

Memorable mountain experiences

Annual Report 2016/17



Sälen VEMDALEN **ÅRE** HEMSEDAL **TRYSIL** St.Johann

 **SKISTAR**

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



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THE PAST YEAR



SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

FIRST QUARTER:

Good bookings and early start to the season

- * Valle the snowman encourages families to book skiing holidays in January. Bookings during Valle's Winter Weeks have increased by 20 percent in one year.
- * Bookings with SkiStar Business for the winter are 25 percent higher than last season. SkiStar Business is being launched in Norway as well.

SECOND QUARTER:

Keen interest in alpine skiing and increased capital gains bring more record results

- * SkiStar launches own beverages with Swedish superberries, available at SkiStar's Swedish alpine destinations.
- * Strong bookings and early start to the season. All SkiStar's ski resorts open earlier than the previous year. SkiStar also opens for skiing at its new destination St Johann in Tirol in Austria.
- * Record level of interest in World Cup at Hammarbybacken, with over 9,000 visitors to the capital.
- * SkiStar's MySkiStar customer club enrolls 1,000 new members every day. Number of registered members will soon exceed 600,000.

THIRD QUARTER:

Continuing keen interest in alpine skiing and increased revenue from property development

- * New, state-of-the-art accommodation in Hemsedal, SkiStar Lodge Hemsedal Suites, opens for winter 2017/18 bookings.
- * easyJet's direct flights from London to Åre Östersund Airport from December to April boost number of British guests in Åre and Vemdalen by 35 percent.
- * Public funding for Scandinavian Mountains, the airport between Sälen and Trysil, is approved by the EU Commission.
- * SkiStar's timeshare concept Vacation Club launches in Åre.

FOURTH QUARTER:

Best ever financial year and good bookings for the winter season

- * New gondola lift and chair lift under construction in St Johann. The snowmaking system is also being expanded in adjacent pistes.
- * Stenmark, Pärson & Wilander in skiing competition in the middle of the summer. SkiStar is title sponsor of the SkiStar Swedish Open tennis competition in Båstad. The competition celebrates its 70th anniversary with the skiing competition SkiStar Invitational by Active Life Foundation, on snow in the middle of the summer.

THE YEAR IN FIGURES

	2016/17	2015/16	+/-	+/-, %
Revenue, SEK million	2,306	1,991	315	16
Profit before tax, SEK million	478	386	92	24
Profit after tax, SEK million	387	306	81	26
Cash flow from operating activities, SEK million	710	521	189	36
Earnings per share, SEK	9.96	7.92	2.04	26
Dividend proposal, SEK	5.50	4.50	1.00	22
Share price 31 August, SEK	186.50	142.00	44.50	31
Share dividend yield, %	2.95	3.2	-0.25	-8
P/E ratio, times	18.72	18	0.72	4
Equity, SEK million	2,090	1,870	220	12
Equity/assets ratio, %	46	46	-	0
Return on capital employed, %	14	13	1	8
Return on equity, %	20	17	3	18
Gross margin, %	33	33	-	0
Operating margin, %	22	22	-	0
Net margin, %	21	19	2	11
Average number of employees	1,240	1,132	108	10

Definitions are provided on page 79

OUR HISTORY

1975/78

Brothers Erik and Mats Paulsson buy the ski resort Lindvallen in Sälen.

1994

Lindvallen i Sälen AB is listed on the Stockholm Stock Exchange.

1997

Acquisition of Tandådalen and Hundfjället AB.

1999

Acquisition of Åre-Vemdalen AB.

2000

Norway's second largest ski resort, Hemsedal, is acquired.

2001

The Group adopts the name SkiStar AB.

2005

Acquisition of Trysil, Norway's largest ski resort. SkiStar now operates the five largest ski resorts in Scandinavia.

2016

SkiStar becomes principal owner via a new share issue, with 68 percent of the shares in the ski resort of St. Johann in Tirol in Austria.

COMMENTS FROM THE CEO





We have put yet another excellent financial year behind us and are delighted to present the best performance in SkiStar's history, with financial targets that have been both achieved and exceeded. Our investments in Valle's Winter Weeks for families with children, three good winter holiday weeks, SkiStar Business for corporate guests and capital gains all made strong contributions to the improvement in earnings. Profit after tax rose by SEK 81 million (26 percent) to SEK 387 million during the financial year. Not only is this success pleasing, it allows us even greater scope for future development at our destinations.

In spring 2016, we paid EUR 10 million in a new share issue for the Austrian ski resort of St Johann in Tirol, making SkiStar the majority owner with 68 percent of the shares. This was our first acquisition outside Scandinavia, and we look forward to developing St Johann in Tirol together with the committed staff already working at the resort. St Johann in Tirol can be booked via skistar.com and is included in MySkiStar. The 2016/17 winter season exceeded our expectations, delivering a positive profit before depreciation/amortisation of SEK 6 million.

On 29 May, the EU finally made a welcome announcement regarding public funding for Scandinavian Mountains, the airport between Sälen and Trysil. A new share issue was carried out in the summer, which raised SEK 211 million for Scandinavian Mountains, primarily from some 30 local businesses. Construction has begun and the first aircraft are expected to touch down in winter 2019/20. On 10 October, the sod-turning ceremony took place attended by Sweden's Minister for Trade and Industry, the County Governor, Chairman of Region Dalarna and shareholder representatives. SkiStar is one of the partners in Scandinavian Mountains and the airport is expected to have a major positive impact on tourism growth in the region.

Back in 2003, we took the decision to coordinate all sales for all destinations via a single sales channel, skistar.com. The move has proved successful and skistar.com is now available in five languages, attracts over 14 million visits a year and generates sales in excess of SEK 1 billion.

Furthermore, the MySkiStar loyalty concept now has 675,000 members after just five years. Skistar.com is all about simplicity and accessibility for our customers, provided via our digital platforms. We are seeing heightened interest from operators in Europe and the US regarding our digital sales strategy and structure. This interest may create new business opportunities for SkiStar, from which we can benefit in the future.

Land and property development is an increasingly significant area of our operations. We own more than 5.5 million square metres of land for development, much of it in excellent locations. The development of land assets is happening at such a rate that we are endeavouring to maintain a good balance in relation to other activities and infrastructure 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 units via our Vacation Club holiday concept and we also produce commercial accommodation. Properties are developed both in our own operations and in co-owned associates. Development operations and sales of shares in Vacation Club have made an earnings contribution of SEK 166 million, an increase of SEK 105 million compared with the previous year.

At the end of September, bookings for the 2017/18 winter season were 7 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 school holidays, which includes an early Easter. The highest foreign market growth is mainly happening in Denmark and Germany. We are highly optimistic about the prospects of yet another exciting and, hopefully, successful winter season.

See you on the slopes this winter!

MATS ÅRJES
CEO

NEW FOR THE 2017/18 WINTER SEASON

Exclusive new lodge in Hemsedal, new gondola lift and chair lift, along with improved snowmaking system in St Johann. And now there is even better and more exciting skiing in Sälen, Trysil, Vemdalen, Hemsedal and Åre. In preparation for winter, we have focused strongly on developing modern, high-quality accommodation, as well as making skiing more snow-sure, convenient and fun.



UNIQUE SKIING EXPERIENCE LAUNCHED IN SCANDINAVIA

Guests in Sälen, Åre, Vemdalen, Hemsedal and Trysil will enjoy a unique skiing experience with the launch of SkiStar Fun Slopes on the Scandinavian market. These adventure areas are inspired by snowparks and ski cross courses and are built to suit people of all ages and skill levels. All Fun Slopes are located on blue runs and have bridges, terrain waves, tunnels and other exciting features for skiers and snowboarders. This is the first time Fun Slopes can be experienced in Scandinavia. SkiStar Fun Slopes will offer everyone, regardless of age or skill level, the chance to experience the joy of skiing.

NEW GONDOLA AND EXPRESS LIFT IN ST JOHANN

St Johann is in the heart of the Austrian Tyrol and is the latest addition to the SkiStar family. One of this year's major new features is the gondola lift in the Eichenhof family area. The lift extends from Eichenhof's valley station up to Grander-Schupf. SkiStar is also opening a completely new express lift near the gondola lift. A new snowmaking system has also been installed at St Johann, and one of the most popular ski slopes is being widened to create more room for turning – and better skiing.

Children are in focus in St Johann, Austria's equivalent to Sälen, and in the run up to winter, the ever-popular Valle the snowman will be opening his own ski school in St Johann.

ÅRE RAISES SKIING QUALITY

Åre is preparing for the Alpine World Ski Championships in 2019 and the quality of the pistes is being improved ahead of this year's season. The work is being carried out via an investment in high-quality piste machinery and expansion of the snowmaking system on the Snobbrännan slope. The popular Åre Sadeln ski area is also being expanded to allow for even more skiing. The new slope carries a blue difficulty rating, which suits both beginners and skiers who enjoy long carving turns.

In Åre, there is growing interest in accommodation that can sleep 15 to 20 people. To meet demand, SkiStar is launching a completely new set of accommodation right in the heart of Åre By called 'Kaffestugan', which is newly refurbished and can sleep 20.

You will find this year's new skiing feature, SkiStar Fun Slope, at slope number 54 in the Brücke area.

MORE ACCOMMODATION AND MORE SNOW IN SÄLEN

SkiStar is investing in a completely new snowmaking system for the slopes in southern Lindvallen, so that guests can look forward to even more snow. The woodland in the ski area between Söderåstorget and the popular Experiumtorget is being opened up to make the ski area more fun and easier to navigate. SkiStar has also decided to invest in our younger skiers by creating an entirely new forest ski area. Valleskogen is at the top of Hundfjället and perfect for some playful but safe off-piste skiing.

As Sälen grows, accommodation opportunities are also being expanded for the area's guests. The additional accommodation includes a total of 38 apartments with plenty of space, spread across Lindvallen, Tandådalen and Hundfjället. Development is also continuing on the accommodation front at Söderåstorget in Lindvallen. This is the site of SkiHouse 303, accommodation with seven newly developed apartments, all with a Ski-in Ski-out location. The accommodation area Hills Ski & Pool is progressing to phase two. Söderåstorget is located just 800 metres from all Experium facilities, including restaurants, shops, spa, bowling and adventure swimming pool.

You will find this year's new skiing feature, SkiStar Fun Slope, at slope number 30 in Lindvallen.

VENMDALEN EXPANDS – INVESTING IN THE WHOLE FAMILY

Vemdalen continues to attract both new and regular guests, which means we are also upping the pace of construction of both cabins and apartments. One such investment is Bergsgården, which is a new and exclusive set of 15 apartments on Skalhöjden with ground floor parking.

In Björnrike, construction has begun on a new plaza between Björnvallen and Sweden's longest express lift – the Grizzly Express. The area will be home to a SkiStarshop Concept Store. It will also be the site of a family-friendly conveyer belt that will transport skiers straight from the plaza out onto the slope. The Näässlingan slope at Vemdalskalet will be twice as wide to allow for more turning space. Guests in Vemdalen can also look forward to more new restaurants, shops and fun activities.

You will find this year's new skiing feature, SkiStar Fun Slope, at slope number 18 in Vemdalskalet.

MODERN LODGE OPENS IN HEMSEDAL

Hemsedal has been chosen as Norway's top ski resort for good reason. And SkiStar is now presenting several exciting new features that will further boost this destination's reputation.

The new, luxurious SkiStar Lodge Hemsedal Suites are tastefully furnished with comfortable, carefully selected furniture, while enjoying a prime location right by the ski slope and lifts. Besides high-quality accommodation, the lodge also includes an O'Leary's pub on the ground floor, a 14 metre high climbing wall and several other service facilities. Valle Family Suites are family apartments in the new SkiStar Lodge with the same luxury feel. They are furnished to give children a unique experience, featuring themes, colours and materials that reflect Valle the snowman's world. A stay in Valle Family Suites will always include child-friendly facilities such as cots, cutlery, potties, stools and high chairs. Moreover, all children aged 2–10 years will get a Valle dressing gown to take home and a special gift from Valle. Bookings opened in the spring and the lodge will welcome its first guests in week 51.

You will find this year's new skiing feature, SkiStar Fun Slope, at slope number 32 in Hemsedal.

TRYSIL EXPANDS WITH NEW CHILDREN'S LIFT AND NEW SLOPE

SkiStar continues to invest in Trysil. The resort expands its snowmaking capacity every season, and this winter will be no exception. In addition to more snow, this winter's guests will be greeted by a 462-metre long children's lift in the Eventyr children's area. Eventyr is an extremely popular and enjoyable area for families with children. Eventyr now boasts four children's lifts, along with a conveyer belt, ski carousel, heated cabins, toilets and plenty of fun venues adapted for children. Last season's major new feature was the Skihytas Ekspress lift, Norway's most modern chair lift. The new six-person lift completed over 700,000 trips in its debut season. This winter will see the launch of a new red run that goes alongside and under the Skihytta Ekspress, and continues down on the west side of the Skihytta restaurant. The restaurant is expanding its capacity this winter to seat an additional 100 people.

You will find this year's new skiing feature, SkiStar Fun Slope, at slope number 74 at Høyfjellsenter.

HAMMARBYBACKEN WELCOMES WORLD SKI STARS

On 30 January 2018, the Alpine Ski World Championship in parallel slalom will be at Hammarbybacken for the third time, a year after the city ski slope welcomed 9,000 spectators for a fantastic evening on 31 January 2017. Last year was a repeat of the success of the first year, and now the spectacular event is expected to attract a record audience.

SKISTAR VACATION CLUB LAUNCHES IN ÅRE

The housing market linked to mountain holidays is thriving, and there are few properties available for investment. This and the fact that the sharing economy has become a strong trend means that SkiStar Vacation Club has experienced steady growth in recent years. The concept is now ready to be launched in Åre.

SkiStar Vacation Club was established six years ago in Lindvallen and since then has developed hassle-free, secure and flexible time sharing. Debt-free tenant-owner associations with healthy finances, sound management and the timeshare owner's ability to choose their preferred week guarantee the owner secure accommodation in the mountains, all year round. SkiStar Vacation Club handles maintenance and repairs to the accommodation and provides a high level of comfort, which means hassle-free ownership. Flexibility is important and timeshare owners can choose how they use their week, either as a holiday for themselves, or by renting out the week/weeks privately or via SkiStar.



*** skistar**
Vacation Club
ETT BEKYMERSFRITT ÄGANDE

VISION, GOALS AND STRATEGIES FOR SUCCESS

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. The targets are based on 3-month treasury bills, which had an average interest rate of -0.76 percent (-0.54) during the 2016/17 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 1.6 percent (0.6).

Target achievement

The overall goal is for the value of shareholders' capital to increase. SkiStar's share price increased by 32 percent during the 2016/17 financial year. The Stockholm Stock Exchange all-share index (OMXS) gained 8 percent over the same period. A dividend of SEK 5.50 (4.50) 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 53–54.

STRATEGIES

Concept and business model

- * The core business is alpine skiing, with a focus on the guest's overall skiing experience. Our long-term goal is to run profitable and strategic operations in alpine skiing, ski schools, ski rental and accommodation within SkiStar's organisation at our various destinations.

- * Another aim is to develop activities which supplement our existing range of services and add value for our 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 our alpine destinations maintain high levels of quality and service to strengthen the destinations' brands and offer our guests an improved experience.
- * Through active property development at SkiStar's destinations, our 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 our best marketing tools.
- * By providing a well-developed infrastructure, our 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. A Ski-in Ski-out concept enables our 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 we offer good skiing conditions, regardless of the amount of natural snow.
- * Our 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 our 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 in what we do. Our leadership should also encourage an attitude of openness to change – to improve on previous improvements.
- * The service we provide to our guests should be continually enhanced. Our strategy for achieving this is based on professional selection processes in recruitment activities, coupled with training and continuous follow-up.

- * Our alpine destinations should be improved continually in response to feedback from our 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 our guests should 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 to 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 our destinations.
- * An increased percentage of advance sales secures a higher 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 our customer register for marketing activities.
- * Attracting more visitors to our 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.

Environmental and CSR strategies

- * SkiStar seeks to minimise the environmental impact of its operations by working actively on environmental issues.
- * SkiStar aims to offer its guests active holidays that improve their health and wellbeing, with positive knock-on effects for society.
- * Our environmental and CSR strategies are to be incorporated into the company's other strategies.

Cross-learning and benchmarking

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

TARGET ACHIEVEMENT, FINANCIAL TARGETS

	Outcome 2016/17	Target 2016/17	Outcome 2015/16	Outcome 2014/15
Equity/assets ratio, %	46	>35	46	44
Return on capital employed, %	14	9	13	12
Return on equity, %	20	14	17	16
Operating margin, %	22	22	22	19
Organic growth above inflation, %	14	4	6	11

OUR INDUSTRY

On five continents of the world, people engage in alpine skiing



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 7 percent of total global exports of goods and services. According to UNWTO, global tourism has increased by approximately 135 percent since 1995, in terms of the number of visits (tourist arrivals). Holidays, recreation and other types of leisure activities account for 53 percent of travel, 13 percent relates to business travel and 27 percent can be attributed to visits by family and friends.

In 2016, tourist arrivals increased by 3.9 percent globally compared with the previous year, to 1,235 million, while turnover in the tourism industry (tourism receipts) increased by 2.6 percent (in fixed prices) to USD 1,220 billion.

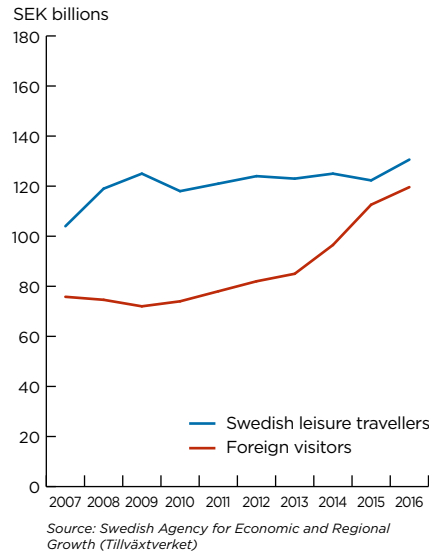
Europe is the most visited region, accounting for half of the world's foreign visits. The most visited country is France, which attracts over 80 million tourist visits annually. In 2016, North and South America saw an increase of 4 percent, Africa 8 percent and Asia an impressive 9 percent, making them the regions that saw the highest increase in the world. Europe rose by 2 percent. The Middle East saw a 4 percent decline in tourist arrivals, attributable to unrest in the region.

UNWTO's long-term forecast anticipates annual growth in tourist arrivals of 3.8 percent up until 2020.

THE SWEDISH TOURISM INDUSTRY

Tourism is also an important industry in Sweden. Accounting for almost 3 percent of GDP and employing 169,000 people, tourism makes a significant contribution to the Swedish economy. According to the Swedish Agency for Economic

TOURIST CONSUMPTION IN SWEDEN at current prices, SEK BILLION



and Regional Growth, total tourist consumption in Sweden has risen by 97 percent in current prices since 2000.

In 2016, total tourist consumption increased by 6.6 percent to SEK 296 billion. Of this figure, SEK 176.4 billion refers to tourist consumption by Swedes in Sweden. Swedes' tourist consumption, specified according to private and business travel, grew by 3.7 percent to SEK 130.6 billion for private travel and saw an increase of 0.3 percent to SEK 45.8 billion for business travel. Of total tourist consumption, SEK 119.6 billion refers to foreign visitors' consumption in Sweden. The figure, which includes both private and business travellers, represents an increase of 12.7 percent compared with 2015.

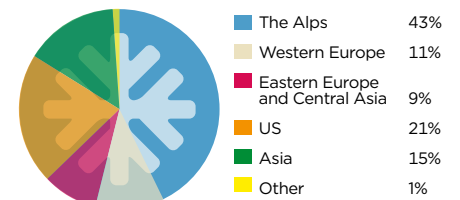
THE GLOBAL ALPINE MARKET

Alpine skiing on five continents

There are just over 2,000 alpine skiing areas in the world, and the annual number of skier days globally has remained relatively stable at around 400 million, according to the 2017 International Report on Snow & Mountain Tourism.

Europe has the largest alpine market, with around 200 million skier days a year (one day's downhill skiing with a SkiPass is defined as one skier day). The US is the second largest market, with roughly 80 million skier days a year. The largest individual markets are France, the US and Austria, with approximately 50–55 million skier days a year each. The Nordic region – Sweden, Norway and Finland – accounts for roughly 17 million skier days a year.

MARKET SHARE, skier days

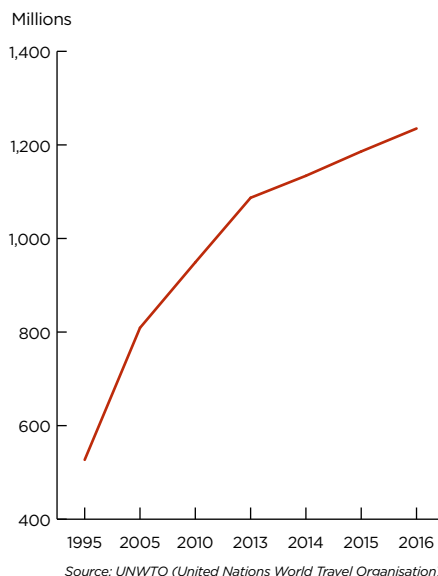


Source: 2017 International Report on Snow & Mountain Tourism

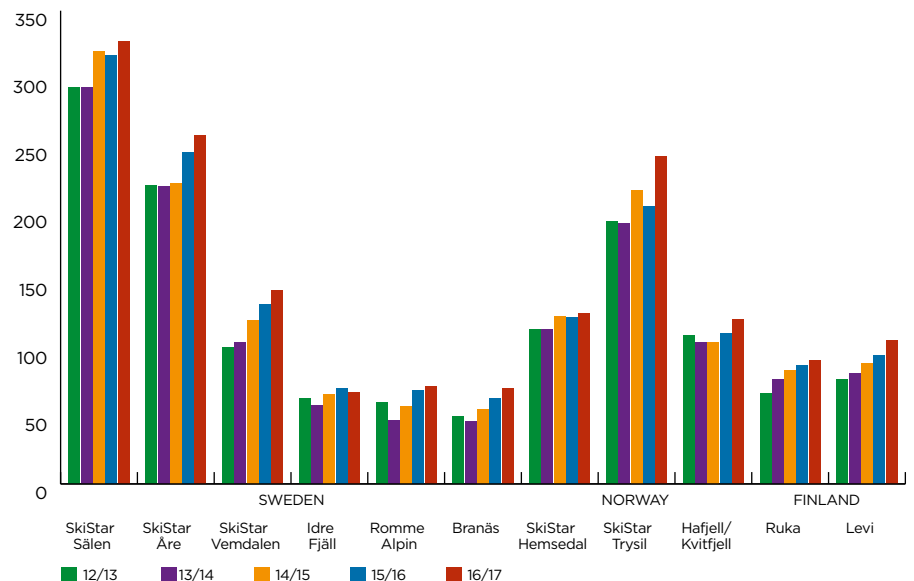
National and international skiers

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.

TOURIST VISITS globally, MILLIONS



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



NOK/SEK is translated at the exchange rate of 1.06 for 16/17, 0.99 for 15/16, 1.09 for 14/15, 1.08 for 13/14 and 1.15 for 12/13. EURO/SEK is translated at the exchange rate of 9.48 for 16/17, 9.51 for 15/16, 9.50 for 14/15, 9.18 for 13/14 and 8.65 for 12/13.

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

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 65 percent, and for Switzerland and Norway, for which the figure is around 46 percent. In the US and Canada, foreign skiers account for around 6 and 12 percent respectively. In Sweden and Finland, the proportion is approximately 15 and 17 percent respectively, according to the 2017 International Report on Snow & Mountain Tourism.

Corporate culture and ownership

The ownership structure in the global alpine market is fragmented, with many small companies. However, the skiing industry requires high levels of capital investment, and we are seeing takeovers. The reason is a desire to achieve economies of scale and the need to create a critical mass. Economies of scale can be achieved by coordinating purchasing, operation and maintenance, as well as in sales and marketing. Volumes and sufficient cash flows are required, as investments in lifts, pistes and snowmaking systems are often extensive. Another factor fuelling acquisitions is companies' endeavours to operate at several different geographical locations, to reduce risks and dependency on weather conditions.

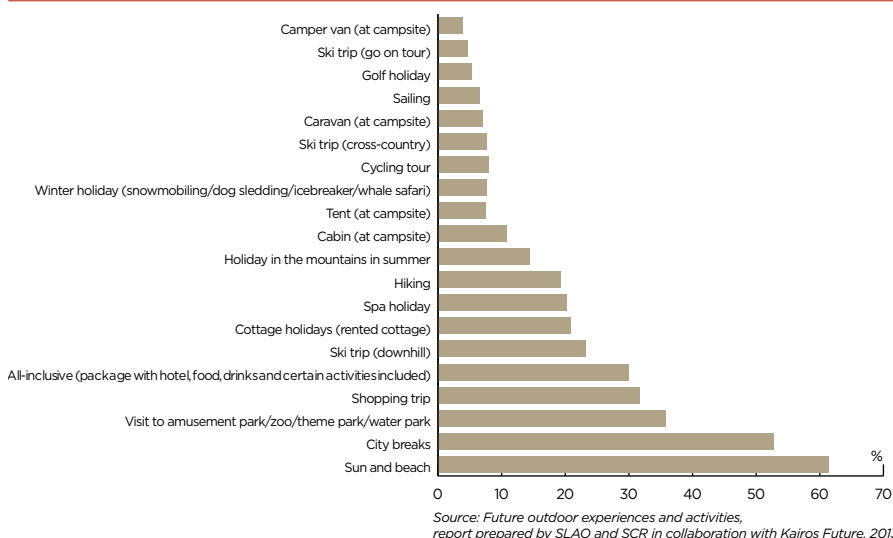
The listed ski resort companies Compagnie des Alpes (CDA) in France and Vail Resorts (Vail) in the US are examples of operators that have acquired ski resorts in their home countries. Otherwise, most ski resorts in Europe and North America are privately owned or owned by public interests such as municipalities, local tourist organisations and/or local banks. Examples of companies, besides SkiStar, that own more than one ski resort in Sweden include Branäsgruppen, Norlandia and Grönklittgruppen, and in Norway, Alpinco.

COMPETITION

SkiStar competes for people's disposable income. This means that, in a broader sense, SkiStar is

competing with industries such as durable goods and home improvement. The travel industry competes with varying holiday offerings. SLAO's report from 2013, 'Future outdoor experiences and activities' (see diagram below), illustrates that skiing competes, primarily, with travel alternatives involving sunshine, beaches, large cities, amusement parks, shopping or all-inclusive packages. Within the alpine ski industry, competitors comprise other alpine resorts in Scandinavia and the Alps. However, over the years, statistics reveal that the proportion of holidaymakers choosing to travel abroad to ski has essentially remained unchanged.

POTENTIAL FOR DIFFERENT TYPES OF HOLIDAY, %



TRENDS

SLAO's report, 'Future outdoor experiences and activities', describes 10 insights on what is required to increase the attractiveness of outdoor experiences and activities in the future, both regarding demand and content. Here is a summary:

1. From relax to reinvigorate

The desire to experience a change in environment is a driving force for re-energising, mentally and physically, giving people renewed enthusiasm to return to their everyday life.

2. Outdoor activities are being urbanised

In the future, we can expect to see more traditional outdoor, countryside activities in the city or even indoors. Hammarbybacken in Stockholm is an example of an outdoor activity moved to a city environment.

3. Well-organised free time

A little bit of adventure is appreciated but we want to be assured that everything will be first class. The travel experience is to be sufficiently well-packaged and easily accessible.

4. Search for hassle-free leisure activities

Our tolerance for difficulties and unexpected problems is decreasing and the requirement of security of delivery has increased. Peoples'

time and energy are limited resources. We are very interested in hearing about other people's experiences and in receiving their advice.

5. Digitisation as an enhancer

The activity is more exciting with apps which, for example, report statistics and issue awards and honours based on performance. There are even apps facilitating the planning of the experience.

6. Enhanced sense of atmosphere and personal involvement

The most central aspect of a positive, all-in experience is the meeting between people. Being together with loved ones means that a special atmosphere and a memorable experience is created.

7. New generation of family-oriented young people

New family-oriented values amongst those born in the 1980s and 1990s can support the development of family-friendly holiday forms.

8. Out (doors) is in with the helicopter parent generation

The customer group through which future customers are secured is families with children. Outdoor activities support children's development and provide them with status and a sense of personal identity.

9. Can we cope with an outdoor lifestyle?

Most of the population gets no or very little exercise during a normal day. There is an increased need for physical exertion as compensation for sedentary behaviour.

10. An outdoor lifestyle contributes to new thinking

Time spent in nature is extremely important for the rejuvenation of the brain and creativity. Away from the noise of the city, the premises for productive thinking increase.

5,402,000 SKIER DAYS ON SKISTAR'S SLOPES



SKISTAR.COM

SkiStar's core business is alpine skiing, with a focus on the guest's skiing experience. Skistar.com is the one-stop shop where guests can book their entire winter holiday, including travel arrangements, accommodation, ski school, ski rental, SkiPass, insurance and sports goods.

Skistar.com, where advance bookings are made, is the single most important sales channel.

The key concepts are accessibility and simplicity.

The aim is for all products to always be marketable via skistar.com.

Skistar.com attracted 14.3 million visits during the 2016/17 financial year, and at its peak the number of visits in one week totalled 715,000.

By going to 'My Page', guests can access their current and previous bookings, as well as their customer data.

SKIPASS

A personal SkiPass is not just the ticket to great skiing; it also provides access to activities in and around the ski slopes and MySkiStar's services, added value and discounts.

The easiest way to purchase a SkiPass is via skistar.com by topping up an existing SkiPass card. Everything is available online, from single skier days, to the season card SkiStar All, which is valid at SkiStar's five destinations in Scandinavia and in St Johann in Tirol in the Austrian Alps.

ACCOMMODATION

SkiStar actively works to mediate as many beds as possible. In the 2016/17 season, SkiStar destinations had a total of 38,000 beds in 5,800 properties (cabins and apartments) to mediate through skistar.com. A total of 72 percent of accommodation sales came from online sales.

High and consistent accommodation occupancy rates over the entire winter season are the foundation for high profitability. The pricing of accommodation is differentiated and based on underlying demand. To optimise demand over time, SkiStar works actively with targeted offers.

YOUR ON-SITE DIGITAL GUIDE



Download the app now
or visit
skistar.com/myskistar





SKI SCHOOL

SkiStar wants to contribute to creating a lifelong interest in alpine skiing among guests of all ages. Whether it is about learning the basics to feel safe, or developing your skiing by taking on greater challenges, the ski school helps enhance the guest's experience. The 2016/17 season saw the launch of Valle the snowman's own ski school for children aged 3–9.

Skistar.com makes it possible to take time to plan and choose the right type of classes, groups, times and meeting places that work for the entire family or party.

SKI RENTAL

Hiring equipment is the best solution for those who ski for a few weeks a year. The equipment from our ski rental shops is newly polished, newly waxed and has the right settings. Each destination has several rental shops and they are always next to the slope. Booking the equipment in advance online simplifies matters on arrival and means guests can get out onto the slopes more quickly.

SKISTARSHOP.COM*



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. Consequently, you can buy a ski jacket while topping up your SkiPass. You can then choose to have the goods you have purchased sent home or pick them up at one of our SkiStarShop Concept Stores.

OUR STORES

ONLINE:	skistarshop.com
SÄLEN:	SkiStarshop Concept Store, Sälffjällstorget SkiStarshop Concept Store, Tandådalen
VEMDALEN:	SkiStarshop Concept Store, Vemdalskskalet SkiStarshop Concept Store, Björnrike
ÅRE:	Hanson Concept Store, Åre torg
HEMSEDAL:	SkiStarshop Concept Store, Hemsedal Skisenter



TRAVEL

Even if the car is the most common way to get to our ski resorts, there are other options. At skistar.com we provide information about other alternatives and it is possible to book train and bus tickets or flights to certain destinations.

