain experiences as the leading operator of European alpine destinations.

BUSINESS CONCEPT

SkiStar's business concept is to develop alpine mountain tourism by packaging products and services that strengthen the alpine mountain experience. SkiStar is a listed company whose mission is to create value for both shareholders and guests. The SkiStar brand is strong and clear. It encompasses various products, services and fields of activity within alpine mountain tourism that combine to form a comprehensive offering that boosts the brand.

SkiStar is continually evolving and aims to always be at the forefront so it can offer guests the best possible holiday and memorable mountain experiences. Everything is packaged under skistar.com to simplify the booking and purchasing process and to inspire and reinforce the alpine skiing experience.

GOALS

Financial targets

To pursue a proactive strategy while balancing operational risk, SkiStar must have a strong financial base. The target is an equity ratio of at least 35 percent. At current interest rates, the target for return on equity is 14 percent and for return on capital employed, 9 percent. These targets are based on 3-month treasury bills, which had an average interest rate of -0.50 percent (-0.69) during the 2018/19 financial year. The operating margin target is to exceed 22 percent in the long term.

Operational targets

SkiStar's growth target is an annual organic growth rate exceeding inflation by at least 4 percentage points, on top of any growth through acquisitions. Inflation in Sweden during the financial year was 1.4 percent (2.0).

Target achievement

The overall goal is for the value of shareholders' capital to increase. SkiStar's share price increased by 15 percent during the 2018/19 financial year. The Stockholm Stock Exchange all-share index (OMXS) gained 2 percent over the same period. A dividend of SEK 3.50 (3.50) is proposed. All financial targets have been achieved. Target achievement figures are shown in more detail in the table below. Information about the Group's earnings trend during the financial year can be found on pages 45–46.

STRATEGIES

Concept and business model

The core business is alpine skiing, with a focus on the guest's overall skiing experience. The long-term goal is to run profitable and strategic operations in alpine skiing, ski schools, ski rental and accommodation provision within SkiStar's organisation at the various destinations. Another aim is to develop activities which supplement the existing range of services and add value for the guests, as well as for SkiStar. Examples of such activities include the sale of shares through SkiStar Vacation Club, and the sale of alpine sports products via skistarshop.com and in physical stores. SkiStar will work to ensure that all agents at the alpine destinations maintain high levels of quality and service to strengthen the destinations' brands and offer the guests an improved experience.

Through active property development at SkiStar's destinations, the Property Development and Exploitation segment will create new, modern and attractive accommodation units, while also generating profit through sales.

Operational strategies

Well-managed products and services result in a high percentage of returning guests. These in turn represent the best marketers. By providing a well-developed infrastructure, the guests should be able to find everything they need within walking distance. Accommodation and skiing areas should be linked to provide a wide range of accommodation close to the lifts. The Ski-in Ski-out concept enables the guests to be less reliant on their cars as a means of transport during their stay. Developing the Group's snowmaking systems is a top priority. These systems have been modernised and continually expanded to ensure the offering of good skiing conditions, regardless of the amount of natural snow. The destinations have individual profiles and therefore should, as a combined offering, attract large customer groups. SkiStar will work to ensure that there is a wide range of affordable transport options for each destination, primarily through agreements with external providers, and secondarily by offering own transport solutions.

Leadership and service strategies

SkiStar aims to ensure that it has a corporate culture centred on learning, high standards of performance, consideration for others, a guest-centred approach and pride. SkiStar's leadership style shall be characterised by a desire to build on improvements. The service provided to the guests will be a constant priority. The strategy for achieving this is based on professional

selection processes during recruitment, coupled with training and regular follow-up. The alpine destinations are continually developed in response to feedback from the guests and their wishes, resulting in an even higher number of satisfied and returning guests. Efforts to improve access and to increase simplicity and convenience for the guests will always be in focus.

Marketing and sales strategies

The primary purpose of the company's marketing and sales strategies is to increase the number, and maximise the percentage of, alpine skiers at SkiStar's destinations. The SkiStar brand and SkiStar's destinations should be highlighted and strengthened through marketing and customising the message for different target groups. Coordination of sales through a single website and a single telephone number will enable increased cross-sales and better service, as well as improved efficiency and optimisation of the range of accommodation options at each of the destinations. A higher percentage of advance sales secures a greater portion of earnings at an early stage, even before the start of the season, which means less risk and a more even cash flow. Increasing the share of online sales cuts selling expenses and expands the customer register for marketing activities. Attracting more visitors to the website provides an opportunity to generate add-on sales. Customers purchasing a ski trip to a SkiStar destination are customers of SkiStar and guests at their chosen destination.

Sustainability strategies

SkiStar's sustainability strategy is built on the company's vision. SkiStar will safeguard the unique alpine environment in which the company operates by considering all sustainability aspects in the business, with the aim of creating memorable mountain experiences. SkiStar will offer its guests active holidays that improve their health and wellbeing, with positive knock-on effects for society. Sustainability strategies will be incorporated into the company's other operations.

Cross-learning and benchmarking

SkiStar's employees have extensive experience and knowledge of how to operate alpine ski resorts. Meetings with industry colleagues at the various destinations ensure a continual process of cross-learning. Comparing activities and operating models at the various resorts enables improvement of the efficiency of the operations and strengthen the relationship with the guests, thus establishing a foundation for increased growth and profitability.

TARGET ACHIEVEMENT, FINANCIAL TARGETS

	Outcome 2018/19	Target 2018/19	Outcome 2017/18	Outcome 2016/17
Equity/assets ratio, %	51	>35	50	46
Return on capital employed, %	15	9	17	14
Return on equity, %	18	14	22	20
Operating margin, %	22	22	24	22
Organic growth above inflation, %	4	4	8	14

SALES AND MARKETING

Over half of all sales are in advance, with skistar.com being the largest sales channel



MISSION AND TARGETS

The overall goal of the sales and marketing departments at the resorts is to maximise the occupancy rate of available beds, as well as to maximise sales of the Group's own services and products, such as SkiPass, ski rental, ski school, sports goods and accommodation. Cost effectiveness shall be achieved by prioritising distribution via skistar.com above all other sales channels. Furthermore, the sales department should work to ensure effective and affordable transportation solutions for all destinations.

BRAND POSITIONING

SkiStar's brand portfolio consists of the main brands SkiStar and skistar.com, along with the destinations' brands and the joint brands MySkiStar, Valle, SkiStar Lodge, skistarshop.com, SkiStarshop Concept Store, SkiStar Business, SkiStar Snow Parks, SkiStar Fun Ride, EQPE and SkiStar Living.

SkiStar and skistar.com are brands that stand for peace of mind, simplicity and accessibility, as well as many products and offers linked to skiing holidays. Being a SkiStar customer and joining the MySkiStar customer club allows customers to earn bonus points and discounts and gives access to unique partner offers as well as skiing statistics, pines and free Wi-Fi in selected skiing areas.

The SkiStarshop Concept Store and skistarshop.com are brands for the Group's venture into alpine sporting goods such as clothing, equipment and accessories. Marketing of the group

travel and conference market is carried out under the remit of the SkiStar Business concept and brand. The Valle brand has grown strong over the years and is now a strategically important brand as both a children's concept and ambassador for SkiStar's sustainability work. SkiStar Snow Parks is the brand that aims to attract young people to the parks, while the SkiStar Fun Ride experience aims to provide excitement for the entire family. The new EQPE clothing brand and SkiStar Living were launched in the 2018/19 season.

MARKETS

SkiStar's customers primarily come from the Nordic countries, where Sweden, Norway and Denmark are considered domestic markets. In the 2018/19 season, 74 percent of SkiStar's customers came from the Swedish market. The Danish market increased from 13 to 15 percent. The Norwegian market accounts for five percent and other foreign markets for six percent.

TARGET GROUPS

SkiStar's target groups can be classified according to many different criteria, such as geographical location, age, interests, family situation or based on the destinations' various profiles. The most important target group is families with children, and the Valle concept provides a strong incentive and inspires loyalty with this group. On top of this, there will also be the unique SkiStar Fun Ride experience, aimed at the entire family. To engage in marketing on a broad front, SkiStar works

with different concepts focused on various target groups, such as SkiStar Snow Park. SkiStarshop Concept Store and skistarshop.com help to reach a broader customer segment. Online sales of shop products have experienced average annual growth of around 54 percent since the launch four years ago, and SkiStar's website is its single largest shop products sales channel.

MARKETING AND SALES STRATEGIES

Bespoke winter holidays

SkiStar's strategy is to offer each individual guest a customised winter holiday, in line with their own specific wishes. Guests can choose between five different means of transport: car, bus, train, plane or boat, or a combination of these, depending primarily on the chosen destination. Transportation can in turn be combined with thousands of accommodation alternatives in different price ranges, encompassing everything from self-catering cabins to hotels with all amenities under one roof. Furthermore, guests can choose from an extensive selection of ski schools, ski rental options, SkiPass and sporting goods outlets. Guests also have the option of choosing the length of their holiday, whether it happens to be a couple of days, a weekend, a short break, an entire week or an even longer visit on occasion. Specially designed insurance products for alpine vacations at SkiStar destinations are also available via external insurance companies, which can be simply added at the time of booking the winter holiday.

Online booking and shopping combined with loyalty

The single most important sales channel is the website skistar.com, which is a one-stop shop where guests can book their entire winter holiday, including travel arrangements, accommodation, ski school, ski rental, SkiPass, sports goods and insurance. A considerable portion of the investments made in SkiStar's business systems relates to making it easier for customers to book on skistar.com. Skistar.com attracted 14.9 million visits during the 2018/19 financial year. Roughly 80 percent of SkiStar's guests use SkiStar's apps, which have been downloaded around 600,000 times. By going to 'My Page' on skistar.com or in the SkiStar app, guests can access their current and previous bookings, as well as their customer data. With MySkiStar Bonus, guests earn points on their online purchases, which can be used as a form of payment on skistar.com and skistarshop.com. MySkiStar is a loyalty concept offering guests access to skiing statistics, pins, discounts and partner offers. At the end of the 2018/19 financial year, MySkiStar Game had around 890,000 registered users, which is an increase of roughly 110,000 on the previous year.

High and consistent accommodation occupancy rates over the entire winter season are the foundation for high profitability. To achieve this, the sales departments work actively with differentiated pricing based on underlying demand. To optimise demand during the low season, different special offers and events are marketed, aimed at the various target groups, such as packages, theme weeks and events.

Available beds

SkiStar actively works to mediate as many beds as possible. In the 2018/19 season, SkiStar destinations had a total of 38,500 beds in 5,900 properties (cabins and apartments) to mediate through skistar.com. A total of 71 percent of accommodation sales came from online sales. Accommodation owners who rent out their places via SkiStar are entitled to several benefits and great offers via SkiStar. Such benefits include a unique discount on a SkiStar All Season Pass for themselves and family members.

More bookable accommodation via SkiStar's channels

In autumn 2019, it will be possible to book several hotels and external facilities at skistar.com, which up until now has sold most of its capacity via other sales channels.

Affordable transport solutions

To secure a high accommodation occupancy rate, it must be easy for guests to travel to the destinations. Consequently, SkiStar actively works to secure affordable transport solutions to its destinations via external partners. For example, SkiStar cooperates with ferry lines in Denmark, Germany, Finland, Russia and the Baltic States, with charter companies in Russia, the UK and the Netherlands, as well as with travel agencies in all foreign markets. SkiStar also cooperates with several airline, train and bus companies in its domestic markets.

More bookable transport via SkiStar's channels

In autumn 2019, SkiStar will also be adding flight and transfer bookings to its transport alternatives at skistar.com. This means that customers can easily book their entire holiday at skistar.com.

Returning guests - loyalty

Returning guests are an important factor for SkiStar's profitability, as the marketing cost for a returning guest is much lower compared with the cost of a newly recruited guest. SkiStar maintains a continual 360 marketing campaign targeting guests who have visited any of SkiStar's destinations. For example, the guest may receive an offer to return to the same destination or visit another destination in the same season. In December/January, large sections of the following winter season's accommodation programme are also released for booking. Returning guests are given priority to this accommodation through communication via email and marketing via own social media channels such as Facebook, Instagram and LinkedIn. With its strong brand, the children's concept headed up by Valle is now a pivotal factor for families with children in choosing a SkiStar destination.

SALES CHANNELS

Sales are carried out via four channels: online, phone (call centres), on site at the destinations and via agents. Sales via the first three channels, or internal sales, account for 95 percent (95). The portion of bookings via skistar.com in the 2018/19 season was 47 percent (47). When looking at accommodation alone, it appears that 71 percent (73) of total sales came via online bookings. A total of 5 percent (5) of SkiStar's sales are conducted through retailers, including travel agents and transportation companies. Such intermediaries are primarily important for markets outside Sweden and Norway. SkiStar considers its high-priority

foreign markets to be Denmark, Finland, the UK, the Netherlands, Russia, the Baltic States and Germany.

Communication

SkiStar's marketing efforts aim to emphasise the unique characteristics of each individual destination to provide the guests with a broad selection. SkiStar maintains regular communication with guests who have previously visited SkiStar's destinations. The distributed emails, advertising via social media channels and posts in own social media channels inform these guests of various offers, events and discounted periods. Anyone who books a trip will also receive information and offers by email aimed at simplifying the guests' preparations prior to their winter holiday, allowing more time for activities and leisure time at the resort. SkiStar's communication is integrated into various media channels. Both current and potential guests are therefore reached by SkiStar's marketing, for example via advertising in social channels, digital billboards, linear television, online advertising, social media, local advertising and via SkiStar's partners' channels. During the 2018/19 financial year, the international marketing efforts have been stepped up through title sponsorship of the Alpine World Ski Championships in Åre, and via new campaigns in the UK and Germany.



WINNER OF TOPP100 SWEDEN'S BEST WEBSITE 2019

The jury gave the following explanation for SkiStar winning the prestigious 'Sweden's best website' award in IDG's Topp100 competition: "SkiStar has created a digital ecosystem built around the mountain experience, all the way from the first booking to measuring who gets down the slope fastest. Its clean, simple website complemented by an interactive app puts SkiStar at the top of this year's Topp100 list!"

SALES CHANNELS, %

	Telephone	Advance sales Online	Travel agent	Destination Cashier sales
SkiPass	6	36	2	56
Accommodation	16	71	11	2
Transport	43	49	8	0
Ski rental	3	43	3	51
Ski school	10	64	4	22
Insurance	17	67	0	16
Shop	0	25	0	75
Total	10	47	5	38
Total		62		38

PROPORTION OF GUESTS IN RENTED ACCOMMODATION BY NATIONALITY, %

	Åre	Vemdalen	Sälen	Hemsedal	Trysil	SkiStar total
Sweden	77	95	86	35	44	74
Denmark	4	2	11	34	35	15
Norway	8	0	1	19	6	5
Germany	0	0	0	5	6	2
UK	2	1	0	3	3	1
Finland	3	1	0	1	0	1
Russia	3	0	0	0	1	1
Netherlands	0	0	0	2	2	1
Baltic States	2	0	0	0	1	1
Other	1	0	0	1	1	0

OUR OPERATIONS

Operations are divided into two segments: Operation of Ski Resorts and Property Development & Exploitation.

OPERATIONAL ORGANISATION

SkiStar's operations are divided into two segments, along with several central functions.

Segments

Operation of Ski Resorts

Operation of Ski Resorts comprises the operation of ski resorts and the sale of all products and services in this area, such as SkiPass, accommodation, activities and shops. The focus is on sales and efficient operation. Earnings are charged with the segment's own costs as well as internal rents, mainly for guest accommodation rented from Property Development & Exploitation. The segment's non-current assets are mainly property, plant and equipment used directly in the operations, such as pistes and lifts, or used or rented out for activities that complement the

segment, such as shops, equipment hire and restaurants.

Property Development and Exploitation

Property Development & Exploitation comprises the management of assets that can be exploited or utilised in the segment or leased to the Operation of Ski Resorts segment. Segment revenue consists of the sale of land and other properties, the sale of unit weeks in Vacation Club, and the renting of accommodation, both through the segment and associated companies, to guests in the Operation of Ski Resorts segment. The segment's assets consist of land and other properties, as well as shares in tenant-owner associations and associated companies focusing on hotels and the renting of cabins and apartments close to the Group's skiing areas.

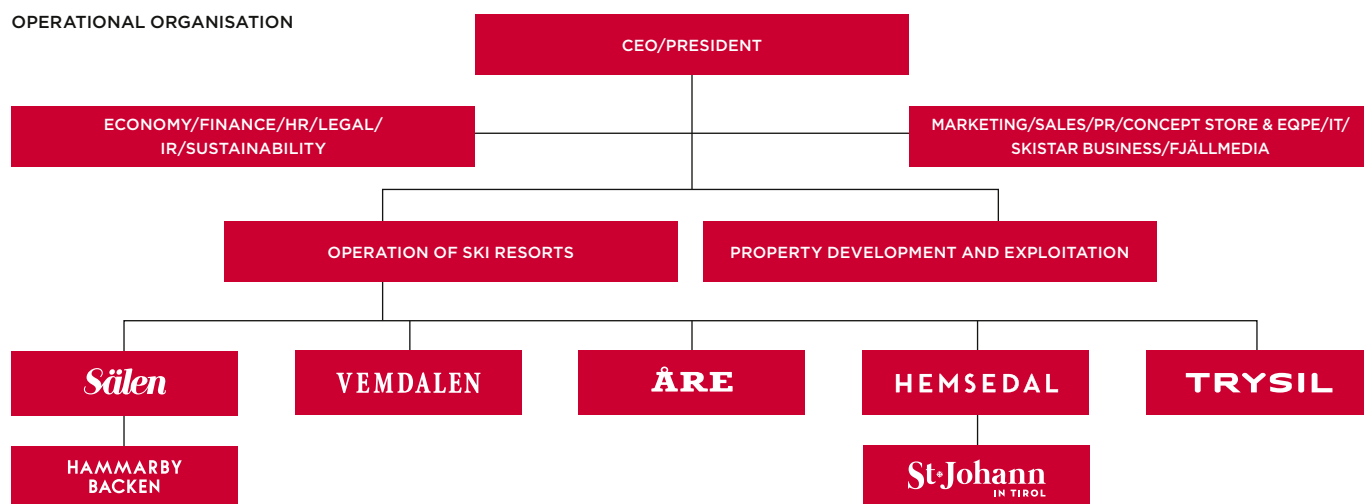
Central functions

To derive optimum benefit from SkiStar's combined resources and thereby gain the greatest possible effect, several joint functions have been centralised:

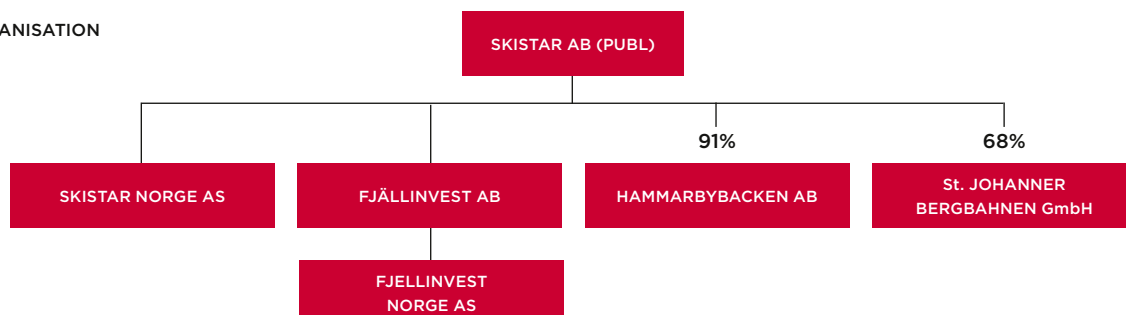
- * Economy/Finance/IR/Legal/HR/Sustainability
- * Marketing/PR/Sales/IT/Concept Store & EQPE/SkiStar Business/Fjällmedia
- * SkiStar Living including Vacation Club

During the financial year, SkiStar's Group management consisted of the CEO, CFO, Marketing and Sales Director, CTO, Legal Counsel/Head of IR and Resort Managers for each of the five Scandinavian destinations.

OPERATIONAL ORGANISATION



LEGAL ORGANISATION



OPERATION OF SKI RESORTS

SkiStar operates the five largest ski resorts in the Nordic region and one destination in the Alps

STRATEGIC PRODUCT AREAS

Alpine Skiing/Ski Lift/SkiPass

Alpine skiing is the Group's core business. The majority of SkiStar's profits are generated by SkiPass sales. The marginal revenue for each additional SkiPass that is sold is high. SkiPass sales during the 2018/19 financial year totalled SEK 1,393 million (1,338). The average price change was 2.7 percent.

The Group's market share of SkiPass sales during the financial year in Sweden was 50 percent (49) and in Norway it was 30 percent (30). The market share in Scandinavia was 41 percent (41). The number of skier days within the Group amounted to 5,800,000 (5,806,000), a decline of 0.1 percent compared with the previous year.

Mediated accommodation

To ensure the availability of accommodation in its operations, SkiStar needs control over the leasing of a large volume of beds at all its destinations. In this manner, the occupancy rate can be optimised, and possible weak sales can be adjusted at an early stage via proactive marketing efforts. The occupancy rate in cabins and apartments owned and mediated by the Group during the 2018/19 season (weeks 51–16) amounted to 78 percent (82). The number of mediated beds rose during the year. The fact that the occupancy rate has declined is an effect of the total potential volume increasing, which is partly attributable to a long period between the spring school break and Easter holidays. Income from accommodation amounted to SEK 303 million (293).

Ski rental

The equipment from SkiStar's ski rental shops is prepared, waxed and correctly adjusted. To ensure that enough ski equipment is available for rental and that the equipment is of the required quality, ski rental has been identified as a strategically important area for SkiStar. During the financial year, SkiStar operated a total of 29 ski rental outlets: nine in Sälen, nine in Åre, six in Vemdalen, two in Hemsedal and three in Trysil. Sales totalled SEK 188 million (183).

Ski school

Ski school operations are strategically important for SkiStar, as a life-long interest in skiing is established and long-term contacts are forged between the destination, the skiing instructors

and the guests. Children and youngsters who learn to ski early in life often develop a lasting interest in the sport, which they, in turn, pass on to their children. SkiStar has a unique ski school brand, Valle's Ski School, which is aimed at the 3–9 age group. Net sales for the ski schools amounted to SEK 57 million (60) during the financial year. The number of learners at SkiStar's wholly owned ski schools totalled 77,930. This figure excludes St. Johann and Trysil's ski schools, in which SkiStar only has a participating interest.

OTHER PRODUCT AREAS

SkiStarshop and skistarshop.com

SkiStar sells alpine sports goods in stores and online. The company operates its own SkiStar shops in Åre and Hemsedal, and there are two stores in Sälen and Vemdalen. All the Group's ski rental outlets also sell sporting goods related to alpine skiing. Skistarshop.com is an online store stocking the market's strongest alpine sports brands. The e-store is fully integrated into the flow of bookings of other products and services on skistar.com, which means that customers can buy a ski jacket while topping up their SkiPass. Customers can then choose to have the goods delivered to their home or pick them up from any of the SkiStarshop Concept Stores. In the 2018/19 financial year, the Group's sporting goods operations generated sales of SEK 171 million (173). E-commerce continued to grow during the year.

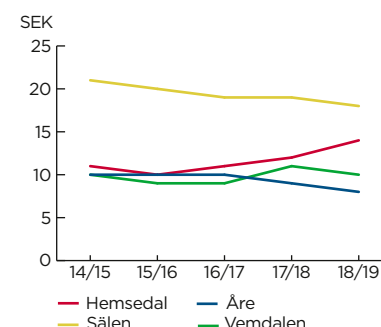
Property services

The property services product area is made up of building superintendents, carpenters, electricians, janitors and other service personnel. Revenues within property services comprise rental income for the business premises and remuneration for cabin service and cleaning. During the financial year, revenues totalled SEK 109 million (109).

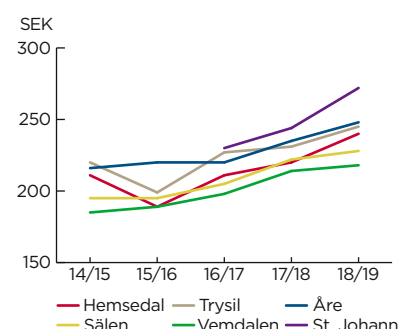
Other

Other revenue includes income from events, advertising sales, kiosks, selling Ski*Direct cards (the plastic card for the electronic SkiPass). Other income during the financial year amounted to SEK 226 million (189).

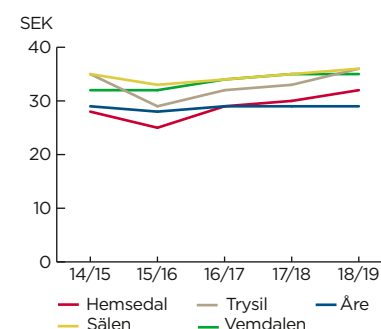
SKI SCHOOL SALES per skier day, SEK



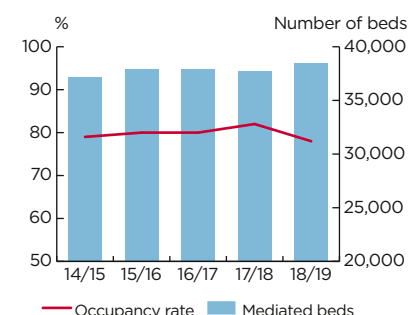
SKIPASS SALES per skier day, SEK



SKI RENTAL SALES per skier day, SEK



OCCUPANCY RATE, accommodation, %



Sälen

LARGEST ALPINE SKI AREA IN NORTHERN EUROPE

Ski holiday made easy for the whole family.



SÄLEN IN FIGURES	2018/19
Rented beds	14,400
Occupancy rate, %	82
No. ski school pupils	43,523
No. ski rental equipment items	14,498
No. skier days	1,669,000
Number of lifts	90
Lift capacity, skiers/hour	90,000
Number of slopes	102
Number of children's areas	9
Longest slope, kilometres	1.8
Total length of groomed slopes, kilometres	82
Maximum vertical drop, metres	303
Highest groomed ski area, metres above sea level	860
Total area of groomed slopes, square metres	2,890,500
Area covered by snowmaking systems, square metres	2,259,000
No. lighted slopes	31
No. snow parks	3

DESTINATION AND FOCUS

The Sälen mountains are in northwest Dalarna roughly 400 kilometres from Stockholm and about 450 kilometres from Gothenburg. SkiStar Sälen consists of four skiing areas – Lindvallen, Högfjället, Tandådalen and Hundfjället – which together offer varied skiing across more than 100 slopes. The region offers everything from Scandinavia's largest button lift area, to challenging skiing on one of Sweden's steepest groomed pistes, Väggen, along with several park and off-piste areas. Valle the snowman, SkiStar's concept for children, can be found all over Sälen providing theatre performances and the opportunity to meet Valle at various locations. Trollskogen in Hundfjället has over 400 talking wood sculptures and is popular with skiers of all ages.

To complement the skiing, there is SkiStar Lodge, Experium Lindvallen – an 11,500-sqm experience centre housing SkiStar Lodge, an adventure swimming pool and spa, restaurants, bowling alley, a cinema, shops and a fitness suite.

Sälen's skiing area also offers a wide range of restaurants, nightclubs, cafés, shops, dog sledding and snowmobile operators, cross country ski tracks and much more.

OPERATIONS

Operations in the skiing area are pursued almost exclusively on land owned by SkiStar. SkiStar mediates just over 14,400 beds in the area, around 3,000 of which are owned by SkiStar. In addition, SkiStar sublets Sälen's Högfjällshotell, two sporting goods shops and all restaurants on the slopes to external operators. Hammarbybacken in Stockholm is also operated under Sälen's organisation.

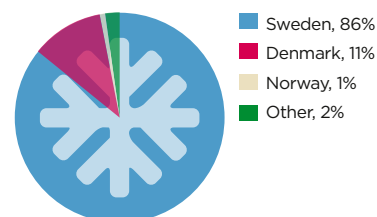
MARKET

The number of skier days in the 2018/19 season totalled 1,669,000, which is consistent with the previous year. Over a five-year perspective, the number of skier days has experienced a positive trend. The occupancy rate in cabins and apartments owned and mediated by SkiStar amounted to 82 percent (86), with persistently healthy growth for the period from 6 January until the spring school break. Most of Sälen's guests come from Sweden. Sälen also has a significant proportion of Danish guests, at 11 percent. Most people travel to Sälen in their own car. It is also possible to travel direct by bus from Stockholm, Gothenburg and Malmö. At the international Scandinavian Mountains Airport, which is due to open on 22 December and is located close to Hundfjället, SAS will operate flights from Denmark and the UK, and BRA will operate direct flights from five Swedish destinations.

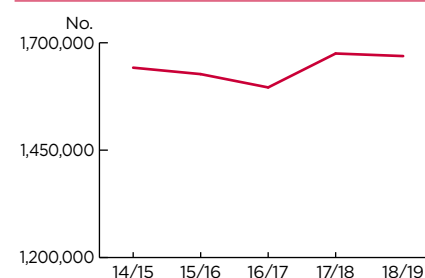
INVESTMENTS

New investments ahead of the 2018/19 winter season totalled SEK 62 million, including SEK 40 million on lifts related to the development of the area around Hundfjället. Reinvestments amounted to SEK 59 million, of which SEK 25 million concerned measures to improve snowmaking systems. General investments were related to replacement of piste machines and snowmobiles, as well as building repairs.

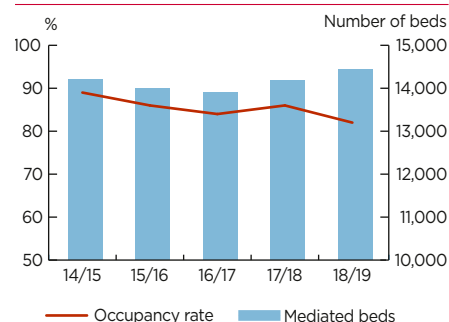
PROPORTION OF GUESTS by nationality



SKIER DAYS



OCCUPANCY RATE



ÅRE

COSMOPOLITAN ATMOSPHERE

A unique combination of skiing and entertainment in northern Europe's cosiest and trendiest mountain village.



ÅRE IN FIGURES	2018/19
Rented beds	6,200
Occupancy rate, %	81
No. ski school pupils	13,996
No. ski rental equipment items	9,424
No. skier days	1,278,000
Number of lifts	42
Lift capacity, skiers/hour	54,555
Number of slopes	89
Number of children's areas	4
Longest slope, kilometres	7
Total length of groomed slopes, kilometres	191
Maximum vertical drop, metres	890
Highest groomed ski area, metres above sea level	1,274
Total area of groomed slopes, square metres	3,253,394
Area covered by snowmaking systems, square metres	1,958,590
No. lighted slopes	8
No. snow parks	3

DESTINATION AND FOCUS

Åre, which is situated 650 kilometres northwest of Stockholm, consists of three destinations: Åre Björnen, Åre By and Duved. Each destination has its own profile and target group. Åre Björnen, the resort located farthest to the east, is a favourite with children. Just one lift away is the more challenging skiing at Åreskutan, offering an extensive choice of ski slopes and varied terrain. Åre By is the most well-known destination. Fantastic skiing can be found here in the direct vicinity of a small town with a great atmosphere and a long tradition of ski tourism, as well as a wide selection of restaurants, entertainment and activities. Duved is situated west of Åre By and is also a resort with a long-standing tradition. Duved has a slightly calmer pace and, consequently, suits all types of skiers.

OPERATIONS

SkiStar's operations in Åre include the skiing area, nine ski rental outlets, a sporting goods outlet and a ski school. Approximately 32 percent of the land on which operations in the skiing area are conducted is owned by SkiStar, while the remaining 68 percent is held through 30–50-year leases. At the end of the leasing period, SkiStar has the right to renew these leases on the same terms as are currently in place. SkiStar rents out approximately 6,200 beds in the area, around 600 of which are owned by the Group. The company also owns and sublets eight slope restaurants, a food shop in Åre Björnen, the restaurant in Hotel Renen and the restaurant, nightclub and conference centre Bygget in Åre Fjällby.

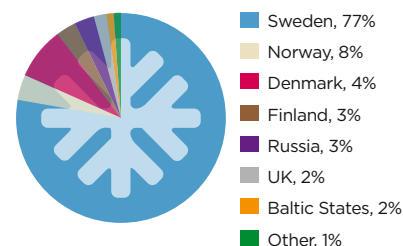
MARKET

The number of skier days increased during the financial year by one percent, to 1,278,000. The occupancy rate in cabins and apartments owned and mediated by the Group amounted to 81 percent (85). Swedish guests in Åre account for approximately 77 percent of all visitors, most of whom are from the Mälardalen region around Stockholm. The largest foreign market is Norway, followed by Denmark, Finland and Russia. Åre is proceeding with its long-term commitment to foreign markets via marketing activities in prioritised markets and annually recurring international events. The Alpine World Ski Championships were held during the season, which was the third time Åre has played host to this winter sporting event. For detailed information about earnings for the associated company that ran the Alpine World Ski Championships, please refer to Note 38 on page 72.

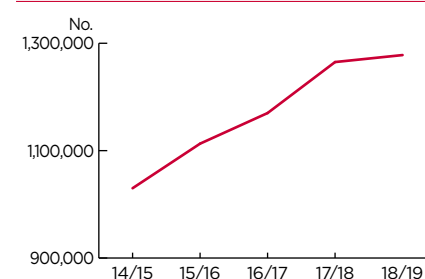
INVESTMENTS

Investments for the 2018/19 season amounted to SEK 58 million and related to reinvestments in existing operations, some expansion of lift capacity and rebuilding of the arrivals centre at Björnen.

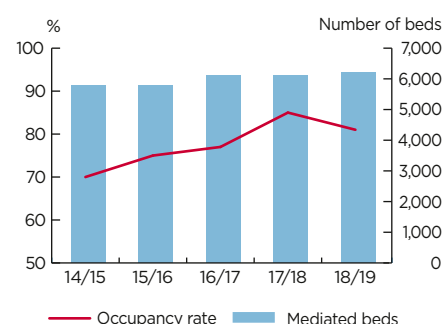
PROPORTION OF GUESTS by nationality



SKIER DAYS



OCCUPANCY RATE



VEMDALEN

A MOUNTAIN GEM

Great skiing with many vertical metres as well as state-of-the-art holiday carving.



VEMDALEN IN FIGURES	2018/19
Rented beds	6,700
Occupancy rate, %	67
No. ski school pupils	12,615
No. ski rental equipment items	7,833
No. skier days	800,000
Number of lifts	35
Lift capacity, skiers/hour	38,512
Number of slopes	58
Number of children's areas	4
Longest slope, kilometres	2
Total length of groomed slopes, kilometres	52
Maximum vertical drop, metres	470
Highest groomed ski area, metres above sea level	946
Total area of groomed slopes, square metres	2,013,900
Area covered by snowmaking systems, square metres	1,502,853
No. lighted slopes	18
No. snow parks	3

DESTINATION AND FOCUS

The Vemdalen destination lies approximately 480 kilometres northwest of Stockholm, on the border between the provinces of Härjedalen and Jämtland, and consists of three resorts: Björnrike, Vemdalskalet and Klövsjö/Storhogna. Vemdalskalet is the largest resort in terms of revenue. In addition to varied skiing, Vemdalskalet also offers a wide range of entertainment and activities. Björnrike is the choice of families with children. Good skiing, with accommodation close to the ski lifts and good service facilities, combine to make Björnrike an attractive destination. Klövsjö, also known as the "ski resort for skiers" and "Sweden's most beautiful village", offers good skiing for children and beginners, as well as more challenging skiing. Storhogna offers the option of combining skiing with other activities and experiences, including Sweden's first mountain spa.

OPERATIONS

SkiStar's operations in Vemdalen include skiing areas, ski schools, two ski rental outlets and two sporting goods outlets. Approximately 6,700 beds in the area are mediated through SkiStar, around 600 of which are owned by the Group. Approximately 58 percent of the land on which operations in the skiing areas are conducted is owned by the Group. The remaining land is leased on a long-term basis, with the right to renew the lease on expiration. Three slope restaurants are sublet to external operators.

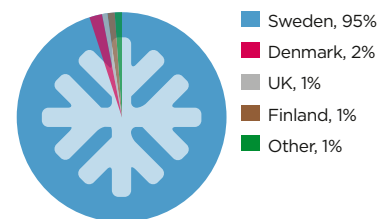
MARKET

The number of skier days increased by 5.3 percent in the 2018/19 financial year, to 800,000. The occupancy rate in cabins and apartments owned and mediated by the Group amounted to 67 percent (71). Most of Vemdalen's visitors come from Sweden, with the Mälardalen region and the industrial coast from Gävle to Härnösand comprising the most important catchment areas. The primary target group is families with children. Most guests travel to Vemdalen in their own cars. During the winter season, there are train connections from Stockholm and Malmö, with a transfer bus from Röjan/Vemdalen to Klövsjö, Vemdalskalet and Björnrike. Flights to Vemdalen go via Östersund or Sveg.

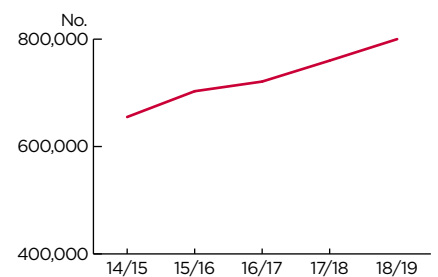
INVESTMENTS

Investments for the 2018/19 season amounted to SEK 30 million and related exclusively to reinvestments in existing operations, with a focus on the skiing area.

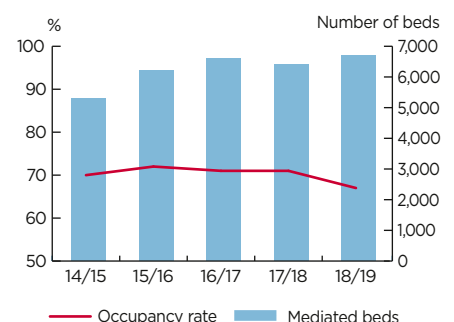
PROPORTION OF GUESTS by nationality



SKIER DAYS



OCCUPANCY RATE



HEMSEDAL

SCANDINAVIA'S ALPS

High peaks, staggering views and adventurous skiing.



HEMSEDAL IN FIGURES

	2018/19
Rented beds	4,700
Occupancy rate, %	77
No. ski school pupils	8,927
No. ski rental equipment items	5,013
No. skier days	624,000
Number of lifts	18
Lift capacity, skiers/hour	26,000
Number of slopes	51
Number of children's areas	1
Longest slope, kilometres	6
Total length of groomed slopes, kilometres	47
Maximum vertical drop, metres	830
Highest groomed ski area, metres above sea level	1,450
Total area of groomed slopes, square metres	1,610,000
Area covered by snowmaking systems, square metres	933,800
No. lighted slopes	12
No. snow parks	4

DESTINATION AND FOCUS

Hemsedal is situated 200 kilometres northwest of Oslo and 280 kilometres east of Bergen. The destination, often referred to as the Scandinavian Alps, is a complete ski resort, offering a wide selection of activities for skiers of all ages. Hemsedal is home to one of Norway's largest nursery slopes, alongside extremely challenging slopes for the most advanced skiers.

OPERATIONS

SkiStar's operations in Hemsedal include the skiing area, a ski school, four ski rental outlets and three sporting goods outlets. Nearly 4,700 beds in the area are mediated through SkiStar, just over 1,100 of which are owned by the Group. Operations in the skiing area are conducted on leased land. The lease contracts are long-term and SkiStar is entitled to renew them on expiration. Six slope restaurants are sublet to external operators.

