



Annual Report 2016/2017





ANNUAL REPORT 2016/2017

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SNOWWORLD AT A GLANCE

Profile

SnowWorld owns and operates two indoor ski resorts in the Netherlands. They are located in Landgraaf and Zoetermeer in the Netherlands and have a total snow surface of approximately 51,000 m².

In addition to the various ski pistes, both ski resorts feature a selection of food and beverage facilities and meeting rooms. Winter sports stores and health clubs also form part of the SnowWorld concept. The ski resort in Landgraaf furthermore comprises a four-star hotel with 100 rooms and an Outdoor Park.

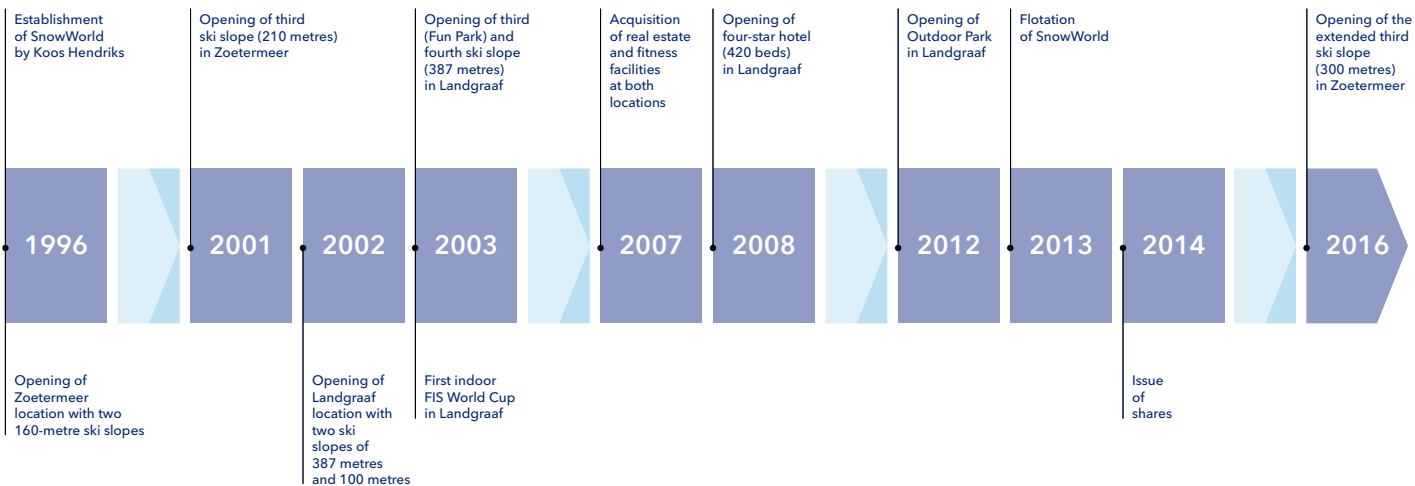
The ski resort in Zoetermeer was expanded in October 2016 by lengthening one of the existing pistes to 300 metres.

Through its indoor skiing facilities, SnowWorld is one of the leading companies in the industry worldwide.

SnowWorld has achieved rapid growth in the Netherlands since its incorporation in 1996. In addition to the further optimisation of the two current ski resorts, the strategy is to further roll out this proven successful concept in Europe. SnowWorld was floated on the NYSE Euronext Amsterdam in December 2013 in order to enable the financing of this strategy.

SnowWorld has 247 employees (FTE) and achieved revenue of more than € 27 million and net operating profit of € 3.1 million in the 2016/2017 reporting year.