INSURANCE

Specially designed products for alpine vacations at SkiStar destinations are available via external insurance companies. Cancellation and rebooking insurance and skier insurance can easily be added to the online winter holiday booking.

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 will 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, via collaboration with external organisers, such as ferry operators, charter operators and carriers.

BRAND POSITIONING

SkiStar's brand portfolio consists of the destinations' brands and the joint brands SkiStar, skistar.com, MySkiStar, Valle, skistarshop.com, SkiStarshop Concept Store, SkiStar Business, SkiStar Snow Parks and Mountain Berries.

Guests travel to these destinations for a memorable winter experience. SkiStar and skistar.com are brands that stand for peace of mind, simplicity and accessibility, as well many products and offers linked to skiing holidays. Being a SkiStar customer allows customers access to MySkiStar, giving them registered bonus points and access

via MySkiStar Game to information regarding their skiing statistics, competitions, challenges, pins, free Wi-Fi in selected skiing areas, etc. The SkiStarshop Concept Store and skistarshop.com are brands for the Group's significant venture into alpine sporting goods: clothing, equipment and accessories. Marketing of the group travel and conference market is taking place within the remit of the SkiStar Business concept and brand. The Valle brand has grown strong over the past four years and is now a strategically important brand that aims to encourage children and young people to ski. Last year saw the launch of the SkiStar Snow Parks concept, along with beverages via the Mountain Berries brand.

MARKETS

SkiStar's customers primarily come from the Nordic countries, where Sweden, Norway and Denmark are considered domestic markets. During the 2016/17 season, the Swedish market grew from 74 to 76 percent. The Danish and Norwegian markets dropped by one percentage point, while others remained unchanged.

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 our Valle concept provides a strong incentive and inspires loyalty with this group. To engage in marketing on a broad front, SkiStar works with different concepts focused on various target groups. In winter 2016/17, SkiStar Business launched on the Norwegian market. The SkiStarshop Concept Store and skistarshop.com is reaching a broader customer segment. Online sales of shop products have experienced annual growth of just over 80 percent since the launch three years ago and are now SkiStar's single largest shop products sales channel.

In the run up to winter there is a greater focus on the communicative target group that comprises adults travelling together without children – groups of friends or couples travelling together.

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. Transporta-

tion 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, SkiPasses 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.

Online booking and shopping combined with loyalty rewards

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. The aim is for all products to always be marketable via skistar.com. Skistar.com attracted 14.3 million visits during the 2016/17 financial year, and at its peak the number of visits in one week totalled 715,000.

So far, the MySkiStar loyalty concept has encompassed several elements, including MySkiStar Bonus and MySkiStar Game. 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 Game offers guests access to skiing statistics, competitions and pins, etc. In October 2017, MySkiStar Game had over 675,000 registered users, which is an increase of 175,000 on the previous year. As of winter 2017/18, MySkiStar is being developed to also be an on-site digital guide at SkiStar's destinations that will be accessible via both web browsers and mobile apps.

High and stable occupancy rate

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 theme weeks and events.

Available beds

SkiStar actively works to mediate as many beds as possible. When apartments/cabins are sold, a contract is often signed entitling SkiStar to let the apartment/cabin for a certain number of weeks per year. SkiStar also works actively with current owners by offering several bonuses to those who make their cabins/apartments available for letting. This year, owners who rent out via SkiStar will receive a unique discount on a SkiStar All season pass for themselves and family members.

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 and Germany, 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. During the 2016/17 season, a new route was launched with low-price operator EasyJet to Åre Östersund airport, bringing UK guests to Åre and Vemdalen.

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. We maintain 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 release through communication via email and marketing via our own social media channels like Facebook/Instagram, etc. Our children's concept headed up by Valle is now, with its strong brand, 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 our 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 2016/17 season was 45 percent (43). If we look at accommodation alone, 72 percent (72) 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 of 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 our guests with a broad selection. A shared graphic framework highlights the SkiStar brand through the skistar.com distribution channel, together with the destinations. SkiStar maintains regular communication with guests who have previously visited SkiStar's destinations. Our distributed emails and own social channels inform these guests of various offers, events and discounted periods. Anyone who books an upcoming 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 in various media channels; both current and potential guests are, thus, reached by SkiStar's marketing via digital billboards, linear television, online advertising, social media, local advertising (see examples on pages 20–21) and via our partners' channels.

NEW DESTINATION

Spring 2016 saw the completion of the acquisition of the Austrian ski resort St Johann in Tirol. SkiStar's customers were able to prebook accommodation and SkiPasses at skistar.com by autumn 2016. The resort is included in the SkiStar All season pass and the MySkiStar Bonus loyalty concept. As of winter 2017/18, all SkiStar's main products can also be prebooked for St Johann at skistar.com, including accommodation, SkiPass, ski rental and ski school.

SALES CHANNELS, %

	Advance sales			Destination
	Telephone	Online	Travel agent	Cashier sales
SkiPass	6	31	2	61
Accommodation	16	72	11	1
Transport	27	66	7	0
Ski rental	3	39	2	55
Ski school	15	54	3	28
Insurance	15	67	1	17
Shop	–	19	0	81
Total	10	45	5	40
Total	60			40

PROPORTION OF GUESTS IN RENTED ACCOMMODATION BY NATIONALITY, %

	Åre	Vemdalen	Sälen	Hemsedal	Trysil	SkiStar total
Sweden	74	97	89	36	49	76
Denmark	4	1	8	29	31	12
Norway	11	0	1	23	8	6
Germany	0	0	0	5	5	1
UK	2	0	0	2	3	1
Finland	4	0	0	1	0	1
Russia	2	0	0	0	1	1
Netherlands	0	0	0	2	1	1
Baltic States	2	0	0	0	1	1
Other	1	2	2	2	1	0

Magazines

SKISTARSHOP

PRYLGUIDE

2016/17

Packa rätt?
VILKA PRYLAR SKA MED PÅ SKIDRESAN?

GÖR DIG REDO FÖR SKIDÅSÅNGEN
Träning & prepp & prylar

I FOKUS: **MIPS** & NYA VARUMÄRKEN

Häng med till **SkiStar SNOW PARKS**

SKIDTEST
Pist • Offpist • Park • Lättvikt
Läs allt om våra favoriter

By SKISTARSHOP.COM

Handskar

Klassiker.

Hestra Army Leather Heli Ski Mitt
En klassiker som har det mesta. Länga modell som är lätt att dra ut och jackan. Skidspetsen är bytt ut för att förlänga livslängden och gör den till en följeslagare år efter år.
1 099 SEK

Oakley Factory Park Glove
Tun, smidig och tight sittande handskar. Med silikongrepp i innerhanden och karbore i mudd. Den sitter som ett smick hela dagen.
399 SEK

Kari Traa Myrbå Glove
Myrbå Glove är perfekt för tjejer i starten. De har tight passform och värmer gott under träning. Silikongrepp är den vridande och står på över mot den tuffaste förvinden.
199 SEK

Hestra Henrik Leather Pro Model
Fruktören Henrik Windstedt Pro Model från Hestra är sydd i ulltunik och värmsolerande nåmappa och lätt lastad för att värma dina händer. Den smala mudden håller handskan på plats när det gör undan.
1 299 SEK

FLER HANDSKAR PÅ SKISTARSHOP.COM

Hemsedal

längre skidsäsong

Varje år geografiska läge har Hemsedal bra snöförhållanden långt in på vintern. Normalt avslutas säsongen i slutet april/början av maj men nu förlängs säsongen till 7 maj. Avslutningen blir vanligtvis en riktig skidfest med långa skid dagar, after ski, god mat och nöje i Hemsedal Winter Finale 5-7 maj 2017.

MyStar All

Årsångskort för alla skidåkare

I St. Johann i Tirol kan SkiStar erbjuda skidåkare ett av Europas mest utrustade SkifPass. Innehavare av Årsångskortet MySkiStar All har full access till 234 lift och 390 nedfarter vid olika tider i tre länder.

Årsångskortet
MySkiStar All
6 195 SEK/VUXEN
4 945 SEK/UNGDOM

KLASS

Idens bästa skidåkare tillbaka till smärtrynbacken för att göra upp om segern i den alpina världscupens parallellaövning för herrar och damer. Kvällens program är riktigt roliga arrangemang med högt tempo, både för åkare och publik. Ett också en spektakulär inramning med tävlingar mitt inne i stadsbilden med stadspulsen tydligt närvarande.

Billboard campaigns in Sweden and Denmark.

HÄN HYGGLO RESA!

LADDA NER VALLES APP FÖR AVKOPPLING OCH LEK PÅ FLYGRESAN!

• SPEL • PYSEL • SAGA • MUSIKMASKIN

Sälen Uemdalen ARE HEMSEDAL TRYSIL St-Johann

SKISTAR



Boka årets Skidsemester

Unikt erbjudande för alla MySkiStar-medlemmar. Gå med idag!

10% SKIPASS
20% SKIDHYRA
innan 15 november!

SKISTAR

Sälen Uemdalen ARE HEMSEDAL TRYSIL St-Johann



SKISTAR.COM

Sälen Uemdalen ARE HEMSEDAL TRYSIL St-Johann

SKISTAR.COM

Fjällets sportbutik

Noga utvalt sortiment av kläder, skidutrustning och prylar från de största varumärkena inom fjällsport. Besök oss på SkiStarshop Concept Store i Tandådalen och på Sälffjällstorget i Lindvallen.

Öppet året runt på skistarshop.com



Med produkter från bland andra:

HESTRA *Bergans* CARRERA *ATOMIC* SALOMON *BAKLEY* J.LINDBERG *K*
CRAFT *HEAD* SMITH *Hugoboss* DIDRIKSONS *Peak Performance* SUUNTO

**SKISTARSHOP
CONCEPT STORE***

Boka årets

Skidsemester

Unikt erbjudande för alla MySkiStar-medlemmar. Gå med idag!



MySkiStar
**10% SKIPASS
20% SKIDHYRA**
Innan 15 november!

SKISTAR
Sälen Uemdalen ÅRE HEMSEDAL TRYSIL

Årets nyhet! Valles Skidskola

Ta skidkörkort och bli en riktigt hygglo skidkompis.
Från 705kr/barn för 5 dagar
Boka nu på skistar.com



SKISTAR
Sälen Uemdalen ÅRE HEMSEDAL TRYSIL

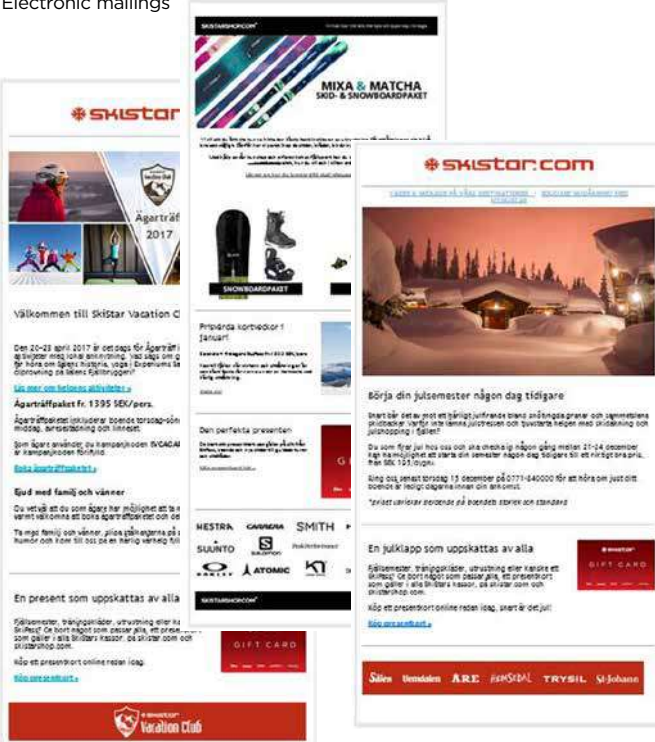
KONFERENS PÅ ÖVERTID

Boka din konferens på skistar.com/business



SKISTAR BUSINESS
Sälen ÅRE Uemdalen HEMSEDAL TRYSIL St-Johann

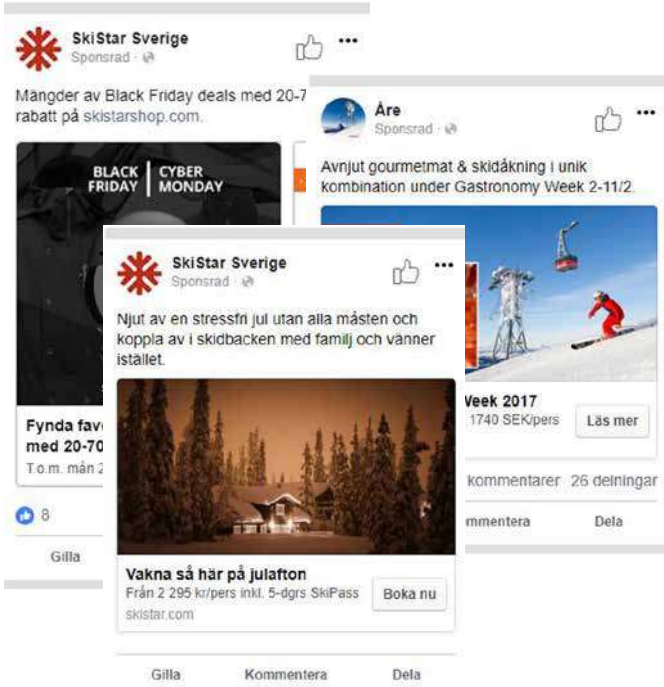
Electronic mailings



Examples of email content include:

- Agarträff 2017**: Välkommen till Skistar Vacation C.
- Agarträffpaketet**: Från 1395 SEK/pers.
- Skidsemester**: Unikt erbjudande för alla MySkiStar-medlemmar.
- Black Friday**: Fyndiga favoriter med 20-70% rabatt.
- Julklapp**: En julkapp som uppskattas av alla.
- Week 2017**: 1740 SEK/pers.

Facebook advertising



Examples of Facebook content include:

- Black Friday**: Mangder av Black Friday deals med 20-70% rabatt på skistarshop.com.
- Agarträff 2017**: Avnjut gourmetmat & skidåkning i unik kombination under Gastronomy Week 2-11/2.
- Skidsemester**: Njut av en stressfri jul utan alla måsten och koppla av i skidbacken med familj och vänner istället.
- Week 2017**: 1740 SEK/pers.
- Julklapp**: En julkapp som uppskattas av alla.

OPERATIONS

Operations are divided into three segments

• Ski Resorts – Operation, • Infrastructure • Exploitation

OPERATIONAL ORGANISATION

SkiStar's operations are divided up into three different segments, along with several central functions.

Segments

Ski Resorts – Operation

The segment comprises operation of resorts and sales of all products and services. The focus is on sales and efficient operation. Earnings are charged with an estimated internal rent on capital invested in the Infrastructure segment. There is no revenue from other segments.

Infrastructure

The segment covers non-current assets such as land, lifts, properties and investments in co-owned companies. The focus is on generating a reasonable return on investments made. Sources of income include internal rent from the Ski Resorts – Operation segment and return on non-current assets.

Exploitation

The segment covers properties not used within the Infrastructure segment. The focus is on developing and realising value.

Central functions

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

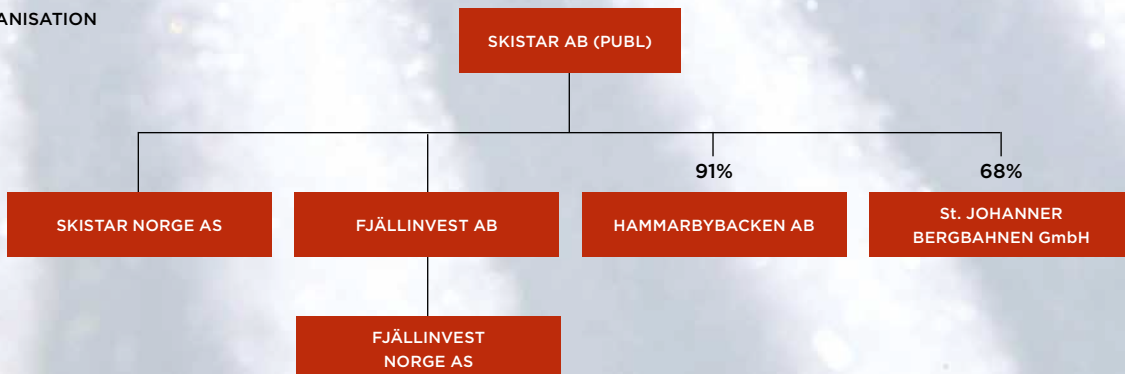
- * Economy/Finance/IR/Purchasing/Personnel
- * Marketing/PR/Sales/CSR/IT/SkiStar Vacation Club

During the financial year, the management team consisted of the CEO, CFO, Marketing and Sales Director and four Resort Managers, one each for Åre, Vemdalen, Norway and Sälen.

OPERATIONAL ORGANISATION



LEGAL ORGANISATION



SKI RESORTS - OPERATION

SkiStar operates the five largest ski resorts in the Nordic region and one destination in the Alps. Where do you want to go?



TOTAL AT SKISTAR'S DESTINATIONS:

230

LIFTS

388

SLOPES

20

SNOW PARKS

83,702

SKI SCHOOL PUPILS

5,402,000

SKIER DAYS ON SKISTAR'S SLOPES

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 the sale of SkiPasses. The marginal revenue for each additional SkiPass that is sold is high. Sales of SkiPasses during the 2016/17 financial year totalled SEK 1,166 (1,040) million. The average price change was 3.6 percent.

The Group's market share of SkiPass sales during the financial year in Sweden was 50 percent (50) and in Norway it was 31 percent (31). The market share in Scandinavia was 41 (42) percent. The number of skier days within the Group, whereby one skier day is a day's skiing with a SkiPass, amounted to 5,402,000 (5,128,000), an increase of 5 percent, with St Johann accounting for most of the increase with 255,000.

Mediated accommodation

To ensure the availability of accommodation in its operations, SkiStar needs control over the leasing of many beds at all its destinations. In this manner, the occupancy rate can be optimised and possible weak sales can be corrected at an early stage via proactive marketing efforts. The occupancy rate in cabins and apartments owned and mediated by the Group during the 2016/17 season (Christmas week – 30 April) amounted to 80 percent (80). Income from accommodation amounted to SEK 258 (243) million.

Ski rental

To ensure that sufficient amounts of ski equipment are available for rental and that the equipment is of the required quality, ski rental operations have been identified as a strategically important area for SkiStar. During the financial year, SkiStar operated a total of 26 ski rental outlets: nine in Sälen, nine in Åre, three in Vemdalen, two in Hemsedal and three in Trysil. Sales totalled SEK 167 (158) million.

Ski school

SkiStar operates its own ski schools at all its destinations, except in Trysil, where SkiStar's participating interest in the ski school is 35 percent, and in St Johann, where the ski schools are run by four external companies. 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. Net sales for the ski schools amounted to SEK 55 (57) million during the financial year. The number of learners at SkiStar's wholly-owned ski schools totalled 83,702.

This figure excludes the ski schools in St Johann and Trysil, in which SkiStar only has a participating interest.

OTHER PRODUCT AREAS

Sporting goods outlets

SkiStar sells alpine sports goods in stores and online. The company operates its own sports 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. Autumn 2014 saw the launch of skistarshop.com, an online store completely integrated into the booking flow on the website. In the 2016/17 financial year, the Group's sporting goods operations generated sales of SEK 144 (129) million. Most of the increase is derived from online sales.

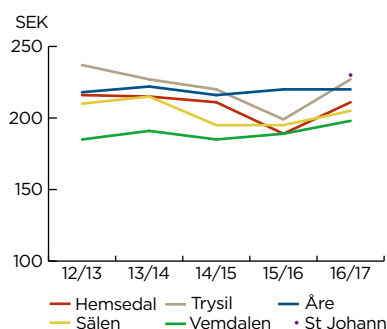
Property services

Within the product area Property Services, there are 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 98 (100) million.

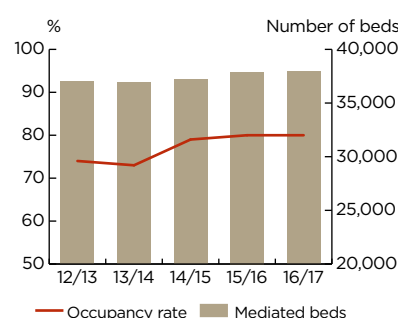
Other

Other revenue includes income from events, advertising sales, kiosks, selling Ski*Direct cards (electronic SkiPasses). Other income during the financial year amounted to SEK 177 (173) million.

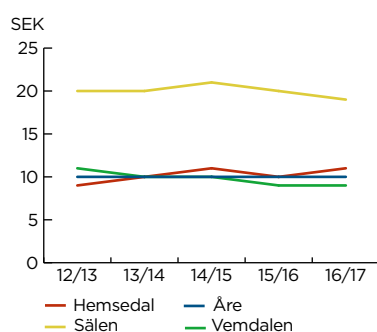
SKIPASS SALES per skier day*, SEK



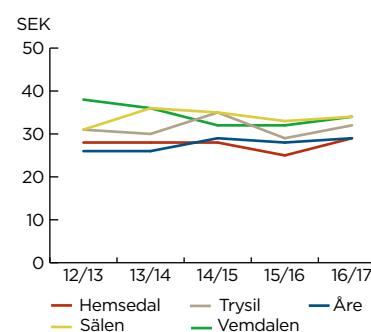
OCCUPANCY RATE, accommodation, %



SKI SCHOOL SALES, per skier day*, SEK



SKI RENTAL SALES, per skier day*, SEK

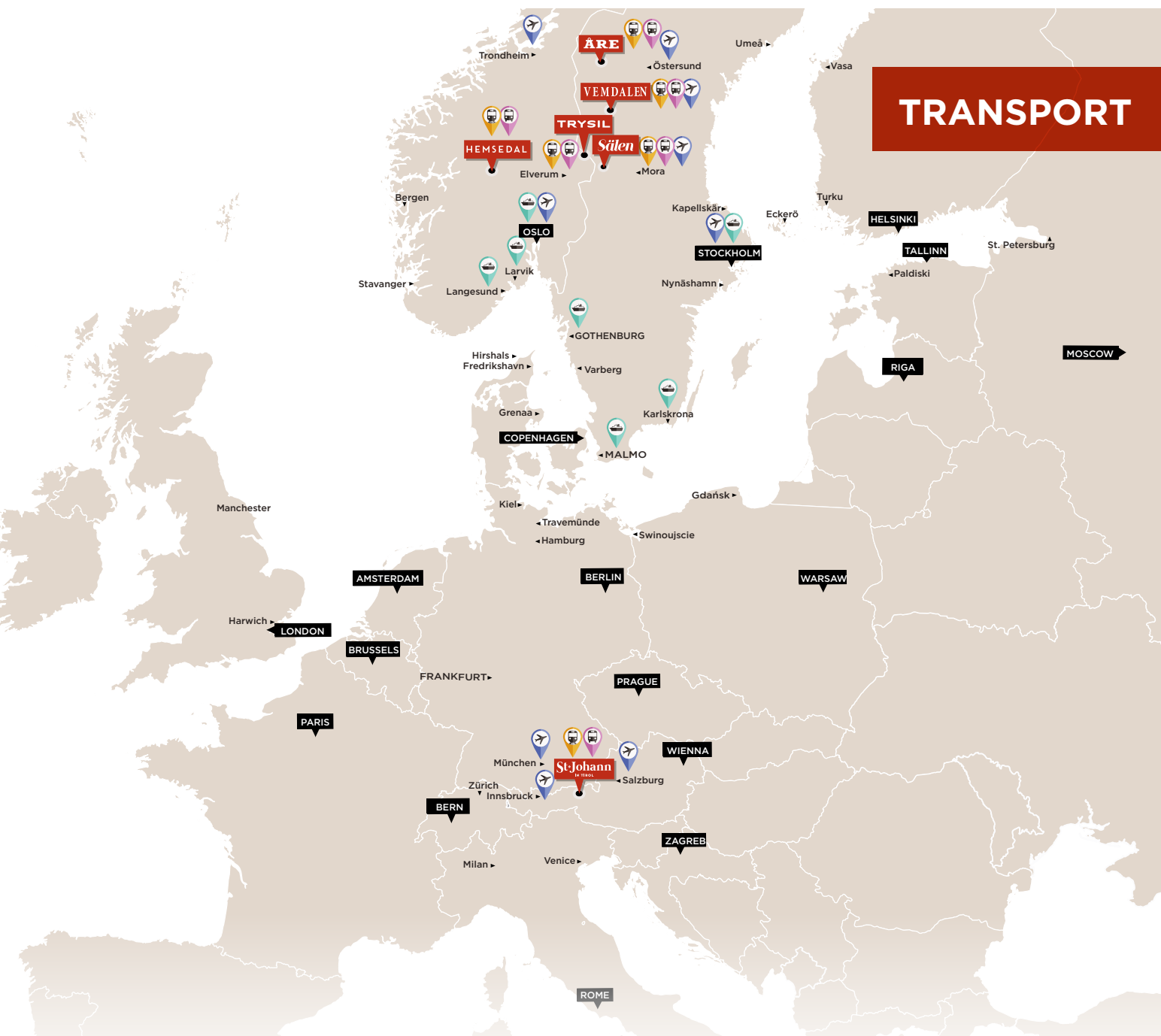


*As of 2014/15, 6–8 days' skiing with a SkiPass corresponds to 8 skier days. The dip in sales per skier day for Trysil and Hemsedal in 2015/16 is due to a weaker Norwegian krone.

13,611,294

TOTAL AREA OF GROOMED SLOPES, square metres

TRANSPORT



SKI RESORTS - OPERATION

	2016/17	2015/16
Revenue	2,070,493	1,901,283
Other income	3,959	6,117
Operating expenses	-1,488,049	-1,317,214
Costs from other segments	-290,501	-278,000
Share of profit/loss of joint ventures/associates	1,139	8,331
Depreciation/amortisation	-21,002	-22,203
Operating profit/loss	276,039	298,314
Intangible assets	197,064	205,523
Financial assets	70,633	58,239
Operating loans	408,262	571,304



Popular arrival points for each mode of transport to SkiStar's destinations. Travel by car, which is the most common mode of transport, has been omitted from the illustration.

25

CHILDREN'S
AREAS

76

LIGHTED
SLOPES

38,503

PIECES OF EQUIPMENT WERE
AVAILABLE FOR HIRE IN 2016/17

Sälen

LARGEST ALPINE SKI AREA IN NORTHERN EUROPE

Ski holiday made easy for the whole family.



SÄLEN IN FIGURES

	2016/17
Rented beds	13,900
Occupancy rate, %	84
No. ski school pupils	44,300
No. ski rental equipment items	13,000
No. skier days	1,596,000
Number of lifts	87
Lift capacity, skiers/hour	87,600
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	2,882,000
Area covered by snowmaking systems, square metres	2,215,000
No. lighted slopes	31
No. snow parks	3

SKIING AREAS AND FOCUS

The Sälen mountains are in northwest Dalarna roughly 420 kilometres from Stockholm and about 460 kilometres from Gothenburg. SkiStar Sälen consists of four resorts – Lindvallen, Högfjället, Tandådalen and Hundfjället – which together offer varied skiing across more than 100 slopes. The region offers everything from northern Europe'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 in the form of theatre performances, dinner shows, several children's ski areas and the opportunity to meet him in person. Trollskogen in Hundfjället has over 700 talking wood sculptures, which are popular with skiers of all ages.

To complement the skiing, there is SkiStar Lodge, Experium Lindvallen – an 11,500 square metre experience centre housing an adventure swimming pool and spa, restaurants, bowling, 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

SkiStar's operations in Sälen comprise skiing, ski rental outlets, sporting goods shops including a SkiStarshop Concept Store, ski school and SkiStar Lodge, Experium Lindvallen. Operations in the skiing area are pursued almost exclusively on land owned by SkiStar. SkiStar mediates over 14,000 beds in the area, around 2,800 of which are owned by the company. In addition, SkiStar sublets a hotel, 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.

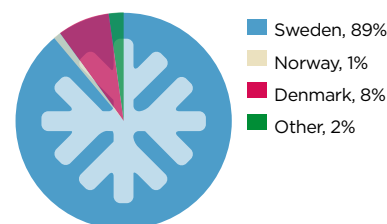
MARKET

The number of skier days in the 2016/17 season totalled 1,596,000, which is only a slight drop compared to the previous season, despite a significantly less favourable calendar. 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 the Group amounted to 85 percent (86), with persistently healthy growth for the period from 6 January until the February half-term holidays and the slight decline mainly linked to a less favourable end-of-year calendar. Most of Sälen's guests come from Sweden. Sälen also has a significant proportion of Danish guests, at 8 percent. Most people travel to Sälen in their own car. It is also possible to travel direct by bus from Stockholm, Gothenburg, Malmö and Copenhagen. Furthermore, there are flights from Ängelholm to Mora, with bus transfer to continue the journey to Sälen. The international Scandinavian Mountains Airport, which is close to Hundfjället, will bring more international guests and make it easier for current guests to return several times in one season.

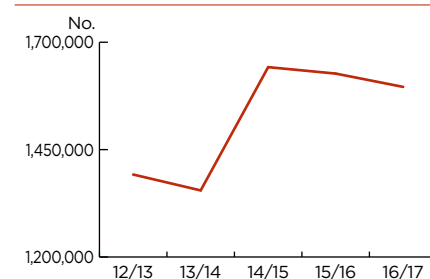
INVESTMENTS

New investments ahead of the 2016/17 season totalled SEK 14 million, including SEK 9 million on lifts related to the development of Valleberget in Lindvallen and Tallmyrslingan in Högfjället. Reinvestments amounted to SEK 48 million, of which SEK 16 million concerned measures to improve snowmaking systems. General investments related to replacement of piste machines and snowmobiles, as well as building repairs.

PROPORTION OF GUESTS by nationality

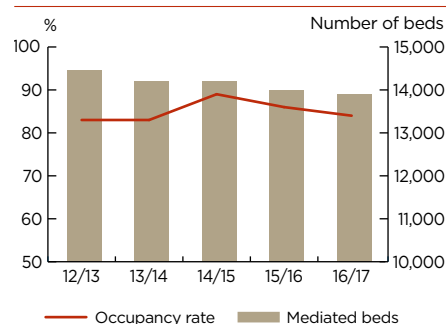


SKIER DAYS*



*As of 2014/15, 6-8 days' skiing with a SkiPass corresponds to 8 skier days.

OCCUPANCY RATE



ÅRE

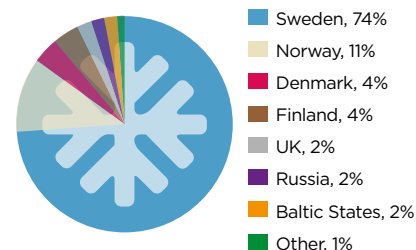
COSMOPOLITAN ATMOSPHERE

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

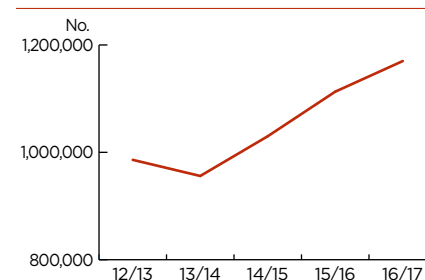
ÅRE IN FIGURES

	2016/17
Rented beds	6,100
Occupancy rate, %	77
No. ski school pupils	15,528
No. ski rental equipment items	7,540
No. skier days	1,170,000
Number of lifts	41
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	3,282,394
Area covered by snowmaking systems, square metres	2,008,405
No. lighted slopes	8
No. snow parks	3

PROPORTION OF GUESTS by nationality

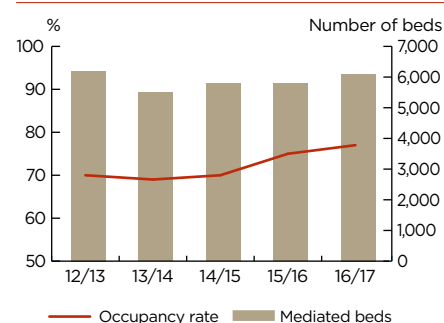


SKIER DAYS*



*As of 2014/15, 6-8 days' skiing with a SkiPass corresponds to 8 skier days.