MARKET

The 2018/19 season was extremely good, and the number of skier days totalled 624,000. This is, however, a decline of five percent compared with the previous record season, which enjoyed excellent snow and weather conditions and an early Easter. The occupancy rate in cabins and apartments owned and mediated by the Group amounted to 77 percent (80).

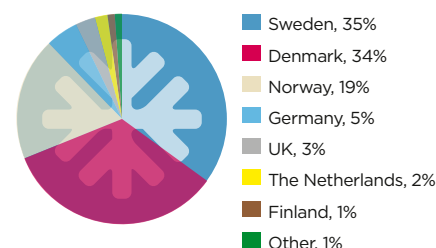
Hemsedal has a large proportion of foreign guests; over three quarters of the visitors come from abroad. Most foreign guests come from Denmark and Sweden, but Hemsedal is also a popular ski destination with countries such as Germany, the Netherlands and the UK. The combination of foreign markets with the

Norwegian market contributes to a high occupancy rate at SkiStar's resorts for most of the winter season. Norwegian guests come primarily from the areas around Oslo and Bergen, and the majority travel with their own cars. Foreign guests travel either by ferry, in their own cars, via charter flights or by bus.

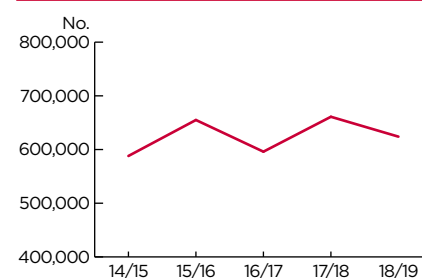
INVESTMENTS

Investments for the 2018/19 season amounted to approximately SEK 32 million. In addition to significant maintenance investments in lifts and machinery, a major upgrade was also carried out on the destination's snowmaking systems in order to produce snow faster and more efficiently. Substantial investments were also made in the children's area, including a new children's lift and expansion of Hemsedal's activity and beginners' area. For the more advanced skiers, several popular forested areas have been thinned out and made safe. Furthermore, work has begun on improvements to the popular Hemsedal Alpin Lodge, where all apartments, corridors and communal areas are being renovated. As regards attractions on the slopes, investments have been made in a new Fun Ride, which will provide entertainment for the whole family.

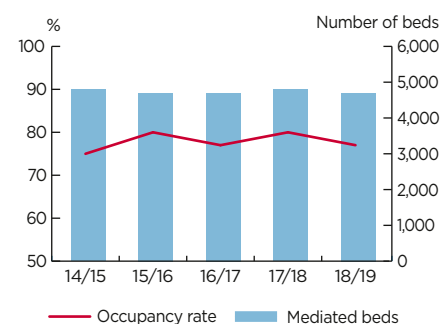
PROPORTION OF GUESTS by nationality



SKIER DAYS



OCCUPANCY RATE



TRYSIL

NORWAY'S LARGEST SKI RESORT

A modern destination for families who love skiing.



TRYSIL IN FIGURES	2018/19
Rented beds	6,500
Occupancy rate, %	85
No. ski rental equipment items	8,200
No. skier days	1,121,000
Number of lifts	29
Lift capacity, skiers/hour	35,915
Number of slopes	68
Number of children's areas	3
Longest slope, kilometres	5
Total length of groomed slopes, kilometres	78
Maximum vertical drop, metres	685
Highest groomed ski area, metres above sea level	1,100
Total area of groomed slopes, square metres	2,540,000
Area covered by snowmaking systems, square metres	1,196,000
No. lighted slopes	6
No. snow parks	6

DESTINATION AND FOCUS

Trysil is situated 210 kilometres northeast of Oslo. The mountain, Trysilfjället, offers 78 kilometres of skiing on three sides of the mountain and is therefore suitable for both families with children and more experienced skiers. Trysil is Norway's largest ski resort and is highly accessible, owing to its geographical location.

OPERATIONS

SkiStar's operations in Trysil comprise the skiing area, three ski rental outlets and the ski school, in which SkiStar has a 35 percent stake. SkiStar mediates 6,500 beds in the area. Operations in the skiing area are conducted on leased land. The leases have a term of 50 years, with the possibility for SkiStar to renew upon expiration. SkiStar also sublets 13 slope restaurants in Trysil to external operators.

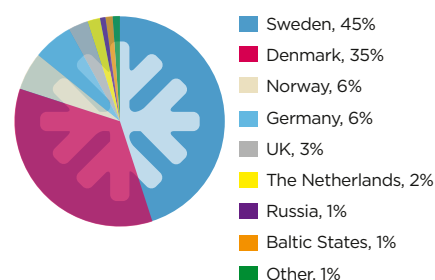
MARKET

The number of skier days totalled 1,121,000 in the 2018/19 season. The occupancy rate in cabins and apartments owned and mediated by the Group amounted to 85 percent (88). Of the guests staying in this accommodation, 45 percent came from Sweden, 35 percent from Denmark and 6 percent from Norway. The Danish and Swedish guests mainly arrive in their own cars. Most Norwegian guests come from the Oslo region and therefore also prefer to travel in their own cars. Northern Germany, Russia and especially the UK are regarded as important markets for the future. The main target group in all markets is families with children.

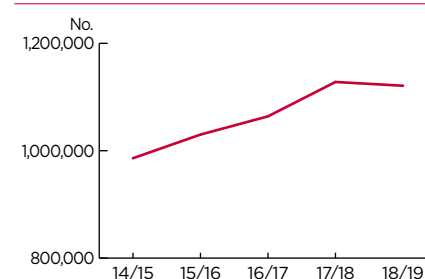
INVESTMENTS

Investments of approximately SEK 40 million were carried out for the 2018/19 season. The largest investments, in addition to annual maintenance, concern a new ski school building at the Tourist Centre, and a new children's lift and new snowmaking system in the Skihytta area. Ongoing investments are made in snowmaking systems in Trysil to guarantee snow at the destination and provide good conditions for the guests.

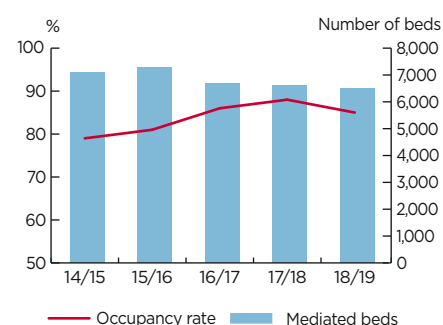
PROPORTION OF GUESTS by nationality



SKIER DAYS



OCCUPANCY RATE



SKISTAR St. Johann

IN TIROL



A FAMILY RESORT IN THE HEART OF THE TYROL

Accessible and relaxing destination for pleasure-seekers of all ages.

ST. JOHANN IN TIROL IN FIGURES	2018/19
No. skier days	308,000
Number of lifts	17
Lift capacity, skiers/hour	15,000
Number of slopes	22
Number of children's areas	4
Longest slope, kilometres	6
Total length of groomed slopes, kilometres	43
Maximum vertical drop, metres	940
Highest groomed ski area, metres above sea level	1,604
Total area of groomed slopes, square metres	1,333,000
Area covered by snowmaking systems, square metres	1,040,000
No. lighted slopes	1
No. snow parks	1

DESTINATION AND FOCUS

St. Johann in Tirol is a charming ski resort situated in the heart of the Austrian Tyrol, roughly 60 kilometres from Salzburg, 100 kilometres from Innsbruck and 160 kilometres from Munich. A total of 17 lifts transport skiers up to the summit of the skiing area, 1,604 metres above sea level. Some 43 kilometres of red and blue runs then take you all the way from the summit down to the village, along the north side of Kitzbüheler Horn. St. Johann in Tirol also offers large areas for children and beginners, which give the resort a distinct family-oriented atmosphere.

OPERATIONS

St. Johann in Tirol's main source of revenue is SkiPass sales. Lifts and slopes are on land leased by the company. Commercial accommodation is offered primarily via small, family-owned hotels. Ski hire and the ski school are run by external operators in cooperation with the resort. The skiing area has 19 slope restaurants, many of them housed in family-owned farms on the mountainside.

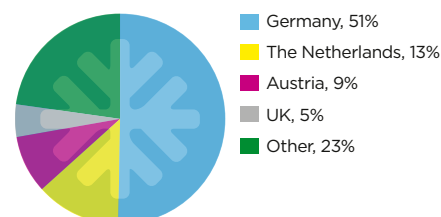
MARKET

The number of skier days totalled 308,000 in the 2018/19 season. In the St. Johann in Tirol–Oberndorf–Kirchdorf region there are 7,230 beds to mediate and the occupancy rate is 60 percent during the winter months. Guests come mainly from Germany, the Netherlands, Austria and the UK. Three international airports within a radius of 150 kilometres and a railway with a station in the centre of the village make St. Johann in Tirol easy to get to from most of the major cities in Europe.

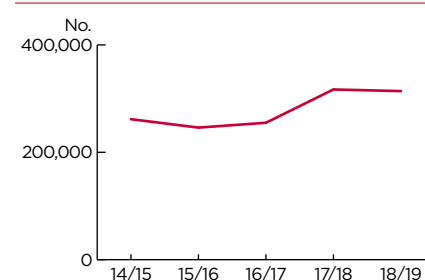
INVESTMENTS

Following extensive investments for the 2017/18 season, including a new 10-seater gondola and a new 6-person lift, there were naturally fewer investments ahead of the 2018/19 season. Approximately EUR 0.9 million, or SEK 9.3 million, was invested during the 2018/19 financial year. The investments related primarily to planning, adaptations and improvements to the areas around last year's lift investments, as well as a new piste machine and some additions to snowmaking systems.

PROPORTION OF GUESTS by nationality



SKIER DAYS



PROPERTY DEVELOPMENT AND EXPLOITATION



Project image, SkiStar Lodge Hundfjället, Sälen

As of the 2018/19 financial year, the Property Development and Exploitation segment encompasses non-current assets such as land, property and investments in co-owned companies. The focus is on generating value. This is achieved by drawing up long-term development plans for future investments at SkiStar's destinations. Such investments will create business opportunities through, for example, the sale of land and plots, building for rental, building for sale or to increase value in some other manner. This can either be carried out by SkiStar or in cooperation with other partners. The segment's revenues mainly comprise capital gains from the divestment of utilised non-current assets. Investment credits have been allocated to the segment where pledged assets are reported. Assets attributable to the segment comprise properties, which are recognised at their carrying amount, as well as an interest in a joint venture for property development. For detailed information about the segment's earnings and position, please refer to Note 3 on page 60.

PROPERTY PORTFOLIO

In Sweden, SkiStar owns accommodation properties with a carrying amount of SEK 324 million (415) via subsidiaries. In addition, there are holdings in associates that primarily own accommodation properties and holdings in tenant-owner associations with a total carrying amount of SEK 190 million (195). In Norway, the subsidiary Fjellinvest Norge AS owns SkiStar Lodge Hemsedal, with a carrying amount of SEK 70 million (76), along with 50 percent of the Radisson Blu Resort and the Radisson Blu Mountain Resort in Trysil via a joint venture.

LAND ASSETS

Land development assets and unsold plots total 5.4 million square metres (5.4) and the carrying amount is SEK 98 million (98). Most of the assets were acquired a long time ago and therefore have a low acquisition value. No market valuation of the assets has been conducted, as it is difficult to make a reasonable assessment of the possible exploitation rate of the land assets. Based on the

own assumptions and experience, around 50 percent of the land can be built on, which is 2.7 million square metres. If the land is sold as plots, it would mean 2,700 plots, each comprising 1,000 square metres.

LAND AND PLOTS FOR SALE

At the close of the financial year, there was one plot in Duved, Åre, and land for development in Ullådalen, Åre, for sale, and in Sälen there were eight plots and one area for development of 2,500 square metres GFA for sale.

SKISTAR VACATION CLUB

SkiStar Vacation Club is a form of accommodation that is customised to meet guests' demands and requirements. The apartments are divided into weekly units, and guests purchasing one or more of these units are entitled to the additional benefits of membership of the international exchange and placement organisation, RCI, as well as membership of SkiStar Vacation Club. This form of accommodation is cost-effective,



Project image, Solbacken in Tandådalen, Sälen

simple and flexible for the timeshare owner. Cost-effectiveness is achieved either through the utilisation of a purchased week, compared with the equivalent cost of renting for that week, or by exchanging the week with a trip abroad through RCI. In addition, the timeshare owner can purchase foreign trips through the RCI system. SkiStar Vacation Club also provides timeshare owners with a raft of advantages and benefits during their stay. The simplicity of the timeshare accommodation comes from the fact that the guest is not responsible for the maintenance of their ownership share. Instead, the tenant-owner association, of which the timeshare owner automatically becomes a part, takes care of everything. The apartment is always clean, the beds made up, and it is warm and ready ahead of the guest's arrival. Flexibility is achieved as the timeshare owners can enjoy RCI's entire range of over 7,000 destinations worldwide. SkiStar Vacation Club is currently offered in Sälen and Åre, however, the intention is to roll out the concept to more destinations.

REVENUE AND EARNINGS

During the year, interests in accommodation were sold for a total of SEK 78 million (128), with a profit of SEK 68 million (86). SEK 33 million (27) related to revenue from sales of shares in Vacation Club and SEK 45 million (101) to other interests in accommodation. Profit is broken down as follows: SEK 23 million (20) attributable to Vacation Club and SEK 45 million (66) to other interests. Sales of interests in accommodation other than within Vacation Club are mainly derived from the divestment of apartments in Sälen. The Vacation Club increase is due to new cabins or apartments being added in Åre during the year.

During the year, exploitation assets were sold for a total of SEK 126 million (63), with a profit of SEK 98 million (60). SEK 10 million (59) related to revenue from the sale of land, while SEK 116 million (4) was from the sale of plots. Profit is broken down as follows: SEK 10 million (58) to land and SEK 88 million (2) to plots. Sales of plots related to 53 plots (4), including 44 in Åre and 9 in Sälen. The average profit per plot was SEK 1.7

million (0.5). The average profit per plot over time is estimated at around SEK 1.1 million. In a fifty percent owned joint venture, the sale of land to two tenant-owner associations generated SEK 16 million (1) in share of profit.

During the year, the drinking water plant in Lindvallen, Sälen, was sold to the municipal water/waste company for SEK 25 million, generating a capital gain of SEK 7 million.

INVESTMENTS

The investments expected to be used in the Group's own operations amounted to SEK 150 million during the financial year. In Sälen, this relates to Solbacken in Tandådalen, with 83 apartments and one food shop, as well as SkiStar Lodge Hundfjället, with 152 double rooms and apartments. In Åre, there are plans under way to build SkiStar Lodge Åre in the area around Kabinbanan

DEVELOPMENT PROJECTS



Project image, Fjellnest, Hemsedal

DEVELOPMENT PROJECTS WITHIN SKISTAR LIVING

SkiStar Living aims to develop, package and sell attractive accommodation solutions at SkiStar's destinations. This involves SkiStar Living working with Group management and the management of each destination to develop and refine the destinations' areas with both modern sleeping accommodation and infrastructure, to support SkiStar's core operations in the short and long term and help boost profitability. SkiStar Living will also offer a market-specific range of ownership alternatives for accommodation at SkiStar's destinations and provide services for existing and potential cabin and timeshare owners, to encourage loyal owners and a high occupancy rate.

At all destinations, identifying future development projects is an ongoing process. These projects require capital and can either be carried out by SkiStar or in cooperation with other partners. To follow is a more detailed description of the Group's current development projects within exploitation.

Sälen

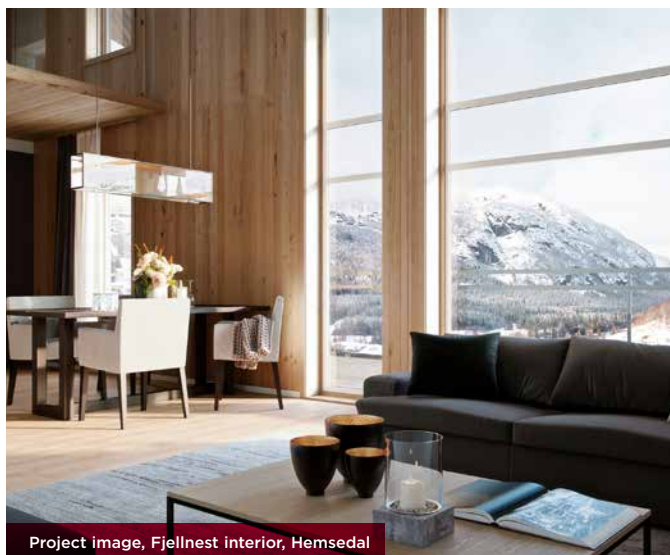
In Sälen, SkiStar owns large land development areas. Several significant master and local development plans are under way, for implementation over the next few years. Essentially, they involve consolidating central facilities at each of the Sälen destinations. This is in response to demand for ski-in ski-out accommodation, which is expected to increase after the opening of Scandinavian Mountains Airport in December 2019, and result in more guests arriving without a car. These plans will facilitate the creation of just over 7,000 new beds. In the immediate perspective, work has begun on the construction of an apartment complex in Hundfjället with the name SkiStar Lodge Hundfjället. The building comprises almost 18,600 square metres GFA, including 1,500 square metres of underground parking. In addition to a ski shop, the hotel building will also include a restaurant, lounge bar and 805 beds allocated across roughly 152 rooms/apartments. SkiStar Lodge Hundfjället will be ready to welcome guests in time for the 2021/22 season. Furthermore, an apartment project has recently been completed on Selvägen in Lindvallen, including 16 apartments and 130

beds, with occupancy scheduled for September/October 2019.

In Tandådalen, stages three and four of Solbacken are under construction. Stage three includes two large four-storey buildings in central Tandådalen. In addition to accommodation, with 400 beds allocated across 40 apartments, the buildings will also house a modern food shop. Stage four comprises five buildings, including three three-storey buildings and two two-storey buildings. Overall, the number of beds amounts to 244 allocated across a total of 44 apartments. In spring 2020, work will begin on the construction of the Istappen project. This is a housing project intended for sale as timeshares, including 35 apartments and 2,200 square metres RFA, as well as sauna and gym.

Åre

In summer 2019, the local development plan at Åre Kabinbana gained legal force, paving the way for the construction of SkiStar Lodge Åre. The project, which includes around 170 apartments with roughly 1,000 beds, 1,000 square metres for retail, 1,000 square metres for restaurants and 300 parking spaces, is in the planning phase. Moreover,



Project image, Fjellnest interior, Hemsedal



Project image, Björnrike Torg, Vemdalen



Project image, SkiStar Lodge Åre



Project image, Sadelbyn, Åre

there is an area in Åre Björnen called Åre Sadeln with a local development plan in place covering 1,500 new beds right next to the new skiing area in Sadeln. The project is co-owned with Peab AB on a 50/50 basis. The first three stages, including 704 beds in 77 apartments, has been completed and let. Stage four, with 176 beds in 28 apartments, is in production, and will be ready for occupancy in autumn 2019. Planning is under way for stages five and six. These stages each include 22 apartments and the number of beds will total 264.

Adjacent to Åre Fjällby there is an area of land where an apartment complex is being planned, including roughly 170 apartments (around 1,000 beds), shops, restaurants and a lounge bar, as well as around 440 underground parking spaces. However, there is no local development plan for the area yet. West of the World Championship arena there is an area with an opportunity to construct approximately 70 apartments with 600 beds. Work has been initiated on modernising and updating the existing local development plan for the area. There is still an opportunity in Åre Sadeln to build 46 apartments on the area of land co-owned with Peab AB, in addition to the previously mentioned stages. At Rödkullen, SkiStar is a minority shareholder

in a major development project together with a collaborative partner. Work on the local development plan has begun, together with Åre Municipality. The Vacation Club concept has been available in central Åre for a year now. The sale of weekly units in tenant-owner association Åre Village 1 is in progress. The sale of weekly units in tenant-owner association Åre Village 2, which will be ready for occupancy in the 2020 spring break, has also recently begun.

Vemdalen

In Vemdalen, there is significant activity among external investors regarding the construction of commercial beds. New accommodation property is being built for commercial use in all three areas: Vemdalskalet, Björnrike and Klövsjö. The largest development is taking place in Skalet's square and at Skalspasset, both situated in Vemdalskalet. In Björnrike, SkiStar is a minority owner in a development project encompassing Björnrike's new plaza. Plans are under way there for a building containing a bakery and café, as well as a few commercial apartments for the 2020/21 season. In Vemdalskalet, work is under way on a local development plan relating to land

owned by SkiStar for future housing. SkiStar also owns land for which there is already a local development plan in Vemdalskalet, which has scope for approximately 20 apartments, in Klövsjö for roughly 20 apartments and in Björnrike for roughly 160 apartments.

Hemsedal

Fjellnest Hemsedal is a housing project encompassing a total of 169 apartments close to the ski resort's popular children's area. The sales launch for stage one, including 69 apartments, took place in September/October, and production is scheduled to start in spring 2020.

Trysil

In Trysil, work has begun on the construction of 28 new apartments at Aasgård Fjelltun. The project, which is co-owned with Fageråsen Fritid AS and in which SkiStar has an 85-percent holding, will mean the addition of around 200 new beds. Planning is under way to build 40 apartments in Trysil Suiter, and 20 apartments in Skitorget AS, which is 50-percent owned by SkiStar.

THE SKISTAR SHARE

SkiStar's B share is listed on the Mid Cap list of the Nasdaq Stockholm exchange. SkiStar had 36,874 shareholders at 31 August 2019 and the share's closing price was SEK 116.



SHARE STRUCTURE

The company's share capital at 31 August 2019 amounted to SEK 19,594,014, allocated among 78,376,056 shares. Of these shares, 3,648,000 are Class A shares entitling the owner to ten votes per share, and 74,728,056 are Class B shares entitling the owner to one vote per share. The number of shares in the company has doubled during the financial year as a result of the implementation of a 2:1 share split in January. All shares have equal rights to dividends.

SHARE PRICE PERFORMANCE AND TRADING

During the 2018/19 financial year, the share price increased by SEK 15.00 (14.9 percent) to SEK 116. Nasdaq Stockholm's all-share index (OMXSPI) gained 1.1 percent over the same period. SkiStar's B share was listed in 1994. Since the company was listed, the share price has increased from SEK 4.50 to SEK 116, adjusted for share splits. During the 1 September 2018–31 August 2019 period, 16,300,732 SkiStar shares (17,721,952) were traded on Nasdaq Stockholm at a total value of

SEK 1,860 million (1,571). The highest price paid was SEK 137.00 on 17 June 2019, and the lowest was SEK 93.10, noted on 11 September 2018. On 31 August 2019, SkiStar's market value amounted to SEK 9,092 million (7,916).

SHAREHOLDERS

According to the shareholder register maintained by Euroclear Sweden AB, there were 36,874 shareholders (31,622) on 31 August 2019. At the end of the financial year, the ten largest shareholders accounted for 64 percent (65) of the capital and 78 percent (75) of the votes. Foreign shareholders accounted for 16 percent (13) and Swedish institutional owners for 18 percent (19) of the capital. Major shareholders who have changed their holdings in 2018/19 include State Street Bank and Trust Co, which increased its holding to approximately 1.79 percent of the capital, and the Fourth Swedish National Pension Fund and Nordea Investment Funds, which reduced their holdings to 0.05 percent and 1.67 percent of the capital respectively.

DIVIDEND POLICY

SkiStar's dividend policy is to pay an annual dividend of at least 50 percent of profit after tax. The policy is based on SkiStar's solid financial base combined with a strong cash flow, allowing a generous dividend policy, while ensuring that most investments can be financed by the company's own funds. The proposed dividend of SEK 3.50 per share (3.50) corresponds to 59 percent (56) of earnings after tax. The dividend proposal also means a dividend yield of 3.0 percent (3.5) based on the share price on 31 August. In total, proposed dividends amount to SEK 274 million (274). The proposed record date for dividend payments is 17 December 2019. It is proposed that payment be disbursed through Euroclear Sweden AB on 20 December 2019.

SHARE INFORMATION

Marketplace: Nasdaq Stockholm, Mid Cap
Ticker symbol: SKIS B
ISIN code: SE0012141687

DATA PER SHARE

	2018/19	2017/18	2016/17	2015/16	2014/15
Average number of shares*	78,376,056	78,376,056	78,376,056	78,376,056	78,376,056
Earnings per share, SEK	5.95	6.25	4.96	3.91	3.17
Cash flow from operating activities, SEK	9.22	8.67	8.03	6.65	6.42
Equity, SEK	33	31	27	24	21
Share price, SEK	116.00	101.00	93.25	71.00	51.00
Dividend, SEK	3.50	3.50	2.75	2.50	2.00
P/E ratio, times	19.5	16.2	18.7	18.2	16.1
Share price/cash flow, times	12.6	11.7	11.6	10.7	7.9
Share price/equity, %	349	327	350	298	244
Dividend yield, %	3.0	3.5	3.0	3.2	3.9

*Recalculated with respect to the 2:1 split carried out on 17 January 2019 as resolved at the annual general meeting on 15 December 2018. Number of shares for previous periods have been adjusted.

OWNERSHIP STRUCTURE, 31 AUGUST 2019

Holdings	Number of owners	%	Number of Class A shares	Number of Class B shares	Capital, %	Votes, %
1-200	22,689	61.53		1,250,666	1.60	1.12
201-1,000	11,749	31.86		5,393,986	6.88	4.85
1,001-5,000	1,988	5.39		4,205,774	5.37	3.78
5,001-100,000	387	1.05		6,495,334	8.29	5.84
100,001-	61	0.17	3,648,000	57,382,296	77.87	84.40
Total	36,874	100	3,648,000	74,728,056	100.00	100.00

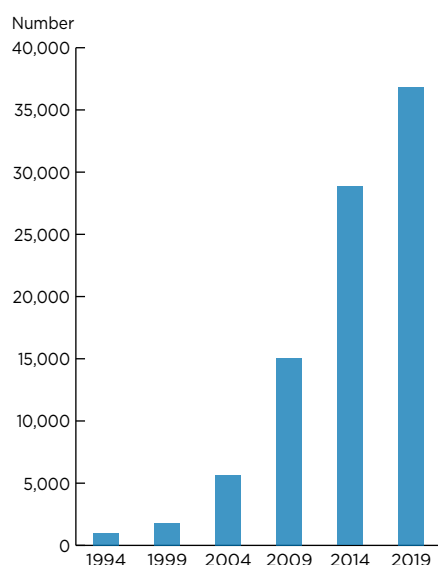
SHARE STRUCTURE 31 AUGUST 2019

Share type	Number of shares	Number of votes	Capital, %	Votes, %
Class A, 10 votes	3,648,000	36,480,000	4.65	32.8
Class B, 1 vote	74,728,056	74,728,056	95.35	67.2
Total	78,376,056	111,208,056	100	100

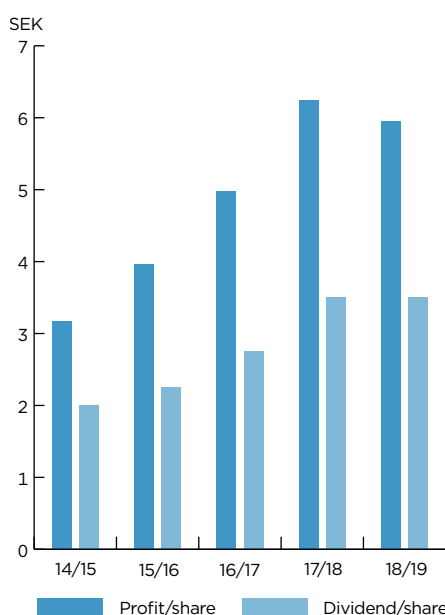
LARGEST SHAREHOLDERS, 31 AUGUST 2019

Owner	Class A shares	Class B shares	Capital, %	Votes, %
Mats and Fredrik Paulsson incl. company and family	3,648,000	15,284,978	24.16	46.55
Erik Paulsson family incl. company	0	18,271,820	23.31	16.43
Swedbank Robur fonder	0	3,849,728	4.91	3.46
Lima Jordägande Sockenmän för Besparingsskogen	0	1,800,000	2.30	1.62
State Street Bank and Trust Co, W9	0	1,437,137	1.83	1.29
BNY Mellon SA/NV (formerly BNY), W8IMY	0	1,403,669	1.79	1.26
Nordea Investment Funds	0	1,306,057	1.67	1.17
Pensionskassan SHB Försäkringsfören.	0	1,203,134	1.54	1.08
Handelsbanken Fonder	0	1,128,922	1.44	1.02
BNY Mellon NA (formerly Mellon), W9	0	1,048,056	1.34	0.94
Per-Uno Sandberg	0	1,000,000	1.28	0.90
Öhman Bank S.A.	0	912,320	1.16	0.82
Länsförsäkringar fondförvaltning AB	0	799,416	1.02	0.72
CBNY-Norges Bank	0	726,487	0.93	0.65
Other shareholders	0	24,556,332	31.33	22.08
Total shares outstanding	3,648,000	74,728,056	100.00	100.00

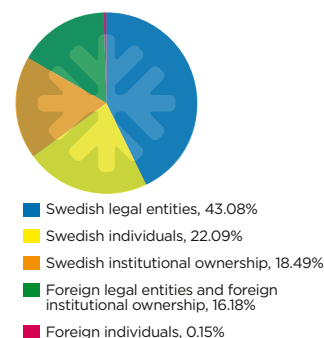
NUMBER OF SHAREHOLDERS, 31 AUGUST



EARNINGS AND DIVIDENDS PER SHARE, SEK

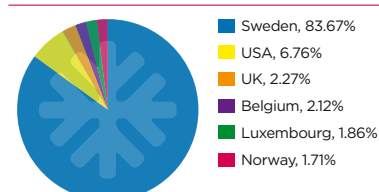


OWNERSHIP CATEGORIES 31 AUGUST 2019



LARGEST SHAREHOLDER COUNTRIES

Share of equity, %



SKISTAR AS AN INVESTMENT

2018/19

Revenue: SEK 2,676 million

P/E ratio: 19.5

Dividend yield: 3.0%

Operating margin: 22%

Profit after tax: SEK 460 million

Cash flow: SEK 722 million
from operating activities

Earnings per share: SEK 5.95

Dividend: SEK 3.50/share
proposed by Board

Share price trend: +14.9%
financial year

Equity/assets ratio: 51 %

SkiStar is a market leading operator of ski resorts in Sweden, Norway and Austria, whose offering and efficient organisation has generated consistent growth with stable profitability.

The company holds a dominant position in Scandinavia, and its business model has proved to be scalable via the development of St. Johann in Tirol. The trend of active leisure time and holidays means that SkiStar will further consolidate its position in the future.

Sales have purposely focused on skistar.com, where SkiStar is able to monitor customers' engagement and target offers more effectively. This is a competitive advantage.

The company also owns substantial assets in the form of land and properties at the destinations where SkiStar operates. Property development and exploitation operations generate capital gains, but

also strategic projects that increase the number of beds, and thus potentially also guest numbers, for core operations.

SHAREHOLDER BENEFITS

Shareholders who own a minimum of 200 SkiStar shares receive a discount at all SkiStar destinations. The discount amounts to 15 percent on SkiPass, purchases at skistarshop.com and ski rental and SkiStar's own ski school. The shareholder discount extends to family members as well (spouse/partner and children under 18).

Find out more about booking with the shareholder discount and the complete terms and conditions at skistar.com or contact Shareholder Services at aktieagarservice@skistar.com or +46(0)280-880 95.

CALCULATION EXAMPLE

On 1 September 2018, a shareholder purchased 200 SkiStar shares for SEK 20,500*. During the spring school break, the shareholder and their partner and two children, aged 10 and 12, travelled to Sälen for a winter holiday. One year later, on 31 August 2019, the shareholder had received the following return and benefits on their SkiStar shares.

Dividend	SEK 3.50/share x 200 shares	+ SEK 700
15% discount on family's SkiPass	2 x 6-8 day adult SkiPass at SEK 2,105 and 2 x 6-8 day youth SkiPass at SEK 1,685	+ SEK 1,137
15% discount on family's ski hire	2 x 6-8 day complete equipment, adult, medium quality at SEK 995 and 2 x 6-8 day complete equipment, youth, medium quality at SEK 745	+ SEK 522
15% discount on family's ski school	2 x 5-day courses group ski school, youth, at SEK 995, and 2 x 4-day courses group ski school, adult, at SEK 945	+ SEK 582
Cash return, SEK		2,941
Total return, %		14.3%

*Recalculated purchase price after 2:1 split.

SUSTAINABILITY



SkiStar is Scandinavia's leading operator in alpine mountain tourism. Protecting the unique mountain environment in which the company operates is a fundamental condition for the sustainable development of SkiStar's business. SkiStar's sustainability efforts are an integral aspect of the daily work and a natural approach for all employees.

This report has been prepared in accordance with the GRI Standards: Core Option. The GRI index on pages 74–75 includes references to where the information can be found in the report on operations. The sustainability report includes the Parent Company and wholly owned subsidiaries. It has been determined that co-owned associates do not constitute a significant portion of operations, which is why they are not included in the report.

SkiStar's sustainability work is initiated by Group management and endorsed by the Board of Directors as a priority area for SkiStar. The work is managed by the sustainability manager together with working groups that handle sustainability issues identified within the organisation for their respective areas. This report relates to the 1 September 2018–31 August 2019 period and is SkiStar's second sustainability report in accordance with the GRI Standard's guidelines.

Please direct any questions regarding SkiStar's sustainability report to: Viktoria Wöhl, +46 (0)280-880 80, viktoria.wohl@skistar.com.

STAKEHOLDER DIALOGUE AND MATERIALITY ANALYSIS

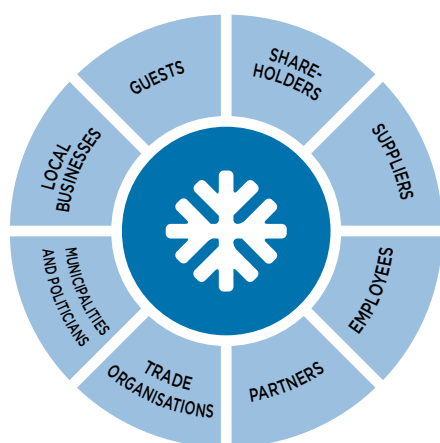
Writing SkiStar's sustainability report in accordance with GRI guidelines was facilitated by identifying, prioritising and validating sustainability areas that are relevant for SkiStar. An assessment was subsequently made of the materiality of these areas. As an initial step, an internal analysis was carried out to highlight material sustainability areas. The sustainability topics have emerged in dialogues with the business

area managers to ensure that the entire business is covered by the selection. This internal analysis has identified a selection of sustainability topics. An online materiality analysis was then conducted, aimed at identifying and prioritising the material areas.

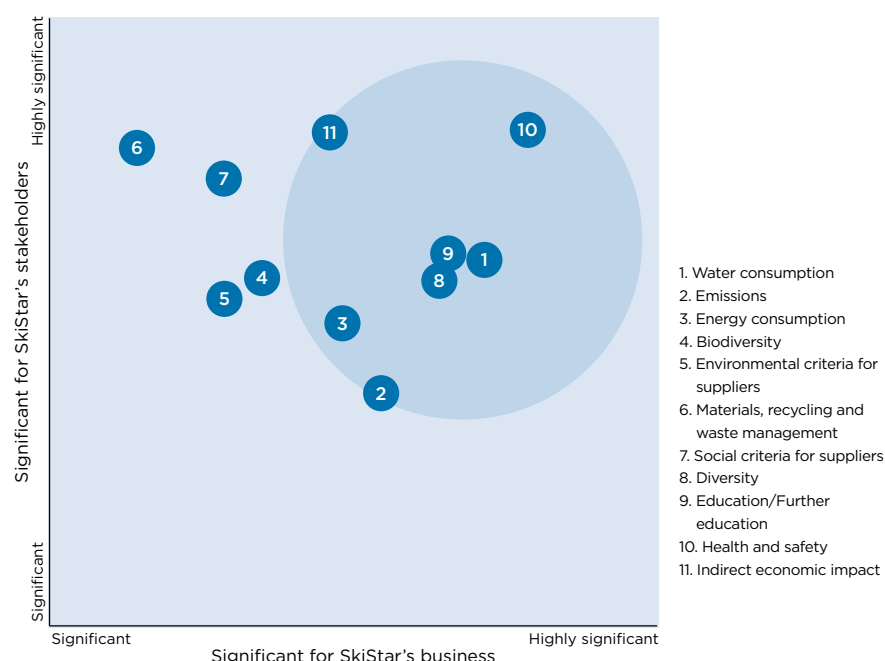
SkiStar involved its stakeholders when carrying out the materiality analysis. These stakeholders were identified via the respective business area.

Stakeholder involvement facilitates the company's work on long-term sustainable solutions going forward. Beyond this, additional stakeholder dialogues were carried out via employee and guest surveys, and through meetings and discussions with suppliers. The analyses carried out identified the priority sustainability topics for SkiStar set out below.

SKISTARS STAKEHOLDERS



SKISTARS SUSTAINABILITY AREAS



*The sustainability topics within the area marked with a circle constitute SkiStar's critical sustainability topics. Other topics are mentioned in the text but are not included in SkiStar's GRI reporting.

SUSTAINABILITY GOVERNANCE

SkiStar's sustainability governance is based on the critical sustainability areas that have been identified as part of a materiality analysis. The materiality analysis enables SkiStar to satisfy expectations that are imposed on the company by its stakeholders. It is also a way of raising awareness among all stakeholders and employees and allows SkiStar to respond to the opportunities and challenges associated with the sustainability aspects.

Internal controls

Based on the information set out above, the company is guided by several policies and regulatory documents that clarify the company's risks, risk management strategy and approach to

achieving its objectives. All policies are reviewed annually and constitute a basic tool to ensure each employee at SkiStar can easily access information regarding how they are expected to act, when and for what reason.

Risk management

Like all companies and business operations, SkiStar is exposed to various risks related to the business. In order to manage and work with the risks faced by the company, SkiStar engages systematically with risk assessment and risk management, covering all its business areas. SkiStar's Board of Directors has overall responsibility for ensuring risk management, and in turn the Board's set of procedures

clarifies the allocation of responsibilities, so that risk management is conducted efficiently and purposefully. SkiStar's risk management relates to all risks associated with the company's sustainability work and the company's materiality analysis. SkiStar's risk management is described in the administration report on pages 41–43.



Code of Conduct

SkiStar's Code of Conduct has been determined by the company's Board of Directors. The Code of Conduct clarifies SkiStar's guidelines and values, creates transparency and functions as a blueprint for how SkiStar's employees should behave towards one another and the people they meet. It also explains that SkiStar supports the ten principles of the UN Global Compact regarding human rights, working conditions, the environment and anti-corruption, as well as the ILO's eight fundamental conventions concerning minimum standards for working conditions. SkiStar's Code of Conduct is reviewed annually and is available to all employees via the intranet.

Policies

In addition to the overall Code of Conduct, SkiStar also operates according to several policies. The purpose of these policies is to create transparency and clarify how SkiStar intends to pursue operations with a long-term, sustainable approach to generate growth and develop the company. Annual online training is provided to increase awareness and understanding of how SkiStar is expected to interact with the outside world. The training is also aimed at increasing understanding of how sustainability aspects should be observed in all areas of the business, and how they should be a natural consideration for every employee at all levels and in all decisions. All the company's

policies are available to SkiStar's employees via the intranet. A review of all policies is carried out each year and they are covered in the annual training, alongside the Code of Conduct. Find out more about SkiStar's policies on page 82.

