



MEMORABLE MOUNTAIN EXPERIENCES

ANNUAL REPORT 2017/18

skistar





Sälen VEMDALEN ÅRE HEMSEDAL TRYSIL St Johann

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



THIS IS SKISTAR

skistar.com

14.3

MILLION VISITS/YEAR



6

DESTINATIONS

15%

SHAREHOLDER DISCOUNT

3

COUNTRIES

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

1975/78 · 1997 · 1999 · 2000 · 2005 · 2016

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

5,806,000

SKIER DAYS ON SKISTAR'S SLOPES

229

LIFTS

FIS

ÅRE 2019

FIS ALPINE WORLD SKI CHAMPIONSHIPS SWEDEN

PRESENTED BY skistar

7.9

BILLION SKISTAR'S MARKET VALUE ON 31 AUGUST 2018



1,283

EMPLOYEES

(AVERAGE NUMBER)

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

388

SLOPES

THE PAST YEAR



SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

FIRST QUARTER

Strong bookings continue and favourable snow conditions pave the way for yet another good winter season

- Exclusive SkiStar Lodge Hemsedal Suites, new gondola lift in St. Johann and expanded snowmaking systems are SkiStar's biggest new features ahead of the skiing season.
- SkiStar Vacation Club launches in Åre.

SECOND QUARTER

Record profits once again thanks to great interest in alpine skiing

- The number of skier days increases by 5 percent compared with the same period last year due to an early winter and good snow conditions at all SkiStar destinations.
- SkiStar becomes official title sponsor for the Alpine World Ski Championships 2019 in Åre.

THIRD QUARTER

Fantastic winter season brings increased revenue and record results for the nine-month period

- SkiStar invests SEK 100 million in development of the skiing area in Hundfjället, which is less than 10 minutes from the planned Scandinavian Mountains Airport. The investment includes the most modern eight-seater express chair lift in Scandinavia, new slopes and an expanded snowmaking system.
- Åre is the venue for the Alpine World Cup Final, as part of preparations in the run up to the Alpine World Ski Championships 2019 in Åre.
- SkiStar launches new digital platforms.

FOURTH QUARTER

Best year ever – high hopes for the coming winter season

- SkiStar continues to concentrate sales on skistar.com. Bookings for the 2018/19 winter season are 5 percent higher than at the same time the previous year.
- Almost 3,000 people have applied for SkiStar's seasonal job vacancies ahead of the 2018/19 winter season. Åre, which is hosting the ne World Ski Championships 2019 in Åre, is the most popular of SkiStar's resorts for potential employees.

THE YEAR IN FIGURES

	2017/18	2016/17	+/-	+/-, %
Revenue, SEK million	2,536	2,306	230	10
Profit before tax, SEK million	587	478	109	23
Profit after tax, SEK million	486	387	99	26
Cash flow from operating activities, SEK million	803	710	93	13
Earnings per share, SEK	12.49	9.96	2.53	25
Dividend proposal, SEK	7.00	5.50	1.50	27
Share price 31 August, SEK	202.00	186.50	15.50	8
Share dividend yield, %	3.50	2.95	0.55	19
P/E ratio, times	16.17	18.72	-2.55	-14
Equity, SEK million	2,421	2,090	331	16
Equity/assets ratio, %	50	46	4	9
Return on capital employed, %	17	14	3	21
Return on equity, %	22	20	2	10
Gross margin, %	34	33	1	3
Operating margin, %	24	22	2	9
Net margin, %	23	21	2	10
Average number of employees	1,283	1,240	43	3

Definitions are provided on page 76.

COMMENTS FROM THE CEO



With the 2017/18 financial year behind us, I am proud to be able to present yet another record year for SkiStar!

We are exhibiting growth in most of our branches of activity. Valle's Winter Weeks in January, holiday periods, SkiStar Business conference activities and SkiStarshop all made solid contributions to the higher earnings. Our offering is strong!

All our destinations had fantastic seasons, with cold weather and snow from mid-December until mid-April. This enabled us to offer good skiing from start to finish, which is reflected in the number of guests at the ski areas. The number of skier days (one day's skiing with a SkiPass) totalled 5.8 million, an increase of about 404,000 days. The number of booked overnight stays (through SkiStar's accommodation agency operations) was 517,000, an increase of 2.5 percent on the previous year.

Profit after tax increased by SEK 99 million to SEK 486 million during the financial year, allowing us greater scope to focus on and invest in SkiStar's continued development.

Our operations include land and property exploitation. We own more than 5.4 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 operations 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. Our exploitation operations and sales of shares in Vacation Club this year have made an earnings contribution of SEK 146 million. We are not seeing any decline in interest in our development projects and we expect resulting capital gains to rise in the next financial year.

We continue to concentrate our sales on skistar.com. Bookings for the 2018/19 winter season are 5 percent higher than at the same time the previous year. Just over 50 percent of the total capacity expected to be sold in the full winter season is already booked. The highest level of growth in the foreign markets is coming from the UK and Denmark. It is also pleasing to see that SkiStar's apps are used by about 80 percent of our guests, and that engagement in SkiStar's MySkiStar customer club continues to increase. The number of registered members now exceeds 780,000.

Construction of the Scandinavian Mountains Airport, located between Sälen and Trysil, is continuing according to plan. The airport is expected to have a major impact on business and industry in the region and is important to our investment in Hundfjället, where we are planning a new SkiStar Lodge and opening an eight-seater express chair lift this winter.

We are also title sponsor for the ne World Ski Championships 2019 in Åre in February 2019. Presenting our destination and our skistar.com platform to up to 700 million TV viewers is consistent with our strategy of attracting more foreign guests to our destinations.

This year's report on operations includes a full sustainability report, which aims to create transparency and clarify how we intend to pursue operations with a long-term, sustainable approach. This is something of which we are also very proud.

See you on the slopes this winter!

Mats Årjes
CEO

NEW FOR THE 2018/19 WINTER SEASON











The 2018/19 winter season has many exciting new features on offer! They include the Alpine World Ski Championships 2019 in Åre, for which SkiStar is the title sponsor, and launch of the new EQPE brand as the official clothing supplier for the World Championships. Substantial investments are being made to turn Hundfjället into an international alpine resort. This winter sees the premiere for Scandinavia's most modern express lift, and the nearby international airport is scheduled to open in December 2019. Construction of SkiStar Lodge Hundfjället will also begin next spring. Other highlights this winter include several new features for families, with the development of children's areas in Hemsedal, Vemdalen and Trysil. In addition, last year's popular SkiStar Fun Ride will be further improved at all Scandinavian resorts.

EQPE

EQPE – NEW CLOTHING BRAND

EQPE is built on many years of experience of the alpine environment, high quality, a comfortable fit and timeless design, with a price level that is attractive to many of the guests who visit our resorts. The brand creates 'Equipment for equal people' and offers versatile products that can be worn for general outdoor activities as well as on the slopes. The premiere collection will be launched in the autumn and sold via eqpe.ski and exclusively at skistarshop.com, as well as in the SkiStarshop Concept Stores in Sälen, Åre, Vemdalen and Hemsedal.

Between 5 and 17 February 2019, Åre will be bustling with excitement as it is transformed into a global arena for alpine skiing. The new EQPE clothing brand will get off to a great start with its role as official clothing supplier to the Alpine World Ski Championships 2019 in Åre. EQPE will kit out roughly 1,500 officials in the World Championship organisation.

HEMSEDAL

Improvements are being made to the adventure skiing area SkiStar Fun Ride, aimed at the whole family. Last year's success story will have additional elements and audio, for an even better skiing experience. The children's area is also being upgraded with a new children's lift and new children's slopes. We are also introducing the opportunity for guests to ride on the piste machine.

SÄLEN

In Hundfjället, the new West Express chair lift is due to open on 14 December. With a short travel time, protection from the elements and eight heated seats in each chair, it will be the most modern lift in Scandinavia. In addition, more accommodation is being built in Sälen and a completely new SkiStar Fun Ride will be opening in Hundfjället.

TRYSIL

The Skihytta skiing area is being developed, with the addition of a new children's lift and two new children's slopes with fun Valle features. Last year's successful new SkiStar Fun Ride will be enhanced here as well.

VEMDALEN

Children are the focus of this year's new features. In Storhogna, a new children's skiing area will open, with a magic carpet and a play area, and SkiStar Fun Ride will have improved access.

ÅRE

Åre will be hosting the Alpine World Ski Championships 2019, which takes place 5–17 February 2019. A valid Åre SkiPass, a SkiStar All season pass or the unique Championships pass will allow entry to the competitions, where children's favourite Valle the Snowman will be acting as official messenger. Childcare facilities will be opening here in a completely new SkiStarshop, which will open its doors in the Björnen family area.



ST. JOHANN IN TIROL

The ski resort introduced a record number of new features last winter, with a completely new gondola and express lift and several new bookable accommodation alternatives, as well as the launch of Valle's own ski school. Minor adjustments are continuing ahead of the winter season.

HAMMARBYBACKEN WELCOMES WORLD SKI STARS

On 19 February 2019, for the fourth consecutive year, a world cup competition in parallel slalom will be held at Stockholm's city ski slope. This skiing festival will begin immediately following the Alpine World Ski Championships 2019 in Åre, and once again it promises to be a thrilling event attracting a record number of spectators.

SKISTAR ❋ LIVING

LAUNCH OF SKISTAR LIVING

SkiStar Living is being launched as an umbrella brand for sales of plots, houses, apartments and timeshares, and is also intended for those who already own accommodation at SkiStar's ski resorts. SkiStar Living develops accommodation opportunities and forms of ownership to help create thriving ski resorts all year round. The services are adapted to simplify ownership of properties in the mountains, offering weekly shares ownership, part ownership and full ownership options.

SkiStar Living has three different functions:

SkiStar Properties markets the plots, accommodation and properties that are available for sale at our resorts.

SkiStar Vacation Club offers opportunities for part ownership of accommodation in attractive locations at the resorts. Part ownership allows guests to secure their favourite accommodation and preferred week, while SkiStar Vacation Club takes care of all the maintenance. Put simply, a hassle-free way of owning accommodation.

SkiStar Owner Service is for owners who already rent out their accommodation and for owners who want to start renting out their accommodation through SkiStar.

EQPE brand is the official clothing supplier for the Alpine World Ski Championships 2019 in Åre.

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 151 percent since 1995, in terms of the number of visits (tourist arrivals). Holidays, recreation and other types of leisure activities account for 55 percent of travel, while 13 percent relates to business travel and 27 percent can be attributed to visits by family and friends and travel for religious or health-related reasons.

In 2017, tourist arrivals increased by 7 percent globally compared with the previous year, to 1,323 million. Turnover in the tourism industry (tourism receipts) increased by 5 percent (in fixed prices) to USD 1,340 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 86 million visits annually. In 2017, tourist arrivals in Europe increased by 8 percent, which can be compared with North and South America for example, which saw a rise of 3 percent, and Asia and Oceania, which saw a combined increase in tourist arrivals of 6 percent.

According to UNWTO's long-term forecast, global travel is projected to rise by just over 90 percent, to 1.8 billion trips, by the year 2030. Europe is expected to experience annual growth in tourist arrivals of 2.3 percent up until 2030.

THE SWEDISH TOURISM INDUSTRY

Tourism is also an important industry in Sweden. Accounting for almost 3 percent of GDP and employing 175,800 people, tourism makes a significant contribution to the Swedish economy. According to the Swedish Agency for Economic and Regional Growth, total tourist consumption in Sweden has risen by 111 percent in current prices since 2000.

In 2017, total tourist consumption in Sweden increased by 7.4 percent to SEK 317 billion. Of this figure, SEK 183.5 billion refers to tourist consumption by Swedes in Sweden. Swedes' tourist consumption, specified according to private and business travel, grew by 4.5 percent to SEK 140 billion for private travel and saw an increase of 4.9 percent to SEK 50 billion for business travel. Of total tourist consumption, SEK 134 billion refers to foreign visitors' consumption in Sweden. The figure, which includes both private and business travellers, represents an increase of 11.4 percent compared with 2016. Since 2000, the equivalent increase is 229 percent.

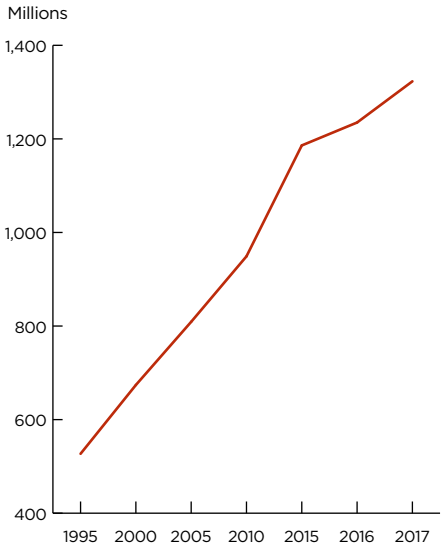
THE GLOBAL ALPINE SKIING MARKET

Alpine skiing on five continents

There are just over 2,000 alpine skiing areas in the world, and the number of skier days (one day's downhill skiing with a SkiPass is defined as one skier day) globally has remained relatively stable at around 400 million a year, according to the 2017 International Report on Snow & Mountain Tourism. People engage in alpine skiing at organised outdoor ski resorts in 67 countries worldwide. If we then add countries with indoor arenas, the number of countries rises to around 100.

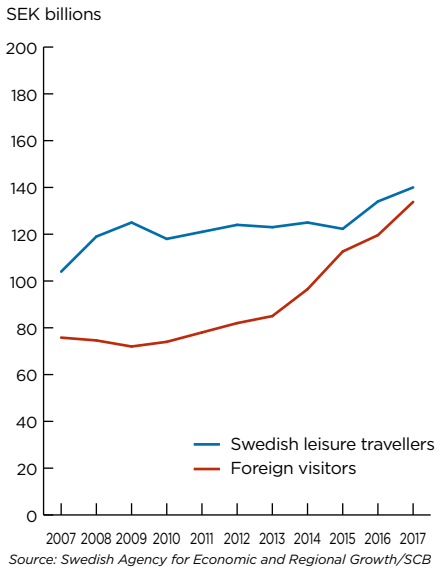
43 percent of all skier days in the world can be attributed to the Alps. Owing to this, Europe constitutes the largest alpine market, with around 200 million skier days a year. The US is the second largest market, with roughly 75 million skier days a year. The largest individual markets are France, the US and Austria, with approximately 50–55 million skier days a year each. Sweden, Norway and Finland account for roughly 17 million skier days a year. The 2017/18 winter season was a record winter for Swedish ski resorts overall. The number of skier days at Sweden's 50 biggest ski resorts totalled almost 8.8 million and ski passes in Sweden were sold for over SEK 1.7 billion, which was an increase of 16 percent compared with the previous winter.

TOURIST VISITS globally, MILLIONS



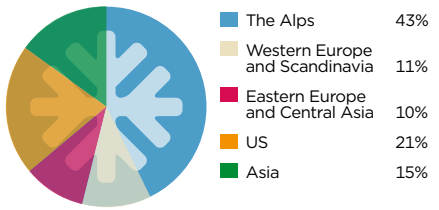
Source: UNWTO (United Nations World Travel Organisation)

TOURIST CONSUMPTION IN SWEDEN at current prices, SEK BILLION



Source: Swedish Agency for Economic and Regional Growth/SCB

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.

A national customer base is an important tool, as most skiers visit resorts in their own country. For most countries, the significance of international skiing guests is limited. Travel between countries is affected by factors such as size of market, transport opportunities, travel time and travel costs, as well as access to airports.

Flows of international skiing guests are mainly concentrated to Europe, with Germany and the UK exporting the most skiers. The volume of inbound skiers has the most significance for countries such as Austria, where the percentage of foreign skiers is roughly 66 percent, and for Switzerland and Norway, for which the figure is around 46–47 percent. In the US and Canada, international 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 takeovers occur. 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. Volume and sufficient cash flows are required, as investments in lifts, pistes and snow-making systems are often sizable. Another factor fuelling acquisitions is companies' endeavours to operate at several different geographical locations, to reduce risks and dependency on weather conditions.

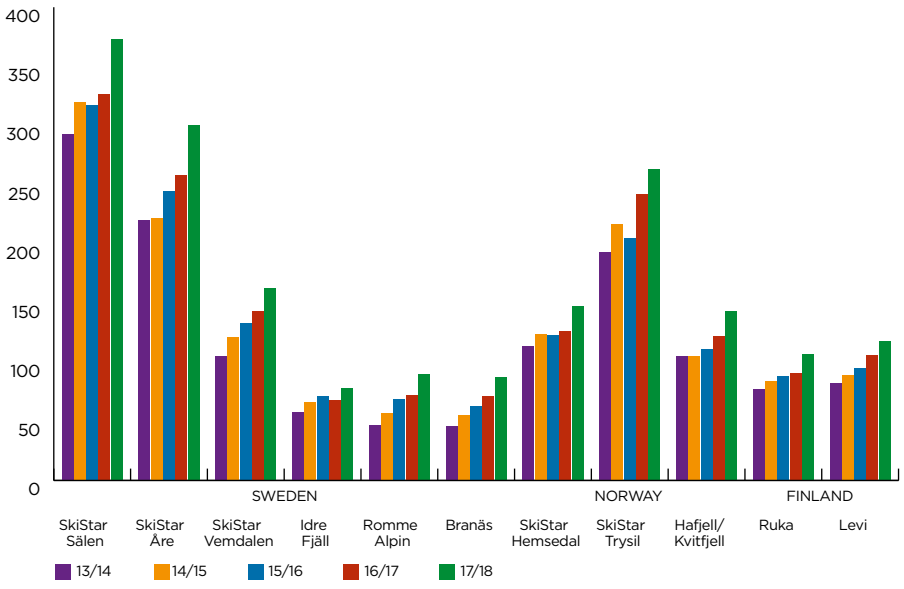
The listed ski resort companies Compagnie des Alpes (CDA) in France and Vail Resorts (Vail) in the US are examples of operators that have acquired several ski resorts in their home countries.

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. In 2013, SLAO produced a report called 'Future outdoor experiences and activities', which illustrated that skiing competes, primarily, with travel alternatives involving sunshine, beaches, large cities, amusement parks, shopping or all-inclusive packages. In 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.

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



NOK/SEK is restated at the rate of 1.05 for 17/18, 1.06 for 16/17, 1.02 for 14/15 and 15/16, and 1.13 for 13/14.
EURO/SEK is restated at the rate of 10.05 for 17/18, 9.48 for 16/17, 9.51 for 15/16, 9.50 for 14/15 and 9.18 for 13/14.

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

VISION, GOALS AND STRATEGIES

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



VISION

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

BUSINESS CONCEPT

SkiStar's business concept is to develop alpine mountain tourism by packaging products and services that strengthen the alpine mountain experience.

SkiStar is a listed company whose mission is to create value for both shareholders and guests. The SkiStar brand is strong and clear; it encompasses various products, services and fields of activity within alpine mountain tourism that combine to form a comprehensive offering that boosts the brand. SkiStar is continually evolving and aims to always be at the forefront so it can offer guests the best possible holiday and memorable mountain experiences. Everything is packaged under skistar.com to simplify the booking and purchasing process and to inspire and reinforce the alpine skiing experience.

GOALS

Financial targets

To pursue a proactive strategy while balancing operational risk, SkiStar must have a strong financial base. The target is an equity ratio of at least 35 percent. At current interest rates, the target for return on equity is 14 percent and for return on capital employed, 9 percent. These targets are based on 3-month treasury bills, which had an average interest rate of -0.69 percent (-0.76) during the 2017/18 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 2.0 percent (1.6).

Target achievement

The overall goal is to increase the value of our shareholders' capital. SkiStar's share price increased by 8 percent during the 2017/18 financial year. The Stockholm Stock Exchange All-Share index (OMXS) fell by 7 percent over the same period. A dividend of SEK 7.00 (5.50) is proposed. All financial targets have been achieved. Target achievement figures are shown in more detail in the table below. Information about the Group's earnings trend during the financial year can be found on pages 45–46.

STRATEGIES

Concept and business model

- The core business is alpine skiing, with a focus on the guest's overall skiing experience. Our long-term goal is to run profitable and strategic operations in alpine skiing, ski schools, ski rental and accommodation provision within SkiStar's organisation at 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 will also encourage an attitude of openness to change – to build on previous improvements.
- The service we provide to our guests will be continually enhanced. Our strategy for achieving this is based on professional selection processes in recruitment activities, coupled with training and regular follow-up.
- Our alpine destinations will be continually improved 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 will always be in focus.

Marketing and sales strategies

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

Sustainability strategies

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

Cross-learning and benchmarking

SkiStar's employees have extensive experience and knowledge of how to operate alpine ski resorts. Meetings with industry colleagues at 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 2017/18	Target 2017/18	Outcome 2016/17	Outcome 2015/16
Equity/assets ratio, %	50	>35	46	46
Return on capital employed, %	17	9	14	13
Return on equity, %	22	14	20	17
Operating margin, %	24	22	22	22
Organic growth above inflation, %	8	4	14	6

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.

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, Mountain Berries and the new brands EQPE and SkiStar Living.

SkiStar and skistar.com are brands that stand for peace of mind, simplicity and accessibility, as well as many products and offers linked to skiing holidays. Being a SkiStar customer and joining the MySkiStar customer club gives customers the opportunity to earn bonus points, discounts/special offers, access to their skiing statistics, 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 carried out under the remit of the SkiStar Business concept and brand. The Valle brand has grown strong over the years and is now a strategically important brand that aims to encourage children and young people to ski. SkiStar Snow Parks is the brand that aims to attract young people to our parks, and Mountain Berries is the drinks brand that also offers children's drinks. The 2018/19 season will see the launch of two new brands: the EQPE clothing brand and SkiStar Living.

MARKETS

SkiStar's customers primarily come from the Nordic countries, where Sweden, Norway and Denmark are considered domestic markets. In the 2017/18 season, 75 percent of SkiStar's customers came from the Swedish market. The Danish market increased from 12 to 13 percent. The Norwegian market, and other foreign markets combined, account for 6 percent each.

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. The SkiStarshop Concept Store and skistarshop.com is reaching a broader customer

segment. Online sales of shop products have experienced average annual growth of just over 60 percent since the launch four years ago and are SkiStar's single largest shop products sales channel.

MARKETING AND SALES STRATEGIES

Bespoke winter holidays

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

Online booking and shopping combined with loyalty 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. Skistar.com attracted 14 million visits during the 2017/18 financial year, and at its peak the number of visits in one week totalled 700,000. Around 80 percent of SkiStar's guests use SkiStar's apps, which have been downloaded more than 500,000 times. By going to 'My Page' or the SkiStar app, guests can access their current and previous bookings, as well as their customer data.

With MySkiStar Bonus, guests earn points on their online purchases, which can be used as a form of payment on skistar.com and skistarshop.com.

MySkiStar is a loyalty concept offering guests access to skiing statistics, pins, discounts/special offers, etc. In August 2018, MySkiStar Game had over 780,000 registered users, which is an increase of just over 100,000 on the previous year.

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. In the 2017/18 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 73 percent of accommodation sales came from online sales. Accommodation owners who rent out their places via SkiStar are entitled to several benefits and great offers via SkiStar. Such benefits include a unique discount on a SkiStar All season pass for themselves and family members.

Affordable transport solutions

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

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 2017/18 season was 47 percent (45). If we look at accommodation alone, 73 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 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. 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 a trip will also receive information and offers by email aimed at simplifying the guests' preparations prior to their winter holiday, allowing more time for activities and leisure time at the resort. SkiStar's communication is integrated into various media channels; both current and potential guests are therefore reached by SkiStar's marketing, for example via advertising in social channels, digital billboards, linear television, online advertising, social media, local advertising and via our partners' channels.

SALES CHANNELS, %

	Advance sales			Destination
	Telephone	Online	Travel agent	Cashier sales
SkiPass	4	35	2	59
Accommodation	15	73	11	1
Transport	26	67	6	0
Ski rental	2	41	3	54
Ski school	15	56	4	25
Insurance	16	70	0	14
Shop	–	20	0	80
Total	9	47	5	40
Total		**60**		**40**

PROPORTION OF GUESTS IN RENTED ACCOMMODATION BY NATIONALITY, %

	Åre	Vemdalen	Sälen	Hemsedal	Trysil	SkiStar total
Sweden	76	96	88	38	49	75
Denmark	5	2	9	31	31	13
Norway	9	0	1	21	7	6
Germany	0	0	0	5	6	2
UK	2	1	0	2	3	1
Finland	3	0	0	0	0	1
Russia	2	0	0	0	1	1
Netherlands	0	0	0	2	1	0
Baltic States	2	1	0	0	1	1
Other	1	0	0	1	1	0

OUR OPERATIONS

Operations are divided into three segments Ski Resorts – Operation, Infrastructure and 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.

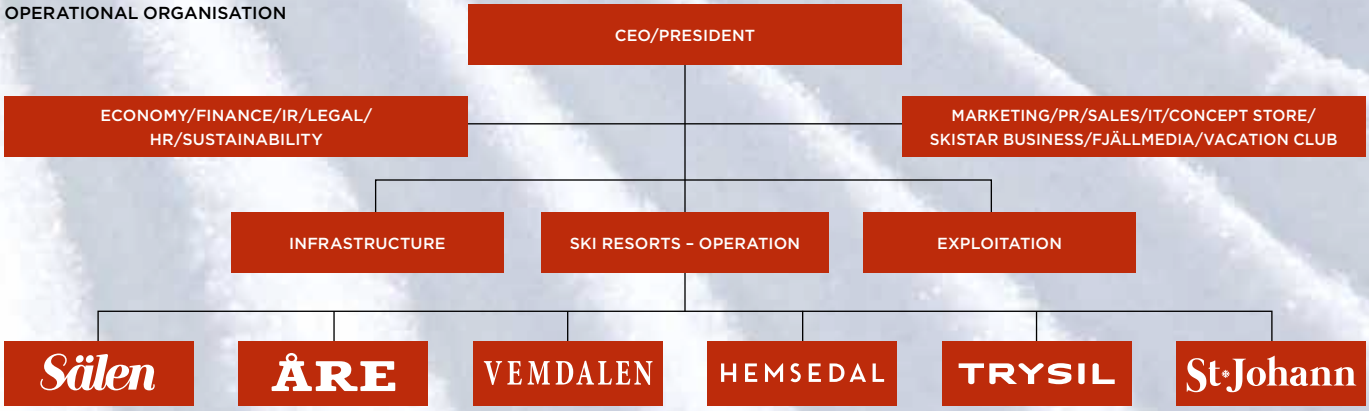
Central functions

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

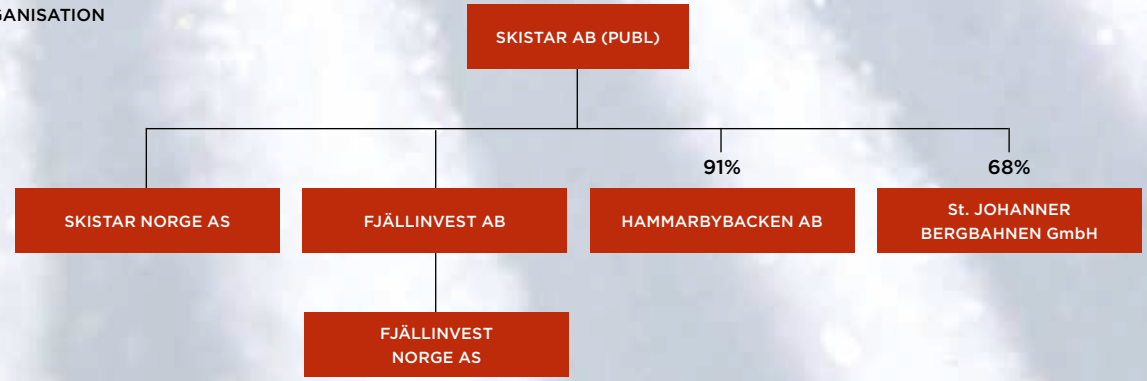
- Economy/Finance/IR/Legal/HR/Sustainability
- Marketing/PR/Sales/IT/Concept Store/SkiStar Business/Fjällmedia/Vacation Club

During the financial year, the management team consisted of the CEO, CFO, Marketing and Sales Manager, Legal Counsel/Head of IR and Resort Managers for each of the five Scandinavian destinations.

OPERATIONAL ORGANISATION



LEGAL ORGANISATION



SKI RESORTS – OPERATION

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

STRATEGIC PRODUCT AREAS

Alpine Skiing/Ski Lift/SkiPass

Alpine skiing is the Group's core business. The majority of SkiStar's profits are generated by SkiPass sales. The marginal revenue for each additional SkiPass that is sold is high. SkiPass sales during the 2017/18 financial year totalled SEK 1,338 million (1,166). The average price change was 7.2 percent.

The Group's market share of SkiPass sales during the financial year in Sweden was 49 percent (50) and in Norway it was 30 percent (31). The market share in Scandinavia was 41 percent (41). The number of skier days within the Group, whereby one skier day is a day's skiing with SkiPass, amounted to 5,806,000 (5,402,000), an increase of 7.5 percent. All destinations have seen an increase in the number of skier days compared with the previous year's season.