OCCUPANCY RATE



DESTINATION AND FOCUS

Åre, which is situated 650 kilometres northwest of Stockholm, consists of three resorts: Åre Björnen, Åre By and Duved. Each resort 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 the 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 the agreements on the same terms as are currently in place. SkiStar rents out approximately 6,100 beds in Åre, around 600 of which are owned by the Group. The company also owns and sublets four 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 5.2 percent, to 1,170,000. The occupancy rate in cabins and apartments owned and mediated by the Group amounted to 77 percent (75). Swedish guests in Åre represent approximately 74 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. Preparations are continuing for hosting the Alpine World Championships in Åre in February 2019. In March 2018, Åre will host the World Cup finals in alpine skiing.

INVESTMENTS

Investments for the 2016/17 season amounted to SEK 17.2 million and relate to reinvestments in existing operations, with a focus on expanding snow production in the skiing area.

VEMDALEN

A MOUNTAIN GEM

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



VEMDALEN IN FIGURES

	2016/17
Rented beds	6,600
Occupancy rate, %	71
No. ski school pupils	14,927
No. ski rental equipment items	7,178
No. skier days	721,000
Number of lifts	35
Lift capacity, skiers/hour	38,512
Number of slopes	58
Number of children's areas	4
Longest slope, kilometres	2.2
Total length of groomed slopes, kilometres	52.3
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 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 6,600 beds in the area are mediated through SkiStar, including around 600 owned by SkiStar. 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.

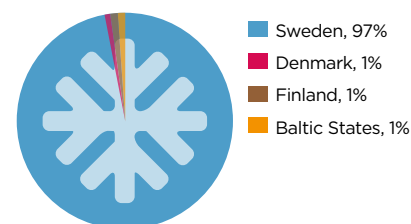
MARKET

The number of skier days increased by 2 percent to 721,000. The occupancy rate in cabins and apartments owned and mediated by the Group amounted to 71 percent (72). 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 Sveä.

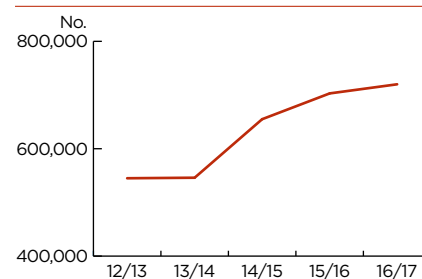
INVESTMENTS

Investments for the 2016/17 season amounted to SEK 15 million and related exclusively to reinvestments in existing operations, with a focus on the skiing area.

PROPORTION OF GUESTS by nationality

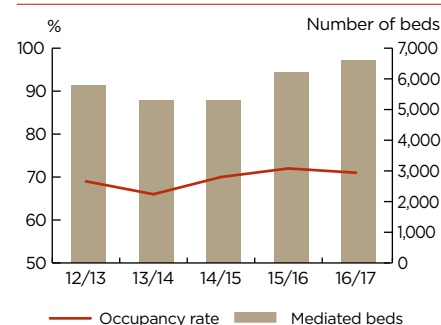


SKIER DAYS*



*As of 2014/15, 6-8 days' skiing with a SkiPass corresponds to 8 skier days.

OCCUPANCY RATE



HEMSEDAL

SKANDINAVIA'S ALPS

High peaks, staggering views and adventurous skiing.



HEMSEDAL IN FIGURES

	2016/17
Rented beds	4,700
Occupancy rate, %	77
No. ski school pupils	8,947
No. ski rental equipment items	3,523
No. skier days	596,000
Number of lifts	18
Lift capacity, skiers/hour	26,000
Number of slopes	49
Number of children's areas	1
Longest slope, kilometres	6
Total length of groomed slopes, kilometres	46
Maximum vertical drop, metres	830
Highest groomed ski area, metres above sea level	1,450
Total area of groomed slopes, square metres	1,600,000
Area covered by snowmaking systems, square metres	688,555
No. lighted slopes	12
No. snow parks	4

DESTINATION AND FOCUS

Hemsedal is situated 230 kilometres northwest of Oslo and 280 kilometres east of Bergen. The destination, referred to as Scandinavia's 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, three ski rental outlets and three sporting goods outlets. Approximately 4,700 beds in the area are mediated through SkiStar, including around 500 owned by SkiStar. Operations in the skiing area are pursued 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 number of skier days dropped by 9 percent to 596,000 due to a lack of snow. 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 half 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

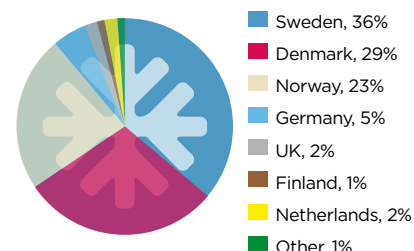
Investments for the 2016/17 season amounted to SEK 12.5 million.

The Fjellkafeen restaurant has been redecorated with new furniture and furnishings. The snowmaking facility has been upgraded and reinvestments have been made in snow grooming machinery, etc. The development of venues and attractions in the ski resort continued, partly due to the growth in popularity of the children's concept, Valle.

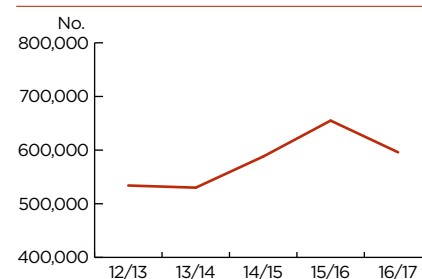
In addition, buildings in our wholly-owned subsidiary Staven Næringseiendom AS have been renovated externally and partially internally at a cost of SEK 6.5 million.

SkiStar and Peab are working together on the completion of SkiStar Lodge Hemsedal Suites. The project encompasses 600 new beds for rental, with a central location at the foot of the children's area. Several of the apartments will be furnished with a Valle theme and everything will be completed by autumn 2017. The complex will also include an O'Learys restaurant, which will also open in time for the 2017/18 season.

PROPORTION OF GUESTS by nationality

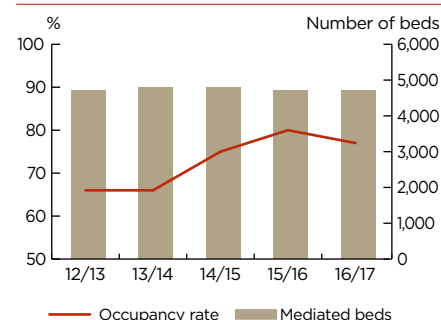


SKIER DAYS*



*As of 2014/15, 6-8 days' skiing with a SkiPass corresponds to 8 skier days.

OCCUPANCY RATE



TRYSIL

NORWAY'S LARGEST SKI RESORT

A modern destination for families who enjoy skiing.



TRYSIL IN FIGURES	2016/17
Rented beds	6,700
Occupancy rate, %	86
No. ski rental equipment items	7,262
No. skier days	1,064,000
Number of lifts	32
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	2,500,000
Area covered by snowmaking systems, square metres	1,106,000
No. lighted slopes	6
No. snow parks	6

DESTINATION AND FOCUS

Trysil is situated 210 kilometres northeast of Oslo. The mountain, Trysilfjället, offers 77 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, the ski school, in which SkiStar has a 35 percent minority interest, and a sales department mediating the rental of 6,700 beds (including the hotel) in the area. Operations in the skiing area are pursued on leased land. The leasing agreement has a tenor of 50 years, with the possibility for SkiStar to renew upon expiration. SkiStar also sublets 13 slope restaurants in Trysil to external operators.

MARKET

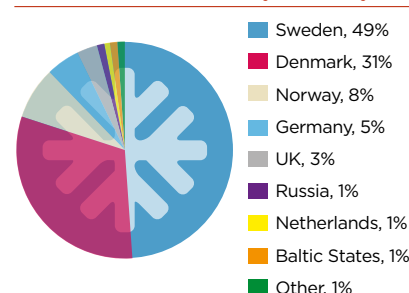
The number of skier days increased by 3 percent to 1,064,000. The occupancy rate in cabins and apartments owned and mediated by the Group rose to 86 percent (81).

Of the guests staying in this accommodation, 49 percent came from Sweden, 31 percent from Denmark and 8 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.

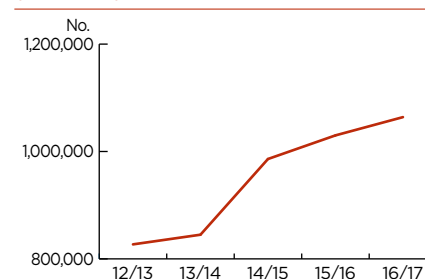
INVESTMENTS

SEK 84 million was invested in product improvements ahead of the 2016/17 season. Most related to a new chair lift and snowmaking system in the Skihytta skiing area, allowing skiers to travel around the entire mountain using express chair lifts and making more effective use of Skihytta. On top of this, there were reinvestments in existing operations, in the form of machinery and equipment. SkiStar's children's concept, Valle, and children's activities were further developed.

PROPORTION OF GUESTS by nationality

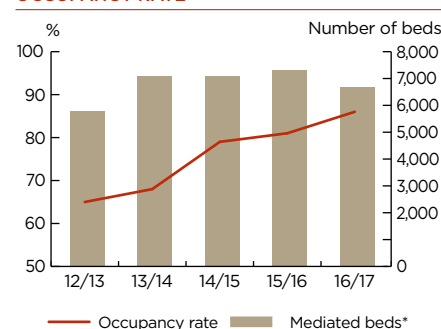


SKIER DAYS*



*As of 2014/15, 6-8 days' skiing with a SkiPass corresponds to 8 skier days.

OCCUPANCY RATE*



*From säsongen 2013/14 inkluderar antalet förmedlade bäddar även hotell.

SKISTAR St. Johann

IN TIROL

A FAMILY RESORT IN THE HEART OF THE TYROL

An Austrian gem for families who seek a relaxing holiday.



ST JOHANN IN TIROL IN FIGURES	2016/17
No. skier days	255,000
Number of lifts	17
Lift capacity, skiers/hour	15,000
Number of slopes	22
Number of children's areas	4
Longest slope, kilometres	6.0
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	940,000
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 generates revenue mainly from 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 boasts 19 slope restaurants, many of them housed in family-owned farms on the mountainside.

MARKET

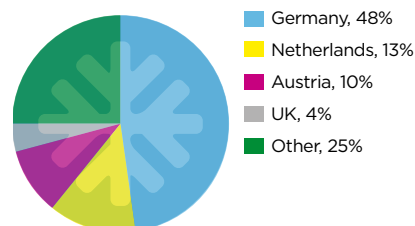
The number of skier days totalled 255,000 in the 2016/17 season, which represents a four-percent increase on last year. In the St Johann in Tirol – Oberndorf – Kirchdorf region there are 7,230 beds to mediate and the occupancy rate is 60 percent during the winter months. Guests come mainly from Germany, 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

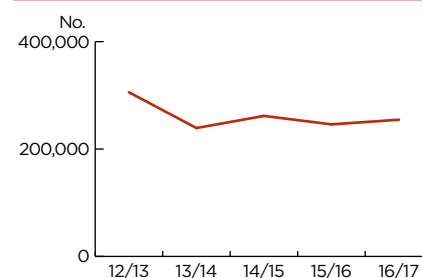
Last year a total of EUR 3.5 million (corresponding to SEK 33 million) was invested in the ski resort, spent in part on expanding the existing snowmaking equipment at Schlosserbergsee. We installed 18 new cooling towers and replaced 25 snow canons with new models. In addition, there were reinvestments and upgrades to machinery and equipment.

In May 2017, construction began on the new gondola and chair lifts at Eichenhof. In the middle of June 2017, building work also began on the new snow equipment facility, with storage pond and pumping station at Eichenhof. Both the new lifts and the facility are expected to be completed in time for the 2017/18 season.

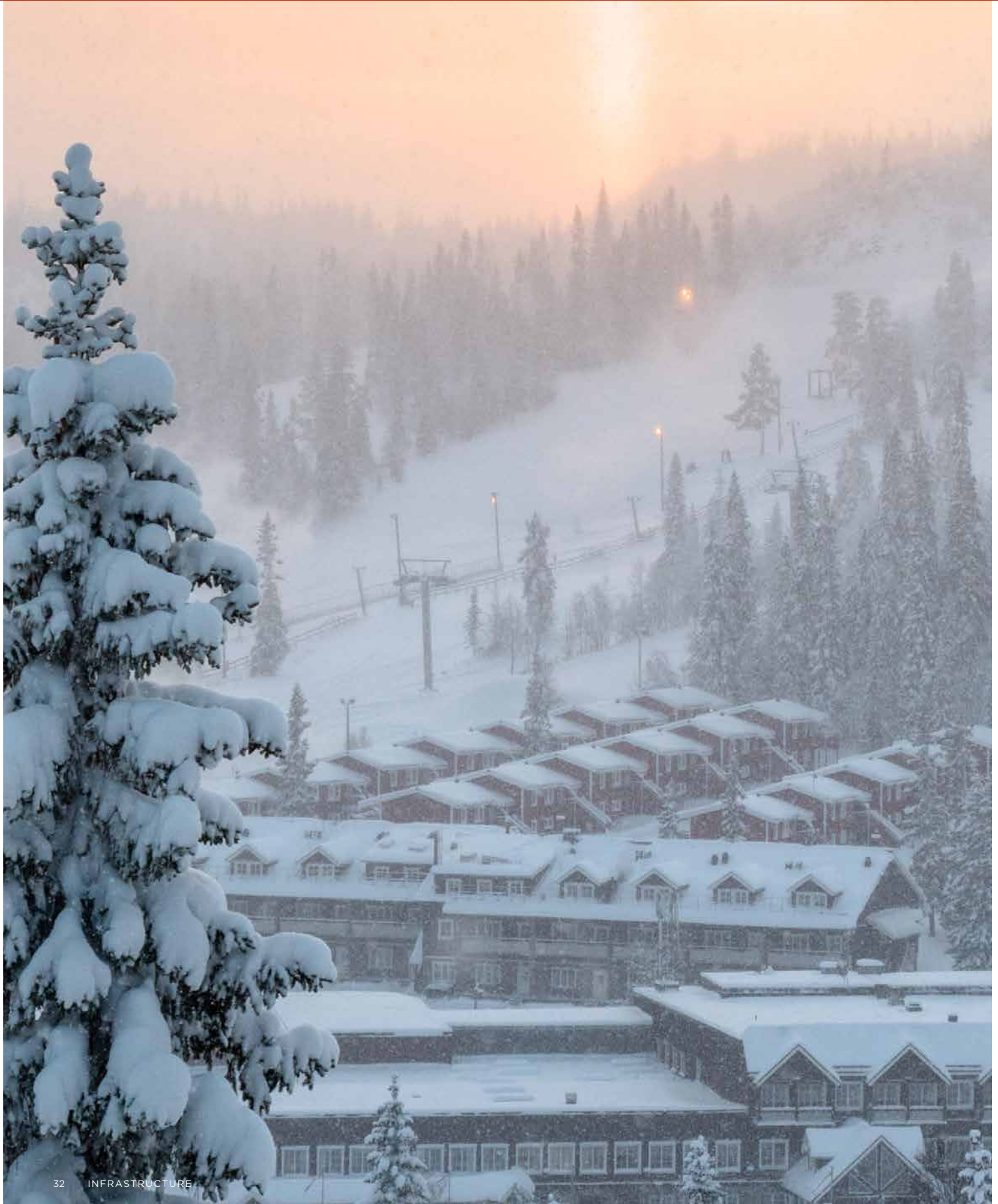
PROPORTION OF GUESTS by nationality



SKIER DAYS



INFRASTRUCTURE



INFRASTRUCTURE

The Infrastructure segment covers non-current assets such as land, lifts, properties, investments in co-owned companies, etc. The focus is on generating a reasonable return on investments made. Sources of revenue include internal rent from Ski Resorts – Operation and return on non-current assets. Investment credits have been allocated to Infrastructure where the pledged assets are reported.

REVENUE AND EARNINGS

Internal rental income totalled SEK 291 (278) million and is based on cash flow generating a five-percent return on the carrying amounts of invested assets. Rent is determined annually in advance.

During the year, interests in accommodation were sold for a total of SEK 57 (23) million, with a profit of SEK 36 (18) million. SEK 31 (15) million related to revenue from sales of shares in Vacation Club and SEK 26 (8) million to other interests in accommodation.

Profit is broken down as follows: SEK 26 (12) million to Vacation Club and SEK 10 (6) million to other interests. The increase in sales of shares in Vacation Club is due to the formation of a new tenant-owner association with eight apartments. Capital gains/losses arising from, for example, lifts, snowmobiles, piste machinery and other non-current assets totalled SEK -4 (1) million.

INVESTMENTS

Investments for the financial year amounted to SEK 481 (477) million (gross) and SEK 457 (262) million (net). Investments were mainly related to a six-seater lift (Skihytta Express) and snowmaking system in Trysil, the property Entréhuset in Sälen through the acquisition of shares and reinvestments in ski resort operations and properties.

LIFTS, PISTES AND SNOW

The carrying amount of non-current assets for conducting destination operations amounts to SEK 3,066 (2,893) million. Almost all of the Group's lifts, 230 in total, are owned by SkiStar. Eight lifts are rented with an opportunity, but no obligation, to acquire the lift following expiration of the lease period.

The Group owns around 95 percent of the land assets in Sälen, roughly 32 percent in Åre and 58 percent in Vemdalen. In Trysil, Hemsedal and St Johann, the land is leased.

PROPERTY PORTFOLIO

In Sweden, three subsidiaries own accommodation properties with a carrying amount of SEK 410 million. 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 220 million.

In Norway, the subsidiary Fjellinvest AS owns the Alpine Lodge in Hemsedal with a carrying amount of SEK 75 million, along with 50 percent of the Radisson Blu Resort in Trysil and the Radisson Blu Mountain Resort via a joint venture. In September 2017, Skiab Invest AS completed SkiStar Lodge Hemsedal Suites with 100 apartments (600 beds), restaurant, underground parking and a 14-metre high climbing wall. This encompasses roughly 13,500 square metres with estimated construction costs of approximately NOK 300 million (corresponding to SEK 306 million).

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 receive the additional benefits of mem-

bership of the international exchange and placement organisation, RCI, as well as membership of SkiStar Vacation Club. This form of accommodation is cost-effective, 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, warm, and ready ahead of the guest's arrival. Flexibility is achieved as the timeshare owners can enjoy RCI's entire range of over 5,000 destinations worldwide. SkiStar Vacation Club is currently offered in Sälen; however, the intention is to roll out the concept to more destinations. The first destination after Sälen will be Åre, where 14 apartments are being adapted to the concept. Sales are expected to get started in 2018.

ACCOMMODATION INTERESTS FOR SALE

Seven apartments in Vemdalen were sold during the year. In Lindvallen, Sälen, eight apartments were sold to a newly formed tenant-owner association, to be sold as shares in the Vacation Club concept. Sales began in October 2016.

HOTELS, CABINS AND APARTMENTS

	Sälen	Åre	Vemdalen	Hemsedal	Trysil	Total
No. hotels	1	1			2*	2
No. existing cabins and apartments	225	41	67	48	3	384
No. co-owned existing cabins and apartments	321	7	8	100	183	619

*SkiStar owns 50 percent of the two hotels in Trysil.

INFRASTRUCTURE SEGMENT

SEK thousand	2016/17	2015/16
Internal rental income	290,501	278,000
Sale of interests in accommodation	57,139	23,451
Capital gains on sale of non-current assets	-3,507	1,424
Cost of sold interests in accommodation	-20,715	-5,506
Depreciation/amortisation	-214,815	-191,355
Operating profit/loss	108,602	106,014
Property, plant and equipment	3,066,476	2,892,926
Financial assets	519,356	472,852
Investment loans	1,353,080	1,171,380

INFRASTRUCTURE

Accommodation units in operations	Destination	Area	Land, square metres
	Sälen	Lindvallen	90,000
	Sälen	Tandådalen	57,000
	Åre	Åre	16,600
	Åre	Duved	3,000
	Åre	Åre Björnen	13,000
	Vemdalen	Vemdalen	31,000
			210,600
	Hemsedal		32,000
			32,000

EXPLOITATION



Tenant-owner association Sadelbyn 1 and 2, Åre



SkiStar Lodge Hemsedal Suites

EXPLOITATION

The Exploitation segment covers properties not used within the Infrastructure segment. The focus is on developing and realising 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. Revenue is generated via the sale of land and plots. Assets attributable to Exploitation comprise properties, which are recognised at their carrying amount, as well as an interest in a joint venture for property development. No loans have been allocated to the Exploitation segment.

REVENUE AND EARNINGS

During the year, exploitation assets were sold for a total of SEK 183 (67) million, with a profit of SEK 92 (35) million. SEK 6 (0) million related to revenue from the sale of land, while SEK 32 (67) million was from the sale of plots. Profit is broken down as follows: SEK 6 (0) million to land and SEK 19 (35) million to plots. Sales of plots related to 24 plots (32). The average profit per plot was SEK 0.8 (1.1) million. The average profit per plot over time is estimated at around SEK 1.1 million. Furthermore, three construction projects have been sold for SEK 145 million, with a profit of SEK 67 million. In a fifty-percent owned associate, the sale of land to two tenant-owner associations generated SEK 37 million (0) in share of profit.

LAND ASSETS

Land development assets and unsold plots total 5.4 million square metres (5.4) and the carrying amount totals SEK 98 (98) million. 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 our 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

There are currently four plots for sale in Sälen.

DEVELOPMENT PROJECTS

At all destinations, work to identify 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.

Sälen

In Sälen, SkiStar owns large land development areas. Several major planning projects have entered their final phases, to be implemented over the next few years. In addition to the continued development of apartments in Lindvallen and Tandådalen including around 1,500 beds, a project is also under way to consolidate central Hundfjället, where the hub comprises a Ski Lodge with roughly 800–1,000 beds. Alongside this, work is ongoing to create new development rights and plot areas in attractive, sought-after Ski-in Ski-out locations.

Åre

Adjacent to Åre Fjällby there is an area of land where plans are under way for 60 apartments and 500 beds. There is no detailed development plan for the area yet. Work on a detailed development plan is under way at the Kabinbanan lift, which is expected to result in an opportunity to build 150 apartments with 600–900 beds, 1,000 square metres for retail, 1,000 square metres for restaurants and 400 parking spaces. A detailed development plan is in place for an area in Åre Björnen, right next to the new skiing area with chair lifts, including 1,500 beds. The project is co-owned with Peab on a 50/50 basis.

The first stage, including 200 beds in 24 apartments at the tenant-owner association Sadelbyn 1, has been completed. Construction of stage two in

tenant-owner association Sadelbyn 2, encompassing 400 beds in 48 apartments, is under way and will be completed in September 2018. Third and fourth stages are also planned, but production has not yet begun. At Rödkullen, SkiStar is a minority shareholder in a major development project together with a collaborative partner. There is no detailed development plan for the area yet.

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: Vemdalskskalet, Björnrike and Klövsjö. The largest development is taking place in Skalet's square and at Skalspasset, both situated in Vemdalskskalet. SkiStar owns development land in both Vemdalskskalet and Björnrike. In Björnrike, SkiStar is a minority owner in a development project for Björnrike's new plaza, SkiStarshop and ski rental with staff areas, which will be completed in December 2017. On two floors above this, 12 apartments are being built with 96 beds, in preparation for the 2018/19 season.

Hemsedal

Construction of SkiStar Lodge Hemsedal Suites, which began last year, is proceeding as planned, with completion anticipated in time for the 2017/18 season. The project value amounts to roughly NOK 300 million (corresponding to SEK 306 million). SkiStar Lodge Hemsedal Suites will be owned by a company owned jointly by SkiStar and Peab on a 50/50 basis. In Hemsedal, planning is also under way on the development of an apartment complex in a co-owned company including around 850 beds.

Trysil

In Trysil, a project is being planned at Torghuset encompassing 20 apartments and 500 square metres of commercial space. Jointly-owned companies own a total of 8,000 square metres of development land.

LAND HOLDINGS

Number of potential apartments	Sälen	Åre	Vemdalen	Hemsedal	Trysil	Total
Completed development plans	189	433	251	97	16	986
Ongoing development plans	380	535			32	947
Scheduled development plans	160	150	140	150	75	675
Scheduled comprehensive plans	750			300		1,050

EXPLOITATION OPERATING SEGMENT

SEK thousand	2016/17	2015/16
Revenue from sold exploitation assets	183,371	67,159
Costs of sold exploitation assets	-91,073	-31,986
Share of profit/loss of joint ventures/associates	36,847	-136
Operating profit/loss	129,145	35,037
Property, plant and equipment	79,599	89,900
Financial assets	45,118	8,271
Investment loans	0	0

EXPLOITATION

Development land	Destination	Area	Land, square metres
	Sälen	Lindvallen	2,581,000
	Sälen	Tandådalen	2,570,000
	Åre	Åre	26,300
	Åre	Duved	60,000
	Åre	Tegefjäll	60,000
	Åre	Sadeln	50,000*
	Vemdalen	Björnrike	53,000
			5,400,300
	Trysil		8,000
	Hemsedal		7,000
			15,000

* SkiStar owns 50 percent of the land.

EMPLOYEES



SKISTAR'S HR VISION

SkiStar aims to create a corporate culture centred on learning, high standards of performance, consideration for others, a guest-centred approach and pride in what we do. Employees must be open to change.

SATISFIED EMPLOYEES AND GOOD SERVICE PRODUCE RESULTS!

Motivated and satisfied employees provide better service. Good service is one of the most important reasons why guests return to one of SkiStar's destinations, since a large part of the guest's experience is in how welcome they are made to feel by the personnel. Satisfied, returning customers are the foundation of SkiStar's profitability. SkiStar works with various programmes to continually improve the service provided to our guests.

RECRUITMENT - A SEARCH FOR VALUES

A positive corporate culture is highly valued by those seeking employment, as confirmed by internal interviews within SkiStar. A jobseeker's personal values should match the values of SkiStar to provide a positive experience for guests, employees and the organisation. Up to 2,000 positions are filled prior to each season. Around two thirds of these are staffed by returning seasonal workers, while approximately 700 are filled by new members of staff. SkiStar receives in the region of 4,000 applications for these positions and holds around 1,100 employment interviews. A well-structured recruitment process is one of the strategic tools available to help build a strong corporate culture. SkiStar has developed an online recruitment tool based on the company's values. This tool makes the recruitment process more cost-effective and increases the quality of the selection process.

PROFESSIONAL DEVELOPMENT OPPORTUNITIES

Many of SkiStar's employees remain with the company and often change positions and/or destination. We encourage our employees in their professional development and help them climb the career ladder internally by offering many different opportunities. Good examples of this are SkiStar's internal leadership and trainee programmes, along with various combination positions that have varied tasks.

We believe that good leaders, variation of tasks and opportunities for professional development produce talented and happy employees. We are extremely proud as an employer to be able to offer many young people the chance to improve their CV at the start of their career and gain valuable experience to take with them in their future professional lives.

MEASURING VALUES - TARGET MAP

Feedback regarding the guests' experiences plays a crucial role in our efforts to improve service.

Consequently, SkiStar has created a tool for measuring how guests experience employees' ability to fulfil SkiStar's basic values. The results are reported digitally in the form of a target map. The target map is created over the entire duration of the winter season and the results are continually monitored.

EMPLOYEE SURVEY

Every other year, SkiStar conducts an employee survey to ensure that the working environment is enjoyable and pleasant, and to compile opinions on how the business can be improved. Using the results of the survey, three focus areas are selected for the company to further improve and to utilise employee suggestions. The results of the survey indicate that a very high percentage of our employees would recommend SkiStar as an employer.

OUR WORKING ENVIRONMENT - HOW GUESTS EXPERIENCE THEIR ENVIRONMENT

A safe and sound working environment for SkiStar's employees is a prerequisite for being able to offer guests memorable mountain experiences in a safe and secure alpine setting. SkiStar has a structured work environment organisation at each destination, working on preventive measures to continuously improve working conditions through, for example, safety checks and inspections, as well as via the drafting of work environment policies.

Each destination also has a well-developed emergency organisation with specially trained crisis managers. Over the past year, several emergency drills were carried out to maintain a high degree of preparedness. In the event of a crisis or accident, SkiStar's tested routines and trained staff are able to provide professional and considerate care to reduce the suffering of those affected. This applies equally to our guests, our employees and any other stakeholders.

In the event of an emergency, the organisation is always, primarily, to address those who are injured and any individuals accompanying them and, secondly, to maintain confidence in SkiStar.

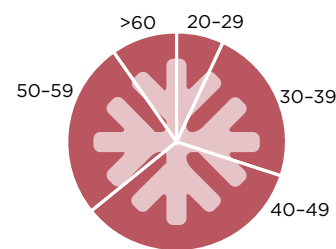
EQUALITY

SkiStar works actively with issues of equality, together with trade unions and employers' organisations. An equality group manages development issues.

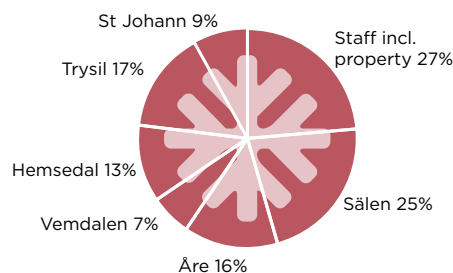
EMPLOYEE STATISTICS

The average number of employees during the 2016/17 financial year increased by 108 (10 percent) to 1,240 (1,132). St Johann accounted for most of this increase. The distribution of employees across the various destinations is illustrated in the pie chart above. The average age of permanent employees was 45 (46), while the average period of employment among permanent employees was 13 years (14). A total of 38 percent (37) of the total number of employees were female. Revenue per employee rose by 6 percent to SEK 1,860 (1,757). The number of permanent employees at 31 August was 466 (408). Expressed as full-time equivalents, the figure was 455 (398). SkiStar employed a total of 2,499 (2,405) people during the peak season. The portion of permanent employees with higher education qualifications was 19 percent (16) at 31 August 2017, and SkiStar's investment in skills development totalled SEK 4 (4) million during the financial year. Most skills development training was undertaken in-house.

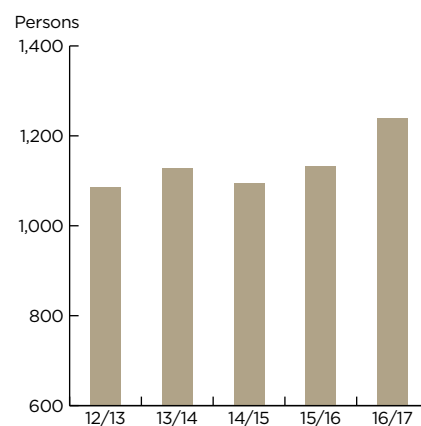
BREAKDOWN BY AGE, permanent employees



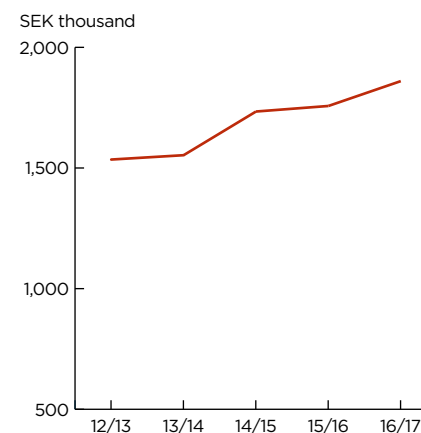
PERMANENT EMPLOYEES, per destination



AVERAGE NUMBER OF EMPLOYEES



REVENUE per employee, SEK thousand



OUR RESPONSIBILITY



CODE OF CONDUCT

SkiStar follows a Code of Conduct, adopted by the company's Board. The Code contains all guidelines regarding the manner in which the company is to act in relation to its stakeholders, as well as principles regarding environmental and social responsibilities. The following table presents several examples of stakeholders.