Compliance and reporting

SkiStar aims to achieve full compliance with the company's policies. For everyone to feel confident that the company is working towards shared goals, and to pick up on any possible policy breaches, SkiStar has established a whistleblower service. The service is designed to give all employees the opportunity to anonymously report any suspicions of serious irregularities. The whistleblower service is a warning system aimed at reducing risks, preferably at an early stage in the chain of events. A whistleblower service is an important aspect of effective corporate governance and maintains public confidence in us as a company. Directives and procedures for reporting are available to all employees.

Suppliers – Supplier Code of Conduct

Effective partnerships and responsible procurement of suppliers are an important factor in the ongoing sustainable development of operational activities. SkiStar works with many different suppliers within the company's various business areas. Both price and the length of the business relationship with each supplier

consequently vary. SkiStar applies a Supplier Code of Conduct, which sets out the expectations SkiStar has of its suppliers. All SkiStar's suppliers and business partners are expected to accept this Code of Conduct. SkiStar will act on any breaches. SkiStar's Supplier Code of Conduct is available on SkiStar's website, skistar.com/en/company-information, under Sustainability.

To ensure responsible procurement, SkiStar works based on established directives for purchasing, which take account of various perspectives during procurement and purchasing processes, including accessibility, price and quality, along with sustainability aspects.

Sustainable development objectives

Building on SkiStar's sustainability work and facilitating sustainable development of the company demands dedication and a long-term approach. Over the past year, the company has drawn up long-term objectives for its operations. These objectives cover all sustainability aspects that are relevant to the business. Each goal has an associated plan of action, including activities and measures. The objectives have been linked to the UN Sustainable Development Goals (SDGs) and the 2030 Agenda, to ensure SkiStar's goals generate long-term value both in the regions in which SkiStar operates and from a broader perspective.

SUSTAINABLE DEVELOPMENT OBJECTIVES

OBJECTIVES

Area	Goal	UN Global Goals
Education/Further education	SkiStar will train all employees in sustainability areas that are relevant to each employee.	
	SkiStar will offer employees opportunities for training and professional development.	8-6
Water consumption	SkiStar will endeavour to improve biodiversity in lakes and watercourses, partly via responsible water usage and partly by participating in projects that boost biodiversity.	6-4, 6-6
Emissions	SkiStar will not have any emissions of greenhouse gases from its own vehicles or from energy consumption by 2030.	13-1, 13-2
Energy	During the 2019/20 financial year, SkiStar will select certification models for its own construction of new housing, which will be implemented in the 2020/21 financial year.	
Biodiversity	SkiStar will participate in projects to promote biodiversity at all its destinations.	15-4, 15-5
Circular resource management	SkiStar will offer guests opportunities to sort waste for recycling at all destinations by 2025.*	12-5
	SkiStar will work towards increasing the rental of beds already available at SkiStar's destinations.	12-5
Health and safety	SkiStar's workplaces will be free from alcohol and drugs.	3-5
	SkiStar's workplaces will be accident free.	8-6
Diversity	SkiStar will increase diversity in senior management.	
	80% of SkiStar's employees should be willing to recommend SkiStar as an employer.	8-6
	SkiStar will keep the proportion of returning young employees among SkiStar's seasonal employees to two thirds.	8-6
Indirect economic impact	SkiStar will be a leading advocate of sustainable tourism at the company's destinations, with growth in visitor numbers.	8-1, 8-9
	SkiStar will work to encourage more children and young people to get active, whatever their circumstances.	

*SkiStar would like to achieve this goal sooner but implementation depends on third parties.



ECONOMIC RESPONSIBILITY



SkiStar's mission is to create long-term, stable value for shareholders via stable and solid finances. Solid finances are also important to satisfying expectations from guests and other stakeholders in the long term. The alpine ski industry requires large capital investments to maintain and increase competitiveness. This means that the financial targets are established to create a strong cash flow. SkiStar's CEO and management team have overall responsibility for ensuring operations are directed towards achieving these financial targets. For details regarding goals, outcomes and financial risks, please refer to page 11.

Several financial targets are established each year, which are continually followed up during the year in connection with internal reports and quarterly reporting to the Board of Directors.

Taxes affect return but are also a responsibility

issue for SkiStar as a corporate citizen. SkiStar complies with the tax legislation in each country in which operations are conducted.

SkiStar operates in sparsely populated areas of both Sweden and Norway. SkiStar's presence boosts the tourism industry and gives other operators that are complementary to a certain extent an opportunity to offer services within and near the destinations, including restaurants, hotels and other alpine activities. These activities provide jobs in the local area and thus increased tax revenues, which in turn allow opportunities for a positive impact on the region in the form of improvements to infrastructure.

Visitors to the region, permanent residents and local businesses benefit from an operator that adopts a long-term and sustainable approach to alpine tourism.

Anti-corruption

SkiStar's risk management and regulatory documents cover anti-corruption. SkiStar's anti-corruption efforts primarily aim to counteract corruption within the company. This is achieved by analysing risks associated with corruption and establishing purchasing procedures and guidelines to counteract incidents, and monitoring and acting on confirmed cases of corruption. All SkiStar's employees are trained in how to combat corruption, in order to improve knowledge and raise awareness. SkiStar has a zero-tolerance policy when it comes to bribery and corruption. A whistleblower service has been set up to reduce the risks associated with corruption.

EMPLOYEES



SkiStar relies heavily on employee engagement. Motivated and satisfied employees will also provide good service for guests, and the guests are always at the centre of SkiStar's operations. If guests experience good service, they will come back. This is an extremely important factor in generating long-term profitability. To have motivated employees, there are several elements that are vital to the company's success. SkiStar is a big employer. At all its destinations, SkiStar has collective agreements that regulate minimum wages and employee rights in relation to the employer. All SkiStar employees, except for the CEO, are covered by collective agreements.

Work environment, health and safety

Health and safety include both safe and secure workplaces for Group employees, good working conditions and a healthy work/life balance. Living and working at one of SkiStar's destinations allows good opportunities for an active lifestyle in a natural alpine environment. Each SkiStar destination has a work environment team that ensures the organisation works systematically with health and safety, which includes, for example, regular safety inspections and risk assessment of operations. SkiStar also has a robust crisis management organisation at each destination, with procedures for escalating to crisis mode in the event of serious incidents. Crisis management exercises are carried out every year to improve the ability to handle serious situations.

SkiStar carries out regular employee surveys to ensure a good and pleasant work environment. These employee surveys also serve to identify areas where there is potential for improvement. Following the surveys, three focus areas are selected that SkiStar then works on to bring about further improvement, and to respond

to employees' preferences and expectations. Health checks are also carried out regularly to prevent occupational risks and contribute to the physical wellbeing of the company's employees. Performance and salary reviews are conducted annually with all employees.

Diversity and equality

Equal treatment and rights apply regardless of gender, sexual orientation, ethnicity, beliefs, disability or age. SkiStar does not accept any form of discrimination and takes strong action in response to incidents and conduct that contravenes SkiStar's policies and directives. The company's corporate culture is characterised by values and attitudes that are consistent with SkiStar's diversity policy. As with other policies, the diversity policy is reviewed annually.

Responsibility for active gender equality work lies with each department/business area manager. SkiStar has a zero-tolerance approach to all forms of discrimination and discriminatory treatment. SkiStar places great emphasis on the importance of valuing differences and diversity. SkiStar works to create an inclusive working environment, an important aspect of which is for all employees to feel a sense of belonging.

Recruitment

Another key issue for both the company and the industry is recruitment and ensuring that the right skills are available in the future. SkiStar's mountain locations mean that it needs to devote considerable time to developing partnerships with companies that run similar seasonal operations during the summer months, and the company works closely with local firms in the tourism industry. SkiStar uses an online recruitment tool that promotes a qualitative selection process. SkiStar's values are matched with those of potential candidates. A well-structured recruitment process lays the ground for successful appointments, which then contribute to the prevailing positive corporate culture.

Employer for young people

SkiStar has provided work for more than 11,000 young people aged 18 to 24 over the past ten years, and the company receives thousands of new applications every year. Being a big employer for young people and offering a way into the job market is an important recruitment strategy for SkiStar.

Launching school partnerships and offering work experience placements are just some examples of how SkiStar is working to attract young people even before they enter the labour market and start looking for their first job.

SKISTAR HAS
70%
SATISFIED EMPLOYEES AND
77%
SATISFIED GUESTS

Employee surveys are carried out four times a year via an online questionnaire. Guest surveys are done weekly from weeks 52-16 via an online questionnaire.



SkiStar makes a concerted effort to recruit and attract employees from the local areas around SkiStar's ski resorts. A job with SkiStar provides a great deal of significant experience and opportunities to develop in areas like service, teamwork and interaction with guests. Combining stimulating tasks with the opportunity to lead an active lifestyle and a strong sense of belonging among colleagues boosts SkiStar's appeal as an employer.

Training and education

To ensure that employees maintain and develop their skills and to guarantee future needs, the Group places great emphasis on training and education. All employees complete an online course every year, which focuses on important areas such as sustainability, GDPR and working environment. In addition, SkiStar implements an annual internal leadership programme, and a trainee programme that aims to provide continuity for key functions. Since SkiStar's operations are seasonal, there is a substantial need for seasonal employees. Every winter season, the workforce is made up of roughly two-thirds returning employees and one-third new. This puts pressure on the company to ensure that recruitment, training and staff inductions are systematic and simple, so that a large volume of seasonal employees is well prepared in a short period of time. As an employer, SkiStar is extremely proud of its ability to offer many young people the chance to gain professional experience and the opportunity to develop their skills in their working lives.

Many of SkiStar's employees choose to stay on within the organisation, but with new duties or at a different destination. All employees are encouraged to further develop their skills internally, and combined positions are common.

EMPLOYEES*

	Permanent employees		Employees on fixed-term contracts	
Number of employees	Men	Women	Men	Women
Sweden	224	126	842	805
Norway	73	50	356	203

*Employees refers to the number of employees in February 2019. The data has been compiled from the Group's HR and salary systems. Reported forms of employment include permanent and fixed-term contracts.

DIVERSITY

2018/19	Women	Men	<29 years	30–50 years	>50 years
Board of Directors	3	3	0	3	3
Group management	1	9	0	5	5
Destination management teams	7	25	0	20	12
Other*	8	14	2	15	5

Other relates to individuals who report to a member of Group management. All figures as at 31 August 2019.

SEASONAL EMPLOYEES, SWEDEN*

	2018/19	2017/18	2016/17
Men	262	252	248
Women	412	390	367
Total	674	642	615

*Relates to seasonal employees in Sweden aged 19–22 at 28 February.

TRAINING HOURS PER EMPLOYEE

	2018/19		2017/18		2016/17	
	Women	Men	Women	Men	Women	Men
Permanent employees	10	10	10	10	10	10
Employees on fixed-term contracts	25	25	25	25	25	25

FROM DAILY OPERATIONS

- * SkiStar is part of young people's first experience of the world of work. Over the past ten years, SkiStar has given over 11,000 young people aged between 18 and 24 the opportunity to gain professional experience.
- * SkiStar has teamed up with Panta Mera. At the destinations, cans and PET bottles are collected in clearly marked 'Panta Mera' containers and igloos. The return on the cans/bottles is donated by SkiStar to World Snow Day, which is a collaboration between the Swedish Ski Association and the Swedish Ski Council aimed at inspiring children to lead active and healthy lifestyles through opportunities to try out skiing. SkiStar donates to the project.
- * SkiStar donates to the Swedish foundation Min Stora Dag (My Special Day), which makes dreams come true for seriously ill children. Several My Special Day wishes have been granted at SkiStar destinations, with the help of volunteers and SkiStar personnel.
- * Stefans Stuga in Lindvallen is a specially designed set of accommodation close to the lifts, the purpose of which is to provide a haven where families affected by cancer can relax and spend precious time together. Stefans Stuga is an initiative of the Stefan Paulsson Cancer Fund.

ENVIRONMENTAL RESPONSIBILITY



SkiStar will consider all sustainability aspects in the business, with the aim of creating memorable mountain experiences. Through systematic improvement initiatives, SkiStar will be the right choice for guests in terms of sustainability. This is done by constantly reducing any negative environmental impact by designing and selecting products and services in such a manner as to limit their environmental impact during purchase, production, utilisation and disposal. SkiStar continually trains and informs its employees to improve environmental awareness and expertise, mainly about the alpine environment.

Energy and energy conservation

SkiStar's goal is to conduct operations adapted to the environment while consuming as little energy as possible. SkiStar endeavours to conserve energy and keep energy consumption to a minimum in its operations. Snowmaking, property management and ski lifts are all processes requiring a great deal of energy. All the electricity that SkiStar procures is green and has been for many years, and the focus is on maximum efficiency to reduce electricity consumption.

To conserve energy, SkiStar will:

- * systematically analyse energy use;
- * adopt processes that use as little energy as possible;
- * consider efficient energy consumption when making new investments and reinvestments, and
- * highlight energy consumption for individual employees and together devise ways of reducing energy consumption without impacting product quality.

Use of water

SkiStar's operations are water intensive. The water issue is of great importance from a sustainability perspective, and everyone has a duty to manage the assets and resources available responsibly. SkiStar's main water consumption in operations is in the form of snow production. For snow production, SkiStar uses so called surface water from nearby watercourses and lakes. In some cases, the water is kept in reservoir ponds directly adjacent to the ski resorts. When making snow, nothing is added to the water and particles are filtered out before it is used. Water is extracted from water sources mainly during the months prior to the start of the winter season and during the first part of the winter season. In the spring, when the snow melts, all the water returns to natural sources. Water extraction from each source is regulated via water rights court rulings.

The focus for SkiStar is on producing the right amount of snow in the right location in as short a time as possible. In addition to technological advances for snow cannons, other measuring tools have also had a positive effect on water usage in snow production. All SkiStar's destinations now have piste machinery equipped with GPS systems that measure snow depth to enable optimum snow production in the right locations.

Climate and emissions

There can be no doubt that the world is facing a rise in temperatures. Global warming is happening at a faster rate than anticipated, and a long-term temperature rise of two degrees will mean a drop in groundwater levels, extreme weather and a shortage of sustainable energy.

SkiStar's operations are dependent upon cold winters with sub-zero temperatures. As a leading operator in the industry for alpine mountain tourism, operations are pursued through responsible conduct with long-term sustainable solutions to minimise environmental impact. This means that SkiStar will work actively with solutions that develop the company sustainably going forward. SkiStar's operations require large amounts of fuel. This produces carbon dioxide emissions, which are one of the main causes of

climate change. SkiStar uses new technology and active measures to cut its carbon dioxide emissions. Climate change is considered within the framework of SkiStar's risk management, which evaluates challenges and measures.

The piste machines' GPS-based snow depth measuring function also helps reduce emissions, as it optimises the snowmaking process and driving patterns. SkiStar has also initiated the transition to non-fossil fuel and at the present rate of transition has increased the proportion of non-fossil fuel to over 55 percent. In the 2018/19 season, 100-percent non-fossil fuel has been used in operations, lifts and on pistes at SkiStar's Swedish destinations. It is a change that has produced good results and will be further developed in the transition towards non-fossil operations. SkiStar is also working to ensure

ELECTRICITY CONSUMPTION WITHIN THE ORGANISATION

MWh	2018/19	2017/18	2016/17
Electricity from renewable sources	82,169	74,893	76,150
Electricity total	82,169	74,893*	76,150

*Variance in last year's reported figures due to reading error by a third party.

FUEL CONSUMPTION WITHIN THE ORGANISATION

MWh	2018/19	2017/18	2016/17
Renewable fuels	14,733	14,514	5,332
Fossil fuels	11,707	12,981	19,153
Total fuel	26,440	27,495*	24,485

*Variance in last year's reported figures, arising as a result of actual figures replacing previous standard in some of the reported fuels.

DISTRICT HEATING WITHIN THE ORGANISATION

MWh	2018/19	2017/18	2016/17
District heating	10,168	13,050	14,785
District heating total	10,168	13,050	14,785

SUMMARY TOTAL ENERGY CONSUMPTION WITHIN THE ORGANISATION

MWh	2018/19	2017/18	2016/17
Electricity from renewable sources	82,169	74,893	76,150
Renewable fuels	14,733	14,514	5,332
Fossil fuels	11,707	12,981	9,153
District heating	10,168	13,050	14,785
Total	118,777	115,438	115,419

GREENHOUSE GAS EMISSIONS, TONNES OF CO₂

	2018/19	2017/18	2016/17
Scope 1*	4,029	4,385	5,804
Scope 2**	189	199	166
Greenhouse gas emissions, tonnes of CO ₂	4,218	4,584	5,970

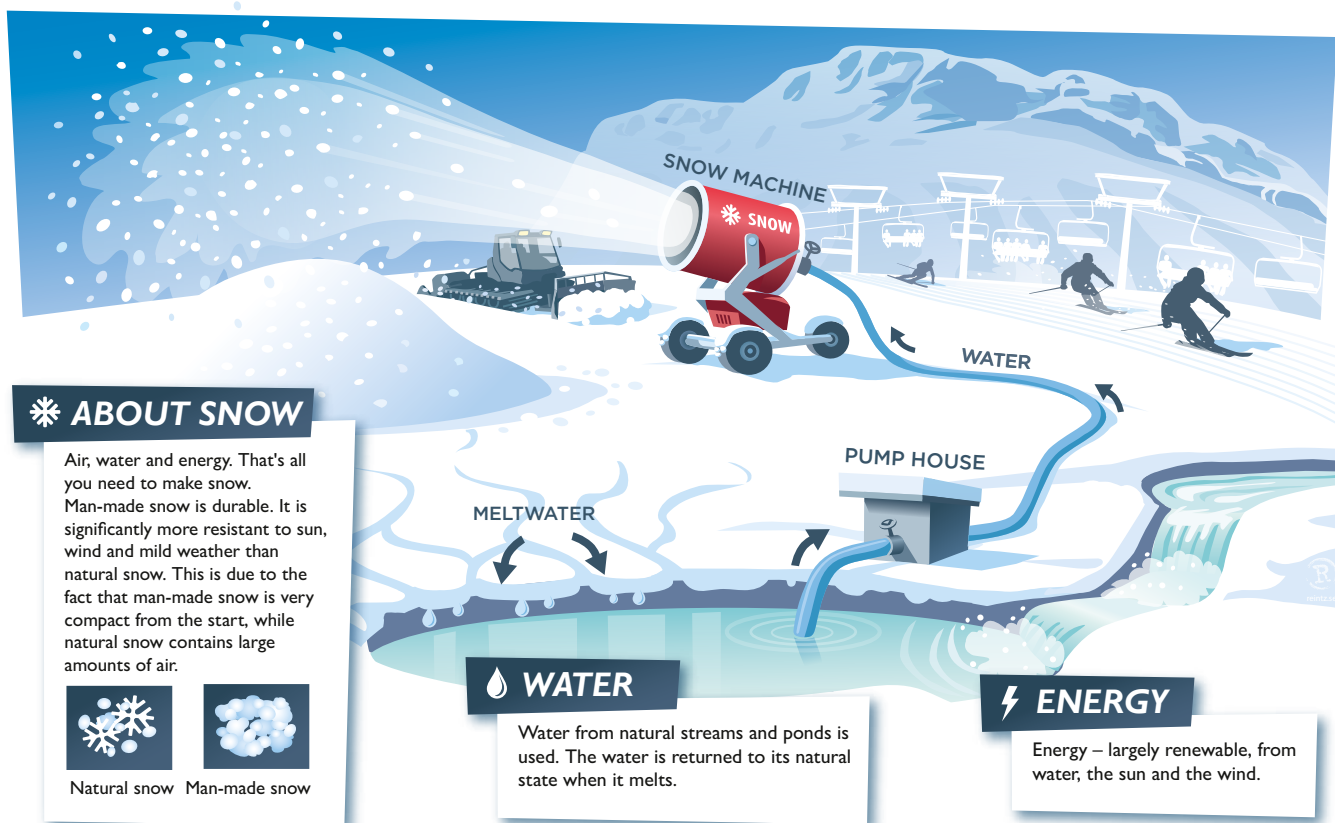
* Relates to direct emissions from SkiStar's operations.

** Relates to indirect emissions from electricity and heating.

CO₂ emissions have been confirmed using guidance from emissions factors from the Swedish Petroleum and Biofuel Institute, the Swedish Energy Agency and the Swedish Environmental Protection Agency. Fuel quantities have been obtained from readouts and invoices. Measurements relating to electrical power have been obtained from the respective network operators. Measurements relating to heating have been obtained from the respective heating supplier. Emissions factors have been adjusted according to new reports from the Swedish Energy Agency, which has meant reported figures have been revised.

WATER USE IN SNOW PRODUCTION

m ³	2018/19	2017/18	2016/17
Sälen	1,273,001	1,006,692	897,098
Åre	2,008,217	1,546,341	1,813,107
Vemdalen	817,609	649,523	656,000
Trysil	720,000	540,915	577,480
Hemsedal	484,000	473,191	565,254
Total water use in operations	5,302,827	4,216,662	4,508,939



the entire company's fleet of vehicles runs on non-fossil fuel.

The company is also endeavouring to reduce indirect emissions from operations, for example by working towards a better developed infrastructure for charging stations. SkiStar offers guests with a valid SkiPass transportation by ski bus at SkiStar's destinations, which in turn reduces car use during their stay. The ski buses at SkiStar's Swedish destinations run on non-fossil fuel.

Snow production

SkiStar's main activities are based on alpine skiing. The company uses snow canons in order to ensure a good experience on the slopes. To produce snow from the canons, water is required in combination with air and colder temperatures. Snow production methods have been developed both technically and environmentally. This has in turn led to more efficient snow production. This is achieved using automated snow production systems in which temperature, optimum wind direction, humidity and water temperature are pre-set, meaning snow is made in perfect conditions using a technique that ensures sustainable snow production. Effective snowmaking systems produce a lot of snow during cold weather. Snow from snow canons lasts longer than natural snow and is more tolerant of both sun and milder weather. Energy efficiency in snow production has improved considerably over the past 10–15 years. Snow production has gone from around 7 kWh to produce 1 m³ of snow, to roughly 1 kWh to produce the same amount.

Biodiversity

SkiStar's opportunities to develop on what are now untouched areas of land are heavily restricted. Naturally there are stringent environmental requirements when it comes to developing land. To be able to continue offering guests a magnificent

alpine setting with untouched nature just around the corner, SkiStar needs to develop new areas while observing great consideration for the existing environment. In practice, this means that as a basic principle SkiStar will not develop new untouched land, but instead focus on densifying areas that are already in use. Concentrating beds centrally around the ski areas reduces the need for transporting guests and means that infrastructure can be built more efficiently. However, when development of untouched land does take place,

closeness to nature is an important factor, which means that parts of existing forest are kept aside. This applies both when constructing the skiing area and when expanding within the skiing area. From a forest conservation perspective, expansion of the ski resort can benefit the area as it provides a guarantee that it will not be completely felled, which would otherwise be a strong possibility. This of course means that the biological diversity is preserved in the area, provided it is developed sensitively.

FROM DAILY OPERATIONS

- * At all destinations, SkiStar's piste machines have snow depth measuring functions to make them efficient and optimise driving, which leads to reduced emissions and lower energy consumption.
- * Non-fossil fuel is being used in operations at SkiStar's Swedish destinations, cutting carbon dioxide emissions by 90 percent.
- * The ski buses at SkiStar's Swedish destinations run on non-fossil fuel.
- * Three of SkiStar's lifts in Åre are solar powered as part of a collaboration between SkiStar and Fortum.
- * SkiStar aims to construct new accommodation close to the lift systems (ski-in ski-out), reducing car travel at the destinations.
- * Charging points for electric vehicles are standard for new builds, to meet heightened demand for eco-friendly means of transport.
- * When SkiStar develops land, existing vegetation around the buildings is preserved and restored. Trees in the vicinity of the buildings are protected during the construction period.
- * SkiStar works continuously to prevent erosion of the slopes by building dams and planting vegetation.
- * In areas with a district heating network, SkiStar's own properties are being converted from direct electric heating to hydronic heating.
- * SkiStar is participating in renewable energy and carbon-neutral electricity production through co-ownership of Dala Vindkraft Ekonomisk Förening, as well as Dala Vind AB.
- * Together with other investors, SkiStar operates three biomass heating plants.
- * SkiStar's operations are spread over a wide geographical area, which is why physical meetings are being replaced by telephone, web and video conferences wherever possible.
- * Electric snowmobiles have been purchased for test driving ahead of the 2019/20 season, which will hopefully have a positive outcome and result in the company electrifying its entire fleet of snowmobiles.

HEALTH AND ACTIVE LEISURE TIME



In addition to economic, social and environmental areas of responsibility, SkiStar works with health and active leisure time as a priority sustainability area, where SkiStar has an opportunity to make a considerable difference. As SkiStar is convinced that an active lifestyle with friends and family contributes significantly to a healthy life, the company is constantly looking for new opportunities to create the conditions for such a lifestyle. This is about stimulating growth in activities linked to a mountain setting, while also providing opportunities and inspiration for 52 weeks of exercise. Interest in health and wellbeing has increased and the trend to stay active while away on holiday is continuing to grow. SkiStar

tries to promote health and active leisure time via various initiatives, which are detailed below.

- * 2,841 children and young people under 15 living in a municipality at one of SkiStar's destinations Sälen, Åre, Vemdalen, Trysil and Hemsedal were offered a free SkiPass for the 2018/19 winter season.
- * Children and young people from years 1–9 in the municipalities of Nacka and Stockholm are offered free leisure days at Hammarbybacken ski slope.
- * Valle's Winter Weeks. During Valle's Winter Weeks, skiing, ski school and ski rental are free for children up to the age of six. In the 2018/19 winter season, 5,677 children took part in Valle's Winter Weeks.

- * Personal skiing statistics are provided via MySkiStar, which is a service that SkiStar has introduced to seize upon and reinforce guests' interest in alpine skiing as a means of exercising and socialising. MySkiStar has approximately 889,000 members.
- * At Valle's Ski School, children learn how to be safe and confident skiers, with the support of highly qualified ski instructors and Valle the Snowman. Almost 50,000 children took part in Valle's Ski School in the 2018/19 winter season.
- * Valle encourages activity through music, dance and skiing. Some 100,000 children skied with Valle at SkiStar's destinations in the 2018/19 winter season.



SKISTAR MAKES A DIFFERENCE WITH VALLE

The Valle concept has proved a huge success at all the destinations. Valle is also an important communication platform, as he is an ambassador for SkiStar and the values that characterise the entire operation. Valle is a role model for SkiStar's younger guests, which is a big responsibility that SkiStar will continue to safeguard, not only for guests but also for the public good. In this context, Valle will also be working to benefit the communities going forward. With Valle as a role model, SkiStar will help reinforce children's

wellbeing and positive behaviour by boosting their self-esteem, protecting the unique mountain environment in which Valle lives and creating a lasting enthusiasm for keeping active. SkiStar wants to use Valle's positive image to make a real difference in health, the environment and social responsibility.



Health with Valle

- * Inspiring a life-long interest in alpine skiing.
- * Energy from movement – the importance of staying active to improve health.
- * Good diet – eating well and healthily.



Environment with Valle

- * Looking after the natural environment and Valle's unique mountain home.
- * Inspiring children to be environmentally friendly for a sustainable society.



Social responsibility with Valle

- * Being a good skiing buddy all year round.
- * Boosting children's self-esteem and self-confidence.

AUDITOR'S OPINION REGARDING THE STATUTORY SUSTAINABILITY REPORT

TO THE GENERAL MEETING OF THE SHAREHOLDERS IN SKISTAR AB (PUBL.),
CORPORATE IDENTITY NUMBER 556093-6949

ENGAGEMENT AND RESPONSIBILITY

It is the board of directors who is responsible for the statutory sustainability report for the financial year 2018/19 on pages 29–37 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's

opinion regarding the statutory sustainability report.

This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

OPINION

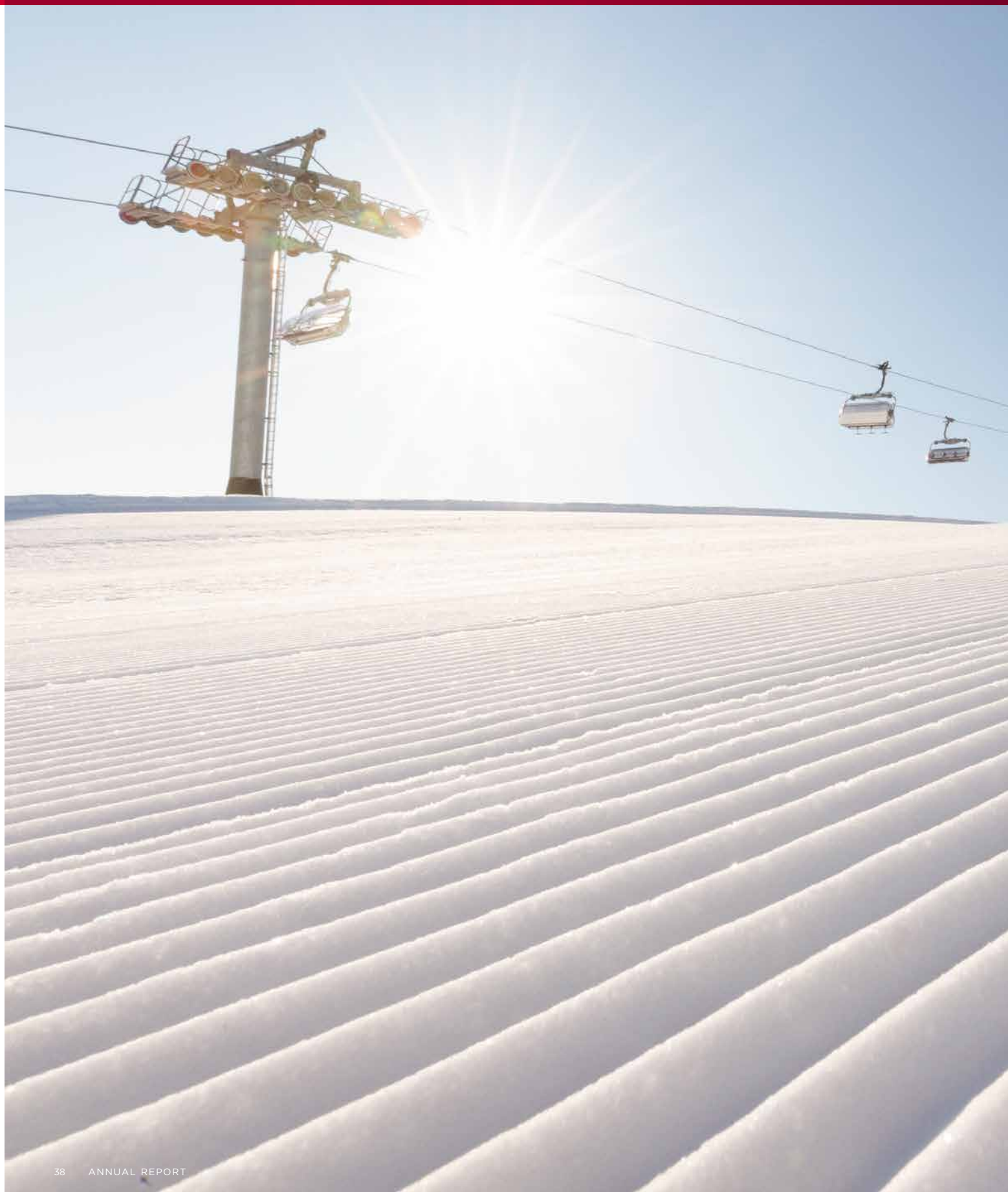
A sustainability report has been prepared.

Stockholm, 7 November 2019
PricewaterhouseCoopers AB

Camilla Samuelsson
Authorised Public Accountant

ANNUAL REPORT

SKISTAR AB (PUBL) 1 SEPTEMBER 2018 – 31 AUGUST 2019





ADMINISTRATION REPORT

ADMINISTRATION REPORT

The Board of Directors and CEO of SkiStar AB (publ), corporate identity number 556093-6949, hereby present the annual report and consolidated accounts for the financial year 1 September 2018 – 31 August 2019.

BUSINESS NAME AND REGISTERED OFFICE

The Company's business name is SkiStar AB (publ). The Company's registered office is in the Municipality of Malung-Sälen in the County of Dalarna. The head office is in Sälen (postal address 780 67 Sälen, Sweden).

NATURE OF THE BUSINESS

SkiStar operates alpine ski resorts in Sälen, Vemdalen, Åre and Hammarbybacken (Stockholm) in Sweden, Trysil and Hemsedal in Norway and St Johann in Tirol in Austria. The core business is alpine skiing, with a focus on the guest's overall skiing experience. Operations are divided into two segments: Operation of Ski Resorts and Property Development and Exploitation.

SkiStar's vision is to create memorable mountain experiences as the leading operator of European alpine destinations.

OWNERSHIP STRUCTURE

SkiStar's B share has been listed on the Mid Cap list of the Nasdaq Stockholm exchange since 1994. According to the shareholder register

maintained by Euroclear Sweden AB, the number of shareholders was 36,874 (31,622) on 31 August 2019.

Major shareholders are Mats and Fredrik Paulsson, including company and family, with 24.16 percent of the capital and 46.55 percent of the votes, Erik Paulsson's family, including company, with 23.31 percent of the capital and 16.43 percent of the votes, and Swedbank Robur Fonder with 4.91 percent of the capital and 3.46 percent of the votes.

THE SHARE

The total number of shares is 78,376,056, distributed as follows: 3,648,000 Class A shares (ten votes per share) and 74,728,056 Class B shares (one vote per share). The highest price paid was SEK 137.00 on 17 June 2019 and the lowest was SEK 93.10 on 11 September 2018. The share price at the close of trading on the reporting date was SEK 116.00. The Annual General Meeting on 15 December 2018 authorised the Board of Directors to make decisions on the purchase and transfer of the Company's own shares. The authorisation is valid until the next AGM. The Board had not repurchased any shares as of the date of preparation of this annual report.

MARKET DEVELOPMENT

According to SLAO (Swedish Ski Lift Organisation), SkiPass sales in Sweden increased by two percent in the 2018/19 winter season

compared with the previous season. SkiPass sales in Norway declined by three percent according to ALF (Norwegian Ski Lift Association).

SkiStar's market share was 50 (49) percent in Sweden, 30 (30) percent in Norway and 41 (41) percent for Scandinavia.

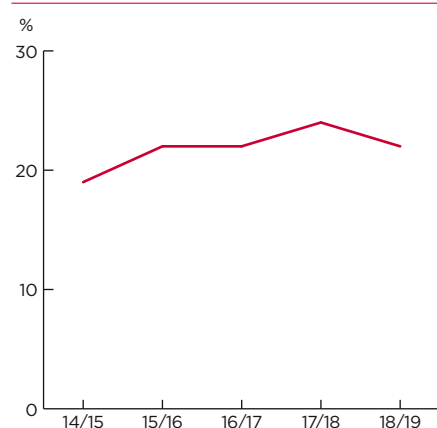
OPERATIONS

The Group's operating profit for the full year was SEK 604 (611) million, a decline of 1 percent or SEK 7 million. Translation from the Norwegian krone and euro had a positive effect of SEK 4 million on operating profit. Net financial items declined by SEK 26 million, mainly because of changes in the value of interest rate derivatives. Profit after tax fell by SEK 26 million to SEK 460 (486) million, a decline of five percent. Earnings per share fell to SEK 5.95 (6.25).

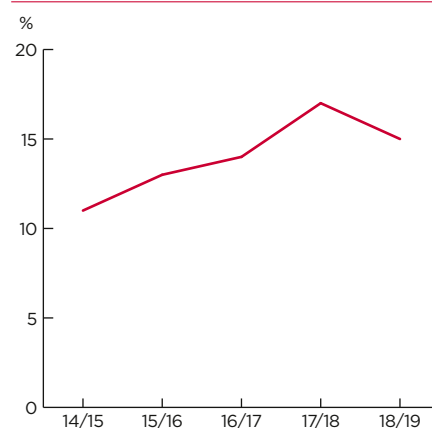
Operation of Ski Resorts

Revenue from the operation of ski resorts increased by 5 percent for the full year, rising to SEK 2,481 million, compared with SEK 2,360 million the previous year. Translation from the Norwegian krone and euro had a positive effect of SEK 24 million on revenue. SkiPass sales increased by 4 percent, accounting for 52 percent of revenue, which is 1 percent lower than the previous year. The number of skier days (one day's skiing with a SkiPass) was unchanged at 5.8 (5.8) million. Sold accommodation, expressed as the number of overnight stays, fell by 1 percent compared with

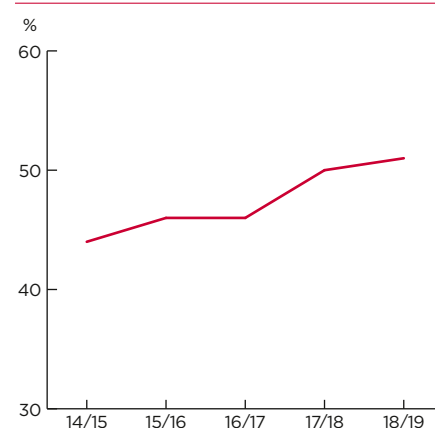
OPERATING MARGIN, %



RETURN on capital employed, %



EQUITY/ASSETS RATIO, %



The graphs show trends for alternative performance measures. For detailed information, see page 73.

the previous year. The occupancy rate for own and agency-booked accommodation was 78 (82) percent.

Revenue from sporting goods outlet sales amounted to SEK 171 million, a decline of approximately 1 percent. Personnel costs increased by SEK 51 million compared with the previous year, largely due to annual contractual increases and additional staffing in connection with the World Ski Championships in Åre in February 2019. Other external expenses increased by SEK 44 million. Operating profit from investments in joint ventures and associates fell by SEK 2 million, with Åre 2019 AB contributing SEK -14 million to the figure.

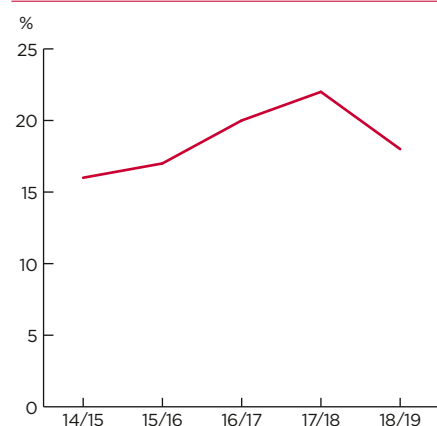
Property Development and Exploitation

Revenue from Property Development and Exploitation amounted to SEK 296 (241) million, with a profit of SEK 152 (113) million. Profit from exploitation activities related to plot and land sales and the sale of shares in tenant-owner associations and Vacation Club amounted to SEK 189 (147) million during the financial year.

CASH FLOW

Cash flow from operating activities before changes in working capital was SEK 725 (768) million for the full year. Cash flow from investing activities was SEK -503 (-394) million, while cash flow from financing activities was SEK -221 (-324) million.

RETURN on equity, %



The graphs show trends for alternative performance measures. For detailed information, see page 73.

LIQUIDITY AND FINANCING

The Group's cash and cash equivalents ended the financial year at SEK 71 (73) million. Unused overdraft facilities plus cash and cash equivalents were SEK 257 million at the reporting date, compared with SEK 309 million at the end of the previous year. Interest-bearing liabilities amounted to SEK 1,758 (1,691) million, an increase of SEK 67 million from the previous year. The average interest rate during the year was 2.2 (2.4) percent. Net financial debt was SEK 1,589 (1,493) million at the end of August, an increase of SEK 96 million. The equity/assets ratio increased to 51 (50) percent.