Mediated accommodation

To ensure the availability of accommodation in its operations, SkiStar needs control over the leasing of a large volume of beds at all its destinations. In this manner, the occupancy rate can be optimised, and possible weak sales can be adjusted at an early stage via proactive marketing efforts. The occupancy rate in cabins and apartments owned and mediated by the Group during the 2017/18 season (weeks 51–16) amounted to 82 percent (80). Income from accommodation amounted to SEK 293 million (258).

Ski rental

The equipment from SkiStar's ski rental shops is prepared, waxed and has the correct settings. To ensure that enough ski equipment is available for rental and that the equipment is of the required quality, ski rental has been identified as a strategically important area for SkiStar. During the financial year, SkiStar operated a total of 29 ski rental outlets: nine in Sälen, nine in Åre, six in Vemdalen, two in Hemsedal and three in Trysil. Sales totalled SEK 183 million (167).

Ski school

Ski school operations are strategically important for SkiStar, as a life-long interest in skiing is established and long-term contacts are forged between the destination, the skiing instructors and the guests. Children and youngsters who learn to ski early in life often develop a lasting interest in the sport, which they, in turn, pass on to their children. SkiStar has a unique ski school brand, Valle's Ski School, which is aimed at the 3–9 age group. Net sales for the ski schools amounted to SEK 60 million (55) during the financial year. The number of learners at SkiStar's wholly-owned ski schools totalled 80,988. This figure excludes the ski schools in St. Johann in Tirol and Trysil, in which SkiStar only has a participating interest.

OTHER PRODUCT AREAS

SkiStarshop and skistarshop.com

SkiStar sells alpine sports goods in stores and online. The company operates its own SkiStar shops in Åre and Hemsedal, and there are two stores in Sälen and Vemdalen. All the Group's ski rental outlets also sell sporting goods related to alpine skiing. Skistarshop.com is an online store stocking the market's strongest alpine sports brands. The e-store is fully integrated into the flow of bookings of other products and services on skistar.com, which means that customers can buy a ski jacket while topping up their SkiPass. Customers can then choose to have the goods delivered to their home or pick them up from any of our SkiStarshop Concept Stores. In the 2017/18 financial year, the Group's sporting goods operations generated sales of SEK 173 million (144). Most of the increase is derived from online sales.

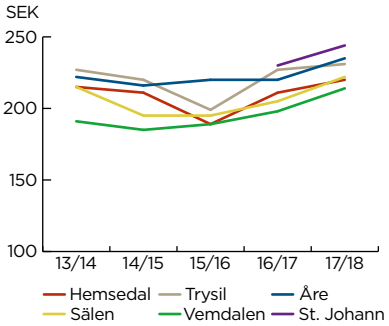
Property services

The Property Services product area is made up of building superintendents, carpenters, electricians, janitors and other service personnel. Revenues within Property Services comprise rental income for the business premises and remuneration for cabin service and cleaning. During the financial year, revenues totalled SEK 109 million (98).

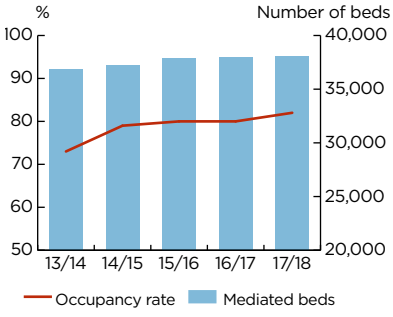
Other

Other revenue includes income from events, advertising sales, kiosks, selling Ski*Direct cards (the plastic card for the electronic SkiPass). Other income during the financial year amounted to SEK 189 million (177).

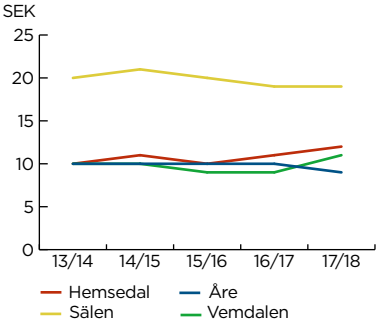
SKIPASS SALES per skier day*, SEK



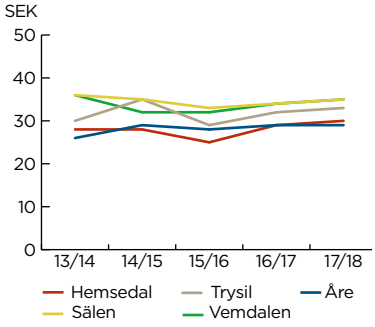
OCCUPANCY RATE, accommodation, %



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.

Sälen



LARGEST ALPINE SKI AREA IN NORTHERN EUROPE

Ski holiday made easy for the whole family.

SÄLEN IN FIGURES	2017/18
Rented beds	14,175
Occupancy rate, %	86
No. ski school pupils	44,350
No. ski rental equipment items	13,000
No. skier days	1,675,000
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	83
Maximum vertical drop, metres	303
Highest groomed ski area, metres above sea level	860
Total area of groomed slopes, square metres	2,890,500
Area covered by snowmaking systems, square metres	2,215,000
No. lighted slopes	31
No. snow parks	3

DESTINATION 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 skiing areas – Lindvallen, Högfjället, Tandådalen and Hundfjället – which together offer varied skiing across more than 100 slopes. The region offers everything from Scandinavia's largest button lift area, to challenging skiing on one of Sweden's steepest groomed pistes, Väggen, along with several park and off-piste areas. Valle the snowman, SkiStar's concept for children, can be found all over Sälen 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 400 talking wood sculptures, which are popular with skiers of all ages.

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

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

OPERATIONS

SkiStar's operations in Sälen comprise skiing, ski rental outlets, 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 just over 14,000 beds in the area, around 3,500 of which are owned by the company. In addition, SkiStar sublets a hotel, Sälens Högfjällshotell, two sporting goods shops and all restaurants on the slopes to external operators. Hammarbybacken in Stockholm is also operated under Sälen's organisation.

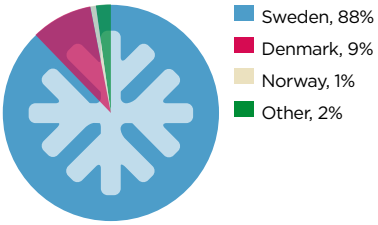
MARKET

The number of skier days in the 2017/18 season totalled 1,675,000, which is an increase compared with the previous year. Over a five-year perspective, the number of skier days has experienced a positive trend. The occupancy rate in cabins and apartments owned and mediated by the Group amounted to 86 percent (84), with persistently healthy growth for the period from 6 January until the February half-term holidays. Most of Sälen's guests come from Sweden. Sälen also has a significant proportion of Danish guests, at 9 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.

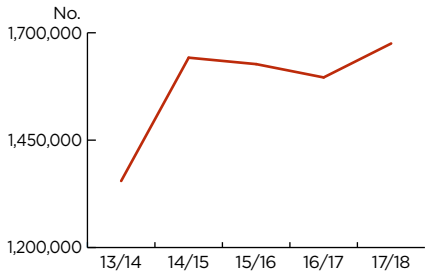
INVESTMENTS

New investments ahead of the 2017/18 season totalled SEK 15 million, including SEK 11 million on lifts related to the development of the area around Söderåstorget. Reinvestments amounted to SEK 76 million, of which SEK 25 million concerned measures to improve snowmaking systems. General investments relate to replacement of piste machines and snowmobiles, as well as building repairs.

PROPORTION OF GUESTS by nationality

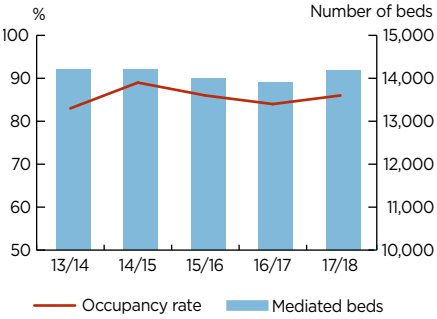


SKIER DAYS*



*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	2017/18
Rented beds	6,100
Occupancy rate, %	85
No. ski school pupils	15,188
No. ski rental equipment items	8,400
No. skier days	1,265,000
Number of lifts	42
Lift capacity, skiers/hour	54,555
Number of slopes	89
Number of children's areas	4
Longest slope, kilometres	7
Total length of groomed slopes, kilometres	191
Maximum vertical drop, metres	890
Highest groomed ski area, metres above sea level	1,274
Total area of groomed slopes, square metres	3,253,394
Area covered by snowmaking systems, square metres	1,958,590
No. lighted slopes	8
No. snow parks	3

DESTINATION AND FOCUS

Åre, which is situated 650 kilometres northwest of Stockholm, consists of three destinations: Åre Björnen, Åre By and Duved. Each destination has its own profile and target group. Åre Björnen, the destination located farthest to the east, is a favourite with children. Just one lift away is the more challenging skiing at Åreskutan, offering an extensive choice of ski slopes and varied terrain.

Åre By is the most well-known destination. Fantastic skiing can be found here in the direct vicinity of a small town with a great atmosphere and a long tradition of ski tourism, as well as a wide selection of restaurants, entertainment and activities. Duved is situated west of Åre By and is also a resort with a long-standing tradition. Duved has a slightly calmer pace and, consequently, suits all types of skiers.

OPERATIONS

SkiStar's operations in Åre include the skiing area, nine ski rental outlets, a sporting goods outlet and a ski school. Approximately 32 percent of the land on which operations in the skiing area are conducted is owned by SkiStar, while the remaining 68 percent is held through 30–50-year leases. At the end of the leasing period, SkiStar has the right to renew these leases on the same terms as are currently in place. SkiStar rents out approximately 6,100 beds in the area, 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

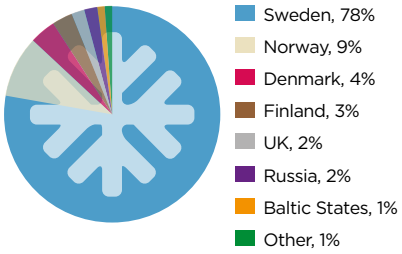
The number of skier days increased during the financial year by 8.2 percent, to 1,265,000. The occupancy rate in cabins and apartments owned and mediated by the Group amounted to 85 percent (77). Swedish guests in Åre represent approximately 78 percent of all visitors, most of whom are from the Mälardalen 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 Ski Championships 2019 in Åre in February 2019. In March 2018, Åre hosted the World Cup finals in alpine skiing.

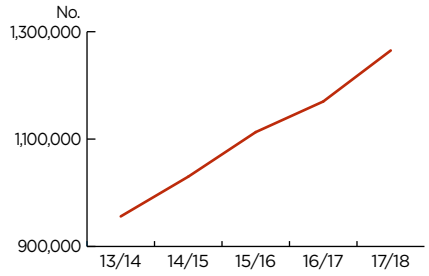
INVESTMENTS

Investments for the 2017/18 season amounted to SEK 34.5 million and related to reinvestments in existing operations, with a focus on expanding snow production in the skiing area.

PROPORTION OF GUESTS by nationality

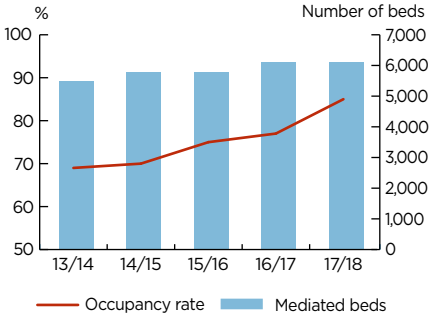


SKIER DAYS*



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

OCCUPANCY RATE



VEMDALEN

A MOUNTAIN GEM

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



VEMDALEN IN FIGURES	2017/18
Rented beds	6,400
Occupancy rate, %	71
No. ski school pupils	13,347
No. ski rental equipment items	7,075
No. skier days	760,000
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

Vemdalen is located approximately 480 kilometres northwest of Stockholm, on the border between the provinces of Härjedalen and Jämtland, and consists of three skiing areas: Björnrike, Vemdalsskalet and Klövsjö/Storhogna. Vemdalsskalet is the largest resort in terms of revenue. In addition to varied skiing, Vemdalsskalet 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 6,400 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.

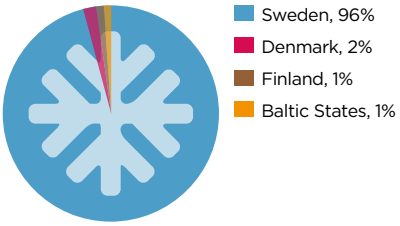
MARKET

The number of skier days increased by 5.4 percent in the 2017/18 financial year, to 760,000. The occupancy rate in cabins and apartments owned and mediated by the Group amounted to 71 percent (71). Most of Vemdalen's visitors come from Sweden, with the Mälardalen region and the industrial coast from Gävle to Härnösand comprising the most important catchment areas. The primary target group is families with children. Most guests travel to Vemdalen in their own cars. During the winter season, there are train connections from Stockholm and Malmö, with a transfer bus from Röjan/Vemdalen to Klövsjö, Vemdalsskalet and Björnrike. Flights to Vemdalen go via Östersund or Sveg.

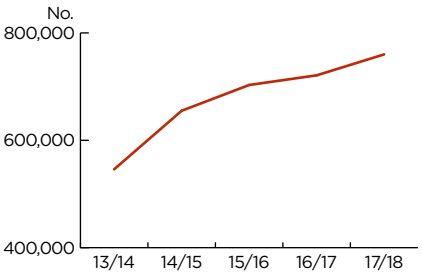
INVESTMENTS

Investments for the 2017/18 season amounted to SEK 30 million and related exclusively to reinvestments in existing operations, with a focus on the skiing area.

PROPORTION OF GUESTS by nationality

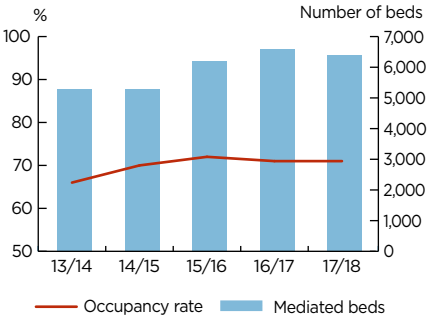


SKIER DAYS*



*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	2017/18
Rented beds	4,800
Occupancy rate, %	80
No. ski school pupils	8,992
No. ski rental equipment items	4,977
No. skier days	661,000
Number of lifts	18
Lift capacity, skiers/hour	26,000
Number of slopes	50
Number of children's areas	1
Longest slope, kilometres	6
Total length of groomed slopes, kilometres	47
Maximum vertical drop, metres	830
Highest groomed ski area, metres above sea level	1,450
Total area of groomed slopes, square metres	1,610,000
Area covered by snowmaking systems, square metres	933,800
No. lighted slopes	12
No. snow parks	4

DESTINATION AND FOCUS

Hemsedal is situated 200 kilometres northwest of Oslo and 280 kilometres east of Bergen. With its stunning setting, the destination is often referred to as Scandinavia's Alps. It 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. Skiing is offered at a height of up to 1,450 metres, which allows for an extended season and promises magnificent views.

OPERATIONS

SkiStar's operations in Hemsedal include the skiing area, a ski school, four ski rental outlets and three sporting goods outlets. Approximately 4,800 beds in the area are mediated through SkiStar, including just over 1,000 owned by SkiStar. Operations in the skiing area are conducted on leased land. The lease contracts are long-term and SkiStar is entitled to renew them on expiration. Six slope restaurants are sublet to external operators.

MARKET

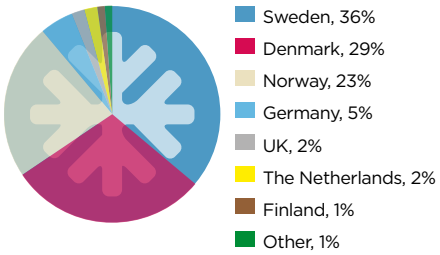
Following a good, snowy winter, the number of skier days increased by 11 percent to 661,000. The occupancy rate in cabins and apartments owned and mediated by the Group amounted to 80 percent (77).

Hemsedal has a large proportion of foreign guests. Three quarters of visitors come from abroad. Most foreign guests come from Sweden and Denmark, 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.

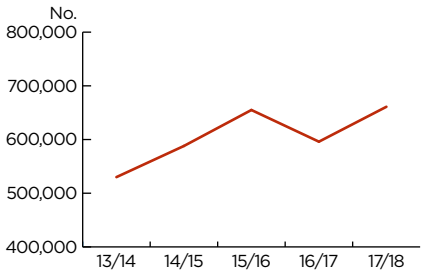
INVESTMENTS

Investments for the 2017/18 season amounted to NOK 27 million (corresponding to SEK 28 million). The biggest investment relates to a new snowmaking system in the high zone area Tinden, with the aim of guaranteeing an extended season in this popular area. It has also resulted in distributing traffic across a larger area of the ski resort. Furthermore, investments have been made in equipment for the new O'Learys restaurant at the new SkiStar Lodge Hemsedal Suites. The restaurant is an excellent complement to the other restaurants in Hemsedal. In addition to maintenance investments in lifts and machinery, a new ski grinder has been purchased to ensure all rental skis are well-maintained. Of the attractions in the skiing area, investments have been made in SkiStar snowparks and a new Fun Ride to entertain the whole family.

PROPORTION OF GUESTS by nationality

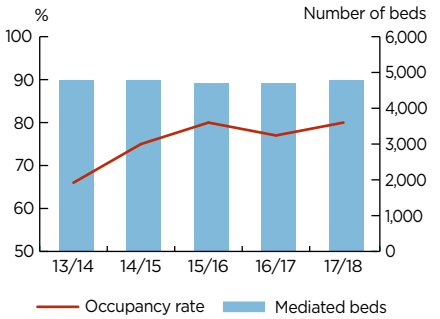


SKIER DAYS*



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

OCCUPANCY RATE



TRYSIL



NORWAY'S LARGEST SKI RESORT

A modern destination for families who enjoy skiing.

TRYSIL IN FIGURES	2017/18
Rented beds	6,600
Occupancy rate, %	88
No. ski rental equipment items	8,176
No. skier days	1,128,000
Number of lifts	30
Lift capacity, skiers/hour	35,915
Number of slopes	68
Number of children's areas	3
Longest slope, kilometres	5
Total length of groomed slopes, kilometres	78
Maximum vertical drop, metres	685
Highest groomed ski area, metres above sea level	1,100
Total area of groomed slopes, square metres	2,540,000
Area covered by snowmaking systems, square metres	1,146,000
No. lighted slopes	6
No. snow parks	6

DESTINATION AND FOCUS

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

OPERATIONS

SkiStar's operations in Trysil comprise the skiing area, three ski rental outlets and the ski school, in which SkiStar has a 35 percent minority interest. SkiStar also arranges bookings for 6,600 beds (including hotels) in the area. Operations in the skiing area are conducted on leased land. The leases have a term of 50 years, with the possibility for SkiStar to renew upon expiration. SkiStar also sublets 13 slope restaurants in Trysil to external operators.

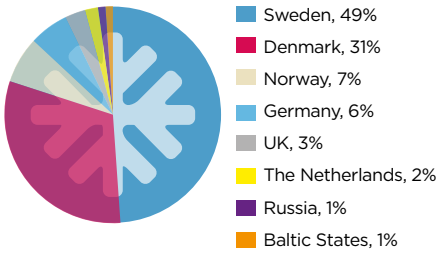
MARKET

The number of skier days increased by 6 percent to 1,128,000 during the 2017/18 financial year. The occupancy rate in cabins and apartments owned and mediated by the Group increased to 88 percent (86). Of the guests staying in this accommodation, 49 percent came from Sweden, 31 percent from Denmark and 7 percent from Norway. The Danish and Swedish guests mainly arrive in their own cars. Most Norwegian guests come from the Oslo region and therefore also prefer to travel in their own cars. Northern Germany, Russia and especially the UK are regarded as important markets for the future. The main target group in all markets is families with children.

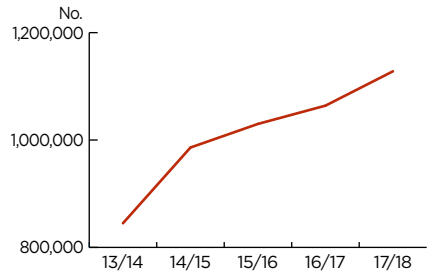
INVESTMENTS

Investments for the 2017/18 season amounted to NOK 39 million (corresponding to SEK 40 million). The biggest investments, in addition to annual maintenance, comprised expansion of the Skihytta restaurant. Capacity for Skihytta was increased by 25 percent, which guests have been requesting. In addition, investments were made in a new snowmaking system and water resources in the Skihytta area. Ongoing investments are made in snowmaking systems in Trysil to guarantee snow at the destination and provide good snow conditions for our guests.

PROPORTION OF GUESTS by nationality

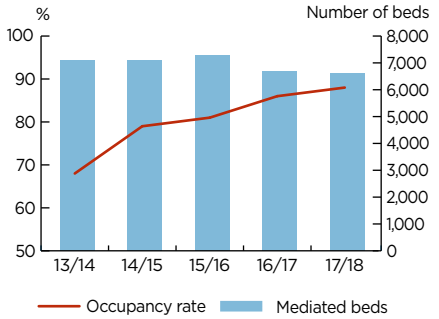


SKIER DAYS*



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

OCCUPANCY RATE*



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	2017/18
No. skier days	317,000
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	1,040,000
No. lighted slopes	1
No. snow parks	1

DESTINATION AND FOCUS

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

OPERATIONS

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

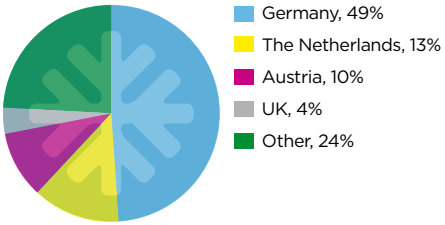
MARKET

The number of skier days totalled roughly 317,000 in the 2017/18 season, which represents an increase of 24.5 percent 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.

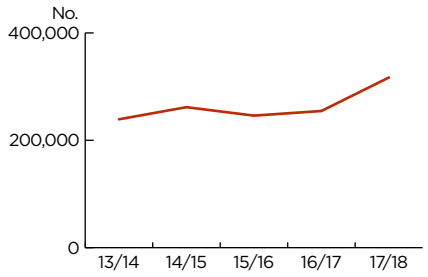
INVESTMENTS

During the 2017/18 financial year, roughly EUR 20 million (corresponding to SEK 196 million) was invested in the construction of the new ten-seater gondola lift and six-seater chair lift and the building of a storage pond, including pumping station for artificial snow at Eichenhof. Everything went into operation in time for the start of the winter season. Meanwhile, the parking area at Oberndorf was also expanded. Parking at Eichenhof has also been extended, allowing for the creation of an additional 50 parking spaces.

PROPORTION OF GUESTS by nationality

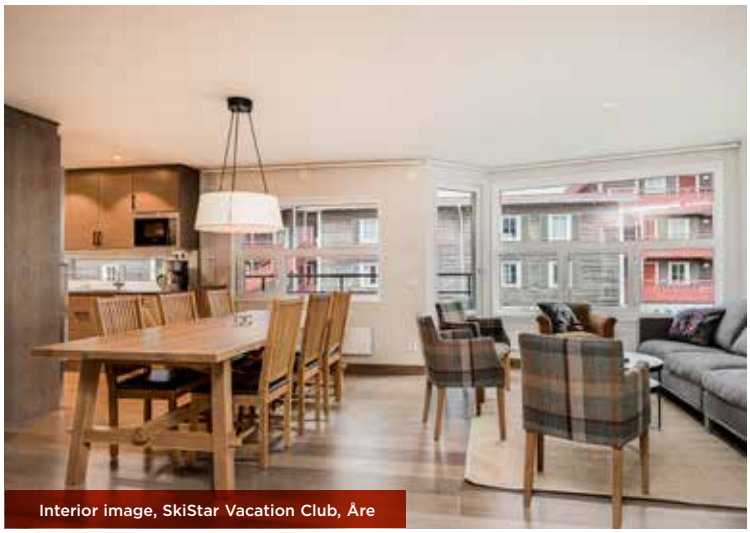


SKIER DAYS





INFRASTRUCTURE


Interior image, SkiStar Vacation Club, Åre


West Express, Hundfjället

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. For detailed information about the segment's earnings and position, please refer to Note 3 on page 60.

REVENUE AND EARNINGS

Internal rental income totalled SEK 277 million (291) 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 128 million (57), with a profit of SEK 86 million (36). SEK 27 million (31) related to revenue from sales of shares in Vacation Club and SEK 101 million (26) to other interests in accommodation.

Profit is broken down as follows: SEK 20 million (26) to Vacation Club and SEK 66 million (10) to other interests. The increase in sales of other interests in accommodation is mainly derived from the divestment of apartments in Sälen and Vemdalen. The Vacation Club decline is due to no new cabins or apartments being added during the year. Capital gains or losses arising from, for example, lifts, snowmobiles, piste machinery and other non-current assets totalled SEK 0.8 million (-4).

INVESTMENTS

Investments for the financial year amounted to SEK 530 million (481) gross and SEK 394 million (457) net. The investments mainly concerned snowmaking systems, a six-seater chair lift and a gondola lift in St. Johann in Tirol.

LIFTS, PISTES AND SNOW

The carrying amount of non-current assets for conducting destination operations amounts to SEK 3,306 million (3,066). Almost all the Group's lifts, 229 in total, are owned by SkiStar. Seven lifts are rented with an opportunity, but no obligation, to acquire the lift following expiration of the lease period. The single largest investment for the upcoming 2018/19 winter season was in West Express, a new eight-seater chair lift in Hundfjället, and rearrangement of the skiing area adjacent to the new lift.

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

PROPERTY PORTFOLIO

In Sweden, three subsidiaries own accommodation properties with a carrying amount of SEK 415 million (410). 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 195 million (220).

In Norway, the subsidiary Fjellinvest Norge AS owns the Alpine Lodge in Hemsedal with a carrying amount of SEK 76 million (75), 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), a restaurant, underground parking and a 14-metre high climbing wall. This encompasses roughly 13,500 sqm with a construction cost of NOK 297 million (corresponding to SEK 325 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 are entitled to the additional benefits of membership of the international exchange and placement organisation, RCI, as well as membership of SkiStar Vacation Club. This form of accommodation is cost-effective, simple and flexible for the 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 owner can purchase foreign trips through the RCI system. SkiStar Vacation Club also provides the timeshare owners with a raft of advantages and benefits during their stay. The simplicity of the 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 owner automatically becomes a part, takes care of everything. The apartment is always clean, the beds made up, and it is warm and ready ahead of the guest's arrival. Flexibility is achieved as the owners can enjoy RCI's entire range of over 5,000 destinations worldwide. SkiStar Vacation Club is currently offered in Sälen and Åre, however, the intention is to roll out the concept to more destinations.

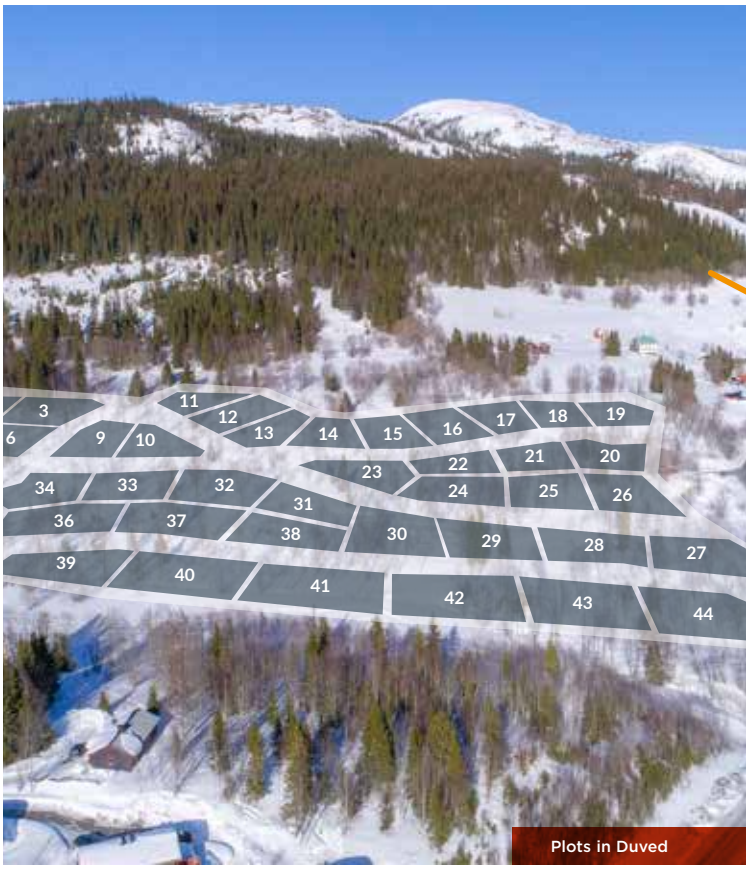
DIVESTED ACCOMMODATION INTERESTS

Eight apartments in Vemdalen were sold to a newly-established tenant-owner association during the year. In Tandådalen, Sälen, 26 apartments were sold to a company that intends to rent out all the apartments to SkiStar for further rental to guests.

EXPLOITATION



Tenant-owner association Sadelbyn, Åre



Plots in Duved

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. For detailed information about the segment's earnings and position, please refer to Note 3 on page 60.