OUR AREAS OF RESPONSIBILITY

SkiStar operates in three primary areas of responsibility, in which the environment and social responsibility form the basis of Our Responsibility, while Health and Active Lifestyle constitute the more niche areas where SkiStar has greater opportunities to actively make a difference. By working purposefully with sustainability issues within the framework of the operations' focus areas, we want to make ethical, social, environmental and economic concerns an integral part of SkiStar's day-to-day operations.



SKISTAR'S PRINCIPLES REGARDING OUR RESPONSIBILITY

SkiStar follows four principles for how the company should work regarding Our Responsibility:

- * Consciously choose focus areas.
- * Practise what we preach.
- * Actively communicate Our Responsibility.
- * Strengthen the SkiStar brand and drive sales.

ENVIRONMENT

Environmental policy

SkiStar will consider the environment in all its operations in its efforts to create memorable mountain experiences. Systematic improvements will ensure that SkiStar's guests come to view SkiStar as the environmentally sound choice.

SkiStar's destinations will:

Live in symbiosis with the environment in which we operate

- * Do as little damage to our physical environment as possible.
- * Make every effort to continually minimise each significant negative environmental impact.
- * Maintain the natural beauty of the mountain environment.

Design and select products and services in such a manner as to limit their environmental impact during purchase, production, utilisation and disposal

- * Design processes to ensure the application of the most appropriate alternative.
- * Train the people working with purchasing products and services.

Continually strive to improve employees' environmental knowledge and awareness

- * Continuously educate and inform all personnel regarding our responsibility issues.
- * Allow personnel to be ambassadors of SkiStar.

ENERGY POLICY

It is SkiStar's goal to conduct operations adapted to the environment and consume as little energy as possible. This means that SkiStar strives to make its energy consumption efficient and to maintain energy utilisation at the lowest level possible in relation to its operations. Snowmaking, property management and ski lifts are all processes requiring a great deal of energy. In order to achieve energy efficiency, SkiStar will systematically identify and analyse energy use, as well as operate with as low energy consumption as financially plausible. The company will focus on efficient use of energy when making new investments, and highlight energy consumption as an issue with individual employees and together come up with ways of reducing energy use without affecting the quality of the product. SkiStar will also use renewable energy sources as far as possible and will regard laws and regulations relating to operations within the area of energy as minimum requirements.

Examples of environmental and energy-saving action taken

- * Monitoring of carbon dioxide (CO₂) emissions generated by operations. See table on page 41.
- * 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.
- * SkiStar endeavours to buy its electricity and heating based on renewable energy sources as far as possible.
- * Continuous upgrading of snowmaking systems to more modern, efficient and low-energy systems.
- * In areas with a district heating network, we are converting our own properties from direct electric heating to hydronic heating.
- * SkiStar is co-owner of Dala Vindkraft Ekonomisk Förening, as well as Dala Vind AB, as part of the company's focus on renewable energy and climate-neutral power production, and to make it possible for the municipalities, the County of Dalarna, Sweden and the EU to meet their climate targets.
- * Together with other investors, SkiStar operates three biomass heating plants, two heating plants in Sälen, in Lindvallen and in Tandådalen, as well as one in Hemsedal.
- * Preparations are complete for recapturing excess heat from the compressors used for snowmaking, so it can be recycled back into the district heating network.
- * As far as possible, accommodation is built by local construction companies, using locally sourced, recycled materials. Existing vegetation on the land around the buildings is preserved and replanted, and trees in the vicinity are protected during the construction period.
- * Continuous efforts to prevent erosion of the slopes through the building of dams and planting of vegetation.
- * Most newly constructed accommodation is located close to the lift systems (Ski-in Ski-out), which reduces car travel at the destinations.



SOCIAL RESPONSIBILITY

The guidelines adopted by SkiStar state that SkiStar supports the basic values expressed in the UN Global Compact and its ten principles on corporate social responsibility. These principles encompass regulations regarding respect for basic human rights, labour laws (including regulations against child labour and forced labour), anti-corruption measures and environmental regulations. SkiStar shall contribute, as much as possible, to the improvement of financial, environmental and social conditions through an open dialogue with the relevant interest groups in society. SkiStar therefore supports the UN Millennium Development Goals. SkiStar supports and respects the protection of internationally decreed human rights. SkiStar will ensure that it does not in any way contribute to, benefit from or facilitate human rights violations.

Examples of SkiStar's social responsibility initiatives

- * Working continually to ensure the health and safety of guests and employees when they are on site at SkiStar's destinations. This is carried out in the form of work environment organisations and plans at every destination.
- * Sharp focus on giving guests a safe and secure skiing holiday.
- * Encouraging young people to gain their 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 enter the job market and gain valuable professional experience.
- * Stimulating growth in sparsely populated areas.

HEALTH AND ACTIVE LEISURE TIME – SUSTAINABLE GOOD HEALTH

As SkiStar believes that an active lifestyle with friends and family contributes significantly to a healthy and fulfilling 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 and providing opportunities and inspiration for 52 weeks of exercise. General interest in health and wellbeing has increased and the trend to stay active while away on holiday is growing.

Examples of initiatives relating to health and active leisure time

- * The ski community MySkiStar Game is a service that SkiStar has introduced to seize upon and reinforce guests' interest in alpine skiing as a means of exercising and socialising.
- * Children and young people up to the age of 15 living in the municipalities at our destinations Sälen, Åre, Vemdalen, Trysil and Hemsedal are offered a free, personal season card for the 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 6. The aim is to encourage parents and children to engage in physical activity during their leisure time.
- * 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. Using Valle as our source of inspiration, we want to encourage an active and healthy lifestyle, which includes alpine skiing. SkiStar's ambition is to establish a new skiing culture on the slopes and make skiing safer, more secure and even more fun, with the help of Valle and our young guests. The children will be ambassadors and in the next stage they will teach their siblings and parents.

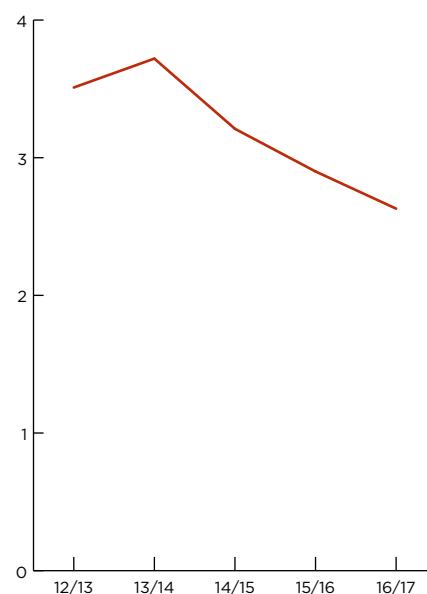
- * Since 2010, SkiStar has been the main sponsor of the SkiStar Swedish Open, as a means of conveying the fun of skiing outside the winter season, but also to inspire new skiers to try the sport.
- * In February 2015, SkiStar arranged the SkiStar Everest Challenge at the Hammarbybacken ski slope in Stockholm, in which participants were challenged to cope with a simulated snowstorm taking place on Mount Everest's Lhotse face.

National ventures and local involvement

SkiStar collaborates with several different organisations and projects in the areas of environment, social responsibility and health and active lifestyle. This concerns both projects at a national level and support of local initiatives and activities. Some examples are given here.



CLIMATE TREND, TONNES CO₂/SEK million



REPORTED CO₂ EMISSIONS, TONNES

	16/17	15/16	14/15	13/14
Fuel*	5,682	5,586	5,894	5,966
Transportation**	91	84	88	98
Heating	62	61	54	73
Electricity	69	60	67	68
Total	6,054	5,791	6,103	6,205

* Affected by new investments in machinery, weather conditions, number of events and size of piste areas.
 ** Air travel is increasing.

STAKEHOLDERS

	EXAMPLES OF KEY ISSUES	EXAMPLES OF MANAGEMENT WITHIN SKISTAR
GUESTS	Service	Guest surveys as a basis for improving customer satisfaction.
	Safety	Thorough safety procedures. Crisis management policy, with an established plan of action for emergencies and comprehensive routines.
EMPLOYEES	Safe working environment	Working environment policy. Continuous improvements to the working environment through safety checks, inspections and health and safety plans.
	Diversity and equality	Equality plan that protects the equal rights of all employees and promotes increased diversity.
PARTNERS AND OTHER STAKEHOLDERS	Freedom of competition	Policy concerning bribery to ensure employees do not participate in anticompetitive activities.
	Company security	IT and security policy ensuring that all use of IT and phone systems is in the company's interests.
SHAREHOLDERS	Financial reporting and price-sensitive information	SkiStar AB is listed on the Nasdaq OMX Mid Cap Stockholm and has clear guidelines regarding how, when and by whom reports and information affecting the share price are communicated.
	Insider information and insider trading	Employees with access to insider information are subject to the EU Market Abuse Regulation.



ENVIRONMENT

Panta Mera (Swedish can and PET bottle recycling campaign). At the destinations, cans and PET bottles are collected in containers and igloos labeled 'Panta Mera'. The return on the cans/bottles is donated by SkiStar to the 'Alla på snö' (World Snow Day) project, see below for further details.

Participation in the climate manifestation Earth Hour to encourage guests and employees to conserve energy in aid of a brighter future.



SOCIAL RESPONSIBILITY

The purpose of the Swedish foundation 'Min Stora Dag' (My Special Day) is to make wishes 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, next to Snötorget 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.



HEALTH AND ACTIVE LIFESTYLE

World Snow Day: 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.

Team sponsor to Ski Team Sweden Alpine to encourage interest in skiing and create resources for training and competing.

THE SKISTAR SHARE

The SkiStar share has been listed on the Stockholm Stock Exchange since 1994



HISTORY

The B share is listed on the Mid Cap list of the Nasdaq Stockholm exchange. The share was listed on 8 July 1994 on the then Stockholm Stock Exchange OTC list. At the time of listing, the share price was SEK 9, adjusted for share splits.

SHARE STRUCTURE

On 31 August 2017, share capital totalled SEK 19,594,014 distributed among 39,188,028 shares, including 1,824,000 Class A shares entitling the owner to ten votes per share and 37,364,028 Class B shares entitling the owner to one vote per share. All shares have equal rights to dividends.

SHARE PRICE PERFORMANCE AND TRADING

During the 2016/17 financial year, the share price increased by SEK 44.50 (31 percent) to SEK 186.50. The Stockholm Stock Exchange all-share index (OMXSPI) gained 9 percent over the same period. Since the company was listed in 1994, the share price has increased from SEK 9 to SEK 186.50, adjusted for share splits. During the same

period, dividends have been paid of SEK 62.19 per share, including a dividend of SEK 5.50 proposed by the Board for the 2016/17 financial year. During the 1 September 2016–31 August 2017 period, 5,264,539 (6,644,037) shares in the company were traded at a value of SEK 908 (809) million. The lowest price paid was SEK 131.50 on 3 November 2016 and the highest was SEK 220.50, noted on 15 May 2017. On 31 August 2017, SkiStar's market value amounted to SEK 7,309 (5,565) million.

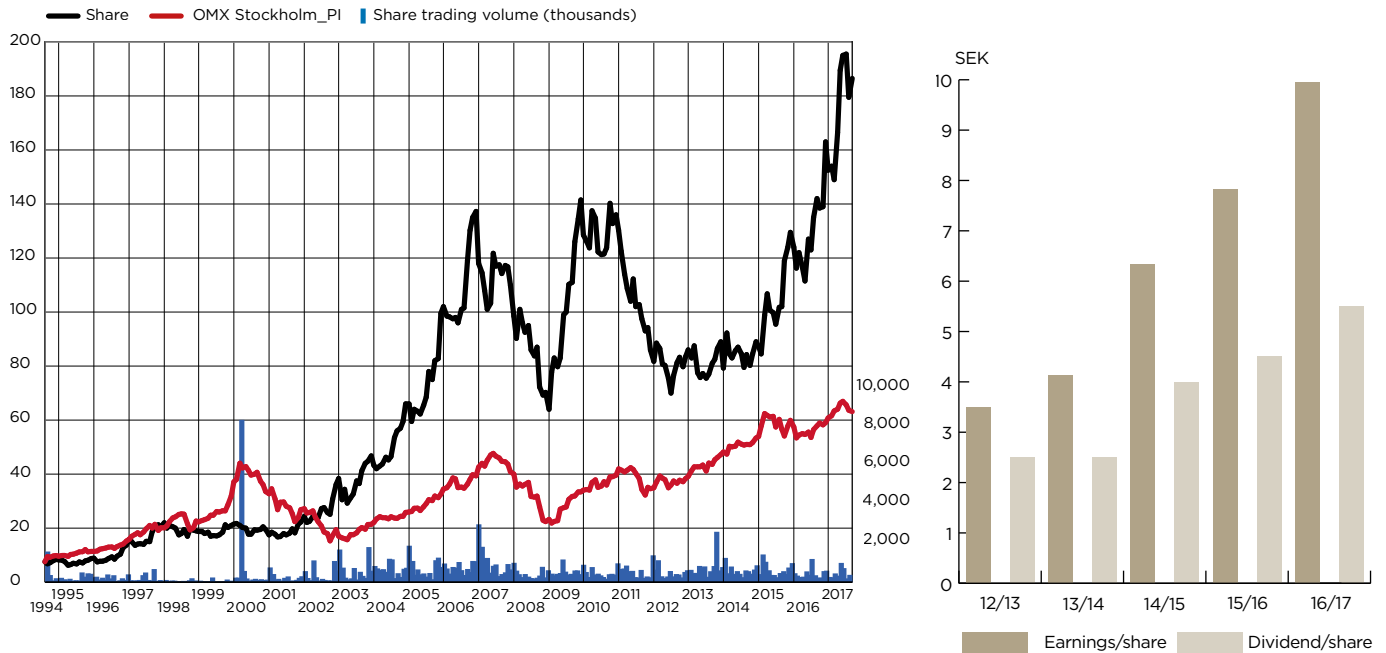
SHAREHOLDERS

According to the shareholder register maintained by Euroclear Sweden AB, there were 29,008 (27,970) shareholders on 31 August 2017. At the end of the financial year, the ten largest shareholders accounted for 62 percent (64) of the capital and 73 percent (74) of the votes. Foreign shareholders accounted for 12 percent (12) and Swedish institutional owners for 17 percent (21) of the capital. Major shareholders that have changed their holding include Nordea fonder, which has reduced its holding but remains the third largest shareholder in the company, and Swedbank Robur

Ethica Sverige and Handelsbanken Europe Tema, both of which have increased their holdings. Furthermore, Mats Paulsson including family and company has increased his holding, while Erik Paulsson including family and company has reduced his holding.

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 5.50 (4.50) per share corresponds to 56 percent (58) of earnings after tax. The dividend proposal also means a dividend yield of 2.95 percent (3.2) based on the share price on 31 August. In total, proposed dividends amount to SEK 216 (176) million. The proposed record date for dividend payments to Swedish shareholders is 12 December 2017. It is proposed that payment be disbursed through Euroclear Sweden AB on 15 December 2017.



OWNERSHIP STRUCTURE, 31 AUGUST 2017

Holdings	Number of owners	%	Number of Class A shares	Number of Class B shares	Capital, %	Votes, %
1-100	16,228	58.02		374,562	0.96	0.67
101-200	7,310	26.14		1,403,181	3.58	2.52
201-1,000	4,371	15.63		2,090,977	5.34	3.76
1,001-5,000	860	3.07		1,825,879	4.66	3.28
5,001-10,000	82	0.29		611,459	1.56	1.10
10,001-20,000	57	0.20		857,649	2.19	1.54
20,001-50,000	35	0.13		1,213,964	3.10	2.18
50,001-100,000	25	0.09		1,731,519	4.42	3.11
100,001-	40	0.14	1,824,000	27,254,838	74.20	81.82
Totalt	29,008	100	1,824,000	37,364,028	100	100

CHANGES IN SHARE CAPITAL

Year and transaction	Increase in number of shares	Quota value per share	Total number of shares	Change in share capital, SEK	Total share capital, SEK
1992 Established		10	500,000		5,000,000
1994 New share issue	150,000	10	650,000	1,500,000	6,500,000
1994 Conversion	160,405	10	810,405	1,604,050	8,104,050
1995 Split 5:1	3,241,620	2	4,052,025		8,104,050
1997 New share issue	2,337,725	2	6,389,750	4,675,450	12,779,500
1998 New share issue	200,000	2	6,589,750	400,000	13,179,500
1998 Conversion	250,000	2	6,839,750	500,000	13,679,500
1999 Conversion	250,000	2	7,089,750	500,000	14,179,500
1999 New share issue	2,450,000	2	9,539,750	4,900,000	19,079,500
2000 New share issue	100,073	2	9,639,823	200,146	19,279,646
2004 Split 2:1	9,639,823	1	19,279,646		19,279,646
2004 Conversion	183,566	1	19,463,212	183,566	19,463,212
2005 Conversion	64,822	1	19,528,034	64,822	19,528,034
2005 Split 2:1	19,528,034	0.5	39,056,068		19,528,034
2006 Conversion	24,010	0.5	39,080,078	12,005	19,540,039
2007 Conversion	87,913	0.5	39,167,991	43,956.50	19,583,996
2008 Conversion	20,037	0.5	39,188,028	10,018.50	19,594,014

SHARE STRUCTURE 31 AUGUST 2017

Share type	Number of shares	Number of votes	Capital, %	Votes, %
Class A, 10 votes	1,824,000	18,240,000	4.65	32.8
Class B, 1 vote	37,364,028	37,364,028	95.35	67.2
Total	39,188,028	55,604,028	100	100

OWNERSHIP CATEGORIES 31 AUGUST 2017

Category	Number of shares	Proportion, %
Swedish individuals	8,802,906	22.46
Swedish legal entities	18,824,262	48.04
Swedish institutional ownership	6,751,620	17.23
Foreign individuals	55,583	0.14
Foreign legal entities and foreign institutional ownership	4,753,657	12.13
Total	39,188,028	100.00

LARGEST SHAREHOLDERS 31 AUGUST 2017

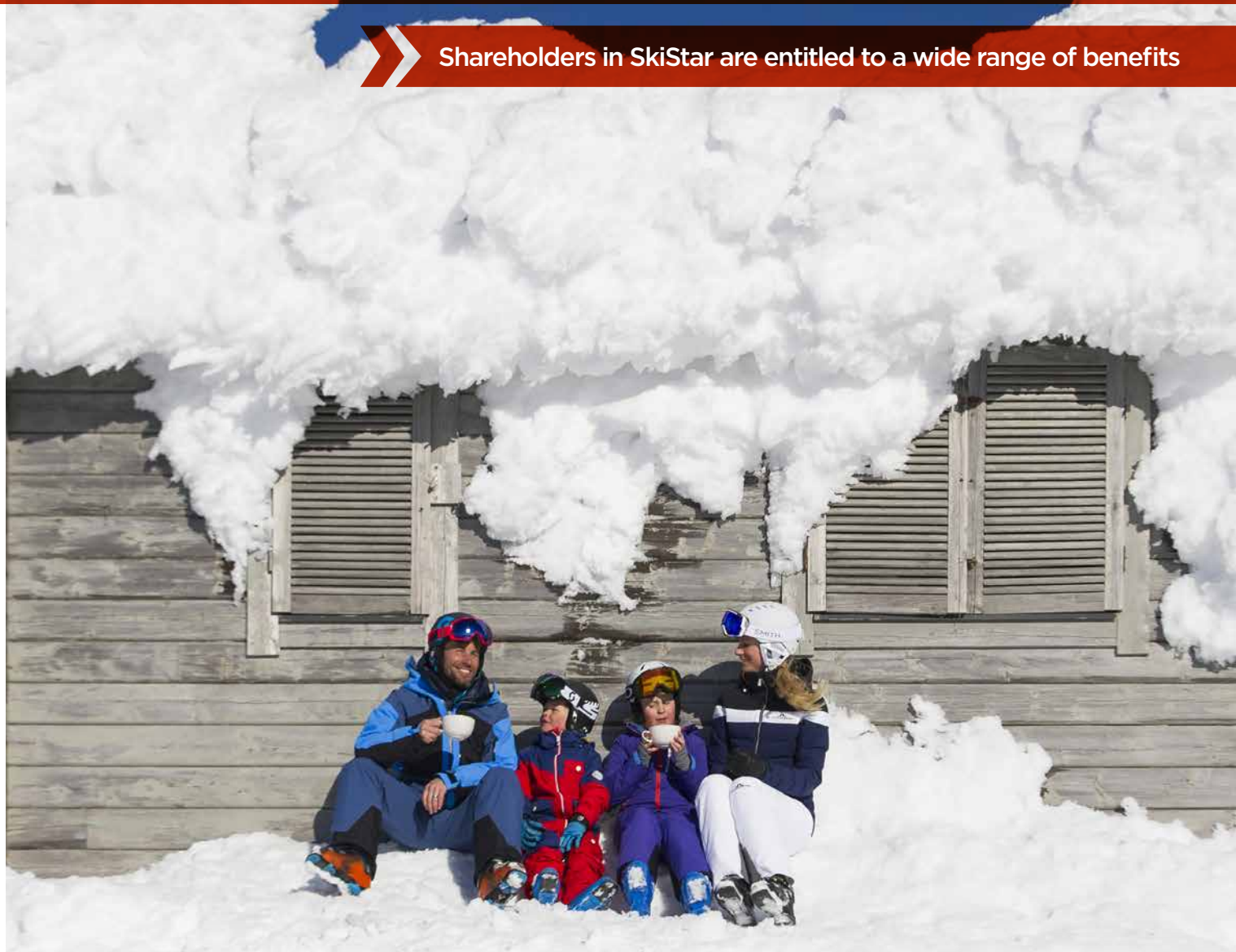
Owner	Class A shares	Class B shares	Capital, %	Votes, %
Mats Paulsson incl. company and family	1,824,000	7,642,475	24.16	46.55
Erik Paulsson incl. company and family		8,910,508	22.74	16.02
Nordea Alfa		1,035,122	2.64	1.86
Per-Uno Sandberg		1,025,000	2.62	1.84
Swedbank Robur Ethica Sverige		901,342	2.30	1.62
Lima Jordägande Sockenmän		900,000	2.30	1.62
CBNY-Norges Bank		651,000	1.66	1.17
Fourth Swedish National Pension Fund		542,964	1.39	0.98
Handelsbankens Nordiska Småbolagsfond		539,692	1.38	0.97
Öhman Bank S.A.		455,760	1.16	0.82
Pensionskassan SHB Försäkringsförening		434,567	1.11	0.78
Handelsbanken Europa Tema		355,469	0.91	0.64
Mats Årjes incl. company		320,304	0.82	0.58
Third Swedish National Pension Fund		317,138	0.81	0.57
Nordea Bank Ab (publ), Nordea Bank Norway		306,993	0.78	0.55
JPM Chase Na		263,379	0.67	0.47
Instit. Aktiefonden Sweden		259,871	0.66	0.47
Swedbank Robur Ethica Sverige Mega		259,302	0.66	0.47
Swedbank Humanfond		242,381	0.62	0.44
Skialp AS		204,068	0.52	0.37
Kjell Pettersson Redovisning AB		191,102	0.49	0.34
Other shareholders		11,605,591	29.62	20.87
Total outstanding shares	1,824,000	37,364,028	100.00	100.00

DATA PER SHARE

	2016/17	2015/16	2014/15	2013/14	2012/13
Average number of shares	39,188,028	39,188,028	39,188,028	39,188,028	39,188,028
Avg. no. shares after full conversion	39,188,028	39,188,028	39,188,028	39,188,028	39,188,028
Earnings, SEK	9.96	7.82	6.34	4.14	3.49
Avg. no. shares after full conversion	9.96	7.82	6.34	4.14	3.49
Cash flow from operating activities, SEK	16.05	13.31	12.85	9.24	10.18
Equity, SEK	53	48	42	39	38
Share price, SEK	186.50	142.00	102.00	84.25	81.00
Dividend, SEK	5.50	4.50	4.00	2.50	2.50
P/E ratio, times	19	18	16	20	23
Share price/cash flow, times	11.6	10.7	7.9	9.1	8.0
Share price/equity, %	350	298	244	215	214
Dividend yield, %	2.95	3.2	3.9	3.0	3.1

SHAREHOLDER BENEFITS

Shareholders in SkiStar are entitled to a wide range of benefits



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

The simplest way to do it is to book everything on skistar.com. Registered SkiStar customers will receive the discount immediately upon booking. SkiStar's customer database is updated monthly to match Euroclear Sweden AB's shareholder register, 10 working days after the end of each month.

Remember to allow plenty of time (around five weeks) before your holiday so that the registration has time to appear in Euroclear's register.

Shareholder discounts cannot be combined with other offers and discounts, and do not apply to shares owned via an endowment insurance policy or pension deposit. Cases involving foreign

shareholders and minors are dealt with manually; contact aktieagarservice@skistar.com or call +46 (0) 280 880 95.

Find out more about shareholder discounts at skistar.com.

CALCULATION EXAMPLE

On 1 September 2016, Kristina purchased 200 SkiStar shares for SEK 28,200. During the February half-term holiday, she and her husband and two children, aged 10 and 12, travelled to Sälen for a winter break. One year later, on 31 August 2017, Kristina had received the following return and benefits on her SkiStar shares.

Dividends	SEK 4.50/share x 200 shares	+ 900 SEK
15% discount on family SkiPass	2x 6-8 day adult SkiPass at SEK 1,840 and 2x 6-8 day youth SkiPass at SEK 1,475	+ 994.50 SEK
15% discount on family ski rental	2x 6-8 day complete equipment, adult, medium quality at SEK 940 and 2x 6-8 day complete equipment, youth, medium quality at SEK 615	+ 466.50 SEK
15% discount on family ski school	2x 5-day courses group ski school, youth, at SEK 1,025 and 4 group lessons, adult, at SEK 510	+ 613.50 SEK
Total return, SEK		2.975
Total return, %		10.5%

ANNUAL REPORT

SKISTAR AB (PUBL) 1 SEPTEMBER 2016 – 31 AUGUST 2017





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 2016 – 31 August 2017.

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, Åre and Vemdalen in Sweden, Trysil and Hemsedal in Norway and, with effect from May 2016, 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 three segments: Ski Resorts – Operation, Infrastructure and Exploitation.

The vision is that SkiStar will create memorable mountain experiences as the leading operator of European alpine destinations.

OWNERSHIP STRUCTURE

SkiStar's B shares have been listed on Nasdaq Mid Cap Stockholm since 1994. The number of shareholders was 29,008 (27,970) at 31 August 2017 according to Euroclear Sweden AB.

Major shareholders are Mats Paulsson, including company and family, with 24.16 percent of the capital and 46.55 percent of the votes, Erik Paulsson, including company and family, with 22.74 percent of the capital and 16.02 percent of the votes, and Nordea Alfa with 2.64 percent of the capital and 1.84 percent of the votes.

THE SHARE

The total number of shares is 39,188,028, divided into 1,824,000 Class A shares (ten votes per share) and 37,364,028 Class B shares (one vote per share). The highest quoted share price during the financial year was SEK 220.50 on 15 May 2017, while the lowest quoted share price was SEK 131.50 on 3 November 2016. The share price at the close of trading on the reporting date was SEK 186.50. The Annual General Meeting on 10 December 2016 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 6 percent in the 2016/17 season compared with the previous season. SkiPass sales in Norway increased by 5 percent according to ALF (Norwegian Ski Lift Association). SkiStar's market share was 50 (50) percent in Sweden and 31 (31) percent in Norway, while the share for Scandinavia was 41 (42) percent.

OPERATIONS

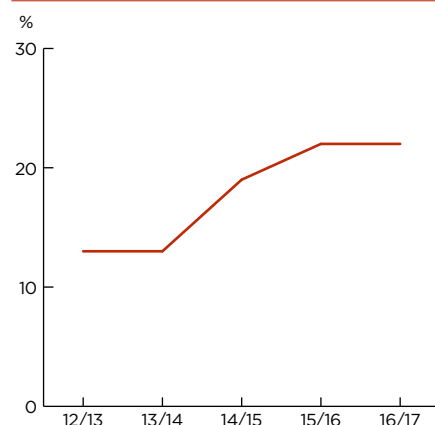
The Group's operating profit for the full year was SEK 514 (439) million, an increase of 17 percent or SEK 75 million. If the negative goodwill of SEK 41 million from the acquisition of St Johann in Tirol is not included, operating profit increased by SEK 116 million. Translation from Norwegian kroner and euros had a positive effect of SEK 7 million on operating profit. Net financial items improved by SEK 18 million, largely due to a change in the value of interest rate derivatives which had a

positive effect of SEK 15 million. Interest expenses increased due to higher interest rates. Profit after tax rose by SEK 81 million to SEK 387 (306) million, an increase of 26 percent. Earnings per share increased to SEK 9.96 (7.92).

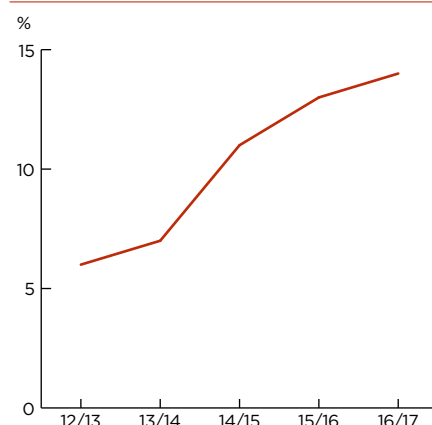
Ski Resorts – Operation

Revenue attributable to the operation of ski resorts increased by 8 percent for the full year, rising to SEK 2,070 million, compared with SEK 1,901 million the previous year. Translation from Norwegian kroner and euros had a positive effect of SEK 32 million on revenue. SkiPass sales increased by 12 percent, accounting for 51 percent of revenue, which is marginally lower than the previous year. The number of skier days (one day's skiing with a SkiPass) increased to 5.4 (5.1) million, 0.3 million of which were attributable to St Johann. Sold accommodation, expressed as the number of overnight stays, fell by 4 percent compared with the previous year, partly because the Trysil hotels have been transferred to their own booking organisation and are therefore not included in SkiStar's statistics. The occupancy rate for own and agency-booked accommodation was 80 (80) percent. Revenue from sporting goods outlet sales amounted to SEK 144 million, an increase of just over 11 percent. Personnel costs increased by SEK 69 million compared with the previous year due to annual contractual increases and the full-year consolidation of St Johann. Other external expenses increased by SEK 60 million, with SEK 27 million of the increase being due to the full-year consolidation of St Johann. Operating profit from investments in joint ventures and associates continues to show a positive trend. The increase in depreciation is largely due to St Johann.

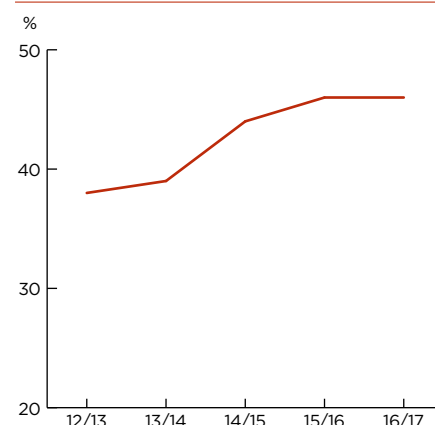
OPERATING MARGIN, %



RETURN on capital employed, %



EQUITY/ASSETS RATIO, %



Infrastructure

Revenue from the sale of interests in accommodation was SEK 57 (23) million, with a profit of SEK 36 (18) million.

Exploitation

Revenue from the sale of plots amounted to SEK 183 (67) million, with a profit of SEK 92 (35) million. Sales in Sälen accounted for most of the revenue, with a smaller proportion in Åre and Vemdalen.

CASH FLOW

Cash flow from operating activities before changes in working capital was SEK 670 (495) million for the full year. Cash flow from investing activities was SEK -457 (-262) million, while cash flow from financing activities was SEK -157 (-192) million.