Timeline SnowWorld



KEY DEVELOPMENTS 2016/2017

Strategic

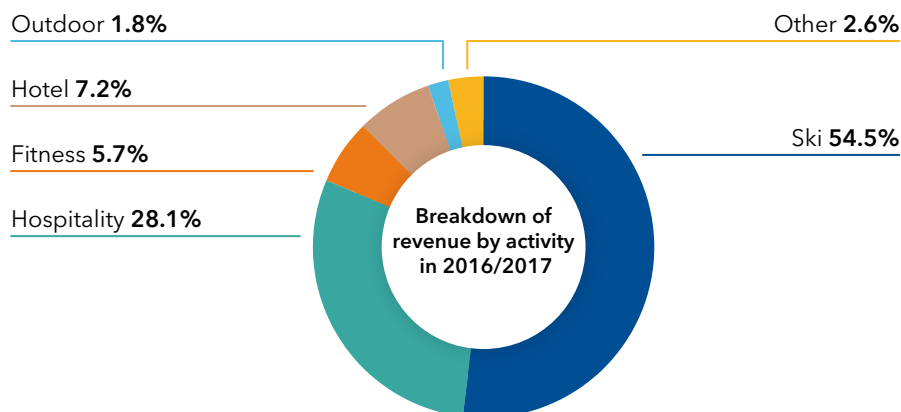
- * Realisation of lengthening of the third piste in Zoetermeer
- * Further development in Milan
- * Developments in Paris and Barcelona delayed
- * Alychlo N.V. becomes a new major shareholder

Financial

- * Operating EBITDA increased by 13.2% from € 8.6 million to € 9.7 million
- * Net revenue rose by 6.9% from € 25.5 million to € 27.3 million
- * Write-down of capitalised development costs in Paris and Barcelona of € 1.0 million
- * Excluding the write-down of the development costs, an increase in the (operating) net profit of 28.5% to € 3.1 million (per share: up 26.6% from € 0.76 to € 1.00)
- * Decline in net profit of 2.6% to € 2.4 million (per share: down 3.8% from € 0.79 to € 0.76)
- * The cash flow from operating activities declined by 9.5% to € 6.5 million
- * Net investment totalled € 3.5 million
- * Improved solvency; equity rose considerably by 23.5% to € 16.3 million
- * Guarantee capital increased from 22.2% to 27.7%
- * Interest-bearing debt (excluding interest-rate swap) fell by € 2.6 million (6.3%) to € 38.0 million
- * Outlook 2017/2018: SnowWorld expects profit to increase

Operational

- * Realisation of installation of 13,000 solar panels on the roofs of the pistes



MULTI-YEAR OVERVIEW

(consolidated figures as at 30 September)

Results

(in € x 1,000)

	2016/2017	2015/2016	2014/2015	2013/2014 ¹	2013/2014	2012/2013
Net revenue	27,283	25,516	25,397	25,759	25,759	25,378
In % compared to previous year	7%	0%	-1%	2%	2%	-2%
EBITDA	9,748	8,611	8,468	8,207	6,770	8,542
In % compared to previous year	13%	2%	3%	-4%	-21%	-2%
Operating result (EBIT)	4,969	5,008	5,059	4,745	3,308	4,619
In % compared to previous year	-1%	-1%	7%	3%	-28%	14%
Result after tax	2,367	2,429	2,326	1,767	386	1,710
In % compared to previous year	-3%	4%	32%	3%	-77%	58%

Cash flow

(in € x 1,000)

	2016/2017	2015/2016	2014/2015	2013/2014 ¹	2013/2014	2012/2013
Operating activities	6,532	7,215	5,659	5,432	5,237	5,921
Investment activities	-3,450	-11,550	-2,321	-1,410	-178	-1,107
Financing activities	-3,395	510	-2,012	-3,539	-4,923	-4,825
Net cash flow	-313	-3.825	1.326	483	136	-11

Personnel

(in € x 1,000)

	2016/2017	2015/2016	2014/2015	2013/2014	2012/2013
Number of employees (FTE)	247	237	233	241	238
In % compared to previous year	4%	2%	-3%	1%	-4%
Employee expenses	8,098	8,134	7,775	7,995	7,720
In % compared to previous year	0%	5%	-3%	4%	1%
Net revenue per employee	110	108	109	107	107
In % compared to previous year	3%	-1%	2%	0%	2%
Employee expenses per employee	33	34	33	33	32
In % compared to previous year	-4%	3%	0%	3%	5%
Employee expenses as % of net revenue	30%	32%	31%	31%	30%
In % compared to previous year	-7%	3%	-1%	3%	3%

¹ This concerns the operating figures abstracted from the effects of the reverse takeover and the share issue.