REVENUE AND EARNINGS

During the year, exploitation assets were sold for a total of SEK 63 million (183), generating a profit of SEK 60 million (92). SEK 59 million (6) related to revenue from the sale of land, while SEK 4 million (32) was from the sale of plots. Profit is broken down as follows: SEK 58 million (6) to land and SEK 2 million (19) to plots. Sales of plots related to 4 plots (24). The average profit per plot was SEK 0.5 million (0.8). The average profit per plot over time is estimated at around SEK 1.1 million. During the 2017/18 financial year, three construction projects were sold for SEK 145 million, with a profit of SEK 67 million. In a fifty-percent owned joint venture, the sale of land to a tenant-owner association generated SEK 1 million (37) in share of profit.

LAND ASSETS

Land development assets and unsold plots total 5.4 million sqm (5.4) and the carrying amount totals SEK 98 million (98). Most of the assets were acquired a long time ago and therefore have a low acquisition value. No market valuation of the assets has been conducted, as it is difficult to make a reasonable assessment of the possible exploitation rate of the land assets. Based on our own assumptions and experience, around 50 percent of the land can be built on, which is 2.7 million sqm. If the land is sold as plots, it would mean 2,700 plots, each comprising 1,000 sqm.

LAND AND PLOTS FOR SALE

In Åre (Duved) there are 44 plots for sale at the end of the financial year.

DEVELOPMENT PROJECTS

At all destinations, identifying future development projects is an ongoing process. These projects require capital and can either be carried out by SkiStar or in cooperation with other partners. A more detailed description of the Group's development projects within the Exploitation segment is provided on the following two pages.

DEVELOPMENT PROJECTS



Stage 3, Solbacken, Tandådalen

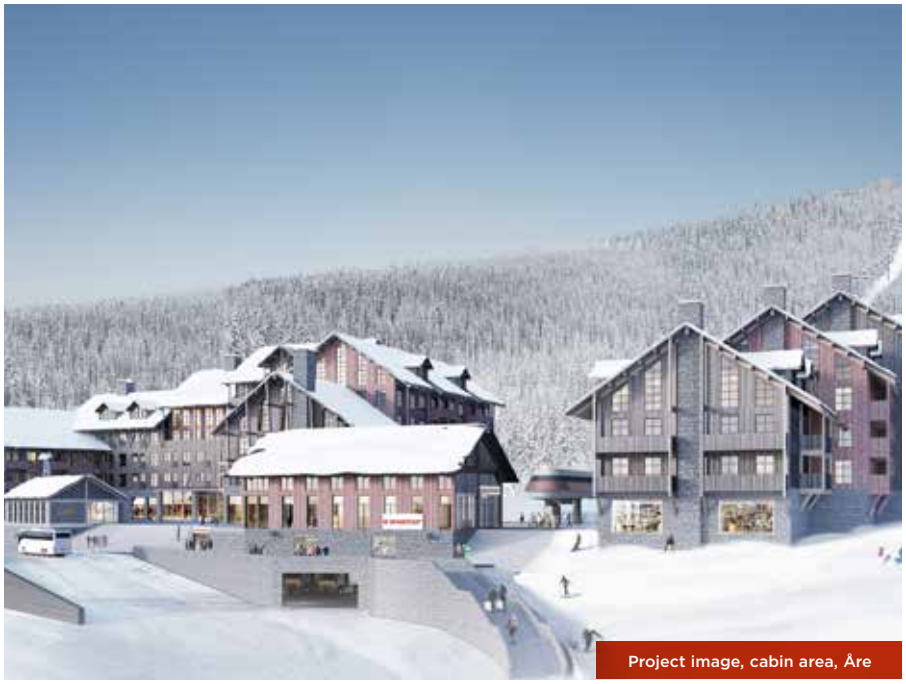
SKISTAR ❄ LIVING

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

Sälen

In Sälen, SkiStar owns large land development areas. Several significant master and detailed development plans are under way, for implementation over the next few years. Essentially, they involve consolidating central facilities at each of the Sälen destinations to meet demand and requirements from the future airport for Ski-in Ski-out accommodation in central locations. These plans will facilitate the creation of around 5,000 new beds. In the short term, an apartment complex is to be constructed in Hundfjället with the name SkiStar Lodge Hundfjället. The building comprises almost 18,500 sqm BTA, including 1,500 sqm of underground parking. In addition to a ski shop, the hotel building will also include a restaurant, lounge bar and around 800 beds allocated across roughly 150 rooms/apartments. SkiStar Lodge Hundfjället will be ready to welcome guests in time for the 2021/22 season. Furthermore, Ski Apartments Hundfjället is in the process of being completed, including 16 apartments with 160 beds, for the 2018/19 season. In Tandådalen, stage three of Solbacken is under construction. The project includes two four-storey buildings in central Tandådalen. In addition to accommodation (40 apartments/400 beds), the buildings will also house a modern food shop. Furthermore, 16 apartments in central areas of Lindvallen are under construction, which will be divested as tenant-owner apartments, with occupancy scheduled for autumn 2019. Besides this, a plot area is being completed in Timmerbyn at Lindvallen, including some 50 development rights. The area will be ready for construction in spring 2019. Eight of the plots have been sold to two external developers. Other development rights are intended for development by SkiStar.


SkiStar Lodge Hundfjället



Project image, cabin area, Åre

Åre

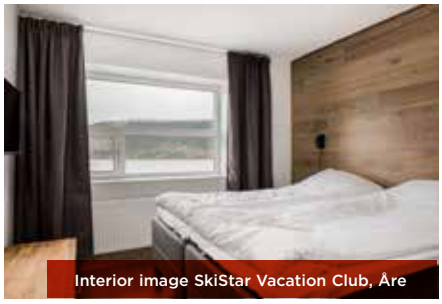
Work on a detailed development plan is under way at the Kabinbanan lift, which is expected to result in an opportunity to build 170 apartments with around 1,000 beds, 1,000 sqm for retail and 1,000 sqm for restaurants and 300 parking spaces.

A detailed development plan is in place for an area in Åre Björnen called Åre Sadeln, right next to the new skiing area Sadeln, including 1,500 beds. The project is co-owned with Peab on a 50/50 basis. The first and second stages, including 600 beds in 72 apartments at the tenant-owner associations Sadelbyn 1 and 2, have been completed and tenants took up occupancy in 2017/18. Construction of stages three and four in tenant-owner associations Sadelbyn 3 and 4, encompassing 280 beds in 33 apartments, is under way and will be completed in December 2018 and December 2019 respectively.

Next to the Duved skiing area, 44 individual plots are being produced that are expected to be completed for taking over in December 2018.



Interior image SkiStar Vacation Club, Åre



Interior image SkiStar Vacation Club, Åre



SkiStar Vacation Club, Åre

Adjacent to Åre Fjällby there is an area of land where plans are under way for 60 apartments and 500 beds. However, there is no detailed development plan for the area yet. West of the World Championship arena there is an area with an opportunity to construct approximately 70 apartments with 600 beds. This area has a detailed plan in place, but construction has not yet begun. There is still an opportunity in Åre Sadeln to build 90 apartments on the area of land co-owned with Peab. 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. The Vacation Club concept is now also available in central Åre. The sale of weekly units in tenant-owner association Åre Village 1 was initiated at the end of August 2018. Demand has been good, and plans are already in place to supply the concept with additional apartments.

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

In Vemdalsskalet and Klövsjö, detailed planning is under way regarding land owned by SkiStar for future housing. SkiStar also owns land for which there is a detailed development plan in Vemdalsskalet which has scope for approximately 20 apartments, in Klövsjö for roughly 20 apartments and in Björnrike for roughly 160 apartments.

Hemsedal

SkiStar Lodge Hemsedal Suites was completed in time for the 2017/18 season and secured a fantastic number of bookings for its first year of guests. SkiStar is planning the construction of 50 apartments for sale adjacent to the resort's popular children's area.

Trysil

In Trysil, the area is ready for the construction of 28 new apartments at Aasgard Fjelltun, which would mean the addition of around 200 new beds. Total construction costs, including parking, are estimated at slightly less than NOK 100 million (just under SEK 110 million). SkiStar has an 85-percent holding in this co-owned project, together with Fageråsen Fritid AS. Planning is under way to build 40 apartments in Trysil Suiter, and 20 apartments in Skitorget AS, which is 50-percent owned by SkiStar.

THE SKISTAR SHARE

SkiStar's B share is listed on the Mid Cap list of the NASDAQ Stockholm exchange. SkiStar had 31,622 shareholders at 31 August 2018 and the share's closing price was SEK 202.



SHARE STRUCTURE

The company's share capital at 31 August 2018 amounted to SEK 19,594,014, divided among 39,188,028 shares. Of these shares, 1,824,000 are Class A shares entitling the owner to ten votes per share, and 37,364,028 are 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 2017/18 financial year, the share price increased by SEK 15.50 (8.3 percent) to SEK 202. The NASDAQ Stockholm All-Share index (OMXS) fell by 7 percent over the same period. SkiStar's B share was listed in 1994. Since the company was listed, the share price has increased from SEK 9 to SEK 202, adjusted for share splits. During the same period, dividends have been paid of SEK 69.19 per share, including a dividend of SEK 7.00 proposed by the Board for the 2017/18 financial year. During the 1 September 2017–31 August 2018 period, 8,860,976 SkiStar shares (5,264,539) were traded on NASDAQ Stockholm at a total value of SEK 1,571 million (908). The highest price paid was SEK 213.50 on 21 August 2018, and the lowest was SEK 147.20, noted on 6 February 2018. On 31 August 2018, SkiStar's market value amounted to SEK 7,916 million (7,309).

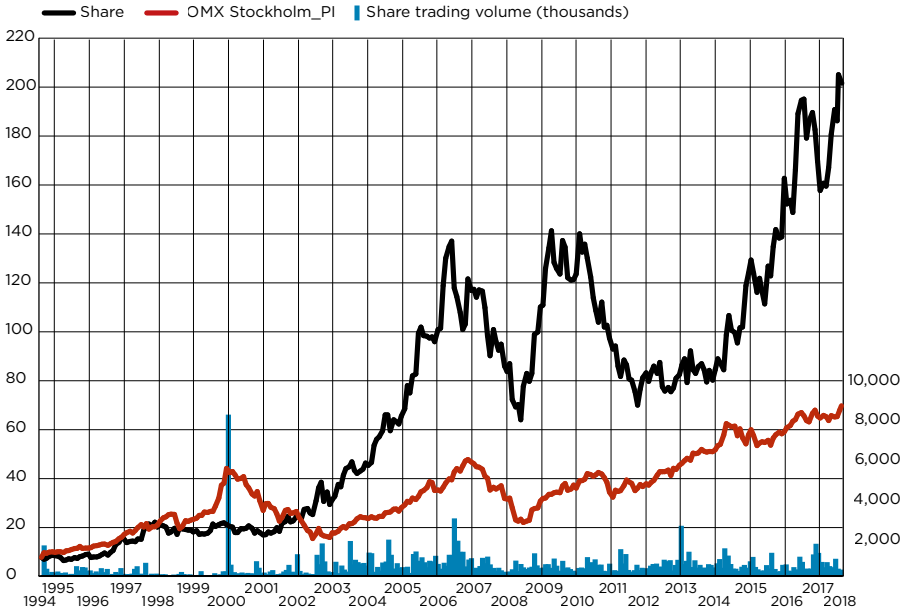
SHAREHOLDERS

According to the shareholder register maintained by Euroclear Sweden AB, there were 31,622 shareholders (29,008) on 31 August 2018. At the end of the financial year, the ten largest shareholders accounted for 65 percent (62) of the capital and 75 percent (73) of the votes. Foreign shareholders accounted for 13 percent (12) of the capital, while Swedish institutional ownership accounts for 19 percent (17) of the capital. Major shareholders who have adjusted their holding include CBNY-Norges Bank, which has increased its stake by around 15 percent, and Handelsbanken fonder, which has reduced its holding by roughly 5 percent.

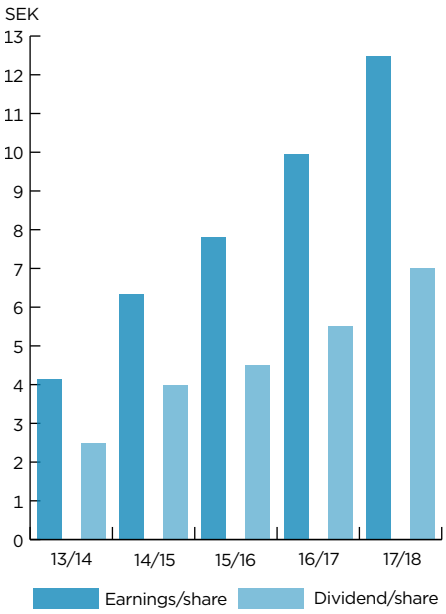
DIVIDEND POLICY

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 7.00 per share (5.50) corresponds to 56 percent (56) of earnings after tax. The dividend proposal also means a dividend yield of 3.5 percent (2.95) based on the share price on 31 August. In total, proposed dividends amount to SEK 274 million (216). The proposed record date for dividend payments to Swedish shareholders is 18 December 2018. It is proposed that payment be disbursed through Euroclear Sweden AB on 21 December 2018.

SKISTAR, CLASS B SHARE



EARNINGS AND DIVIDENDS PER SHARE, SEK



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

DATA PER SHARE

	2017/18	2016/17	2015/16	2014/15	2013/14
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	12.49	9.96	7.82	6.34	4.14
Avg. no. shares after full conversion	12.49	9.96	7.82	6.34	4.14
Cash flow from operating activities, SEK	17.33	16.05	13.31	12.85	9.24
Equity, SEK	62	53	48	42	39
Share price, SEK	202.00	186.5	142.00	102.00	84.25
Dividend, SEK	7	5.50	4.50	4.00	2.50
P/E ratio, times	16.17	18.72	18	16	20
Share price/cash flow, times	11.7	11.6	10.7	7.9	9.1
Share price/equity, %	327	350	298	244	215
Dividend yield, %	3.5	2.95	3.2	3.9	3.0

OWNERSHIP STRUCTURE, 31 AUGUST 2018

Holdings	Number of owners	%	Number of Class A shares	Number of Class B shares	Capital, %	Votes, %
1–100	17,731	56.07		416,998	1.06	0.75
101–200	8,076	25.54		1,549,107	3.95	2.79
201–1,000	4,695	14.85		2,176,791	5.55	3.91
1,001–5,000	871	2.75		1,847,724	4.72	3.32
5,001–10,000	90	0.28		649,033	1.66	1.17
10,001–20,000	64	0.20		955,199	2.44	1.72
20,001–50,000	31	0.10		998,312	2.55	1.80
50,001–100,000	20	0.06		1,461,178	3.73	2.63
100,001–	44	0.14	1,824,000	27,309,686	74.34	81.92
Total	**31,622**	**100**	**1,824,000**	**37,364,028**	**100.00**	**100.00**

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**

LARGEST SHAREHOLDERS, 31 AUGUST 2018

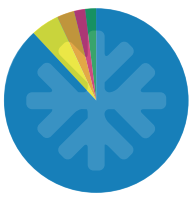
Owner	Class A shares	Class B shares	Capital, %	Votes, %
Mats and Fredrik Paulsson incl. company and family	1,824,000	7,642,489	24.16	46.55
Erik Paulsson family incl. company	0	8,725,606	22.27	15.69
Swedbank Robur fonder	0	1,875,633	4.79	3.37
Nordea Investment Funds	0	1,303,264	3.33	2.34
Lima Jordägande Sockenmän	0	900,000	2.30	1.62
Per-Uno Sandberg	0	840,451	2.14	1.51
Fourth Swedish National Pension Fund	0	765,853	1.95	1.38
Handelsbanken Fonder	0	718,863	1.83	1.29
CBNY-Norges Bank	0	467,533	1.19	0.84
Öhman Bank S.A.	0	455,960	1.16	0.82
Pensionskassan SHB Försäkringsfören.	0	434,567	1.11	0.78
Mats Årjes incl. company	0	320,304	0.82	0.58
Nordea Bank Ab (publ), Nordea Bank Norway	0	315,853	0.81	0.57
JPM Chase Na	0	313,167	0.80	0.56
SEB Investment Management	0	249,449	0.64	0.45
Handelsbanken Norway, Clients Account	0	206,118	0.53	0.37
Kjell Pettersson Redovisning AB	0	191,102	0.49	0.34
State Street Bk-West Client/Treaty	0	181,459	0.46	0.33
Morgan Stanley & Co Intl Plc, W-8Ben	0	162,585	0.41	0.29
Other shareholders	0	11,293,772	28.82	20.31
Total outstanding shares	**1,824,000**	**37,364,028**	**100.00**	**100.00**

OWNERSHIP CATEGORIES 31 AUGUST 2018



- Swedish legal entities, 45.42%
- Swedish individuals, 22.44%
- Swedish institutional ownership, 18.81%
- Foreign individuals, 0.16%
- Foreign legal entities and foreign institutional ownership, 13.16%

LARGEST SHAREHOLDER COUNTRIES
Share of equity, %



- Sweden, 86.68%
- USA, 5.03%
- UK, 2.97%
- Norway, 1.82%
- Luxembourg, 1.78%

ANALYSTS

The following analysts monitor SkiStar regularly:

Danske Bank
Mikael Holm
mikho@danskebank.se
+46 (0)8 568 806 18

DNB
Lovisa Runge
lovisa.runge@dnb.se
+46 (0)8 473 48 15

SKISTAR AS AN INVESTMENT



2017/18

Revenue: SEK 2,536 million

P/E ratio: 16.7

Dividend yield: 3.4%

Operating margin: 24%

Profit after tax: SEK 486 million

Cash flow: SEK 679 million
from operating activities

Earnings per share: SEK 12.49

Dividend: SEK 7.00/share
proposed by Board

Share price trend: +8.3%
financial year

Equity/assets ratio: 50 %

SkiStar is a market leading operator of ski resorts in Sweden, Norway and Austria, whose offering and efficient organisation has generated consistent growth with stable profitability. The company holds a dominant position in Scandinavia, and its business model has proved to be scalable via the development of St. Johann in Tirol. The trend of active leisure time and holidays means that SkiStar will further strengthen its position in the future.

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

The company also owns substantial assets in the form of land and properties at the destinations where SkiStar operates. Exploitation operations generate capital gains, but also strategic projects that increase the number of beds, and thus potentially also guest numbers, for core operations.

SHAREHOLDER BENEFITS

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

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

CALCULATION EXAMPLE

On 1 September 2017, Kristina purchased 200 SkiStar shares for SEK 38,700. 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, Kristina's return and benefits on her SkiStar shares for 2017/18 are calculated as follows:

Dividend	SEK 7.00/share x 200 shares	+ SEK 1,400
15% discount on family's SkiPass	2 x 6–8-day adult SkiPass at SEK 1,995 and 2 x 6–8-day youth SkiPass at SEK 1,595	+ SEK 1,077
15% discount on family's ski hire	2 x 6–8-day complete equipment, adult, medium quality at SEK 995 and 2 x 6–8-day complete equipment, youth, medium quality at SEK 745	+ SEK 522
15% discount on family's ski school	2 x 5-day courses group ski school, youth, at SEK 995, 2 x 4-day courses group ski school, adult, at SEK 945	+ SEK 582
Cash return, SEK		3,581
Total return, %		9.3%

SUSTAINABILITY



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

SkiStar's sustainability report for the 2017/18 financial year has been prepared in accordance with Global Reporting Initiative Standards (GRI), applying the Core option. SkiStar's GRI index on pages 74–75 includes references to where the information can be found in the report on operations. The sustainability report includes the Parent Company and wholly owned subsidiaries. It has been determined that co-owned associates do not constitute a significant portion of operations, which is why they are not included. SkiStar's sustainability work is initiated by Group management and endorsed by the Board of Directors as a priority area for SkiStar. The work is managed by the sustainability officer together with sustainability teams that handle sustainability issues identified within the organisation for their respective areas. This report relates to the 1 September 2017–31 August 2018 period and is SkiStar's first sustainability report in accordance with GRI's guidelines.

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

SUSTAINABILITY GOVERNANCE

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

In addition to the application of relevant laws and guidelines, work is also under way to integrate the UN's Sustainable Development Goals into SkiStar's targets and strategies.

Risk management

Like all companies and business operations, SkiStar is exposed to various risks related to the business. The company's operations include sustainability as a parameter that is evaluated based on opportunities and risks in all business decisions. Management of sustainability risks is an integral aspect of the Group's risk management process. SkiStar's risk management is described in the administration report on pages 41–43.

Internal controls

Based on the details given above, several different policies and regulatory documents were drawn up, revised and approved during the year. This makes it easier for SkiStar's employees to find information about how everyone is expected to act, as well as when and why.

Code of Conduct

SkiStar's Code of Conduct was approved by SkiStar's Board of Directors during the year. It clarifies SkiStar's guidelines and values, creates transparency and functions as a blueprint for how SkiStar's employees should behave towards one another and the people they meet as part of their day-to-day work, including guests, suppliers and collaborative partners. It also explains that SkiStar supports the ten principles of the UN Global Compact regarding human rights, working conditions, the environment and anti-corruption, as well as the ILO's eight fundamental conventions concerning minimum standards for working conditions.

Policies

In addition to the above-mentioned Code of Conduct, SkiStar also has several operational policies. The purpose of these policies is to create transparency and clarify how to pursue operations with a long-term, sustainable approach to generate growth and develop the company. All SkiStar employees will undergo online training to increase their awareness and understanding of how SkiStar is expected to act and respond to its operating environment. The purpose of the training is to increase understanding of how sustainability aspects should be observed in all areas of the business, and how they should be a natural consideration for every employee at all levels and in all decisions. All the company's policies are available on SkiStar's intranet. All policies are revised annually.

Supplier Code of Conduct

SkiStar also has a Supplier Code of Conduct, which sets out obligations and expectations that the company has of its suppliers, to ensure responsible procurement and purchasing. All SkiStar's suppliers are expected to sign the Supplier Code of Conduct and action will be taken in the event of any breaches. The Supplier Code of Conduct imposes requirements for several perspectives to be considered when making purchases and in procurement processes, such as availability, sustainability aspects and legislation in the respective country. Availability varies among the different types of purchases, with a limited number of suppliers for primarily lifts, piste machinery and snowmobiles.



The coloured UN goals above are those that SkiStar plans to integrate into the business's long-term objectives and strategies.

STAKEHOLDER DIALOGUE AND MATERIALITY ANALYSIS

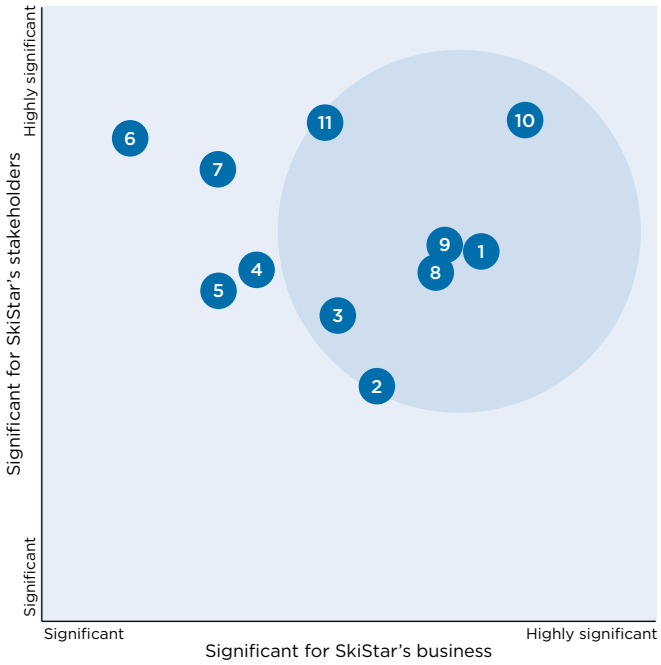
SkiStar involved its stakeholders when carrying out the materiality analysis. SkiStar's stakeholders have been identified via the respective business area. Stakeholder involvement facilitates the company's further development and work on long-term sustainable solutions going forward. Additional stakeholder dialogues have been carried out via employee surveys, guest surveys and through meetings and discussions with suppliers. The following categories of stakeholder have taken part:

In order to produce a sustainability report in line with GRI guidelines, SkiStar is required to identify, prioritise and validate. As an initial step, an internal analysis has been carried out to highlight key sustainability areas. This process has identified a selection of sustainability topics. The sustainability topics have emerged in dialogues with the business area managers to ensure that the entire business is covered by the selection. Over the past year, SkiStar has completed a web-based materiality analysis with the company's stakeholders, aimed at identifying and prioritising the key sustainability aspects. Completed analyses have produced the following results regarding priority topics:

SKISTAR'S STAKEHOLDERS



SKISTAR'S SUSTAINABILITY TOPICS



1. Water consumption
2. Emissions
3. Energy consumption
4. Biodiversity
5. Environmental criteria for suppliers
6. Materials, recycling and waste management
7. Social criteria for suppliers
8. Diversity
9. Education/Further education
10. Health and safety
11. Indirect economic impact

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

ECONOMIC RESPONSIBILITY

SkiStar's mission is to create long-term stable value for shareholders, guests and other stakeholders. Pursuing a proactive strategy while balancing operational risk and creating a stable return in the long term requires a strong financial base, where the objective is to achieve a minimum equity ratio of 35 percent. For other financial targets and outcomes, please refer to pages 10–11 of the report on operations. Taxes are a statutory cost that impacts returns, while also constituting a responsibility issue for SkiStar as a corporate citizen. SkiStar has operations in Sweden, Norway and Austria and complies with the tax legislation of each country.

SkiStar operates in sparsely populated areas of both Sweden and Norway. Via SkiStar's operations, other operators that are complementary to a certain extent may offer services within and near the destinations, including restaurants, hotels and other alpine activities. Both visitors to the region in the form of tourists and permanent residents benefit from an operator that adopts a long-term and sustainable approach to alpine tourism. SkiStar's presence helps boost the tourism industry, which in turn generates tax revenues for society. In addition, improvements to infrastructure have a positive impact on the region.

Anti-corruption

SkiStar's risk management and regulatory documents cover anti-corruption. SkiStar's anti-corruption efforts primarily aim to counteract corruption within the company. This is achieved by analysing the risks associated with corruption, establishing purchasing procedures and guidelines that cover how to handle potential bribery to counteract incidents, and monitoring and acting if a case of corruption is confirmed. All SkiStar's employees will undergo training in how to combat corruption, in order to improve knowledge and raise awareness. SkiStar has a zero-tolerance policy when it comes to bribery and corruption.



EMPLOYEES

SkiStar relies heavily on employee engagement. Motivated and satisfied employees will also provide good service for guests, and the guests are always at the centre of SkiStar's operations. If guests experience good service, they will come back. This is an extremely important factor in generating long-term profitability. To have motivated employees, there are several elements that are vital to the company's success.

SkiStar is a big employer. At all its destinations, SkiStar has collective agreements that regulate minimum wages and employee rights in relation to the employer. All SkiStar employees, except for the CEO, are covered by collective agreements.

Work environment, health and safety

Health and safety includes both safe and secure workplaces for Group employees and good working conditions and a healthy work–life balance. Living and working at one of SkiStar's destinations allows good opportunities for an active lifestyle in a natural alpine environment.

At every SkiStar destination there is a structured work environment organisation that works on preventive measures to continuously improve working conditions, for example by carrying out safety inspections and drafting work environment policies. SkiStar also has a robust crisis management organisation at each destination, with specially trained crisis managers. Crisis management exercises are conducted every year to ensure the company is always prepared.

SkiStar carries out regular employee surveys to ensure a good and pleasant work environment. These employee surveys also serve to identify areas where there is potential for improvement. Following the surveys, three focus areas are selected that SkiStar then works on to bring about further improvement, and to respond to employees' preferences and expectations. Health checks are also carried out regularly to prevent occupational risks and monitor the physical wellbeing of the company's employees. Each employee has an annual performance review and salary review.

Diversity and equality

Equal treatment and rights apply regardless of gender, sexual orientation, ethnicity, beliefs, disability or age. SkiStar does not accept any form of discrimination and takes strong action in response to incidents and conduct that contravenes SkiStar's policies and guidelines. The company's corporate culture is characterised by values and attitudes that are consistent with SkiStar's diversity policy. SkiStar's diversity policy is revised every year. Responsibility for active gender equality work lies with each department/business area manager. SkiStar has a zero-tolerance approach to all forms of discrimination and discriminatory treatment.

SkiStar places great emphasis on the importance of valuing differences and diversity. SkiStar works to create an inclusive working environment, an important aspect of which is for all employees to feel a sense of belonging.

EMPLOYEES

	Permanent employees		Employees on fixed-term contracts	
Number of employees	Men	Women	Men	Women
Sweden	223	120	985	664
Norway	80	45	370	207

* Employee data relates to the number of employees in February 2018 and has been compiled from the Group's HR and salary systems. Reported forms of employment include permanent and fixed-term contracts.

DIVERSITY

2017/18	Women	Men	<29 years	30–50 years	>50 years
Board of Directors	4	5	0	3	6
Group management	1	8	0	6	3
Destination management teams	7	27	0	23	11
Other*	6	11	1	12	4
	18	51	1	44	24

*'Other' relates to individuals who report directly to a member of Group management. All figures as at 31 August 2018.

Recruitment

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

Training and education

To ensure that employees maintain and develop their skills and to guarantee future needs, the Group places great emphasis on training and education. All employees complete an online course every year, in which sustainability, GDPR and working environment are key components. In addition, SkiStar implements an annual internal leadership programme, and a trainee programme that aims to provide continuity for key functions.