INVESTMENTS, DISPOSALS AND OTHER ACQUISITIONS

Investments during the financial year amounted to SEK 546 (533) million. Depreciation/amortisation during the same period was SEK 273 (254) million. The investments mainly concerned exploitation and maintenance investments at the destinations.

RISKS AND OPPORTUNITES

Risk management

Like all companies and business operations, SkiStar is exposed to various risks related to the business. For SkiStar, it is important to identify the risks that may prevent the Company from achieving defined targets and to determine whether the risks are in line with risk propensity. Where necessary, measures are taken to avoid, minimise or monitor identified risks. The purpose of risk management is to continuously assess and manage the risks that arise in the operations and to ensure that it forms the basis for successful sustainability work.

Operational risks

Seasonality

The majority of SkiStar's revenues are generated in the period December to April. SkiStar's operations are well adapted to seasonal variations, particularly in terms of the workforce. Most of the winter bookings are made before the season. An increased proportion of advance sales means that business transactions can be completed at an earlier point, which in turn reduces the operational risk. Seasonal variations are also managed by investing in snowmaking systems to guarantee skiing early in the season.

Snow availability

The number of guests at SkiStar's destinations is influenced by weather and snow conditions.

A late winter with a lack of cold weather and natural snow in time for Christmas has an adverse impact on demand. Lower demand can also arise in winters with prolonged cold periods and good snow conditions in the southern, more densely populated parts of Scandinavia, as snow, cold weather and skiing opportunities are available closer to home. However, in a longer perspective, it is positive for the industry if skiing is available throughout Scandinavia, as many new skiers will be recruited. SkiStar addresses these risks through continuous development of snowmaking systems to guarantee skiing, and through early sales to ensure that most of the accommodation capacity is booked before the Christmas week when the high season starts.

Economic cycle

Changes in people's disposable income are reflected in private consumption, which in turn has a bearing on whether they can take a winter holiday. SkiStar's historical sales and earnings trend shows that the Company has been able to deal with fluctuations in the economy. A large proportion of SkiStar's guests are families who tend to return year after year and who see a winter holiday as a high priority. Sensitivity to economic conditions in Sweden is reduced by the existence of operations in Norway and Austria.

Competition

Sun and beach holidays and weekend city breaks are considered SkiStar's main competitors, but competition also comes from other sectors that compete for people's disposable income, such as durable goods and home investments. Other competitors include other alpine ski resorts in Scandinavia and the Alps. The alpine ski industry has a high entry threshold, which limits competition. Initiatives such as large investments in service-oriented employees, leadership, modern lifts and snowmaking systems, IT and restaurants ensure that SkiStar's alpine destinations maintain a high level of quality. SkiStar's destinations have good accessibility to populated areas due to their geographical proximity and affordable transport solutions in the form of trains, aeroplanes and coaches. SkiStar's customers have easy access to the Company's products and services via online marketing and sales systems that facilitate the booking process for them.

Other important competitive factors include a strong financial position, known and attractive brands and a strong cash flow.

Expansion

SkiStar's strategy for growth includes better utilisation of the existing destinations and development of the products and services offered. Growth is also created through the acquisition or leasing of other ski resorts. All the companies acquired by SkiStar have performed well and made major contributions to the Company's successful development.

Accommodation capacity and occupancy rate

The profitability of alpine destinations is dependent on the number of available beds and the occupancy rate. For SkiStar, it is important to have control over a large accommodation capacity to optimise the occupancy rate by monitoring changes in demand and pricing accommodation correctly at all stages of the season. SkiStar works actively to increase the number of beds at the destinations and to increase the proportion mediated by the Company itself. It is also important for older cabins and apartments to be modernised to maintain high demand. In addition to SkiStar's own investments, new investments in cabins and apartments are mainly conducted by external parties or jointly owned companies. The attractiveness of SkiStar's destinations draws investment capital, which generates long-term growth in the number of beds and the development of different types of accommodation.

Employees

Payroll expenses are the Company's largest individual cost item. SkiStar's continuing success is dependent on motivated and committed employees. SkiStar works on leadership issues and training to increase the efficiency, awareness and commitment of its employees.

The level of service that guests receive from the staff plays an important role in their overall experience. There is therefore a risk that it will be harder to recruit qualified seasonal employees when the economy is strong and unemployment is low.

SkiStar's Management Group consists of the CEO, CFO, Marketing and Sales Director, CTO, Legal Counsel/Head of IR, two Norwegian Resort Managers and three Swedish Resort Managers. These individuals owned a total of 133,918 Class B shares in the Company as at 31 August 2019.

To retain key personnel, SkiStar offers leadership development, succession planning, training and incentive programmes.

Safety and security

SkiStar works actively on safety by means of trade union cooperation, regular training, incident reporting and a systematic health and safety programme. Continuous risk analyses are conducted at all destinations to minimise the various types of risks and have the correct insurance cover in place. SkiStar also has an extensive crisis plan to ensure that the Company is well prepared in the event of any accidents or incidents.

Sustainability risks

Sustainability is included as an evaluation factor in SkiStar's business development and decisions. Management of sustainability risks is an integral part of the Group's operations. All identified sustainability risks are managed in the Company's risk management process and play a fundamental part in investments and decisions. A description of SkiStar's work on sustainability and tackling of risks can be found in the sustainability report on pages 29–37.

Dependence on climate and weather

SkiStar's operations are dependent upon cold winters with sub-zero temperatures. Climate change in the form of warmer temperatures and changing weather conditions and precipitation can affect the business and increase the risks of a shorter season, also affecting the number of skier days. To address the risks associated with climate change, the Company works on long-term objectives aimed at minimising the Company's impact on nature and the climate. This is done partly through technical solutions to ensure favourable conditions at SkiStar's destinations, and partly by working towards defined climate and emission targets to reduce emissions and deterioration of the natural environment where SkiStar operates.

SkiStar may, to some extent, be directly and adversely affected during winters when skiing is available in the southern densely populated parts of Scandinavia, as skiing can be offered closer to home. However, in the long term, this is positive for the industry, as new skiers are recruited.

Corruption

Corruption is difficult to detect and SkiStar's focus is therefore on minimising the risks of corruption. During training and induction programmes, SkiStar's employees gain knowledge about how the Company's policies and other governing documents are structured and how employees

are expected to act in the event of suspected corruption. A whistleblower service is available internally to enable anonymous reporting of violations.

ONGOING DISPUTES

SkiStar does not have any ongoing disputes that could have a material impact on the Company's financial position.

SENSITIVITY ANALYSIS

The sensitivity analysis on page 43 describes how the Group's annual earnings are affected by changes in some of the Group's key variables. The assumptions regarding the earnings impact of changes in the occupancy rate are based on all mediated objects and relate only to the impact on SkiPass sales. Changes in other revenue categories in the sensitivity analysis are considered neutralised by increased and reduced expenses. In calculating the sensitivity of a change in the price of electricity, only the portion of electricity consumption that is directly affected by changes in the market price is considered. SkiStar uses a portfolio management system for the procurement of electricity tariffs, in accordance with an adopted hedging strategy. In calculating the sensitivity of a change in interest rates, loans that are affected by the changed rate are considered.

PERSONNEL

The average number of employees for the financial year was 1,322 (1,283), an increase of 39. Each destination has a structured organisation for addressing work environment and gender issues. These groups are coordinated centrally and have common governing documents such as policies, directives and procedures (see also Corporate Governance Report, page 80).

Skills development expenses amounted to SEK 5 (5) million during the financial year and were mainly associated with internal training. Staff turnover (permanent employees) during the year was as follows: 34 (54) individuals joined the Company and 31 (42) left the Company.

The Board's proposed guidelines on the remuneration of senior executives, to be presented for adoption by the AGM in December 2019, are largely the same as the existing guidelines, described in Note 8.

PARENT COMPANY

The Parent Company's revenue amounted to SEK 1,739 (1,619) million, while profit before tax was SEK 318 (153) million. Investments amounted

to SEK 267 (253) million. Most of the Swedish operations are conducted in the Parent Company.

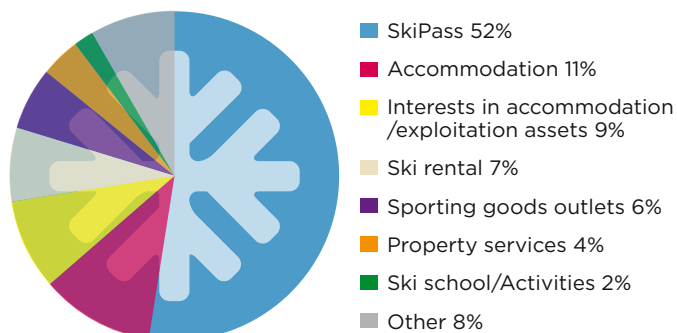
CORPORATE GOVERNANCE

The section describing corporate governance is presented as a separate corporate governance report on page 80.

LOOKING AHEAD TO 2019/20

A decision has been made to invest about SEK 330 million, mainly in replacements, modernisation and snow production capacity, largely to ensure a good ski product by the start of the season. The total booking situation (through SkiStar's accommodation agency) for the winter season is +0.4 percent compared with the same time the previous year.

DISTRIBUTION OF REVENUE, %



SENSITIVITY ANALYSIS

	Change	Impact on earnings
Bookings	+/-10%	+/- SEK 95 million
SkiPass prices	+/-10%	+/- SEK 139 million
Interest	+/-1%	+/- SEK 9 million
Payroll expenses	+/-10%	+/- SEK 70 million
Market price of electricity	+/-10 öre	+/- SEK 3 million
Currency NOK/SEK	+/-10%	+/- SEK 18 million

PROFIT/LOSS BEFORE TAX, by period, SEK thousand

	2018/19	2017/18
September–November	-218,014	-252,542
December–February	702,490	650,888
March–May	317,684	354,292
June–August	-248,919	-166,009

APPROPRIATION OF PROFITS

Proposed appropriation of the Company's profits. The Board of Directors proposes that the available funds of SEK 818,229,252 be distributed as follows:

Dividend, 78,376,056 shares x SEK 3.50	274,316,196
Carried forward	548,222,428
Total	818,229,252

FIVE-YEAR OVERVIEW

FIVE-YEAR OVERVIEW		2018/19	2017/18	2016/17	2015/16	2014/15
<i>Revenue and earnings</i>	Revenue, SEK million	2,676	2,536	2,306	1,991	1,899
	Operating income, SEK million	2,688	2,548	2,311	1,999	1,913
	Profit before depreciation/amortisation, SEK million	877	865	750	653	579
	Profit before tax, SEK million	553	587	478	386	323
	Profit after tax, SEK million	460	486	387	306	249
<i>Cash flow</i>	Cash flow before changes in working capital, SEK million	725	768	670	495	486
	Cash flow after changes in working capital, SEK million	722	679	629	521	504
	Cash flow after investing activities, SEK million	219	285	172	259	372
<i>Profitability</i>	Return on capital employed, %	15	17	14	13	11
	Return on equity, %	18	22	20	17	16
	Return on total assets, %	13	14	12	11	10
	Gross margin, %	33	34	33	33	30
	Operating margin, %	22	24	22	22	19
	Net margin, %	21	23	21	19	17
<i>Investments</i>	Gross investments, SEK million	546	533	481	477	219
	Net investments, SEK million	503	394	457	262	131
<i>Financial position</i>	Total assets, SEK million	5,066	4,871	4,508	4,107	3,760
	Equity, SEK million	2,602	2,421	2,090	1,870	1,641
	Equity/assets ratio, %	51	50	46	46	44
	Debt/equity ratio, times	0.7	0.7	0.9	0.9	1.1
	Interest coverage ratio, times	6.6	8.4	10.7	7.3	6.9
<i>Liquidity</i>	Current ratio, %	116	91	64	44	33
	Quick ratio, %	90	73	55	36	29
<i>Personnel</i>	Average number of employees	1,322	1,283	1,240	1,132	1,095
	Revenue per employee, SEK thousand	2,024	1,976	1,860	1,758	1,734

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

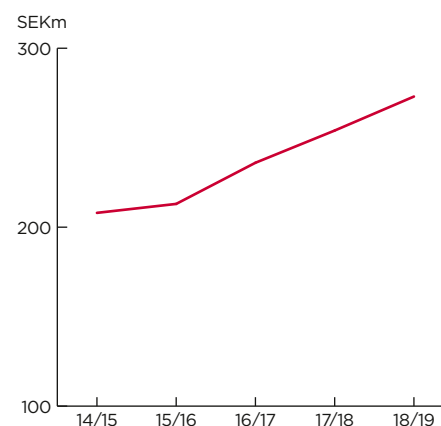
CONSOLIDATED INCOME STATEMENT, SEK thousand		NOTE	01/09/2018 -31/08/2019	01/09/2017 -31/08/2018
Revenue	Revenue	2	2,675,902	2,535,705
	Other income	4	12,159	12,499
	Total operating income	3	2,688,061	2,548,204
Operating expenses	Goods for resale		-291,953	-272,406
	Other external expenses	6.7	-766,895	-722,469
	Personnel costs	5.8	-703,458	-652,511
	Costs of sold interests in accommodation/exploitation		-55,402	-44,414
	Share of profit/loss of joint ventures/associates	16	6,814	8,460
	Depreciation/amortisation	9	-273,384	-253,970
	Operating profit/loss		603,783	610,894
Profit/loss from financial items	Profit/loss from securities held as non-current assets	33	15,304	10,228
	Interest and similar income	34	33,725	45,055
	Interest and similar expenses	35	-99,571	-79,548
	Profit/loss before tax		553,241	586,629
	Tax	11	-92,841	-100,261
	Profit/loss for the year		460,400	486,368

OTHER COMPREHENSIVE INCOME, SEK thousand		NOTE	01/09/2018 -31/08/2019	01/09/2017 -31/08/2018
	Items that may be reclassified to profit or loss	23		
	Change in fair value of cash flow hedges for the year		6,758	6,758
	Deferred tax on cash flow hedges		-1,487	-1,487
	Exchange differences on translation of foreign operations		-10,380	54,733
	Other comprehensive income for the year		-5,109	60,004
	Total comprehensive income for the year		455,291	546,372
Profit/loss for the year attributable to:	Shareholders of the Parent		466,303	489,548
	Non-controlling interests		-5,903	-3,180
	Profit/loss for the year		460,400	486,368
Comprehensive income for the year attributable to:	Shareholders of the Parent		460,323	542,747
	Non-controlling interests		-5,032	3,625
	Comprehensive income for the year		455,291	546,372
Earnings per share	Earnings per share, basic and diluted, SEK	12	5.95	6.25
	Average number of shares, basic and diluted	12	78,376,056	78,376,056

QUARTERLY FIGURES, SEK thousand

2018/19	Q1	Q2	Q3	Q4	Full year
Operating income, SEK thousand	198,727	1,435,580	942,765	110,989	2,688,061
Operating profit/loss, SEK thousand	-208,997	716,061	318,611	-221,892	603,783
Operating margin, %	neg	51	37	neg	24
2017/18	Q1	Q2	Q3	Q4	Full year
Operating income, SEK thousand	148,104	1,296,306	919,785	184,009	2,548,204
Operating profit/loss, SEK thousand	-242,032	638,563	370,179	-155,817	610,894
Operating margin, %	neg	51	37	neg	24

DEPRECIATION/AMORTISATION of tangible and intangible assets



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS, SEK thousand		NOTE	31/08/2019	31/08/2018
Non-current assets	Intangible assets	13	191,953	195,661
	Property, plant and equipment	14	3,647,258	3,380,541
	Investments in associates and joint ventures	16	393,166	387,294
	Other investments and securities held as non-current assets	17	36,874	36,596
	Other non-current receivables	18	245,794	258,579
	Total non-current assets		4,515,045	4,258,670
Current assets				
Inventories	Inventories	19	164,176	166,223
			164,176	166,223
Current receivables	Trade receivables	20	51,201	28,776
	Tax receivables		53,704	18,056
	Other current receivables	21	114,149	272,756
	Prepaid expenses and accrued income	22	96,249	52,940
			315,303	372,528
Cash and cash equivalents				
	Cash and bank balances	31	71,253	73,146
	Total current assets		550,732	611,897
	TOTAL ASSETS		5,065,777	4,870,567
EQUITY AND LIABILITIES				
Equity	Share capital	23	19,594	19,594
	Other contributed capital		397,573	397,573
	Reserves		-22,243	-16,263
	Retained earnings including profit for the year		2,150,720	1,958,733
	Equity attributable to shareholders of the Parent		2,545,644	2,359,637
	Non-controlling interests		56,420	61,452
	Total equity		2,602,064	2,421,089
Non-current liabilities				
Non-current interest-bearing liabilities	Liabilities to credit institutions	25	1,587,811	1,286,047
	Provisions for pensions	26	12,864	12,316
Non-current non-interest-bearing liabilities	Other provisions	28	1,510	1,453
	Derivatives	32	31,388	33,735
	Deferred tax liabilities	11	193,648	185,926
	Total non-current liabilities		1,827,221	1,519,477
Current liabilities				
	Liabilities to credit institutions	25	157,856	392,750
	Trade payables		118,583	129,292
	Tax liabilities		88,124	63,755
	Other current liabilities		167,110	233,298
	Accrued expenses and deferred income	29	104,819	110,906
	Total current liabilities		636,492	930,001
	Total liabilities		2,463,713	2,449,478
	TOTAL EQUITY AND LIABILITIES		5,065,777	4,870,567

Pledged assets and contingent liabilities, see Note 30

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

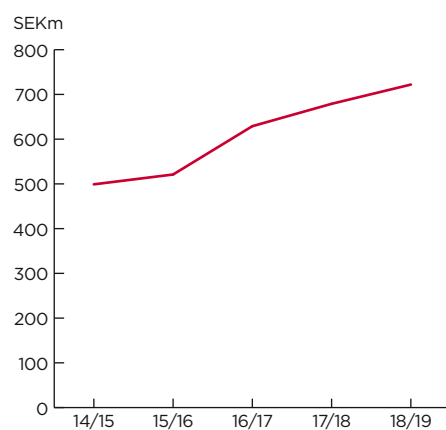
GROUP, SEK thousand	Equity attributable to shareholders of the Parent					Total	Non-controlling interests	Total equity
	Share capital	Other contributed capital	Translation reserves	Hedging reserves	Retained earnings and profit for the year			
Opening equity, 1 Sep 2017	19,594	397,573	-46,286	-23,176	1,684,719	2,032,424	57,827	2,090,251
Profit/loss for the year					489,548	489,548	-3,180	486,368
Other comprehensive income for the year*			47,928	5,271		53,199	6,805	60,004
Comprehensive income for the year			47,928	5,271	489,548	542,747	3,625	546,372
Dividend					-215,534	-215,534		-215,534
Closing equity, 31 Aug 2018	19,594	397,573	1,642	-17,905	1,958,733	2,359,637	61,452	2,421,089
Opening equity, 1 Sep 2018	19,594	397,573	1,642	-17,905	1,958,733	2,359,637	61,452	2,421,089
Profit/loss for the year					466,303	466,303	-5,903	460,400
Other comprehensive income for the year*			-11,251	5,271		-5,980	871	-5,109
Comprehensive income for the year			-11,251	5,271	466,303	460,323	-5,032	455,291
Dividend					-274,316	-274,316		-274,316
Closing equity, 31 Aug 2019	19,594	397,573	-9,609	-12,634	2,150,720	2,545,644	56,420	2,602,064

*Items that may be reclassified to profit or loss for the period

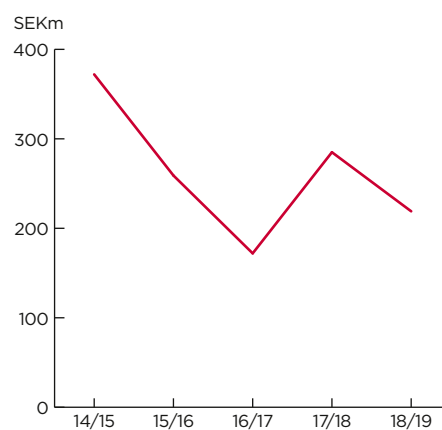
CONSOLIDATED STATEMENT OF CASH FLOWS

SEK thousand		NOTE	01/09/2018 -31/08/2019	01/09/2017 -31/08/2018
<i>Operating activities</i>	Profit/loss before tax		553,241	586,629
	Adjustments for non-cash items etc.	31	239,844	215,932
			793,085	802,561
	Tax paid		-68,269	-34,739
	Cash flow from operating activities before changes in working capital		724,816	767,822
<i>Cash flow from changes in working capital</i>	Increase (-)/Decrease (+) in inventories		1,862	-33,266
	Increase (-)/Decrease (+) in operating receivables		78,892	-101,163
	Increase (+)/Decrease (-) in operating liabilities		-83,220	45,767
	Cash flow from operating activities		722,350	679,160
<i>Investing activities</i>	Acquisition of intangible assets		-16,625	-10,865
	Acquisition of property, plant and equipment	31, 37	-496,070	-399,474
	Acquisition of financial assets		-32,035	-122,182
	Disposal of financial assets		36,964	135,898
	Disposal of property, plant and equipment		4,556	2,596
	Cash flow from investing activities		-503,210	-394,027
<i>Financing activities</i>	Proceeds from borrowings		775,016	501,209
	Repayment of borrowings		-721,519	-609,822
	Dividend paid		-274,316	-215,534
	Cash flow from financing activities		-220,819	-324,147
	Cash flow for the year		-1,679	-39,014
	Cash and cash equivalents at start of year		73,146	105,512
	Exchange differences		-214	6,648
	Cash and cash equivalents at end of year	31	71,253	73,146

CASH FLOW
from operating activities, SEK MILLION



CASH FLOW
after investing activities, SEK MILLION



INCOME STATEMENT - PARENT COMPANY

SEK thousand		NOTE	01/09/2018 -31/08/2019	01/09/2017 -31/08/2018
	Revenue	2	1,735,375	1,616,087
	Other operating income	4	3,838	3,117
	Total operating income		1,739,213	1,619,204
<i>Operating expenses</i>	Goods for resale		-223,173	-205,931
	Other external expenses	6, 7	-563,332	-536,692
	Personnel costs	5, 8	-479,462	-447,650
	Costs of sold interests in accommodation/exploitation		-31,647	-1,236
	Depreciation/amortisation of tangible and intangible assets	9	-147,128	-134,333
	Operating profit/loss		294,471	293,362
<i>Profit/loss from financial items</i>	Profit/loss from securities held as non-current assets	33	226	209
	Profit/loss from investments in Group companies	10	68,077	50,389
	Interest and similar income, external	34	30,995	41,965
	Interest income, Group companies	34	4,682	4,657
	Interest and similar expenses, external	35	-70,352	-62,600
	Interest expenses, Group companies	35	-214	-532
	Profit/loss after financial items		327,885	327,450
	Appropriations	24	-10,323	-173,953
	Profit/loss before tax		317,562	153,497
	Tax	11	-58,157	-18,064
	Profit/loss for the year		259,405	135,433
OTHER COMPREHENSIVE INCOME				
	Items that may be reclassified to profit or loss	23		
	Change in fair value of cash flow hedges for the year		6,758	6,758
	Deferred tax on cash flow hedges		-1,487	-1,487
	Other comprehensive income for the year		5,271	5,271
	Total comprehensive income for the year		264,676	140,704

BALANCE SHEET – PARENT COMPANY

ASSETS, SEK thousand		NOT	2019-08-31	2018-08-31
Non-current assets	Intangible assets	13	33,229	33,219
	Property, plant and equipment		1,722,367	1,616,330
Financial assets	Investments in Group companies	15	379,497	366,449
	Investments in associates	16	2,812	2,992
	Other investments and securities held as non-current assets	17	20,247	20,247
	Other non-current receivables	18	22,012	21,272
	Receivables from Group companies	27	572,679	571,618
TOTAL NON-CURRENT ASSETS			2,752,843	2,632,127
Current assets				
Inventories	Goods for resale		89,424	78,679
			89,424	78,679
Current receivables	Trade receivables	20	38,098	14,831
	Receivables from Group companies	27	15,159	7,432
	Tax receivables		48,456	12,834
	Other current receivables	21	24,503	28,759
	Prepaid expenses and accrued income	22	62,079	43,587
			188,295	107,443
Cash and cash equivalents	Cash and bank balances		165	1,340
TOTAL CURRENT ASSETS			277,884	187,462
TOTAL ASSETS			3,030,727	2,819,589
EQUITY AND LIABILITIES				
Equity		23		
Restricted equity	Share capital, par value 0.25		19,594	19,594
	Statutory reserve		25,750	25,750
	Development expenditure fund		4,309	1,790
			49,653	47,134
Non-restricted equity	Share premium reserve		4,242	4,242
	Retained earnings		554,582	690,714
	Profit/loss for the year		259,405	135,433
			818,230	830,389
Total equity			867,883	877,523
Non-current liabilities				
Non-current interest-bearing liabilities	Liabilities to Group companies	27	794,882	648,531
	Liabilities to credit institutions	25	852,648	801,310
Provisions	Provisions for pensions	26	9,705	8,359
	Other provisions	28	800	619
Non-current non-interest-bearing liabilities	Derivatives	32	22,835	32,886
	Deferred tax liabilities	11	145,318	134,804
	Total non-current liabilities		1,826,188	1,626,509
Current liabilities				
	Liabilities to credit institutions	25	-	-
	Liabilities to Group companies		30,581	31,073
	Trade payables		80,375	87,513
	Other current liabilities		159,095	122,766
	Accrued expenses and deferred income	29	66,605	74,205
	Total current liabilities		336,656	315,557
	Total liabilities		2,162,844	1,942,066
TOTAL EQUITY AND LIABILITIES			3,030,727	2,819,589

Pledged assets and contingent liabilities, see Note 30.

STATEMENT OF CHANGES IN EQUITY - PARENT COMPANY

PARENT COMPANY, SEK thousand	Restricted equity			Non-restricted equity				Total equity
	Share capital	Statutory reserve	Development expenditure fund	Share premium reserve	Hedging reserves	Retained earnings	Profit/loss for the year	
Opening equity, 1 Sep 2017	19,594	25,750		4,242	-23,176	925,942		952,352
Profit/loss for the year							135,433	135,433
Development expenditure fund			1,790			-1,790		0
Other comprehensive income for the year					5,271			5,271
Comprehensive income for the year					5,271		135,433	140,704
Dividend						-215,534		-215,534
Closing equity, 31 Aug 2018	19,594	25,750	1,790	4,242	-17,905	708,618	135,433	877,523
Opening equity, 1 Sep 2018	19,594	25,750	1,790	4,242	-17,905	844,051		877,523
Profit/loss for the year							259,405	259,405
Development expenditure fund			2,519			-2,519		0
Other comprehensive income for the year					5,271			5,271
Comprehensive income for the year					5,271		259,405	264,677
Dividend						-274,316		-274,316
Closing equity, 31 Aug 2019	19,594	25,750	4,309	4,242	-12,634	567,216	259,405	867,883

CASH FLOW STATEMENT – PARENT COMPANY

SEK thousand		NOTE	01/09/2018 -31/08/2019	01/09/2017 -31/08/2018
<i>Operating activities</i>	Profit/loss after financial items		327,885	327,450
	Adjustments for non-cash items etc.	31	147,369	135,541
			475,254	462,991
	Tax paid		-24,342	-16
	Cash flow from operating activities before changes in working capital		450,912	462,975
<i>Cash flow from changes in working capital</i>	Increase (-)/Decrease (+) in inventories		-10,745	-2,452
	Increase (-)/Decrease (+) in operating receivables		-28,276	5,338
	Increase (+)/Decrease (-) in operating liabilities		79,778	72,567
	Cash flow from operating activities		491,669	538,428
<i>Investing activities</i>	Acquisition of subsidiaries	31, 37	-	-
	Acquisition of intangible assets		-16,620	-11,349
	Acquisition of property, plant and equipment		-238,601	-180,343
	Sale of property, plant and equipment		3,332	1,348
	Investments in financial assets		-14,684	-182,329
	Disposal of financial assets		-	120,000
	Cash flow from investing activities		-266,573	-252,673
<i>Financing activities</i>	Proceeds from borrowings		706,060	119,724
	Repayment of borrowings		-658,015	-190,000
	Dividend paid		-274,316	-215,534
	Cash flow from financing activities		-226,271	-285,810
	Cash flow for the year		-1,175	-55
	Cash and cash equivalents at start of year		1,340	1,395
	Cash and cash equivalents at end of year	31	165	1,340

NOTE 1 ACCOUNTING POLICIES

COMPLIANCE WITH STANDARDS AND STATUTORY REQUIREMENTS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. In addition, the Swedish Financial Reporting Board's Recommendation RFR 1 has been applied.

The Parent Company applies the same accounting policies as the Group, except in the cases described below in the section entitled "The Parent Company's accounting policies".

BASIS OF PREPARATION OF THE PARENT COMPANY'S AND THE GROUP'S FINANCIAL STATEMENTS

The Parent Company's functional currency is the Swedish krona. This is also the presentation currency for the Parent Company and the Group, which means that the financial statements are presented in Swedish kronor. Unless otherwise stated, all figures are rounded to the nearest thousand. Assets and liabilities are recognised at historical cost less any amortisation or depreciation unless otherwise stated.

Preparation of financial statements in compliance with IFRS requires the use of accounting estimates and judgements. It also requires Group management to make assumptions that affect the application of the accounting policies and the carrying amounts of assets, liabilities, income and expense. The estimates and assumptions are based on historical experience and several other factors that are considered reasonable in the present circumstances. The results of these estimates and assumptions are used to determine the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual outcomes may differ from these estimates and assumptions. The accounting estimates and assumptions are reviewed regularly. Changes to accounting estimates are recognised in the period of the change. Further information can be found in Note 39.

The Group's accounting policies described below have been applied consistently to all periods presented in the consolidated financial statements unless otherwise stated. The Group's accounting policies have been applied consistently in the reporting and consolidation of the Parent Company, subsidiaries and associates.

CHANGES IN ACCOUNTING POLICIES

New or amended standards and interpretations effective from 1 September 2018 have not had any material effect on the Group's financial statements.

- * IFRS 9 Financial Instruments: The financial instruments that the Company holds are measured at cost, apart from the Company's interest rate derivatives, which are measured at fair value through other comprehensive income. The Company has not identified any doubtful debts or impairment losses other than those described in Note 32. Application of the standard has not had any material effect on the Company's financial reporting.
- * IFRS 15 Revenue from Contracts with Customers: Most of the contracts with customers in the Operation of Ski Resorts segment are contracts with individuals, which are mainly related to travel bookings. This category of customer contract means that full payment is made before arrival and revenue is distributed over the guest's stay. The Company's obligations to customers prior to arrival consist mainly of advances from customers and their accrued but not yet used loyalty points. Revenue from the sale of goods and services is recognised at the time of the transaction, when control has been transferred to the buyer. Customer contracts in the Property Development and Exploitation segment consist mainly of sales of plots and sales of shares in Vacation Club. Revenue is recognised on the handover date. Application of the standard has only resulted in a change in revenue allocation between quarters two and three in the Operation of Ski Resorts segment.

New IFRSs and interpretations that will be applicable in future periods

- * IFRS 16 Leases: For lessees, the standard means an end to classification of leases as operating or finance leases. Instead, all leases are recognised based on the value of an asset (right of use for underlying assets) and a liability (obligation to make payment). IFRS 16 became effective on 1 January 2019 and SkiStar intends to apply the standard from the financial year ending on 31 August 2020. IFRS 16 will be applied for all leases, regardless of classification. See also Note 41.

Other forthcoming, amended and new IFRS standards are not expected to have any material effect on the Company's financial reporting.

SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses and for which discrete financial information is available. The operating segment's financial results are reviewed regularly by the Company's chief operating decision-maker to allocate resources to the segment and assess its performance. The performance measure that is monitored is the segment's operating profit/loss. In accordance with IFRS 8, segment information is only presented based on the consolidated financial statements. See Note 3 for a further description of the SkiStar Group's classification and presentation of operating segments.

CLASSIFICATION

Non-current assets and liabilities for the Parent Company and Group are essentially amounts that are expected to be recovered or paid more than 12 months after the reporting date. Current assets and liabilities are essentially amounts that are expected to be recovered or paid within 12 months of the reporting date.

BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are entities over which SkiStar AB has control. Control exists if SkiStar AB has influence over the investee, has exposure or rights to variable returns from its involvement and is able to use its influence over the investee to affect those returns. Potential voting rights and the existence of de facto control are taken into consideration when assessing whether control exists.

Subsidiaries are accounted for using the acquisition method. The acquisition of a subsidiary is treated as a transaction through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The acquisition-date fair values of identifiable assets acquired and liabilities assumed, as well as any non-controlling interests, are determined in the purchase price allocation. Transaction costs are recognised directly in profit/loss for the year, apart from transaction costs attributable to the issue of equity or debt instruments.

In a business combination, goodwill is measured as the difference between (a) the consideration transferred, any non-controlling interest and the fair value of the previously-held interest (in a step acquisition) and (b) the fair value of the assets acquired and

liabilities and contingent liabilities assumed (accounted for separately). If the difference is negative, the resulting gain (bargain purchase) is recognised directly in profit or loss. The consideration transferred in connection with the business combination does not include payments related to the settlement of previous business relationships. This type of settlement is recognised in profit or loss. Contingent consideration is recognised at the acquisition-date fair value. Contingent consideration that is classified as an equity instrument is not remeasured and its settlement is accounted for within equity. Any other contingent consideration is remeasured at each reporting date and the change is recognised in profit or loss.

A non-controlling interest (NCI) exists when the ownership of the subsidiary is less than 100 percent. There are two options for the measurement of non-controlling interests: to measure the NCI's proportionate share of net assets or to measure the NCI at fair value (full goodwill method). The accounting policy choice for measuring non-controlling interests is available on a transaction by transaction basis. For business combinations achieved in stages (step acquisitions), goodwill is determined on the date on which control arises. Previously held interests are measured at fair value, with any resultant gain or loss recognised in profit or loss for the year. Following a disposal that results in loss of control, any retained holding is measured at fair value, with any resultant gain or loss recognised in profit or loss.

The results of operations of subsidiaries are included in the consolidated financial statements from the date of acquisition until the date on which control ceases.

If a subsidiary's accounting policies differ from those of the Group, the subsidiary's policies are adjusted to reflect the Group's accounting policies.

Losses attributable to a non-controlling interest are allocated to non-controlling interests even if this results in non-controlling interests having a debit balance in equity.

Acquisitions of non-controlling interests are accounted for as equity transactions – that is, between owners of the Parent (in retained earnings) and non-controlling interests. Consequently, goodwill does not arise in these transactions. Changes to holdings of non-controlling interests are based on their proportionate share of net assets. For acquisitions conducted before 1 September 2004, goodwill has been tested for impairment and is recognised at a cost corresponding to the carrying amount under previous accounting policies. The classification and accounting treatment of business combinations that occurred before 1 September 2004 has not been reassessed in accordance with IFRS 3 in

preparing the Group's IFRS opening balance at 1 September 2004.

Sales to non-controlling interests

Sales to non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, between owners of the Parent and non-controlling interests. The difference between the consideration received and the non-controlling interest's proportionate share of the net assets acquired is recognised in retained earnings.

Associates

Associates are entities in which the Group has significant influence but not control. A holding of between 20 and 50 percent of the voting power normally indicates significant influence. Ownership must also be part of a lasting connection and the holding shall not be reported as a joint arrangement. Associates are accounted for using the equity method, as are joint ventures.

Joint ventures

In an accounting context, joint ventures are entities in which the Group has joint control through a contractual arrangement with one or more parties. In a joint venture, the Group has rights to the net assets of the arrangement, rather than direct rights to the assets and obligations for the liabilities.

Equity method

Investments in associates and joint ventures are accounted for in the consolidated financial statements using the equity method from the date on which significant influence is established. The equity method means that the carrying amount of shares in associates and joint ventures corresponds to the Group's share of the associates' equity, goodwill on consolidation and any other residual surplus values or deductions for internal gains.

The Group's share of profit/loss of associates and joint ventures after tax is reported under Share of profit/loss of joint ventures and associates in the income statement.

Transactions eliminated on consolidation

Intra-Group receivables and liabilities, income and expense, and unrealised gains or losses arising from intra-Group transactions are eliminated in full when preparing the consolidated financial statements.

Unrealised gains on transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the company.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no indication of impairment.

FOREIGN CURRENCY

Foreign currency transactions

Foreign currency transactions are translated to the functional currency using the exchange rate at the date of the transaction. The functional currency is the currency of the primary economic environment in which the companies operate. Foreign currency monetary assets and liabilities are translated to the functional currency using the closing rate. Foreign exchange gains and losses arising on translation are recognised in profit or loss for the year. Non-monetary assets and liabilities carried at historical cost are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities carried at fair value are translated to the functional currency at the rate that existed when the fair values were determined. All resulting exchange differences are reported in the same way as other fair value changes for the assets or liabilities.

Financial statements of foreign operations

Assets and liabilities of foreign operations, including goodwill and other consolidated fair value adjustments, are translated from the foreign operation's functional currency to the Group's presentation currency (SEK) using the closing rate.

Income and expenses in foreign operations are translated to Swedish kronor using an average exchange rate. This average approximates the rates at each transaction date. Exchange differences arising on translation of foreign operations are recognised in other comprehensive income as a translation reserve. On disposal of a foreign operation, the cumulative exchange differences relating to that foreign operation are reclassified to profit or loss.

Net investment in a foreign operation

Exchange differences arising on translation of a net investment in a foreign operation and the associated effects of hedges of net investments are accumulated in a separate component of equity. On disposal of a foreign operation, the cumulative exchange differences, less any hedging, relating to that foreign operation are reclassified to profit or loss.

REVENUE

Sales of goods and services

Revenue from the sale of goods and services is recognised when the control associated with the goods or service has been transferred to the buyer. Revenue from accommodation, SkiPass and other goods and services associated with guest visits is recognised during the guest's stay. Revenue from the sale of goods in shops is recognised at the time of the transaction, when control has been transferred to the buyer. Revenue is not recognised

if there is significant uncertainty regarding payment or associated costs or there is a risk of returns.

Loyalty programme

SkiStar's MySkiStar loyalty programme awards points corresponding to 0.5 percent of eligible purchases provided by SkiStar. The points can be used for up to 36 months. At each reporting date, newly accrued points are debited from revenue, while previous provisions for points that have been used during the period, or points that have expired, are credited to revenue. The value of remaining points outstanding is reported as a liability in the balance sheet and is included in the item Other current liabilities (see Note 2).

Revenue from property sales

Revenue from property sales is normally recognised on the handover date unless control has been transferred to the buyer at a previous date. Control of the asset may have been transferred prior to the handover date, in which case the property sale is recognised as revenue at the earlier date. Assessment of when to recognise revenue is also based on what has been agreed between the parties regarding control and the degree of managerial involvement. Consideration is also given to circumstances with the potential to affect the outcome of the transaction which are outside the control of the seller and/or buyer.

Revenue from property sold to tenant-owner associations is recognised when the company owning the properties is sold to a tenant-owner association or other party, provided the apartments have been let. Otherwise, the revenue is recognised as the apartments are let. The Company has no obligation to a tenant-owner association regarding the apartments the association does not sell.

Rental income

Rental income from business premises is recognised in profit or loss on a straight-line basis in accordance with the terms of the rental agreement.