LIQUIDITY AND FINANCING

The Group's cash and cash equivalents ended the financial year at SEK 105 (93) million. Unused overdraft facilities were SEK 356 million at the reporting date, compared with SEK 184 million at the end of the previous year. Interest-bearing liabilities amounted to SEK 1,772 (1,753) million, an increase of SEK 19 million from the previous year. The average interest rate during the year was 2.5 (2.4) percent. Net financial liabilities amounted to SEK 1,543 (1,547) million at the end of August, a decline of SEK 4 million. The equity/assets ratio is unchanged at 46 percent.

INVESTMENTS, DISPOSALS AND OTHER ACQUISITIONS

Investments during the financial year amounted to SEK 481 (477) million. Depreciation/amortisation during the same period was SEK 236 (213) million. The investments were mainly related to a new

six-seater lift and snowmaking system in Trysil, acquisition of the property Entréhuset in Sälen and replacement investments.

RISKS AND OPPORTUNITES

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.

Dependence on climate and weather

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 by making strategic sales aimed at ensuring that most of the accommodation capacity is booked before the Christmas week when the high season starts. The consequences of the greenhouse effect have been a topic of debate for several years. Most scientists agree that global warming is taking place, but it is very difficult to predict its regional and local effects, which means that some regions may experience unchanged or even falling temperatures. A milder climate could ultimately bring shorter winter seasons, with a later winter and earlier spring. If, for example, SkiStar's destinations began the season one week later and ended it one week earlier, earnings would only be marginally affected, as most guests visit the destinations between Christmas week and the middle of April. The Group's weather risks are mitigated by geographically diverse destinations with different weather conditions and climates. SkiStar's destinations are rapidly developing their snowmaking systems to ensure good skiing conditions for guests throughout the winter season, both in the short and long term.

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.

Competition

Sun and beach holidays and weekend city breaks are considered SkiStar's main competitors, but other industries, such as durable goods and home investments, also compete for peoples' disposable income. Other competitors include other alpine ski resorts in Scandinavia and the Alps. The alpine ski industry has a high entry threshold, which limits competition. Extensive investments in service-oriented employees, leadership, modern lifts and snowmaking systems, IT and restaurants bring high quality to SkiStar's destinations.

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.

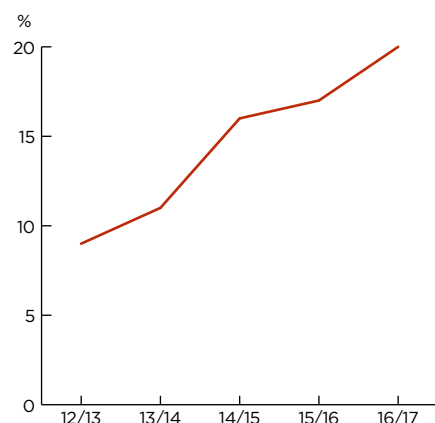
Expansion

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 SkiStar's acquisitions have performed well and made a large contribution to the Company's successful development. Tandådalen & Hundfjället AB was acquired in 1997, followed by Åre-Vemdalen AB in 1999, Hemsedal Skisenter AS in 2000, Trysilfjellet Alpin AS in 2005 and St Johanner Bergbahnen GmbH in 2016. Further information about the acquisition in 2016 can be found in Note 37.

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 the

RETURN ON EQUITY, %



Company mediates 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. To retain key personnel, SkiStar offers a leadership development and incentive programme. SkiStar's Management Group consists of the CEO, CFO, Marketing and Sales Manager, Norwegian Resort Manager and three Swedish Resort Managers. These individuals owned a total of 416,390 Class B shares in the Company as at 31 August 2017.

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 our 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.

Safety and security

SkiStar works actively on safety by identifying and addressing risks of accidents and proactively addressing work environment issues. 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.

Financial risks and opportunities

Currency risk

Fluctuations in the value of the domestic currencies against other currencies affect travel patterns and therefore also the number of guests at SkiStar's destinations. The Group is also affected by the relationship between the Swedish krona, the Norwegian krone and the Euro. SkiStar does not hedge its Norwegian or Austrian operations. However, there may be some hedging of major investments, particularly in lifts, snowmaking systems and piste machines, which are usually conducted in euros. Bookings and payments are made in the currencies SEK, NOK, DKK and EUR. Further information can be found in Note 32.

Investments and interest rates

The alpine ski industry requires large capital investments to maintain and increase competitiveness. SkiStar has a strong cash flow, which means that investments can be largely financed with its own funds. If interest rates increase, the cash flow can be used to repay loans more quickly and reduce the financial burden. External borrowing is currently confined to the local currencies SEK, NOK and EUR. Interest-bearing liabilities were SEK 1,772 million at 31 August. SEK 600 million and NOK 200 million of this amount has been hedged through interest rate derivatives with maturities of 3, 5 and 10 years (remaining maturities approx. 2.5–9 years). Further information can be found in Note 32.

Other risks and opportunities

Electricity costs

SkiStar's operations consume large amounts of electricity and changes in electricity prices therefore affect the Group's costs and earnings. For SkiStar in Sweden, volumes are contracted via fund management. The fund purchases about 70 percent of the electricity at a fixed price, with a fixed term of 6–18 months, and about 30 percent at a variable spot price. Fund management allows an outcome that is more closely linked to current market prices, although with the intention of obtaining a somewhat lower price than with a completely variable price. The fund management outcome is normally less than the market prices on the NordPool electricity exchange. It is estimated that 10 percent of electricity consumption for the 2016/2017 season was at fixed prices, 78 percent was contracted via fund management and 12 percent was at variable prices.

During the next financial year, an estimated 1.5 percent of SkiStar's total energy requirement will come from wind power plants in Dalarna, which are partly owned by SkiStar. SkiStar operates three thermal plants with other investors: two in Sälen, located in Lindvallen and Tandådalen, and one in Hemsedal. The plant in Lindvallen supplies power to large properties in the southern area of Lindvallen. The Tandådalen plant supplies power to the central part of Tandådalen and the cabin area of Tandådalen. The Hemsedal plant supplies power to the entire Alpine Lodge and has been adapted for future needs in the Fjellandsby area. The heating plants are powered by locally produced renewable wood fuel.

Fuel prices

Many of SkiStar's guests drive their own cars to the destinations. These travel patterns are affected by fuel prices and company car taxation. The proximity of the alpine destinations to densely populated

areas and the availability of other travel options, such as trains, reduces the adverse impacts of increased fuel prices. Newer vehicles with considerably more energy-efficient engines are a positive development which brings lower travel costs.

Legislative and regulatory changes

Changes in laws and regulations that are relevant to SkiStar's operations can obviously affect those operations and the Company's financial performance. The Company is not aware of ongoing legislative and regulatory changes that could have a significant impact on the Company.

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 51 describes how the Group's 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. 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 1,240 (1,132) individuals, an increase of 108. The increase is mainly due to the acquisition of operations. 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 an equality plan and a work environment policy. Skills development expenses amounted to SEK 4 (4) million during the financial year and were mainly associated with internal training. Staff turnover (permanent employees) during the year was as follows: 58 (23) individuals joined the Company and 41 (41) left the Company. The Board's proposed guidelines on the remuneration of senior executives, to be presented for adoption by the AGM in December 2017, are the same as the existing guidelines, described in Note 8, apart from the Company's pension contributions for the CEO, which have changed from 30 percent of pensionable salary to 35 percent.

ENVIRONMENTAL IMPACT

SkiStar's operations have a certain environmental impact. The Company works actively to minimise the environmental impact of its operations. A joint environmental management system and fundamental policy form the basis of the Company's environmental initiatives. The environmental policy requires SkiStar to consider the environment in all its operations in its efforts to offer guests a memorable mountain experience. Systematic improvement initiatives will enable guests to perceive SkiStar as the environmentally sound choice. SkiStar monitors carbon dioxide (CO₂) emissions from its operations and annually measures CO₂ emissions per unit of revenue. In the 2016/17 financial year, SkiStar's emissions were 2.6 (2.9) tonnes of CO₂/SEK million of revenue. On 22 August 2006, the energy management system for snowmaking at the Swedish destinations, which SkiStar introduced during 2005/06, was approved by Lloyd's Register Quality Assurance in accordance with the standard for energy management systems, SS 62 77 50.

PARENT COMPANY

The Parent Company's revenue amounted to SEK 1,441 (1,368) million, while profit before tax was SEK 97 (77) million. Investments amounted to SEK 181 (232) 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 84.

LOOKING AHEAD TO 2017/18

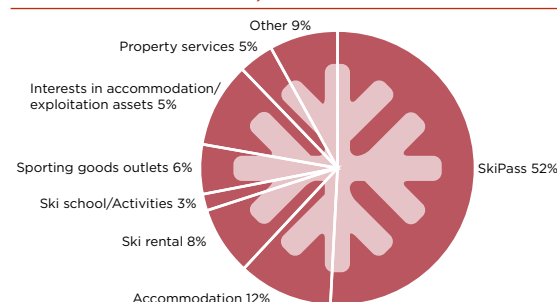
Advance accommodation bookings for the 2017/18 season are just over 7 percent higher than at the same point the previous year. More than half of the total capacity expected to be sold in the entire winter season is already booked. The increase is due to earlier bookings for both the January weeks and the period after the winter holidays, which includes an earlier Easter. We are seeing the highest foreign market growth in Denmark and Germany. The sales value of accommodation bookings is SEK 429 (381) million.

SENSITIVITY ANALYSIS

	Change	Impact on earnings
Bookings	+/-10%	+/- SEK 56 million
SkiPass prices	+/-10%	+/- SEK 117 million
Interest	+/-1%	+/- SEK 10 million
Payroll expenses	+/-10%	+/- SEK 60 million
Market price of electricity	+/-10 öre	+/- SEK 1 million*
Currency NOK/SEK	+/-10%	+/- SEK 9 million

* As about 90% of estimated consumption is hedged at a fixed price, a price change would have a marginal impact on earnings

DISTRIBUTION OF REVENUE, %



PROFIT/LOSS BEFORE TAX, BY PERIOD, SEK THOUSAND

	2016/17	2015/16
September–November	-262,608	-238,988
December–February	618,419	527,150
March–May	313,445	281,416
June–August	-191,502	-183,746

APPROPRIATION OF PROFITS

Proposed appropriation of the Company's profits. The Board of Directors proposes that the available funds of SEK 907,008,357 be distributed as follows.

Dividend: 39,188,028 shares x SEK 5.50	215,534,154
Carried forward	691,474,203
Total	907,008,357

FIVE-YEAR OVERVIEW

FIVE-YEAR OVERVIEW		2016/17	2015/16	2014/15	2013/14	2012/13
<i>Revenue and earnings</i>	Revenue, SEK million	2,306	1,991	1,899	1,750	1,665
	Operating income, SEK million	2,311	1,999	1,913	1,758	1,706
	Profit before depreciation/amortisation, SEK million	750	653	579	438	438
	Profit before tax, SEK million	478	386	323	179	160
	Profit after tax, SEK million	387	306	249	162	137
<i>Cash flow</i>	Cash flow before changes in working capital, SEK million	670	495	486	383	363
	Cash flow after changes in working capital, SEK million	629	521	504	362	399
	Cash flow after investing activities, SEK million	172	259	372	165	255
<i>Profitability</i>	Return on capital employed, %	14	13	11	7	6
	Return on equity, %	20	17	16	11	9
	Return on total assets, %	12	11	10	6	6
	Gross margin, %	33	33	30	25	26
	Operating margin, %	22	22	19	13	13
	Net margin, %	21	19	17	10	10
<i>Investments</i>	Gross investments, SEK million	481	477	219	250	183
	Net investments, SEK million	457	262	131	197	144
<i>Financial position</i>	Total assets, SEK million	4,508	4,107	3,760	3,960	3,894
	Equity, SEK million	2,090	1,870	1,641	1,538	1,482
	Equity/assets ratio, %	46	46	44	39	38
	Debt/equity ratio, times	0.9	0.9	1.1	1.3	1.4
	Interest coverage ratio, times	10.7	7.3	6.9	3.8	3.3
<i>Liquidity</i>	Current ratio, %	64	44	33*	56	50
	Quick ratio, %	55	36	29*	48	43
<i>Personnel</i>	Average number of employees	1,240	1,132	1,095	1,134	1,088
	Revenue per employee, SEK thousand	1,860	1,758	1,734	1,543	1,535

* Overdraft facility recognised in full under current liabilities. Maturity date 31/08/2017.

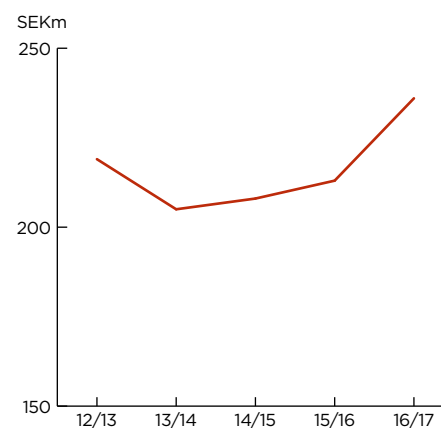
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK thousand		NOTE	01/09/2016 -31/08/2017	01/09/2015 -31/08/2016
	Revenue	2	2,306,024	1,990,555
	Other income	4	5,430	8,879
	Total operating income	3	2,311,454	1,999,434
<i>Operating expenses</i>	Goods for resale		-208,726	-207,958
	Other external expenses	6, 7	-666,451	-606,661
	Personnel costs	5, 8	-612,873	-543,882
	Costs of sold interests in accommodation/exploitation		-111,788	-37,492
	Share of profit/loss of joint ventures/associates	16	37,986	8,195
	Depreciation/amortisation	9	-235,817	-213,271
	Negative goodwill	37	-	40,999
	Operating profit/loss		513,785	439,365
<i>Profit/loss from financial items</i>	Profit/loss from securities held as non-current assets	33	2,543	270
	Interest and similar income	34	10,523	7,394
	Interest and similar expenses	35	-49,096	-61,197
	Profit/loss before tax		477,755	385,832
	Tax	11	-91,049	-79,483
	Profit/loss for the year		386,706	306,349
OTHER COMPREHENSIVE INCOME				
	Items that may be reclassified to profit or loss	23		
	Change in fair value of cash flow hedges for the year		11,789	6,161
	Deferred tax on cash flow hedges		-2,708	-1,605
	Exchange differences on translation of foreign operations		865	7,517
	Step acquisitions of associates		-	4,892
	Other comprehensive income for the year		9,946	16,965
	Total comprehensive income for the year		396,652	323,314
<i>Profit/loss for the year attributable to:</i>	Shareholders of the Parent		390,158	310,290
	Non-controlling interests		-3,452	-3,941
	Profit/loss for the year		386,706	306,349
<i>Comprehensive income for the year attributable to:</i>	Shareholders of the Parent		400,228	324,989
	Non-controlling interests		-3,576	-1,675
	Comprehensive income for the year		396,652	323,314
<i>Earnings per share</i>	Earnings per share, basic and diluted, SEK	12	9.96	7.92
	Average number of shares, basic and diluted	12	39,188,028	39,188,028

QUARTERLY FIGURES

	2016/17				
	Q1	Q2	Q3	Q4	Helår
Operating income, SEK thousand	118,710	1,242,219	859,677	90,848	2,311,454
Operating profit/loss, SEK thousand	-256,972	632,562	323,181	-184,986	513,785
Operating margin, %	neg	51	38	neg	22
	2015/16				
	Q1	Q2	Q3	Q4	Helår
Operating income, SEK thousand	83,182	1,120,734	678,915	116,604	1,999,434
Operating profit/loss, SEK thousand	-228,995	537,016	290,643	-159,299	439,365
Operating margin, %	neg	48	43	neg	22

DEPRECIATION/AMORTISATION OF ASSETS



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS, SEK thousand		NOTE	31/08/2017	31/08/2016
<i>Non-current assets</i>				
	Intangible assets	13	197,064	205,523
	Property, plant and equipment	14	3,145,357	3,023,391
	Investments in associates and joint ventures	16	365,520	262,253
	Other investments and securities held as non-current assets	17	32,484	33,622
	Other non-current receivables	18	237,820	202,922
	Total non-current assets		3,978,245	3,727,711
<i>Current assets</i>				
<i>Inventories</i>	Goods for resale	19	131,050	125,475
			131,050	125,475
<i>Current receivables</i>	Trade receivables	20	29,549	36,465
	Tax receivables		21,546	19,317
	Other current receivables	21	186,520	61,596
	Prepaid expenses and accrued income	22	55,438	43,863
			293,053	161,241
<i>Cash and cash equivalents</i>	Cash and bank balances	31	105,512	92,719
	Total current assets		529,615	379,435
	TOTAL ASSETS		4,507,860	4,107,146
EQUITY AND LIABILITIES				
<i>Equity</i>	Share capital	23	19,594	19,594
	Other contributed capital		397,573	397,573
	Reserves		-69,462	-79,532
	Retained earnings including profit for the year		1,684,719	1,470,907
	Equity attributable to shareholders of the Parent		2,032,424	1,808,542
	Non-controlling interests		57,827	61,403
	Total equity		2,090,251	1,869,945
<i>Non-current liabilities</i>				
<i>Non-current interest-bearing liabilities</i>	Liabilities to credit institutions	25	776,943	1,109,667
	Provisions for pensions	26	10,906	10,165
<i>Non-current non-interest-bearing liabilities</i>	Other provisions	28	1,063	1,473
	Derivatives	32	42,947	55,639
	Other non-interest-bearing liabilities		0	4,782
	Deferred tax liabilities	11	146,096	87,547
	Total non-current liabilities		977,955	1,269,274
<i>Current liabilities</i>	Liabilities to credit institutions	25	984,399	633,017
	Trade payables		130,923	96,219
	Tax liabilities		34,672	37,011
	Other current liabilities		199,604	112,008
	Accrued expenses and deferred income	29	90,056	89,672
	Total current liabilities		1,439,654	967,927
	Total liabilities		2,417,609	2,237,201
	TOTAL EQUITY AND LIABILITIES		4,507,860	4,107,146

Pledged assets and contingent liabilities, see Note 30.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity attributable to shareholders of the Parent

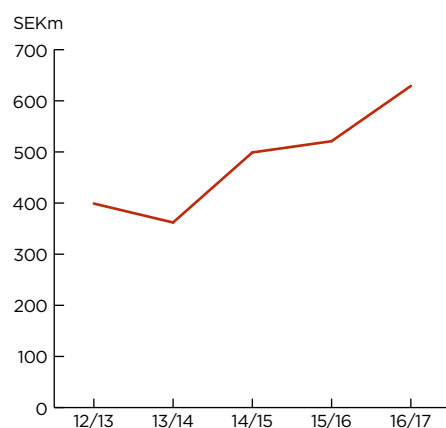
GROUP, SEK thousand	Share capital	Other contributed capital	Translation reserves	Hedging reserves	Retained earnings and profit for the year	Total	Non-controlling interests	Total equity
Opening equity, 1 Sep 2015	19,594	397,573	-52,526	-36,813	1,312,477	1,640,305	1,084	1,641,389
Profit/loss for the year					310,290	310,290	-3,941	306,349
Other comprehensive income for the year*			5,251	4,556	4,892	14,699	2266	16,965
Comprehensive income for the year			5,251	4,556	315,182	324,989	-1,675	323,314
Acquisitions						0	61,994	61,994
Dividends					-156,752	-156,752		-156,752
Closing equity, 31 Aug 2016	19,594	397,573	-47,275	-32,257	1,470,907	1,808,542	61,403	1,869,945
Opening equity, 1 Sep 2016	19,594	397,573	-47,275	-32,257	1,470,907	1,808,542	61,403	1,869,945
Profit/loss for the year					390,158	390,158	-3,452	386,706
Other comprehensive income for the year*			989	9,081		10,070	-124	9,946
Comprehensive income for the year			989	9,081	390,158	400,228	-3,576	396,652
Dividends					-176,346	-176,346		-176,346
Closing equity, 31 Aug 2017	19,594	397,573	-46,286	-23,176	1,684,719	2,032,424	57,827	2,090,251

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

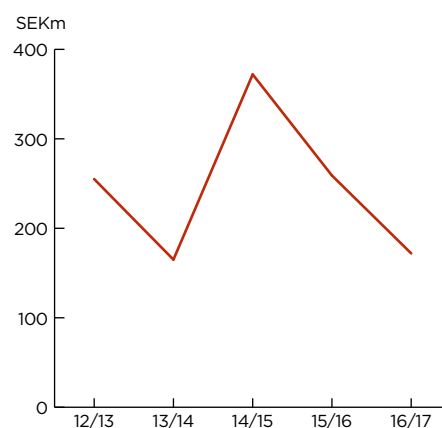
CONSOLIDATED STATEMENT OF CASH FLOWS

SEK thousand	NOTE	01/09/2016 -31/08/2017	01/09/2015 -31/08/2016
<i>Operating activities</i>			
Profit/loss before tax		477,755	385,832
Adjustments for non-cash items	31	232,016	142,723
		709,771	528,555
Tax paid		-40,149	-33,176
Cash flow from operating activities before changes in working capital		669,622	495,379
<i>Cash flow from changes in working capital</i>			
Increase (-)/Decrease (+) in inventories		-5,771	63
Increase (-)/Decrease (+) in operating receivables		-153,047	3,186
Increase (+)/Decrease (-) in operating liabilities		118,304	22,790
Cash flow from operating activities		629,108	521,418
<i>Investing activities</i>			
Acquisition of subsidiaries, net cash effect	31, 37	0	5,449
Acquisition of intangible assets		-12,693	-7,253
Acquisition of property, plant and equipment		-373,298	-378,092
Acquisition of financial assets		-94,776	-5,088
Disposal of financial assets		3,623	77,897
Disposal of property, plant and equipment		20,442	45,006
Cash flow from investing activities		-456,702	-262,081
<i>Financing activities</i>			
Proceeds from borrowings		802,332	381,383
Repayment of borrowings		-783,049	-416,714
Dividend paid		-176,346	-156,752
Cash flow from financing activities		-157,063	-192,083
Cash flow for the year		15,343	67,254
Cash and cash equivalents at start of year		92,719	23,513
Exchange differences		-2,550	1,952
Cash and cash equivalents at end of year	31	105,512	92,719

CASH FLOW
from operating activities, SEK million



CASH FLOW
after investing activities, SEK million



INCOME STATEMENT – PARENT COMPANY

SEK thousand	NOTE	01/09/2016 –31/08/2017	01/09/2015 –31/08/2016
Revenue	2	1,440,731	1,367,505
Other operating income	4	3,610	3,149
Total operating income		1,444,341	1,370,654
<i>Operating expenses</i>			
Goods for resale		-164,732	-155,595
Other external expenses	6, 7	-507,963	-485,871
Personnel costs	5, 8	-422,419	-395,552
Costs of sold interests in accommodation/exploitation		-1,967	-506
Depreciation/amortisation of assets	9	-133,540	-130,825
Operating profit/loss		213,720	202,306
<i>Profit/loss from financial items</i>			
Profit/loss from securities held as non-current assets	33	0	79
Profit/loss from investments in Group companies	10	90,563	49,099
Interest and similar income, external	34	5,081	3,286
Interest income, Group companies	34	2,359	1,390
Interest and similar expenses, external	35	-23,199	-33,812
Interest expenses, Group companies	35	-791	-844
Profit/loss after financial items		287,733	221,503
Appropriations	24	-190,355	-144,258
Profit/loss before tax		97,378	77,245
Tax	11	-1,915	-8,049
Profit/loss for the year		95,463	69,196
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss	23		
Change in fair value of cash flow hedges for the year		8,131	-1,389
Deferred tax on cash flow hedges		-1,789	306
Other comprehensive income for the year		6,342	-1,083
Total comprehensive income for the year		101,805	68,113

BALANCE SHEET – PARENT COMPANY

ASSETS, SEK thousand		NOTE	31/08/2017	31/08/2016
<i>Non-current assets</i>	Intangible assets	13	38,142	44,467
	Property, plant and equipment	14	1,555,096	1,554,404
<i>Financial assets</i>	Investments in Group companies	15	360,344	343,012
	Investments in associates	16	2,992	8,703
	Other investments and securities held as non-current assets	17	15,927	14,712
	Other non-current receivables	18	21,346	13,902
	Receivables from Group companies	27	425,629	136,556
TOTAL NON-CURRENT ASSETS			2,419,476	2,115,755
<i>Current assets</i>				
<i>-Inventories</i>	Goods for resale		76,227	65,863
			76,227	65,863
<i>-Current receivables</i>	Trade receivables	20	18,578	28,822
	Receivables from Group companies		108,894	142,626
	Tax receivables		12,834	12,834
	Other current receivables	21	21,907	23,885
	Prepaid expenses and accrued income	22	44,564	29,402
			206,777	237,569
<i>-Cash and cash equivalents</i>	Cash and bank balances		1,395	1,415
	TOTAL CURRENT ASSETS		284,399	304,847
	TOTAL ASSETS		2,703,875	2,420,602
EQUITY AND LIABILITIES				
<i>Equity</i>		23		
<i>-Restricted equity</i>	Share capital		19,594	19,594
	Statutory reserve		25,750	25,750
			45,344	45,344
<i>-Non-restricted equity</i>	Share premium reserve		4,242	4,242
	Retained earnings		807,303	908,111
	Profit/loss for the year		95,463	69,196
			907,008	981,549
	Total equity		952,352	1,026,893
<i>Non-current liabilities</i>				
<i>-Non-current interest-bearing liabilities</i>	Liabilities to Group companies	27	450,952	19,203
	Liabilities to credit institutions	25	393,851	558,517
<i>-Provisions</i>	Provisions for pensions	26	7,078	6,038
	Other provisions	28	377	678
<i>-Non-current non-interest-bearing liabilities</i>	Derivatives	32	37,028	49,212
	Deferred tax liabilities	11	134,007	130,282
	Total non-current liabilities		1,023,293	763,929
<i>-Current liabilities</i>	Liabilities to credit institutions	25	477,735	287,735
	Liabilities to Group companies		31,196	144,173
	Trade payables		74,602	62,274
	Other current liabilities		86,666	74,703
	Accrued expenses and deferred income	29	58,031	60,894
	Total current liabilities		728,230	629,780
	Total liabilities		1,751,523	1,393,709
	TOTAL EQUITY AND LIABILITIES		2,703,875	2,420,602

Pledged assets and contingent liabilities, see Note 30.

STATEMENT OF CHANGES IN EQUITY – PARENT COMPANY

PARENT COMPANY, SEK thousand	<i>Restricted equity</i>		<i>Non-restricted equity</i>				Total equity
	Share capital	Statutory reserve	Share premium reserve	Hedging reserves	Retained earnings	Profit/loss for the year	
Opening equity, 1 Sep 2015	19,594	25,750	4,242	-28,435	1,094,381		1,115,532
Profit/loss for the year						69,196	69,196
Other comprehensive income for the year				-1,083			-1,083
Comprehensive income for the year				-1,083		69,196	68,113
Dividends					-156,752		-156,752
Closing equity, 31 Aug 2016	19,594	25,750	4,242	-29,518	937,629	69,196	1,026,893
Opening equity, 1 Sep 2016	19,594	25,750	4,242	-29,518	1,006,825		1,026,893
Profit/loss for the year						95,463	95,463
Other comprehensive income for the year				6,342			6,342
Comprehensive income for the year				6,342		95,463	101,805
Dividends					-176,346		-176,346
Closing equity, 31 Aug 2017	19,594	25,750	4,242	-23,176	830,479	95,463	952,352

CASH FLOW STATEMENT – PARENT COMPANY

SEK thousand	NOTE	01/09/2016 –31/08/2017	01/09/2015 –31/08/2016
<i>Operating activities</i>	Profit/loss after financial items	287,733	221,503
	Adjustments for non-cash items	133,806	137,936
		421,539	359,439
	Tax paid	-795	0
	Cash flow from operating activities before changes in working capital	420,744	359,439
<i>Cash flow from changes in working capital</i>	Increase (-)/Decrease (+) in inventories	-10,364	-509
	Increase (-)/Decrease (+) in operating receivables	-230,349	106,879
	Increase (+)/Decrease (-) in operating liabilities	150,661	-31,797
	Cash flow from operating activities	330,692	434,012
<i>Investing activities</i>	Acquisition of subsidiaries	-	-92,818
	Acquisition of intangible assets	-12,549	-8,074
	Acquisition of property, plant and equipment	-120,577	-130,978
	Sale of property, plant and equipment	1,639	3,100
	Investments in financial assets	-48,213	-
	Disposal of subsidiaries	-	1,360
	Disposal of financial assets	-	25,195
	Cash flow from investing activities	-179,700	-202,215
<i>Financing activities</i>	Proceeds from borrowings	593,851	273,383
	Repayment of borrowings	-568,517	-349,057
	Dividend paid	-176,346	-156,752
	Cash flow from financing activities	-151,012	-232,426
	Cash flow for the year	-20	-629
	Cash and cash equivalents at start of year	1,415	2,044
	Cash and cash equivalents at end of year	1,395	1,415

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 2016 have not had any material effect on the Group's financial statements.

New IFRSs and interpretations that will be applicable in future periods

✳ IFRS 9 Financial Instruments: The standard contains new requirements for the classification, measurement, impairment testing and general hedge accounting of all financial instruments. Specifically, the new standard contains increased disclosure requirements concerning expected credit losses on financial instruments and risk management for hedge accounting. The standard may affect the classification and measurement of the Group's financial assets but will not affect the classification or measurement of its financial liabilities. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. SkiStar intends to apply the standard from the financial year ending on 31 August 2019. Application of the standard is not expected to have any material effect on the Company's financial reporting

✳ IFRS 15 Revenue from Contracts with Customers: The standard replaces all previously issued revenue-related standards and guidelines, and introduces a new model for revenue recognition. According to the model, companies must identify a customer contract, which generates an asset (right to obtain payment) for the seller and a liability (obligation to transfer goods or services). Revenue is recognised when the obligation to deliver the promised goods or services to the customer has been satisfied. The standard also introduces enhanced disclosure requirements. IFRS 15 is effective for annual periods beginning on or after 1 January 2018. SkiStar intends to apply the standard from the financial year ending on 31 August 2019. Application of the standard is not expected to have any material effect on the Company's financial reporting as regards the timing of revenue recognition. However, there will be increased disclosure requirements concerning revenue and customer contracts.

✳ 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). The standard also introduces enhanced disclosure requirements. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. SkiStar intends to apply the standard from the financial year ending on 31 August 2020. An analysis of the impact of IFRS 16 is in progress and the current assessment is that total assets will be significantly affected in terms of land leases and other rental contracts. See also Note 7.

Other forthcoming, amended and new IFRS stand-

ards are not expected to have any material effect on the Company's financial reporting.

✳ Sustainability reporting. The present reporting is currently being adapted to the Global Reporting Initiative (GRI). Application will be from the financial year ending on 31 August 2018.

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 twelve 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 and any non-controlling interests are determined in the purchase price allocation. Transaction costs associated with acquisitions made after 1 September 2009 are recognised directly in profit or loss, 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 considera-

tion 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 comprehensive income 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 is an approximation of 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 significant risks and rewards associated with the goods or service have been transferred to the buyer. Revenue from accom-

modation, SkiPass and other goods and services associated with guest visits is recognised when the guest arrives. Revenue from the sale of goods in shops is reported at the time of the transaction, when the risks and rewards have 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 charged to revenue, while previous provisions for points that have been used during the period, or points that have expired, are reversed. 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 the risks and rewards have been transferred to the buyer on a previous occasion. 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 includes the parties' agreements concerning risks and rewards 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. The Company will not initiate any new sales until the unsold apartments in existing tenant-owner associations are sold.

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

Electricity costs

For SkiStar in Sweden, electricity is contracted via fund management. The fund purchases about 70 percent of the electricity at a fixed price, with a fixed term of 6–18 months, and about 30 percent at a variable spot price. The costs are recognised as incurred.

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 the Group's leases are operating leases.

Finance income and expenses

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 participating interests, 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, advances from customers 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 transac-

tion 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 objective evidence that a financial asset or group of financial assets is impaired. See also the section on Impairment on page 66.

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.

Loans and receivables

Loans and receivables 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 as loans and receivables. 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.