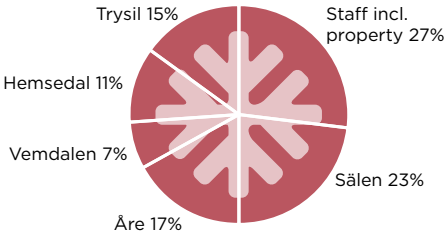
TRAINING HOURS PER EMPLOYEE

	2017/18		2016/17		2015/16	
	Women	Men	Women	Men	Women	Men
Permanent employees	10	10	10	10	10	10
Employees on fixed-term contracts	25	25	25	25	25	25

Since SkiStar's operations are seasonal, there is a substantial need for seasonal employees. Every winter season, the workforce is made up of roughly two-thirds returning employees and one-third new. This puts pressure on the company to ensure that recruitment, training and staff inductions are systematic and simple, so that a large volume of seasonal employees is well prepared in a short period of time. As an employer, SkiStar is extremely proud of its ability to offer many young people the chance to gain professional experience and the opportunity to develop their skills in their working lives.

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

PERMANENT EMPLOYEES, per destination



The number of permanent employees, excluding St. Johann in Tirol, totalled 484 at 31 August 2018.

ENVIRONMENTAL RESPONSIBILITY

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

Energy conservation

SkiStar's goal is to conduct operations adapted to the environment while consuming as little energy as possible. SkiStar endeavours to conserve energy as much as possible in its operations. Snowmaking, property management and ski lifts are all processes requiring a great deal of energy. SkiStar's objective is to use electricity that is 100-percent renewable, a goal that has already been achieved. To conserve energy, SkiStar will:

- Systematically analyse energy use;
- Adopt processes that use as little energy as is financially reasonable;
- Focus on efficient energy consumption when making new investments;
- Highlight energy consumption for individual employees and together devise ways of reducing energy consumption without impacting product quality.

Use of water

SkiStar's operations are water-intensive. The water issue is of great importance from a sustainability perspective, and everyone has a duty to manage the assets and resources available responsibly. SkiStar's main water consumption in operations is in the form of snow production. For snow production, SkiStar uses water from nearby watercourses and lakes, i.e. surface water. In some cases, the water is kept in storage ponds directly adjacent to the ski resorts. When making snow, nothing is added to the water and particles are filtered out before it is used. Water is extracted from water sources mainly during the months prior to the

ELECTRICITY CONSUMPTION WITHIN THE ORGANISATION

MWk	17/18	Compared with 15/16, %	16/17	15/16
Electricity from renewable sources	68,523	-7.2	76,150	73,810
Electricity total	68,523	-7.2	76,150	73,810

FUEL CONSUMPTION WITHIN THE ORGANISATION

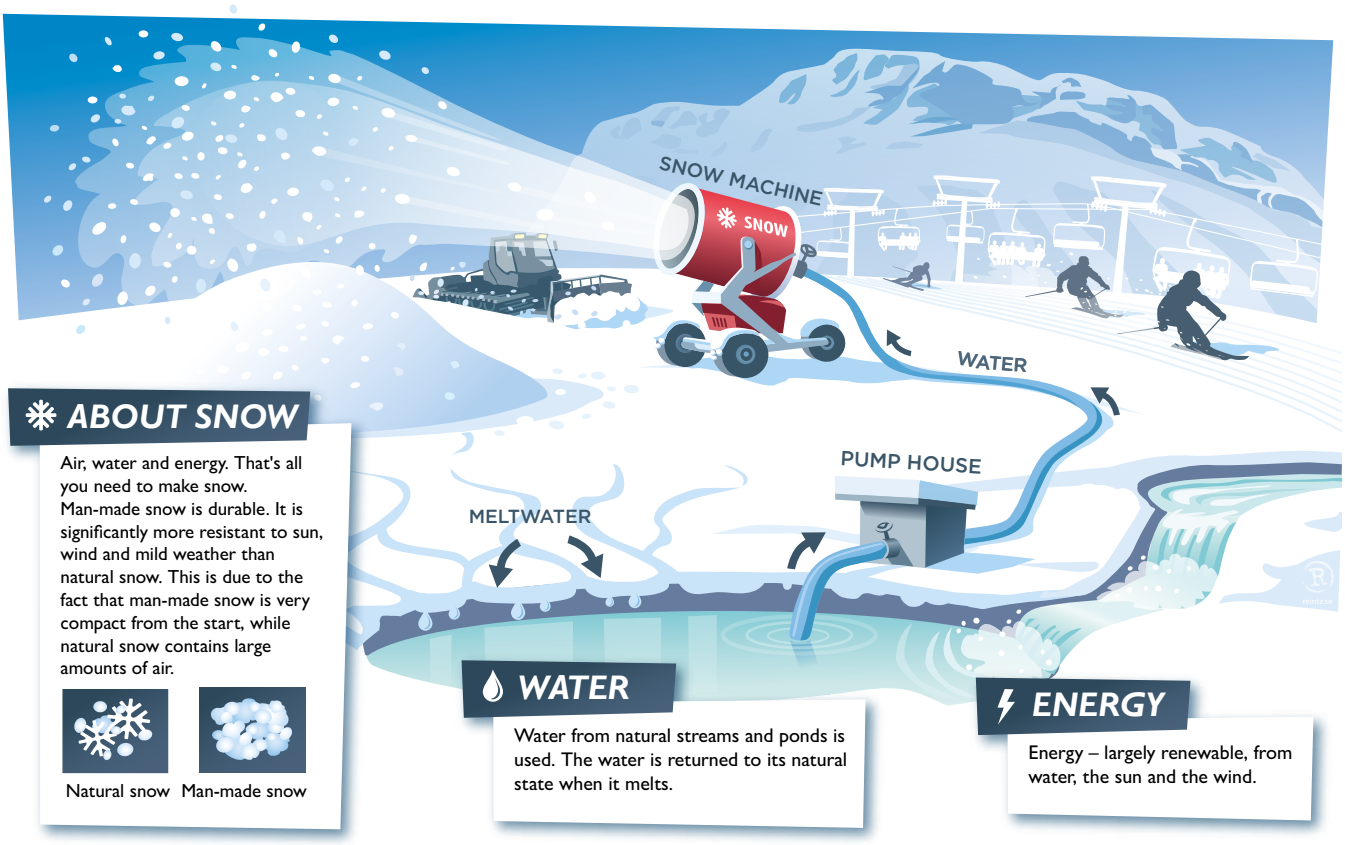
MWk	17/18	Compared with 15/16, %	16/17	15/16
Renewable fuels	14,514	–	5,332	–
Fossil fuels	13,018	-40	19,190	21,802
Total fuel	27,532	-40	24,521	21,802

DISTRICT HEATING WITHIN THE ORGANISATION

MWk	17/18	Compared with 15/16, %	16/17	15/16
District heating	13,050	55	14,785	8,394
District heating total	13,050	55	14,785	8,394

SUMMARY TOTAL ENERGY CONSUMPTION WITHIN THE ORGANISATION

MWk	17/18	16/17	15/16
Electricity from renewable sources	68,523	76,150	73,810
Renewable fuels	14,514	5,332	–
Fossil fuels	13,018	19,190	21,802
District heating	13,050	14,785	8,394
Total	109,106	115,456	104,006



start of the winter season and during the first part of the winter season. In the spring, when the snow melts, all the water returns to natural sources. Water extraction from each source is regulated via water rights court rulings.

Snow production methods have been developed both technically and environmentally. This has in turn led to more efficient snow production. This is achieved using automated snow production systems in which temperature, optimum wind direction, humidity and water temperature are pre-set, meaning snow is only made in perfect conditions using a technique that ensures sustainable snow production. The focus for SkiStar is on producing the right amount of snow in the right location in as short a time as possible. In addition to technological advances for snow cannons, other measuring tools have also had a positive effect on water usage in snow production. All SkiStar's destinations now have piste machinery equipped with GPS systems to measure snow depth, to enable optimum snow production in the right locations.

Climate and emissions

As a leading operator in the alpine mountain tourism industry, SkiStar aims to pursue operations while causing the least possible impact on the environment. This means that SkiStar will work actively with solutions that develop the company sustainably going forward. SkiStar uses fuel in its operations, which produces carbon dioxide emissions. By harnessing new technology and being proactive, SkiStar hopes to be able to push carbon dioxide emissions in a sustainable direction in future. SkiStar has decided to implement a pilot project using semi-electric piste machines, which cuts fuel consumption and thus reduces carbon dioxide emissions. The piste machines' GPS-based snow depth measuring function also helps reduce emissions, as it optimises the snowmaking process and driving patterns. SkiStar has also initiated the transition to non-fossil fuel and at the present rate of transition has increased the proportion of non-fossil fuel to over 50 percent. Over the past year, 100-percent non-fossil fuel has been used in operations, lifts and on pistes at SkiStar's Swedish destinations.

WATER USE IN SNOW PRODUCTION

m³	2017/18	2016/17	2015/16
Sälen	1,006,692	897,098	1,039,839
Åre	1,546,341	1,813,107	1,507,766
Vemdalen	649,523	656,000	622,000
Trysil	540,915	577,480	432,802
Hemsedal	473,191	565,254	480,573
Total water use in operations	4,216,662	4,508,939	4,082,980

GREENHOUSE GAS EMISSIONS, TONNES OF CO_2

	17/18	16/17	15/16
Scope 1*	4,516	5,860	6,358
Scope 2**	141	129	78
Greenhouse gas emissions, tonnes of CO_2	4,657	5,989	6,436

* Relates to direct emissions from SkiStar's operations.
**Relates to indirect emissions from electricity and heating.
CO_2 emissions have been calculated using guidance from emissions factors from the Swedish Petroleum and Biofuel Institute, the Swedish Energy Agency and the Swedish Environmental Protection Agency. Fuel quantities have been obtained from readouts and invoices. Measurements relating to electrical power have been obtained from the respective network.

Biodiversity

SkiStar's opportunities to develop new, untouched areas of land are heavily restricted. Naturally there are stringent environmental requirements when it comes to developing land. To be able to continue offering guests a magnificent alpine setting with untouched nature just around the corner, SkiStar needs to develop new areas of land while observing great consideration for the existing environment. In practice, this means that SkiStar will preferably not develop new untouched land, but instead focus on densifying areas that are already in use. Concentrating beds centrally around the ski areas reduces the need for transportation for guests and allows for more efficient construction of infrastructure. However, when development of untouched land does take place, closeness to nature is an important factor, which means that parts of existing forest are kept aside. This applies both when constructing the skiing area and when expanding within the skiing area. From a forest conservation perspective, expansion of the ski resort can benefit the area as it provides a guarantee that it will not be completely felled, which would otherwise be a strong possibility. This of course means that the biological diversity is preserved in the area, provided it is developed sensitively.

HEALTH AND ACTIVE LEISURE TIME

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

SkiStar tries to promote health and active leisure time via various initiatives:

- 2,913 children and young people under 15 living in a municipality at one of SkiStar's destinations Sälen, Åre, Vemdalen, Trysil and Hemsedal were offered a free SkiPass for the 2017/18 winter season.
- Children and young people from grades 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. This encourages parents and children to engage in physical activity during their leisure time.
- Personal skiing statistics are provided via MySkiStar, which is a service that SkiStar has introduced to seize upon and reinforce guests' interest in alpine skiing as a means of exercising and socialising. MySkiStar has just over 780,000 members.
- At Valle's Ski School, children learn how to be safe and confident skiers, with the support of highly-qualified ski instructors and Valle the Snowman. Almost 50,000 children took part in Valle's Ski School in the 2017/18 winter season.
- Valle encourages activity through music, dance and skiing. Some 100,000 children skied with Valle at SkiStar's destinations in the 2017/18 winter season.



SKISTAR'S OTHER SUSTAINABILITY INITIATIVES

- Åre is home to the first three solar-powered lifts in the mountain regions – a collaboration between SkiStar and Fortum.
- Most newly constructed accommodation is located close to the lift systems (Ski-in Ski-out), which reduces car travel at the destinations.
- Charging points for electric vehicles are standard for all new builds, to meet heightened demand for eco-friendly means of transport.
- 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 by building dams and planting vegetation.
- Young people are encouraged 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 gain professional experience.
- 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.
- In areas with a district heating network, SkiStar converts 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.
- Panta Mera (Swedish can and PET bottle recycling campaign). At the destinations, cans and PET bottles are collected in clearly marked 'Panta Mera' containers and igloos. The return on the cans/bottles is donated by SkiStar to the Alla på snö (All on snow) project.
- All on snow: 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.
- 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 in Lindvallen – 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.



AUDITOR'S OPINION REGARDING THE STATUTORY SUSTAINABILITY 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 sustainability report on pages 30–37 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 recommendation RevR 12 Auditor's Opinion Regarding the Statutory Sustainability Report. This means that our review of the sustainability 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 opinion.

OPINION

A sustainability report has been prepared.

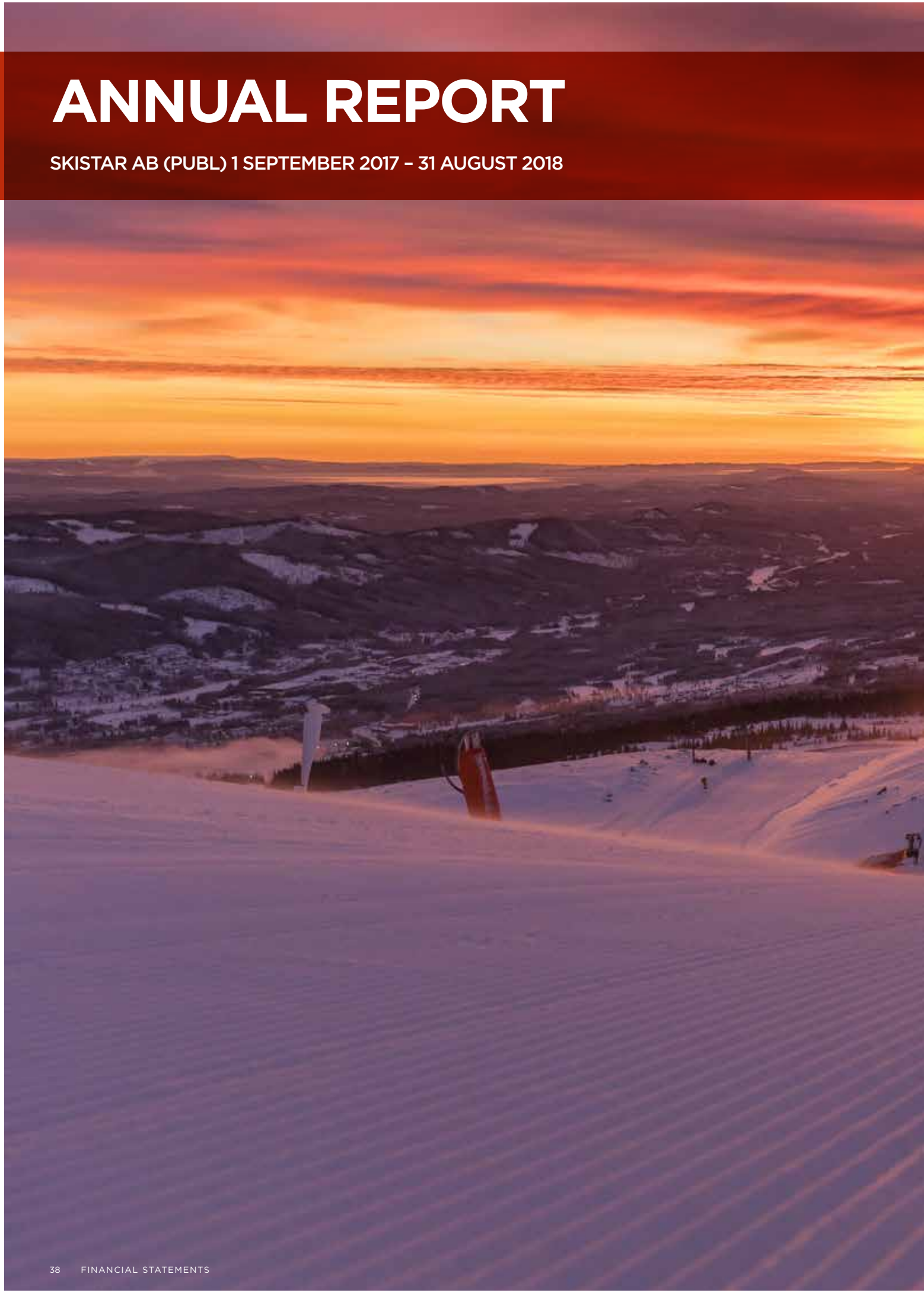
Stockholm, 12 November 2018

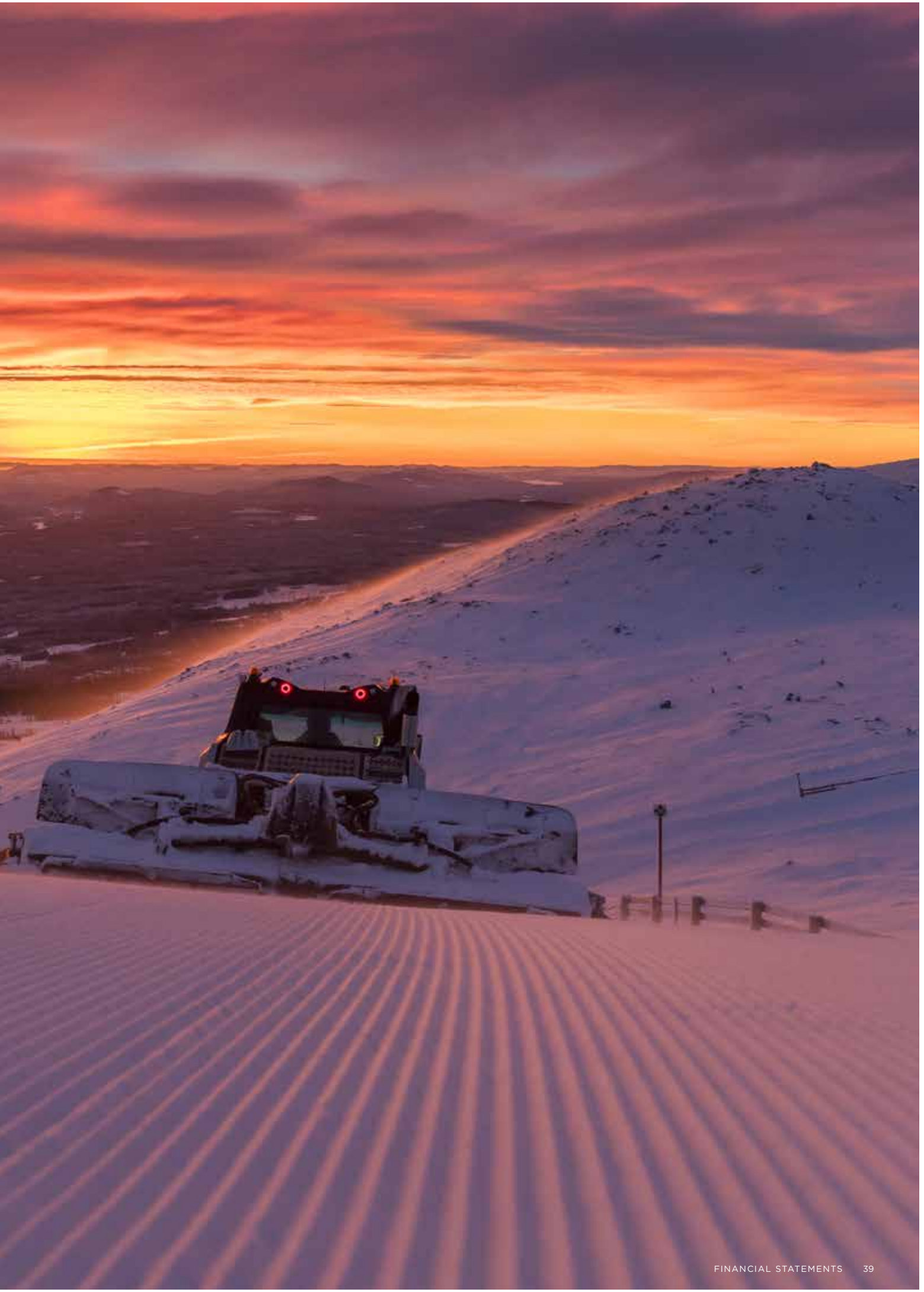
Ernst & Young AB

Mikael Sjölander
Authorised Public Accountant

ANNUAL REPORT

SKISTAR AB (PUBL) 1 SEPTEMBER 2017 – 31 AUGUST 2018





ADMINISTRATION REPORT

ADMINISTRATION REPORT

The Board of Directors and CEO of SkiStar AB (publ), corporate identity number 556093-6949, hereby present the annual report and consolidated accounts for the financial year 1 September 2017 – 31 August 2018.

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.

SkiStar's vision is to 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 31,622 (29,008) at 31 August 2018 according to Euroclear Sweden AB.

The major shareholders are Mats and Fredrik Paulsson, including company and family, with 24.16 percent of the capital and 46.55 percent of the votes, Erik Paulsson's family, including company, with 22.27 percent of the capital and 15.69 percent of the votes, Swedbank Robur fonder, with 4.79 percent of the capital and 3.37 of the votes and Nordea Investment Funds with 3.33 percent of the capital and 2.34 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 213.50 on 21 August 2018, while the lowest quoted price was SEK 147.20 on 6 February 2018. The share price at the close of trading on the reporting date was SEK 202.00. The Annual General Meeting on 9 December 2017 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 16 percent in the 2017/18 winter season compared with the previous season. SkiPass sales in Norway increased by 16 percent according to ALF (Norwegian Ski Lift Association). SkiStar's market share was 49 (50) percent in Sweden and 30 (31) percent in Norway, while the share for Scandinavia was 41 (41) percent.

OPERATIONS

The Group's operating profit for the full year was SEK 611 (514) million, an increase of 19 percent or SEK 97 million. Translation from the Norwegian krone and euro had a marginal effect on operating profit. Net financial items have improved by SEK 12 million, mainly because of the gradual sale of a subsidiary. Profit after tax rose by SEK 99 million to SEK 486 (387) million, an increase of 26 percent. Earnings per share increased to SEK 12.49 (9.96).

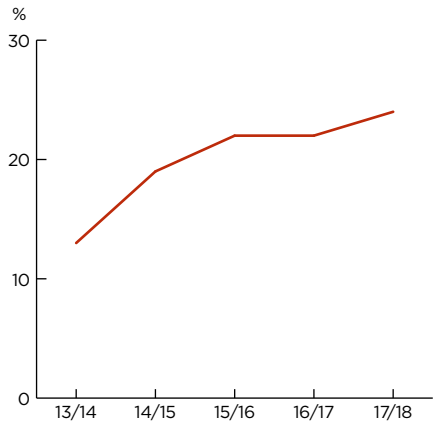
Ski Resorts – Operation

Revenue attributable to the operation of ski resorts increased by 13 percent for the full year, rising to SEK 2,346 million, compared with SEK 2,070 million the previous year. Translation from Norwegian krone and euro had a positive effect of SEK 3 million on revenue. SkiPass sales increased by 15 percent, accounting for 53 percent of revenue, which is 2 percent higher than the previous year. The number of skier days (one day's skiing with a SkiPass) increased to 5.8 (5.4) million. Sold accommodation, expressed as the number of overnight stays, increased by 3 percent compared with the previous year. The occupancy rate for own and mediated accommodation was 82 (80) percent. Revenue from sporting goods outlet sales amounted to SEK 173 million, an increase of about 20 percent. Personnel costs increased by SEK 40 million compared with the previous year, largely due to annual contractual increases. Other external expenses increased by SEK 56 million. Operating profit from investments in joint ventures and associates continues to show a positive trend.

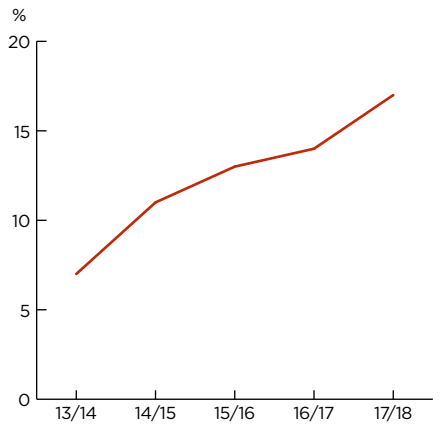
Infrastructure

Revenue from the sale of interests in accommodation was SEK 128 (57) million, with a profit of SEK 86 (36) million.

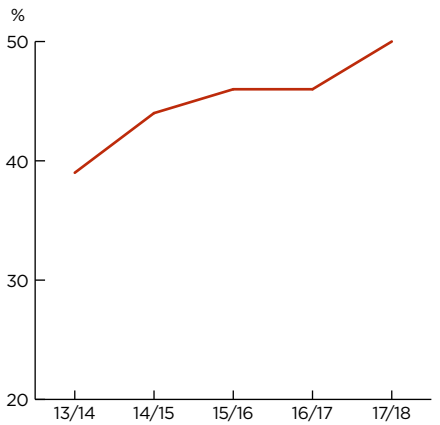
OPERATING MARGIN, %



RETURN on capital employed, %



EQUITY/ASSETS RATIO, %



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

Exploitation

Revenue from the sale of plots amounted to SEK 63 (183) million, with a profit of SEK 60 (92) 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 768 (670) million for the full year. Cash flow from investing activities was SEK -394 (-457) million, while cash flow from financing activities was SEK -324 (-157) million.

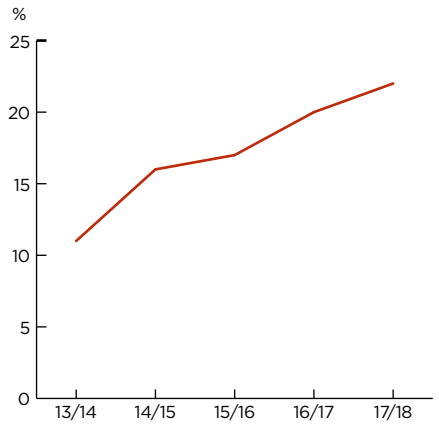
LIQUIDITY AND FINANCING

The Group's cash and cash equivalents ended the financial year at SEK 73 (105) million. Unused overdraft facilities plus cash and cash equivalents were SEK 309 million at the reporting date, compared with SEK 461 million at the end of the previous year. Interest-bearing liabilities amounted to SEK 1,691 (1,772) million, a decline of SEK 81 million from the previous year. The average interest rate during the year was 2.4 (2.5) percent. Net financial debt was SEK 1,493 (1,543) million at the end of August, a decline of SEK 50 million. The equity/assets ratio increased to 50 (46) percent.

INVESTMENTS, DISPOSALS AND OTHER ACQUISITIONS

Investments during the financial year amounted to SEK 533 (481) million. Depreciation/amortisation during the same period was SEK 254 (236) million. The investments mainly concerned snowmaking systems, a six-seater chair lift and a gondola lift in St. Johann in Tirol.

RETURN ON EQUITY, %



The graph shows trends for alternative performance measures. For detailed information, see page 73.

RISKS AND OPPORTUNITES

Risk management

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

Operational risks

Seasonality

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

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 through strategic sales to ensure that most of the accommodation capacity is booked before the Christmas week when the high season starts.

Economic cycle

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

Sensitivity to economic conditions in Sweden is reduced by the existence of operations in Norway and Austria.

Competition

Sun and beach holidays and weekend city breaks are considered SkiStar's main competitors, but 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 and enhance guests' winter experience and comfort every year. SkiStar's destinations have good accessibility to populated areas due to their geographical proximity and affordable transport solutions in the form of trains, aeroplanes and coaches. SkiStar's customers have easy access to the Company's products and services via online marketing and sales systems that facilitate the booking process for them. Other important competitive factors include a strong financial position, known and attractive brands and a strong cash flow.

Expansion

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

Accommodation capacity and occupancy rate

The profitability of alpine destinations is dependent on the number of available beds and the occupancy rate. For SkiStar, it is important to have control over a large accommodation capacity to optimise the occupancy rate by monitoring changes in demand and pricing accommodation correctly at all stages of the season. SkiStar works actively to increase the number of beds at the destinations and to increase the proportion the 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 leadership development, succession planning, training and incentive programmes. SkiStar's Management Group consists of the CEO, CFO, Legal Counsel, Marketing and Sales Manager, two Norwegian Resort Managers and three Swedish Resort Managers. These individuals owned a total of 388,391 Class B shares in the Company at 31 August 2018. 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 means of trade union cooperation, regular training, incident reporting and a systematic health and safety programme. Continuous risk analyses are conducted at all destinations to minimise the various types of risks and have the correct insurance cover in place.

SkiStar also has an extensive crisis plan to ensure that the Company is well prepared in the event of any accidents and incidents.

Sustainability risks

Sustainability is included as an evaluation factor in the Company's business development and decisions. Management of sustainability risks is an integral part of the Group's operations. SkiStar's work on sustainability, including risks and opportunities, is described on pages 30–37 (sustainability report pursuant to the Annual Accounts Act).

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 and Norwegian krone and 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.

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. 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, electricity is contracted through fund management, whereby the fund purchases most of the electricity at a fixed 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. SkiStar is part owner of a wind turbine in Dalarna and operates three heating 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 Fjellandsby area. The heating plants are powered by locally produced renewable wood fuel.