Government grants

Government grants related to assets are recognised in the consolidated statement of financial position as a reduction of the asset's carrying amount.

OPERATING EXPENSES, FINANCE INCOME AND FINANCE EXPENSES

Operating leases

Operating lease costs are recognised in profit or loss on a straight-line basis over the lease term. In some cases, the costs are recognised on a straight-line basis from December to April, when the assets are used. This category includes equipment such

as piste machines and snowmobiles which can only be used during the winter season. Benefits received related to the signing of a lease are recognised over the lease term as a reduction of the lease payments. Contingent rents are recognised as an expense in the periods in which they arise. All Group leases are operating leases. Finance income and expenses consist of interest income on bank balances, receivables and interest-bearing securities, interest expenses on borrowings, coupons on interest rate swaps, dividend income and exchange differences. Interest income on receivables and interest expenses on liabilities are recognised using the effective interest method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through a financial instrument's expected life to the net carrying amount of the financial asset or liability. Interest income includes accrued amounts of transaction costs and any discounts, premiums or other differences between the original value of the receivable and the amount received at maturity. Dividend income is recognised when the right to receive payment has been established.

FINANCIAL INSTRUMENTS

Financial instruments recognised under assets in the consolidated statement of financial position include shares and participations, non-current receivables, trade receivables, current loan receivables and cash and cash equivalents. Financial instruments reported under equity and liabilities include borrowings, derivatives in the form of interest rate swaps and accrued interest. Financial instruments are initially recognised at cost, which corresponds to the instrument's fair value plus transaction costs. However, financial assets in the category 'at fair value through profit or loss' are recognised at fair value net of transaction costs. Subsequent recognition is based on the instruments' classification in accordance with the description below. A financial asset or liability is recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. A receivable is recognised when the Company has performed and there is a contractual obligation for the counterparty to pay, even if an invoice has not yet been sent. Trade receivables are recognised in the statement of financial position when an invoice has been sent. A liability is recognised when the counterparty has performed and there is a contractual obligation to pay, even if an invoice has not yet been received. Trade payables are recognised on receipt of the invoice. A financial asset is derecognised in the statement of financial position when the contractual rights have been realised, have expired or the Company loses control over them. The same applies to

a part of a financial asset. A financial liability is derecognised in the statement of financial position when the contractual obligation has been discharged or extinguished in some other way. The same applies to a part of a financial liability. Purchases and sales of financial assets are recognised on the trade date, which is the date on which the Company commits itself to the purchase or sale of an asset. However, the Company's purchases and sales of listed securities are recognised on the settlement date. The fair value of listed financial assets corresponds to the assets' bid price at the reporting date. The fair value of unlisted financial assets is determined using valuation techniques such as recent transactions, prices of similar instruments and discounted cash flows. Further information can be found in Note 32. At each reporting date, the Company assesses whether there is evidence that a financial asset or group of financial assets is impaired. See also the section on Impairment on page 57. A financial instrument is classified on initial recognition according to the purpose for which it was acquired, which affects subsequent measurement. The financial instrument's subsequent measurement is dependent on its classification in accordance with the categories described below.

Receivables measured at amortised cost

Receivables measured at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables arise when an entity provides money, goods or services directly to a beneficiary with no intention of trading the receivable. This category also includes acquired receivables. Assets in this category are measured at amortised cost. Amortised cost is determined using the effective interest calculated on acquisition. Trade receivables are classified in this category. Trade receivables are recognised at the amounts expected to be received less an allowance for doubtful debts, which are assessed individually. As the expected maturities of trade receivables are short, the value is recognised at a nominal amount without discounting. Impairment losses on trade receivables are recognised in operating expenses.

Non-current and other current receivables are receivables that arise when the Company provides money without the intention of trading the receivable. If the expected holding period is longer than one year, they are classified as non-current receivables, while if it is less than one year, they are classified as current receivables.

Fair value through profit or loss

This category includes derivatives with fixed payments, and shares and participations with a value that is determinable in an active market.

Assets in this category are measured at fair value, with the period's changes in value recognised in other comprehensive income.

Other financial liabilities

Financial liabilities not held for trading are measured at amortised cost. Amortised cost is determined using the effective interest calculated on initial recognition of the liability. This means that surplus and deficit values and direct issue costs are accrued over the period of the liability. Liabilities are classified as other financial liabilities, which means they are initially recognised at the amount received, net of transaction costs. After acquisition, the loans are measured at amortised cost using the effective interest method. Non-current liabilities have an expected maturity exceeding one year, while current liabilities have a maturity of less than one year. Trade payables are classified in the category other financial liabilities. As trade payables have a short expected maturity, they are measured at nominal amounts without discounting.

Cash and cash equivalents

Cash and cash equivalents consist of cash, demand deposits with banks and similar institutions and short-term deposits with an original maturity of three months or less, which are subject to only an insignificant risk of changes in value.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of

- * buildings used in the operations, such as offices, reception areas, warming cabin and ski lift buildings, or buildings rented out to other businesses, such as restaurants and hotels.
- * land improvements, such as pistes, car parks, underground pipes for snow cannons etc.
- * Ski lifts, grooming machines, snowmobiles etc.

Items of property, plant and equipment are recognised as an asset in the statement of financial position when it is probable that future economic benefits associated with the asset will flow to the Company and the cost can be measured reliably. Property, plant and equipment is recognised in the consolidated accounts at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any costs directly attributable to bringing the asset to the location in the condition necessary for it to be capable of operating in the manner intended. Examples of directly attributable costs are delivery and handling costs, installation, land registration certificates, and consulting and legal services. Costs of dismantling and restoration of land have not been included in the value of assets, as the Company does not expect a scenario where such costs would be likely to arise. This is based on the Company's assessment

that if operations at a location were to cease, it is highly likely that another player would take over the leased land and resort, and such costs are therefore not included in the cost of acquisition. Accounting policies for impairment are set out below. The Group holds exploitation assets that constitute long-term investments. Many of the properties were not acquired for sale in the near future but came as part of company acquisitions. Some of the assets, such as cross-country ski tracks, car parks and roads, are used in current operations. The areas that are not currently used are included in long-term development plans for future investments at SkiStar's destinations and are recognised at cost, as it is difficult to make a reasonable assessment of a possible exploitation rate and therefore obtain a reasonable market value.

The cost of self-constructed assets includes expenditure on materials, labour, any other production costs considered directly attributable to the asset and interest on borrowings during the construction phase.

Parts of property, plant and equipment that have different useful lives are treated as separate components of property, plant and equipment. An item of property, plant and equipment is removed from the statement of financial position on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal. The gain or loss on disposal is the difference between the selling price and the asset's carrying amount less direct costs to sell. Gains and losses are reported under other operating income/expenses.

Subsequent costs

Subsequent costs are added to the cost of acquisition only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the item can be measured reliably. All other subsequent costs are recognised as an expense in the period in which they are incurred. The critical factor in the inclusion of subsequent costs in the cost of acquisition is whether they relate to the replacement of identified components or parts thereof. If this is the case, these costs are capitalised. If new components are identified, the related costs are also added to the cost of acquisition. Any residual values of replaced components or part thereof are removed and recognised as an expense at the time of replacement. Repairs are recognised as an expense as incurred.

Amortisation

Depreciation is applied on a straight-line basis over the useful life of the asset. Land and land improvements associated with ski slopes are not depreciated. The Group applies component

depreciation, which means depreciation is based on the estimated useful lives of components.

Estimated useful lives:

- * Buildings (owner-occupied properties) 15–50 years
- * Land improvements 20 years
- * Machinery and equipment 3–33 years

Operating properties comprise several components with different useful lives. The primary category is land and buildings. Land is not depreciated, as it has an indefinite useful life. However, buildings consist of several components with different useful lives. The useful lives of these components have been estimated at between 15 and 50 years.

The following primary groups of components have been identified and form the basis of depreciation of buildings:

- * Structure and foundations 50 years
- * Structural additions, interior walls etc. 40 years
- * Installations: heating, electricity, plumbing, ventilation etc. 40 years
- * External surfaces: façades, roofs, windows etc. 40 years
- * Fixed equipment, kitchen equipment etc. 25 years
- * Heating and ventilation 30 years
- * Internal surfaces, mechanical equipment etc. 15 years

Machinery and equipment mainly includes ski lifts and snowmaking facilities consisting of several components with different useful lives. The useful lives of these components have been estimated at between 10 and 33 years.

The following primary groups of components have been identified and form the basis of depreciation of lifts:

- * Foundations and masts 33 years
- * Cabins, gondolas, chairs and carriers 15–25 years
- * Lines 10–15 years
- * Engines, gearboxes and electronics 15 years
- * Other movable mechanisms 20 years

The following primary groups of components have been identified and form the basis of depreciation of snowmaking facilities:

- * Pipes and hydrants 20 years
- * Compressors 15 years
- * Pumps, snow cannons and electronics 10 years

Other components are not considered to be of great value. The residual values and useful lives of assets are reviewed annually.

INTANGIBLE ASSETS

Goodwill

Goodwill is the difference between the cost of acquisition and the fair value of the acquired

assets and assumed liabilities and contingent liabilities. Goodwill is carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised; instead, it is tested annually for impairment. Goodwill arising on the acquisition of an associate is included in the carrying amount of investments in associates.

Other intangible assets

Other intangible assets acquired by the Group are recognised at cost less accumulated amortisation and impairment losses.

Costs incurred for internally generated goodwill and internally generated trademarks are recognised in profit or loss as incurred.

Development expenditure on the Group's booking and sales systems is capitalised to the extent that it is expected to generate future economic benefits. Capitalised expenditure comprises externally invoiced costs and, where applicable, direct costs for the Company's own labour.

Subsequent costs

Subsequent costs for capitalised intangible assets are recognised as an asset in the statement of financial position only when such expenditure increases the future economic benefits for the asset to which it refers. All other expenditure is recognised as an expense when incurred.

Amortisation

Amortisation is recognised in profit/loss for the year on a straight-line basis over the intangible asset's useful life, provided it has an indefinite useful life. Goodwill and intangible assets with indefinite useful lives are tested for impairment annually or whenever there is an indication that the asset in question may be impaired. Amortisation begins when the asset is available for use. The estimated useful lives are:

- * Leases 25–50 years
- * Capitalised development expenditure, tenancy rights etc. 5 years

The useful lives are reviewed annually.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the costs necessary to make the sale. The cost of inventories is measured using the first-in, first-out (FIFO) method and includes expenditure incurred in the acquisition of the inventories. The inventory value also includes some shares in tenant-owner associations. These are shares that are for sale and they are measured at cost as they are used in operations until they are sold.

IMPAIRMENT

The carrying amounts of the Group's assets are assessed at each reporting date to determine whether there is any indication of impairment. IAS 36 is applied for impairment of assets other than financial assets (accounted for under IFRS 9), assets held for sale and disposal groups (accounted for under IFRS 5), inventories, plan assets used to finance employee benefits and deferred tax assets. The carrying amounts of assets listed above as exceptions are estimated within the scope of the relevant standard. For goodwill, other intangible assets with indefinite useful lives and intangible assets not yet ready for use, the recoverable amount is calculated at least annually or when there is an indication of impairment.

If it is not possible to determine largely independent cash flows for an asset, it is tested for impairment within its cash-generating unit, which is the smallest identifiable group of assets generating largely independent cash flows. An impairment loss is recognised when the recoverable amount of an asset or a cash-generating unit is less than its carrying amount. Impairment losses are recognised in profit or loss. Impairment recognised for a cash-generating unit (group of units) is initially allocated to goodwill and subsequently to the other assets of the unit (group of units) pro rata based on the carrying amount of each asset. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. In measuring value in use, cash flows are discounted using a discount rate that reflects the risk-free rate of interest and the risk specific to the asset. If an asset does not generate cash flows that are largely independent of other assets, the recoverable amount is calculated for the cash-generating unit to which the asset belongs.

Impairment of financial assets

At each reporting date, the Company assesses whether there is evidence that a financial asset or group of assets is impaired. Impairment is recognised when one or more events have occurred and have had a negative effect on the financial asset's future cash flows. This includes observable data that the asset holder has become aware of regarding:

- * The issuer's financial difficulties
- * Breaches of contract
- * Prolonged financial or contractual reasons.

The Company classifies trade receivables as doubtful debts when they have been due for payment for 180 days. Impairment of receivables is established by reference to historical experience of customer defaults on similar receivables. Impaired trade receivables are recognised at the present value of expected future cash flows. However, receivables of short duration are not discounted.

Equity instruments classified as available-for-sale financial assets are considered impaired and are written down when cost exceeds the fair value by a significant amount, or there has been a prolonged decline in value. The Company considers a decline in excess of 20 percent to be significant and a period of nine months or more to be prolonged.

When an impairment loss is recognised for an equity instrument classified as available for sale, the cumulative gain or loss previously recognised in equity through other comprehensive income is reclassified to profit or loss. The amount of the cumulative loss reclassified from equity, via other comprehensive income, to profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in profit or loss.

Impairment losses on available-for-sale financial assets are reported under net financial items in the income statement.

Reversal of impairment

Impairment of assets accounted for under IAS 36 is reversed if there is an indication that the impairment no longer exists and there has been a change in the assumptions on which the recoverable amount calculation was based. However, goodwill impairment is never reversed. Impairment is reversed only to the extent that the asset's increased carrying amount due to reversal is not more than what the depreciated historical cost would have been if the impairment had not been recognised.

Impairment of loans and receivables recognised at amortised cost is reversed if the previous indication of impairment no longer exists and full payment from the customer is expected.

Impairment of equity instruments classified as available-for-sale financial assets, previously recognised in profit or loss, is not reversed through profit or loss but through other comprehensive income. The written-down value is the value from which subsequent remeasurements are made, which are recognised in other comprehensive income. Impairment of interest-bearing instruments classified as available-for-sale financial assets is reversed through profit or loss if the fair value increases and the increase can be objectively related to an event occurring after the impairment was recognised.

EMPLOYEE BENEFITS

Defined contribution plans

Defined contribution pension plans are plans under which the Company's obligation is limited to the contributions it has undertaken to provide. In such cases, the size of the employee's pension depends on the contributions the Company pays to the plan or to an insurance company

and on the investment returns generated by the contributions. Accordingly, the employee assumes the actuarial risk (that the benefits will be less than expected) and the investment risk (that the assets invested will not provide the expected benefits). The Company's obligations regarding contributions to these plans are recognised as an expense in the income statement as the contributions are earned, which is when employees have rendered services to the Company during a period.

Defined benefit plans

Separately funded defined benefit pension plans are recognised in accordance with IAS 19. Defined benefit liabilities recognised in the balance sheet represent the present value of the defined benefit obligation at the end of the reporting period. Defined benefit plans financed via Alecta are reported as defined contribution plans as there is insufficient information to report the plans as defined benefit plans. The Group has defined benefit pension obligations that are mainly dependent on the current market value of the endowment insurance owned by the Group. Endowment insurance is reported under financial assets, and pension obligations are reported as provisions at the same value as the carrying amount of the endowment insurance.

Termination benefits

Termination benefits are only recognised if the Company is demonstrably committed, without realistic possibility of withdrawal, to terminate employment before the normal retirement date and has a detailed formal plan for the termination. When benefits are provided as an offer made to encourage voluntary redundancy, an expense is recognised if it is probable that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

PROVISIONS

A provision is recognised in the statement of financial position when the Group has a present obligation (legal or constructive) resulting from a past event and it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

TAXES

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, except when the underlying transaction is recognised in other comprehensive income or directly in equity, in which case the associated tax effect is recognised correspondingly.

Current tax is the amount of income taxes

payable or recoverable in respect of the current year, using the tax rates that have been enacted or substantively enacted at the reporting date.

This also includes adjustment of current tax attributable to prior periods.

Deferred tax is recognised using the balance sheet method for temporary differences between the carrying amounts of assets and liabilities and their corresponding tax bases. Exceptions are temporary differences arising from the initial recognition of goodwill, the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit or loss, and investments in subsidiaries and associates where the temporary difference is not expected to reverse in the foreseeable future. The measurement of deferred tax is based on the way the Company expects to recover or settle the carrying amount of its assets and liabilities. Deferred tax liabilities and assets are measured using the tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets on temporary differences and deferred tax assets arising from the carryforward of unused tax losses are recognised only to the extent that it is probable that they can be utilised. The carrying amounts of deferred tax assets are reviewed and reduced when it is no longer probable that they can be utilised.

EARNINGS PER SHARE

The calculation of earnings per share is based on the Group's profit/loss for the year attributable to Parent Company shareholders and on the weighted average number of shares outstanding during the year.

CONTINGENT LIABILITIES

A contingent liability is recognised when a possible obligation arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, or when there is an obligation which is not recognised as a liability or provision because an outflow of resources is unlikely to be required to settle the obligation.

PARENT COMPANY ACCOUNTING POLICIES

The Parent Company's annual financial statements have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2. The Swedish Financial Reporting Board's issued statements concerning listed companies are also applied.

Classification and presentation

An income statement and statement of comprehensive income are presented for the Parent Company. The Parent Company's balance sheet and cash flow statement correspond to the Group's statement of financial position and statement of cash flows. The Parent Company's income statement and balance sheet are presented in accordance with the format described in the Annual Accounts Act, while the statement of comprehensive income, the statement of changes in equity and the cash flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows. The differences between the consolidated financial statements and the Parent Company's income statement and balance sheet are mainly related to finance income and expenses, equity and the reporting of provisions as a separate balance sheet heading. Differences between the Group's and the Parent Company's accounting policies Differences between the Group's and the Parent Company's accounting policies are described below. The Parent Company's accounting policies set out below have been applied consistently to all periods presented in the Parent Company's financial statements.

Subsidiaries and associates

Investments in subsidiaries and associates are recognised in the Parent Company using the cost method. This means that transaction costs are included in the carrying amount of investments in subsidiaries and associates. In the consolidated accounts, transaction expenses attributable to subsidiaries are recognised directly in profit or loss as incurred. Contingent consideration is measured based on the probability that the purchase consideration will be paid. Any changes in the provision/receivable are added to or deducted from the cost. In the consolidated accounts, contingent consideration is recognised at fair value, with the corresponding gain or loss recognised in profit or loss.

Financial guarantees

The Parent Company's financial guarantee contracts consist mainly of guarantees provided for subsidiaries. Under a financial guarantee, the Company has an obligation to reimburse the holder of a debt instrument for losses it incurs if a specified debtor fails to make payment when contractually due. In its reporting of financial guarantee contracts, the Parent Company applies an exemption from the provisions of IFRS 9 permitted by the Swedish Financial Reporting Board. The exemption applies to financial guarantees provided for subsidiaries, associates and joint ventures. The Parent Company reports

financial guarantee contracts as a provision for the Group when the Company has an obligation, and an outflow of resources is likely to be required to settle the obligation.

Financial instruments

The Parent Company applies the provisions of Chapter 4, section 14 a-e, of the Swedish Annual Accounts Act, which permits the fair value measurement of certain financial instruments.

Taxes

Untaxed reserves recognised for the Parent Company include deferred tax liabilities, while in the consolidated accounts, untaxed reserves are divided into deferred tax liabilities and equity.

Group contributions and shareholder contributions for legal entities

The Company reports Group and shareholder contributions in accordance with RFR 2. Shareholder contributions are recognised directly in the recipient's equity and capitalised in the contributor's shares and interests, to the extent that there is no impairment. Group contributions are reported in the income statement.

NOTE 2 DISTRIBUTION OF REVENUE

GROUP

TOTAL, SEK million	01/09/2018 -31/08/2019	01/09/2017 -31/08/2018
Alpine skiing/SkiPass	1,393	1,338
Accommodation	303	293
Ski rental	188	183
Ski school/Activities	57	60
Sporting goods outlets	171	173
Property services	109	109
Sale of interests in accommodation and exploitation assets	229	191
Other	226	189
Total Group	2,676	2,536

BY SEGMENT, SEK million

Operation of Ski Resorts	01/09/2018 -31/08/2019	01/09/2017 -31/08/2018
SkiPass	1,393	1,338
Accommodation	303	293
Ski rental	188	183
Activities	57	60
Sporting goods outlets	171	173
Property services	109	109
Other	159	139
Total Operation of Ski Resorts	2,380	2,295
Property Development and Exploitation	296	241
Total Group	2,676	2,536

BY COUNTRY AND SEGMENT, SEK million

Sweden		
-Operation of ski resorts	1,588	1,551
-Property development and exploitation	293	238
Norway ¹⁾		
-Operation of ski resorts	701	661
-Property development	3	3
Austria ²⁾	91	83
Total Group	2,676	2,536

¹⁾There are no exploitation operations in Norway.

²⁾There are no property development and exploitation operations in Austria

PARENT COMPANY

TOTAL, SEK million	01/09/2018 -31/08/2019	01/09/2017 -31/08/2018
Alpine skiing/SkiPass	876	842
Accommodation	198	194
Ski rental	128	124
Ski school/Activities	48	52
Sporting goods outlets	142	141
Property services	67	64
Sale of interests in accommodation and exploitation assets	58	11
Other	218	188
Total revenue derived from Sweden	1,735	1,616

BY SEGMENT, SEK million

Operation of Ski Resorts	01/09/2018 -31/08/2019	01/09/2017 -31/08/2018
SkiPass	876	842
Accommodation	198	194
Ski rental	128	124
Activities	48	52
Sporting goods outlets	142	141
Property services	67	64
Other	218	188
Total Operation of Ski Resorts	1,677	1,605
Property Development and Exploitation	58	11
Total Parent Company derived from Sweden	1,735	1,616

Contract liabilities	2019-08-31	2018-08-31
Advances from guests	135	129

The opening balance for contract liabilities as of 31 August 2018 was recognised as revenue in the 2018/19 financial year over the period of the guest's stay.

LOYALTY PROGRAMME

Utilised loyalty discounts for the year amount to SEK 2.4 (2.1) million. Expired discounts during the year amount to SEK 1.0 (1.1) million and additional loyalty liabilities are SEK 3.8 (3.5) million. Closing loyalty liabilities amount to SEK 6.5 (5.9) million and are included in other liabilities.

NOTE 3 GROUP OPERATING SEGMENTS

SEK thousand	Full year 1 Sep-31 Aug	
	2018/19	2017/18
OPERATION OF SKI RESORTS		
External revenue	2,435,645	2,344,020
Internal revenue	45,099	15,418
Capital gains	697	1,488
Total revenue	2,481,441	2,360,926
External operating expenses	-1,685,758	-1,581,491
Costs from other segments	-80,822	-53,130
Capital losses	-417	-4,495
Profit/loss from investments in joint ventures and associates	-10,730	4,189
Depreciation/amortisation	-252,337	-227,800
Operating profit/loss	451,377	498,199
Intangible assets	191,953	195,661
Property, plant and equipment	2,946,081	2,832,933
Financial assets	80,676	25,157
Operating loans	1,155,347	1,094,965
PROPERTY DEVELOPMENT AND EXPLOITATION		
External revenue	21,426	12,046
Exploitation revenue	228,755	190,651
Internal revenue	44,291	38,681
Capital gains	1,538	0
Total revenue	296,010	241,378
External operating expenses	-72,512	-61,383
Costs from other segments	-8,568	-970
Costs of sold exploitation assets	-55,402	-44,414
Capital losses	-3,619	-17
Profit/loss from investments in joint ventures and associates	17,544	4,270
Depreciation/amortisation	-21,047	-26,170
Operating profit/loss	152,406	112,694
Intangible assets	-	-
Property, plant and equipment	701,177	547,608
Financial assets	595,158	657,311
Operating loans	590,320	583,832
Internal revenue	-89,390	-54,100
Internal costs	89,390	54,100
Consolidated revenue	2,688,061	2,548,204
Consolidated operating profit/loss	603,783	610,894
Consolidated intangible assets	191,953	195,661
Consolidated property, plant and equipment	3,647,258	3,380,541
Consolidated financial assets	675,834	682,468
Consolidated operating loans	1,745,667	1,678,798
Revenue		
Sweden	2,041,424	1,781,775
Norway	580,996	681,413
Austria	65,641	85,016
	2,688,061	2,548,204
Non-current assets		
Sweden	2,567,869	2,297,906
Norway	1,576,175	1,577,288
Austria	371,001	383,476
	4,515,045	4,258,670

With effect from the first quarter 2018/19, operations are monitored and presented in the segments Operation of Ski Resorts and Property Development & Exploitation.

Operation of Ski Resorts comprises the operation of ski resorts and the sale of all products and services in this area, such as SkiPass, accommodation, activities and shops. The focus is on sales and efficient operation. Earnings are charged with the segment's own costs as well as internal rents, mainly for guest accommodation rented from Property Development & Exploitation. The segment's non-current assets are mainly property, plant and equipment used directly in the operations, such as pistes and lifts, or used or rented out for activities that complement the segment, such as ski shops, equipment hire and restaurants.

Property Development & Exploitation comprises the management of assets that can be exploited or utilised in the segment or leased to the Operation of Ski Resorts segment. Segment revenue consists of the sale of land and other properties, the sale of unit weeks in Vacation Club, and the renting of accommodation, both through the segment and associated companies, to guests in the Operation of Ski Resorts segment. The segment's assets consist of land and other properties, as well as shares in tenant-owner associations and associated companies focusing on hotels and the renting of cabins and apartments close to the Group's skiing areas.

Comparative figures have been restated.

NOTE 4 OTHER OPERATING INCOME

Other operating income consists mainly of exchange gains in operations and capital gains on the disposal of non-current assets used in operations and not included in available-for-sale assets.

These amounted to SEK 12,159 (12,499) thousand for the Group and SEK 3,838 (3,117) thousand for the Parent Company.

NOTE 5 WORK PERFORMED BY THE COMPANY AND CAPITALISED

Work performed by the Company and capitalised comprises investment expenditure relating to investment-based work performed by the Company's own personnel, and expenditure on the Company's own construction equipment.

SEK 3,992 (5,984) thousand was capitalised during the year.

SEK 2,519 (1,790) thousand was capitalised for the Parent Company during the year.

NOTE 6 AUDITORS' FEES AND REMUNERATION

GROUP	01/09/2018 -31/08/2019	01/09/2017 -31/08/2018
<i>PriceWaterhouseCoopers (EY previous year)</i>		
Audit engagements	1,672	2,042
Other audit services	62	33
Tax advisory services	189	107
Other services	205	205
	2,128	2,387
PARENT COMPANY	01/09/2018 -31/08/2019	01/09/2017 -31/08/2018
<i>PriceWaterhouseCoopers (EY previous year)</i>		
Audit engagements	1,170	1,130
Other audit services	62	33
Tax advisory services	189	85
Other services	184	32
	1,605	1,280

Audit engagements comprise the statutory audit of the annual report, annual financial statements, accounting records and administration of the Board and CEO, other procedures required to be carried out by the Company's auditors and advice or other assistance arising from observations made during the audit or performance of such other procedures.

Other engagements refers to advice on accounting issues and advice on processes and internal controls.

NOTE 7 OPERATING LEASE PAYMENTS

LAND LEASES			
GROUP	01/09/2018 -31/08/2019	01/09/2017 -31/08/2018	
Lease costs for the financial year	29,834	29,851	
<i>Agreed future lease payments under non-cancellable leases are due as follows:</i>			
Within one year	20,578	15,921	
Two to five years	66,577	63,682	
After five years	444,645	379,331	
Total future lease payments	531,800	458,934	
PARENT COMPANY	01/09/2018 -31/08/2019	01/09/2017 -31/08/2018	
Lease costs for the financial year	7,277	7,483	
<i>Agreed future lease payments under non-cancellable leases are due as follows:</i>			
Within one year	2,347	1,911	
Two to five years	9,390	7,643	
After five years	14,085	11,687	
Total future lease payments	25,822	21,241	
OTHER LEASES			
GROUP	01/09/2018 -31/08/2019	01/09/2017 -31/08/2018	
Lease costs for the financial year	37,875	41,042	
<i>Agreed future lease payments under non-cancellable leases are due as follows:</i>			
Within one year	34,522	53,638	
Two to five years	96,019	149,965	
After five years	115,268	113,460	
Total future lease payments	245,810	317,063	
PARENT COMPANY	01/09/2018 -31/08/2019	01/09/2017 -31/08/2018	
Lease costs for the financial year	30,013	32,607	
<i>Agreed future lease payments under non-cancellable leases are due as follows:</i>			
Within one year	29,053	44,105	
Two to five years	86,568	129,321	
After five years	115,268	109,752	
Total future lease payments	230,890	283,178	
Total future minimum lease payments, Group	777,610	775,997	
Total future minimum lease payments, Parent Company	256,712	304,419	

SkiStar has operating leases for piste machinery, snowmobiles and construction machinery. The leases do not contain any conditions requiring the leased items to be acquired by SkiStar on expiry of the contract. However, there may be an option to extend the lease term. Lease payments are reported as other external expenses in the consolidated statement of comprehensive income.

SkiStar has agreements with companies in Vermdalen and Åre covering a total of 6 (6) ski lifts. Each of the leases runs for 20 years and the remaining lease terms are between 10 and 16 years. Total annual lease payments are SEK 17.9 (17.9) million and these are included in the table Other leases.

SkiStar has land lease agreements at all its destinations. Most of the land leases are in Trysil in Norway. The lease terms are up to 37 years. The value is shown in a separate table above.

The Group will apply IFRS 16 from 1 September 2019. See note 41 for information about the transition.

NOTE 8 INFORMATION ON PERSONNEL AND REMUNERATION OF THE BOARD OF DIRECTORS AND CEO

AVERAGE NUMBER OF EMPLOYEES

Average number of employees, classified by gender

GROUP	01/09/2018 -31/08/2019	Proportion, %	01/09/2017 -31/08/2018	Proportion, %
Sweden				
Women	399	42	379	41
Men	557	58	539	59
Foreign entities				
Norway				
Women	93	33	92	31
Men	192	67	203	69
Austria				
Women	16	20	13	19
Men	65	80	57	81
Total, Group	1,322		1,283	

PARENT COMPANY

Sweden				
Women	388	42	371	42
Men	541	58	522	58
Total, Parent Company	929		893	

GENDER DISTRIBUTION, BOARD OF DIRECTORS AND GROUP MANAGEMENT

GROUP	31 Aug 2019 % women	31 Aug 2018 % women
Board of Directors	50%	43%
Other senior executives	10%	11%

PARENT COMPANY

Board of Directors	50%	43%
Other senior executives	14%	11%

SALARIES, OTHER BENEFITS AND SOCIAL SECURITY CONTRIBUTIONS

	01/09/2018-31/08/2019					01/09/2017-31/08/2018				
	Salaries	Bonuses	Other benefits	Social security contributions	Pension contributions	Salaries	Bonuses	Other benefits	Social security contributions	Pension contributions
PARENT COMPANY										
CEO	4,125	1,392	148	1,780	1,407	3,514	1,392	73	1,616	1,139
Other senior executives	9,169	3,338	593	4,133	3,897	8,628	4,258	555	4,157	3,531
Other personnel	314,549	-	-	104,449	15,548	293,157	-	-	103,095	9,656
Total Parent Company	327,843	4,730	741	110,362	20,852	305,299	5,650	628	108,868	14,326
SUBSIDIARIES										
Other senior executives ¹⁾	2,907	405	396	437	416	-	-	-	-	-
Other personnel	179,244	-	-	27,263	10,182	169,768	-	-	25,458	7,867
Total subsidiaries	182,151	405	396	27,700	10,598	169,768	0	0	25,458	7,867
GROUP	509,994	5,135	1,137	138,062	31,450	475,067	5,650	628	134,326	22,193

1) The only senior executives in other countries are in Norway.

REMUNERATION OF SENIOR EXECUTIVES

Members of the Board received remuneration of SEK 1,406 (1,440) thousand. The distribution between the Chairman and individual members is described in the Corporate Governance Report on page 84. The CEO, who is also a member of the Board, does not receive Board fees.

No Board member received any other remuneration in addition to Board fees.

GUIDELINES FOR REMUNERATION OF SKISTAR'S GROUP MANAGEMENT

The guidelines below cover the remuneration and other terms of employment for SkiStar's Group management, hereinafter referred to as senior executives. The guidelines were prepared by the Remuneration Committee and were adopted by the Annual General Meeting on 15 December 2018. These guidelines will be applied to new agreements and amendments to existing agreements.

Fundamental principle

Total remuneration and other terms of employment should be sufficiently attractive to retain or attract new highly qualified senior executives.

Fixed salary

Senior executives will be offered a fixed salary that is competitive in relation to responsibilities, expertise, performance and regional salary levels. The fixed salary will be determined annually to apply during the period September to August.

Bonuses and undertaking to acquire shares

Senior executives are entitled to cash bonuses based on the current bonus programme for SkiStar AB's senior executives as decided by the Board. The maximum bonus amount is 60% of 12 times the current monthly salary. Bonuses must be related to measurable criteria defined by the Board for earnings per share, return on equity, operating margin and organic growth.

Senior executives who receive bonuses must undertake to acquire shares in the Company for long-term ownership (a period of at least three years), investing at least 1/3 of their variable remuneration after tax. The purpose is to create involvement and engagement by offering senior executives the opportunity to become shareholders in a more structured way.

In accordance with what is stated above, bonus cash payments (cost borne by the Company) cannot exceed SEK 9.6 million for the 2018/19 financial year. Bonus payments are based on the Company's performance in terms of growth in earnings per share, return on equity, operating margin and organic growth.

Non-monetary benefits

Senior executives are entitled to extra health insurance in addition to the benefits available to other SkiStar employees.

Pensions

Senior executives are entitled to pension solutions under collective agreements and agreements with SkiStar. All pension obligations in Sweden are defined contribution plans. For the CEO, the Company pays pension contributions corresponding to 35 percent of salary. For other senior executives, pension payments are made according to the customary ITP plan.

Period of notice and termination benefits

The maximum period of notice is 24 months for termination of employment initiated by SkiStar and 6 months for termination by the senior executive. Termination benefits are only payable for termination initiated by the Company and only during the period of employment until the individual under notice obtains new employment.

Remuneration decisions

The Board of Directors makes decisions on the salary and other terms of employment for the CEO after consultation with the Board's Remuneration Committee.

OUTCOMES IN RELATION TO GUIDELINES

See table above. The retirement age for the CEO and other members of the management group is in line with the laws and collective agreements in the relevant countries. The period of notice and termination benefits for the CEO and other members of the management group follow the guidelines above.

It is proposed that the AGM adopt an extra fee of SEK 600 thousand for Chairman of the Board Eivor Andersson, who was newly appointed during the 2018/19 financial year. This would be in addition to the Chairman's fee decided by the 2018 AGM.

It is proposed that the AGM resolves on extra remuneration to outgoing CEO Mats Årjes as follows: total remuneration of SEK 325 thousand per month for twelve (12) months from December 2019. The remuneration is basis for pensionable income but not for vacation rights. SkiStar will pay social security contributions on the remuneration and make customary tax deductions in accordance with applicable regulations. If during the proposed twelve-month payment period Mats Årjes receives income from any other employment, such income (including social security contributions) shall be deducted from the additional remuneration received from SkiStar. The remuneration is conditional on the AGM's decision as it deviates from the guidelines adopted by the AGM for remuneration of senior executives.

NOTE 9 DEPRECIATIONS OF INTANGIBLE AND TANGIBLE ASSETS

GROUP	01/09/2018 -31/08/2019	01/09/2017 -31/08/2018
Capitalised expenditure on IT systems	16,089	15,789
Rights of tenancy and similar rights	2,718	2,660
Land and buildings, land improvements	68,276	67,432
Plant, machinery and equipment	186,301	168,089
	273,384	253,970
PARENT COMPANY		
Capitalised expenditure on IT systems	16,089	15,789
Rights of tenancy and similar rights	521	483
Land and buildings, land improvements	26,703	26,134
Plant, machinery and equipment	103,815	91,927
	147,128	134,333

NOTE 10 PROFIT/LOSS FROM INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES

PARENT COMPANY	01/09/2018 -31/08/2019	01/09/2017 -31/08/2018
Impairment*	-15,142	-
Dividend, Group companies	83,219	50,389
	68,077	50,389

*) Impairment of shares in VM 2019 AB.

NOTE 11 TAX

RECOGNISED IN INCOME STATEMENT

GROUP	01/09/2018 -31/08/2019	01/09/2017 -31/08/2018
Current tax expense		
Tax for the period	-85,853	-63,309
Adjustment of tax relating to prior years	-187	-15
	-86,040	-63,324
Deferred tax expense (-)/tax income (+)		
Deferred tax on temporary differences	-6,801	82
Deferred tax arising from changes in tax rates	-	4,425
Deferred tax arising from unutilised loss carryforwards during the year	-	-2,504
Deferred tax arising from loss carryforwards utilised during the year	-	-38,940
Other deferred tax	-	-
	-6,801	-36,937
Total tax expense recognised, Group	-92,841	-100,261

RECOGNISED IN INCOME STATEMENT

PARENT COMPANY	01/09/2018 -31/08/2019	01/09/2017 -31/08/2018
Current tax expense		
Current tax expense	-48,943	-18,754
Adjustment of tax relating to prior years	-187	-
	-49,130	-18,754
Deferred tax expense (-)/tax income (+)		
Deferred tax on temporary differences	-9,027	690
	-9,027	690
Total tax expense recognised, Parent	-58,157	-18,064

RECONCILIATION OF EFFECTIVE TAX	01/09/2018 -31/08/2019	01/09/2017 -31/08/2018		
GROUP	Percent	Amount	Percent	Amount
Profit/loss before tax		553,241		586,629
Tax according to Parent's current tax rate	22.0%	-121,713	22.0%	-129,058
Difference in tax rates in foreign operations	-	-	0.3%	-1,798
Effect of change in tax rate	-	-	-1.0%	6,136
Non-deductible expenses	0.2%	-1,266	0.1%	-712
Non-taxable income*	-6.6%	36,283	-4.9%	28,564
Tax attributable to prior years	0.0%	-187	0.0%	-15
Unutilised loss carryforwards	-	-	0.4%	-2,504
Other	1.1%	-5,958	0.1%	-874
Recognised effective tax	16.8%	-92,841	17.1%	-100,261

*SEK 32 (27) million of non-taxable income relates to the sale of shares in companies.

RECONCILIATION OF EFFECTIVE TAX	01/09/2018 -31/08/2019	01/09/2017 -31/08/2018		
PARENT COMPANY	Percent	Amount	Percent	Amount
Profit/loss before tax		317,562		153,498
Tax according to Parent's current tax rate	22.0%	-69,864	22.0%	-33,770
Non-deductible expenses	0.3%	-1,073	0.4%	-638
Non-taxable income*	-6.2%	19,769	-8.2%	12,587
Tax attributable to prior years	0.1%	-187	0.0%	0
New tax rate	-	-	-1.2%	3,780
Other	2.1%	-6,803	0.0%	-23
Recognised effective tax	18.3%	-58,157	13.0%	-18,064

*SEK 18 (11) million of non-taxable income relates to dividends from subsidiaries and associates.