Available-for-sale financial assets

Available-for-sale financial assets are financial assets designated on initial recognition as available for sale, or any other instruments that are not classified in any of the other categories. Assets in this category are measured at fair value, with the period's changes in value recognised in other comprehensive income and the cumulative changes in value recognised in a separate component of equity. However, changes in value due to impairment, interest on debt instruments, dividend income and exchange differences on monetary items are recognised in profit/loss for the year.

When a financial investment is derecognised in the statement of financial position, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss.

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

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 and 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, consulting services and legal fees.

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 particular 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 are used in current operations, such as cross country ski tracks, car parks and roads, and are not held for sale in the near future. These assets are therefore recognised at cost.

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

Owner-occupied 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
 - * Technical installations: heating, electricity, plumbing, ventilation etc. 40 years
 - * External surfaces: façades, roof, windows etc. 40 years
 - * Fixed equipment, kitchen equipment etc. 25 years
 - * Heating and ventilation 30 years
 - * Internal surfaces, machinery etc. 15 years
- Machinery and equipment includes ski lifts and snowmaking facilities consisting of a number of

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

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.

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, which are recognised under IAS 39, assets held for sale and disposal groups, which are 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 on the basis of 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 objective evidence that a financial asset or group of assets is impaired. Objective evidence consists of observable events that have occurred and adversely affect the ability to recover the cost of the asset, and a significant or prolonged decline in the fair value of an investment in a financial instrument classified as an available-for-sale financial asset.

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 is dependent 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 be sufficient to 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 solely dependent on the 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 manner in which 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. Diluted earnings per share is calculated by adjusting the earnings and average number of shares for the effects of dilutive potential ordinary shares arising from convertible debt and options issued to employees during the presented periods. Dilution from options affects the number of shares and only arises when the exercise price is lower than the market price. The greater the difference between the exercise price and market price, the greater the dilution. Dilution arising from convertible debt is calculated by increasing the number of shares by the total number of shares represented by the convertibles and increasing earnings by the recognised interest expenses after tax.

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 IAS 39 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 recognises 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, SEK million	01/09/2016 -31/08/2017	01/09/2015 -31/08/2016
Alpine skiing/SkiPass	1,166	1,040
Accommodation	258	243
Ski rental	167	158
Ski school/Activities	55	57
Sporting goods outlets	144	129
Property services	98	100
Sale of interests in accommodation and exploitation assets	241	91
Other	177	173
Total revenue	2,306	1,991

PARENT COMPANY, SEK million	01/09/2016 -31/08/2017	01/09/2015 -31/08/2016
Alpine skiing/SkiPass	736	703
Accommodation	178	175
Ski rental	115	111
Ski school/Activities	48	50
Sporting goods outlets	120	109
Property services	58	57
Sale of interests in accommodation and exploitation assets	5	3
Other	181	160
Total revenue derived from Sweden	1,441	1,368

LOYALTY PROGRAMME

Utilised loyalty discounts for the year amount to SEK 1.6 (1.0) million. Loyalty liabilities accrued during the year amount to SEK 3.3 (2.6) million. Closing loyalty liabilities amount to SEK 5.6 (3.8) million and are included in other liabilities.

NOTE 3 GROUP OPERATING SEGMENTS

SEK thousand	01/09/2016 -31/08/2017	01/09/2015 -31/08/2016
SKI RESORTS – OPERATION		
Revenue	2,070,493	1,901,283
Other income	3,959	6,117
Operating expenses	-1,488,049	-1,317,214
Costs from other segments	-290,501	-278,000
Share of profit/loss of joint ventures/associates	1,139	8,331
Depreciation/amortisation	-21,002	-22,203
Operating profit/loss	276,039	298,314
Intangible assets	197,064	205,523
Financial assets	70,633	58,239
Operating loans	408,262	571,304
INFRASTRUCTURE		
Internal rental income	290,501	278,000
Sale of interests in accommodation	57,139	23,451
Capital gains on sale of non-current assets	-3,507	1,424
Cost of sold interests in accommodation	-20,715	-5,506
Depreciation/amortisation	-214,815	-191,355
Operating profit/loss	108,602	106,014
Property, plant and equipment	3,066,476	2,933,492
Financial assets	519,356	472,852
Investment loans	1,353,080	1,171,380
EXPLOITATION		
Revenue from sold exploitation assets	183,371	67,159
Costs of sold exploitation assets	-91,073	-31,986
Share of profit/loss of joint ventures/associates	36,847	-136
Operating profit/loss	129,145	35,037
Property, plant and equipment	79,599	89,900
Financial assets	45,118	8,271
Investment loans	-	-
Total external revenue for segments	2,311,454	1,999,434
Total operating profit/loss from segments	513,785	439,365
Total non-current assets from segments	3,978,245	3,768,277
Total liabilities from segments	1,761,342	1,742,684
Revenue		
Sweden	1,664,817	1,452,374
Norway	580,996	540,180
Austria	65,641	6,880
	2,311,454	1,999,434
Non-current assets		
Sweden	2,540,448	2,411,678
Norway	1,176,751	1,156,093
Austria	261,046	159,940
	3,978,245	3,727,711

CONT. NOTE 3 GROUP OPERATING SEGMENTS

SkiStar's operations are reported under three segments. Ski Resorts – Operation encompasses the operation of resorts and sales of all products and services. The focus is on sales and efficient operation. An estimated internal rent on capital invested in Infrastructure is charged to the segment's earnings. There is no revenue from other segments. Infrastructure covers non-current assets such as land, lifts, properties and investments in partly owned companies. The focus is on generating a reasonable return on investments. Sources of revenue include internal rent from Ski Resorts – Operation and return on non-current assets. Exploitation covers properties not used within Infrastructure. The focus is on developing and realising values.

Investment credits have been allocated to Infrastructure where the pledged assets are reported. Operating loans have been allocated to Ski Resorts – Operation. The internal rent is based on cash flow generating a five-percent return on the carrying amounts of invested assets. Rent is determined annually in advance. Group-wide costs have been allocated according to the estimated benefit.

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 5,430 (8,879) thousand for the Group and SEK 3,610 (3,149) 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 3,454 (1,406) thousand was capitalised during the year.

SEK 719 (662) thousand was capitalised for the Parent Company during the year.

NOTE 6 AUDITORS' FEES AND REMUNERATION

GROUP	01/09/2016 -31/08/2017	01/09/2015 -31/08/2016
<i>Ernst & Young AB</i>		
Audit engagements	1,942	1,679
Other engagements	395	126
	2,337	1,805
PARENT COMPANY	01/09/2016 -31/08/2017	01/09/2015 -31/08/2016
<i>Ernst & Young AB</i>		
Audit engagements	1,261	1,152
Other engagements	267	23
	1,528	1,175

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 refer to advice on accounting issues, and advice on processes and internal controls.

NOTE 7 OPERATING LEASE PAYMENTS

LAND LEASES			
GROUP	01/09/2016 -31/08/2017	01/09/2015 -31/08/2016	
Lease costs for the financial year	24,926	21,089	
<i>Agreed future lease payments under non-cancellable leases are due as follows:</i>			
Within one year	15,059	15,035	
Two to five years	59,697	59,701	
After five years	472,046	484,266	
Total future lease payments	546,802	559,002	
PARENT COMPANY	01/09/2016 -31/08/2017	01/09/2015 -31/08/2016	
Lease costs for the financial year	4,405	5,617	
<i>Agreed future lease payments under non-cancellable leases are due as follows:</i>			
Within one year	2,046	2,016	
Two to five years	8,238	8,203	
After five years	13,421	15,004	
Total future lease payments	23,705	25,223	
OTHER LEASES			
GROUP	01/09/2016 -31/08/2017	01/09/2015 -31/08/2016	
Lease costs for the financial year	41,543	40,579	
<i>Agreed future lease payments under non-cancellable leases are due as follows:</i>			
Within one year	37,602	40,860	
Two to five years	112,117	115,737	
After five years	123,064	138,394	
Total future lease payments	272,783	294,991	

CONT. NOTE 7 OPERATING LEASE PAYMENTS

PARENT COMPANY	01/09/2016 -31/08/2017	01/09/2015 -31/08/2016
Lease costs for the financial year	32,738	34,081
<i>Agreed future lease payments under non-cancellable leases are due as follows:</i>		
Within one year	30,827	34,081
Two to five years	98,022	108,374
After five years	118,674	138,394
Total future lease payments	247,523	280,849
 Total future minimum lease payments, Group	 819,585	 853,993
Total future minimum lease payments, Parent Company	271,228	306,072

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 lease agreements with partly-owned companies in Vemdalen and Åre covering a total of 6 (7) lifts. SkiStar acquired one of the lift companies on 13 October 2017 (see Note 38). Each of the leases runs for 20 years and the remaining lease terms are between 12 and 18 years. Total annual lease payments are SEK 17.9 (19.7) million and these are included in the table Other leases.

SkiStar has land lease agreements at all of its destinations. Most of the land leases are in Trysil in Norway. The lease terms are up to 40 years. The value is shown in a separate table above.

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	01/09/2016 -31/08/2017	Proportion, %	01/09/2015 -31/08/2016	Proportion, %
Sweden				
Women	355	38	334	38
Men	533	62	524	62
 Foreign entities				
Women	99	28	77	28
Men	253	72	197	72
Total, Group	1,240		1,132	

PARENT COMPANY

Sweden				
Women	347	40	328	39
Men	521	60	513	61
Total, Parent Company	868		841	

GENDER DISTRIBUTION, BOARD OF DIRECTORS AND GROUP MANAGEMENT

GROUP	31 Aug 2017 % women	31 Aug 2016 % women
Board of Directors	33%	33%
Other senior executives	0%	0%

PARENT COMPANY

Board of Directors	33%	33%
Other senior executives	0%	0%

	01/09/2016 - 31/08/2017	01/09/2015 - 31/08/2016
SALARIES, OTHER BENEFITS AND SOCIAL SECURITY CONTRIBUTIONS	Salaries Social security contributions	Salaries Social security contributions
PARENT COMPANY		
Senior executives	18,440	16,910
Other personnel	277,850	263,902
<i>(of which pension costs)</i>		
Senior executives ¹⁾	(4,941)	(3,698)
Other personnel	(9,057)	(8,826)
SUBSIDIARIES		
Senior executives		
Other personnel	157,606	123,182
<i>(of which pension costs)</i>		
Senior executives		
Other personnel	(7,560)	(5,475)
Group	453,896	403,994
<i>(of which pension costs) ²⁾</i>	<i>(21,558)</i>	<i>(17,999)</i>

¹⁾ SEK 1,271 (824) thousand of the Parent Company's pension costs relate to the CEO. The Parent Company's total pension costs consist of defined contribution and defined benefit pensions.

²⁾ SEK 1,271 (824) thousand of the Group's pension costs relate to the CEO and SEK 3,670 (2,874) thousand to other senior executives.

REMUNERATION OF SENIOR EXECUTIVES

Board members received remuneration of SEK 1,115 (1,020) thousand, distributed as follows: SEK 240 (220) thousand to the Chairman and SEK 175 (160) thousand to each of the other Board members elected at the Annual General Meeting. 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.

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

The CEO received salary, remuneration and benefits amounting to SEK 5,127 (3,919) thousand, SEK 1,392 (1,080) thousand of which were bonuses. The other 7 (7) members of Group management received salaries, remuneration and benefits amounting to SEK 13,313 (12,488) thousand, SEK 3,512 (2,077) thousand of which were bonuses.

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 at the Annual General Meeting on 10 December 2016. 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

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 40 percent of 12 times the current monthly salary, which means that the cash bonus paid cannot exceed SEK 5.4 million. 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. For the CEO and CFO, the Company pays pension contributions corresponding to 30 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. The Remuneration Committee makes decisions on salaries and other terms of employment for other senior executives after consultation with the CEO. Any changes to the bonus system are decided on by the Board.

Evaluation

The guidelines adopted at the 2016 Annual General Meeting have been followed, apart from a decision by the Board to change the distribution of salary and pension provision during its review of the CEO's remuneration. This is an individual deviation from the AGM's guidelines, whereby the Company's payment of pension contributions for the CEO has changed from 30% to 35% of pensionable salary for the purpose of ensuring that the CEO's remuneration is market-based.

NOTE 9 DEPRECIATION/AMORTISATION OF ASSETS

GROUP	01/09/2016 -31/08/2017	01/09/2015 -31/08/2016
Capitalised expenditure on IT systems	15,963	15,773
Rights of tenancy and similar rights	5,040	6,449
Land and buildings, land improvements	64,380	58,424
Plant, machinery and equipment	150,434	132,625
	235,817	213,271

PARENT COMPANY

Capitalised expenditure on IT systems	15,963	15,754
Rights of tenancy and similar rights	2,911	3,522
Land and buildings, land improvements	26,726	26,598
Plant, machinery and equipment	87,940	84,951
	133,540	130,825

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

PARENT COMPANY	01/09/2016 -31/08/2017	01/09/2015 -31/08/2016
Impairment*	-	-10,750
Capital gains/losses on sales	-	585
Dividend, Group companies	89,141	59,134
Dividend, associates	1,422	130
	90,563	49,099

* Impairment of shares in SkiShop i Åre AB. As the Company does not have any operations, the shares have been revalued.

NOTE 11 TAX

RECOGNISED IN COMPREHENSIVE INCOME

GROUP	01/09/2016 -31/08/2017	01/09/2015 -31/08/2016
Current tax expense		
Tax for the period	-32,859	-34,926
Adjustment of tax relating to prior years	-2,681	-2,270
	-35,540	-37,196
Deferred tax expense (-)/tax income (+)		
Deferred tax on temporary differences	758	-1,919
Deferred tax arising from changes in tax rates	0	0
Deferred tax arising from loss carryforwards utilised during the year	-55,696	-40,939
Other deferred tax	-571	571
	-55,509	-42,287
Total tax expense recognised, Group	-91,049	-79,483

RECOGNISED IN INCOME STATEMENT

PARENT COMPANY	01/09/2016 -31/08/2017	01/09/2015 -31/08/2016
Current tax expense		
Adjustment of tax relating to prior years	21	-815
	21	-815
Deferred tax expense (-)/tax income (+)		
Deferred tax on temporary differences	-1,936	-4,843
Deferred tax expense arising from recognised loss carryforwards used during the year	-	-2,391
Other deferred tax	-	0
	-1,936	-7,234
Total tax expense recognised, Parent	-1,915	-8,049

RECONCILIATION OF EFFECTIVE TAX	01/09/2016 -31/08/2017		01/09/2015 -31/08/2016	
GROUP	Percent	Amount	Percent	Amount
Profit/loss before tax		477,756		385,832
Tax according to Parent's current tax rate	22.0%	-105,106	22.0%	-84,883
Difference in tax rates in foreign operations	0.5%	-2,517	1.0%	-3,691
Effect of change in tax rate	-0.1%	439	-	-
Non-deductible expenses	0.4%	-1,711	0.1%	-537
Non-taxable income*	-5.0%	23,857	-3.8%	14,653
Tax attributable to prior years	0.6%	-2,681	1.0%	-3,934
Unutilised loss carryforwards	0.5%	-2,355	-0.7%	2,680
Other	0.2%	-975	1.0%	-3,771
Recognised effective tax	19.1%	-91,049	20.6%	-79,483

*SEK 22 (5) million of non-taxable income relates to the sale of shares in companies and SEK 0 (9) to negative goodwill.

RECONCILIATION OF EFFECTIVE TAX	01/09/2016 -31/08/2017		01/09/2015 -31/08/2016	
PARENT COMPANY	Percent	Amount	Percent	Amount
Profit/loss before tax		97,378		77,245
Tax according to Parent's current tax rate	22.0%	-21,423	22.0%	-16,994
Non-deductible expenses	0.5%	-485	3.7%	-2,889
Non-taxable income*	-20.5%	19,927	-17.4%	13,435
Tax attributable to prior years	0.0%	21	0.8%	-816
Other	0.0%	45	1.0%	-785
Recognised effective tax	2.0%	-1,915	10.2%	-8,049

*SEK 19 (13) million of non-taxable income relates to dividends from subsidiaries and associates.

RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

GROUP, 31 AUG 2017	Deferred tax assets	Deferred tax liabilities	Net
Non-current assets	-	-191,573	-191,573
Unused tax loss carryforwards	38,940	-	38,940
Derivatives	6,537	-	6,537
	45,477	-191,573	-146,096
Offset	-45,477	45,477	-
Net deferred tax assets/liabilities	0	-146,096	-146,096
GROUP, 31 AUG 2016	Deferred tax assets	Deferred tax liabilities	Net
Non-current assets	-	-191,952	-191,952
Unused tax loss carryforwards	94,635	-	94,635
Derivatives	9,199	-	9,199
Other	571	-	571
	104,405	-191,952	-87,547
Offset	-104,405	104,405	-
Net deferred tax assets/liabilities	0	-87,547	-87,547

RECOGNISED IN BALANCE SHEET

PARENT COMPANY, 31 AUG 2017	Deferred tax assets	Deferred tax liabilities	Net
Non-current assets	-	-140,544	-140,544
Derivatives	6,537	-	6,537
	6,537	-140,544	-134,007
Offset	-6,537	6,537	-
Net deferred tax assets/liabilities	0	-134,007	-134,007
PARENT COMPANY, 31 AUG 2016	Deferred tax assets	Deferred tax liabilities	Net
Non-current assets	-	-138,608	-138,608
Derivatives	8,326	-	8,326
	8,326	-138,608	-130,282
Offset	-8,326	8,326	-
Net deferred tax assets/liabilities	0	-130,282	-130,282

CHANGES IN DEFERRED TAX ON TEMPORARY DIFFERENCES AND LOSS CARRYFORWARDS

GROUP, 31 Aug 2017	Amount at start of year	Recognised in statement of comprehensive income	Recognised in other comprehensive income	Amount at end of year
Non-current assets	-191,952	379	-	-191,573
Unused tax loss carryforwards	94,635	-55,696	-	38,940
Derivatives	9,199	-	-2,662	6,537
Other	571	-571	-	0
	-87,547	-55,888	-2,662	-146,096

PARENT COMPANY, 31 Aug 2017	Amount at start of year	Recognised in statement of comprehensive income	Recognised in other comprehensive income	Amount at end of year
Non-current assets	-138,608	-1,936	-	-140,544
Derivatives	8,326	-	-1,789	6,537
	-130,282	-1,936	-1,789	-134,007

GROUP, 31 Aug 2016	Amount at start of year	Recognised in statement of comprehensive income	Recognised in other comprehensive income	Amount at end of year
Non-current assets	-189,846	-2,106	-	-191,952
Unused tax loss carryforwards	135,574	-40,939	-	94,635
Derivatives	10,849	-	-1,650	9,199
Other	-187	758	-	571
	-43,610	-42,287	-1,650	-87,547

PARENT COMPANY, 31 Aug 2016	Amount at start of year	Recognised in statement of comprehensive income	Recognised in other comprehensive income	Amount at end of year
Non-current assets	-136,334	-2,274	-	-138,608
Unused tax loss carryforwards	2,391	-2,391	-	-
Derivatives	8,020	-	306	8,326
Other	2,569	-2,569	-	-
	-123,354	-7,234	306	-130,282

At the end of the financial year, there remain tax losses of SEK 177 (433) million, SEK 0 (0) million of which relate to the Norwegian operations.

The losses have largely accrued to the Group through the acquisition of a company with unused loss carryforwards.

As the loss carryforwards continue indefinitely, information on maturities is not provided.

Due to unused loss carryforwards, the Swedish Group is not expected to pay full taxes in the next financial year.

NOTE 12 EARNINGS PER SHARE

NUMBER OF SHARES BEFORE DILUTION	01/09/2016 -31/08/2017	01/09/2015 -31/08/2016
Total number of shares, 1 September	39,188,028	39,188,028
Weighted average number of basic shares during the year	39,188,028	39,188,028

BASIC EARNINGS PER SHARE

Profit/loss for the year	390,158	310,290
Average number of shares outstanding	39,188,028	39,188,028
Basic earnings per share	9.96	7.92

Calculation of earnings per share is based on profit/loss for the year attributable to shareholders of the Parent, which amounted to SEK 390,158 (310,290) thousand, and on the weighted average number of shares outstanding, which was 39,188,028 (39,188,028). There are no financial instruments that could have dilutive effects.

NOTE 13 INTANGIBLE ASSETS

GROUP	Capitalised expenditure on IT systems	Rights of tenancy and similar rights	Goodwill	Total
Accumulated cost				
Opening balance, 1 Sep 2015	154,351	132,328	92,876	379,555
Capitalised expenditure	8,063	-	-	8,063
Business combinations	-	433	-	433
Reclassifications	11	-	-	11
Translation differences	-	210	282	492
Closing balance, 31 Aug 2016	162,425	132,971	93,158	388,554
Opening balance, 1 Sep 2016	162,425	132,971	93,158	388,554
Capitalised expenditure	8,136	301	-	8,437
Business combinations	-	-	-	0
Reclassifications	3,756	497	-	4,253
Translation differences	-	-95	-124	-219
Closing balance, 31 Aug 2017	174,317	133,674	93,034	401,025
Accumulated amortisation				
Opening balance, 1 Sep 2015	-106,032	-54,454	-	-160,486
Amortisation	-15,773	-6,449	-	-22,222
Reclassifications	19	-19	-	0
Business combinations	-	-165	-	-165
Translation differences	-	-158	-	-158
Closing balance, 31 Aug 2016	-121,786	-61,245	-	-183,031
Opening balance, 1 Sep 2016	-121,786	-61,245	-	-183,031
Amortisation	-15,962	-5,040	-	-21,002
Business combinations	-	-	-	0
Translation differences	-	72	-	72
Closing balance, 31 Aug 2017	-137,748	-66,213	-	-203,961
Carrying amount, 31 Aug 2016	40,639	71,726	93,158	205,523
Carrying amount, 31 Aug 2017	36,569	67,461	93,034	197,064
PARENT COMPANY	Capitalised expenditure on IT systems	Rights of tenancy and similar rights	Goodwill	Total
Accumulated cost				
Opening balance, 1 Sep 2015	154,351	20,286	18,442	193,079
Capitalised expenditure	8,063	-	-	8,063
Reclassifications	11	-	-	11
Closing balance, 31 Aug 2016	162,425	20,286	18,442	201,153
Opening balance, 1 Sep 2016	162,425	20,286	18,442	201,153
Capitalised expenditure	8,136	160	-	8,296
Reclassifications	3,756	497	-	4,253
Closing balance, 31 Aug 2017	174,317	20,943	18,442	213,702
Accumulated amortisation				
Opening balance, 1 Sep 2015	-106,032	-12,938	-18,442	-137,412
Reclassifications	-	2	-	2
Amortisation	-15,754	-3,522	-	-19,276
Closing balance, 31 Aug 2016	-121,786	-16,458	-18,442	-156,686
Opening balance, 1 Sep 2016	-121,786	-16,458	-18,442	-156,686
Reclassifications	-	-	-	0
Amortisation	-15,963	-2,911	-	-18,874
Closing balance, 31 Aug 2017	-137,749	-19,369	-18,442	-175,560
Carrying amount, 31 Aug 2016	40,639	3,828	-	44,467
Carrying amount, 31 Aug 2017	36,568	1,574	-	38,142

A total of SEK 719 (646) thousand of the year's capitalised expenditure and reclassifications relates 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	31/08/2017	31/08/2016
Sälen	3,910	3,910
Äre	16,546	16,546
Hemsedal	15,159	15,177
Trysil	56,935	57,041
Fjällförsäkringar AB	484	484
	93,034	93,158

Goodwill and intangible assets with indefinite useful lives are tested annually for impairment. There was no indication of impairment in the 2017 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 flows forecasted after the first five years were based on an annual growth rate of 2% (2%). The projected cash flows for each cash-generating unit have been discounted to the present value using a pre-tax discount rate of 7% (7%).

Goodwill has been allocated to each destination 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

GROUP	Land and buildings, land improvements	Plant, machinery and equipment	Construction in progress	Total
Accumulated cost				
Opening balance, 1 Sep 2015	2,453,296	2,716,928	120,932	5,291,156
Acquisitions	165,708	83,690	123,511	372,909
Business combinations	165,166	378,724	20,555	564,445
Disposals	-35,161	-20,666	-2,162	-57,989
Reclassifications etc.	19,610	85,342	-104,952	0
Translation differences	2,746	3,819	2,080	8,645
Closing balance, 31 Aug 2016	2,771,365	3,247,837	159,964	6,179,166
Opening balance, 1 Sep 2016	2,771,365	3,247,837	159,964	6,179,166
Acquisitions	53,410	62,203	251,542	367,155
Disposals	-25,722	-33,239	-3,575	-62,536
Reclassifications etc.	28,047	143,367	-171,497	-83
Translation differences	-1,551	-2,895	1,704	-2,742
Closing balance, 31 Aug 2017	2,825,549	3,417,273	238,138	6,480,960
Accumulated amortisation				
Opening balance, 1 Sep 2015	-721,747	-1,862,366	-	-2,584,113
Business combinations	-93,819	-306,255	-	-400,074
Disposals	2,862	17,670	-	20,532
Amortisation	-58,424	-132,625	-	-191,049
Translation differences	-670	-401	-	-1,071
Closing balance, 31 Aug 2016	-871,798	-2,283,977	-	-3,155,775
Opening balance, 1 Sep 2016	-871,798	-2,283,977	-	-3,155,775
Disposals	1,573	25,831	-	27,404
Amortisation	-64,380	-150,434	-	-214,814
Reclassifications etc.	-3,837	-331	-	-4,168
Translation differences	1,091	10,659	-	11,750
Closing balance, 31 Aug 2017	-937,351	-2,398,252	-	-3,335,603
Carrying amount, 31 Aug 2016	1,899,567	963,860	159,964	3,023,391
Carrying amount, 31 Aug 2017	1,888,198	1,019,021	238,138	3,145,357
			2017-08-31	2016-08-31
Reported value of land for properties in Sweden			257,558	237,694
Carrying amount, slopes			210,834	205,244
PARENT COMPANY	Land and buildings, land improvements	Plant, machinery and equipment	Construction in progress	Total
Accumulated cost				
Opening balance, 1 Sep 2015	1,300,176	1,792,765	83,473	3,176,414
Acquisitions	20,343	66,228	50,501	137,072
Disposals	-505	-15,012	-2,404	-17,921
Reclassifications	9,259	55,282	-68,013	-3,472
Closing balance, 31 Aug 2016	1,329,273	1,899,263	63,557	3,292,093
Opening balance, 1 Sep 2016	1,329,273	1,899,263	63,557	3,292,093
Acquisitions	13,337	52,332	62,330	128,899
Disposals	-850	-24,973	-3,221	-29,044
Reclassifications	9,487	30,949	-44,688	-4,252
Closing balance, 31 Aug 2017	1,351,247	1,958,471	77,978	3,387,696
Accumulated amortisation				
Opening balance, 1 Sep 2015	-464,415	-1,174,097	-3,460	-1,641,972
Reclassification	-	0	3,460	3,460
Disposals	-	12,372	-	12,372
Amortisation	-26,598	-84,951	-	-111,549
Closing balance, 31 Aug 2016	-491,013	-1,246,676	-	-1,737,689
Opening balance, 1 Sep 2016	-491,013	-1,246,676	-	-1,737,689
Disposals	-	19,756	-	19,756
Amortisation	-26,726	-87,941	-	-114,667
Closing balance, 31 Aug 2017	-517,739	-1,314,861	-	-1,832,600
Carrying amount, 31 Aug 2016	838,260	652,587	63,557	1,554,404
Carrying amount, 31 Aug 2017	833,508	643,610	77,978	1,555,096
			2017-08-31	2016-08-31
Reported value of land for properties in Sweden			161,544	162,394
Carrying amount, slopes			153,124	150,274

NOTE 15 PARTICIPATIONS IN GROUP COMPANIES

	31/08/2017	31/08/2016	SPECIFICATION OF PARENT COMPANY'S PARTICIPATIONS IN GROUP COMPANIES				31/08/2017	31/08/2016
			SUBSIDIARY/CORP. ID/REG'D OFFICE	Number of shares	Share-holding, %	Carrying amount	Carrying amount	
Opening balance	343,012	260,385	Sälens Högfjällshotell AB/ 556200-6311 / Municipality of Malung-Sälen	2,600,000	100.0	9,427	9,427	
Shareholder contributions	21	1,334	SkiOnline AB / 556098-6381 / Municipality of Malung-Sälen	2,000	100.0	-	-	
Acquisitions	11,600	92,818	Tandådalen Fjällhotell Service AB/556086-0990/Municipality of Malung-Sälen	42,000	100.0	3,000	3,000	
Disposals	-	-775	Vintertorget i Sälen KB / 969618-0786 / Municipality of Malung-Sälen	198	99.0	198	198	
Reclassification	5,711	-	SkiStar Norge AS / NO977107520 / Hemsedal	5,000	100.0	130,898	130,898	
Impairment	-	-10,750	Trysil Booking AS	100	100.0	-	-	
Closing balance	360,344	343,012	Hemsedal Booking AS	1,000	100.0	-	-	
			Hammarbybacken AB / 556650-2570 / Stockholm	910	91.0	1	1	
			Vemdalen Sportaffärer & Skiduthyrning AB / 556068-9761 / Vemdalen	1,000	100.0	48,531	48,531	
			Fjällinvest AB / 556426-8380 / Sälen	161,000	100.0	25,279	25,279	
			Fjällinvest AS / NO / Trysil	21,054	100.0	-	-	
			Fageråsen Invest AS	850	85.0	-	-	
			Hemsedal Alpinhotel AS	1,000	100.0	-	-	
			Hemsedal Fjellandsbyn AS	100	100.0	-	-	
			Vemdalen Logi AB / 556208-7634 / County of Jämtland	44,000	100.0	-	-	
			SkiStar Åre Mark AB / 559023-2830 / Municipality of Malung-Sälen	50,000	100.0	-	-	
			SkiStar Åre Logi AB / 559023-2830 / 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 / Åre	50,000	100.0	1,405	1,384	
			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	-	
			St Johann in Tirol GmbH, Austria*		68.3	92,818	92,818	
						360,344	343,012	

* The subsidiary St Johann in Tirol has non-controlling interests that are significant for SkiStar. The company has non-current assets of SEK 261 (148) million, current assets of SEK 87 (107) million, non-current liabilities of SEK 28 (36) million and current liabilities of SEK 138 (23) million as at 31 August 2017.