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 43 describes how the Group's annual earnings are affected by changes in some of the Group's key variables. The assumptions regarding the earnings impact of changes in the occupancy rate are based on all mediated objects and relate only to the impact on SkiPass sales. Changes in other revenue categories in the sensitivity analysis are considered neutralised by increased and reduced expenses. In calculating the sensitivity of a change in the price of electricity, only the portion of electricity consumption that is directly affected by changes in the market price is considered. 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 1,283 (1,240) individuals, an increase of 43. 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 5 (4) million during the financial year and were mainly associated with internal training. Staff turnover (permanent employees) during the year was as follows: 54 (58) individuals joined the Company and 42 (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 2018, are the same as the existing guidelines, described in Note 8.

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 sustainability policy requires SkiStar to consider the environment in all its operations as it strives to offer guests a memorable mountain experience. Systematic improvement initiatives will enable guests to perceive SkiStar as the environmentally sound choice. Further information about the Company's environmental impacts can be found in the sustainability report on pages 30–37. 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 1,616 (1,441) million, while profit before tax was SEK 153 (97) million. Investments amounted to

SEK 253 (181) million. Most of the Swedish operations are conducted in the Parent Company.

CORPORATE GOVERNANCE

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

LOOKING AHEAD TO 2018/19

Advance accommodation bookings for the 2018/19 season are 5 percent higher compared with the same time the previous year. More than half of the total capacity expected to be sold in the entire winter season is already booked.

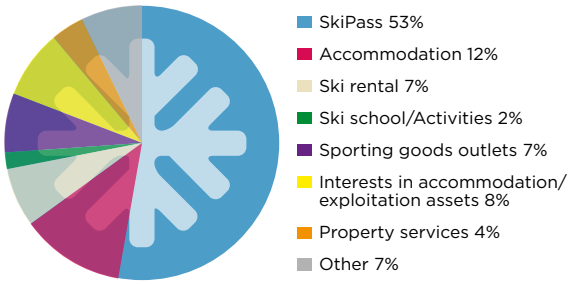
It has been decided to invest SEK 303 million for the coming season, which includes replacement investments, modernisation and improved snow capacity. It has also been decided to build a new express lift in Hundfjället for the 2018/19 season. Developing the new Hundfjället is a step towards an international product with the most modern eight-seater express lift in Scandinavia, new slopes and an extended snowmaking system. The total investment amount is SEK 100 million.

SENSITIVITY ANALYSIS

	Change	Impact on earnings
Bookings	+/-10%	+/- SEK 66 million
SkiPass prices	+/-10%	+/- SEK 134 million
Interest	+/-1%	+/- SEK 9 million
Payroll expenses	+/-10%	+/- SEK 64 million
Market price of electricity	+/–10 öre	+/- SEK 1 million*
Currency NOK/SEK	+/-10%	+/- SEK 14 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

	2017/18	2016/17
September–November	-252,541	-262,608
December–February	702,571	618,419
March–May	302,609	313,445
June–August	-166,009	-191,502

APPROPRIATION OF PROFITS

Proposed appropriation of the Company's profits. The Board of Directors proposes that the available funds of SEK 830,389,028 be distributed as follows:

Dividend, 39,188,028 shares x SEK 7.00	274,316,196
Carried forward	556,072,832
Total	830,389,028

FIVE-YEAR OVERVIEW

FIVE-YEAR OVERVIEW		2017/18	2016/17	2015/16	2014/15	2013/14
Revenue and earnings	Revenue, SEK million	2,536	2,306	1,991	1,899	1,750
	Operating income, SEK million	2,548	2,311	1,999	1,913	1,758
	Profit before depreciation/amortisation, SEK million	865	750	653	579	438
	Profit before tax, SEK million	587	478	386	323	179
	Profit after tax, SEK million	486	387	306	249	162
Cash flow	Cash flow before changes in working capital, SEK million	768	670	495	486	383
	Cash flow after changes in working capital, SEK million	679	629	521	504	362
	Cash flow after investing activities, SEK million	285	172	259	372	165
*Profitability***	Return on capital employed, %	17	14	13	11	7
	Return on equity, %	22	20	17	16	11
	Return on total assets, %	14	12	11	10	6
	Gross margin, %	34	33	33	30	25
	Operating margin, %	24	22	22	19	13
	Net margin, %	23	21	19	17	10
Investments	Gross investments, SEK million	533	481	477	219	250
	Net investments, SEK million	394	457	262	131	197
Financial position	Total assets, SEK million	4,871	4,508	4,107	3,760	3,960
	Equity, SEK million	2,421	2,090	1,870	1,641	1,538
	Equity/assets ratio, %	50	46	46	44	39
	Debt/equity ratio, times	0.7	0.9	0.9	1.1	1.3
	Interest coverage ratio, times	8.4	10.7	7.3	6.9	3.8
Liquidity	Current ratio, %	91	64	44	33*	56
	Quick ratio, %	73	55	36	29*	48
Personnel	Average number of employees	1,283	1,240	1,132	1,095	1,134
	Revenue per employee, SEK thousand	1,976	1,860	1,758	1,734	1,543

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

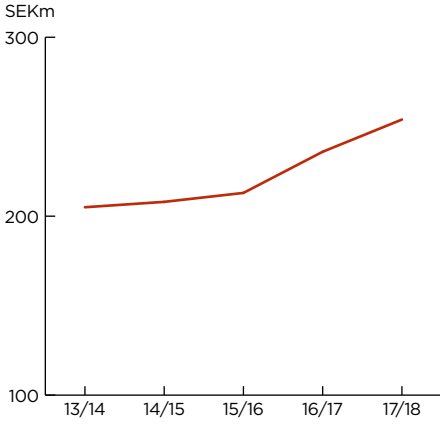
SEK thousand		NOTE	01/09/2017 –31/08/2018	01/09/2016 –31/08/2017
	Revenue	*2*	2,535,705	2,306,024
	Other income	*4*	12,499	5,430
	Total operating income	*3*	**2,548,204**	**2,311,454**
Operating expenses	Goods for resale		-272,406	-208,726
	Other external expenses	*6, 7*	-722,469	-666,451
	Personnel costs	*5, 8*	-652,511	-612,873
	Costs of sold interests in accommodation/exploitation		-44,414	-111,788
	Share of profit/loss of joint ventures/associates	*16*	8,460	37,986
	Depreciation/amortisation	*9*	-253,970	-235,817
	Operating profit/loss		**610,894**	**513,785**
Profit/loss from financial items	Profit/loss from securities held as non-current assets	*33*	10,228	2,543
	Interest and similar income	*34*	45,055	10,523
	Interest and similar expenses	*35*	-79,548	-49,096
	Profit/loss before tax		**586,629**	**477,755**
	Tax	*11*	-100,261	-91,049
	Profit/loss for the year		**486,368**	**386,706**
OTHER COMPREHENSIVE INCOME				
	Items that may be reclassified to profit or loss	*23*		
	Change in fair value of cash flow hedges for the year		6,758	11,789
	Deferred tax on cash flow hedges		-1,487	-2,708
	Exchange differences on translation of foreign operations		54,733	865
	Other comprehensive income for the year		**60,004**	**9,946**
	Total comprehensive income for the year		**546,372**	**396,652**
Profit/loss for the year attributable to:	Shareholders of the Parent		489,548	390,158
	Non-controlling interests		-3,180	-3,452
	Profit/loss for the year		**486,368**	**386,706**
Comprehensive income for the year attributable to:	Shareholders of the Parent		542,747	400,228
	Non-controlling interests		3,625	-3,576
	Comprehensive income for the year		**546,372**	**396,652**
Earnings per share	Earnings per share, basic and diluted, SEK	*12*	12.49	9.96
	Average number of shares, basic and diluted	*12*	39,188,028	39,188,028

QUARTERLY FIGURES

2017/18	Q1	Q2	Q3	Q4	Full year
Operating income, SEK thousand	148,104	1,347,988	868,103	184,009	2,548,204
Operating profit/loss, SEK thousand	-242,032	690,245	318,497	-155,817	610,894
Operating margin, %	neg	51	37	neg	24

2016/17	Q1	Q2	Q3	Q4	Full year
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

DEPRECIATION/AMORTISATION of tangible and intangible assets



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS, SEK thousand		NOTE	31/08/2018	31/08/2017
Non-current assets	Intangible assets	*13*	195,661	197,064
	Property, plant and equipment	*14*	3,380,541	3,145,357
	Investments in associates and joint ventures	*16*	387,293	365,520
	Other investments and securities held as non-current assets	*17*	36,596	32,484
	Other non-current receivables	*18*	258,579	237,820
	Total non-current assets		**4,258,670**	**3,978,245**
Current assets				
Inventories	Goods for resale	*19*	166,223	131,050
			166,223	**131,050**
Current receivables	Trade receivables	*20*	28,776	29,549
	Tax receivables		18,056	21,546
	Other current receivables	*21*	272,756	186,520
	Prepaid expenses and accrued income	*22*	52,940	55,438
			372,528	**293,053**
Cash and cash equivalents	Cash and bank balances	*31*	73,146	105,512
	Total current assets		**611,897**	**529,615**
	TOTAL ASSETS		**4,870,567**	**4,507,860**
EQUITY AND LIABILITIES				
Equity	Share capital	*23*	19,594	19,594
	Other contributed capital		397,573	397,573
	Reserves		-16,263	-69,462
	Retained earnings including profit for the year		1,958,733	1,684,719
	Equity attributable to shareholders of the Parent		**2,359,637**	**2,032,424**
	Non-controlling interests		61,452	57,827
	Total equity		**2,421,089**	**2,090,251**
Non-current liabilities				
Non-current interest-bearing liabilities	Liabilities to credit institutions	*25*	1,286,047	776,943
	Provisions for pensions	*26*	12,316	10,906
Non-current non-interest-bearing liabilities	Other provisions	*28*	1,453	1,063
	Derivatives	*32*	33,735	42,947
	Deferred tax liabilities	*11*	185,926	146,096
	Total non-current liabilities		**1,519,477**	**977,955**
Current liabilities	Liabilities to credit institutions	*25*	392,750	984,399
	Trade payables		129,292	130,923
	Tax liabilities		63,755	34,672
	Other current liabilities		233,298	199,604
	Accrued expenses and deferred income	*29*	110,906	90,056
	Total current liabilities		**930,001**	**1,439,654**
	Total liabilities		**2,449,478**	**2,417,609**
	TOTAL EQUITY AND LIABILITIES		**4,870,567**	**4,507,860**

Pledged assets and contingent liabilities, see Note 30.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

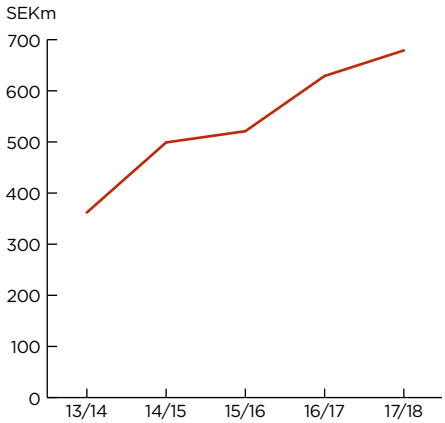
	Equity attributable to shareholders of the Parent							
GROUP, SEK THOUSAND	Share capital	Other contributed capital	Translation	Hedging reserves	Retained earnings and profit for the year	Total	Non-controlling interests	Total equity
Opening equity, 1 Sep 2016	19,594	397,573	-47,275	-32,257	1,470,907	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**
Opening equity, 1 Sep 2017	19,594	397,573	-46,286	-23,176	1,684,719	2,032,424	57,827	2,090,251
Profit/loss for the year					489,548	489,548	-3,180	486,368
Other comprehensive income for the year*			47,928	5,271		53,199	6,805	60,004
Comprehensive income for the year			**47,928**	**5,271**	**489,548**	**542,747**	**3,625**	**546,372**
Dividends					-215,534	-215,534		-215,534
Closing equity, 31 Aug 2018	**19,594**	**397,573**	**1,642**	**-17,905**	**1,958,733**	**2,359,637**	**61,452**	**2,421,089**

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

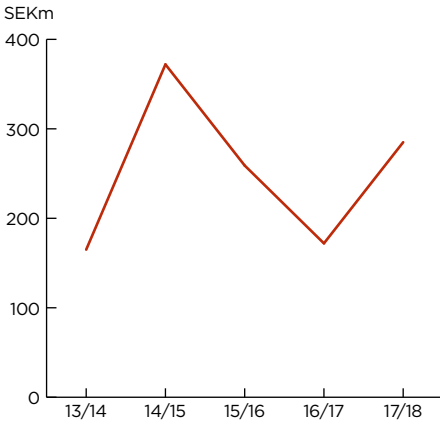
CONSOLIDATED STATEMENT OF CASH FLOWS

SEK thousand		NOTE	01/09/2017 –31/08/2018	01/09/2016 –31/08/2017
Operating activities	Profit/loss before tax		586,629	477,755
	Adjustments for non-cash items	*31*	215,932	232,016
			802,561	709,771
	Tax paid		-34,739	-40,149
	Cash flow from operating activities before changes in working capital		**767,822**	**669,622**
Cash flow from changes in working capital	Increase (-)/Decrease (+) in inventories		-33,266	-5,771
	Increase (-)/Decrease (+) in operating receivables		-101,163	-153,047
	Increase (+)/Decrease (-) in operating liabilities		45,767	118,304
	Cash flow from operating activities		**679,160**	**629,108**
Investing activities	Acquisition of subsidiaries, net cash effect	*31, 37*	0	0
	Acquisition of intangible assets		-10,865	-12,693
	Acquisition of property, plant and equipment		-399,474	-373,298
	Acquisition of financial assets		-122,182	-94,776
	Disposal of financial assets		135,898	20,442
	Disposal of property, plant and equipment		2,596	3,623
	Cash flow from investing activities		**-394,027**	**-456,702**
Financing activities	Proceeds from borrowings		501,209	802,332
	Repayment of borrowings		-609,822	-783,049
	Dividend paid		-215,534	-176,346
	Cash flow from financing activities		**-324,147**	**-157,063**
	Cash flow for the year		**-39,014**	**15,343**
	Cash and cash equivalents at start of year		105,512	92,719
	Exchange differences		6,648	-2,550
	Cash and cash equivalents at end of year	*31*	**73,146**	**105,512**

CASH FLOW
from operating activities, SEK million



CASH FLOW
after investing activities, SEK million



INCOME STATEMENT – PARENT COMPANY

SEK thousand		NOTE	01/09/2017 –31/08/2018	01/09/2016 –31/08/2017
	Revenue	*2*	1,616,087	1,440,731
	Other operating income	*4*	3,117	3,610
	Total operating income		**1,619,204**	**1,444,341**
Operating expenses	Goods for resale		-205,931	-164,732
	Other external expenses	*6, 7*	-536,692	-507,963
	Personnel costs	*5, 8*	-447,650	-422,419
	Costs of sold interests in accommodation/exploitation		-1,236	-1,967
	Depreciation/amortisation of assets	*9*	-134,333	-133,540
	Operating profit/loss		**293,362**	**213,720**
Profit/loss from financial items	Profit/loss from securities held as non-current assets	*33*	209	1,422
	Profit/loss from investments in Group companies	*10*	50,389	89,141
	Interest and similar income, external	*34*	41,965	5,081
	Interest income, Group companies	*34*	4,657	2,359
	Interest and similar expenses, external	*35*	-62,600	-23,199
	Interest expenses, Group companies	*35*	-532	-791
	Profit/loss after financial items		**327,450**	**287,733**
	Appropriations	*24*	-173,953	-190,355
	Profit/loss before tax		**153,497**	**97,378**
	Tax	*11*	-18,064	-1,915
	Profit/loss for the year		**135,433**	**95,463**

OTHER COMPREHENSIVE INCOME				
	Items that may be reclassified to profit or loss	*23*		
	Change in fair value of cash flow hedges for the year		6,758	8,131
	Deferred tax on cash flow hedges		-1,487	-1,789
	Other comprehensive income for the year		**5,271**	**6,342**
	Total comprehensive income for the year		**140,704**	**101,805**

BALANCE SHEET – PARENT COMPANY

ASSETS, SEK thousand		NOTE	31/08/2018	31/08/2016
Non-current assets	Intangible assets	*13*	33,219	38,142
	Property, plant and equipment	*14*	1,616,330	1,555,096
Financial assets	Investments in Group companies	*15*	366,449	360,344
	Investments in associates	*16*	2,992	2,992
	Other investments and securities held as non-current assets	*17*	20,247	15,927
	Other non-current receivables	*18*	21,272	21,346
	Receivables from Group companies	*27*	571,618	425,629
	TOTAL NON-CURRENT ASSETS		2,632,128	2,419,476
Current assets				
Inventories	Goods for resale		78,679	76,227
			78,679	76,227
Current receivables	Trade receivables	*20*	14,831	18,578
	Receivables from Group companies		7,432	108,894
	Tax receivables		12,834	12,834
	Other current receivables	*21*	28,759	21,907
	Prepaid expenses and accrued income	*22*	43,587	44,564
			107,442	206,777
Cash and cash equivalents	Cash and bank balances		1,340	1,395
	TOTAL CURRENT ASSETS		187,461	284,399
	TOTAL ASSETS		2,819,589	2,703,875
EQUITY AND LIABILITIES				
Equity		*23*		
Restricted equity	Share capital		19,594	19,594
	Statutory reserve		25,750	25,750
	Development expenditure fund		1,790	–
			47,134	45,344
Non-restricted equity	Share premium reserve		4,242	4,242
	Retained earnings		690,714	807,303
	Profit/loss for the year		135,433	95,463
			830,389	907,008
	Total equity		877,523	952,352
Non-current liabilities				
Non-current interest-bearing liabilities	Liabilities to Group companies	*27*	648,531	450,952
	Liabilities to credit institutions	*25*	801,310	393,851
Provisions	Provisions for pensions	*26*	8,359	7,078
	Other provisions	*28*	619	377
Non-current non-interest-bearing liabilities	Derivatives	*32*	32,886	37,028
	Deferred tax liabilities	*11*	134,804	134,007
	Total non-current liabilities		1,626,510	1,023,293
Current liabilities	Liabilities to credit institutions	*25*	0	477,735
	Liabilities to Group companies		31,073	31,196
	Trade payables		87,513	74,602
	Other current liabilities		122,766	86,666
	Accrued expenses and deferred income	*29*	74,203	58,031
	Total current liabilities		315,557	728,230
	Total liabilities		1,942,066	1,751,523
	TOTAL EQUITY AND LIABILITIES		2,819,589	2,703,875

Pledged assets and contingent liabilities, see Note 30.

STATEMENT OF CHANGES IN EQUITY – PARENT COMPANY

	Restricted equity			*Non-restricted equity*				
PARENT COMPANY, SEK thousand	Share capital	Statutory reserve	Development expenditure fund	Share premium reserve	Hedging reserves	Retained earnings	Profit/loss for the year	Total equity
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**
Opening equity, 1 Sep 2017	19,594	25,750	–	4,242	-23,176	925,942		952,352
Profit/loss for the year							135,433	135,433
Development expenditure fund			1,790			-1,790		0
Other comprehensive income for the year					5,271			5,271
Comprehensive income for the year					**5,271**		**135,433**	**140,704**
Dividends						-215,534		-215,534
Closing equity, 31 Aug 2018	**19,594**	**27,540**	**1,790**	**4,242**	**-17,905**	**708,618**	**135,433**	**877,523**

CASH FLOW STATEMENT – PARENT COMPANY

SEK thousand		NOTE	01/09/2017 –31/08/2018	01/09/2016 –31/08/2017
Operating activities	Profit/loss after financial items		327,450	287,733
	Adjustments for non-cash items etc.	*31*	135,541	133,806
			462,991	421,539
	Tax paid		-16	-795
	Cash flow from operating activities before changes in working capital		**462,975**	**420,744**
Cash flow from changes in working capital	Increase (-)/Decrease (+) in inventories		-2,452	-10,364
	Increase (-)/Decrease (+) in operating receivables		5,338	-230,349
	Increase (+)/Decrease (-) in operating liabilities		72,567	150,661
	Cash flow from operating activities		**538,428**	**330,692**
Investing activities	Acquisition of subsidiaries	*31, 37*	-	-
	Acquisition of intangible assets		-11,349	-12,549
	Acquisition of property, plant and equipment		-180,343	-120,577
	Sale of property, plant and equipment		1,348	1,639
	Investments in financial assets		-182,329	-48,213
	Disposal of subsidiaries		-	-
	Disposal of financial assets		120,000	-
	Cash flow from investing activities		**-252,673**	**-179,700**
Financing activities	Proceeds from borrowings		119,724	593,851
	Repayment of borrowings		-190,000	-568,517
	Dividend paid		-215,534	-176,346
	Cash flow from financing activities		**-285,810**	**-151,012**
	Cash flow for the year		**-55**	**-20**
	Cash and cash equivalents at start of year		1,395	1,415
	Cash and cash equivalents at end of year	*31*	**1,340**	**1,395**

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 "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 2017 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 has not had any impact.
- 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 has not had any impact.
- 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 standards are not expected to have any material effect on the Company's financial reporting.

SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses and for which discrete financial information is available. The operating segment's financial results are reviewed regularly by the Company's chief operating decision-maker in order 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 twelve months of the reporting date.

BASIS OF CONSOLIDATION

Subsidiaries

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

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

In a business combination, goodwill is measured as the difference between (a) the consideration transferred, any non-controlling interest and the fair value of the previously-held interest (in a step acquisition) and (b) the fair value of the assets acquired and liabilities and contingent liabilities assumed (accounted for separately). If the difference is negative, the resulting gain (bargain purchase) is recognised directly in profit or loss.

The consideration transferred in connection with the business combination does not include payments related to the settlement of previous

business relationships. This type of settlement is recognised in profit or loss.

Contingent consideration is recognised at the acquisition-date fair value. Contingent consideration that is classified as an equity instrument is not remeasured and its settlement is accounted for within equity. Any other contingent consideration is remeasured at each reporting date and the change is recognised in profit or loss.

A non-controlling interest (NCI) exists when the ownership of the subsidiary is less than 100 percent. There are two options for the measurement of non-controlling interests: to measure the NCI's proportionate share of net assets or to measure the NCI at fair value (full goodwill method). The accounting policy choice for measuring non-controlling interests is available on a transaction by transaction basis.

For business combinations achieved in stages (step acquisitions), goodwill is determined on the date on which control arises. Previously held interests are measured at fair value, with any resultant gain or loss recognised in 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 approximates the rates at each transaction date. Exchange differences arising on translation of foreign operations are recognised in other comprehensive income as a translation reserve. On disposal of a foreign operation, the cumulative exchange differences relating to that foreign operation are reclassified to profit or loss.

Net investment in a foreign operation

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

REVENUE

Sales of goods and services

Revenue from the sale of goods and services is recognised when the significant risks and rewards associated with the goods or service have been transferred to the buyer. Revenue from accommodation, 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 debited from revenue, while previous provisions for points that have been used during the period, or points that have expired, are credited to revenue. The value of remaining points outstanding is reported as a liability in the balance sheet and is included in the item Other current liabilities (see Note 2).

Revenue from property sales

Revenue from property sales is normally recognised on the handover date unless 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.

Rental income

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

Government grants

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

OPERATING EXPENSES, FINANCE INCOME AND FINANCE EXPENSES

Operating leases

Operating lease costs are recognised in profit or loss on a straight-line basis over the lease term. In some cases, the costs are recognised on a straight-line basis from December to April, when the assets are used. This category includes equipment such as piste machines and snowmobiles which can only be used during the winter season. Benefits received related to the signing of a lease are recognised over the lease term as a reduction of the lease payments. Contingent rents are recognised as an expense in the periods in which they arise. All Group leases are operating leases.

Finance income and expenses

Finance income and expenses consist of interest income on bank balances, receivables and interest-bearing securities, interest expenses on borrowings, coupons on interest rate swaps, dividend income and exchange differences.

Interest income on receivables and interest expenses on liabilities are recognised using the effective interest method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through a financial instrument's expected life to the net carrying amount of the financial asset or liability. Interest income includes accrued amounts of transaction costs and any discounts, premiums or other differences between the original value of the receivable and the amount received at maturity.

Dividend income is recognised when the right to receive payment has been established.

FINANCIAL INSTRUMENTS

Financial instruments recognised under assets in the consolidated statement of financial position include shares and participations, non-current receivables, trade receivables, current loan receivables and cash and cash equivalents. Financial instruments reported under equity and liabilities include borrowings, derivatives in the form of interest rate swaps, 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 transaction costs. Subsequent recognition is based on the instruments' classification in accordance with the description below.

A financial asset or liability is recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. A receivable is recognised when the Company has performed and there is a contractual obligation for the counterparty to pay, even if an invoice has not yet been sent. Trade receivables are recognised in the statement of financial position when an invoice has been sent. A liability is recognised when the counterparty has performed and there is a contractual obligation to pay, even if an invoice has not yet been received. Trade payables are recognised on receipt of the invoice.

A financial asset is derecognised in the statement of financial position when the contractual rights have been realised, have expired or the Company loses control over them. The same applies to a part of a financial asset. A financial liability is derecognised in the statement of financial position when the contractual obligation has been discharged or extinguished in some other way. The same applies to a part of a financial liability.

Purchases and sales of financial assets are recognised on the trade date, which is the date on which the Company commits itself to the purchase or sale of an asset. However, the Company's purchases and sales of listed securities are recognised on the settlement date.

The fair value of listed financial assets corresponds to the assets' bid price at the reporting date. The fair value of unlisted financial assets is determined using valuation techniques such as recent transactions, prices of similar instruments and discounted cash flows. Further information can be found in Note 32.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. See also the section on Impairment on page 57.

A financial instrument is classified on initial recognition according to the purpose for which it was acquired, which affects subsequent measurement. The financial instrument's subsequent measurement is dependent on its classification in accordance with the categories described below.

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 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.

Depreciation

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
- 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 several components with different useful lives. The useful lives of these components have been estimated at between 10 and 33 years.

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

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

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

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

The residual values and useful lives of assets are reviewed annually.

INTANGIBLE ASSETS

Goodwill

Goodwill is the difference between the cost of acquisition and the fair value of the acquired assets and assumed liabilities and contingent liabilities.

Goodwill is carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised; instead, it is tested annually for impairment.

Goodwill arising on the acquisition of an associate is included in the carrying amount of investments in associates.

Other intangible assets

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

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

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

Subsequent costs

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

Amortisation

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

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

The useful lives are reviewed annually.

INVENTORIES

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

IMPAIRMENT

The carrying amounts of the Group's assets are assessed at each reporting date to determine whether there is any indication of impairment. IAS 36 is applied for impairment of assets other than financial assets, which are accounted for 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 based on the carrying amount of each asset.

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. In measuring value in use, cash flows are discounted using a discount rate that reflects the risk-free rate of interest and the risk specific to the asset. If an asset does not generate cash flows that are largely independent of other assets, the recoverable amount is calculated for the cash-generating unit to which the asset belongs.

Impairment of financial assets

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

Defined benefit plans

Separately funded defined benefit pension plans are recognised in accordance with IAS 19. Defined benefit liabilities recognised in the balance sheet represent the present value of the defined benefit obligation at the end of the reporting period. Defined benefit plans financed via Alecta are reported as defined contribution plans as there is insufficient information to report the plans as defined benefit plans. The Group has defined benefit pension obligations that are 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 way the Company expects to recover or settle the carrying amount of its assets and liabilities. Deferred tax liabilities and assets are measured using the tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

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

EARNINGS PER SHARE

The calculation of earnings per share is based on the Group's profit/loss for the year attributable to Parent Company shareholders and on the weighted average number of shares outstanding during the year. Diluted earnings per share is calculated by adjusting the earnings and average number of shares for the effects of dilutive potential ordinary shares.

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

NOTE 2 DISTRIBUTION OF REVENUE

GROUP, SEK million	01/09/2017 –31/08/2018	01/09/2016 –31/08/2017
Alpine skiing/SkiPass	1,338	1,166
Accommodation	293	258
Ski rental	183	167
Ski school/Activities	60	55
Sporting goods outlets	173	144
Property services	109	98
Sale of interests in accommodation and exploitation assets	191	241
Other	189	177
Total revenue	2,536	2,306

PARENT COMPANY, SEK million	01/09/2017 –31/08/2018	01/09/2016 –31/08/2017
Alpine skiing/SkiPass	842	736
Accommodation	194	178
Ski rental	124	115
Ski school/Activities	52	48
Sporting goods outlets	141	120
Property services	64	58
Sale of interests in accommodation and exploitation assets	11	5
Other	188	181
Total revenue derived from Sweden	1,616	1,441

LOYALTY PROGRAMME

Utilised loyalty discounts for the year amount to SEK 2.1 (1.6) million. Expired discounts during the year amount to SEK 1.1 (0) million and additional loyalty liabilities are SEK 3.5 (3.3) million. Closing loyalty liabilities amount to SEK 5.9 (5.6) million and are included in other liabilities.