RECOGNISED IN CONSOLIDATED STATEMENT OF FINANCIAL POSITION

GROUP 31 AUG 2019	Deferred tax assets	Deferred tax liabilities	Net
Non-current assets	-	-195,094	-195,094
Derivatives	1,446	-	1,446
	1,446	-195,094	-193,648
Offset	-1,446	1,446	-
Net deferred tax assets/liabilities	0	-193,648	-193,648
GROUP, 31 AUG 2018	0	-193,648	-193,648
Non-current assets	-	-190,884	-190,884
Derivatives	4,958	-	4,958
	4,958	-190,884	-185,926
Offset	-4,958	4,958	-
Net deferred tax liabilities	0	-185,926	-185,926

CONT. NOTE 11 TAX

RECOGNISED IN BALANCE SHEET

	Deferred tax assets	Deferred tax liabilities	Net
PARENT COMPANY, 31 AUG 2019			
Non-current assets	-	-148,784	-148,784
Derivatives	3,466	-	3,466
	3,466	-148,784	-145,318
Offset	-3,466	3,466	-
Net deferred tax liabilities	0	-145,318	-145,318
PARENT COMPANY, 31 AUG 2018			
Non-current assets	-	-139,762	-139,762
Derivatives	4,958	-	4,958
	4,958	-139,762	-134,804
Offset	-4,958	4,958	-
Net deferred tax assets/liabilities	0	-134,804	-134,804

CHANGES IN DEFERRED TAX ON TEMPORARY DIFFERENCES AND LOSS CARRYFORWARDS

	Amount at start of year	Recognised in statement of comprehensive income	Recognised in other comprehensive income	Amount at end of year
GROUP, 31 AUG 2019				
Non-current assets	-190,884	-6,230	-	-197,114
Derivatives	4,958	-5	-1,487	3,466
	-185,926	-6,235	-1,487	-193,648

	Amount at start of year	Recognised in statement of comprehensive income	Recognised in other comprehensive income	Amount at end of year
PARENT COMPANY, 31 AUG 2019				
Non-current assets	-139,762	-9,022	-	-148,784
Derivatives	4,958	-5	-1,487	3,466
	-134,804	-9,027	-1,487	-145,318

	Amount at start of year	Recognised in statement of comprehensive income	Recognised in other comprehensive income	Amount at end of year
GROUP, 31 Aug 2018				
Non-current assets	-191,573	689	-	-190,884
Unused tax loss carryforwards	38,940	-38,940	-	0
Derivatives	6,537	-92	-1,487	4,958
	-146,096	-38,343	-1,487	-185,926

	Amount at start of year	Recognised in statement of comprehensive income	Recognised in other comprehensive income	Amount at end of year
PARENT COMPANY, 31 Aug 2018				
Non-current assets	-140,544	782	-	-139,762
Derivatives	6,537	-92	-1,487	4,958
	-134,007	690	-1,487	-134,804

The Nordic operations had no remaining tax losses at the end of the financial year. In the Austrian operations, there is an unutilised loss carryforward of SEK 10 million, with a tax effect of SEK 2.5 (2.5) million. Up to 75% of the value of the Austrian losses can be used over the life of the company.

NOTE 12 EARNINGS PER SHARE

	01/09/2018 -31/08/2019	01/09/2017 -31/08/2018
NUMBER OF SHARES BEFORE DILUTION		
Total number of shares, 1 September	78,376,056	78,376,056
Weighted average number of basic shares during the year	78,376,056	78,376,056

BASIC EARNINGS PER SHARE

Profit/loss for the year	466,303	489,548
Average number of shares outstanding	78,376,056	78,376,056
Basic earnings per share	5.95	6.25

A 2:1 share split was carried out during the financial year and completed on 17 January 2019. All previous periods have been subsequently restated. Calculation of earnings per share is based on profit for the year attributable to shareholders of the Parent, which amounted to SEK 466,303 (489,548) thousand, and on the weighted average number of shares outstanding, which was 78,376,056 (78,376,056). There are no financial instruments that could have dilutive effects.

NOTE 13 INTANGIBLE ASSETS

GROUP	Capitalised expenditure on IT system	Rights of tenancy and similar rights	Goodwill	Total
Accumulated cost				
Opening balance, 1 Sep 2017	174,317	133,674	93,034	401,025
Capitalised expenditure	8,502	-	-	8,502
Reclassifications	2,847	-	-484	2,363
Translation differences	-	3,640	4,796	8,436
Closing balance, 31 Aug 2018	185,666	137,314	97,346	420,326
Opening balance, 1 Sep 2018	185,666	137,314	97,346	420,326
Capitalised expenditure	11,656	803	-	12,459
Reclassifications	3,647	518	-	4,165
Translation differences	-	-878	-1,195	-2,073
Closing balance, 31 Aug 2019	200,969	137,757	96,151	434,877
Accumulated depreciation				
Opening balance, 1 Sep 2017	-137,748	-66,213	-	-203,961
Depreciation/amortisation	-15,789	-2,660	-	-18,449
Translation differences	-	-2,255	-	-2,255
Closing balance, 31 Aug 2018	-153,537	-71,128	-	-224,665
Opening balance, 1 Sep 2018	-153,537	-71,128	-	-224,665
Depreciation/amortisation	-16,089	-2,718	-	-18,809
Translation differences	-	548	-	550
Closing balance, 31 Aug 2019	-169,626	-73,298	0	-242,924
Carrying amount, 31 Aug 2018	32,129	66,186	97,346	195,661
Carrying amount, 31 Aug 2019	31,343	64,459	96,151	191,953
	Capitalised expenditure on IT system	Rights of tenancy and similar rights	Goodwill	Total
PARENT COMPANY				
Accumulated cost				
Opening balance, 1 Sep 2017	174,317	20,943	18,442	213,702
Capitalised expenditure	8,502	-	-	8,502
Reclassifications	2,847	-	-	2,847
Closing balance, 31 Aug 2018	185,666	20,943	18,442	225,051
Opening balance, 1 Sep 2018	185,666	20,943	18,442	225,051
Capitalised expenditure	11,656	798	-	12,454
Reclassifications	3,647	518	-	4,165
Closing balance, 31 Aug 2019	200,969	22,259	18,442	241,670
Accumulated depreciation				
Opening balance, 1 Sep 2017	-137,748	-19,370	-18,442	-175,560
Depreciation/amortisation	-15,789	-483	-	-16,272
Closing balance, 31 Aug 2018	-153,537	-19,853	-18,442	-191,832
Opening balance, 1 Sep 2018	-153,537	-19,853	-18,442	-191,832
Depreciation/amortisation	-16,099	-521	-	-16,610
Closing balance, 31 Aug 2019	-169,626	-20,373	-18,442	-208,441
Carrying amount, 31 Aug 2018	32,129	1,090	-	33,219
Carrying amount, 31 Aug 2019	31,343	1,886	-	33,229

SEK 2,519 (1,790) thousand of the year's capitalised expenditure and reclassifications relate to internally generated intangible assets in the Parent Company and the Group

IMPAIRMENT TESTING FOR CASH-GENERATING UNITS CONTAINING GOODWILL

THE FOLLOWING CASH-GENERATING UNITS HAVE GOODWILL VALUES	31/08/2019	31/08/2018
Sälen	3,910	3,910
Äre	16,546	16,547
Hemsedal	14,534	14,711
Trysil	61,161	62,178
	96,151	97,346

Goodwill and intangible assets with indefinite useful lives are tested annually for impairment. There was no indication of impairment in the 2019 testing. The impairment testing was based on the calculated value in use. The value in use is obtained from projected cash flows for a five-year period based on the Company's business plan. The key assumptions in the five-year plan are growth, revenue, earnings and cash flow per cash-generating unit. The assumptions are based on historical results and the Company's own plans.

The cash flow projections after the first five years are based on an annual growth rate of 1 (2) percent. The projected cash flows for each cash-generating unit have been discounted to the present value using a pre-tax discount rate of 8 (7) percent.

Goodwill has been allocated to each destination's Operation of Ski Resorts segment as a cash-generating unit. The cash-generating units correspond to the identifiable groups of assets that generate cash flows independently of other assets.

No reasonably possible changes in the assumptions and estimates would give rise to impairment.

NOTE 14 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings, land improvements	Plant, machinery and equipment	Construction in progress	Total		Land and buildings, land improvements	Plant, machinery and equipment	Construction in progress	Total
GROUP					PARENT COMPANY				
Accumulated cost					Accumulated cost				
Opening balance, 1 Sep 2017	2,825,549	3,417,273	238,138	6,480,960	Opening balance, 1 Sep 2017	1,351,247	1,958,471	77,978	3,387,696
Acquisitions	44,496	109,894	305,479	459,870	Acquisitions	8,810	65,750	116,633	191,193
Disposals	-94,635	-34,273	-604	-129,512	Disposals	-2,072	-16,256	-789	-19,117
Reclassifications etc.	86,109	211,828	-304,882	-6,946	Reclassifications	-2,274	44,596	-48,176	-5,854
Translation differences	65,885	120,618	14,687	201,191	Closing balance, 31 Aug 2018	1,355,711	2,052,561	145,646	3,553,918
Closing balance, 31 Aug 2018	2,927,403	3,825,341	252,819	7,005,563	Opening balance, 1 Sep 2018	1,355,711	2,052,561	145,646	3,553,918
Opening balance, 1 Sep 2018	2,927,403	3,825,341	252,819	7,005,563	Acquisitions	29,825	87,126	164,440	281,391
Acquisitions	80,711	113,639	392,036	586,386	Disposals	-37,809	-30,575	-11,883	-80,267
Business acquisitions	27,391	-	-	27,391	Reclassifications	13,457	71,368	-96,863	-12,038
Disposals	-82,105	-84,010	-11,883	-177,998	Closing balance, 31 Aug 2019	1,361,184	2,180,480	201,340	3,743,004
Reclassifications etc.	42,286	107,318	-171,854	-22,250	Accumulated depreciation				
Translation differences	779	-7,243	-621	-7,085	Opening balance, 1 Sep 2017	-517,739	-1,314,861	-	-1,832,600
Closing balance, 31 Aug 2019	2,996,466	3,955,044	460,497	7,412,007	Disposals	684	15,408	-	16,092
Accumulated depreciation					Depreciation	-	-3,020	-	-3,020
Opening balance, 1 Sep 2017	-937,351	-2,398,252	-	-3,335,603	Depreciation	-26,134	-91,926	-	-118,060
Disposals	31,621	27,634	-	59,255	Closing balance, 31 Aug 2018	-543,189	-1,394,399	-	-1,937,588
Depreciation	-67,432	-168,089	-	-235,521	Opening balance, 1 Sep 2018	-543,189	-1,394,399	-	-1,937,588
Reclassifications etc.	-	-3,020	-	-3,020	Disposals	15,730	28,721	-	44,451
Translation differences	-24,612	-85,522	-	-110,134	Reclassifications	0	3,019	-	3,019
Closing balance, 31 Aug 2018	-997,774	-2,627,249	-	-3,625,023	Depreciation	-26,703	-103,816	-	-130,519
Opening balance, 1 Sep 2018	-997,774	-2,627,249	-	-3,625,023	Closing balance, 31 Aug 2019	-554,162	-1,466,475	-	-2,020,637
Business acquisitions	-1,144	-	-	-1,144	Carrying amount, 31 Aug 2018				
Disposals	27,455	81,464	-	108,919	Carrying amount, 31 Aug 2019	812,522	658,162	145,646	1,616,330
Depreciation	-68,276	-186,301	-	-254,577		807,022	714,005	201,340	1,722,367
Reclassifications etc.	-621	-6,944	-	-7,565					
Translation differences	1,140	13,500	-	14,640					
Closing balance, 31 Aug 2019	-1,039,220	-2,725,529	-	-3,764,750					
Carrying amount, 31 Aug 2018	1,929,629	1,198,092	252,819	3,380,541					
Carrying amount, 31 Aug 2019	1,957,245	1,229,515	460,497	3,647,258					
Components					Components				
Buildings	1,186,077	-	-	-	Buildings	372,558	-	-	-
Land	358,898	-	-	-	Land	160,491	-	-	-
Land improvements	384,654	-	-	-	Land improvements	279,473	-	-	-
Machinery and technical installations	-	1,185,653	-	-	Machinery and technical installations	-	658,162	-	-
Equipment	-	12,439	-	-	Equipment	-	-	-	-
Total carrying amount, 31 Aug 2018	1,929,629	1,198,092	-	-	Total carrying amount, 31 Aug 2018	812,522	658,162	-	-
Buildings	1,199,124	-	-	-	Buildings	370,502	-	-	-
Land	374,032	-	-	-	Land	160,890	-	-	-
Land improvements	384,089	-	-	-	Land improvements	275,629	-	-	-
Machinery and technical installations	-	1,217,665	-	-	Machinery and technical installations	-	714,006	-	-
Equipment	-	11,850	-	-	Equipment	-	-	-	-
Total carrying amount, 31 Aug 2019	1,957,245	1,229,515	-	-	Total carrying amount, 31 Aug 2019	807,021	714,006	-	-

NOTE 15 PARTICIPATIONS IN GROUP COMPANIES

	31/08/2019	31/08/2018	SPECIFICATION OF PARENT COMPANY'S PARTICIPATIONS IN GROUP COMPANIES			31/08/2019	31/08/2018
Opening balance	366,449	360,344		Number of shares	Share-holding, %	Carrying amount	Carrying amount
Acquisitions	12,918	6,105	SUBSIDIARY/CORP. ID/REG'D OFFICE				
Reclassification	130	-	Sälens Högfjällshotell AB / 556200-6311 / Municipality of Malung-Sälen	2,600,000	100.0%	9,427	9,427
Closing balance	379,497	366,449	SkiOnline AB / 556098-6381 / Municipality of Malung-Sälen	2,000	100.0%	-	-
			SkiStar Lodge Hundfjället AB / 556086-0990 / Municipality of Malung-Sälen	42,000	100.0%	3,000	3,000
			Vintertorget i Sälen KB / 969618-0786 / Municipality of Malung-Sälen	198	99.0%	198	198
			Vemdalens Sportaffärer & Skiduthyrning AB / 556068-9761 / Municipality of Härjedalen	1,000	100.0%	48,531	48,531
			SkiStar Norge AS / NO977107520 / Trysil	5,000	100.0%	130,898	130,898
			Trysil booking AS / NO989566342 / Trysil	100	100.0%	-	-
			Hemsedal booking AS / NO995699656 / Hemsedal	1,000	100.0%	-	-
			Hammarbybacken AB / 556650-2570 / Municipality of Malung-Sälen	910	91.0%	1	1
			Klövsjö Linbana AB / 556748-5429 / Municipality of Berg	53000	100.0%	6105	6105
			Fjällinvest AB / 556426-8380 / Municipality of Malung-Sälen	161,000	100.0%	25,279	25,279
			Hundfjället Servicecenter AB / 556675-5913 / Municipality of Malung-Sälen	10,000	100.0%	-	-
			Hundfjället Centrum AB / 556233-4549 / Municipality of Malung-Sälen	1,000	100.0%	-	-
			Fjellinvest Norge AS / NO993753084 / Trysil	21,054	100.0%	-	-
			Fageråsen Invest AS / NO990375410 / Trysil	850	85.0%	-	-
			Hemsedal Fjellinvest AS / NO922690669 / Hemsedal	500,500	100.0%	-	-
			Hemsedal Alpin Hotell AS / NO985289085 / Hemsedal	1,000	100.0%	-	-
			Hemsedal Fjellandsby AS / NO985289158 / Hemsedal	100	100.0%	-	-
			Vemdalen Logi AB / 556208-7634 / Municipality of Härjedalen	44,000	100.0%	-	-
			Björnrikegården Nya AB / 556914-1467 / Municipality of Stockholm	500	100.0%	-	-
			SkiStar Åre Mark AB / 559023-2830 / Municipality of Malung-Sälen	50,000	100.0%	-	-
			SkiStar Åre Logi AB / 559004-6446 / Municipality of Malung-Sälen	500	100.0%	-	-
			Fjällmedia AB / 556755-1055 / Municipality of Malung-Sälen	1,000	100.0%	100	100
			Skishop Åre AB / 556952-7293 / Municipality of Åre	50,000	100.0%	1,405	1,405
			SkiStar Invest AB / 559005-8615 / Municipality of Malung-Sälen	500	100.0%	50	50
			Fjällförsäkringar AB / 516406-0708 / Municipality of Malung-Sälen	30,000	100.0%	30,484	30,484
			SkiStar Fastighetsservice AB / 556250-6997 / Municipality of Malung-Sälen	2,000	100.0%	842	842
			Entréhuset AB / 556756-7135 / Municipality of Malung-Sälen	20,000	100.0%	17,311	17,311
			Eveline Fastighets AB / 556805-9579 / Municipality of Malung-Sälen	500	100.0%	12,708	-
			World Cup Åre AB / 556749-7119 / Municipality of Åre	1,000	100.0%	340	-
			St. Johanner Bergbahnen GmbH / FN 42804 y / St. Johann in Tirol*		68.3%	92,818	92,818
						379,497	366,449

*The subsidiary St. Johanner Bergbahnen GmbH has non-controlling interests that are significant for SkiStar. See table below.

	01/09/2018	01/09/2017
SEK million	-31/08/2019	-31/08/2018
Revenue	94,836	88,775
Profit/loss	-18,498	-10,016
Comprehensive income	-18,517	-10,019
Non-current assets	371,101	383,476
Current assets	44,216	58,643
Non-current liabilities	227,996	230,553
Current liabilities	11,203	18,456
NCI share of profit/loss	-5,863	-3,206
NCI share of equity	56,420	61,452

NOTE 16 PARTICIPATIONS IN ASSOCIATES AND JOINT VENTURES

GROUP	31/08/2019	31/08/2018	PARENT COMPANY	31/08/2019	31/08/2018
Opening balance	387,294	365,520	Opening balance	2,992	2,992
Acquisitions	-	2,990	Acquisitions	15,000	-
Shareholder contributions	15,000	-	Reclassification	-130	-
Reclassification	-503	4,772	Impairment	-15,050	-
Disposals	1,429	-	Closing balance	2,812	2,992
Dividend	-14,330	-2,532			
Translation differences	-2,538	8,083			
Share of profit/loss	6,814	8,460			
Closing balance	393,166	387,294			

SPECIFICATION OF THE GROUP'S AND PARENT COMPANY'S SHARES IN ASSOCIATES AND JOINT VENTURES 31/08/2019

ASSOCIATES AND JVS / CORP ID / REG'D OFFICE	Revenue	Profit/loss	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity	Share-holding, %	Group's share of equity	Carrying amount in Parent Company
ASSOCIATES:										
Lima Transtrand Fastighets AB / 556258-6817 / Municipality of Malung-Sälen	25,105	5,229	130,830	15,535	65,916	10,071	70,378	45	33,341	
Åre Destination AB / 556171-5961 / Municipality of Åre	10,745	89	16,132	3,927	14,241	3,489	2,329	49	1,189	1,970
Fjällvärme i Sälen AB / 556536-1895 / Municipality of Malung-Sälen	10,179	-3,520	78,200	3,780	53,893	14,852	13,235	50	7,320	
Knettsetra AS / NO971219807 / Trysil	25,344	1,317	1,454	4,356	1,012	2,020	2,778	49	4,809	
Trysilguidene AS / NO965147659 / Trysil	38,656	4,371	34,660	4,430	9,684	7,131	22,275	35	4,414	
H A Aktiviteter AB / 556730-0065 / Municipality of Härjedalen	85	1	505	278	690	0	93	42	4	42
Hemsedal Bioenergi AS / NO993016632 / Hemsedal	2,432	-479	6,725	2,241	8,991	521	-546	33	624	
Skihytta Trysil AS / NO987561025 / Trysil	14,886	1,552	3,224	3,298	3,104	649	2,769	35	1,376	
Scandinavian Mountains AB / 556973-5631 / Municipality of Malung-Sälen	1,102	-1,134	511,892	13,958	269,789	24,497	231,564	38	87,118	
Åre 2019 AB / 556973-4717 / Municipality of Åre	281,487	-29,262	-	38,863	-	38,026	837	50	-	-
JOINT VENTURES:										
Ski Invest Sälen AB / 556755-1022 / Municipality of Malung-Sälen	130,330	2,949	478,740	36,372	346,198	26,032	142,882	50	87,433	
Skitorget AS / NO994110527 / Trysil	2,257	1,308	7,793	7,201	407	-159	14,746	50	11,736	
Mountain Resort Trysil AS / NO996284115 / Trysil	119,125	14,042	370,992	63,191	322,408	11,158	100,617	50	96,819	
Skiab Invest AB / 556848-5220 / Municipality of Malung-Sälen	52,981	31,887	-20,228	143,410	-22,017	39,697	105,502	50	52,416	
Skiab Invest AS / NO915659454 / Trysil	13,979	-7,410	320,558	12,013	319,766	1,688	11,117	50	6,401	
Staven Naeringsseidom AS / NO988357014 / Hemsedal	5,380	1,587	15,828	13,726	-	25,619	3,935	50	7,136	
Trysil Suiter AS / NO991276068 / Trysil	0	-59	1,857	0	2,327	508	-978	50	-255	
Björnrike Torg AB / 559069-4161 / Municipality of Härjedalen	2,389	1,144	50,121	46	37,100	4,102	8,965	19	1,330	
Tegefjäll Linbana AB / 556659-6861 / Municipality of Åre	1,545	184	13,465	3,102	9,450	2,664	4,453	20	790	800
Trysil Hotellutvikling AS / NO987054409 / Trysil	145,253	3,487	380,546	29,642	428,630	17,527	-35,969	50	-10,834	
									393,166	2,812

CONT. NOTE 16 PARTICIPATIONS IN ASSOCIATES AND JOINT VENTURES

SPECIFICATION OF THE GROUP'S AND PARENT COMPANY'S PARTICIPATIONS IN ASSOCIATES AND JOINT VENTURES

31/08/2018

ASSOCIATES AND JVS / CORP ID / REG'D OFFICE	Revenue	Profit/loss	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity	Shareholding, %	Group's share of equity	Carrying amount in Parent Company
ASSOCIATES:										
Lima Transtrand Fastighets AB / 556258-6817 / Municipality of Malung-Sälen	25,725	11,993	135,733	14,005	73,350	7,519	68,869	45	32,662	
Åre Destination AB / 556171-5961 / Municipality of Åre	10,707	59	16,335	2,952	13,649	3,399	2,239	49	1,124	1,970
Fjällvärme i Sälen AB / 556536-1895 / Municipality of Malung-Sälen	11,654	-3,306	75,293	15	53,804	4,751	16,753	50	8,693	
Knettsetra AS / NO971219807 / Trysil	23,880	1,529	1,579	3,673	1,049	1,572	2,631	49	4,601	
Trysilguidene AS / NO965147659 / Trysil	35,446	6,262	36,785	5,479	10,948	8,009	23,307	35	4,738	
H A Aktiviteter AB / 556730-0065 / Municipality of Härjedalen	68	0	569	34	510	-	93	42	4	42
Hemsedal Eiendomselskap AS / NO911713578 / Hemsedal	3,177	285	42,934	1,692	31,195	18,183	-4,752	50	-1,643	
Hemsedal Bioenergi AS / NO993016632 / Hemsedal	2,735	-200	7,395	1,922	9,135	244	-62	33	796	
Skihytta Trysil AS / NO987561025 / Trysil	12,816	33	3,158	2,433	3,539	810	1,242	35	1,004	
Scandinavian Mountains AB / 556973-5631 / Municipality of Malung-Sälen	549	-1,698	329,576	34,488	80,032	51,334	232,698	38	87,578	
Åre 2019 AB / 556973-4717 / Municipality of Åre	0	0	1,680	33,299	-	34,879	100	50	50	50
JOINT VENTURES:										
World Cup Åre AB / 556749-7119 / Municipality of Åre	0	-21	-	1,150	-	10	1,140	50	1,593	130
Ski Invest Sälen AB / 556755-1022 / Municipality of Malung-Sälen	130,193	59	498,474	13,512	345,857	26,195	139,934	50	85,917	
Skitorget AS / NO994110527 / Trysil	2,206	947	7,793	6,132	414	-117	13,628	50	11,269	
Mountain Resort Trysil AS / NO996284115 / Trysil	111,162	11,341	418,506	72,505	275,364	13,608	202,039	50	98,430	
Skiab Invest AB / 556848-5220 / Municipality of Malung-Sälen	3,682	2,493	157,627	13,441	55,072	23,167	92,829	50	46,365	
Skiab Invest AS / NO915659454 / Trysil	13,435	-2,727	337,181	12,222	328,555	1,901	18,947	50	9,396	
Staven Naeringseiendom AS / NO988357014 / Hemsedal	4,390	1,855	15,331	11,794	-	24,808	2,317	50	6,255	
Trysil Suiter AS / NO991276068 / Trysil	0	-72	1,887	-	2,362	456	-931	50	-228	
Bjørnrike Torg AB / 559669-4161 / Municipality of Härjedalen	1,229	1,110	40,633	3,651	33,100	3,131	8,053	19	1,330	
Tegefjäll Linbane AB / 556659-6861 / Municipality of Åre	1,517	139	14,415	2,641	10,125	2,631	4,300	20	790	800
Trysil Hotellutvikling AS / NO987054409 / Trysil	133,840	-2,535	396,225	33,500	456,909	12,809	-39,993	50	-13,430	
									387,293	2,992

Business description

Lima Transtrand Fastighets AB / 556258-6817 / Municipality of Malung-Sälen

Owns properties in Sälen, with accommodation units that can be booked through SkiStar. SkiStar does not have exclusive rights to these accommodation units.

Åre Destination AB / 556171-5961 / Municipality of Åre

Collaborates with destination companies in Åre.

Fjällvärme i Sälen AB / 556536-1895 / Municipality of Malung-Sälen

Supplies district heating to mountain facilities in Sälen.

Trysilguidene AS / NO965147659 / Trysil

Operates independent ski school in Trysil, whose services can be booked through SkiStar.

Skihytta Trysil AS / NO987561025 / Trysil

Owns properties in Trysil, with accommodation units that can be booked through SkiStar. SkiStar does not have exclusive rights to these accommodation units.

Scandinavian Mountains AB / 556973-5631 / Municipality of Malung-Sälen

Operates the airport between Sälen and Trysil.

Joint venture:

Ski Invest Sälen AB / 556755-1022 / Municipality of Malung-Sälen

Owns SkiLodge Village in Lindvallen, where SkiStar rents accommodation for its guests. Owns buildings containing bathing facilities, shops and restaurants which are used by SkiStar's guests.

Mountain Resort Trysil AS / NO996284115 / Trysil

Hotel operator in Trysil, with accommodation units that can be booked through SkiStar.

Skiab Invest AB / 556848-5220 / Municipality of Malung-Sälen

Provides shop and reception premises.

Skiab Invest AS / NO915659454 / Trysil

Owns Lodge in Hemsedal.

Tegefjäll Linbane AB / 556659-6861 / Trysil

Owns lift in Tegefjäll, Åre, leased by SkiStar.

Trysil Hotellutvikling AS / NO987054409 / Trysil

Hotel operator in Trysil, with accommodation units that can be booked through SkiStar.

NOTE 17 OTHER PARTICIPATIONS AND SECURITIES HELD AS NON-CURRENT ASSETS

GROUP	31/08/2019	31/08/2018
<i>Available-for-sale financial assets</i>		
Opening cost	36,596	32,484
Acquisitions	11,032	15,707
Disposals	-10,712	-17,097
Reclassification	-	5,220
Exchange difference	-42	282
Closing balance	36,874	36,596
PARENT COMPANY		
<i>Available-for-sale financial assets</i>		
Opening cost	20,247	15,927
Acquisitions	-	-
Disposals	-	-900
Reclassifications	-	5,220
Closing balance	20,247	20,247
GROUP		
Participations in tenant-owner associations	22,140	22,183
Other securities held as non-current assets	729	495
Shares and participating interests	14,005	13,918
Closing balance	36,874	36,596
PARENT COMPANY		
Participations in tenant-owner associations	8,261	8,261
Shares and participating interests	11,986	11,986
Closing balance	20,247	20,247

NOTE 18 OTHER NON-CURRENT RECEIVABLES

GROUP	31/08/2019	31/08/2018
Opening cost	258,579	237,820
Additional receivables	22,246	22,203
Settlement of receivables	-18,823	-12,264
Reclassification, other	-12,945	-2,001
Exchange difference	-3,263	12,821
Closing balance	245,794	258,579
PARENT COMPANY		
Opening cost	21,272	21,346
Additional receivables	1,130	2,372
Settlement of receivables	-390	-445
Reclassification, other	-	-2,001
Closing balance	22,012	21,272
GROUP		
Receivables from associates	189,277	204,719
Other non-current interest-bearing receivables	35,668	36,840
Other non-current non-interest-bearing receivables	20,849	17,020
Closing balance	245,794	258,579
PARENT COMPANY		
Receivables from associates	11,027	11,027
Other non-current interest-bearing receivables	10,985	10,245
Other non-current non-interest-bearing receivables	-	-
Closing balance	22,012	21,272

Receivables from associates and others are primarily loan receivables.

NOTE 19 INVENTORIES

GROUP	31/08/2019	31/08/2018
Goods for resale	115,746	104,601
Participations in tenant-owner associations	48,430	61,622
Closing balance	164,176	166,223

PARENT COMPANY	31/08/2019	31/08/2018
Goods for resale	89,424	78,679
Closing balance	89,424	78,679

NOTE 20 TRADE RECEIVABLES

Trade receivables are recognised net of the Group's established and expected losses for the year, which were SEK 729 (752) thousand. Established losses accounted for SEK 532 (709) thousand of the amount. The Parent Company's realised and expected losses were SEK 526 (423) thousand, with realised losses amounting to SEK 329 (380) thousand. The Group has recovered previous established and expected bad debt losses of SEK 50 (20) thousand during the year. The Group's provision for doubtful debts was SEK 197 (43) thousand, an increase of SEK 154 thousand during the financial year. The Group's trade receivables from related parties amounted to SEK 26 (3) thousand. Further information on related party transactions can be found in Note 36. The credit quality of receivables that are not past due is considered good.

AGE ANALYSIS OF PAST DUE BUT NOT IMPAIRED TRADE RECEIVABLES

GROUP	01/09/2018 -31/08/2019	01/09/2017 -31/08/2018
30-90 days	685	346
91-180 days	26,110	1,919
Closing balance	26,795	2,265

PARENT COMPANY	01/09/2018 -31/08/2019	01/09/2017 -31/08/2018
30-90 days	500	0
91-180 days	25,654	1,518
Closing balance	26,154	1,518

NOTE 21 OTHER CURRENT RECEIVABLES

GROUP	31/08/2019	31/08/2018
VAT recoverable	32,953	18,899
Current loan receivables	61,585	235,183
Tax account	857	7,529
Other	18,754	11,145
Closing balance	114,149	272,756

PARENT COMPANY	31/08/2019	31/08/2018
VAT recoverable	8,168	9,375
Current loan receivables	6,431	5,355
Tax account	929	3,913
Other	8,975	10,116
Closing balance	24,503	28,759

NOTE 22 PREPAID EXPENSES AND ACCRUED INCOME

GROUP	31/08/2019	31/08/2018
Prepaid rental charges and lease payments	38,617	34,423
Prepaid insurance	4,047	3,611
Accrued interest income	2,697	2,062
Prepaid site work	24,585	-
Other items	26,303	12,844
Closing balance	96,249	52,940

PARENT COMPANY	31/08/2019	31/08/2018
Prepaid rental charges and lease payments	34,143	30,097
Prepaid insurance	2,831	2,480
Accrued interest income	1,018	602
Other items	24,087	10,408
Closing balance	62,079	43,587

NOTE 23 EQUITY

GROUP	31/08/2019	31/08/2018
<i>Translation reserve</i>		
Opening translation reserve	1,642	-46,286
Exchange differences for the year	-11,251	47,928
Closing translation reserve	-9,609	1,642

GROUP	31/08/2019	31/08/2018
<i>Hedging reserve</i>		
Opening hedging reserve	-17,905	-23,176
Value of hedging reserve	6,758	6,758
Deferred tax	-1,487	-1,487
Closing hedging reserve	-12,634	-17,905

CONT. NOTE 23 EQUITY

PARENT COMPANY	31/08/2019	31/08/2018
<i>Hedging reserve</i>		
Opening hedging reserve	-17,905	-23,176
Value of hedging reserve	6,758	6,758
Deferred tax	-1,487	-1,487
Closing hedging reserve	-12,634	-17,905

GROUP

Other contributed capital

This item relates to capital contributed by shareholders. It also includes share premium reserves transferred to the statutory reserve at 31 August 2006. Future transfers to the share premium reserve on and after 1 September 2006 are also recognised as contributed capital.

Translation reserve

The translation reserve comprises all exchange differences arising on translation of foreign subsidiaries' financial statements prepared in a currency other than the Group's presentation currency. The presentation currency for the Group and Parent Company is the Swedish krona.

Hedging reserve

The Group had interest rate derivatives of SEK 600 million and NOK 200 million during the financial year, with remaining maturities of approx. 0 to 8 years. Hedging has ceased with effect from the third quarter 2015/16. The value of the derivative is reversed in comprehensive income over the derivative's remaining life. See also Notes 32 and 35.

Retained earnings and profit for the year

Retained earnings comprises the Parent Company's profit and post-acquisition profit for subsidiaries and associates. Previous provisions to the statutory reserve, excluding transferred share premium reserves, are included in retained earnings.

Dividend

After the reporting date, the Board has proposed that a dividend of SEK 3.50 per share (total SEK 274,316,196) be distributed to the Parent Company's shareholders. The dividend proposal will be presented for adoption by the AGM on 14 December 2019. A dividend of SEK 3.50 per share was paid in 2018.

PARENT COMPANY

Restricted equity

Restricted funds may not be reduced through the distribution of dividends.

Statutory reserve

The requirement to make transfers to the statutory reserve was removed from the Swedish Companies Act with effect from 1 January 2006.

Development expenditure fund

The fund is for restricted funds arising from the capitalisation of proprietary intangible assets.

Non-restricted equity

Share premium reserve

When shares are issued at a premium, i.e., when the amount paid for the shares exceeds their nominal value, the portion corresponding to the excess amount is transferred to the share premium reserve. With effect from 1 January 2006, the share premium reserve is classified as non-restricted equity.

Hedging reserve

During the financial year, interest was hedged through interest rate derivatives of SEK 500 million, with remaining maturities of 0 to 8 years. Hedging has ceased with effect from the third quarter 2015/16. The value of the derivative is reversed in comprehensive income over the derivative's remaining life. See also Notes 32 and 35.

Retained earnings

Retained earnings consist of the previous year's non-restricted equity after distribution of dividends. Retained earnings and profit for the year constitute total non-restricted equity - that is, the amount available for distribution to shareholders.

NUMBER OF SHARES	31/08/2019	31/08/2018
Number of Class A shares outstanding at start of period	3,648,000	3,648,000
Number of Class B shares outstanding at start of period	74,728,056	74,728,056
Number of shares outstanding at end of period	78,376,056	78,376,056

A 2:1 share split was carried out in the 2018/19 financial year. Previous periods have been restated.

The overall goal is for the value of shareholders' capital to increase. To pursue a proactive strategy while balancing operational risk, SkiStar must have a strong financial base. The target is an equity ratio of at least 35 percent. At current interest rates, the target for return on equity is 13.5 percent and for return on capital employed 8.5 percent. On 31 August, the equity ratio was 51 (50) percent, return on equity was 18.3 (21.6) percent and return on capital employed was 15.4 (16.7) percent. The targets are based on 3-month treasury bills, which had an average interest rate of -0.50 percent during the 2018/19 financial year. The operating margin target is to exceed 22 percent in the long term. SkiStar's dividend policy is to pay an annual dividend of at least 50 percent of profit after tax. The policy was adopted on the basis that SkiStar has a strong financial base combined with a strong cash flow and is largely able to finance investments with its own funds.

NOTE 24 APPROPRIATIONS

PARENT COMPANY	31/08/2019	31/08/2018
Group contributions	-10,323	-173,953
Closing balance	-10,323	-173,953

NOTE 25 LIABILITIES TO CREDIT INSTITUTIONS

GROUP	31/08/2019	31/08/2018
Due within 1 year after reporting date	157,856	392,750
Due 1-5 years after reporting date	1,587,811	1,286,047
Closing balance	1,745,667	1,678,797

Overdraft facilities granted	750,000	750,000
Utilised portion of overdraft facilities	564,913	513,575

PARENT COMPANY	31/08/2019	31/08/2018
Due within 1 year after reporting date	-	-
Due 1-5 years after reporting date	852,648	801,310
Closing balance	852,648	801,310

Overdraft facilities granted	750,000	750,000
Utilised portion of overdraft facilities	564,913	513,575

Further information on loan structures, commitment periods, rates etc. can be found in Note 32.

GROUP	31/08/2019	31/08/2018
Opening balance	1,678,797	1,761,342
Proceeds from borrowings	775,016	501,209
Repayment	-721,519	-609,822
Interest applied	27,833	22,809
Accrued interest	5,370	6,090
Interest paid	-33,204	-27,967
Asset acquisitions	21,495	-14,191
Translation	-8,121	39,327
Closing balance	1,745,667	1,678,797

PARENT COMPANY	31/08/2019	31/08/2018
Opening balance	801,310	871,586
Proceeds from borrowings	706,060	119,724
Repayment	-658,015	-190,000
Interest applied	13,950	6,001
Accrued interest	2,422	3,224
Interest paid	-13,079	-9,225
Closing balance	852,648	801,310

NOTE 26 PROVISIONS FOR PENSIONS

GROUP	31/08/2019	31/08/2018
Other pension provisions	12,864	12,316
Closing balance	12,864	12,316

PARENT COMPANY	31/08/2019	31/08/2018
Other pension provisions	9,705	8,359
Closing balance	9,705	8,359

Provisions for pension obligations amounted to SEK 12.8 (12.3) million, while the fair value of plan assets was SEK 11.0 (10.7) million and payroll tax was SEK 1.9 (1.6) million. In Sweden and the Parent Company, these provisions consist of the fair value of endowment insurance. In Austria, there is a defined benefit plan whose value is calculated annually on actuarial principles. As the value is of minor importance, full disclosures are not provided in accordance with IAS 19.

The total premium for pension insurance was SEK 29.2 (22.2) million. For white collar employees in Sweden, the ITP 2 plan's defined benefit obligations for retirement and survivor pensions are secured through insurance with Alecta, and through individual pension solutions for employees with annual salaries exceeding 10 income base amounts. According to the Swedish Financial Reporting Board's statement UFR 10, Accounting for ITP 2 Plans Financed by Insurance in Alecta, this is a multi-employer defined benefit pension plan. For the 2018/19 financial year, the Company did not have access to enough information to report its proportionate share of the plan's obligations, plan assets and costs, which meant that it was not possible to report the plan as a defined benefit plan. Consequently, the ITP 2 pension plan insured through Alecta is reported as a defined contribution plan. The premium for the defined benefit retirement and family pension is calculated individually and depends on factors that include salary, previously earned pension and expected remaining service. Expected contributions in the next reporting period for ITP 2 insurance covered by Alecta are SEK 5.4 million (2018/19: SEK 5.3 million). The Group's share of the total contributions to the plan is 0.02 (0.02) percent, while its share of the total number of active plan members is 0.03 (0.03) percent. The collective funding ratio is the market value of Alecta's assets as a percentage of its insurance obligations calculated by reference to Alecta's actuarial methods and assumptions, which are not consistent with IAS 19. The ratio is normally permitted to vary between 125 and 155 percent. If Alecta's collective funding ratio falls below 125 percent or exceeds 155 percent, measures should be taken to create the conditions to allow it to return to the normal range. If the funding ratio is too low, an appropriate measure could be to increase the agreed price for new insurance and extension of existing benefits. If the funding ratio is too high, premium reductions could be introduced. At 31 December 2018, Alecta's surplus, in the form of a collective funding ratio, was 142 (154) percent.