NOTE 16 PARTICIPATIONS IN ASSOCIATES AND JOINT VENTURES

GROUP	31/08/2017	31/08/2016	PARENT COMPANY	31/08/2017	31/08/2016
Opening balance	262,253	247,786	Opening balance	8,703	8,752
Acquisitions	81,266	-	Disposals	-5,711	-49
Reclassification	-11,149	-	Closing balance	2,992	8,703
Disposals	-900	5,931			
Dividend	-3,921	-2,591			
Translation differences	-14	2,931			
Share of profit/loss	37,986	8,195			
Closing balance	365,520	262,253			

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

	Revenue	Profit/loss	Assets	Liabilities	Equity	Share-holding, %	Group's share of equity	Carrying amount in Parent Company
ASSOCIATES AND JVS/CORP ID/REG'D OFFICE								
ASSOCIATES:								
Lima Transtrand Fastighets AB, 556258-6817 / Sälen	24,337	5,967	141,882	85,006	56,876	45	27,295	
Åre Destination AB, 556171-5961, Åre	8,293	88	8,001	5,804	2,197	49	1,080	1,970
Fjällvärme i Sälen AB, 556536-1895 / Sälen	9,025	330	72,502	52,443	20,059	50	10,346	
Knettsetra AS, NO971219807 / Trysil	23,688	1,118	4,513	2,534	1,979	49	3,968	
Trysilguidene AS, NO965147659 / Trysil	33,953	6,739	36,008	14,767	21,241	35	4,077	
HA aktiviteter AB, 556730-0065/ Jämtlands län	25	-53	799	706	93	42	4	42
Hemsedal Eiendomselskap AS, NO911713578/ Hemsedal	103	-1,180	40,082	44,819	-4,737	50	-1,674	
Hemsedal Bioenergi AS, NO993016632/Hemsedal	1,375	-497	8,668	8,552	116	33	809	
Skihytta Trysil AS, NO987561025/ Trysil	0	-68	1,652	523	1,129	35	853	
Scandinavian Mountains AB, 556973-5631 / Sälen	537	-1,804	243,065	14,919	228,146	38	86,219	
Åre 2019 AB, 556973-4717 / Jämtlands län	0	0	48,870	48,770	100	50	50	50
JOINT VENTURES:								
World Cup Åre AB, 556749-7119 / Åre	0	-9	1,161	0	1,161	50	1,603	130
Ski Invest Sälen AB, 556755-1022 / Sälen ¹⁾	121,679	2,795	537,987	398,111	139,876	50	85,230	
Skitorget AS, NO994110527 / Trysil	2,203	546	12,267	404	11,863	50	9,982	
Mountain Resort Trysil AS, NO996284115/ Trysil	88,287	-3,082	447,675	283,427	164,248	50	91,964	
Skiab Invest AB, 556848-5220/ Sälen ²⁾	88,862	73,693	179,871	89,585	90,286	50	45,118	
Skiab Invest AS, NO915659454/Trysil	0	-114	310,892	291,061	19,831	50	10,159	
Trysilsuiterna AS, NO991276068/ Trysil	0	-45	1,763	2,567	-804	50	-178	
Björnnrike Torg	70	-57	19,968	17,975	1,993	19	389	
Tegefjäll Linbane AB, 556659-6861	1,501	-50	18,449	22,610	-4,161	20	790	800
Trysil Hotellutvikling AS, NO987054409 / Trysil ³⁾	130,422	-12,492	417,297	452,635	-35,338	50	-12,561	
							365,520	2,992

Joint ventures of key importance to the Group:

- 1) Ski Invest Sälen AB, with subsidiaries whose operations include hotels and apartments, mediated via SkiStar, and the experience centre in Experium. The Company has a different financial year from SkiStar's adapted to the closing date of other owners.
- 2) Skiab Invest AB, whose operations include ownership, management and improvement of moveable property. The company's sub-subsidiary sold land in the Sadel area in Åre during the financial year.
- 3) Trysil Hotellutvikling AS, whose operations include hotels and apartments mediated by SkiStar and others.

CONT. NOTE 16 PARTICIPATIONS IN ASSOCIATES AND JOINT VENTURES

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

31/08/2016

ASSOCIATES AND JVS/CORP ID/REG'D OFFICE	Revenue	Profit/loss	Assets	Liabilities	Equity	Share-holding, %	Group's share of equity	Carrying amount in Parent Company
ASSOCIATES:								
Lima Transtrand Fastighets AB, 556258-6817 / Sälen	23,842	8,204	132,044	73,739	58,305	45	27,307	
Åre Destination AB, 556171-5961, Åre	11,230	250	8,007	5,898	2,109	49	1,027	1,970
Fjällvärme i Sälen AB, 556536-1895 / Sälen	10,149	-123	71,052	51,323	19,729	50	10,181	
Entréhuset i Sälen AB, 556756-7135 / Sälen	3,206	738	22,666	12,468	10,198	49	9,157	5,711
Knettsetra AS, NO971219807 / Trysil	19,746	1,060	4,555	2,801	1,754	49	2,286	
Trysilguidene AS, NO965147659 / Trysil	28,524	4,913	26,443	9,382	17,061	35	4,315	
HA aktiviteter AB, 556730-0065/ Jämtlands län	164	77	898	753	145	42	26	42
Fjällmacken i Lindvallen AB, 556662-2956	2,205	524	13,176	5,597	7,579	29	1,581	
Hemsedal Eiendomselskap AS, NO911713578/ Hemsedal	484	-275	39,831	43,388	-3,557	50	-1,102	
Hemsedal Bioenergi AS, NO993016632/Hemsedal	656	-419	8,267	7,642	625	33	971	
Scandinavian Mountains AB, 556973-5631 / Sälen	540	-1,948	29,920	11,470	18,450	43	6,977	
Åre 2019 AB, 556973-4717 / Jämtlands län	0	0	0	0	100	50	50	50
JOINT VENTURES:								
World Cup Åre AB, 556749-7119 / Åre	8,708	-185	1,291	121	1,170	50	1,608	130
Ski Invest Sälen AB, 556755-1022 / Sälen	129,068	5,807	486,567	351,727	134,840	50	83,582	
Skitorget AS, NO994110527 / Trysil	2,029	1,118	11,856	549	11,307	50	9,562	
Mountain Resort Trysil AS, NO996284115/ Trysil	34,332	-19,499	511,413	459,697	51,716	50	92,132	
Skiab Invest AB, 556848-5220/ Sälen	2,563	-273	108,306	90,312	17,994	50	8,271	
Skiab Invest AS, NO915659454/Trysil	0	-55	178,266	158,321	19,945	50	10,202	
Trysilsuiterne AS, NO991276068/ Trysil	0	-41	1,767	2,526	-759	50	-155	
Tegefjäll Linbane AB, 556659-6861	1,603	22	17,973	13,929	4,044	20	790	800
Trysil Hotellutvikling AS, NO987054409 / Trysil	110,343	484	414,992	437,893	-22,901	50	-6,512	
							262,253	8,703

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

GROUP	31/08/2017	31/08/2016
<i>Available-for-sale financial assets</i>		
Opening cost	33,622	58,209
Acquisitions	1,530	5,011
Disposals	-2,662	-28,090
Reclassification	-	-1,525
Exchange difference	-6	17
Closing balance	32,484	33,622

PARENT COMPANY	31/08/2017	31/08/2016
<i>Available-for-sale financial assets</i>		
Opening cost	14,712	14,711
Acquisitions	1,215	-
Disposals	-	-49
Reclassifications	-	50
Closing balance	15,927	14,712

Other participations and securities held as non-current assets consist essentially of interests in tenant-owner associations and shares in small companies. Participations in tenant-owner associations are accounted for using the rules for property, plant and equipment as these assets are held for use in current operations, and other items are carried at cost, as reliable fair values cannot be determined.

GROUP	31/08/2017	31/08/2016
Participations in tenant-owner associations	14,993	14,992
Other securities held as non-current assets	824	2,282
Shares and participating interests	16,667	16,348
Closing balance	32,484	33,622

PARENT COMPANY	31/08/2017	31/08/2016
Participations in tenant-owner associations	1,061	1,061
Shares and participating interests	14,866	13,651
Closing balance	15,927	14,712

NOTE 18 OTHER NON-CURRENT RECEIVABLES

GROUP	31/08/2017	31/08/2016
Opening cost	202,922	201,490
Additional receivables	41,758	5,530
Settlement of receivables	-6,538	-4,894
Reclassification, other	-	82
Exchange difference	-322	714
Closing balance	237,820	202,922

PARENT COMPANY	31/08/2017	31/08/2016
Opening cost	13,902	14,386
Additional receivables	11,953	597
Settlement of receivables	-4,509	-1,081
Closing balance	21,346	13,902

GROUP	31/08/2017	31/08/2016
Receivables from associates	177,998	170,790
Other non-current interest-bearing receivables	44,089	28,938
Other non-current non-interest-bearing receivables	15,733	3,193
Closing balance	237,820	202,921

PARENT COMPANY	31/08/2017	31/08/2016
Other non-current interest-bearing receivables	19,346	11,902
Other non-current non-interest-bearing receivables	2,000	2,000
Closing balance	21,346	13,902

NOTE 19 INVENTORIES

GROUP	31/08/2017	31/08/2016
Goods for resale	101,440	84,910
Participations in tenant-owner associations	29,610	40,565
Closing balance	131,050	125,475

NOTE 20 TRADE RECEIVABLES

Trade receivables are recognised net of the Group's established and expected losses for the year, which were SEK 500 (1,608) thousand. Established losses accounted for SEK 400 (1,492) thousand of the amount. The Parent Company's realised and expected losses were SEK 322 (1,489) thousand, with realised losses amounting to SEK 222 (1,373) thousand. The Group has recovered previous realised and expected bad debt losses of SEK 361 (38) thousand during the year. The Group's provision for doubtful debts was SEK 100 (116) thousand, having decreased by SEK 16 thousand during the financial year. The Group's trade receivables from related parties amounted to SEK 13 (0) 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

	01/09/2016 -31/08/2017	01/09/2015 -31/08/2016
GROUP		
30-90 days	1,162	2,723
91-180 days	476	465
Closing balance	1,638	3,188
PARENT COMPANY		
30-90 days	137	1,373
91-180 days	68	435
Closing balance	205	1,808

NOTE 21 OTHER CURRENT RECEIVABLES

	31/08/2017	31/08/2016
GROUP		
VAT recoverable	19,580	15,414
Current loan receivables	149,850	32,142
Other	17,090	14,040
Closing balance	186,520	61,596
PARENT COMPANY		
VAT recoverable	11,377	1,563
Current loan receivables	355	14,042
Other	10,175	8,280
Closing balance	21,907	23,885

NOTE 22 PREPAID EXPENSES AND ACCRUED INCOME

	31/08/2017	31/08/2016
GROUP		
Prepaid rental charges and lease payments	32,545	23,346
Prepaid insurance	3,514	3,449
Accrued interest income	1,602	1,531
Other items	17,777	15,537
Closing balance	55,438	43,863
PARENT COMPANY		
Prepaid rental charges and lease payments	27,690	18,382
Prepaid insurance	2,385	2,335
Accrued interest income	558	430
Other items	13,931	8,255
Closing balance	44,564	29,402

NOTE 23 EQUITY

	31/08/2017	31/08/2016
GROUP		
<i>Translation reserve</i>		
Opening translation reserve	-47,275	-52,526
Exchange differences for the year	989	5,251
Closing translation reserve	-46,286	-47,275
GROUP		
<i>Hedging reserve</i>		
Opening hedging reserve	-32,257	-36,813
Value of hedging reserve	11,789	6,161
Deferred tax	-2,708	-1,605
Closing hedging reserve	-23,176	-32,257
PARENT COMPANY		
<i>Hedging reserve</i>		
Opening hedging reserve	-29,518	-28,435
Value of hedging reserve	8,131	-1,389
Deferred tax	-1,789	306
Closing hedging reserve	-23,176	-29,518

CONT. NOTE 23 EQUITY

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 approximately one to six years. Hedging has ceased with effect from the third quarter of the previous year. 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 5.50 per share, totalling SEK 215,534,154, be distributed to the Parent Company's shareholders. The dividend proposal will be presented for adoption at the AGM on 9 December 2017. A dividend of SEK 4.50 per share was paid in 2016.

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.

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

Interest was hedged through interest rate derivatives of SEK 600 million with remaining maturities of approximately one to five years. Hedging has ceased with effect from the third quarter of the previous year. 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	31/08/2017	31/08/2016
Number of Class A shares outstanding at start of period	1,824,000	1,824,000
Number of Class B shares outstanding at start of period	37,364,028	37,364,028
Number of shares outstanding at end of period	39,188,028	39,188,028

The quotient value of the share at 31 August is SEK 0.50 (0.50).

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 46 (46) percent, return on equity was 19.5 (17.4) percent and return on capital employed was 14.1 (12.8) percent. The targets are based on three-month treasury bills, which had an average interest rate of -0.54 percent during the 2016/17 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	31/08/2017	31/08/2016
Group contributions	-190,355	-144,258
Closing balance	-190,355	-144,258

NOTE 25 LIABILITIES TO CREDIT INSTITUTIONS

GROUP	31/08/2017	31/08/2016
Due within 1 year after reporting date	984,399	633,017
Due 1-5 years after reporting date	776,943	1,109,667
Due more than 5 years after reporting date	0	0
Closing balance	1,761,342	1,742,684
Overdraft facilities granted	750,000	650,000
Utilised portion of overdraft facilities	356,149	285,134
PARENT COMPANY	31/08/2017	31/08/2016
Due within 1 year after reporting date	477,735	287,735
Due 1-5 years after reporting date	393,851	558,517
Due more than 5 years after reporting date	0	0
Closing balance	871,586	846,252
Overdraft facilities granted	750,000	650,000
Utilised portion of overdraft facilities	356,149	558,517

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

NOTE 26 PROVISIONS FOR PENSIONS

GROUP	31/08/2017	31/08/2016
Defined benefit plans	0	0
Other pension provisions	10,906	10,165
Closing balance	10,906	10,165
PARENT COMPANY	31/08/2017	31/08/2016
Other pension provisions	7,078	6,038
Closing balance	7,078	6,038

Pension obligations amounted to SEK 10.9 (10.2) million, while the fair value of plan assets was SEK 9.3 (9.0) million. SEK 1.6 (1.2) million relates to payroll tax. The total premium for pension insurance was SEK 21.6 (17.2) million.

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.

For salaried employees in Sweden, the ITP 2 plan's defined benefit obligations for retirement and family 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 2015/2016 financial year, the Company did not have access to sufficient 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 million (2016/2017: SEK 7 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 30 June 2016, Alecta's surplus, in the form of a collective funding ratio, was 156 (140) percent.

NOTE 27 RECEIVABLES FROM/LIABILITIES TO GROUP COMPANIES

RECEIVABLES FROM GROUP COMPANIES	31/08/2017	31/08/2016
Fjällinvest Trysil AS	31,074	20,843
Fjällinvest AB	81,223	62,914
Hammarbybacken AB	3,320	-
Hundfjället Centrum AB	-	13,885
SkiShop Åre AB	9	29
SkiStar Invest AB	88,099	49
SkiStar Norge AS	86,610	-
Vemdalen Logi AB	135,294	38,836
Closing balance	425,629	136,556
LIABILITIES TO GROUP COMPANIES	31/08/2017	31/08/2016
Fjällmedia AB	9	9
Hemsedal Alpin hotell AS	650	470
Hemsedal Fjellandsbyn AS	63	197
Hundfjället Centrum AB	61,330	-
Hundfjället Servicecenter AB	1,878	1,743
Sälens Högfjällshotell AB	338,934	-
SkiStar Fastighet AB	441	-
SkiStar Åre Logi AB	4,935	-
Tandådalsens Fjällhotell Service AB	25,367	-
Vemdalen Sportaffär och skiduthyrning AB	15,137	14,576
Vinterorget i Sälen KB	2,208	2,208
Closing balance	450,952	19,203

NOTE 28 OTHER PROVISIONS

GROUP	31/08/2017	31/08/2016
Electricity certificates	377	678
Other provisions	686	795
Closing balance	1,063	1,473
PARENT COMPANY	31/08/2017	31/08/2016
Electricity certificates	377	678
Closing balance	377	678
GROUP	31/08/2017	31/08/2016
Opening value	1,473	431
Purchases	735	932
Other provisions *	-	795
Settlement of provision	-109	-
Cancellations	-1,036	-685
Closing balance	1,063	1,473
PARENT COMPANY	31/08/2017	31/08/2016
Opening value	678	431
Purchases	735	932
Cancellations	-1,036	-685
Closing balance	377	678

*Through acquisitions.

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 2016, 0.231 certificates were cancelled. The registration as a power-intensive industry resulted in a reduction of SEK 1 million in electricity costs in the 2016 calendar year.

NOTE 29 ACCRUED EXPENSES AND DEFERRED INCOME

GROUP	31/08/2017	31/08/2016
Accrued payroll expenses and social security contributions	50,506	49,145
Accrued finance expenses	5,158	9,641
Accrued property expenses	6,489	4,319
Accrued rental costs	8,600	0
Other items	19,303	26,567
Closing balance	90,056	89,672
PARENT COMPANY	31/08/2017	31/08/2016
Accrued payroll expenses and social security contributions	41,446	40,759
Accrued finance expenses	3,291	4,818
Accrued property expenses	3,711	1,992
Accrued rental costs	437	0
Other items	9,146	13,325
Closing balance	58,031	60,894

NOTE 30 PLEDGED ASSETS AND CONTINGENT LIABILITIES

PLEDGED ASSETS	31/08/2017	31/08/2016
Property mortgages	829,067	760,002
Floating charges	7,000	7,000
Assets, SkiStar Norway Group	724,341	692,692
Other pledged assets	7,078	6,038
Closing balance	1,567,486	1,465,732
Of which pledged for own liabilities	1,567,486	1,465,732
PARENT COMPANY	31/08/2017	31/08/2016
Property mortgages	523,235	514,011
Floating charges	7,000	7,000
Other pledged assets	7,078	6,038
Closing balance	537,313	527,049
Of which pledged for own liabilities	537,313	527,049
CONTINGENT LIABILITIES	31/08/2017	31/08/2016
Contributions with conditional repayment liability	1,618	2,747
Guarantees	481,919	369,360
Other contingent liabilities	10,200	8,200
Closing balance	493,737	380,307
PARENT COMPANY	31/08/2017	31/08/2016
Contributions with conditional repayment liability	1,618	2,747
Guarantees provided for Group companies	787,412	813,345
Other guarantees	436,393	323,804
Other contingent liabilities	10,200	8,200
Closing balance	1,235,623	1,148,096

NOTE 31 CASH FLOW STATEMENT

	GROUP		PARENT COMPANY	
	01/09/2016 -31/08/2017	01/09/2015 -31/08/2016	01/09/2016 -31/08/2017	01/09/2015 -31/08/2016
Interest paid and dividend received				
Dividend received	-	-	90,563	59,264
Interest received	5,608	7,078	235	541
Interest paid	-47,058	-44,452	-18,310	-17,437
Adjustments for non-cash items				
Share of profit/loss of associates	-37,986	-8,195	-	-
Depreciation/amortisation and impairment of assets	235,818	213,578	133,541	141,575
Unrealised exchange differences	6,621	875	-	-
Gross cash flow from sale of non-current assets	28,875	-32,331	3,578	-3,634
Capital gains/losses on sale of operations/subsidiaries	-	-	-	-585
Provisions for pensions	-	-	1,040	638
Other provisions	-409	-6,600	-301	247
Negative goodwill	-	-40,999	-	-
Other non-cash items	-903	16,395	-4,052	-305
	232,016	142,723	133,806	137,936
Acquisition of subsidiaries and other business entities				
<i>Acquired assets and liabilities:</i>				
Intangible assets	-	1,090	-	-
Property, plant and equipment	-	156,744	-	-
Inventories	-	2,743	-	-
Other assets	-	8,475	-	-
Total assets	0	169,052	0	0
Purchase consideration	-	-92,818	-	-92,818
Less cash and cash equivalents in acquired operation	-	98,267	-	-
Effect on cash and cash equivalents	0	5,449	0	-92,818
Disposal of subsidiaries and other business entities				
<i>Disposal of assets and liabilities:</i>				
Financial assets	-	-	-	1,360
Total capital gains/losses, liabilities and provisions	0	0	0	1,360
Cash and cash equivalents				
The following components are included in cash and cash equivalents:				
Cash and bank balances	105,512	92,719	1,395	1,415
	105,512	92,719	1,395	1,415

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 RISK

Currency risk is the risk of exchange rate fluctuations 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, with effect from May 2016, 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. Approximately 23 (32) 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 10 million and equity by +/- SEK 9 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, 76 (75) percent of guests come from outside Norway, with Swedish guests accounting for 36 (33) percent. The proportion of foreign guests in Trysil is 91 (91) percent, with Swedish guests accounting for 49 (44) 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 lifts, piste 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 2016/17 financial year, the Group purchased goods and services in euros valued at EUR 9.9 (5.5) 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 the vast majority of trade receivables relate to small amounts, customer credit risk for any individual receivable is considered low.

INTEREST AND LIQUIDITY RISKS

SkiStar's financial policy requires the majority of borrowing to take place with a short fixed-interest term of three months or less. With a strong financial base, including an equity/

assets ratio of 46 (46) percent and a strong cash flow, SkiStar is able to 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 1,772 (1,753) million. Net interest income/expenses for the financial year were SEK -36 (-54) million and average interest expenses were 2.5 (2.4) percent. Net interest-bearing liabilities at the reporting date were SEK 1,544 (1,547) million. A rise in interest rates of 1 percentage point would increase SkiStar's interest expenses by approximately SEK 10 (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 2017, the covenants had been fulfilled. The Group's cash and cash equivalents at the reporting date were SEK 105 (93) million. Unused overdraft facilities amounted to SEK 356 (184) 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 measurements into three levels.

- 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.
- Level 3:** Fair value is determined based on inputs that are not observable in the market. The Company has assessed the difference between the carrying amount and fair value as marginal, and does not therefore show the fair value in table form.

INTEREST RATE SWAPS

To hedge the uncertainty of highly probable forecasted interest-rate flows from borrowing at variable interest rates, the Company uses 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 2017, the value was SEK 43 (56) million. The interest rate coupon portion is recognised in profit or loss as part of interest expenses. Up to and including the second quarter, unrealised changes in the fair value of interest rate swaps were recognised in other comprehensive income and included in the hedging reserve. Hedging of interest rate derivatives ceased with effect from the third quarter. The value of the derivative is reversed in comprehensive income over the derivative's remaining life. The effect on earnings since the change amounts to SEK 1 (-14) million. A cumulative effect of SEK -23 (-32) million for remaining cash-flow-hedged interest rate swaps was recognised in equity at 31 August 2017. The Company has interest rate swaps of SEK 600 million and NOK 200 million, with remaining maturities of approximately one to five years. At the reporting date, these were measured based on observable market data, in accordance with level 2 of the IFRS 13 measurement hierarchy.

CONT. NOTE 32 FINANCIAL RISKS AND FINANCIAL POLICIES

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

	Nominal amount in original currency	Carrying amount	Maturity	Fair value of loan
SWEDEN				
Overdraft facilities, variable interest	393,851	393,851	31/08/2021	393,851
accrued interest	661	661		
Bank loan, variable interest	610,000	610,000	31/08/2018	610,000
accrued interest	747	747		
Bank loan, variable interest	190,000	190,000	31/08/2018	190,000
accrued interest	6	6		
Bank loan, variable interest	14,350	14,350	29/03/2019	14,350
accrued interest	26	26		
NORWAY				
Bank loan, variable interest	308,750	315,266	30/08/2019	315,266
accrued interest	1,308	1,336		
Bank loan, variable interest	142,500	145,508	31/08/2018	145,508
accrued interest	84	86		
Bank loan, variable interest	40,500	41,355	20/09/2018	41,355
accrued interest	32	32		
Bank loan, variable interest	22,500	22,975	01/06/2018	22,975
accrued interest	0	0		
AUSTRIA				
Bank loan, variable interest	626	5,939	28/02/2019	5,939
accrued interest	3	28		
Bank loan, variable interest	1,239	11,747	31/12/2022	11,747
accrued interest	6	52		
Bank loan, variable interest	1,080	10,243	30/04/2024	10,243
accrued interest	3	28		
Total loans		1,761,233		
Total accrued interest on bank loans		3,002		
Accrued interest on derivatives		3,106		

In addition to interest rate swaps, which have a fair value of SEK 43 (56) million, other financial liabilities consist of liabilities maturing within one year. The fair value of interest rate swaps for the Parent Company is SEK 37 (49) million.

FINANCIAL INSTRUMENTS AT FAIR VALUE, SEK million

	31/08/2017	31/08/2016
Interest rate swaps	43	56

The items are reported as liabilities in the balance sheet. The nominal value of the interest rate swaps was SEK 804 (802) million at 31 August 2017.

FINANCIAL ASSETS BY MEASUREMENT CATEGORY, SEK million

	Available-for-sale financial assets	Loans and receivables	Derivatives used for hedge accounting	Total carrying amount
31/08/2017				
Participations and other investments held as non-current assets ¹⁾	62	-	-	62
Receivables from associates	-	60	-	60
Trade receivables	-	30	-	30
Other current receivables	-	187	-	187
Cash and cash equivalents	-	103	-	103
Total financial assets	62	380	0	442

FINANCIAL ASSETS BY MEASUREMENT CATEGORY, SEK million

	Available-for-sale financial assets	Loans and receivables	Derivatives used for hedge accounting	Total carrying amount
31/08/2016				
Participations and other investments held as non-current assets ¹⁾	74	-	-	74
Receivables from associates	-	52	-	52
Trade receivables	-	36	-	36
Other current receivables	-	62	-	62
Cash and cash equivalents	-	93	-	93
Total financial assets	74	243	0	317

¹⁾ SEK 62 (74) 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.

FINANCIAL LIABILITIES BY MEASUREMENT CATEGORY, SEK million

	Loans payable	Derivatives used for hedge accounting	Other financial liabilities	Total carrying amount
31/08/2017				
Loans payable	1,772	-	-	1,772
Derivatives	-	43	-	43
Trade payables	-	-	131	131
Accrued interest	6	-	-	6
Advances from customers	-	-	104	104
Total financial liabilities	1,778	43	235	2,056

FINANCIAL LIABILITIES BY MEASUREMENT CATEGORY, SEK million

	Loans payable	Derivatives used for hedge accounting	Other financial liabilities	Total carrying amount
31/08/2016				
Loans payable	1,743	-	-	1,743
Derivatives	-	56	-	56
Trade payables	-	-	96	96
Accrued interest	10	-	-	10
Advances from customers	-	-	93	93
Total financial liabilities	1,753	56	189	1,998

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
Loans payable	989	752	10
Derivatives	0	17	26
Trade payables	131	-	-
Advances from customers	104	-	-

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

	01/09/2016 -31/08/2017	01/09/2015 -31/08/2016
GROUP		
Dividend	1,431	486
Capital gain	1,112	-
Capital loss	-	-216
	2,543	270
PARENT COMPANY		
Dividend	-	79
	0	79

NOTE 34 INTEREST INCOME AND SIMILAR ITEMS

	01/09/2016 -31/08/2017	01/09/2015 -31/08/2016
GROUP		
Bank balances	902	1,970
Non-current receivables	2,864	2,407
Trade receivables	1,904	19
Tax account	24	149
Exchange gains	4,829	2,849
	10,523	7,394
PARENT COMPANY		
Bank balances	2,454	1,424
Non-current receivables	250	468
Trade receivables	6	19
Tax account	13	98
Exchange gains	4,717	2,667
	7,440	4,676
Of which external	5,081	3,286
Of which intra-Group	2,359	1,390

NOTE 35 INTEREST EXPENSES AND SIMILAR ITEMS

GROUP	01/09/2016 -31/08/2017	01/09/2015 -31/08/2016
Liabilities to credit institutions	38,318	56,490
Trade payables	182	117
Tax account	39	24
Exchange losses	10,557	4,566
	49,096	61,197

PARENT COMPANY	01/09/2016 -31/08/2017	01/09/2015 -31/08/2016
Liabilities to credit institutions	16,978	31,520
Trade payables	25	26
Exchange losses	6,987	3,110
	23,990	34,656

Of which external	23,199	33,812
Of which intra-Group	791	844

All items are derived from financial items at cost, apart from items arising from interest rate swaps, which are SEK 0.9 (-14.1) million for the Group and SEK 4.1 (-11.4) 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 Paulsson and his family and companies, with an ownership of approximately 47 (63) percent of the votes and 24 (47) percent of the capital in the Group's Parent Company at 31 August 2017.

Peab

Mats Paulsson and his family have a controlling interest in the Peab Group. SkiStar purchases construction contracts from the Peab Group.

Fabege

Erik Paulsson is Chairman of the Board of Fabege and has significant influence. SkiStar rents offices in central Stockholm from Fabege.

Hansan

Erik Paulsson is CEO of Hansan AB and has significant influence. SkiStar hires 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 Fastigheter AB and SkiLodge Village Lindvallen AB, and staff accommodation provided for 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

GROUP	Sales to related parties 01/09/2016 -30/08/2017	Purchases from related parties 01/09/2016 -30/08/2017	Receivables from related parties 31/08/2017	Liabilities to related parties 31/08/2017
Associates	40,655	67,934	8,634	849
Peab	1,159	1,896	-	7
Fabege	10	2,651	-	680
Hansan	901	-	144	-
Total	42,725	72,481	8,778	1,536

PARENT COMPANY	Sales to related parties 01/09/2016 -30/08/2017	Purchases from related parties 01/09/2016 -30/08/2017	Receivables from related parties 31/08/2017	Liabilities to related parties 31/08/2017
Associates	22,168	60,059	7,695	443
Peab	1,159	1,867	-	7
Fabege	10	2,651	-	680
Hansan	901	-	144	-
Total	24,238	64,577	7,839	1,130

GROUP	Sales to related parties 01/09/2015 -30/08/2016	Purchases from related parties 01/09/2015 -30/08/2016	Receivables from related parties 31/08/2017	Liabilities to related parties 31/08/2017
Associates	34,574	85,716	39,036	8,582
Peab	1,021	26,273	-	-
Fabege	-	1,824	-	-
Hansan	861	-	144	-
Total	36,456	113,813	39,180	8,582

PARENT COMPANY	Sales to related parties 01/09/2015 -30/08/2016	Purchases from related parties 01/09/2015 -30/08/2016	Receivables from related parties 31/08/2017	Liabilities to related parties 31/08/2017
Associates	20,656	78,632	12,456	8,540
Peab	1,021	21,182	-	-
Fabege	-	1,824	-	-
Hansan	861	-	144	-
Total	22,538	101,638	12,600	8,540

NOTE 37 ACQUISITIONS

SkiStar acquired a property through a company during the financial year. The acquisition consists of assets and liabilities and does not include business operations.

On 10 May 2016, SkiStar AB paid share issue proceeds of EUR 10 million (SEK 93 million), thereby becoming the owner of 68 percent of the shares in the Austrian ski resort of St. Johann Bergbahnen GmbH. The value of net assets acquired after the issue is EUR 14.4 million, which is higher than the acquisition proceeds. The difference, EUR 4.4 million, is treated as negative goodwill and recognised as revenue in the consolidated income statement.

ACQUISITIONS DURING THE YEAR	01/09/2016 -31/08/2017	01/09/2015 -31/08/2016
Purchase consideration	-	92,818
Intangible assets	-	261
Property, plant and equipment	-	147,499
Inventories	-	2,743
Trade and other receivables	-	7,240
Cash and cash equivalents	-	97,039
Interest-bearing liabilities	-	36,303
Trade and other liabilities	-	22,668
Net identifiable assets and liabilities	-	195,811
Non-controlling interest	-	61,994
Net assets acquired	-	133,817

Goodwill	-	-40,999
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THE COMPANY'S SHARE OF GROUP REVENUE AND PROFIT/LOSS FROM ACQUISITION DATE TO 31 AUG 2016

Revenue	-	6,614
Profit/loss	-	-12,246

If the company had been consolidated from 1 Sep 2015 to 31 Aug 2016, its share would have been

Revenue	-	55,470
Profit/loss	-	-7,509

NOTE 38 EVENTS AFTER THE REPORTING DATE

At the end of September, bookings for the 2017/18 winter season were seven 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 5.50 (4.00) per share, totalling SEK 216 (176) million.

On 15 September 2017, the Swedish Financial Supervisory Authority granted SkiStar AB permission to transfer its insurance portfolio in the subsidiary Fjällförsäkringar AB to Codan Forsikring A/S through its Swedish branch Trygg-Hansa Försäkring.

On 13 October 2017, SkiStar AB acquired the remaining (81.1%) of shares in Klövsjö Linbana AB at a value of SEK 5.1 million. The company owns one lift and does not have any employees. The lift has been leased to SkiStar AB.

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.

TAXES

Changes in tax legislation and changes in the interpretation of tax legislation may affect the size of the reported taxes. Further information can be found in Note 11.

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.

DEFINITIONS OF FINANCIAL PERFORMANCE MEASURES

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

Share dividend yield

Dividend divided by share price.

Return on equity

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

Return on capital employed

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

Return on total assets

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

Current ratio

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

Gross margin

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

Price/equity ratio

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

Share price/cash flow

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

Equity per share

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

Average interest expense

Interest expenses divided by average interest-bearing liabilities.

Cash flow from operating activities before change in working capital

The reason for the 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 average number of shares.

Quick ratio

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

Net margin

Profit/loss before tax as a percentage of revenue.

P/E ratio

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

Earnings per share

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

Diluted earnings per share

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

Interest-bearing liabilities

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

Interest coverage ratio

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

Operating margin

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

Operating profit/loss

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

Debt/equity ratio

Interest-bearing liabilities as a percentage of equity.