NOTE 3 GROUP OPERATING SEGMENTS

SEK thousand	01/09/2017 –31/08/2018	01/09/2016 –31/08/2017
SKI RESORTS – OPERATION		
Revenue	2,345,878	2,070,493
Other income	10,849	3,959
Operating expenses	-1,647,535	-1,488,049
Costs from other segments	-276,800	-290,501
Share of profit/loss of joint ventures/associates	7,213	1,139
Depreciation/amortisation	-18,449	-21,002
Operating profit/loss	421,156	276,039
Intangible assets	195,661	197,064
Financial assets	110,379	70,633
Operating loans	513,575	408,262
INFRASTRUCTURE		
Internal rental income	276,800	290,501
Sale of interests in accommodation	127,721	57,139
Capital gains on sale of non-current assets	826	-3,507
Cost of sold interests in accommodation	-41,806	-20,715
Depreciation/amortisation	-235,372	-214,815
Operating profit/loss	128,169	108,602
Property, plant and equipment	3,305,578	3,066,476
Financial assets	523,062	519,356
Investment loans	1,165,222	1,353,080
EXPLOITATION		
Revenue from sold exploitation assets	62,930	183,371
Costs of sold exploitation assets	-2,608	-91,073
Share of profit/loss of joint ventures/associates	1,247	36,847
Operating profit/loss	61,569	129,145
Property, plant and equipment	74,963	79,599
Financial assets	49,027	45,118
Investment loans	–	–
Total external revenue for segments	2,548,204	2,311,454
Total operating profit/loss from segments	610,894	513,785
Total non-current assets from segments	4,258,670	3,978,245
Total liabilities from segments	1,678,797	1,761,342

CONT. NOTE 3 GROUP OPERATING SEGMENTS

Revenue	01/09/2017 –31/08/2018	01/09/2016 –31/08/2017
Sweden	1,781,775	1,664,817
Norway	681,413	580,996
Austria	85,016	65,641
	2,548,204	2,311,454
Non-current assets		
Sweden	2,297,906	2,540,448
Norway	1,577,288	1,176,751
Austria	383,476	261,046
	4,258,670	3,978,245

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. Internal rent for the financial year is based on a return of five percent on non-current assets. The previous year's internal rent is based on the 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 12,499 (5,430) thousand for the Group and SEK 3,117 (3,610) 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 5,984 (3,454) thousand was capitalised during the year.

SEK 1,790 (719) thousand was capitalised for the Parent Company during the year.

NOTE 6 AAUDITORS' FEES AND REMUNERATION

GROUP	01/09/2017 –31/08/2018	01/09/2016 –31/08/2017
Ernst & Young AB		
Audit engagements	2,107	1,942
Other engagements	280	395
	2,387	2,337

PARENT COMPANY	01/09/2017 –31/08/2018	01/09/2016 –31/08/2017
Ernst & Young AB		
Audit engagements	1,195	1,261
Other engagements	85	267
	1,280	1,528

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

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

NOTE 7 OPERATING LEASE PAYMENTS

LAND LEASES

GROUP		01/09/2017 –31/08/2018	01/09/2016 –31/08/2017
Lease costs for the financial year		29,851	24,926
Agreed future lease payments under non-cancellable leases are due as follows:			
	Within one year	15,921	15,059
	Two to five years	63,682	59,697
	After five years	379,331	472,046
Total future lease payments		458,934	546,802

PARENT COMPANY		01/09/2017 –31/08/2018	01/09/2016 –31/08/2017
Lease costs for the financial year		7,483	4,405
Agreed future lease payments under non-cancellable leases are due as follows:			
	Within one year	1,911	2,046
	Two to five years	7,643	8,238
	After five years	11,687	13,421
Total future lease payments		21,241	23,705

OTHER LEASES

GROUP		01/09/2017 –31/08/2018	01/09/2016 –31/08/2017
Lease costs for the financial year		41,042	41,543
Agreed future lease payments under non-cancellable leases are due as follows:			
	Within one year	53,638	37,602
	Two to five years	149,965	112,117
	After five years	113,460	123,064
Total future lease payments		317,063	272,783

PARENT COMPANY		01/09/2017 –31/08/2018	01/09/2016 –31/08/2017
Lease costs for the financial year		32,607	32,738
Agreed future lease payments under non-cancellable leases are due as follows:			
	Within one year	44,105	30,827
	Two to five years	129,321	98,022
	After five years	109,752	118,674
Total future lease payments		283,178	247,523

Total future minimum lease payments, Group	775,997	819,585
Total future minimum lease payments, Parent Company	304,419	271,228

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

SkiStar has agreements with companies in Vemdalen and Åre covering a total of 6 (7) lifts. SkiStar acquired one of the lift companies on 13 October 2017 (see Note 37). Each of the leases runs for 20 years and the remaining lease terms are between 11 and 17 years. Total annual lease payments are SEK 17.9 (17.9) million and these are included in the table Other leases.

SkiStar has land lease agreements at all its destinations. Most of the land leases are in Trysil in Norway. The lease terms are up to 38 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	01/09/2017 –31/08/2018	Proportion, %	01/09/2016 –31/08/2017	Proportion, %
Sweden				
Women	379	41	355	38
Men	539	59	533	62
Foreign entities				
Women	105	29	99	28
Men	260	71	253	72
Total, Group	1,283		1,240	

PARENT COMPANY				
Sweden				
Women	371	42	347	40
Men	522	58	521	60
Total, Parent Company	893		868	

GENDER DISTRIBUTION, BOARD OF DIRECTORS AND GROUP MANAGEMENT	31/08/2018 % women	31/08/2017 % women
GROUP		
Board of Directors	43%	33%
Other senior executives	11%	0%
PARENT COMPANY		
Board of Directors	43%	33%
Other senior executives	11%	0%

	01/09/2017–31/08/2018		01/09/2016–31/08/2017	
SALARIES, OTHER BENEFITS AND SOCIAL SECURITY CONTRIBUTIONS	Salaries and other benefits	Social security contributions	Salaries and other benefits	Social security contributions
PARENT COMPANY				
Senior executives[3]	18,420	10,443	18,440	9,195
Other personnel	293,157	112,751	277,850	106,320
(of which pension costs)				
Senior executives[1]		*(4,670)*		*(4,941)*
Other personnel		*(9,656)*		*(9,057)*
SUBSIDIARIES				
Senior executives				
Other personnel	169,768	33,325	157,606	30,777
(of which pension costs)				
Senior executives				
Other personnel		*(7,867)*		*(7,560)*
Group	481,345	156,519	453,896	146,292
(of which pension costs)[2]		*(22,193)*		*(21,558)*

[1] SEK 1,238 (1,271) 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 1,238 (1,271) thousand of the Group's pension costs relate to the CEO and SEK 3,432 (3,670) thousand to other senior executives.

3) The Parent Company's personnel costs for senior executives also include costs for 3 months for employees in the Norwegian subsidiary.

REMUNERATION OF SENIOR EXECUTIVES

Board members received remuneration of SEK 1,440 (1,115) thousand, distributed as follows: SEK 330 (240) thousand to the Chairman and SEK 260, 245, 220, 205, 180 (175) 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.

The CEO received salary, remuneration and benefits amounting to SEK 4,979 (5,127) thousand, SEK 1,392 (1,392) thousand of which were bonuses. The other 9 (7) members of Group management received salaries, remuneration and benefits amounting to SEK 13,441 (13,313) thousand, SEK 3,921 (3,512) 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 by the Annual General Meeting on 09 December 2017. 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 5.3 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.

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

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, the Company pays pension contributions corresponding to 35 percent of salary. For other senior executives, pension payments are made according to the customary ITP plan.

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

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

NOTE 9 DEPRECIATION/AMORTISATION OF ASSETS

GROUP	01/09/2017 –31/08/2018	01/09/2016 –31/08/2017
Capitalised expenditure on IT systems	15,789	15,963
Rights of tenancy and similar rights	2,660	5,040
Land and buildings, land improvements	67,432	64,380
Plant, machinery and equipment	168,089	150,434
	253,970	235,817
PARENT COMPANY		
Capitalised expenditure on IT systems	15,789	15,963
Rights of tenancy and similar rights	483	2,911
Land and buildings, land improvements	26,134	26,726
Plant, machinery and equipment	91,927	87,940
	134,333	133,540

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

PARENT COMPANY	01/09/2017 –31/08/2018	01/09/2016 –31/08/2017
Dividend, Group companies	50,389	89,141
	50,389	89,141

NOTE 11 TAX

RECOGNISED IN COMPREHENSIVE INCOME

GROUP	01/09/2017 –31/08/2018	01/09/2016 –31/08/2017
Current tax expense		
Tax for the period	-63,309	-32,859
Adjustment of tax relating to prior years	-15	-2,681
	-63,324	-35,540
Deferred tax expense (-)/tax income (+)		
Deferred tax on temporary differences	82	758
Deferred tax arising from changes in tax rates	4,425	–
Deferred tax arising from unutilised loss carryforwards during the year	-2,504	–
Deferred tax arising from loss carryforwards utilised during the year	-38,940	-55,696
Other deferred tax		-571
	-36,937	-55,509
Total tax expense recognised, Group	-100,261	-91,049

RECOGNISED IN INCOME STATEMENT

PARENT COMPANY	01/09/2017 –31/08/2018	01/09/2016 –31/08/2017
Current tax expense	-18,754	–
Adjustment of tax relating to prior years	–	21
	-18,754	21
Deferred tax expense (-)/tax income (+)		
Deferred tax on temporary differences	690	-1,936
	690	-1,936
Total tax expense recognised, Parent	-18,064	-1,915

RECONCILIATION OF EFFECTIVE TAX	01/09/2017 –31/08/2018		01/09/2016 –31/08/2017	
GROUP	Percent	Amount	Percent	Amount
Profit/loss before tax		586,629		477,756
Tax according to Parent's current tax rate	22.0	-129,058	22.0	-105,106
Difference in tax rates in foreign operations	0.3	-1,798	0.5	-2,517
Effect of change in tax rate	-1.0	6,136	–	439
Non-deductible expenses	0.1	-712	0.4	-1,711
Non-taxable income*	-4.9	28,564	-5.0	23,857
Tax attributable to prior years	0.0	-15	0.6	-2,681
Unutilised loss carryforwards	0.4	-2,504	0.5	-2,355
Other	0.1	-874	0.2	-975
Recognised effective tax	17.1	-100,261	19.1	-91,049

*SEK 27 (22) million of non-taxable income relates to the sale of shares in companies.

RECONCILIATION OF EFFECTIVE TAX	01/09/2017 –31/08/2018		01/09/2016 –31/08/2017	
PARENT COMPANY	Percent	Amount	Percent	Amount
Profit/loss before tax		153,498		97,378
Tax according to Parent's current tax rate	22.0	-33,770	22.0	-21,423
Non-deductible expenses	0.4	-638	0.5	-485
Non-taxable income*	-8.2	12,587	-20.5	19,927
Tax attributable to prior years	0.0	0	0.0	21
New tax rate	-2.5	3,780	0.0	0
Other	0.0	-23	0.0	45
Recognised effective tax	11.8	-18,064	2.0	-1,915

*SEK 11 (19) million of non-taxable income relates to dividends from subsidiaries and associates.

RECOGNISED IN CONSOLIDATED STATEMENT OF FINANCIAL POSITION

GROUP, 31 AUG 2018	Deferred tax assets	Deferred tax liabilities	Net
Non-current assets	–	-190,884	-190,884
Derivatives	4,958	–	4,958
	4,958	-190,884	-185,926
Offset	-4,958	4,958	–
Net deferred tax assets/liabilities	0	-185,926	-185,926

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 liabilities	0	-146,096	-146,096

RECOGNISED IN BALANCE SHEET

PARENT COMPANY, 31 AUG 2018	Deferred tax assets	Deferred tax liabilities	Net
Non-current assets	–	-139,762	-139,762
Derivatives	4,958	–	4,958
	4,958	-139,762	-134,804
Offset	-4,958	4,958	-
Net deferred tax liabilities	0	-134,804	-134,804

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

CHANGES IN DEFERRED TAX ON TEMPORARY DIFFERENCES AND LOSS CARRYFORWARDS

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

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

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

The Nordic operations had no remaining tax losses at the end of the financial year, when the figure was SEK 0 (177) million. In the Austrian operations, there is an unutilised loss carryforward of SEK 10 million, with a tax effect of SEK 2.5 million.

The Swedish Group is expected to pay full tax from the next financial year.

NOTE 12 EARNINGS PER SHARE

NUMBER OF SHARES BEFORE DILUTION	01/09/2017 –31/08/2018	01/09/2016 –31/08/2017
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	489,548	390,158
Average number of shares outstanding	39,188,028	39,188,028
Basic earnings per share	12.49	9.96

Calculation of earnings per share is based on profit/loss for the year attributable to shareholders of the Parent, which amounted to SEK 489,548 (390,158) 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 2016	162,425	132,971	93,158	388,554
Capitalised expenditure	8,136	301		8,437
Reclassifications	3,756	497		4,253
Translation differences	–	-95	-124	-219
Closing balance, 31 Aug 2017	174,317	133,674	93,034	401,025
Opening balance, 1 Sep 2017	174,317	133,674	93,034	401,025
Capitalised expenditure	8,502	–	–	8,502
Reclassifications	2,847	–	-484	2,363
Translation differences	–	3,640	4,796	8,436
Closing balance, 31 Aug 2018	185,666	137,314	97,346	420,326
Accumulated amortisation				
Opening balance, 1 Sep 2016	-121,786	-61,245	–	-183,031
Amortisation	-15,962	-5,040	–	-21,002
Translation differences	–	72	–	72
Closing balance, 31 Aug 2017	-137,748	-66,213	–	-203,961
Opening balance, 1 Sep 2017	-137,748	-66,213	–	-203,961
Amortisation	-15,789	-2,660	–	-18,449
Translation differences	–	-2,255	–	-2,255
Closing balance, 31 Aug 2018	-153,537	-71,128	–	-224,665
Carrying amount, 31 Aug 2017	36,569	67,461	93,034	197,064
Carrying amount, 31 Aug 2018	32,129	66,186	97,346	195,661

PARENT COMPANY	Capitalised expenditure on IT systems	Rights of tenancy and similar rights	Goodwill	Total
Accumulated cost				
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
Opening balance, 1 Sep 2017	174,317	20,943	18,442	213,702
Capitalised expenditure	8,502	–	–	8,502
Reclassifications	2,847	–	–	2,847
Closing balance, 31 Aug 2018	185,666	20,943	18,442	225,051
Accumulated amortisation				
Opening balance, 1 Sep 2016	-121,786	-16,458	-18,442	-156,686
Amortisation	-15,963	-2,911	–	-18,874
Closing balance, 31 Aug 2017	-137,749	-19,369	-18,442	-175,560
Opening balance, 1 Sep 2017	-137,749	-19,369	-18,442	-175,560
Amortisation	-15,789	-483	–	-16,272
Closing balance, 31 Aug 2018	-153,538	-19,852	-18,442	-191,832
Carrying amount, 31 Aug 2017	36,568	1,574	–	38,142
Carrying amount, 31 Aug 2018	32,128	1,091	–	33,219

A total of SEK 1,790 (719) 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	31/08/2018	31/08/2017
Sälen	3,910	3,910
Åre	20,429	16,546
Hemsedal	13,956	15,159
Trysil	59,051	56,935
Fjällförsäkringar AB	–	484
	97,346	93,034

Goodwill and intangible assets with indefinite useful lives are tested annually for impairment. There was no indication of impairment in the 2018 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 projections after the first five years are 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 (operation and infrastructure). 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 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**
Opening balance, 1 Sep 2017	2,825,549	3,417,273	238,138	6,480,960
Acquisitions	44,496	109,894	305,479	459,870
Disposals	-94,635	-34,273	-604	-129,512
Reclassifications etc.	86,109	211,828	-304,882	-6,946
Translation differences	65,885	120,618	14,687	201,191
Closing balance, 31 Aug 2018	**2,927,403**	**3,825,341**	**252,819**	**7,005,563**
Accumulated depreciation				
Opening balance, 1 Sep 2016	-871,798	-2,283,977	–	-3,155,775
Disposals	1,573	25,831	–	27,404
Depreciation	-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**
Opening balance, 1 Sep 2017	-937,351	-2,398,252	–	-3,335,603
Disposals	31,621	27,634	–	59,255
Depreciation	-67,432	-168,089	–	-235,521
Reclassifications etc.	0	-3,020	–	-3,020
Translation differences	-24,612	-85,522	–	-110,134
Closing balance, 31 Aug 2018	**-997,774**	**-2,627,249**	**–**	**-3,625,023**
Carrying amount, 31 Aug 2017	**1,888,198**	**1,019,021**	**238,138**	**3,145,357**
Carrying amount, 31 Aug 2018	**1,929,629**	**1,198,092**	**252,819**	**3,380,541**

	31/08/2018	31/08/2017
Reported value of land for properties in Sweden	219,486	257,558
Carrying amount, slopes	242,007	210,834

PARENT COMPANY	Land and buildings, land improvements	Plant, machinery and equipment	Construction in progress	Total
Accumulated cost				
Opening balance, 1 Sep 2016	1,329,273	1,899,263	63,557	3,292,093
Acquisitions	13,337	53,232	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**
Opening balance, 1 Sep 2017	1,351,247	1,958,471	77,978	3,387,696
Acquisitions	8,810	65,750	116,633	191,193
Disposals	-2,072	-16,256	-789	-19,117
Reclassifications	-2,274	44,596	-48,176	-5,854
Closing balance, 31 Aug 2018	**1,355,711**	**2,052,561**	**145,646**	**3,553,918**
Accumulated depreciation				
Opening balance, 1 Sep 2016	-491,013	-1,246,676	–	-1,737,689
Disposals	-	19,756	–	19,756
Depreciation	-26,726	-87,941	–	-114,667
Closing balance, 31 Aug 2017	**-517,739**	**-1,314,861**	**–**	**-1,832,600**
Opening balance, 1 Sep 2017	-517,739	-1,314,861	-	-1,832,600
Disposals	684	15,408	–	16,092
Reclassifications	-	-3,020	–	-3,020
Depreciation	-26,134	-91,926	–	-118,060
Closing balance, 31 Aug 2018	**-543,189**	**-1,394,399**	**–**	**-1,937,588**
Carrying amount, 31 Aug 2017	**833,508**	**643,610**	**77,978**	**1,555,096**
Carrying amount, 31 Aug 2018	**812,522**	**658,162**	**145,646**	**1,616,330**

	31/08/2018	31/08/2017
Reported value of land for properties in Sweden	160,491	161,544
Carrying amount, slopes	242,007	153,124

NOTE 15 PARTICIPATIONS IN GROUP COMPANIES

	31/08/2018	31/08/2017
Opening balance	360,344	343,012
Shareholder contributions	–	21
Acquisitions	6,105	11,600
Reclassification	–	5,711
Closing balance	**366,449**	**360,344**

SPECIFICATION OF PARENT COMPANY'S PARTICIPATIONS IN GROUP COMPANIES			31/08/2018	31/08/2017
SUBSIDIARY/CORP. ID/REG'D OFFICE	Number of shares	Shareholding, %	Carrying amount	Carrying amount
Sälens Högfjällshotell AB/556200-6311/Municipality of Malung-Sälen	2,600,000	100.0%	9,427	9,427
SkiOnline AB/556098-6381/Municipality of Malung-Sälen	2,000	100.0%	–	–
Tandådalens Fjällhotell Service AB/556086-0990/Municipality of Malung-Sälen	42,000	100.0%	3,000	3,000
Vintertorget i Sälen KB/969618-0786/Municipality of Malung-Sälen	198	99.0%	198	198
Vemdalens Sportaffärer & Skiduthyrning AB/556068-9761/Vemdalen	1,000	100.0%	48,531	48,531
SkiStar Norge AS/NO977107520/Hemsedal	5,000	100.0%	130,898	130,898
Trysil booking AS/NO989566342/Trysil	100	100.0%	–	–
Hemsedal booking AS/NO995699656/Hemsedal	1,000	100.0%	–	–
Hammarbybacken AB/556650-2570/Stockholm	910	91.0%	1	1
Klövsjö Linbana/556748-5429/Berg Municipality	53000	100.0%	6105	–
Fjällinvest AB/556426-8380/Sälen	161,000	100.0%	25,279	25,279
Hundfjället Servicecenter AB/556675-5913/Municipality of Malung-Sälen	10,000	100.0%	–	–
Hundfjället Centrum AB/556233-4549/Municipality of Malung-Sälen	1,000	100.0%	–	–
Fjellinvest Norge AS/NO993753084/Trysil	21,054	100.0%	–	–
Fageråsen Invest AS/NO990375410/Trysil	850	85.0%	–	–
Hemsedal Alpin Hotell AS/NO985289085/Hemsedal	1,000	100.0%	–	–
Hemsedal Fjellandsbyn AS/NO985289158/Hemsedal	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	1,405
SkiStar Invest AB/559005-8615/Municipality of Malung-Sälen	500	100.0%	50	50
Fjällförsäkringar AB/516406-0708/Municipality of Malung-Sälen	30,000	100.0%	30,484	30,484
SkiStar Fastighetsservice AB/556250-6997/Municipality of Malung-Sälen	2,000	100.0%	842	842
Entréhuset AB/556756-7135/Municipality of Malung-Sälen	20,000	100.0%	17,311	17,311
St. Johann in Tirol GmbH, Austria*		68.3%	92,818	92,818
			366,449	360,344

* The subsidiary St. Johann in Tirol has non-controlling interests that are significant for SkiStar. The company has non-current assets of SEK 383 (261) million, current assets of SEK 59 (87) million, non-current liabilities of SEK 231 (28) million and current liabilities of SEK 18 (138) million as at 31 August 2018.

NOTE 16 PARTICIPATIONS IN ASSOCIATES AND JOINT VENTURES

GROUP	31/08/2018	31/08/2017
Opening balance	365,520	262,253
Acquisitions	2,990	81,265
Reclassification	4,772	-11,149
Disposals	–	-900
Dividend	-2,532	-3,921
Translation differences	8,083	-15
Share of profit/loss	8,460	37,986
Closing balance	387,293	365,520

PARENT COMPANY	31/08/2018	31/08/2017
Opening balance	2,992	8,703
Disposals	–	-5,711
Closing balance	2,992	2,992

SPECIFICATION OF THE GROUP'S AND PARENT COMPANY'S PARTICIPATIONS IN ASSOCIATES AND JOINT VENTURES — 31/08/2018

ASSOCIATES AND JVS/CORP ID/REG'D OFFICE	Revenue	Profit/loss	Assets	Liabilities	Equity	Shareholding, %	Group's share of equity	Carrying amount in Parent Company
ASSOCIATES:								
Lima Transtrand Fastighets AB, 556258-6817 / Sälen	25,725	11,993	149,738	80,869	68,869	45	32,662	
Åre Destination AB, 556171-5961, Åre	10,707	59	19,287	17,048	2,239	49	1,124	1,970
Fjällvärme i Sälen AB, 556536-1895 / Sälen	11,654	-3,306	75,308	58,555	16,753	50	8,693	
Knettsetra AS, NO971219807 / Trysil	23,880	1,529	5,252	2,621	2,631	49	4,601	
Trysilguidene AS, NO965147659 / Trysil	35,446	6,262	42,264	18,957	23,307	35	4,738	
HA aktiviteter AB/556730-0065/County of Jämtland	68	0	603	510	93	42	4	42
Hemsedal Eiendomselskap AS, NO911713578/ Hemsedal	3,177	285	44,626	49,378	-4,752	50	-1,643	
Hemsedal Bioenergi AS, NO993016632/Hemsedal	2,735	-200	9,317	9,379	-62	33	796	
Skihytta Trysil AS, NO987561025/ Trysil	12,816	33	5,591	4,349	1,242	35	1,004	
Scandinavian Mountains AB, 556973-5631 / Sälen	549	-1,698	364,064	131,366	232,698	38	87,578	
Åre 2019 AB/556973-4717/County of Jämtland	0	0	34,979	34,879	100	50	50	50
JOINT VENTURES:								
World Cup Åre AB, 556749-7119 / Åre	0	-21	32	-1,108	1,140	50	1,593	130
Ski Invest Sälen AB, 556755-1022 / Sälen [1)]	130,193	59	511,986	372,052	139,934	50	85,917	
Skitorget AS, NO994110527 / Trysil	2,206	947	13,925	297	13,628	50	11,269	
Mountain Resort Trysil AS, NO996284115/ Trysil	111,162	11,341	491,011	288,972	202,039	50	98,430	
Skiab Invest AB, 556848-5220/ Sälen	3,682	2,493	171,068	78,239	92,829	50	46,365	
Skiab Invest AS, NO915659454/Trysil	13,435	-2,727	349,403	330,456	18,947	50	9,396	
Staven Invest	4,390	1,855	27,125	24,808	2,317	50	6,255	
Trysilsuiterna AS, NO991276068/ Trysil	0	-72	1,887	2,818	-931	50	-228	
Björnrike Torg	1,229	1,110	44,284	36,231	8,053	19	1,330	
Tegefjäll Linbane AB, 556659-6861	1,517	139	17,056	12,756	4,300	20	790	800
Trysil Hotellutvikling AS, NO987054409 / Trysil [2)]	133,840	-2,535	429,725	469,718	-39,993	50	-13,430	
							387,293	2,992

Joint ventures of key importance to the Group:
1) Ski Invest Sälen AB, whose hotel and apartment operations are mediated via SkiStar. The Company has a different financial year from SkiStar's adapted to the closing date of other owners.
2) Trysil Hotellutvikling AS, whose hotel, apartment and other operations are mediated via SkiStar.

SPEC AV KONCERNENS OCH MODERBOLAGETS INNEHAV AV ANDELAR I INTRESSEBOLAG OCH JOINT VENTURES — 31/08/2017

ASSOCIATES AND JVS/CORP ID/REG'D OFFICE	Revenue	Profit/loss	Assets	Liabilities	Equity	Shareholding, %	Group's share of equity	Carrying amount in Parent Company
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/County of Jämtland	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/County of Jämtland	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	
Björnrike 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

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

GROUP	31/08/2018	31/08/2017
Available-for-sale financial assets		
Opening cost	32,484	33,622
Acquisitions	15,707	1,530
Disposals	-17,097	-2,662
Reclassification	5,220	–
Exchange difference	282	-6
Closing balance	36,596	32,484

PARENT COMPANY	31/08/2018	31/08/2017
Available-for-sale financial assets		
Opening cost	15,927	14,712
Acquisitions	–	1,215
Disposals	-900	–
Reclassifications	5,220	–
Closing balance	20,247	15,927

GROUP	31/08/2018	31/08/2017
Participations in tenant-owner associations	22,183	14,993
Other securities held as non-current assets	495	824
Shares and participating interests	13,918	16,667
Closing balance	36,596	32,484

PARENT COMPANY	31/08/2018	31/08/2017
Participations in tenant-owner associations	8,261	1,061
Shares and participating interests	11,986	14,866
Closing balance	20,247	15,927

NOTE 18 OTHER NON-CURRENT RECEIVABLES

GROUP	31/08/2018	31/08/2017
Opening cost	237,820	202,922
Additional receivables	22,203	41,758
Settlement of receivables	-12,264	-6,538
Reclassification, other	-2,001	–
Exchange difference	12,821	-322
Closing balance	258,579	237,820

PARENT COMPANY	31/08/2018	31/08/2017
Opening cost	21,346	13,902
Additional receivables	2,372	11,953
Settlement of receivables	-445	-4,509
Reclassification, other	-2,001	–
Closing balance	21,272	21,346

GROUP	31/08/2018	31/08/2017
Receivables from associates	204,719	177,998
Other non-current interest-bearing receivables	36,840	44,089
Other non-current non-interest-bearing receivables	17,020	15,733
Closing balance	258,579	237,820

PARENT COMPANY	31/08/2018	31/08/2017
Other non-current interest-bearing receivables	21,272	19,346
Other non-current non-interest-bearing receivables	–	2,000
Closing balance	21,272	21,346

NOTE 19 INVENTORIES

GROUP	31/08/2018	31/08/2017
Goods for resale	104,601	101,440
Participations in tenant-owner associations	61,622	29,610
Closing balance	166,223	131,050

NOTE 20 TRADE RECEIVABLES

Trade receivables are recognised net of the Group's established and expected losses for the year, which were SEK 752 (500) thousand. Established losses accounted for SEK 709 (400) thousand of the amount. The Parent Company's realised and expected losses were SEK 423 (322) thousand, with realised losses amounting to SEK 380 (222) thousand. The Group has recovered previous established and expected bad debt losses of SEK 20 (361) thousand during the year. The Group's provision for doubtful debts was SEK 43 (100) thousand, having decreased by SEK 57 thousand during the financial year. The Group's trade receivables from related parties amounted to SEK 3 (13) thousand. Further information on related party transactions can be found in Note 36. The credit quality of receivables that are not past due is considered good.