NOTE 27 RECEIVABLES FROM/LIABILITIES TO GROUP COMPANIES

RECEIVABLES FROM GROUP COMPANIES	31/08/2019	31/08/2018
Fjellinvest Trysil AS	28,533	33,544
Fjällinvest AB	0	50,026
Hammarbybacken AB	99	-535
Entréhuset AB	7,026	-
SkiShop Åre AB	9	9
Eveline Fastighets AB	8,030	-
SkiStar Invest AB	90,093	90,093
SkiStar Norge AS	47,239	35,363
SkiStar Fastighetsservice AB	20,558	-
St. Johanner Bergbahnen GmbH	210,752	207,425
Vemdalen Logi AB	124,489	135,294
SkiStar Åre Mark AB	5,649	-
SkiStar Åre Logi AB	30,202	20,399
Closing balance	572,679	571,618

LIABILITIES TO GROUP COMPANIES	31/08/2019	31/08/2018
Fjällmedia AB	8	8
Fjällinvest AB	101,575	-
Hemsedal Alpin hotell AS	386	1,933
Hemsedal Fjellandsbyn AS	679	18
Hundfjället Centrum AB	114,038	83,898
Hundfjället Servicecenter AB	9,389	5,379
Sälens Högfjällshotell AB	518,521	515,305
SkiStar Fastighetsservice AB	-	1,199
SkiStar Lodge Hundfjället AB	25,369	25,369
Vemdalen Sportaffärer & skiduthyrning AB	22,709	13,214
Vintorget i Sälen KB	2,208	2,208
Closing balance	794,882	648,531

NOTE 28 OTHER PROVISIONS

GROUP	31/08/2019	31/08/2018
Other provisions	1,510	1,453
Closing balance	1,510	1,453

PARENT COMPANY	31/08/2019	31/08/2018
Other provisions	800	619
Closing balance	800	619

GROUP	31/08/2019	31/08/2018
Opening balance	1,453	1,063
Purchases	1,188	883
Settlement of provision	-133	-
Cancellations	-1,007	-576
Translation	9	83
Closing balance	1,510	1,453

PARENT COMPANY	31/08/2019	31/08/2018
Opening balance	619	377
Purchases	1,188	933
Cancellations	-1,007	-691
Closing balance	800	619

SkiStar AB was registered with the Swedish Energy Agency as a power-intensive industry in January 2009. This means that SkiStar AB has a quota obligation and is required to submit a quota obligation declaration. For each MWh of electricity subject to a quota obligation in 2018, 0.299 certificates were cancelled. The registration as a power-intensive industry resulted in a reduction of approximately SEK 1 million in electricity costs in the 2018 calendar year.

NOTE 29 ACCRUED EXPENSES AND DEFERRED INCOME

GROUP	31/08/2019	31/08/2018
Accrued payroll expenses and social security contributions	60,159	55,590
Accrued finance expenses	5,370	6,090
Accrued property expenses	7,390	11,516
Accrued rental costs	13,109	9,989
Accrued sponsorship	-	9,118
Other items	18,791	18,603
Closing balance	104,819	110,906

PARENT COMPANY	31/08/2019	31/08/2018
Accrued payroll expenses and social security contributions	49,276	44,980
Accrued finance expenses	2,422	3,224
Accrued property expenses	4,159	6,909
Accrued rental costs	1,143	1,039
Accrued sponsorship	-	9,118
Other items	9,605	8,935
Closing balance	66,605	74,205

NOTE 30 PLEDGED ASSETS AND CONTINGENT LIABILITIES

PLEDGED ASSETS			
GROUP	31/08/2019	31/08/2018	
Property mortgages	828,968	829,068	
Corporate mortgages	7,000	7,000	
Assets, SkiStar Norway Group	797,843	785,437	
Other pledged assets	9,705	8,359	
Closing balance	1,643,516	1,629,864	
Of which pledged for own liabilities	1,643,516	1,629,864	

PARENT COMPANY	31/08/2019	31/08/2018	
Property mortgages	523,236	523,236	
Corporate mortgages	7,000	7,000	
Other pledged assets	9,705	8,359	
Closing balance	539,941	538,595	
Of which pledged for own liabilities	539,941	538,595	

CONTINGENT LIABILITIES			
GROUP	31/08/2019	31/08/2018	
Contributions with conditional repayment liability	266	761	
Guarantees	651,455	670,919	
Other contingent liabilities	71,500	9,200	
Closing balance	723,221	680,880	

PARENT COMPANY	31/08/2019	31/08/2018	
Contributions with conditional repayment liability	266	761	
Guarantees provided for Group companies	823,618	793,382	
Other guarantees	599,692	618,781	
Other contingent liabilities	71,500	9,200	
Closing balance	1,495,076	1,422,124	

Guarantees are related to bank loans taken out by associates of SkiStar AB and its subsidiaries.

NOTE 31 CASH FLOW STATEMENT

	GROUP		PARENT COMPANY	
	01/09/2018 -31/08/2019	01/09/2017 -31/08/2018	01/09/2018 -31/08/2019	01/09/2017 -31/08/2018
Interest paid and dividend received				
Dividend received	-	-	83,445	50,388
Interest received	2,823	2,995	322	438
Interest paid*	-33,204	-39,051	-13,079	-20,309
Adjustments for non-cash items etc.				
Share of profit/loss of associates	-21,490	-8,460	-	-
Depreciation/amortisation and impairment of assets	273,384	253,970	147,128	134,333
Unrealised exchange differences	-2,201	-22,833	-	-
Gross cash flow from sale of non-current assets	-1,565	-63	-1,286	-300
Capital gains/losses on sale of operations/subsidiaries	-	-	-	-
Provisions for pensions	-	-	1,346	1,282
Other provisions	-461	303	181	241
Other non-cash items	-7,823	-6,985	-	-15
	239,844	215,932	147,369	135,541
Acquisition of subsidiaries and other business entities				
Acquired assets and liabilities:				
Property, plant and equipment	35,703	-	-	-
Inventories	100	-	-	-
Other assets	477	-	-	-
Total assets	36,280	0	0	0
Purchase consideration	-13,618	-	-	-
Less cash and cash equivalents in acquired operation	1,165	-	-	-
Effect on cash and cash equivalents	-12,453	0	0	0
Cash and cash equivalents				
The following components are included in cash and cash equivalents:				
Cash and bank balances	71,253	73,146	165	1,340
	71,253	73,146	165	1,340

NOTE 32 FINANCIAL RISKS AND FINANCIAL POLICIES

FINANCIAL RISKS

Financial risk not only entails a risk of losses, but also presents an opportunity for gains. SkiStar's policy for financial risk management is to avoid excess liquidity and to maximise returns by repaying short-term credit in the event of significant liquidity inflows. The financial policy is determined by the Board. The CFO is responsible for ensuring compliance with the policy. Financing activities within the Company are centralised under the CFO.

CURRENCY RISKS

Currency risk is the risk of exchange rate changes affecting the Group's income statement, statement of financial position and/or its cash flows. Currency risk includes both translation risk and transaction risk.

SkiStar conducts operations in Norway through its subsidiary SkiStar Norge AS and that company's subsidiaries and in Austria through its majority holding in St. Johanner Bergbahnen GmbH, and is exposed to translation risks in these operations. SkiStar's policy is not to hedge translation risk.

Approx. 32 (28) percent of SkiStar's total profit after tax is attributable to the Norwegian operations. If the Norwegian krone weakens against the Swedish krona, the destinations Hemsedal and Trysil, through SkiStar Norge AS, will be consolidated in the SkiStar Group at a lower profit level than if the Norwegian krone strengthens against the Swedish krona. A sensitivity analysis shows that a +/-10 percent change in the NOK/SEK exchange rate affects earnings by +/- SEK 18 million and equity by +/- SEK 63 million. An equalising factor is that it costs less for Swedish guests to visit Hemsedal and Trysil if the Norwegian krone is weaker. In Hemsedal, 81 (79) percent of guests come from outside Norway, with Swedish guests accounting for 35 (38) percent. The proportion of foreign guests in Trysil is 94 (93) percent, with Swedish guests accounting for 45 (49) percent. The income statements and balance sheets of subsidiaries are translated using the current method. This means that assets and liabilities are translated at closing rates, while all income statement items are translated at the average exchange rate for the period. Translation differences are recognised in other comprehensive income.

To reduce currency risks, assets in foreign subsidiaries are only financed in local currencies. Purchases of ski lifts, grooming machines and particularly ski rental equipment are partly financed in EUR and USD and are hedged if this is considered beneficial to the Company. Only a small number of minor purchases have been made in recent years, which has resulted in the Company opting not to hedge the purchases. In the 2018/19 financial year, the Group purchased goods and services in euros, which totalled EUR 13.6 (12.6) million. Purchases are also made in other currencies, but their value is considered marginal.

CREDIT RISKS

Credit risk is the risk of SkiStar's customers being unable to discharge their obligations. Since most sales are settled in cash or through advance payments and most trade receivables are for small amounts, customer credit risk for any individual receivable is considered low.

INTEREST AND LIQUIDITY RISKS

SkiStar's financial policy requires most borrowings to have a short fixed-interest term of three months or less. With a strong financial base, including an equity/assets ratio of 51 (50) percent and a strong cash flow, SkiStar can take advantage of the effects of short-term interest rates, which are lower than the long-term rates. When the Company considers that the market situation and interest rates are conducive to borrowing at longer fixed-interest rates, this can be done, subject to a decision by the finance team and the Board. Loans are taken out with large credit institutions such as DNB, Nordea and SEB. Interest-bearing liabilities at the reporting date amounted to SEK 1,758 (1,691) million. Net interest income/expenses for the financial year were SEK -50 (-24) million and average interest expenses were 2.2 (2.4) percent. Net interest-bearing liabilities at the reporting date were SEK 1,589 (1,493) million. A rise in interest rates of 1 percentage point would increase SkiStar's interest expenses by about SEK 9 (10) million, with virtually the entire amount affecting net financial items in the income statement and therefore equity. To offset the strong fluctuations in cash flow over the year, SkiStar has short maturities for just over 50 percent of its loan volume. SkiStar has covenants linked to the interest coverage ratio and equity/assets ratio. At 31 August 2019, the covenants had been fulfilled. The Group's cash and cash equivalents at the reporting date were SEK 71 (73) million. Unused credit facilities amounted to SEK 185 (236) million.

In accordance with the disclosure requirements of IFRS 13, there follows a description of the fair value measurement of financial instruments in the balance sheet. This is done by classifying the measurement as follows:

Level 1: Fair value is determined according to quoted prices in active markets for identical instruments.

Level 2: Fair value is determined based on either directly (as prices) or indirectly (derived from prices) observable market data not included in level 1.

INTEREST RATE SWAPS

To hedge the uncertainty of highly probable forecasted interest-rate flows from borrowing at variable interest rates, the Company uses interest rate swaps, which means it receives a variable interest rate and pays a fixed rate. The interest rate swaps are measured at fair value in the statement of financial position. On 31 August 2019, the value was SEK 31 (34) million. The interest rate coupon portion is recognised in profit or loss as part of interest expenses. Up to and including May 2016, unrealised changes in the fair value of interest rate swaps were included in the hedging reserve. Hedge accounting for interest rate derivatives has ceased with effect from May 2016. The value of the derivative is reversed in comprehensive income over the derivative's remaining life. A cumulative effect of SEK -13 (-17) million for remaining cash-flow-hedged interest rate swaps was recognised in equity at 31 August 2019. The Group has interest rate swaps of SEK 600 million and NOK 200 million, with remaining maturities of 0-8 years.

FAIR VALUE

Fair value measurement is conducted when reliable observable market data is available at the reporting date. For this reason, interest rate swaps and forward exchange agreements are measured at fair value. Other investments held as non-current assets consist essentially of participations in tenant-owner associations and shares in small companies. Participations in tenant-owner associations are assessed using the rules for property, plant and equipment, and other items are carried at cost, as the carrying amount is considered to correspond with the fair value of these items.

LOAN STRUCTURE 31 AUGUST 2019

	Nominal amount in original currency	Recognised amount	Maturity	Fair value of loan
SWEDEN				
Overdraft facilities, variable interest	564,913	564,913	2021-08-31	564,913
accrued interest	974	974		
Bank loan, variable interest	610,000	610,000	2023-03-26	610,000
accrued interest	837	837		
Bank loan, variable interest	4,400	4,400	2023-08-31	4,400
accrued interest	0	0		
Bank loan, variable interest	5,708	5,708	2041-01-30	5,708
accrued interest	2	2		
Bank loan, variable interest	7,426	7,426	2019-12-30	7,426
accrued interest	0	0		
Construction loan	54,103	54,103	2022-01-31	54,103
accrued interest	82	82		
NORWAY				
Bank loan, variable interest	278,750	299,659	2022-06-26	299,659
accrued interest	1,334	1,434		
Bank loan, variable interest	127,500	137,064	2020-08-21	137,064
accrued interest	102	109		
Bank loan, variable interest	42,000	45,150	2021-06-30	45,150
accrued interest	200	215		
AUSTRIA				
Bank loan, variable interest	793	8,576	2022-12-31	8,576
accrued interest	3	36		
Bank loan, variable interest	802	8,668	2024-04-30	8,668
accrued interest	3	29		
Total loans		1,745,667		
Total accrued interest on bank loans		3,718		
Accrued interest on derivatives		1,679		

In addition to interest rate swaps, which have a fair value of SEK 31 (34) million, other financial liabilities consist of liabilities maturing within one year.

The fair value of interest rate swaps for the Parent Company is SEK 23 (33) million.

FINANCIAL INSTRUMENTS AT FAIR VALUE, SEK MILLION

	31/08/2019	31/08/2018
Interest rate swaps	31	34

The items are reported as liabilities in the balance sheet

The nominal value of the interest rate swaps was SEK 815 (819) million at 31 August 2019.

FINANCIAL ASSETS BY MEASUREMENT CATEGORY, SEK MILLION

	Fair value through profit or loss	Amortised cost	Total carrying amount
31/08/2019			
Investments and other securities held as non-current assets 1)	37	-	37
Receivables from associates	-	189	189
Trade receivables	-	51	51
Other current receivables	-	114	114
Cash and cash equivalents	-	71	71
Total financial assets	37	425	462

FINANCIAL ASSETS BY MEASUREMENT CATEGORY, SEK MILLION

	Available-for-sale financial assets	Loans and receivables	Total carrying amount
31/08/2018			
Investments and other securities held as non-current assets 1)	98	-	98
Receivables from associates	-	65	65
Trade receivables	-	29	29
Other current receivables	-	273	273
Cash and cash equivalents	-	73	73
Total financial assets	98	440	538

1) SEK 37 (98) million of the financial investments are primarily investments in tenant-owner associations and other small shareholdings. These are measured based on level 3 of the IFRS 13 measurement hierarchy.

CONT. NOTE 32 FINANCIAL RISKS AND FINANCIAL POLICIES

FINANCIAL LIABILITIES BY MEASUREMENT CATEGORY, SEK MILLION

	Liabilities to credit institutions	Other financial liabilities	Total carrying amount
31/08/2019			
Liabilities to credit institutions	1,759	-	1,759
Derivatives	-	31	31
Trade payables	-	119	119
Accrued interest	5	-	5
Total financial liabilities	1,764	150	1,914

FINANCIAL LIABILITIES BY MEASUREMENT CATEGORY, SEK MILLION

	Liabilities to credit institutions	Other financial liabilities	Total carrying amount
31/08/2018			
Liabilities to credit institutions	1,691	-	1,691
Derivatives	-	0	0
Trade payables	-	129	129
Accrued interest	6	-	6
Total financial liabilities	1,697	129	1,826

THE GROUP'S MATURITY STRUCTURE FOR UNDISCOUNTED CASH FLOWS FOR FINANCIAL LIABILITIES AND DERIVATIVES, INCLUDING INTEREST

SEK million	Within 1 year	2-5 years	After 6 years
Liabilities to credit institutions	200	1,623	6
Derivatives	5	14	8
Trade payables	119	-	-

NOTE 33 PROFIT/LOSS FROM SECURITIES HELD AS NON-CURRENT ASSETS

GROUP	01/09/2018 -31/08/2019	01/09/2017 -31/08/2018
Impairment	-	-484
Dividend	-	464
Capital gain *)	15,324	10,018
	15,304	10,228

PARENT COMPANY	01/09/2018 -31/08/2019	01/09/2017 -31/08/2018
Dividend	226	209
	226	209

*) Step acquisition of 50% of Staven Naeringseiendom AS	9,831
Step acquisition of 50% of Klövsjö Linbana AB	187
Conversion of Hemsedal Eiendomselskap AS through demerger	15,324

NOTE 34 INTEREST AND SIMILAR INCOME

GROUP	01/09/2018 -31/08/2019	01/09/2017 -31/08/2018
Bank balances	1,356	2,950
Non-current receivables	2,081	295
Trade receivables	16	219
Tax account	5	0
Exchange gains	30,267	41,591
	33,725	45,055

PARENT COMPANY	01/09/2018 -31/08/2019	01/09/2017 -31/08/2018
Bank balances	4,914	4,875
Non-current receivables	491	0
Trade receivables	15	219
Tax account	0	0
Exchange gains	30,257	41,528
	35,677	46,622

Of which external	30,995	41,965
Of which intra-Group	4,682	4,657

NOTE 35 INTEREST AND SIMILAR EXPENSES

GROUP	01/09/2018 -31/08/2019	01/09/2017 -31/08/2018
Liabilities to credit institutions	68,461	37,323
Trade payables	168	203
Tax account	70	0
Exchange losses	30,872	42,022
	99,571	79,548

PARENT COMPANY	01/09/2018 -31/08/2019	01/09/2017 -31/08/2018
Liabilities to credit institutions	40,639	23,342
Trade payables	40	48
Tax account	26	0
Exchange losses	29,861	39,742
	70,566	63,132

Of which external	70,352	62,600
Of which intra-Group	214	532

All items are derived from items at cost, apart from items arising from interest rate swaps, which are SEK -35.9 (2.5) million for the Group and SEK -28.2 (-2.6) million for the Parent Company. Interest rate swaps are included in liabilities to credit institutions for both the Group and the Parent Company.

NOTE 36 RELATED PARTIES

RELATED PARTY RELATIONSHIPS

The Group is under the control of Mats and Fredrik Paulsson, including family and companies, with an ownership corresponding to approximately 47 (47) percent of the votes and 24 (24) percent of the capital in the Group's Parent Company at 31 August 2019. Erik Paulsson's family with companies (incl. Backahill AB) is SkiStar's second-largest shareholder, with a holding of approximately 23 (23) percent of the capital and 16 (16) percent of the votes in the Parent Company at 31 August 2019.

Peab

The Peab Group is under the control of Mats and Fredrik Paulsson, with family and companies. SkiStar purchases construction contracts from the Peab Group.

Backahill

The Backahill Group is under the control of Erik Paulsson, with family and companies.

Hansan

Hansan AB is part of the Backahill Group and is under the control of Erik Paulsson, with family and companies. During the year, SkiStar has hired out office services, office equipment and IT networks to Hansan in the leased offices in central Stockholm.

SUBSIDIARIES AND ASSOCIATES

In addition to the related party relationships described above, the Parent Company has related party relationships through its control of subsidiaries. See Note 15. The SkiStar Group also has transactions with associates over which it does not have a controlling interest. See Note 16.

Sales to subsidiaries are mainly related to corporate services provided to the Norwegian subsidiaries and commission from Fjällförsäkringar AB for sales of travel cancellation and ski rental insurance. Sales to associates are mainly related to commission from accommodation agency operations, accounting and property services on behalf of Lima Transtrand Fastighets AB and SkiLodge Village Lindvallen AB, Snöcenter Lindvallen AB and SkiLodge Lindvallen AB and staff accommodation provided to Experium AB. A transfer pricing agreement is in place for trade with the Norwegian subsidiaries.

SENIOR EXECUTIVES

Information about salaries and other benefits, pensions, etc. for the Board of Directors, CEO and other senior executives can be found in Note 8.

SUMMARY OF RELATED PARTY TRANSACTIONS

	Sales to related parties 01/09/18- 31/08/19	Purchases from related parties 01/09/18- 31/08/19	Receivables from related parties 31/08/2019	Liabilities to related parties 31/08/2019
GROUP				
Associates	75,285	109,568	229,033	8,554
Peab	1,455	152,956	51	18,744
Backahill	347	100	0	-
Total	77,087	264,939	229,084	28,030
PARENT COMPANY				
Associates	61,177	94,140	40,638	6,258
Peab	1,455	7,146	51	1,266
Backahill	347	100	-	-
Total	62,979	103,701	40,689	8,256

CONT. NOTE 36 RELATED PARTIES

SUMMARY OF RELATED PARTY TRANSACTIONS

GROUP	Sales to related parties 01/09/17- 31/08/18	Purchases from related parties 01/09/17- 31/08/18	Receivables from related parties 31/08/2018	Liabilities to related parties 31/08/2018
Associates	47,596	95,237	222,363	7,534
Peab	2,133	23,047	21	13,883
Fabege	1,410	2,243	-	690
Backahill	845	-	72	-
Total	51,984	120,527	222,456	22,107
PARENT COMPANY				
Associates	30,708	87,129	13,011	5,232
Peab	2,133	6,102	21	4,320
Fabege	1,410	2,243	-	690
Backahill	845	-	72	-
Total	35,096	95,474	13,104	10,242

NOTE 37 ACQUISITIONS

SkiStar acquired properties through two companies during the financial year. The acquisition consisted of assets and liabilities and does not include business operations.

NOTE 38 EVENTS AFTER THE REPORTING DATE

At the end of September, bookings for the 2019/20 winter season were 0.4 percent higher than at the same time the previous year. More than half of the total capacity expected to be sold in the entire season was already booked at the same point. The increase is due to earlier bookings for both the January weeks and the period after the winter holidays, which includes an early Easter. The highest level of growth is being seen in the foreign markets, notably Germany and Denmark.

The Board of Directors proposes that the Annual General Meeting adopt a dividend of SEK 3.50 (3.50) per share, totalling SEK 274 (274) million.

RESULTS FROM 2019 ALPINE WORLD SKI CHAMPIONSHIPS IN ÅRE

In terms of weather, the Alpine World Ski Championships were a real challenge for the organisers, with about 30 degrees difference between the warmest and coldest day. Despite this, the event received a great deal of praise internationally and attracted much attention at home in Sweden.

Business was conducted through Åre 2019 AB, an associated company jointly owned with the Swedish Ski Association. Earnings before tax amount to SEK -29 million, which includes four years of operations and preparatory competitions. Much of the negative financial result is due to significant investments, which amount to SEK 36 million. Investments made by the World Championships company and its owners are aimed at increasing interest in alpine skiing and strengthening Åre's and Sweden's position in the international market. Another major cost item is the competitions conducted in addition to the Alpine World Ski Championships: six test competitions, four world cups at Hammarbybacken (2016-2019), the Alpine Junior World Ski Championships (2017) and the World Cup Final in Åre (2018).

From day one, the World Championships company also had a clear goal - to stage the most sustainable alpine World Championships ever, and this was a successful venture. The Alpine World Ski Championships in Åre became the first ever ISO20121-certified alpine world championships, with a significantly lower environmental impact than previous championships.

The company will be liquidated during the 2019/20 financial year.

NOTE 39 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

Management makes estimates and assumptions concerning the future. The results of these estimates and assumptions are used to assess the carrying amounts of assets and liabilities. The actual outcome may differ from these estimates and assumptions. Estimates and assumptions that involve a risk of adjustments to the carrying amounts of assets and liabilities are described below.

MEASUREMENT OF GOODWILL

Several assumptions about future conditions and parameters have been made when calculating the recoverable amounts of cash-generating units for the purpose of goodwill impairment testing. These are described in Note 13. Any changes to these assumptions and estimates beyond what may reasonably be expected could have an effect on goodwill. However, this risk is low as the recoverable amounts largely exceed the reported goodwill values.

MEASUREMENT OF USEFUL LIFE OF PROPERTY, PLANT AND EQUIPMENT

When assessing the useful lives of property, plant, and equipment, assumptions were based on historical data and comparisons with equivalent assets were also used as supporting documentation. Any changes to these assumptions and estimates beyond what may reasonably be expected could have an effect on the estimated useful life.

DISPUTES

SkiStar is not currently involved in any dispute of material significance to the Group.

NOTE 40 INFORMATION ABOUT THE PARENT COMPANY

SkiStar AB (publ), corporate identity number 556093-6949, is a Swedish limited company, with its registered office in the Municipality of Malung-Sälen, Dalarna County. The head office is in Sälen and the postal address is SE-780 67 Sälen. The Parent Company's shares are listed on Nasdaq Mid Cap Stockholm.

NOTE 41 NEW ACCOUNTING POLICIES EFFECTIVE FROM 1 SEPTEMBER 2019

IFRS 16 Leases: Replaces the previous accounting standard IAS 17 Leases. For companies that are lessees, the current classification of operating and finance leases is being replaced by a model where assets and liabilities for all leases are recognised in the balance sheet. The Group will apply the new standard with effect from 1 September 2019. The Group will apply the simplified transition approach, which means that the lease liability is initially measured at the present value of future lease payments, discounted using the Group's incremental borrowing rate at 1 September 2019, and the right-of-use asset is set at the same value as the lease liability, adjusted for prepaid or accrued lease payments attributable to leases at 31 August 2019. In accordance with the simplified transition approach, the comparative year will not be restated. The Group has applied the following practical expedients in the transition calculation. Leases with a remaining term of a maximum of 12 months from the initial application date have been excluded from the calculation of lease liabilities and right-of-use assets, as have leases where the underlying asset is of low value. These leases are expensed on a straight-line basis over the lease term. The accumulated effect of the transition at 1 September 2019 is an increase in total assets, with right-of-use assets amounting to SEK 815 million, including prepayments of SEK 23 million. Lease liabilities amount to SEK 792 million. There has not been any effect on opening equity at 1 September 2019. As lease costs will be recognised as depreciation and interest expenses in future financial statements, this changed accounting policy will have a positive impact on operating profit. Cash flow from operating activities will be positively affected by the change, while cash flow from financing activities will be negatively affected as repayment of the lease liability will be recognised as a disbursement under financing activities.

In future reports, adjustments in accordance with IFRS 16 will be made at the overall Group level and will not affect presentation of the Group's operating segments.

	31/08/2019		
SEK thousand	Closing balance	Adjustment, IFRS 16	Restated
ASSETS			
Non-current assets			
Intangible assets	191,953		191,953
Property, plant and equipment	3,647,258		3,647,258
IFRS 16 "Right of use"		815,409	815,409
Financial assets	675,834		675,834
Total non-current assets	4,515,045	815,409	5,330,454
Current assets			
Inventories	164,176		164,176
Other current receivables	219,054		219,054
Prepaid expenses and accrued income	96,249	-22,747	73,502
	479,479	-22,747	456,732
Cash and bank balances	71,253		71,253
Total current assets	550,732	-22,747	527,985
TOTAL ASSETS	5,065,777	792,662	5,858,439
EQUITY AND LIABILITIES			
Equity	2,602,064		2,602,064
Non-current liabilities			
Non-current interest-bearing liabilities	1,600,675		1,600,675
Non-current non-interest-bearing liabilities	226,546		226,546
Lease liabilities		710,986	792,662
Total non-current liabilities	1,827,221	710,986	2,619,883
Current liabilities			
Current liabilities	531,673	81,676	531,673
Accrued expenses and deferred income	104,819		104,819
Total current liabilities	636,492	81,676	636,492
Total liabilities	2,463,713	792,662	3,256,375
TOTAL EQUITY AND LIABILITIES	5,065,777	792,662	5,858,439
Land leases		369,586	
Premises, accommodation, hotels		249,423	
Ski lifts		143,852	
Other		29,801	
		792,662	

Transition effects, IFRS 16

Operating lease obligation, 31 August 2019	777,610
Adjustment of items attributable to variable values	-91,045
Additional leases	216,602
Contractual increases	26,730
Extension of lease term	36,282
Discounting using Group's incremental borrowing rate, 2.4%	-173,516
	792,662

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

SEK thousand	FULL YEAR 1 Sep-31 Aug	
FINANCING AND INTEREST-BEARING LIABILITIES	2018/19	2017/18
Non-current interest-bearing liabilities to credit institutions	1,587,811	1,286,048
Provisions for pensions	12,864	12,316
Current interest-bearing liabilities to credit institutions	157,856	392,749
Other current interest-bearing liabilities	0	0
Interest-bearing liabilities	1,758,530	1,691,113
Other non-current receivables	245,794	258,579
Non-interest-bearing portion of non-current receivables	-154,194	-157,208
Current interest-bearing receivables	6,431	23,455
Cash and cash equivalents	71,253	73,146
Interest-bearing receivables	169,284	197,972
Financial net debt (interest-bearing receivables - net interest-bearing liabilities)	1,589,246	1,493,141

SEK thousand	2018/19 Q 4	2017/18 Q 4	2016/17 Q 4	2015/16 Q 4	2014/15 Q 4
RETURN ON CAPITAL EMPLOYED					
Profit/loss after financial items	553,242	586,629	477,756	385,832	322,959
Finance income	49,029	55,283	13,067	7,664	7,129
Finance costs	-99,571	-79,548	-49,096	-61,197	-54,784
Net financial items	-50,542	-24,265	-36,030	-53,533	-47,655
Profit after financial items, plus finance expenses	652,812	666,177	526,852	447,028	377,743

	2018/19 Q 4	Aug 2018	2017/18 Q 4	Aug 2017	2016/17 Q 4	Aug 2016	2015/16 Q 4	Aug 2015	2014/15 Q 4	Aug 2014
Capital employed										
Assets	5,065,776	4,870,568	4,870,568	4,507,860	4,507,860	4,107,146	4,107,146	3,759,838	3,759,838	3,960,236
Non-current non-interest-bearing liabilities	226,546	221,113	221,113	190,107	190,107	149,441	149,441	96,467	96,467	72,655
Current non-interest-bearing liabilities	478,637	537,253	537,253	455,254	455,254	334,910	334,910	290,279	290,279	277,002
Total non-interest-bearing liabilities	705,182	758,366	758,366	645,361	645,361	484,351	484,351	386,746	386,746	349,657
Capital employed	4,360,594	4,112,202	4,112,202	3,862,499	3,862,499	3,622,795	3,622,795	3,373,092	3,373,092	3,610,579
Average capital employed	4,236,398		3,987,350		3,742,647		3,497,943		3,491,836	
Return on capital employed	15%		17%		14%		13%		11%	

RETURN ON EQUITY										
Equity	2,602,064	2,421,089	2,421,089	2,090,251	2,090,251	1,869,945	1,869,945	1,641,389	1,641,389	1,537,735
Average equity	2,511,576		2,255,670		1,980,098		1,755,667		1,589,562	
Profit/loss after tax	460,400		486,368		386,707		306,349		248,577	
Return on equity	18%		22%		20%		17%		16%	

RETURN ON TOTAL ASSETS										
Total assets	5,065,776	4,870,568	4,870,568	4,507,860	4,507,860	4,107,146	4,107,146	3,759,838	3,759,838	3,960,236
Average total assets	4,968,172		4,689,214		4,307,503		3,933,492		3,860,037	
Return on total assets	13%		14%		12%		11%		10%	

Conducting alpine skiing operations requires large capital investments and a stable financial base is therefore important. SkiStar uses these alternative performance measures as part its monitoring of the financial base.

GRI INDEX

SkiStar's sustainability report for the 2018/19 financial year has been prepared in accordance with Global Reporting Initiative (GRI) Standards guidelines, Core application level. SkiStar's GRI index contains references to where the information can be found in the annual report.

To prepare a sustainability report in accordance with the GRI guidelines, SkiStar is required to complete three steps: identification, prioritisation and validation. An internal analysis has been carried out as a first step, with the aim of identifying material sustainability topics. This

has enabled a selection of sustainability topics to be identified. The sustainability topics have been drawn up in dialogue with business area managers to ensure that the entire operations are covered by the selection.

GRI STANDARD	DISCLOSURE	PAGE REFERENCE	COMMENTS
GRI 101: FOUNDATION 2016			
GRI 102: GENERAL DISCLOSURES 2016			
ORGANISATIONAL PROFILE			
102-1	Name of the organisation	40	
102-2	Activities, brands, products and services	12-13, 15	
102-3	Location of headquarters	40	
102-4	Location of operations	14	
102-5	Ownership and legal form	26-27, 80-84	
102-6	Markets served	14-15	
102-7	Scale of the organisation	4, 15-23, 44-46	
102-8	Information on employees and other workers	33-34, 61	
102-9	Supply chain	31	
102-10	Significant changes to organisation and its supply chain		No changes
102-11	Precautionary principle or approach	31, 33	
102-12	External initiatives	32	
102-13	Membership of associations	32	
STRATEGY			
102-14	Statement from senior decision-maker	5	
102-15	Key impacts, risks, and opportunities	30-31, 41-42	
ETHICS AND INTEGRITY			
102-16	Values, principles, standards and norms of behaviour	30-31, 33-34	
GOVERNANCE			
102-18	Governance structure	14, 65-66	
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	30	
102-41	Collective agreements	33	
102-42	Identifying and selecting stakeholders	30	
102-43	Approach to stakeholder engagement	30	
102-44	Key topics and concerns raised by stakeholders	30	
REPORTING PRACTICE			
102-45	Entities included in the consolidated financial statements	65-66	
102-46	Defining report content and topic boundaries	30	
102-47	List of material topics	30	
102-48	Restatements of information		No adjustments
102-49	Changes in reporting		No changes
102-50	Reporting period	29	
102-51	Date of most recent report	29	
102-52	Reporting cycle	29	And per Sw. Annual Accounts Act
102-53	Contact point for questions regarding the report	29	
102-54	Claims of reporting in accordance with the GRI Standards	29	
102-55	GRI index	74-75	
102-56	External assurance	37	

GRI STANDARD	DISCLOSURE		PAGE REFERENCE	COMMENTS
GRI 200: ECONOMIC STANDARDS				
ECONOMIC PERFORMANCE				
GRI 103: Management approach 2016	103-1-3	Material topics, their boundaries and management	11, 30-31	
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	33	
INDIRECT ECONOMIC IMPACTS				
GRI 103: Management approach 2016	103-1-3	Material topics, their boundaries and management	11, 30-31	
GRI 203: Indirect economic impacts 2016	203-2	Significant indirect economic impacts	33	
ANTI-CORRUPTION				
GRI 103: Management approach 2016	103-1-3	Material topics, their boundaries and management	11, 30-31	
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	33-34	
GRI 300 ENVIRONMENTAL DISCLOSURES				
ENERGY				
GRI 103: Management approach 2016	103-1-3	Material topics, their boundaries and management	11, 30-31, 35	
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	35-36	
WATER				
GRI 103: Management approach 2016	103-1-3	Material topics, their boundaries and management	11, 30-31, 35	
GRI 303: Water 2016	303-1	Water withdrawal by source	35-36	
EMISSIONS				
GRI 103: Management approach 2016	103-1-3	Material topics, their boundaries and management	11, 30-31, 35	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	35-36	
GRI 305: Emissions 2016	305-2	Energy indirect (Scope 2) GHG emissions	35-36	
GRI 400 SOCIAL STANDARDS				
HEALTH AND SAFETY				
GRI 103: Management approach 2016	103-1-3	Material topics, their boundaries and management	11, 30-31, 33	
GRI 403: Occupational health and safety 2016	403-1	Workers representation in formal joint management – worker health and safety committees	33	
TRAINING AND EDUCATION				
GRI 103: Management approach 2016	103-1-3	Material topics, their boundaries and management	11, 30-31, 34	
GRI 404: Training and education 2016	404-1	Average hours of training per year per employee	34	
DIVERSITY AND EQUAL OPPORTUNITY				
GRI 103: Management approach 2016	103-1-3	Material topics, their boundaries and management	11, 30-31, 34	
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	34	

DEFINITIONS OF FINANCIAL PERFORMANCE MEASURES

Financial performance measures are either measures used in Swedish listed companies or measures used by management and analysts.

Average interest expense

Interest expenses divided by average interest-bearing liabilities.

Cash flow from operating activities before change in working capital

The reason for this key ratio is that the change in inventories, trade receivables and trade payables is marginal, and these items are therefore eliminated to obtain a fairer presentation of operations.

Cash flow per share

Cash flow before change in working capital divided by the average number of shares.

Current ratio

Current assets including unutilised credit facilities granted as a percentage of current liabilities.

Debt/equity ratio

Interest-bearing liabilities as a percentage of equity.

Diluted earnings per share

Profit/loss for the year attributable to shareholders of the Parent, adjusted for interest expenses after tax on convertible debt, divided by the number of shares after full conversion of convertibles subscribed for.

Earnings per share

Profit/loss for the year attributable to shareholders of the Parent divided by average number of shares.

Equity/assets ratio

Equity as a percentage of total assets.

Equity per share

Equity divided by the average number of shares for the reporting date.

Gross margin

Operating profit/loss before depreciation/amortisation as a percentage of revenue.

Interest coverage ratio

Profit/loss after net financial items plus finance costs as a percentage of finance costs.

Interest-bearing liabilities

Current and non-current liabilities to credit institutions, provisions for pensions and items in other current liabilities that are interest-bearing.

Net margin

Profit/loss before tax as a percentage of revenue.

Operating margin

Operating profit/loss after depreciation/amortisation as a percentage of revenue.

Operating profit/loss

Revenue less cost of goods for resale, personnel costs, other operating expenses, depreciation, plus profit/loss from joint ventures/associates and negative goodwill.

Organic growth

Growth above inflation.

P/E ratio

Share price at the reporting date divided by earnings per share after tax.

Price/equity ratio

Share price at the reporting date divided by equity per share.

Quick ratio

Current assets including unutilised credit facilities granted less inventories divided by current liabilities.

Return on capital employed

Profit/loss after net financial items plus finance costs as a percentage of average capital employed. Capital employed is defined as assets less non-interest-bearing liabilities.

Return on equity

Profit/loss after tax as a percentage of average equity.

Return on total assets

Profit/loss after net financial items plus finance expenses as a percentage of average total assets.

Share dividend yield

Dividend divided by the share price.

Share price/cash flow

Share price at the reporting date divided by cash flow from operating activities.

OTHER DEFINITIONS

ALF

Alpinanleggenes Landsforening (Norwegian Ski Lift Association).

Booking volume

A comparison of booked overnight stays between two defined periods.

Financial year

SkiStar's financial year covers the period

1 September–31 August.

First quarter (Q1) September–November

Second quarter (Q2) December–February

Third quarter (Q3) March–May

Fourth quarter (Q4) June–August

Occupancy rate

Accommodation bookings as a percentage of the beds mediated by SkiStar at 100 percent capacity in the period beginning the third week in December and ending the third week in April.

Overnight stay

One booked night in a cabin, apartment or hotel room.

Skier day

One day's skiing with a SkiPass.

SkiPass

Card providing access to ski lifts.

SLAO

Svenska Skidanläggningsars Organisation (Swedish Ski Lift Organisation).

SIGNATURES OF THE BOARD AND CEO

The consolidated financial statements and annual report have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards and generally accepted accounting principles and provide a true and fair view of the Group's and the Parent Company's financial position and earnings. The Administration report for the Group and the Parent Company provides a true and fair view of the development of the operations, financial position and performance of the Group and the Parent Company, and describes material risks and uncertainties faced by the Parent Company and the other Group companies.

Based on the financial position of the Company and the Group, it is the Board's assessment that the dividend is justifiable, given the demands that the operations place on the Company's and the Group's equity, consolidation requirements, liquidity and position in other respects.