Statement of financial position data

(in € x 1,000)

	2016/2017	2015/2016	2014/2015	2013/2014	2012/2013
Capital use					
Non-current assets	59,720	60,960	53,039	54,281	56,202
Working capital	-3,472	-4,238	-3,235	-3,279	-3,150
	56,248	56,722	49,804	51,002	53,052

Financing

Group equity	16,287	13,187	10,438	7,497	3,913
Provisions	-	39	-	-	-
Non-current liabilities	37,276	41,221	40,833	43,621	49,199
Receivable from/payable to participants	56	-41	42	67	-13
Current liabilities to banks	2,629	2,316	-1,509	-183	-47
	56,248	56,722	49,804	51,002	53,052

Net investments	3,450	11,550	2,321	1,523	1,127
Depreciation and amortisation	-4,779	-3,603	-3,409	-3,462	-3,923
Interest-bearing debt as % of capital use	71%	77%	79%	85%	93%
Solvency	27%	21%	19%	13%	7%

Per share

(in euros)

	2016/2017	2015/2016	2014/2015	2013/2014 ²	2013/2014	2012/2013
Earnings per share	0.76	0.79	0.78	0.68	0.15	0.56
Dividend per share (proposal)	0.40	0.30	0.18	0.00	0.00	0.00
Group equity per share	5.20	4.21	3.46	3.20	2.54	2.09
Cash flow from operating activities per share	2.08	2.35	1.90	2.10	2.02	1.92

² This concerns the operating figures abstracted from the effects of the reverse takeover and the share issue.

FOREWORD

Our focus in the 2016/2017 reporting year was on lengthening the third piste in Zoetermeer. The celebration for the opening of the piste to the public was held on Saturday 15 October 2016. The sky bar above the lengthened piste also came into use two months later. This opening coincided with the celebration of SnowWorld's 20th anniversary. The new longer and steeper piste was welcomed by the public. The location in Zoetermeer can look back on a 21.6% increase in ski passes sold.

Increased profit

Both the revenue and the result of SnowWorld increased this reporting year due to the increase in the number of ski passes sold in Zoetermeer. The result improved significantly on the previous year, especially in the second half of the reporting year. Revenue was up 6.9% to € 27.3 million and EBITDA rose 13.2% to € 9.7 million.

Financing

We invested € 3.5 million during this reporting year. Half of this was spent on completing the lengthening of the third piste in Zoetermeer. The other half was used for regular replacement investments. The investments were funded by our own operating cash flow and secondly by use of the available credit facility with ABN AMRO bank arranged in the previous reporting year. Interest-bearing liabilities declined by € 2.6 million to € 38.0 million (excluding the interest-rate swap).

Due to the good operating result and the related cash flow, the solvency of SnowWorld improved further from 21% to 27%.

Sustainability

We have taken important steps in the field of sustainability this year. The 3,000 solar panels on the roofs of SnowWorld Zoetermeer were taken into operation in June, and the 10,000 solar panels on the piste roofs of the location in Landgraaf came into use in November. On sunny days, SnowWorld is now self-sufficient with regard to its electricity use. We also started this year with replacing the lighting of the various pistes with LED lighting.