AGE ANALYSIS OF PAST DUE BUT NOT IMPAIRED TRADE RECEIVABLES

GROUP	01/09/2017 –31/08/2018	01/09/2016 –31/08/2017
30–90 days	346	1,162
91–180 days	1,919	476
Closing balance	2,265	1,638

PARENT COMPANY	01/09/2017 –31/08/2018	01/09/2016 –31/08/2017
30–90 days	0	137
91–180 days	1,518	68
Closing balance	1,518	205

NOTE 21 OTHER CURRENT RECEIVABLES

GROUP	31/08/2018	31/08/2017
VAT recoverable	18,899	19,580
Current loan receivables	235,183	149,850
Other	18,674	17,090
Closing balance	272,756	186,520

PARENT COMPANY	31/08/2018	31/08/2017
VAT recoverable	9,375	11,377
Current loan receivables	5,355	355
Other	14,029	10,175
Closing balance	28,759	21,907

NOTE 22 PREPAID EXPENSES AND ACCRUED INCOME

GROUP	31/08/2018	31/08/2017
Prepaid rental charges and lease payments	34,423	32,545
Prepaid insurance	3,611	3,514
Accrued interest income	2,062	1,602
Other items	12,844	17,777
Closing balance	52,940	55,438

PARENT COMPANY	31/08/2018	31/08/2017
Prepaid rental charges and lease payments	30,097	27,690
Prepaid insurance	2,480	2,385
Accrued interest income	602	558
Other items	10,408	13,931
Closing balance	43,587	44,564

NOTE 23 EQUITY

GROUP	31/08/2018	31/08/2017
Translation reserve		
Opening translation reserve	-46,286	-47,275
Exchange differences for the year	47,928	989
Closing translation reserve	**1,642**	**-46,286**

GROUP	31/08/2018	31/08/2017
Hedging reserve		
Opening hedging reserve	-23,176	-32,257
Value of hedging reserve	6,758	11,789
Deferred tax	-1,487	-2,708
Closing hedging reserve	**-17,905**	**-23,176**

PARENT COMPANY	31/08/2018	31/08/2017
Hedging reserve		
Opening hedging reserve	-23,176	-29,518
Value of hedging reserve	6,758	8,131
Deferred tax	-1,487	-1,789
Closing hedging reserve	**-17,905**	**-23,176**

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 Swedish kronor.

Hedging reserve

The Group had interest rate derivatives of SEK 600 million and NOK 200 million during the financial year, with remaining maturities of approx. 1 to 6 years. Hedging has ceased with effect from the third quarter 2015/16. The value of the derivative is reversed in comprehensive income over the derivative's remaining life. See also Notes 32 and 35.

Retained earnings and profit for the year

Retained earnings comprises the Parent Company's profit and post-acquisition profit for subsidiaries and associates.

Previous provisions to the statutory reserve, excluding transferred share premium reserves, are included in retained earnings.

Dividend

After the reporting date, the Board has proposed that a dividend of SEK 7.00 per share (total SEK 274,316,196) be distributed to the Parent Company's shareholders. The dividend proposal will be presented for adoption by the AGM on 15 December 2018. A dividend of SEK 5.50 per share was paid in 2017.

PARENT COMPANY

Restricted equity

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

Statutory reserve

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

Development expenditure fund

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

Non-restricted equity

Share premium reserve

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

Hedging reserve

During the financial year, interest was hedged through interest rate derivatives of SEK 500 million, with remaining maturities of 1 to 5 years. Hedge accounting has ceased with effect from the third quarter 2015/2016. 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.

CONT. NOTE 23 EGET KAPITAL

NUMBER OF SHARES	31/08/2018	31/08/2017
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 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 50 (46) percent, return on equity was 21.6 (19.5) percent and return on capital employed was 16.7 (14.1) percent. The targets are based on 3-month treasury bills, which had an average interest rate of -0.69 percent during the 2017/18 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	31/08/2018	31/08/2017
Group contributions	-173,953	-190,355
Closing balance	-173,953	-190,355

NOTE 25 LIABILITIES TO CREDIT INSTITUTIONS

GROUP	31/08/2018	31/08/2017
Due within 1 year after reporting date	392,750	984,399
Due 1-5 years after reporting date	1,286,047	776,943
Closing balance	**1,678,797**	**1,761,342**
Overdraft facilities granted	750,000	750,000
Utilised portion of overdraft facilities	513,575	393,851

PARENT COMPANY	31/08/2018	31/08/2017
Due within 1 year after reporting date	–	477,735
Due 1-5 years after reporting date	801,310	393,851
Closing balance	**801,310**	**871,586**
Overdraft facilities granted	750,000	750,000
Utilised portion of overdraft facilities	513,575	393,851

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

GROUP	31/08/2018	31/08/2017
Opening balance	1,761,342	1,742,684
Proceeds from borrowings	501,209	802,332
Repayment	-609,822	-783,049
Interest applied	22,809	11,861
Accrued interest	6,090	5,158
Interest paid	-27,967	-17,018
Asset acquisitions	-14,191	–
Translation	39,327	-626
Closing balance	**1,678,797**	**1,761,342**

PARENT COMPANY	31/08/2018	31/08/2017
Opening balance	871,586	846,252
Proceeds from borrowings	119,724	593,851
Repayment	-190,000	-568,517
Interest applied	6,001	3,498
Accrued interest	3,224	3,291
Interest paid	-9,225	-6,789
Closing balance	**801,310**	**871,586**

NOTE 26 PROVISIONS FOR PENSIONS

GROUP	31/08/2018	31/08/2017
Other pension provisions	12,316	10,906
Closing balance	**12,316**	**10,906**

PARENT COMPANY	31/08/2018	31/08/2017
Other pension provisions	8,359	7,078
Closing balance	**8,359**	**7,078**

Pension obligations amounted to SEK 12.3 (10.9) million, while the fair value of plan assets was SEK 10.7 (9.3) million and payroll tax was SEK 1.6 (1.6) million. The total premium for pension insurance was SEK 22.2 (21.6) 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 2017/18 financial year, the Company did not have access to enough information to report its proportionate share of the plan's obligations, plan assets and costs, which meant that it was not possible to report the plan as a defined benefit plan. Consequently, the ITP 2 pension plan insured through Alecta is reported as a defined contribution plan. The premium for the defined benefit retirement and family pension is calculated individually and depends on factors that include salary, previously earned pension and expected remaining service. Expected contributions in the next reporting period for ITP 2 insurance covered by Alecta are SEK 5.3 million (2017/18: SEK 5 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 2018, Alecta's surplus, in the form of a collective funding ratio, was 154 (156) percent.

NOTE 27 RECEIVABLES FROM/LIABILITIES TO GROUP COMPANIES

RECEIVABLES FROM GROUP COMPANIES	31/08/2018	31/08/2017
Fjellinvest Trysil AS	33,544	31,074
Fjällinvest AB	50,026	81,223
Hammarbybacken AB	-535	3,320
SkiShop Åre AB	9	9
SkiStar Invest AB	90,093	88,099
SkiStar Norge AS	35,363	86,610
St. Johann in Tirol GmbH	207,425	–
Vemdalen Logi AB	135,294	135,294
SkiStar Åre Logi AB	20,399	–
Closing balance	**571,618**	**425,629**

LIABILITIES TO GROUP COMPANIES	31/08/2018	31/08/2017
Fjällmedia AB	8	9
Hemsedal Alpin hotell AS	1,933	650
Hemsedal Fjellandsbyn AS	18	63
Hundfjället Centrum AB	83,898	61,330
Hundfjället Servicecenter AB	5,379	1,878
Sälens Högfjällshotell AB	515,305	338,934
SkiStar Fastighet AB	1,199	441
SkiStar Åre Logi AB		4,935
Tandådalens Fjällhotell Service AB	25,369	25,367
Vemdalen Sportaffär och skiduthyrning AB	13,214	15,137
Vintertorget i Sälen KB	2,208	2,208
Closing balance	**648,531**	**450,952**

NOTE 28 OTHER PROVISIONS

GROUP	31/08/2018	31/08/2017
Other provisions	1,453	1,063
Closing balance	**1,453**	**1,063**

PARENT COMPANY	31/08/2018	31/08/2017
Other provisions	619	377
Closing balance	**619**	**377**

GROUP	31/08/2018	31/08/2017
Opening value	1,063	1,473
Purchases	883	735
Settlement of provision	–	-109
Cancellations	-576	-1,036
Translation	83	–
Closing balance	**1,453**	**1,063**

PARENT COMPANY	31/08/2018	31/08/2017
Opening value	377	678
Purchases	933	735
Cancellations	-691	-1,036
Closing balance	**619**	**377**

*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 2017, 0.247 certificates were cancelled. The registration as a power-intensive industry resulted in a reduction of SEK 1 million in electricity costs in the 2017 calendar year.

NOTE 29 ACCRUED EXPENSES AND DEFERRED INCOME

GROUP	31/08/2018	31/08/2017
Accrued payroll expenses and social security contributions	55,590	50,506
Accrued finance expenses	6,090	5,158
Accrued property expenses	11,516	6,489
Accrued rental costs	9,989	8,600
Accrued sponsorship	9,118	–
Other items	18,603	19,303
Closing balance	**110,906**	**90,056**

PARENT COMPANY	31/08/2018	31/08/2017
Accrued payroll expenses and social security contributions	44,980	41,446
Accrued finance expenses	3,224	3,291
Accrued property expenses	6,909	3,711
Accrued rental costs	1,039	437
Accrued sponsoring	9,118	–
Other items	8,933	9,146
Closing balance	**74,203**	**58,031**

NOTE 30 PLEDGED ASSETS AND CONTINGENT LIABILITIES

PLEDGED ASSETS

GROUP	31/08/2018	31/08/2017
Property mortgages	829,068	829,067
Floating charges	7,000	7,000
Assets, SkiStar Norway Group	785,437	724,341
Other pledged assets	8,359	7,078
Closing balance	**1,629,864**	**1,567,486**
Of which pledged for own liabilities	1,629,864	1,567,486

PARENT COMPANY	31/08/2018	31/08/2017
Property mortgages	523,236	523,235
Floating charges	7,000	7,000
Other pledged assets	8,359	7,078
Closing balance	**538,595**	**537,313**
Of which pledged for own liabilities	538,595	537,313

CONTINGENT LIABILITIES

GROUP	31/08/2018	31/08/2017
Contributions with conditional repayment liability	761	1,618
Guarantees	670,919	481,919
Other contingent liabilities	9,200	10,200
Closing balance	**680,880**	**493,737**

PARENT COMPANY	31/08/2018	31/08/2017
Contributions with conditional repayment liability	761	1,618
Guarantees provided for Group companies	793,382	787,412
Other guarantees	618,781	436,393
Other contingent liabilities	9,200	10,200
Closing balance	**1,422,124**	**1,235,623**

Guarantees are sureties for bank loans taken by Skistar AB, its subsidiaries and associated companies.

NOTE 31 CASH FLOW STATEMENT

	GROUP		PARENT COMPANY	
	01/09/2017 –31/08/2018	01/09/2016 –31/08/2017	01/09/2017 –31/08/2018	01/09/2016 –31/08/2017
Interest paid and dividend received				
Dividend received	–	–	50,388	90,563
Interest received	2,995	5,608	438	235
Interest paid*	-39,051	-47,058	-20,309	-18,310
Adjustments for non-cash items etc.				
Share of profit/loss of associates	-8,460	-37,986	–	–
Depreciation/amortisation and impairment of assets	253,970	235,818	134,333	133,541
Unrealised exchange differences	-22,833	6,621	–	–
Gross cash flow from sale of non-current assets	-63	28,875	-300	3,578
Capital gains/losses on sale of operations/subsidiaries	–	–	–	–
Provisions for pensions	–	–	1,282	1,040
Other provisions	303	-409	241	-301
Negative goodwill	–	–	–	–
Other non-cash items	-6,985	-903	-15	-4,052
	215,932	**232,016**	**135,541**	**133,806**
Cash and cash equivalents				
The following components are included in cash and cash equivalents:				
Cash and bank balances	73,146	105,512	1,340	1,395
	73,146	**105,512**	**1,340**	**1,395**

*Of the interest paid, 11,084 (11,521) is related to interest rate swaps.

NOTE 32 FINANCIAL RISKS AND FINANCIAL POLICIES

FINANCIAL RISKS

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

CURRENCY RISKS

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

SkiStar conducts operations in Norway through its subsidiary SkiStar Norge AS and that company's subsidiaries and in Austria through its majority holding in St. Johanner Bergbahnen GmbH, and is exposed to translation risks in these operations. SkiStar's policy is not to hedge translation risk. Approx. 28 (23) 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 14 million and equity by +/- SEK 56 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, 79 (76) percent of guests come from outside Norway, with Swedish guests accounting for 38 (36) percent. The proportion of foreign guests in Trysil is 93 (91) percent, with Swedish guests accounting for 49 (49) percent. The income statements and balance sheets of subsidiaries are translated using the current method. This means that assets and liabilities are translated at closing rates, while all income statement items are translated at the average exchange rate for the period. Translation differences are recognised in other comprehensive income.

To reduce currency risks, assets in foreign subsidiaries are only financed in local currencies. Purchases of 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 2017/18 financial year, the Group purchased goods and services in euros, which totalled EUR 12.6 (9.9) million. Purchases are also made in other currencies, but their value is considered marginal.

CREDIT RISKS

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

INTEREST AND LIQUIDITY RISKS

SkiStar's financial policy requires most borrowings to have a short fixed-interest term of three months or less. With a strong financial base, including an equity/assets ratio of 50 (46) percent and a strong cash flow, SkiStar can take advantage of the effects of short-term interest rates, which are lower than the long-term rates. When the Company considers that the market situation and interest rates are conducive to borrowing at longer fixed-interest rates, this can be done, subject to a decision by the finance team and the Board. Loans are taken out with large credit institutions such as DNB, Nordea and SEB. Interest-bearing liabilities at the reporting date amounted to SEK 1,691 (1,772) million. Net interest income/expenses for the financial year were SEK -24 (-36) million and average interest expenses were 2.4 (2.5) percent. Net interest-bearing liabilities at the reporting date were SEK 1,493 (1,544) million. A rise in interest rates of 1 percentage point would increase SkiStar's interest expenses by approx. SEK 9 (10) million, with virtually the entire amount affecting net financial items in the income statement and therefore equity. To offset the strong fluctuations in cash flow over the year, SkiStar has short maturities for just over 50 percent of its loan volume. SkiStar has covenants linked to the interest coverage ratio and equity/assets ratio. At 31 August 2018, the covenants had been fulfilled. The Group's cash and cash equivalents at the reporting date were SEK 73 (105) million. Unused credit facilities amounted to SEK 236 (356) million.

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

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

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

INTEREST RATE SWAPS

To hedge the risk of highly probable forecast 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 2018, the value was SEK 34 (43) million. The interest rate coupon portion is recognised in profit or loss as part of interest expenses. Up to and including May 2016, unrealised changes in the fair value of interest rate swaps were included in the hedging reserve. Hedge accounting for interest rate derivatives has ceased with effect from May 2016. The value of the derivative is reversed in comprehensive income over the derivative's remaining life. The effect on earnings since the change has been SEK 2 (1) million. A cumulative effect of SEK -17 (-23) million for remaining cash-flow-hedged interest rate swaps was recognised in equity at 31 August 2018. The Group has interest rate swaps of SEK 600 million and NOK 200 million, with remaining maturities of 1-6 years.

FAIR VALUE

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

LÅNESTRUKTUR

SWEDEN	Nominal amount in original currency	Carrying amount	Maturity	Fair value of loan
Overdraft facilities, variable interest	513,575	513,575	31/08/2021	513,575
accrued interest	589	589		
Bank loan, variable interest	610,000	610,000	26/03/2026	610,000
accrued interest	914	914		
Bank loan, variable interest	5,500	5,500	31/08/2018	5,500
accrued interest	0	0		
Bank loan, variable interest	13,750	13,750	29/03/2019	13,750
accrued interest	29	29		

NORWAY	Nominal amount in original currency	Carrying amount	Maturity	Fair value of loan
Bank loan, variable interest	293,750	321,040	30/08/2019	321,040
accrued interest	1,309	1,430		
Bank loan, variable interest	135,000	147,542	21/08/2020	147,542
accrued interest	87	95		
Bank loan, variable interest	40,500	44,263	20/09/2018	44,263
accrued interest	33	33		

AUSTRIA	Nominal amount in original currency	Carrying amount	Maturity	Fair value of loan
Bank loan, variable interest	211	2,248	02/28/2019	2,248
accrued interest	1	12		
Bank loan, variable interest	1,019	10,838	12/31/2022	10,838
accrued interest	4	45		
Bank loan, variable interest	944	10,042	04/30/2024	10,042
accrued interest	3	31		
Total loans		1,678,797	1,678,797	0
Total accrued interest on bank loans		3,178		
Accrued interest on derivatives		2,997	6,091	85

In addition to interest rate swaps, which have a fair value of SEK 34 (43) million, other financial liabilities consist of liabilities maturing within one year.

The fair value of interest rate swaps for the Parent Company is SEK 33 (37) million.

FINANCIAL INSTRUMENTS AT FAIR VALUE, SEK MILLION

	31/08/2018	31/08/2017
Interest rate swaps	34	43

The items are reported as liabilities in the balance sheet

The nominal value of the interest rate swaps was SEK 819 (804) million at 31 August 2018.

FINANCIAL ASSETS BY MEASUREMENT CATEGORY, SEK MILLION

31/08/2018	Available-for-sale financial assets	Loans and receivables	Derivatives used for hedge accounting	Total carrying amount
Participations and other investments held as non-current assets[1]	98	–	–	98
Receivables from associates	–	65	–	65
Trade receivables	–	29	–	29
Other current receivables	–	273	–	273
Cash and cash equivalents	–	73	–	73
Total financial assets	98	440	0	538

FINANSIELLA TILLGÅNGAR PER VÄRDERINGSKATEGORI MSEK

31/08/2017	Available-for-sale financial assets	Loans and receivables	Derivatives used for hedge accounting	Total carrying amount
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

1) SEK 98 (62) million of the financial investments are primarily investments in tenant-owner associations and other small shareholdings. These are measured based on level 3 of the IFRS 13 measurement hierarchy.

CONT. NOTE 32 FINANCIAL RISKS AND FINANCIAL POLICIES

FINANCIAL LIABILITIES BY MEASUREMENT CATEGORY, SEK MILLION

31/08/2018	Liabilities to credit institutions	Derivatives used for hedge accounting	Other financial liabilities	Total carrying amount
Liabilities to credit institutions	1,691	–	–	1,691
Derivatives	–	–	34	34
Trade payables	–	–	129	129
Accrued interest	6	–	–	6
Advances from customers	–	–	129	129
Total financial liabilities	1,697	0	292	1,989

FINANCIAL LIABILITIES BY MEASUREMENT CATEGORY, SEK MILLION

31/08/2017	Liabilities to credit institutions	Derivatives used for hedge accounting	Other financial liabilities	Total carrying amount
Liabilities to credit institutions	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	0	278	2,056

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

SEKm	Within 1 year	2–5 years	After 6 years
Liabilities to credit institutions	420	1,304	21
Derivatives	14	41	19
Trade payables	129	–	–
Advances from customers	129	–	–

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

GROUP	01/09/2017 –31/08/2018	01/09/2016 –31/08/2017
Dividend	210	1,431
Capital gain	10,018	1,112
	10,228	2,543

PARENT COMPANY	01/09/2017 –31/08/2018	01/09/2016 –31/08/2017
Dividend	209	1,422
	209	1,422

NOTE 34 INTEREST INCOME AND SIMILAR ITEMS

GROUP	01/09/2017 –31/08/2018	01/09/2016 –31/08/2017
Bank balances	2,950	902
Non-current receivables	295	2,864
Trade receivables	219	1,904
Tax account	–	24
Exchange gains	41,591	4,829
	45,055	10,523

PARENT COMPANY	01/09/2017 –31/08/2018	01/09/2016 –31/08/2017
Bank balances	4,875	2,454
Non-current receivables	–	250
Trade receivables	219	6
Tax account	–	13
Exchange gains	41,528	4,717
	46,622	7,440
Of which external	41,965	5,081
Of which intra-Group	4,657	2,359

NOTE 35 INTEREST EXPENSES AND SIMILAR ITEMS

GROUP	01/09/2017 –31/08/2018	01/09/2016 –31/08/2017
Liabilities to credit institutions	37,323	38,318
Trade payables	203	182
Tax account	–	39
Exchange losses	42,022	10,557
	79,548	49,096

PARENT COMPANY	01/09/2017 –31/08/2018	01/09/2016 –31/08/2017
Liabilities to credit institutions	23,342	16,978
Trade payables	48	25
Exchange losses	39,742	6,987
	63,132	23,990
Of which external	62,600	23,199
Of which intra-Group	532	791

All items are derived from financial items at cost, apart from items arising from interest rate swaps, which are SEK 2.5 (0.9) million for the Group and SEK -2.6 (4.1) million for the Parent Company. Interest rate swaps are included in liabilities to credit institutions for both the Group and the Parent Company.

NOTE 36 RELATED PARTIES

RELATED PARTY RELATIONSHIPS

The Group is under the control of Mats and Fredrik Paulsson, including family and companies, with an ownership corresponding to approximately 47 (47) percent of the votes and 24 (24) percent of the capital in the Group's Parent Company at 31 August 2018.

Peab

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

Fabege

Erik Paulsson has been Chairman of the Board of Fabege during the year 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, which it does not control. See Note 16. Sales to subsidiaries are mainly related to corporate services provided to the Norwegian subsidiaries and commission from Fjällförsäkringar AB for sales of travel cancellation and ski rental insurance. Sales to associates are mainly related to commission from accommodation agency operations, accounting and property services on behalf of Lima Transtrand Fastighets AB and SkiLodge Village Lindvallen AB, Snöcenter Lindvallen AB and SkiLodge Lindvallen AB and staff accommodation provided to Experium AB. A transfer pricing agreement is in place for trade with the Norwegian subsidiaries.

SENIOR EXECUTIVES

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

SUMMARY OF RELATED PARTY TRANSACTIONS

GROUP	Sales to related parties 170901-180831	Purchases from related parties 170901-180831	Receivables from related parties 31/08/2018	Liabilities to related parties 31/08/2018
Associates	47,596	95,237	222,363	7,534
Peab	2,133	23,047	21	13,883
Fabege	1,410	2,243	–	690
Hansan	845	–	72	–
Total	51,984	120,527	222,456	22,107
PARENT COMPANY				
Associates	30,708	87,129	13,011	5,232
Peab	2,133	6,102	21	4,320
Fabege	1,410	2,243	–	690
Hansan	845	–	72	–
Total	35,096	95,474	13,104	10,242

GROUP	Sales to related parties 160901-170831	Purchases from related parties 160901-170831	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				
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

NOTE 37 ACQUISITIONS

SkiStar acquired the remaining shares in Klövsjö Linbana AB during the year. The acquisition consists of assets and liabilities and does not include business operations. SkiStar acquired a property through a company during the previous financial year. The acquisition consisted of assets and liabilities and did not include business operations.

NOTE 38 EVENTS AFTER THE REPORTING DATE

At the end of September, bookings for the 2018/19 winter season were 5 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 7.00 (5.50) per share, totalling SEK 274 (216) million.

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.

ASSESSMENT OF USEFUL LIFE OF PROPERTY, PLANT AND EQUIPMENT

Assumptions based on historical data and comparisons with equivalent assets are used as a basis when assessing the useful lives of items of property, plant and equipment. Any changes to these assumptions and estimates beyond what may reasonably be expected could have an effect on the estimated useful life.

DISPUTES

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

NOTE 40 INFORMATION ABOUT THE PARENT COMPANY

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

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

SEK thousand	FULL YEAR 1 SEP–31 AUG	
FINANCING AND INTEREST-BEARING LIABILITIES	2017/18	2016/17
Non-current interest-bearing liabilities to credit institutions	1,286,048	776,943
Provisions for pensions	12,316	10,906
Current interest-bearing liabilities to credit institutions	392,749	984,399
Other current interest-bearing liabilities	0	0
Interest-bearing liabilities	**1,691,113**	**1,772,248**
Other non-current receivables	258,579	237,820
Non-interest-bearing portion of non-current receivables	-157,208	-133,948
Current interest-bearing receivables	23,455	19,354
Cash and cash equivalents	73,146	105,512
Interest-bearing receivables	**197,972**	**228,738**
Financial net debt (interest-bearing receivables – net interest-bearing liabilities)	**1,493,141**	**1,543,510**

SEK thousand	2017/18 Q4	2016/17 Q4	2015/16 Q4	2014/15 Q4	2013/14 Q4
RETURN ON CAPITAL EMPLOYED					
Profit/loss after financial items	586,629	477,756	385,832	322,969	179,182
Finance income	55,283	13,067	7,664	7,128	9,661
Finance costs	-79,548	-49,096	-61,197	-54,781	-63,122
Net financial items	-24,265	-36,030	-53,533	-47,653	-53,461
Profit after financial items, plus finance costs	**666,177**	**526,852**	**447,028**	**377,750**	**242,304**

Capital employed	2017/18 Q4	Aug 2017	2016/17 Q4	Aug 2016	2015/16 Q4	Aug 2015	2014/15 Q4	Aug 2014	2013/14 Q4	Aug 2013
Assets	4,870,568	4,507,860	4,507,860	4,107,146	4,107,146	3,759,838	3,759,838	3,960,236	3,960,236	3,893,942
Non-current non-interest-bearing liabilities	221,113	190,106	190,107	149,441	149,441	96,467	96,467	72,655	72,655	41,643
Current non-interest-bearing liabilities	537,253	455,256	455,254	334,910	334,910	290,279	290,279	277,002	277,002	262,745
Total non-interest-bearing liabilities	758,366	645,361	645,361	484,351	484,351	386,746	386,746	349,657	349,657	304,388
Capital employed	4,112,202	3,862,499	3,862,499	3,622,795	3,622,795	3,373,092	3,373,092	3,610,579	3,610,579	3,589,554
Average capital employed	3,987,350		3,742,647		3,497,943		3,491,836		3,600,067	
Return on capital employed	**17%**		**14%**		**13%**		**11%**		**7%**	
RETURN ON EQUITY										
Equity	2,421,089	2,090,251	2,090,251	1,869,945	1,869,945	1,641,389	1,641,389	1,537,735	1,537,735	1,482,141
Average equity	2,255,670		1,980,098		1,755,667		1,589,562		1,509,938	
Profit/loss after tax	486,368		386,707		306,349		248,577		162,323	
Return on equity	**22%**		**20%**		**17%**		**16%**		**11%**	
RETURN ON TOTAL ASSETS										
Total assets	4,870,568	4,507,860	4,507,860	4,107,146	4,107,146	3,759,838	3,759,838	3,960,236	3,960,236	3,893,942
Average total assets	4,689,214		4,307,503		3,933,492		3,860,037		3,927,089	
Return on total assets	**14%**		**12%**		**11%**		**10%**		**6%**	

GRI INDEX

SkiStar's sustainability report for the 2017/18 financial year has been prepared in accordance with Global Reporting Initiative (GRI) Standards guidelines, Core application level. SkiStar's GRI index contains references to where the information can be found in the annual report.

In order to prepare a sustainability report in accordance with the GRI guidelines, SkiStar is required to complete three steps: identification, prioritisation and validation. An internal analysis has been carried out as a first step, with the aim of identifying material sustainability topics. This has enabled a selection of sustainability topics to be identified. The sustainability topics have been drawn up in dialogue with business area managers to ensure that the entire operations are covered by the selection.

GRI STANDARD	DISCLOSURE		PAGE REFERENCE	COMMENTS	UN GOALS
GRI 101: FOUNDATIONS 2016					
GRI 102: GENERAL DISCLOSURES 2016					
ORGANISATIONAL PROFILE					
	102-1	Name of the organisation	40		
	102-2	Activities, brands, products and services	15, 22, 23, 40		
	102-3	Location of headquarters	40		
	102-4	Location of operations	14		
	102-5	Ownership and legal form	26–28, 80–84		
	102-6	Markets served	14, 15		
	102-7	Scale of the organisation	3–4, 16–23, 40–42, 44–46		
	102-8	Information on employees and other workers	33, 34, 61–62		
	102-9	Supply chain	31		
	102-10	Significant changes to organisation and its supply chain		No changes	
	102-11	Precautionary principle or approach	30, 34		
	102-12	External initiatives	31		
	102-13	Membership of associations	31		
STRATEGY					
	102-14	Statement from senior decision-maker	5		
	102-15	Key impacts, risks, and opportunities	31, 41–43		
ETHICS AND INTEGRITY					
	102-16	Values, principles, standards and norms of behaviour	31, 33–34, 36		
GOVERNANCE					
	102-18	Governance structure	14, 64–65		
STAKEHOLDER ENGAGEMENT					
	102-40	List of stakeholder groups	32		
	102-41	Collective bargaining agreements	33		
	102-42	Identifying and selecting stakeholders	32		
	102-43	Approach to stakeholder engagement	32		
	102-44	Key topics and concerns raised	32		
OM REDOVISNINGEN					
	102-45	Entities included in the consolidated financial statements	64–65		
	102-46	Defining report content and topic boundaries	32		
	102-47	List of material topics	32		
	102-48	Restatements of information		No adjustments	
	102-49	Changes in reporting		No changes	
	102-50	Reporting period	30		
	102-51	Date of most recent report	30		
	102-52	Reporting cycle	30	Also Sw. Annual Accounts Act	
	102-53	Contact for questions regarding the report	30		
	102-54	Claims of reporting in accordance with GRI Standards	30		
	102-55	GRI content index	74, 75		
	102-56	External assurance	37		

GRI STANDARD	DISCLOSURE		PAGE REFERENCE	COMMENTS	UN GOALS
GRI 200: ECONOMIC DISCLOSURES					
ECONOMIC PERFORMANCE					
GRI 103: Management approach 2016	103-1–3	Explanation of material topics, bounderies and covernance	11, 31–32		
GRI 201: Economic performance 2016	201-1	Direct economic value	32		Goal 3, 17
INDIRECT ECONOMIC IMPACTS					
GRI 103: Management approach 2016	103-1–3	Explanation of material topics, bounderies and covernance	11, 31–32		
GRI 203: Indirect economic impacts 2016	203-2	Indirect economic impacts	32		Goal 11
ANTI-CORRUPTION					
GRI 103: Management approach 2016	103-1–3	Explanation of material topics, bounderies and covernance	11, 31–32		
GRI 205: Anti-corruption 2016	205-2	Communication and training	31, 32		Goal 16
GRI 300 ENVIRONMENTAL DISCLOSURES					
ENERGY					
GRI 103: Management approach 2016	103-1–3	Explanation of material topics, bounderies and covernance	11, 31–32, 34		
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	34–36		Goal 7
WATER					
GRI 103: Management approach 2016	103-1–3	Explanation of material topics, bounderies and covernance	11, 31–32, 35		
GRI 303: Water 2016	303-1	Water withdrawal	34-35		Goal 6
EMISSIONS					
GRI 103: Management approach 2016	103-1–3	Explanation of material topics, bounderies and covernance	11, 31–32, 35		
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	34–35		Goal 13
GRI 305: Emissions 2016	305-2	Indirect GHG emissions	34–35		Goal 13
GRI 400 SOCIAL DISCLOSURES					
HEALTH AND SAFETY					
GRI 103: Management approach 2016	103-1–3	Explanation of material topics, bounderies and covernance	11, 31–33		
GRI 403: Occupational health and safety 2016	403-1	Workers representation in formal joint management–worker health and safety committees	33		Goal 3, 8
TRAINING					
GRI 103: Management approach 2016	103-1–3	Explanation of material topics, bounderies and covernance	11.31–32, 34		
GRI 404: Training and education 2016	404-1	Average hours of training per year per employee	34		Goal 3, 8
DIVERSITY AND EQUAL OPPORTUNITY					
GRI 103: Management approach 2016	103-1–3	Explanation of material topics, bounderies and covernance	11, 31–33		
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	33		Goal 8, 10

DEFINITIONS OF KEY PERFORMANCE MEASURES

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

Average interest expenses
Interest expenses divided by average interest-bearing liabilities.