Sälen, 7 November 2019

Sara Karlsson
Board member

Eivor Andersson
Chairman of the Board

Lena Apler
Board member

Fredrik Paulsson
Board member

Mats Årjes
CEO
Board member

Patrik Svärd
Employee representative

Our audit report was submitted on 7 November 2019.
PricewaterhouseCoopers AB

Camilla Samuelsson
Authorised Public Accountant

The Board has authorised the annual report and consolidated annual financial statements for issue on 7 November 2019. The consolidated statement of financial position and statement of comprehensive income and the Parent Company's income statement and balance sheet will be presented for adoption at the Annual General Meeting on 14 December 2019

AUDITOR'S REPORT

TO THE GENERAL MEETING OF THE SHAREHOLDERS OF SKISTAR AB (PUBL), CORPORATE IDENTITY NUMBER 556093-6949

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of SkiStar AB (publ) for the financial year 1 September 2018 to 31 August 2019. The annual accounts and consolidated accounts of the company are included on pages 38–73 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 August 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 August 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with

International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Other matter

The audit of the annual accounts and consolidated accounts for financial year 1 September 2017 to 31 August 2018 was performed by another auditor who submitted an auditor's report dated 12 november 2018, with unmodified opinions in the Report on the annual accounts and consolidated accounts.

Our audit approach Overview

- In the audit, we focused on the operations of the parent company Skistar AB and the subsidiaries SkiStar AS and Fjällinvest AB.
- We have assessed that the revenue recognition and tangible fixed assets are particularly important areas for the audit.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular,

we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters	How our audit particularly took into account the important area
Revenue recognition Net sales for the financial year 2018-09-01 - 2019-08-31 amounted to SEK 2,676 million in the consolidated income statement and SEK 1,735 million in the Parent Company's income statement. Accounting principles for revenue are set out in Note 1. As stated in Note 2, net sales are distributed to various sources of income such as SkiPass, accommodation, ski rental, sports shops, real estate services and sales of shares in housing and development assets. The number of transactions in different flows is extensive and for the exploitation business they can be complex. We have therefore assessed the income statement as a particularly important area in the audit.	In our audit, we evaluated and reviewed the principles for revenue recognition, processes for significant revenue flows and related IT systems. We have tested significant checks, conducted analytical reviews and sampled. We also used data analysis in our review. We have examined more complex transactions regarding the sale of exploitation assets against the required documentation. We also reviewed the information provided in the annual report. Based on our review, we have not identified any significant observations for the audit as a whole regarding SkiStar's revenue recognition.
Tangible fixed assets Tangible fixed assets are reported at MSEK 3,647 in the report on financial position for the Group as of August 31, 2019 and in the Parent Company to MSEK 1,722. This represents 72 per cent of the Group's total assets, whereby valuation and reporting of these have constituted an important area in our audit. Accounting principles for tangible fixed assets are set out in Note 1, and information on tangible fixed assets is provided in Note 14.	In our audit, we have evaluated processes and tested significant controls and, on a sampling basis, examined balanced amounts against established criteria for what should be reported as an asset or expensed directly. We have analyzed and assessed the assumptions and assessments made by the company management regarding useful periods and any indications of impairment. We have reviewed the information provided in the annual report. Based on our review, we have not identified any significant observations for the audit as a whole regarding SkiStar's reporting of tangible fixed assets.

Information other than the annual accounts and the consolidated accounts

This document also contains information other than the annual report and the consolidated accounts and can be found on pages 1-37, 74-77 and 80-84. It is the Board of Directors and the CEO who are responsible for this other information.

Our statement regarding the annual report and the consolidated accounts does not include this information and we do not make a statement confirming this other information.

In connection with our audit of the annual accounts and the consolidated accounts, it is our responsibility to read the information identified above and consider whether the information is substantially inconsistent with the annual report and the consolidated accounts. In this review, we also take into account the knowledge that we have otherwise obtained during the audit and assess whether the information in the rest appears to contain material errors.

If, based on the work done on this information, we conclude that the other information contains a material inaccuracy, we are obliged to report it. We have nothing to report in that regard.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes

our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website:

www.revisorsinspektionen.se/revisornsansvar.

This description is part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of SkiStar AB (publ) for the financial year 1 September 2018 to 31 August 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of

the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website:

www.revisorsinspektionen.se/revisornsansvar.

This description is part of the auditor's report.

PricewaterhouseCoopers AB, was appointed auditor of SkiStar AB (publ) by the general meeting of the shareholders on the 15 december 2018 and has been the company's auditor since the 15 december 2018.

Stockholm 7 November 2019
PricewaterhouseCoopers AB

Camilla Samuelsson
Authorized Public Accountant

CORPORATE GOVERNANCE REPORT



” Corporate governance is a central function for maintaining confidence in management and the Board externally. It is our aspiration for SkiStar to be a shareholder-friendly company that strives for sustainable growth with attractive dividend levels.

Our task as Board of Directors is to continuously monitor and review Group management's work and act as a sounding board in key matters. Procedures for control and decision-making and different policies are evaluated and reviewed on an ongoing basis to strengthen SkiStar's corporate governance.

SkiStar strives for transparency in its reporting so that shareholders and other stakeholders are able to continuously monitor the Group's development.

”

EIVOR ANDERSSON
Chairman of the Board

SkiStar AB (publ), corporate identity number 556093-6949, is a Swedish limited company, whose B shares are admitted to trading on Nasdaq Stockholm, Mid Cap. The purpose of corporate governance is to ensure that SkiStar complies with existing regulations and that the Company is managed in a manner that is efficient and sustainable for shareholders. Corporate governance also helps to systematise and create good order in the work of the Board and management.

CORPORATE GOVERNANCE

SkiStar's corporate governance is based on the articles of association and other internal governance documents such as policies (see figure on page 82) and underlying directives, as well as the Swedish Companies Act, the Swedish Annual Accounts Act, Nasdaq Stockholm's Rule Book for Issuers, good stock market practice, the Swedish Corporate Governance Code and other relevant Swedish laws and regulations.

Rule Book for Issuers are available on Nasdaq's website and the Swedish Corporate Governance Code is available at bolagsstyrning.se. Internal governance documents, such as the articles of association, are available on SkiStar's website skistar.com/sv/corporate, and on the intranet for all employees.

OWNERSHIP STRUCTURE

SkiStar had 36,874 shareholders at 31 August 2019 according to the register of shareholders kept by Euroclear Sweden AB. The two largest owner groups by votes – Mats and Fredrik Paulsson with family and company and Erik Paulsson's family with company – accounted for a total of approximately 63 percent of the votes and approximately 47 percent of the share capital. The shareholdings are shown in detail on page 27.

Shares held by Swedish private individuals, either directly or through companies, amounted to 65.17 percent, while Swedish institutional ownership represented 18.49 percent of the share capital. Foreign private individuals accounted for 0.15 percent of the share capital, while legal entities and foreign institutional ownership represented 16.18 percent.

SHARES, SHARE CAPITAL AND VOTING RIGHTS

SkiStar's share capital at 31 August 2019 amounted to SEK 19,594,014. During the financial year, following a resolution by

the AGM in December 2018, the Company implemented a 2:1 share split, which resulted in the number of shares in the Company increasing from 39,188,028 to 78,376,056. At 31 August 2019, the number of Class A shares in the Company was 3,648,000 and the number of B shares 74,728,056. Class A shares entitle the holder to ten votes, while each Class B share entitles the holder to one vote. All shares carry equal entitlement to a share of the Company's assets and profit, and equal rights to dividends. In addition to what is stated above, SkiStar's Articles of Association do not contain any restrictions on how many votes each shareholder may exercise at a general meeting.

SHAREHOLDERS' MEETING

The shareholders' meeting is SkiStar's highest decision-making body. The Annual General Meeting shall be held within six months of the end of the financial year. All shareholders who are listed in the register of shareholders and who have notified the Company of their intention to attend within the prescribed time are entitled to participate and vote according to the total number of shares owned. Shareholders who are not able to attend in person may be represented by proxy.

A notice convening the Annual General Meeting shall be placed in Post- och Inrikes Tidningar (The Official Swedish Gazette) and on the Company's website, skistar.com/sv/corporate. The release of the notice shall be announced in Dagens Nyheter. Shareholders wishing to attend the Annual General Meeting must be listed in the full printout of the shareholders' register showing the status five working days before the meeting and must notify the Company of their intention to attend no later than the date specified in the notice convening the meeting. This date may not be a Sunday, any other public holiday, a Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and may not fall earlier than the fifth working day prior to the meeting. The annual general meeting shall be held in Sälen, Åre or Stockholm, in accordance with the Articles of Association. Business to be dealt with at the general meeting is governed by the Swedish Companies Act and the Articles of Association and may also include any matters that shareholders have requested to be considered.

2018 ANNUAL GENERAL MEETING

A total of 138 shareholders, representing 75 percent of the voting rights, attended the Annual General Meeting held at Holiday Club in Åre on 15 December 2018. At the Annual General Meeting, the Board was granted authorisation to purchase and sell the Company's own shares.

The authorisation, entitles the Board to adopt a resolution on the acquisition of the Company's Class B shares on one or more occasions in the period up to the next AGM. However, the Company's holding of its own shares shall not at any one time exceed ten percent of the Company's total shares. The purchase shall be conducted in a regulated market and may only occur at a price within the current registered price interval, which is the interval between the highest buying price and lowest selling price, or through a purchase offer addressed to all shareholders. The authorisation also entitles the Board, in the period until the next Annual General Meeting, to adopt a resolution on the sale of the Company's own shares in regulated market or comparable marketplace in connection with the acquisition of a company or business. The authorisation includes the right to derogate from shareholders' preferential rights and to decide on whether payment will be in cash, in kind, by offsetting or subject to other conditions. The authorisation may be exercised on one or more occasions up to the maximum number of shares that can be acquired under the mandate to purchase the Company's own shares. The authorisation is aimed at giving the Board of Directors greater flexibility in optimising the Company's capital structure and, where appropriate, making acquisitions. The repurchase and sale of own shares only applies to Class B shares. The authorisation had not been used by the Board at the date of issue of this annual report.

2019 ANNUAL GENERAL MEETING

The 2019 Annual General Meeting will be held at Experium in Sälen at 2.00 p.m. on 14 December. The notice of the meeting, AGM documents and further information about the meeting are available at skistar.com/en/company-information, under Investor Relations.

NOMINATION COMMITTEE

The Company's Nomination Committee is elected by the Annual General Meeting for a period of one year. The Nomination Committee's duties are to prepare proposals concerning the AGM Chairman, Board members, Chairman of the Board, Board fees and, when applicable, to make proposals for the election of auditors and for auditors' fees, assisted by the Audit Committee. In addition, the Nomination Committee proposes principles for the appointment of its own members, including instructions for the Nomination Committee. The composition of the Nomination Committee prior to the 2019 Annual General Meeting is as follows: Anders Sundström, appointed by Fredrik and Mats Paulsson with companies and family, Magnus Swärd, appointed by Erik Paulsson family with companies, Åsa Nisell, appointed by Swedbank Robur Fonder, and Jan Särilvik, appointed by Nordea Investment Funds. The Nomination Committee appoints a Chairman from its members, and has appointed Anders Sundström as its Chairman. All shareholders have had the opportunity to submit nomination proposals to the Committee.

The Nomination Committee held eight minuted meetings and several informal contacts by telephone and email during the 2018/19 financial year. The Nomination Committee has received the results of the evaluation carried out by the Board and has interviewed all existing elected members of the Board (including the Chairman) with regard to their views of the Board's composition and working methods. The Board's need for expertise, experience and diversity in the coming years has been discussed. The Nomination Committee has also discussed proposals for the election and remuneration of auditors with the Audit Committee.

BOARD OF DIRECTORS

Composition of the Board

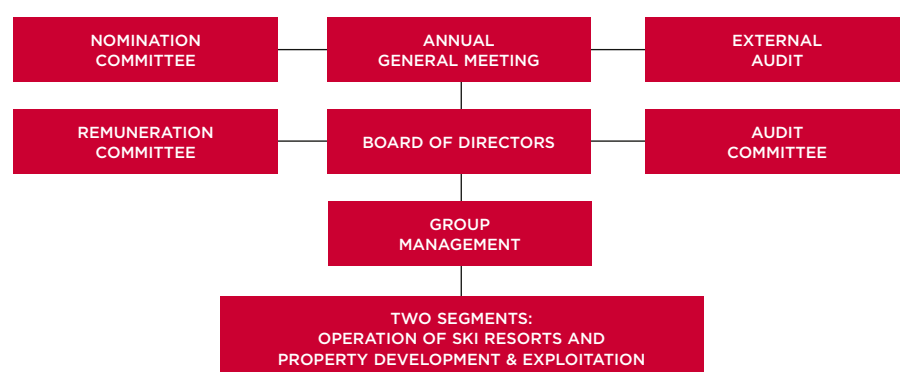
The Board of Directors is appointed by the Annual General Meeting, in accordance with the Companies Act. Employee representatives are appointed by a local employee organisation that is bound by a collective agreement with a company within the Group, in accordance with the Board Representation (Private Sector Employees) Act.

The Articles of Association do not contain any provisions on the appointment and dismissal of Board members other than stipulating the number of members and deputies. The Board shall consist of four to nine members, with a maximum of three deputies, in addition to members who may be appointed by other parties pursuant to Swedish law. Board members are elected until the end of the next Annual General Meeting after the year of the Board Member's election.

At the Annual General Meeting held on 15 December 2018, six members were elected to the Board: Pär Nuder, Chairman, Eivor Andersson, Lena Apler, Sara Karlsson, Fredrik Paulsson and Mats Årjes. An employee representative was also elected to the Board: Patrik Svärd, appointed by HRF. During the financial year, Pär Nuder resigned from his position as member and Chairman of the Board, after which the Board appointed Eivor Andersson as the new Chairman. Further information about Board members can be found on page 85.

Through the Nomination Committee, SkiStar applies Rule 4.1 of the Swedish Corporate Governance Code as its diversity when preparing nominations for the election of Board members. The rule requires the Board to have a composition that is appropriate to the Company's business, development phase and other circumstances, and Board members elected by the shareholders' meeting must reflect diversity and breadth of

CORPORATE GOVERNANCE STRUCTURE



INTERNAL REGULATIONS

- * Articles of association
- * Board and Committee rules of procedure
- * CEO instructions
- * Policies
- * Directives
- * Procedures

EXTERNAL REGULATIONS

- * Swedish Companies Act
- * Swedish Annual Accounts Act
- * Nasdaq Stockholm's Rules for Issuers
- * Swedish Corporate Governance Code
- * Other relevant legislation and regulations

qualifications, experience and background. The Company must also strive for gender balance on the Board. The aim of the diversity policy is to satisfy the need of sufficient diversity on the Board in terms of gender, age and nationality, and also experience, occupational background and business areas. The Nomination Committee has concluded that SkiStar's Board has equal gender distribution, an appropriate composition in other respects and diversity in terms of, for example, experience and occupational background.

Independence of the Board

Two of the directors have a connection to the Company and its management: Mats Årjes in his role as CEO of SkiStar and Fredrik Paulsson who also has a connection to major shareholders. In its proposals for the election of Board members at the 2018 AGM, the Nomination Committee made it clear that the conditions that led to the conclusion that Sara Karlsson was connected to the Company and its management in the previous year no longer existed. However, Sara Karlsson still has a connection to major shareholders of the Company. Other elected Board members are independent of the Company, its management and major shareholders. The majority of the elected Board members are independent of the Company, its management and major shareholders.

Work of the Board

The work of the Board of Directors is governed by the rules of procedure adopted by the Board each year. Chairman of the Board Eivor Andersson directs the work and maintains continuous contact with the CEO regarding the Group's operations and development. The principal tasks of the Board are related to strategic matters, business plans, financial statements and large investments and sales. The Board held fourteen meetings during

the 2018/19 financial year. Board members' attendance is shown in the table on page 84. The Board's work is evaluated regularly in order to develop the Board's working methods and efficiency. The Board also evaluated the CEO's work by means of the Remuneration Committee's reports to the Board. At individual meetings with the Nomination Committee, members of the Board expressed their views on the results of the evaluation of the work of the Board, and made observations and suggestions on the desired expertise and experience for new directors. These discussions are used as a basis for the Nomination Committee's preparation of proposals for the Board prior to the AGM.

Remuneration Committee

At the inaugural Board meeting on 15 December 2018, Pär Nuder was elected as Chairman of the Remuneration Committee, and Lena Apler and Fredrik Paulsson were elected as members. During the financial year, Pär Nuder resigned from his position as Chairman of the Committee, after which the Board appointed Eivor Andersson to the Committee as its new Chairman. The Remuneration Committee prepares matters concerning salaries, retirement benefits, variable remuneration and other employee benefits for the CEO and senior executives of SkiStar. The Remuneration Committee does not have decision-making power, but prepares and reports on matters to the Board as a whole. The Remuneration Committee held three minuted meetings during the financial year. Board members' attendance is shown in the table on page 84.

Audit Committee

At the inaugural Board meeting on 15 December 2018, Eivor Andersson was elected as Chairman of the Audit Committee, and Sara Karlsson and

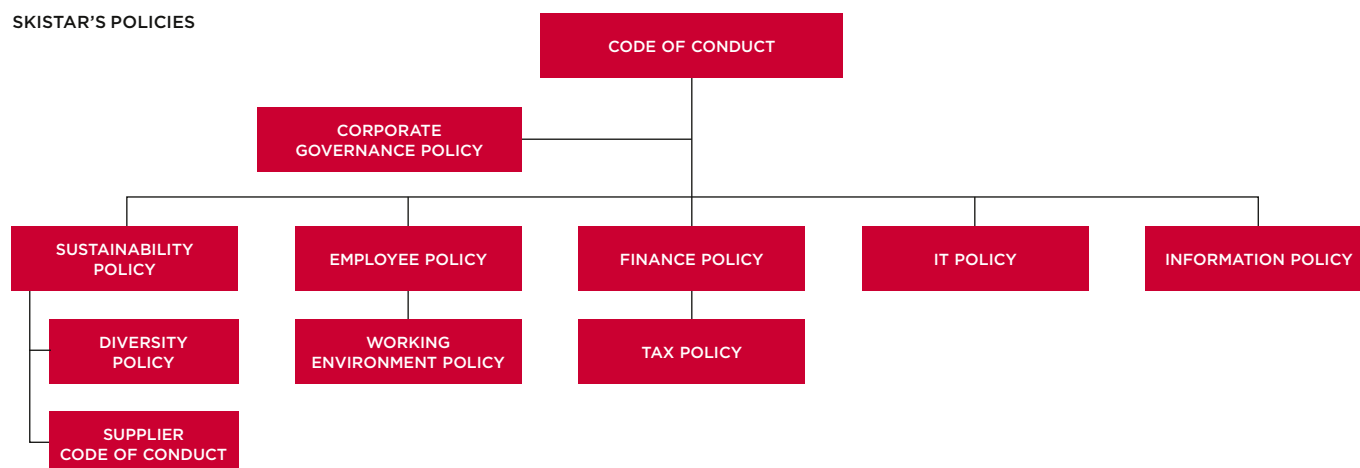
Fredrik Paulsson were elected as members. In view of the appointment of Eivor Andersson as Chairman of the Board and the Remuneration Committee during the year, the Board decided to replace Eivor Andersson with Lena Apler as Chairman of the Audit Committee. The Audit Committee is responsible for ensuring that financial reporting maintains a high standard. The Committee also maintains regular contact with the Company's auditors, produces guidelines on negotiating service contracts with the Group's auditing firm and evaluates auditing activities. In addition, the Committee assists the Nomination Committee in the election and remuneration of auditors. The Audit Committee does not have decision-making power, but prepares and reports on matters to the Board as a whole. The Audit Committee held two minuted meetings during the financial year. Board members' attendance is shown in the table on page 84.

External auditor

At the Annual General Meeting on 15 December 2018, the audit firm PricewaterhouseCoopers AB (PWC) was appointed as the Company's external auditor for a period of one year. The audit is led by Authorised Public Accountant Camilla Samuelsson. The results of the audit are reported regularly to Group Management and the Audit Committee during the year. The auditor meets the Company's Board of Directors on at least one occasion during the year. The external auditor's independence is regulated under the Audit Committee's separate rules of procedure, adopted by the Board, which specify how decisions are made regarding areas in which the external auditor may be engaged in addition to the statutory audit.

Fees to the auditor are paid continuously over the period on an approved current account basis. Further information about remuneration can be found in Note 6.

SKISTAR'S POLICIES





Remuneration of the Board

The 2018 Annual General Meeting adopted total remuneration of SEK 1,500,000 for the elected Board members, distributed as follows: SEK 400,000 to the Chairman of the Board and SEK 200,000 to each of the other non-executive Board members. In addition, Audit Committee members receive total fees of SEK 200,000, distributed as follows: SEK 100,000 to the Chairman and SEK 50,000 to each of the other two members. Remuneration Committee members receive total fees of SEK 100,000, distributed as follows: SEK 50,000 to the Chairman and SEK 25,000 to each of the other two members. The distribution of fees is shown in the table on page 84.

POLICY DOCUMENTS AND OPERATIONAL MANAGEMENT

In addition to the external and internal regulations above, there are a number of guiding policies in place to support the operations, see page 82, and more detailed directives, procedures and work instructions.

CEO

The CEO, who is also the Group President, is responsible for the day-to-day management of the Company in accordance with the Board's guidelines and instructions. The rules of procedure adopted annually by the Board include instructions for the division of duties between the Board and the CEO and instructions for financial reporting. Mats Årjes has been supported by Group management (see below) and a number of staff functions during the financial year. The CEO is responsible for ensuring the Board regularly receives the information and support material it needs to assess the Group's financial position and make appropriate decisions. During the financial year, Mats Årjes announced that he would be stepping down in autumn 2019 after seventeen years as CEO of SkiStar. Further information about the CEO can be found on pages 85-86.

SkiStar's Group management

During the 2018/19 financial year, SkiStar's Group management consisted of ten individuals: the CEO, the CFO, the Marketing and Sales Manager, the Legal Counsel/Head of IR and the five Scandinavian Resort Managers.

FINANCIAL REPORTING

External financial reporting

SkiStar applies International Financial Reporting Standards (IFRS) in preparing the consolidated financial statements. The quality of the ongoing external financial reporting is ensured by a

number of internal measures and procedures. The auditors review the Company's nine-month report. The Board is responsible for internal control and financial reporting, in accordance with the Swedish Companies Act and the Swedish Corporate Governance Code.

DESCRIPTION OF INTERNAL CONTROL

Control environment

The Board is responsible for internal control. A clear division of roles and responsibilities in the rules of procedure for the Board of Directors and its committees and in the CEO's instructions ensures effective management of operational risks.

Group management reports regularly to the Board in accordance with defined procedures. Management is responsible for the internal controls required to manage significant risks in the day-to-day operations. Having a common business system for both external reporting and internal monitoring, budgeting and forecasts strengthens the control environment and the security of financial reporting. The Audit Committee assists the Board in its continuous monitoring of internal control, which includes evaluating and discussing important technical accounting and reporting issues.

During the financial year, the Audit Committee received reports from management concerning the internal control projects that have been implemented.

Risk assessment

The Board ensures that risk assessments are conducted for significant risks to which the Company may be exposed in the context of its financial reporting. This includes identifying income statement and balance sheet items for which the risk of error is significant and designing control systems to prevent and detect such errors. This is mainly achieved by quickly identifying events in the operations or external environment that may affect the financial reporting and by monitoring changes in financial reporting regulations and recommendations that concern the Company's financial reporting.

Control activities

The Company works continuously to eliminate and reduce significant risks affecting internal control over financial reporting. Control activities aimed at managing risks include:

- * The management group's monitoring and analysis.
- * Special review of the Company's IT systems with an emphasis on the sales system.
- * Continuous monitoring of compliance with authorisation instructions and structures.

- * Annual review of the handling of payment methods at the Company's sales outlets.
- * Other ongoing forms of reconciliation and physical checks.

Information and communication

To comply with the Company's policies, directives and instructions, information must be well documented and communicated within the Company. In order to ensure effective information and communication, the management group holds regular Group and resort meetings with representatives from the Company's destinations and staff functions.

Policies and other governance documents are available on the Company's intranet. When new policies or changed procedures are introduced, internal online training is also provided.

Monitoring

The Board of Directors continuously evaluates the information provided by Group management and the Audit Committee and ensures that identified internal control deficiencies are addressed. The Audit Committee's work and the external auditors' reports are of particular importance to monitoring.

Internal audit

After consideration of the matter in the Audit Committee, the Board has made the assessment that the control and monitoring described above is currently sufficient to ensure the efficiency of internal control without the need for a separate internal auditing function.

ARTICLES OF ASSOCIATION

The Company's current Articles of Association were adopted at the 2018 AGM. The articles do not contain any provisions on the procedure for amending the Articles of Association.

COMPLIANCE WITH THE SWEDISH CORPORATE GOVERNANCE CODE

SkiStar's derogations from the Swedish Corporate Governance Code are presented and explained in the table on page 84.

AUDITOR'S OPINION ON THE CORPORATE GOVERNANCE REPORT

The auditor's statement on this Corporate Governance Report is presented on page 84.

7 November 2019
SkiStar AB (publ)

BOARD COMPOSITION, ATTENDANCE AND FEES IN 2018/19

	ELECTED	INDEPENDENT OF THE COMPANY & ITS MANAGEMENT	INDEPENDENT OF MAJOR SHAREHOLDERS	ATTENDANCE, BOARD OF DIRECTORS	ATTENDANCE, AUDIT COMMITTEE	ATTENDANCE, REMUNERATION COMMITTEE	BOARD FEES ¹⁾	COMMITTEE FEES ¹⁾
<i>Elected Board Members</i>								
Eivor Andersson	2011	✓	✓	14/14, ²⁾	1/1, ³⁾	1/1, ⁴⁾	293,011 (180,000)	77,419 (80,000)
Lena Apler	2015	✓	✓	13/14	1/1, ⁴⁾	1/1	200,000 (180,000)	70,161 (-)
Sara Karlsson	2017	✓ ⁵⁾		14/14	1/2		200,000 (180,000)	50,000 (40,000)
Fredrik Paulsson	2017			14/14	2/2	3/3	200,000 (180,000)	75,000 (65,000)
Mats Årjes	2003		✓	12/14	-	-	- (-)	- (-)
Pär Nuder	2011	✓	✓	6/6, ⁶⁾	-	2/2, ⁷⁾	213,978 (280,000)	26,747 (50,000)
<i>Employee representative</i>								
Patrik Svärd	2017	-	-	12/14	-	-	- (-)	- (-)

¹⁾ Fee in accordance with decision of 2018 (2017) AGM.

²⁾ Chairman of the Board from 13 March 2019.

³⁾ Committee member to 19 March 2019.

⁴⁾ Committee member from 19 March 2019.

⁵⁾ Changed assessment of 'Independent of Company & management' from AGM 15 December 2018.

⁶⁾ Chairman of the Board to 13 March 2019.

⁷⁾ Committee member to 19 March 2019.

DEROGATION FROM THE SWEDISH CORPORATE GOVERNANCE CODE 2018/19

Code ref.	Description	Derogation	Explanation
9.2	Composition of the Remuneration Committee	Committee members elected by the shareholders' meeting are required to be independent of the Company and its management under the Code.	It is the Board's assessment that the Committee has an appropriate composition. A majority of the Committee members are independent of the Company, its management and major shareholders.

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

TO THE GENERAL MEETING OF THE SHAREHOLDERS IN SKISTAR AB (PUBL.), CORPORATE IDENTITY NUMBER 556093-6949

ENGAGEMENT AND RESPONSIBILITY

It is the board of directors who is responsible for the corporate governance statement for the financial year 2018/19 on pages 38–73 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

OPINIONS

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm 7 November 2019

PricewaterhouseCoopers AB

Camilla Samuelsson

Authorized Public Accountant

BOARD OF DIRECTORS

Eivor Andersson

Chairman of the Board,
Chairman of the Remuneration Committee

Born: 1961
Elected: 2011



Principal education and professional experience: Marketing diploma, management training IHM Business School. CEO of Ving Sverige AB for seven years. Extensive and broad experience from the travel industry and within concept development for consumer companies.

Other significant assignments: Director of AB Svenska Spel, Casino Cosmopol AB, Mekonomen AB and Unlimited Travel Group UTG AB.

Independence: Independent of the Company, its management and major shareholders.

Shareholding in SkiStar:* 9,000 B shares.

Mats Årjes

Board member,
CEO

Born: 1967
Elected: 2003



Principal education and professional experience: MBA. CEO of SkiStar since 2002. Former Chairman of Swedish Ski Association, Hotel Manager Mora Hotel, CEO and partner of Santaworld AB.

Other significant assignments: Chairman of Swedish Olympic Committee. Director of New Wave Group AB.

Independence: Not independent of the Company and its management. Independent of major shareholders.

Shareholding in SkiStar:* -

Lena Apler

Board member,
member of Remuneration Committee,
Chairman of Audit Committee

Born: 1951
Elected: 2015



Principal education and professional experience: University studies and SEB Higher internal bank training. Extensive experience in consumer and services market through her role as founder, owner, CEO and executive chairman of listed Collector AB and Collector Bank

Other significant assignments: Chairman of Collector AB and Collector Bank AB. Director of Connect Sverige and Helichrysum Gruppen AB.

Independence: Independent of the Company, its management and major shareholders.

Shareholding in SkiStar:* 10,000 B shares.

Sara Karlsson

Board member,
member of Audit Committee

Born: 1969
Elected: 2017



Principal education and professional experience: Entrepreneur, Båstad Företagsby.

Other significant assignments: Chairman of Killebäckstorp i Båstad AB. Director of Wihlborgs Fastigheter AB, Backahill AB and Destination Bjäre Holding AB.

Independence: Not independent of major shareholders.

Independent of the Company and its management.
Shareholding in SkiStar:* with family and companies 18,271,820 B shares, corresponding to 23.3% of the capital and 16.4% of the votes.

Fredrik Paulsson

Board member,
member of Remuneration Committee,
member of Audit Committee

Born: 1972
Elected: 2017



Principal education and professional experience: Secondary education. Experience as CEO and Director of Kranpunkten Skandinavien AB and Ekhaga Utveckling AB.

Other significant assignments: CEO and Director of Kranpunkten Skandinavien AB and Ekhaga Utveckling AB. Director of Peab AB.

Independence: Not independent of the Company, its management and major shareholders.

Shareholding in SkiStar:* with family and companies 3,648,000 A shares and 15,284,978 B shares, corresponding to 24.2% of the capital and 46.5% of the votes.

Patrik Svärd

Employee representative,
appointed by HRF

Born: 1970
Elected: 2017



Principal education and professional experience: Secondary education. Employed by SkiStar since 1998.

Other significant assignments: -

Independence: -

Shareholding in SkiStar:* -

MANAGEMENT



Mats Årjes
CEO

Born: 1967
Employed by the Company since: 2002
Principal education and professional experience: MBA. CEO of SkiStar since 2002. Former Chairman of Swedish Ski Association and more.
Shareholding in SkiStar: –*



Anders Örnulf
CFO

Born: 1976
Employed by the Company since: 2018
Principal education and professional experience: MBA. Former Chief Controller Preem Group, various managerial positions at AB Svenska Spel and ICA AB.
Shareholding in SkiStar: 402 B shares.*



Mathias Lindström
Marketing and Sales Manager

Born: 1972
Employed by the Company since: 2007
Principal education and professional experience: Bachelor of Economics. Former Nordic Marketing Manager Fritidsresor. Sales and Marketing Manager Langley Travel.
Shareholding in SkiStar: 40,000 B shares.*



Bo Halvardsson
CTO

Born: 1955
Employed by the Company since: 2005
Principal education and professional experience: Mechanical engineer. Former Administrative Director Trysilfjellet Alpin AS, Head of Purchasing/Project Development SälenStjärnan AB/SkiStar AB, CEO Tandådalen & Hundfjället AB.
Shareholding in SkiStar: 54,000 B shares.*



Sofie Arnell
Legal Counsel and Head of IR

Born: 1986
Employed by the Company since: 2017
Principal education and professional experience: Master of Laws. Former associate and lawyer at law firms Lindahl and Ramberg Advokater, district court service as law clerk.
Shareholding in SkiStar: 400 B shares.*



Jonas Bauer
Resort Manager Sälen

Born: 1964
Employed by the Company since: 2012
Principal education and professional experience: MBA. Former CEO Vasaloppet AB, CEO and partner Reklambyrån ANR. BBDO, Project Manager Reklambyrån Paradiset, Product Manager Pharmacia & Upjohn/Nicorette, Sweden Territory Manager Danone International Brands AB.
Shareholding in SkiStar: 400 B shares.*



Anders Lundqvist
Resort Manager Vemdalen

Born: 1968
Employed by the Company since: 2002 (not during 2010–2012).
Principal education and professional experience: Bachelor of Economics. Former Marketing and Sales Manager SkiStar Vemdalen and SkiStar Åre, Resort Manager Tänndalen.
Shareholding in SkiStar: 4,716 B shares.*



Niclas Sjögren Berg
Resort Manager Åre

Born: 1969
Employed by the Company since: 1989
Principal education and professional experience: Marketing Diploma IHM. Various positions previously held within the SkiStar Group. Business Area Manager Ski School Tandådalen & Hundfjället AB.
Shareholding in SkiStar: 34,000 B shares.*



Helge Bonden
Resort Manager Trysil

Born: 1966
Employed by the Company since: 2005
Principal education and professional experience: MBA, MM. Former Financial Manager Byggeland AS, Director Maxbo building supply chain, Financial Manager and Administrative Director Trysilfjellet Alpin AS, Controller SkiStar Norge AS.
Shareholding in SkiStar: –*



Martin Letzter
Resort Manager Hemsedal

Born: 1980
Employed by the Company since: 2017
Principal education and professional experience: M.Sc. (Psychology), MBA. Former Project Manager The Boston Consulting Group (BCG), Manager Pay TV Africa Viasat Broadcasting UK Ltd, Project Manager Modern Times Group (MTG AB).
Shareholding in SkiStar: –*

* Own and closely related natural or legal persons' holdings of shares and other financial instruments in SkiStar AB. The information above is correct at 31 August 2019.

FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Interim reports and the year-end report for the 2019/20 financial year will be published as follows:

- * Interim report for Q1,
1 September 2019 – 30 November 2019, 19 December 2019.
- * Half-year report,
1 September 2019 – 29 February 2020, 18 March 2020.
- * Interim report for Q3,
1 September 2019 – 31 May 2020, 18 June 2020.
- * Year-end report,
1 September 2019 – 31 August 2020, 1 October 2020.

Quarterly and annual reports are available at skistar.com/en/corporate.
The print version of the annual report can be ordered from aktieagarservice@skistar.com.

ANNUAL GENERAL MEETING

Shareholders are invited to attend SkiStar's Annual General Meeting at 2 p.m. on Saturday 14 December 2019 at Experium in Sälen.

Shareholders wishing to attend the Annual General Meeting must be listed in the register of shareholders kept by Euroclear Sweden AB as of Monday 9 December 2019 and must notify the Company of their intention to attend no later than Monday 9 December 2019. Notice of intention to attend should be made in writing to SkiStar AB, Aktieägarservice 780 67 Sälen, or on the Company's website www.skistar.com/sv/corporate or by telephone +46 (0)280 880 95.

The AGM notice and associated documents are available under Investor Relations at www.skistar.com/en/corporate.

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Norway

SkiStar, Trysil
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Trysil
Norway

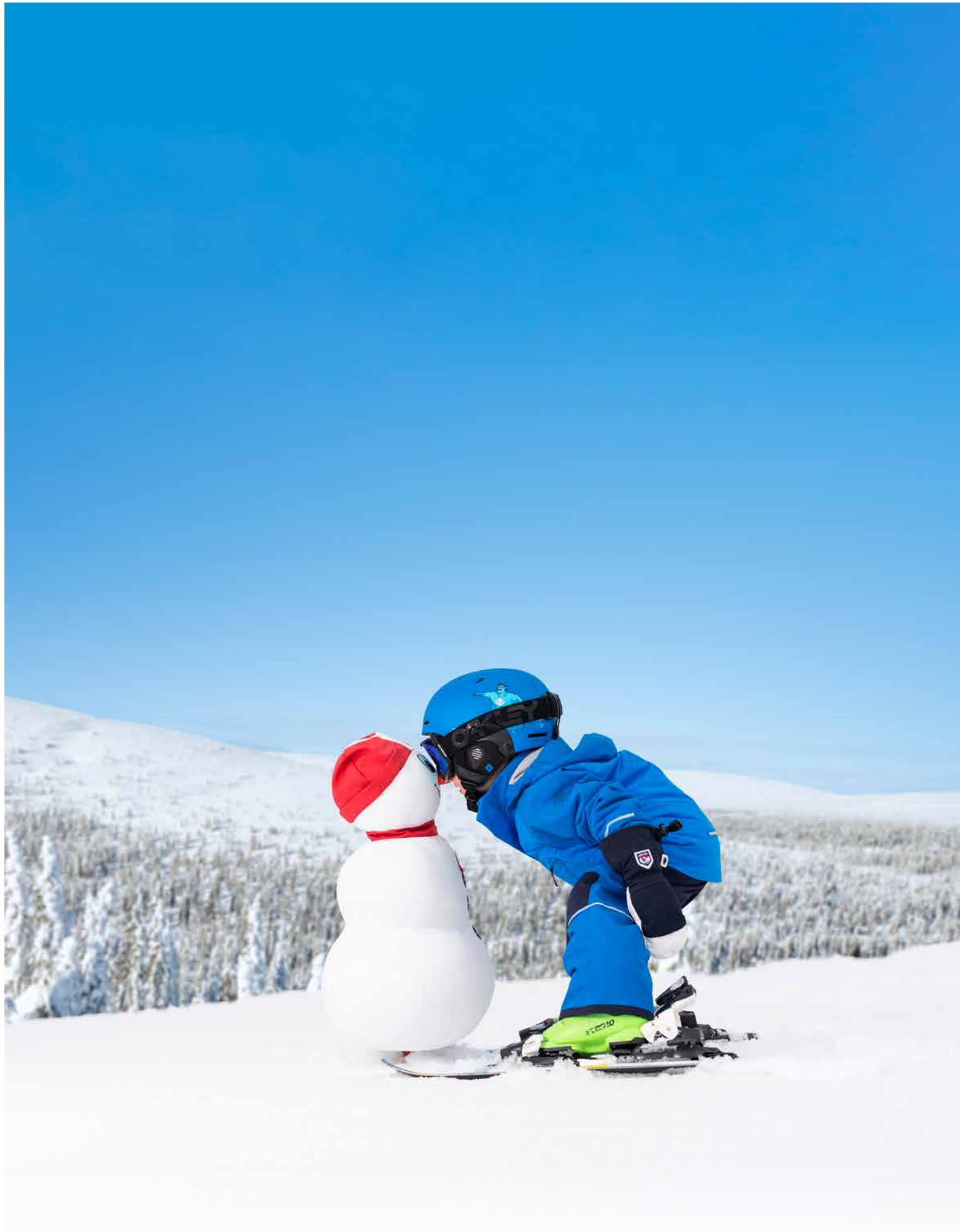
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Photography: Ola Matsson, Kalle Hägglund. Portraits: Johanna Sörensdotter, Juliana Fäldin. Design and project management: SkiStar Mediahuset.

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This English version of the annual report is a translation of the Swedish original version. Should differences arise between the two texts, the Swedish version will take precedence.



 **SKISTAR**