Equity/assets ratio

Equity as a percentage of total assets.

OTHER DEFINITIONS

ALF

Alpinanleggenes Landsforening (Norwegian Ski Lift Association).

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.

Booking volume

A comparison of booked overnight stays between two defined periods.

Overnight stay

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

Financial year

SkiStar's financial year encompasses the period 1 September to 31 August.

First quarter (Q1)	September–November
Second quarter (Q2)	December–February
Third quarter (Q3)	March–May
Fourth quarter (Q4)	June–August

SkiPass

Keycard providing access to skiing.

Skier day

One day's skiing with a SkiPass.

SLAO

Svenska Skidanläggnings Organisation (Swedish Ski Lift Organisation).

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

SEK thousand	FULL YEAR 1 Sep-31 Aug	
FINANCING AND INTEREST-BEARING LIABILITIES	2016/17	2015/16
Non-current interest-bearing liabilities to credit institutions	776,943	1,109,667
Provisions for pensions	10,906	10,165
Current interest-bearing liabilities to credit institutions	984,399	633,017
Other current interest-bearing liabilities	0	0
Interest-bearing liabilities	1,772,248	1,752,849
Other non-current receivables	237,820	202,922
Non-interest-bearing portion of non-current receivables	-133,948	-121,623
Current interest-bearing receivables	19,354	32,142
Cash and cash equivalents	105,512	92,719
Interest-bearing receivables	228,738	206,158
Financial net debt (interest-bearing receivables - net interest-bearing liabilities)	1,543,510	1,546,691

SEK thousand	2016/17 Q 4	2015/16 Q 4	2014/15 Q 4	2013/14 Q 4	2012/13 Q 4
RETURN ON CAPITAL EMPLOYED					
Profit/loss after financial items	477,756	385,832	322,959	179,180	159,987
Finance income	13,067	7,664	7,129	9,659	10,671
Finance expenses	-49,096	-61,197	-54,784	-63,122	-69,806
Net financial items	-36,030	-53,533	-47,655	-53,463	-59,135
Profit after financial items, plus finance expenses	526,852	447,028	377,743	242,302	229,793

Capital employed	2016/17 Q 4	08/2016	2015/16 Q 4	08/2015	2014/15 Q 4	08/2014	2013/14 Q 4	08/2013	2012/13 Q 4	08/2012
Assets	4,507,860	4,107,146	4,107,146	3,759,838	3,759,838	3,960,236	3,960,236	3,893,942	3,893,942	4,001,855
Non-current non-interest-bearing liabilities	190,106	149,441	149,441	96,467	96,467	72,655	72,655	41,643	41,643	50,727
Current non-interest-bearing liabilities	455,255	334,910	334,910	290,279	290,279	277,002	277,002	262,745	262,745	216,375
Total non-interest-bearing liabilities	645,360	484,352	484,351	386,746	386,746	349,657	349,657	304,388	304,388	267,102
Capital employed	3,862,500	3,622,794	3,622,795	3,373,092	3,373,092	3,610,579	3,610,579	3,589,554	3,589,554	3,734,753
Average capital employed	3,742,647		3,497,943		3,491,836		3,600,067		3,662,154	
Return on capital employed	14%		13%		11%		6%		6%	

RETURN ON EQUITY										
Equity	2,090,250	1,869,945	1,869,945	1,641,389	1,641,389	1,537,735	1,537,735	1,482,141	1,482,141	1,456,528
Average equity	1,980,098		1,755,667		1,589,562		1,509,938		1,469,335	
Profit/loss after tax	386,707		306,349		248,577		162,323		136,607	
Return on equity	20%		17%		16%		11%		9%	

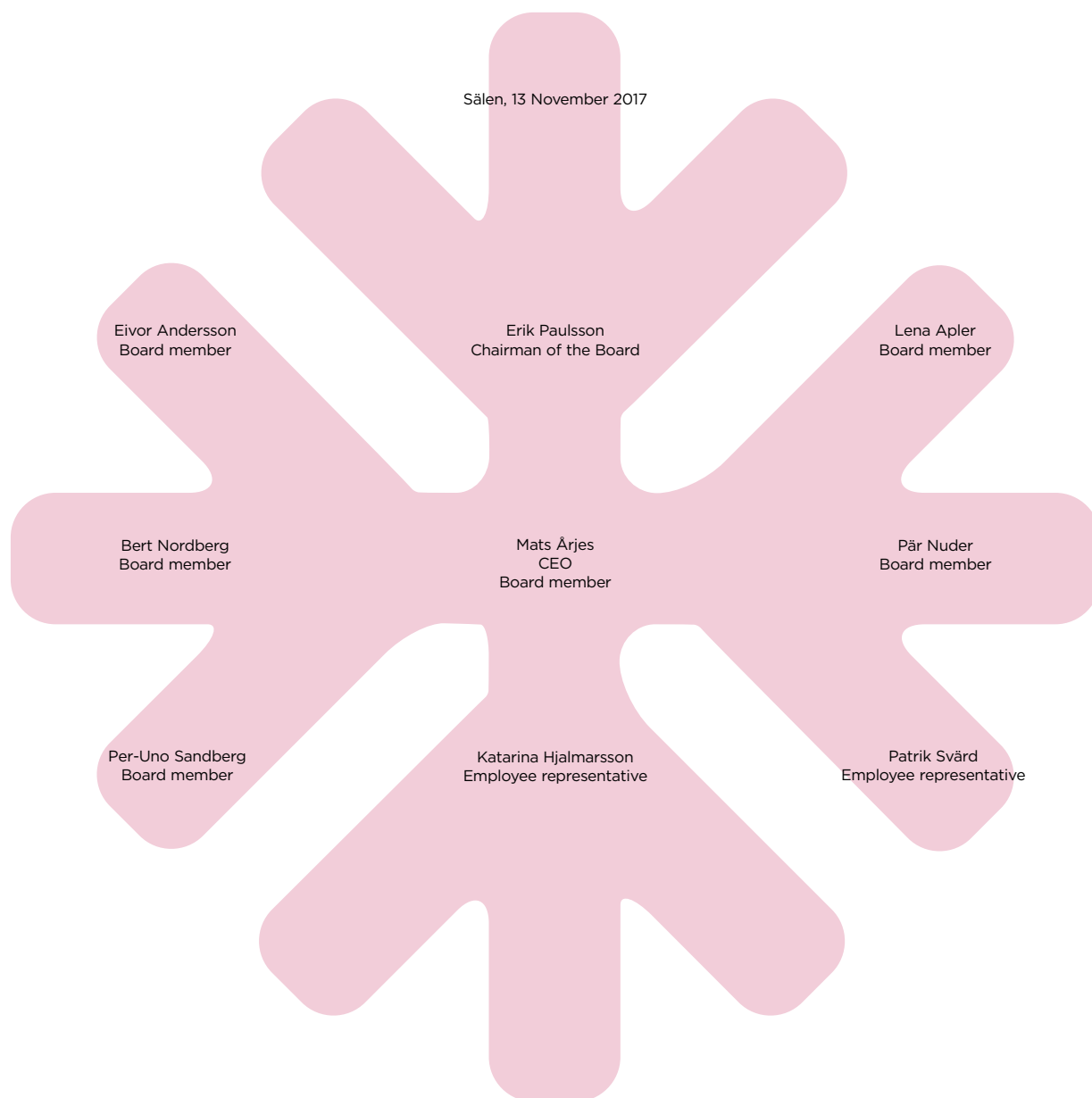
RETURN ON TOTAL ASSETS										
Total assets	4,507,860	4,107,146	4,107,146	3,759,838	3,759,838	3,960,236	3,960,236	3,893,942	3,893,942	4,001,855
Average total assets	4,307,503		3,933,492		3,860,037		3,927,089		3,947,899	
Return on total assets	12%		11%		10%		6%		6%	

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.



Our audit report was submitted on 13 November 2017.
Ernst & Young AB

Erik Åström
Authorised Public Accountant

The Board has authorised the annual report and consolidated financial statements for issue on 13 November 2017. 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 9 December 2017.

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 2016-09-01—2017-08-31. The annual accounts and consolidated accounts of the company are included on pages 48-81 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 the parent company as of 31 August 2017 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 2017 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, to 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 entities within the EU.

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

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts

and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Revenue

Revenue of 2 306 SEK million is recorded in the consolidated statement of comprehensive income for the financial year 2016-09-01—2017-08-31, and revenue of 1 441 SEK million is recorded in the income statement for the parent company. Revenue from the sale of goods and services is recorded when significant risks and benefits associated with the goods or services have been transferred to the buyer, and revenue from property sales is recorded on the date of transfer of access rights unless the risks and benefits have been transferred to the buyer on an earlier date. Rental revenue is recorded linearly over the contract period. Accounting principles for revenue are stated in Note 1.

As is stated in Note 2, revenue is distributed between different revenue sources such as SkiPass, lodging, ski rentals, sport shops, facilities management and property sales. The amount of transactions within different transaction flows is significant, which placed high demands on the company's internal control and related administrative processes. We have therefore considered revenue recognition and related administrative processes and IT systems a key audit matter.

In our audit we have reviewed principles for revenue recognition, processes for significant transaction flows and related IT systems. Our audit procedures have included tests of the company's controls and analytical procedures using data analytics-based audit tools. We have also performed sample testing of revenue to contracts and cash receipts. We have reviewed disclosures included in the report.

Property, plant and equipment

Property, plant and equipment of 3 145 SEK million is recorded in the consolidated statement of financial position as of 31 August 2017, equivalent to 70 % of the company's total assets, and property, plant and equipment of 1 555 SEK million is recorded in the balance sheet for the parent company, equivalent to 58 % of the company's total assets. The valuation and accounting for property, plant and equipment was considered a key audit matter based on the significance of the recorded amounts for the group's financial position.

Property, plant and equipment are recorded at cost net of accumulated depreciation and impairment charges, if applicable. Depreciation occurs over the assessed useful life for each component. In case of an indication of impairment the recorded values are tested against the calculated recoverable value of the assets. Accounting principles for property, plant and equipment are provided in Note 1 and disclosures regarding property, plant and equipment are provided in Note 14.

In our audit we have assessed the company's processes for control over investments based on approved investment decisions and budgets. We have performed sample testing on capitalized amounts against criteria for what should be capitalized or expensed. We have analyzed and assessed the assumptions and judgments which management has made regarding the estimated useful

lives as well as indications of impairment. We have reviewed disclosures included in the report.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-47 and 84-91. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors 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 intends 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 Directors' 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.

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit.

We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant defi-

ciencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Skistar AB (publ) for the financial year 2016-09-01—2017-08-31 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 Directors 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 Directors 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's 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.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Ernst & Young AB, Jakobsbergsgatan 24, 111 44 Stockholm, Sweden were appointed auditors for Skistar AB (publ) by the annual general meeting on 10 December 2016 and have been the company's auditors since 14 December 2013.

Stockholm 13 November 2017

Ernst & Young AB

Erik Åström
Authorized Public Accountant

CORPORATE GOVERNANCE REPORT



DEAR SHAREHOLDER,

Much has happened during the years since my brother Mats and I began our involvement in Lindvallen in the mid 70s. I took over the Chairman's gavel at SkiStar seventeen years ago when we acquired our first destination in Norway. We have six destinations today and we are also established in Austria. It is fantastic to note that we had a total of 5.4 million skier days at our resorts in the last financial year. SkiStar is approaching the vision of becoming the leading operator of European alpine destinations.

Profitability growth has been positive over the years and it is especially pleasing to have delivered our best ever results in the last financial year.

Over all these years, we have expanded with the shareholders' best interests in mind. It has been our goal to create good dividend growth and to offer shareholders benefits associated with our business. We have continued to expand and invest in our resorts, while ensuring that SkiStar maintains a good financial position.

This year, the Board has proposed that the AGM adopt a dividend of SEK 5.50 per share, which corresponds to 56 percent of profit after tax. This is well in line with our dividend policy, which is to distribute at least 50 percent of profit after tax.

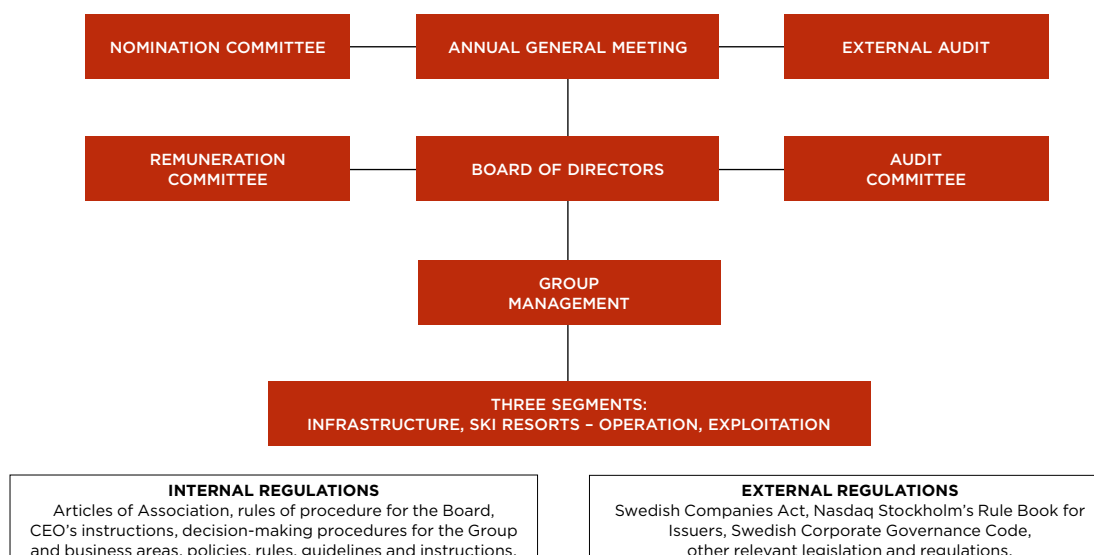
Corporate governance has also evolved during these years. We have more extensive regulations to deal with, and there is now increased transparency for listed companies, which is a healthy and desirable development.

During the last year, the SkiStar Board has placed particular focus on the acquisition in Austria and our investments there, which include an expansion of both lift and snow capacity. The Board has also discussed and made decisions about modernisations and increased capacity at the Scandinavian destinations. Financing is a recurring item on the Board's agenda and has, as usual, been dealt with on several occasions during the year.

I can look back on many stimulating and instructive years with SkiStar and I would like to express my thanks for having been entrusted to lead this exciting company. I have now decided to scale down my commitments and hand over the baton to a new chairman. I am confident that SkiStar is a strong, well-managed company with good prospects. On a personal note, I look forward to devoting more time to skiing and I hope to see you on the slopes soon.

Finally, I would like to express my deep gratitude to all the shareholders, Board members and employees who have made it possible to create the fantastic company that SkiStar is.

ERIK PAULSSON
Chairman of the Board



CORPORATE GOVERNANCE

SkiStar's corporate governance is based on the Articles of Association, the Swedish Companies Act, Nasdaq Stockholm's Rule Book for Issuers, the Swedish Corporate Governance Code and other relevant Swedish and foreign laws and regulations. The Swedish Corporate Governance Code is available on the website of the Swedish Corporate Governance Board (bolagsstyrning.se). Internal guidelines such as the Articles of Association and this document are available on SkiStar's website (www.skistar.com/corporate).

OWNERSHIP STRUCTURE

SkiStar had 29,007 shareholders at 31 August 2017 according to the register of shareholders kept by Euroclear Sweden AB. The three largest shareholders in terms of voting rights represented 64.43 percent of the voting rights and 49.54 percent of the share capital. The distribution is shown in the Administration Report on page 48. Shares held by Swedish private individuals, either directly or through companies, amounted to 70.50 percent, while Swedish institutional ownership represented 17.23 percent of the share capital. Foreign private individuals accounted for 0.14 percent of the share capital, while legal entities and foreign institutional ownership represented 12.13 percent.

SHARE CAPITAL AND VOTING RIGHTS

SkiStar's share capital at 31 August 2017 amounted to SEK 19,594,014, divided into 39,188,028 shares: 1,824,000 Class A shares and 37,364,028 Class B shares. Class A shares entitle the holder to ten votes, while Class B shares entitle 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 shareholder or proxy may bring a maximum of two advisors.

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, www.skistar.com/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 12 noon on the date specified in the notice convening the meeting, also stating the number of advisors attending. 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.

The following matters shall be dealt with at the Annual General Meeting:

1. Election of a chairman of the meeting.
2. Preparation and approval of the voting list.
3. Approval of the agenda.
4. Election of two persons to verify the minutes.
5. Determination of whether the meeting has been duly convened.
6. Presentation of the annual accounts and auditor's report, and the consolidated accounts and auditor's report for the Group.

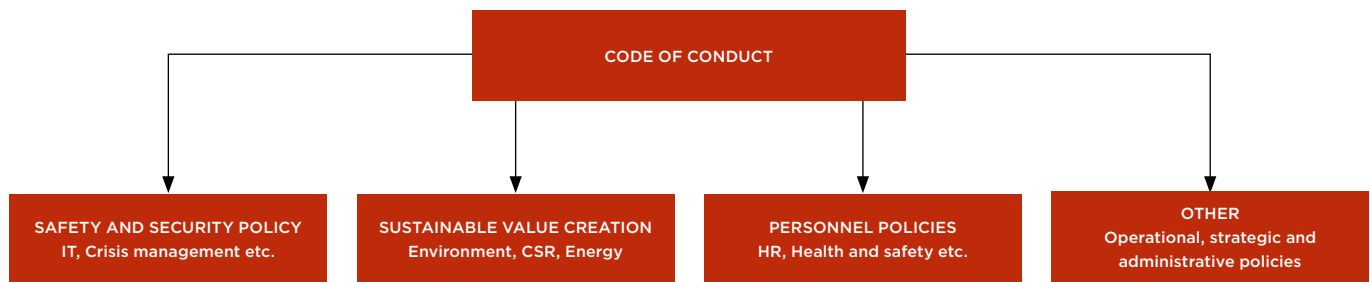
7. Resolution on the adoption of the income statement and balance sheet, and the consolidated income statement and consolidated balance sheet.
8. Resolution on the appropriation of the Company's profit or loss according to the adopted balance sheet.
9. Resolution on discharge from liability of the Board of Directors and the CEO.
10. Determination of remuneration of the Board of Directors and auditors.
11. Election of the Board of Directors and, if applicable, election of auditors and deputies.
12. Other matters to be dealt with by the meeting pursuant to the Swedish Companies Act or the Articles of Association.

2016 ANNUAL GENERAL MEETING

A total of 199 shareholders, representing 77 percent of the voting rights, attended the Annual General Meeting held at Experium in Sälen on 10 December 2016.

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 a regulated market or comparable marketplace in connection with the acquisition of a company or business. The authorisation includes



the right to decide on a deviation 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 Board's authorisation to issue own shares had not been exercised at the time of publication of this annual report.

2017 ANNUAL GENERAL MEETING

The 2017 Annual General Meeting will be held at Experium in Sälen at 2.00 p.m. on 9 December. For further information, please visit www.skistar.com/corporate.

NOMINATION COMMITTEE

The Company's Nomination Committee is elected at the Annual General Meeting for a period of one year. The Nomination Committee's duties are to prepare proposals concerning Board members, Board fees, the Chairman of the Board and the Chairman of the Annual General Meeting and, when applicable, to make proposals for the election of auditors and for auditors' fees, assisted by the Audit Committee. The composition of the Nomination Committee prior to the 2017 Annual General Meeting is as follows: Mats Paulsson (own companies and family), Magnus Sward (Backahill AB), Jan Särilvik (Nordea) and Per-Uno Sandberg (independent). The Nomination Committee appoints a Chairman from its members. All shareholders have had the opportunity to submit nomination proposals to the Committee. See Deviations from the Swedish Corporate Governance Code on page 88.

BOARD OF DIRECTORS

Composition of the Board

The Board of Directors is appointed at 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 over and above the provision on 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 10 December 2016, seven members were elected to the Board: Erik Paulsson, Chairman, Eivor Andersson, Lena Apler, Bert Nordberg, Pär Nuder, Per-Uno Sandberg and Mats Årjes. In addition, two employee representatives have also been elected to the Board: Katarina Hjalmarsson, Unionen, and Patrik Svård, HRF. Two of the directors are considered not to be independent of the Company: Mats Årjes in his role as CEO of SkiStar and Erik Paulsson who is not independent of major shareholders and the Company. Information about each Board member's age, education, directorships, shareholdings etc. is presented on page 89.

Work of the Board

The work of the Board of Directors is governed by the rules of procedure adopted by the Board at its inaugural meeting each year. Chairman of the Board Erik Paulsson directs the work and maintains continuous contact with the CEO in order to monitor the Group's operations and development. The principle tasks of the Board are related to strategic matters, business plans, financial statements and large investments and sales. The Board held six meetings during the 2016/17 financial year. Board members' attendance is shown in the table on page 88. The work of the Board is evaluated regularly. SkiStar's CFO is the Board's Secretary.

Remuneration Committee

At the inaugural Board meeting on 10 December 2016, Erik Paulsson was elected as Chairman of the Remuneration Committee and Per-Uno Sandberg and Pär Nuder were elected as members. The Remuneration Committee prepares matters concerning salaries, retirement benefits, bonus programmes and other employee benefits for the

CEO and management of SkiStar. The Remuneration Committee does not have decision-making power, but prepares and reports on matters to the Board as a whole. The Committee held two meetings during the financial year, with all members present. See the table on page 88.

Audit Committee

At the inaugural Board meeting on 10 December 2016, Per-Uno Sandberg was elected as Chairman of the Audit Committee and Eivor Andersson and Pär Nuder were elected as members. 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. The Committee also assists the Nomination Committee in the nominations 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 Committee held two meetings during the financial year, with all members present. See the table on page 88.

External auditor

At the Annual General Meeting on 10 December 2016, Ernst & Young was appointed as the Company's external auditor for a period of one year. The audit is led by Authorised Public Accountant Erik Åström. 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 the 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.

Remuneration of the Board

The 2016 Annual General Meeting adopted total remuneration of SEK 1,115,000 (1,020,000) for the elected Board members, distributed as follows: SEK 240,000 to the Chairman of the Board and



SEK 175,000 to each of the other non-executive Board members. No additional fees were paid for committee work.

OPERATIONAL MANAGEMENT

There are guiding policies in place to support the operations. See the illustration on page 86.

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. He has been supported by the Company's Management Group (see below) and several 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.

Information about the CEO's age, education, directorships, shareholdings etc. is presented on pages 89-90.

The Company's Management Group

The Company's Management Group consisted of seven individuals during the 2016/17 financial year: the CEO, the CFO, the Marketing and Sales Manager, the Resort Manager for the Norwegian destinations Hemsedal and Trysil, and three Resort Managers in Sweden: one for Åre, one for Vemdalen and one for Sälen.

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 several internal measures and procedures.

The auditors review the Company's nine-month report.

The Board is responsible for internal control, in accordance with the Swedish Companies Act and the Swedish Corporate Governance Code.

DESCRIPTION OF INTERNAL CONTROL

Control environment

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. Company management reports regularly to the Board in accordance with defined procedures. Company management is responsible for the internal controls required to manage significant risks in the day-to-day operations of the Company. Having a common business system for both external reporting and internal monitoring, budgeting and forecasting 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. The Audit Committee held two meetings during the financial year.

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 a control system to prevent and detect such errors. This is largely achieved by quickly identifying events in the operations or external environment that may affect the financial reporting and 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 ensure compliance with the Company's policies, guidelines and recommendations, this information must be well documented and communicated within the Company. To ensure effective information and communication, the management group holds regular meetings with representatives from the Company's destinations and from the staff functions. Policies, manuals and instructions are available on the Company's intranet.

Monitoring

The Board of Directors continuously evaluates the information provided by 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

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 adopted at the 2011 AGM, were registered in January 2012. The articles do not contain any provisions on the procedure for amending the Articles of Association.

COMPLIANCE WITH THE SWEDISH CORPORATE GOVERNANCE CODE

Descriptions and explanations of SkiStar's deviations from the Swedish Corporate Governance Code are presented on page 88. The auditor's statement regarding this Corporate Governance Report is presented on page 88.

13 November 2017

The Board of Directors of SkiStar AB (publ)

BOARD OF DIRECTORS

	Attendance	Independent of the company	Attendance Audit Committee	Attendance Remuneration Committee	Remuneration
<i>Elected Board Members</i>					
Erik Paulsson	5/6			2/2	240,000
Eivor Andersson	6/6	x	2/2		175,000
Lena Apler	5/6	x			175,000
Bert Nordberg	6/6	x			175,000
Pär Nuder	6/6	x	2/2	2/2	175,000
Per-Uno Sandberg	3/6	x	2/2	2/2	175,000
Mats Årjes	6/6				
<i>Employee representatives</i>					
Katarina Hjalmarsson	5/6				
Patrik Svärd (from 8 March 2017)	2/6				

DEVIATION FROM THE SWEDISH CORPORATE GOVERNANCE CODE 2016/17

Code ref.	Description	Deviation	Explanation
2.4	Composition of the Nomination Committee	According to the Code, a Board member may not chair the Nomination Committee. SkiStar's Nomination Committee has elected a Board member as its Chairman.	The Board member has an active role and is considered well suited for the position of chairman.

AUDITOR'S OPINION ON THE CORPORATE GOVERNANCE REPORT

To the Annual General Meeting of SkiStar AB (publ), corp. ID no. 556093-6949

DUTIES AND RESPONSIBILITIES

The Board of Directors is responsible for the Corporate Governance Report on pages 84–88 for the 1 September 2016 – 31 August 2017 financial year, and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

SCOPE OF THE REVIEW

Our review was conducted according to FAR's statement RevU 16 Auditor's review of the corporate governance report. This means that our review of the Corporate Governance Report has another focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We consider this review to provide us with sufficient grounds for our opinions.

OPINION

A corporate governance report has been prepared. Disclosures in accordance with the provisions of Chapter 6, Section 6, second paragraph, items 2–6 of the Annual Accounts Act and Chapter 7, Section 31, second paragraph of the same act are consistent with the Annual Report and the consolidated accounts and are in compliance with the Annual Accounts Act.

Stockholm 13 November 2017
Ernst & Young AB

Erik Åström
Authorized Public Accountant

BOARD OF DIRECTORS



Erik Paulsson
Born 1942
Chairman
Elected 1977



Education: Secondary school
Other assignments: Chairman of the Board of Backahill AB, Fabège and Wihlborgs Fastigheter AB. Director of Catena AB.
Holding: (with family and company) 8,910,508 B shares.
Not independent of the Company, its management and major shareholders.



Mats Årjes
Born 1967
CEO
Elected 2003



Education: Master of Science in Business and Economics
Other assignments: Director of New Wave Group AB and other companies. Chairman of Swedish Ski Association.
Holding: (with company) 320,304 B shares.
Not independent of the Company and its management. Independent of major shareholders.



Eivor Andersson
Born 1961
Elected 2011



Education: Marketing diploma, management training IHM Business School.
Other assignments: Director of Svenska Spel.
Holding: (with company) 4,500 B shares.
Independent of the Company, its management and major shareholders.



Lena Apler
Born 1951
Elected 2015



Education: University studies and SEB Higher internal bank training.
Other assignments: Director and CEO of Collector AB and Collector Bank AB. Director of Mitt Liv AB, Exceed Capital Sverige AB, Connect Väst and Hand in Hand.
Holding: -
Independent of the Company, its management and major shareholders.



Bert Nordberg
Born 1956
Elected 2015



Education: Engineer.
Other assignments: Chairman of the Board of Vestas Wind Systems A/S and Imagination Technologies Ltd, Director of Svenska Cellulosa Aktiebolaget (SCA), Electrolux AB och SAAB AB, Senior Advisor and Director of Rothschild Bank.
Holding: -
Independent of the Company, its management and major shareholders.



Pär Nuder
Born 1963
Elected 2011



Education: Master of Laws
Other assignments: Senior Counsellor Albright Stonebridge Group. Chairman of the Board of AMF, the Third Swedish National Pension Fund and Hemsö AB. Director of Fabège AB, Cleanergy AB, IP Only AB and Beijerinvest AB.
Holding: (with company) 14,012 B shares.
Independent of the Company, its management and major shareholders.



Per-Uno Sandberg
Born 1962
Elected 2002



Education: M.Eng
Other assignments: Own investment activities.
Holding: (with company) 1,025,000 B shares.
Independent of the Company, its management and major shareholders.



Katarina Hjalmarsson
Born 1964
Employee representative



Appointed to the Board by Unionen in 2006.
Holding: -



Patrik Svård
Born 1970
Employee representative



Appointed to the Board by HRF in 2017.
Holding: -

MANAGEMENT



Mats Årjes
Born 1967
CEO



Employed by the Company since 2002
Education: Master of Science in Business and Economics
Previous positions: Director of Swedish Ski Association, Hotel Manager of Mora Hotel. CEO and partner of Santa World AB.
Holding: (with company) 320,304 B shares.



Bo Eriksson
Born 1958
Acting CFO



Employed by the Company since 1993
Education: Master of Science in Business and Economics
Previous positions: Financial manager, Stöten i Sälen AB.
Holding: (with family) 1,500 B shares.



Mathias Lindström
Born 1972
Marketing and Sales Manager



Employed by the Company since 2007
Education: Master of Science in Business and Economics
Previous positions: Nordic Marketing Manager Fritidsresor. Sales and Marketing Manager Langley Travel.
Holding: 20,000 B shares.



Jonas Bauer
Born 1964
Resort Manager Sälen



Employed by the Company since 2012
Education: MBA
Previous positions: 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.
Holding: (with family) 328 B shares



Anders Lundqvist
Born 1968
Resort Manager Vemdalen



Employed by the Company since 2002 (not during 2010–2012)
Education: Bachelor of Economics
Previous positions: Marketing and Sales Manager SkiStar Vemdalen and SkiStar Åre, Resort Manager Tänndalen.
Holding: 3,358 B shares.



Niclas Sjögren Berg
Born 1969
Resort Manager Åre



Employed by the Company since 1989
Education: Marketing Diploma IHM
Previous positions: Various management positions within the SkiStar Group. Business Area Manager Ski School Tandådalen & Hundfjället AB.
Holding: 17,000 B shares.



Bo Halvardsson
Born 1955
Resort Manager Trysil



Employed by the Company since 2005
Education: Mechanical engineer
Previous positions: Administrative Director Trysilfjellet Alpin AS. Head of Purchasing/Project Development SälenStjärnan AB/SkiStar AB. CEO Tandådalen & Hundfjället AB.
Holding: (with family) 54000 B shares.

The information above is correct for shareholdings at 31 August 2017.

FINANCIAL INFORMATION

SkiStar endeavours to maintain a high level of quality in the Company's financial information to create understanding of SkiStar's operations and build long-term confidence in the Company.

REPORTING PERIODS

Interim reports and the year-end report for the 2017/18 financial year will be published as follows:

- * Interim report for the first quarter
(1 September 2017 – 30 November 2017)
20 December 2017.
- * Half-year report
(1 September 2017 – 28 February 2018)
21 March 2018.
- * Interim report for the third quarter
(1 September 2017 – 31 May 2018)
20 June 2018.
- * Year-end report
(1 September 2017 – 31 August 2018)
3 October 2018.

Financial and annual reports are available at www.skistar.com/corporate. The annual report can also be ordered from info@skistar.com.

ANNUAL GENERAL MEETING

Shareholders are invited to attend SkiStar's Annual General Meeting at 2 p.m. on Saturday 9 December 2017 at Experium in Lindvallen, Sälen.

Shareholders wishing to attend the Annual General Meeting must be listed in the register of shareholders kept by Euroclear Sweden AB as at Monday 4 December 2017 and give notice of their intention to attend the meeting by 12 noon on Monday 4 December 2017. Shareholders with nominee-registered shares must temporarily re-register the shares in their own names in sufficient time prior to Monday 4 December 2017 to participate in the meeting.

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/corporate or by telephone +46 (0)280 880 95.

ANALYSTS

The following analysts monitor SkiStar regularly:

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mikho@danskebank.se
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Norge

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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**