Cash flow from operating activities before changes in working capital
The reason for the key performance measure is that the change in inventories, trade receivables and trade payables is marginal, and these items are therefore eliminated to obtain a more accurate picture of operations.

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

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

Debt/equity ratio
Interest-bearing liabilities as a percentage of equity.

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

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

Equity/assets ratio
Equity as a percentage of total assets.

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

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

Interest-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 costs as a percentage of finance costs.

Net margin
Profit/loss before tax as a percentage of revenue.

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

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

P/E ratio
Share price at the reporting date divided by earnings per share after tax.

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

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

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

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

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

Share dividend yield
Dividend divided by the share price.

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

OTHER DEFINITIONS

ALF
Alpinanleggenes Landsforening (Norwegian Ski Lift Association).

Booking volume
A comparison of booked overnight stays between two defined periods.

Financial year
SkiStar's financial year covers the period 1 September-31 August.
First quarter (Q1) September-November
Second quarter (Q2) December-February
Third quarter (Q3) March-May
Fourth quarter (Q4) June-August

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

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

Skier day
One day's skiing with a SkiPass.

SkiPass
Card providing access to ski lifts.

SLAO
Svenska Skidanläggningars Organisation (Swedish Ski Lift Organisation).

SIGNATURES OF THE BOARD AND CEO

The consolidated financial statements and annual report have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards and generally accepted accounting principles, and provide a true and fair view of the Group's and the Parent Company's financial position and earnings.

The Administration report for the Group and the Parent Company provides a true and fair view of the development of the operations, financial position and performance of the Group and the Parent Company, and describes material risks and uncertainties faced by the Parent Company and the other Group companies.

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

Sälen, 5 November 2018

Eivor Andersson
Board member

Pär Nuder
Chairman of the Board

Lena Apler
Board member

Sara Karlsson
Board member

Mats Årjes
CEO
Board member

Fredrik Paulsson
Board member

Per-Uno Sandberg
Board member

Patrik Svärd
Employee representative

Our audit report was submitted on 12 November 2018
Ernst & Young AB

Mikael Sjölander
Authorised Public Accountant

The Board has authorised the annual report and consolidated annual financial statements for issue on 5 November 2018.
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 15 December 2018.

AUDITOR'S REPORT

TO THE ANNUAL GENERAL MEETING OF SKISTAR AB (PUBL), CORP. ID NO. 556093-6949

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of SkiStar AB (publ) for the financial year 1 September 2017 to 31 August 2018. The Company's annual accounts and consolidated accounts are included in this document on pages 40-77.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the Parent Company's financial position at 31 August 2018 and its financial performance and cash flows 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 Group's financial position at 31 August 2018 and its financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards 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 adopt 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, pursuant to Article 11 of Regulation (EU) No. 537/2014 on the Statutory Audit of Public-Interest Entities.

Basis for opinions

We conducted the audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under these standards are further described in the Auditor's Responsibility 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 means that, to the best of our knowledge, no prohibited services listed in article 5.1 of Regulation (EU) No. 537/2014 on the Statutory Audit of Public-Interest Entities have been provided to the audited company, or where appropriate, to its parent undertaking and to its controlled undertakings within the European Union.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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 the annual accounts and consolidated accounts as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. The description below of how the audit was conducted with regard to these matters should be read in this context.

We have fulfilled the obligations described in the Auditor's responsibility section of our report on the annual report in these areas too. This resulted in audit procedures designed to take into account our assessment of the risk of material errors in the annual accounts and consolidated accounts. The outcome of our audit and the audit procedures conducted to address the areas set out below form the basis of our audit report.

Revenue recognition

Description of key audit matter

Net sales for the financial year 1 September 2017 to 31 August 2018 were SEK 2,535,705 thousand in the consolidated statement of comprehensive income and SEK 1,616,087 thousand in the Parent Company's income statement. Accounting policies for revenue are described in Note 1.

As shown in Note 2, net sales are distributed among different sources of revenue such as Ski-Pass, accommodation, ski rental, sporting goods outlets, property services and sales of interests in accommodation/exploitation assets. The large number of transactions in the different flows makes high demands in terms of the Company's internal control and administrative processes. We have therefore assessed revenue recognition and related administrative processes and IT systems as a particularly important area in the audit.

Response in the audit

In our audit, we have examined revenue recognition principles, processes for significant revenue flows and related IT systems. We have, among other things, tested the company's controls and conducted an analytical review using data analysis tools.

We have examined more complex transactions relating to the sale of exploitation assets, and have also carried out sample checks on accruals of revenue in connection with the final accounts.

We have examined the disclosures in the annual report.

Property, plant and equipment

Description of key audit matter

The carrying amount of the Company's property, plant and equipment at 31 August 2018 is SEK 3,380,541 thousand in the consolidated statement of financial position, corresponding to 69 percent of the Company's total assets, and SEK 1,616,330 thousand in the Parent Company's balance sheet, corresponding to 57 percent of the Company's total assets. Measurement and recognition of property, plant and equipment has been a key area in our audit because of the significance of the reported amounts in terms of the Group's financial position.

Accounting policies for property, plant and equipment are described in Note 1, while information about property, plant and equipment is provided in Note 14.

Response in the audit

In our audit, we have evaluated processes for the management and control of investments against approved appropriations and investment budgets. On a sample basis, we have examined capitalised amounts against defined criteria on what is recognised as an asset and what is recognised immediately as an expense. We have analysed and assessed management's assumptions and estimates in terms of useful lives and indications of impairment.

We have examined the disclosures in the annual report.

Information other than the annual accounts and consolidated accounts

This document also contains information other than the annual accounts and consolidated accounts, which is presented on pages 1-39, 74-75 and 80-87. 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 or 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 appears to be materially misstated.

If, based on the work performed concerning this information, we 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.

Responsibility 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 for ensuring 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 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 ability to continue as a going concern. They disclose, as applicable, matters related to the going concern and use of the going concern basis of accounting. The going concern basis of accounting is, however, not applied if the Board of Directors and the Managing Director intend to liquidate the Company, cease operations, or have no realistic alternative but to do so.

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

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 made on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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 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.
- draw a conclusion 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 association'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 audit report. However, future events or conditions may cause a company 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 them of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably 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 of material misstatement, and these are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of SkiStar AB (publ) for the financial year 1 September 2017 to 31 August 2018, and the proposed appropriations of the Company's profit or loss.

We recommend to the general meeting 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 in this 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 audit opinion.

Responsibility of the Board of Directors and the Managing Director

The Board is responsible for the proposal concerning appropriations of the Company's profit or loss. Proposing a dividend includes an assessment of whether the dividend is justifiable considering the requirements that the nature, scope and risks of the Company's and the Group's operations 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 organisation and the administration of its affairs. This includes, among other things, continuous assessment of the Company's and the Group's financial situation and ensuring that the Company's organisation is designed so that accounting, management of assets and the Company's financial affairs are otherwise 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, shall take measures that are necessary to fulfil the Company's accounting in accordance with law and to conduct 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 could give rise to liability to the Company; or
- in any other way acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective for the audit of the proposed appropriations of the Company's profit or loss, and therefore our opinion regarding same, is to assess with a 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 judgement and maintain professional scepticism 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 judgement, with a starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for 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 concerning the Board's proposed appropriations of the Company's profit or loss, we examined the Board's 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, was appointed SkiStar AB's auditor at the annual general meeting on 9 December 2017, and has been the Company's auditor since 14 December 2013.

Stockholm, 12 November 2018
Ernst & Young AB

Mikael Sjölander
Authorised Public Accountant

CORPORATE GOVERNANCE REPORT



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

Our task as Board of Directors is to continuously monitor and review Group management's work and act as a sounding board in key matters.

I would also like to take the opportunity to highlight our work on sustainability issues. We report a number of key figures on economic performance, social responsibility and the environment, which act as simple tools for follow-up and GRI reporting.

Pär Nuder
Chairman of the Board

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

CORPORATE GOVERNANCE

SkiStar's corporate governance is based on the Articles of Association and internal policies (see figure on page 81), the Swedish Companies Act, the Swedish Annual Accounts Act, Nasdaq Stockholm's Rule book for Issuers, good stock market practice, the Swedish Corporate Governance Code and other relevant Swedish laws and regulations. Rule book for Issuers is available on Nasdaq's website and the Swedish Corporate Governance Code is available on the Swedish Corporate Governance Board's website corporategovernanceboard.se. Internal control documents, such as the Articles of Association, are available on SkiStar's website, skistar.com/en/corporate.

OWNERSHIP STRUCTURE

SkiStar had 31,622 shareholders at 31 August 2018 according to the register of shareholders kept by Euroclear Sweden AB. The two largest owner groups by votes – Mats and Fredrik Paulsson with family and company and Erik Paulsson family with company – accounted for 62.24 percent of the votes and 46.43 percent of the share capital. The shareholdings are shown in detail on page 28. Shares held by Swedish private individuals, either directly or through companies, amounted to 67.87 percent, while Swedish institutional ownership represented 18.81 percent of the share capital. Foreign private individuals accounted for 0.16 percent of the share capital, while legal entities and foreign institutional ownership represented 13.16 percent.

SHARE CAPITAL AND VOTING RIGHTS

SkiStar's share capital at 31 August 2018 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 advisors to the meeting.

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

2017 ANNUAL GENERAL MEETING

A total of 224 shareholders, representing 77 percent of the voting rights, attended the Annual General Meeting held at Experium in Sälen on 9 December 2017.

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 in connection with the acquisition of a company or business. The authorisation includes the right to derogate from shareholders' preferential rights and to decide on whether payment will be in cash, in kind, by offsetting or subject to other conditions. The authorisation may be exercised on one or more occasions up to the maximum number of shares that can be acquired under the mandate to purchase the Company's own shares.

The authorisation is aimed at giving the Board of Directors greater flexibility in optimising the Company's capital structure and, where appropriate, making acquisitions. The repurchases and sale of own shares only applies to Class B shares.

The authorisation had not been used by the Board at the date of issue of this annual report.

2018 ANNUAL GENERAL MEETING

The 2018 Annual General Meeting will be held at Holiday Club in Åre at 2.00 p.m. on 15 December. The notice of the meeting, AGM documents and further information about the meeting are available at skistar.com/en/corporate.

NOMINATION COMMITTEE

The Company's Nomination Committee is elected by the Annual General Meeting for a period of one year. The Nomination Committee's duties are to prepare proposals concerning 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 2018 Annual General Meeting is as follows: Anders Sundström for Fredrik and Mats Paulsson with companies and family, Magnus Swärd for Erik Paulsson family and companies, Jan Särlvik for Nordea fonder and Åsa Nisell for Swedbank Robur fonder. Mats Paulsson was elected a Nomination Committee member at the 2017 Annual General Meeting, but was replaced by Anders Sundström in June 2018. The Nomination Committee appoints a Chairman from its members, and has appointed Anders Sundström as its Chairman. All shareholders have had the opportunity to submit nomination proposals to the Committee.

BOARD OF DIRECTORS

Composition of the Board

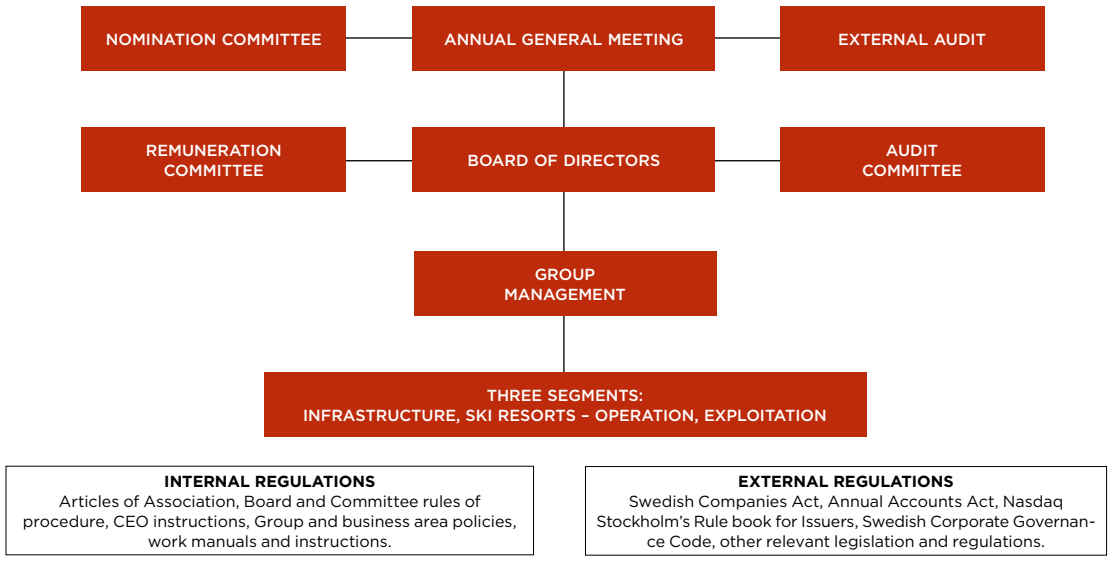
The Board of Directors is appointed by the Annual General Meeting, in accordance with the Companies Act. Employee representatives are appointed by a local employee organisation that is bound by a collective agreement with a company within the Group, in accordance with the Board Representation (Private Sector Employees) Act. The Articles of Association do not contain any provisions on the appointment and dismissal of Board members other than 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 9 December 2017, seven members were elected to the Board: Pär Nuder, Chairman, Eivor Andersson, Lena Apler, Sara Karlsson, Fredrik Paulsson, Per-Uno Sandberg and Mats Årjes. Employee representatives have also been elected to the Board: Katarina Hjalmarsson, appointed by Unionen (to 26 March 2018), and Patrik Svärd, appointed by HRF.

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

CORPORATE GOVERNANCE STRUCTURE



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

Independence of the Board

Three of the directors are not considered independent of the Company and its management: Mats Årjes in his role as CEO of SkiStar, and Sara Karlsson and Fredrik Paulsson, who are not independent of major shareholders and the Company and its management. Information about each Board member's age, education, directorships, shareholdings etc. is presented on page 85. The majority of the elected Board members are independent of the Company, its management and major shareholders.

Work of the Board

The work of the Board of Directors is governed by the rules of procedure adopted by the Board each year. Chairman of the Board Pär Nuder directs the work and maintains continuous contact with the CEO regarding the Group's operations and development. The principal tasks of the Board are related to strategic matters, business plans, financial statements and large investments and sales. The Board held seven meetings during the 2017/18 financial year. Board members' attendance is shown in the table on page 84. The Board's work is evaluated regularly in order to develop the Board's working methods and efficiency. As part of the evaluation, the Board also conducted a written survey during the financial year. The survey showed Board members' views on how Board work is carried out, what could be improved and whether the Board is well-balanced and diverse in terms of expertise. The Board also evaluated the CEO's work by means of the above survey and the Remuneration Committee's reports to the Board. The results of the Board evaluation have been discussed in the Board and have also been reported to the Nomination Committee.

Remuneration Committee

At the inaugural Board meeting on 9 December 2017, Pär Nuder was elected as Chairman of the Remuneration Committee, and Fredrik Paulsson and Per-Uno Sandberg 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 one meeting relating to the financial year, with all members present and, additionally, had a number of informal contacts.

Audit Committee

At the inaugural Board meeting on 9 December 2017, Eivor Andersson was elected as Chairman of the Audit Committee, and Sara Karlsson and Fredrik Paulsson 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. In addition, the Committee assists the Nomination Committee in the nomination for election and remuneration of auditors. The Audit Committee does not have decision-making power, but prepares and reports on matters to the Board as a whole. The Committee held two meetings during the financial year, with all members present and had a number of informal contacts.

External auditor

At the Annual General Meeting on 9 December 2017, the audit firm Ernst & Young was appointed as the Company's external auditor for a period of one year. The audit is led by Authorised Public Accountant Mikael Sjölander. 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 2017 Annual General Meeting adopted total remuneration of SEK 1,440,000 (1,115,000) for the elected Board members, distributed as follows: SEK 280,000 to the Chairman of the Board and SEK 180,000 to each of the other non-executive Board members. In addition, Audit Committee members receive total fees of SEK 160,000 (0), distributed as follows: SEK 80 000 to the Chairman and SEK 40,000 to each of the other two members. Remuneration Committee members receive total fees of SEK 100,000 (0), distributed as follows: SEK 50,000 to the Chairman and SEK 25,000 to each of the other two members.

OPERATIONAL MANAGEMENT

In addition to the rules above, there are a number of guiding policies in place to support the operations. See the illustration below.

POLICIES

- CODE OF CONDUCT
- FINANCE POLICY
- TAX POLICY
- PURCHASING POLICY
- SUSTAINABILITY POLICY
- IT POLICY
- PERSONAL DATA POLICY
- EMPLOYEE POLICY
- DIVERSITY POLICY
- COMPANY CAR POLICY
- ALCOHOL AND DRUGS POLICY

CEO

The CEO, who is also the Group President, is responsible for the day-to-day management of the Company in accordance with the Board's guidelines and instructions. The rules of procedure adopted annually by the Board include instructions for the division of duties between the Board and the CEO and instructions for financial reporting. The CEO has been supported by Group management (see below) and a number of staff functions during the financial year. The CEO is responsible for ensuring the Board regularly receives the information and support material it needs to assess the Group's financial position and make appropriate decisions.

Information about the CEO's age, education, directorships, shareholdings etc. is presented on pages 85–86.

SkiStar's Group management

During the 2017/18 financial year, SkiStar's management Group consisted of nine individuals: the CEO, the CFO, the Marketing and Sales Manager, the Legal Counsel/Head of IR and the Scandinavian Resort Managers.

FINANCIAL REPORTING

External financial reporting

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

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

The Board is responsible for internal control, 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 are included in the rules of procedure for the Board of Directors and its committees and in the CEO's instructions, ensuring effective management of operational risks. Group management reports regularly to the Board in accordance with defined procedures. Management is responsible for the internal controls required to manage significant risks in the day-to-day operations. Having a common business system for both external reporting and internal monitoring, budgeting and forecasts strengthens the control environment and the security of financial reporting. The Audit Committee assists the Board in its continuous monitoring of internal control, which includes evaluating and discussing important technical accounting and reporting issues. During the financial year, the Audit Committee received reports from management concerning the internal control projects that have been implemented.

Risk assessment

The Board ensures that risk assessments are conducted for significant risks to which the Company may be exposed in the context of its financial reporting. This includes identifying income statement and balance sheet items for which the risk of error is significant, and designing a control system to prevent and detect such errors. This is mainly achieved by quickly identifying events in the operations or external environment that may affect the financial reporting and 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's monitoring and analysis.
- Special review of the Company's IT systems with an emphasis on the sales system.
- Continuous monitoring of compliance with authorisation instructions and structures.
- Annual review of the handling of payment methods at the Company's sales outlets.
- Other ongoing forms of reconciliation and physical checks.

Information and communication

To comply with the Company's policies, guidelines and recommendations, information must be well documented and communicated within the Company. In order to ensure effective information and communication, the management group holds regular Group and resort meetings with representatives from the Company's destinations and staff functions. Policies, manuals and instructions are available on the Company's intranet. When new policies or procedures are introduced, internal online training is also provided.

Monitoring

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

Internal audit

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

ARTICLES OF ASSOCIATION

The Company's current Articles of Association, 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

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

AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE REPORT

The auditor's statement regarding this Corporate Governance Report is presented on page 84.

5 November 2018
The Board of Directors of SkiStar AB (publ)

DEROGATION FROM THE SWEDISH CORPORATE GOVERNANCE CODE 2017/18

Code ref.	Description	Derogation	Explanation
9.2	Composition of the Remuneration Committee	Committee members elected by the shareholders' meeting are required to be independent of the Company and its management under the Code.	It is the Board's assessment that the Committee has an appropriate composition. A majority of the Committee members are independent of the Company, its management and major shareholders.

BOARD OF DIRECTORS

	Attendance	Independent of the Company	Attendance, Audit Committee	Attendance, Remuneration Committee	Board fees	Committee fees
Elected Board Members						
Erik Paulsson	3/3,[1]					
Pär Nuder	7/7	x	1/1,[1]	1/1	280,000	50,000
Eivor Andersson	7/7	x	2/2		180,000	80,000
Lena Apler	7/7	x			180,000	
Sara Karlsson	4/4,[2]		1/1,[2]		180,000	40,000
Bert Nordberg	2/3,[1]	x				
Fredrik Paulsson	4/4,[2]		1/1,[2]	1/1	180,000	65,000
Per-Uno Sandberg	7/7	x	1/1,[1]	1/1	180,000	25,000
Mats Årjes	7/7				-	-
Employee representatives						
Katarina Hjalmarsson	4/5,[3]				-	-
Patrik Svärd	7/7				-	-

[1] To 9 December 2017

[2] From 9 December 2017

[3] To 26 March 2018

AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE REPORT

TO THE ANNUAL GENERAL MEETING OF SKISTAR AB (PUBL), CORP. ID NO. 556093-6949

ENGAGEMENT AND RESPONSIBILITIES

The Board of Directors is responsible for the Corporate Governance Report for the 01/09/2017 - 31/08/2018 financial year, on pages 80-84, 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 believe that this review provides us with sufficient basis for our opinion.

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, 12 November 2018

Ernst & Young AB

Mikael Sjölander
Authorised Public Accountant

BOARD OF DIRECTORS

Pär Nuder
Born 1963
Chairman
of the Board
Chairman of the
Remuneration
Committee
Elected 2011



Education: Master of Laws.
Other assignments: Senior Counsellor Albright Stonebridge Group. Chairman of the Third Swedish National Pension Fund, AMF Pensionsförsäkring AB, Tapetlagret Öbergs Färghus i Västerås AB and Hemsö Fastighets AB. Director of Fabege AB, Azelio AB and Beijerinvest AB.
Holding: (with company) 14,012 B shares.
Independent of the Company and its management.
Independent of major shareholders.

Mats Årjes
Born 1967
Board member
and CEO
Elected 2003



Education: MBA.
Other assignments: Chairman of Swedish Olympic Committee. Director of New Wave Group AB.
Holding: (with company) 320,304 B shares.
Dependent of the Company and its management.
Independent of major shareholders.

Eivor Andersson
Born 1961
Board member
Chairman of
Audit Committee
Elected 2011



Education: Marketing diploma, management training IHM Business School.
Other assignments: Director of AB Svenska Spel, Unlimited Travel Group UTG AB, Mekonomen AB and Casino Cosmopol AB.
Holding: 4,500 B shares.
Independent of the Company and its management.
Independent of major shareholders.

Lena Apler
Born 1951
Board member
Elected 2015



Education: University studies and SEB Higher internal bank training.
Other assignments: Chairman of Collector AB, Collector Bank AB and Colligent Inkasso AB. Director of Connect Sverige, Västsvenska Handelskammaren Service AB and Helichrysum Gruppen AB.
Holding: 5,000 B shares.
Independent of the Company and its management.
Independent of major shareholders.

Sara Karlsson
Born 1969
Board member
Member of
Audit Committee
Elected 2017



Education: Entrepreneur, Båstad Företagsby.
Other assignments: Chairman of Killebäckstorp i Båstad AB, Bjärerondellen AB and Båstad Företagsby AB. Director of Wihlborgs Fastigheter AB, Backahill AB and Destination Bjäre Holding AB.
Holding: (with family and company) 8,725,606 B shares.
Dependent of the Company and its management.
Dependent of major shareholders.

Fredrik Paulsson
Born 1972
Board member
Member of
Audit Committee
Member of
Remuneration
Committee
Elected 2017



Education: Upper Secondary.
Other assignments: CEO and Director of Kranpunkten Skandinavien AB and Ekhaga Utveckling AB. Chairman of Stjärnhimlen Invest AB and Director of Peab AB.
Holding: (with family and company) 1,824,000 A shares and 7,642,489 B shares.
Dependent of the Company and its management.
Dependent of major shareholders.

Per-Uno Sandberg
Born 1962
Board member
Member of
Remuneration
Committee
Elected 2002



Education: M.Sc. (Engineering).
Other assignments: Own investment activities. Chairman of Scandinavian Mountains Shopping AB and Nordic Trampoline Parks AB.
Holding: 840,451 B shares.
Independent of the Company and its management.
Independent of major shareholders.

Patrik Svärd
Born 1970
Employee
representative,
appointed by
HRF in 2017



Education: Upper Secondary.
Holding: –

The information above is correct at 31 August 2018.

MANAGEMENT



Mats Årjes
Born 1967
CEO

Employed by the Company since 2002.
Education: MBA
Previous positions: Director of Swedish Ski Association, Hotel Manager of Mora Hotel, CEO and partner of Santaworld AB.
Holding: (with company) 320,304 B shares.



Anders Örnulf
Born 1976
CFO

Employed by the Company since 2018.
Education: MBA
Previous positions: Chief Controller Preem Group, various managerial positions at AB Svenska Spel and ICA AB.
Holding: 201 B shares.



Mathias Lindström
Born 1972
Marketing and Sales Manager

Employed by the Company since 2007.
Education: MBA.
Previous positions: Nordic Marketing Manager Fritidsresor. Sales and Marketing Manager Langley Travel.
Holding: 20,000 B shares.



Sofie Arnell
Born 1986
Legal Counsel and Head of IR

Employed by the Company since 2017.
Education: Master of Laws.
Previous positions: Associate and lawyer at law firms Lindahl and Ramberg Advokater, district court service as law clerk .
Holding: 200 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: 27,000 B shares.



Martin Letzter
Born 1981
Resort Manager Hemsedal

Employed by the Company since 2017.
Education: M.Sc. (Psychology), MBA.
Previous positions: Project Manager The Boston Consulting Group (BCG), Manager Pay TV Africa Viasat Broadcasting UK Ltd, Project Manager Modern Times Group (MTG AB).
Holding: –.

The information above is correct at 31 August 2018.

FINANCIAL INFORMATION



FINANCIAL REPORTS

Interim reports and the year-end report for the 2018/19 financial year will be published as follows:

- Interim report for Q1, 1 September 2018 – 30 November 2018, 20 December 2018.
- Half-year report, 1 September 2018 – 28 February 2019, 20 March 2019.
- Interim report for Q3, 1 September 2018 – 31 May 2019, 19 June 2019.
- Year-end report, 1 September 2018 – 31 August 2019, 3 October 2019.

Financial and annual reports are available at skistar.com/en/corporate. The print version of the annual report (Swedish only) can be ordered from aktieagarservice@skistar.com.

ANNUAL GENERAL MEETING

Shareholders are invited to attend SkiStar's Annual General Meeting at 2 p.m. on Saturday 15 December 2018 at Holiday Club in Åre.

Shareholders wishing to attend the Annual General Meeting must be listed in the register of shareholders kept by Euroclear Sweden AB as of Monday 10 December 2018 and must notify the Company of their intention to attend on Monday 10 December 2018. Notice of intention to attend should be made in writing to SkiStar AB, Aktieägarservice 780 67 Sälen, or on the Company's website www.skistar.com/sv/corporate or by telephone +46 (0)280 880 95.

The AGM notice and associated documents are available under Investor Relations at www.skistar.com/en/corporate.

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SkiStar, Hemsedal
Boks 43
NO-3561 Hemsedal
Norge

SkiStar, Trysil
NO-2420 Trysil
Norge

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St. Johanner Bergbahnen
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Österrike

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