Strategy

SnowWorld's strategy is based on two pillars. The first is the continuous improvement and development of our two existing locations and the second is the realisation of new locations. The developments in Paris and Barcelona, where we are opening new SnowWorld locations, are dependent upon the zoning plan procedures. Unfortunately we have to note that these procedures will not be completed in the short term and at the planned locations. We have accordingly decided to write down the

capitalised costs for these two projects. This does not affect our continued commitment to obtaining planning permission in amended form. The developments in Milan are proceeding more favourably. It now looks as though we will be able to start construction of our new location in 2018.

New major shareholder

At the end of September, Alychlo N.V., the investment company of Belgian entrepreneur Marc Coucke, acquired a majority of the shares in SnowWorld N.V. As a result of acquiring this holding, Alychlo is making a public offer for the remaining shares in SnowWorld. In its contacts with the Supervisory Board and the Executive Board of SnowWorld, Alychlo has stated that it supports SnowWorld's strategy.

Outlook

We are positive with respect to the 2017/2018 reporting year. Ski pass prices are slightly higher, and given the relatively high level of consumer confidence, we expect more Dutch people to go on winter sport holidays and use SnowWorld to prepare for their winter sport vacations. The Winter Olympics next spring will also increase interest in winter sports and therefore also in SnowWorld.

I would like to thank our employees for their dedication over the past year. They make SnowWorld a success. We are committed to working together to surpass our customers' expectations every day anew. That is the foundation of our success.

J.H.M. Hendriks, Chief Executive Officer





COMPOSITION OF THE SUPERVISORY BOARD AND EXECUTIVE BOARD

Information on the management as at 1 October 2017

The management of SnowWorld is entrusted to the Executive Board, whose statutory members are appointed and dismissed by the Supervisory Board. The non-statutory members are appointed and dismissed in accordance with Dutch (labour) law.

Supervisory Board

Supervisory Directors are selected and appointed based on a profile for members of the Supervisory Board. At the General Meeting of Shareholders of 10 December 2013, Mr A.J. Bakker and Ms B.K. Mentel were appointed as members of the Supervisory Board for a term of four years. Mr P.P.F. de Vries was also appointed as a member of the Supervisory Board for a four-year term on 6 January 2015. Mr A.J. Bakker was reappointed by the General Meeting of Shareholders on 17 March 2017 for a term of four years. Ms B.K. Mentel did not make herself available for reappointment. A new candidate for the Supervisory Board will be nominated to fill the vacancy thus created at the next General Meeting of Shareholders.

Mr A.J. (Hans) Bakker (1951)

Chairman

Gender: male

Nationality: Dutch

Year of appointment: 2013

End of current term: 2021

Chairman of the Confederation of Netherlands Industry and Employers (VNO-NCW), Amsterdam Metropolitan Area Region
Acting Managing Director TMG Mediagroep (15 March to 1 August 2017)

Auxiliary positions

- * Chairman of the Supervisory Board of Transavia Airlines B.V.
- * Chairman of the Supervisory Board of GVB Holding N.V.

Auxiliary positions at organisations

- * NBTC Holland Marketing Foundation (Chairman)
- * Jumping Amsterdam Foundation (Chairman until 31 January 2017)
- * Emergency Committee of the Calamiteitenfonds (Dutch Disaster Fund) (Chairman)
- * Dutch Guide Dog Foundation
- * Amsterdam Museum Foundation
- * Amsterdam Light Festival Foundation
- * Member of the Advisory Board of the Economics and Business Administration Faculty at the University of Amsterdam

B.K. (Bibian) Mentel (1972)

Member

Gender: female

Nationality: Dutch

Year of appointment: 2013

End of current term: 2017

2014 Olympic para-snowboarding champion

First place in the IPC para-snowboarding world rankings

Auxiliary positions

- * Managing Director of the Mentality Foundation
- * Snowboarding promoter for the Paralympic Games
- * Guest Speaker
- * Author

P.P.F. (Peter Paul) de Vries (1967)

Member

Gender: male

Nationality: Dutch

Year of appointment: 2015

End of current term: 2019

Chairman of the Board of Value8 N.V.

Auxiliary positions

- * Member of the Supervisory Board of HeadFirst Source Group N.V.
- * Director of Sucraf N.V. (Belgium)
- * Director of IEX Group N.V.
- * Director of NedSense Enterprises N.V.

Auxiliary positions at organisations

- * Member of the Recommendations Committee for the Stichting Juliana Kinderziekenhuis Foundation

Remuneration

The Chairman of the Supervisory Board receives remuneration of € 20,000 per annum. The other members of the Supervisory Board receive remuneration of € 15,000 per annum. Value8 N.V., of which Mr de Vries is the CEO, has an option to acquire shares. For a detailed description of the share option, please refer to the shareholder information on pages 11 to 13 of this annual report. The other Supervisory Directors do not have any share interests in the company.

Executive Board

In the 2016/2017 reporting year, the Executive Board of SnowWorld consisted of Mr J.H.M. Hendriks, as Chief Executive Officer (CEO) and director under the articles of association.

Mr W.A. Moerman also served on the Executive Board in the position of Chief Financial Officer (CFO).

Mr J.H.M. Hendriks has indicated that he will continue in this position until 1 March 2018, and continue to act as an adviser to SnowWorld thereafter.

J.H.M. (Koos) Hendriks (1949)

Chief Executive Officer

Mr J.H.M. Hendriks has a long track record in the winter sports sector and has led SnowWorld's activities without interruption since 1996.

Former activities

- * 1980–2001 Duijvestein Wintersport, owner
- * 1974–1979 Various sports stores, owner

Mr W.A. (Wim) Moerman (1972)

Chief Financial Officer

Mr W.A. Moerman has fulfilled the position of CFO at SnowWorld since November 2007. Mr W.A. Moerman is not a director under the articles of association.

Former activities

- * 1990–2007 Ernst & Young Accountants, Auditor

Auxiliary positions

- * Member of the Board of Coöperatieve Vereniging Notarishuis U.A. in Rotterdam

Remuneration

SnowWorld's remuneration policy for its Executive Board members is aimed at attracting, motivating and retaining qualified board members who have experience in the leisure industry. The total remuneration of the Executive Board consists of the following components: a short-term basic remuneration, a bonus for performance in the short term (CEO), a bonus in shares for performance in the long term (CFO) and other fringe benefits. This mix of different forms of remuneration is designed to optimise company profits both in the short and long term. Amendments to the remuneration policy must be adopted by the General Meeting of Shareholders. The actual remuneration is set by the Supervisory Board.

Mr J.H.M. Hendriks receives his remuneration via a management contract. This contract is in effect until 1 April 2019. The agreed annual management fee is € 292,062. A bonus in addition to this has been agreed that depends upon the amount of realised EBITDA, namely € 55,000 with EBITDA of between € 9 and € 10 million and a further € 55,000 with EBITDA of above € 10 million. The aforementioned amounts can be indexed annually on 1 October. A termination compensation in the event of premature rescission of the management contract has not been agreed.

Mr W.A. Moerman has a permanent contract of employment. His salary is € 137,646 per year. Mr W.A. Moerman participates in the SnowWorld pension scheme. SnowWorld pays the related pension contribution.

SnowWorld has made a vehicle available to both members of the Executive Board. No other fixed allowances are provided.

Mr J.H.M. Hendriks is a shareholder in SnowWorld and Mr W.A. Moerman has an option to acquire shares in SnowWorld. Please refer to the Shareholder information on page 12 of this annual report for more information on this matter.

STRATEGY

General

The activities of SnowWorld consist of operating two indoor ski resorts. These resorts are stand-alone winter sports centres where guests can enjoy a combination of activities in an Alpine ambience.

The various pistes are covered with excellent snow and are suitable for both novice and advanced skiers and snowboarders. A challenging fun park is also part of the offering. The ski school provides lessons and courses at all levels.

In addition to the pistes, both ski resorts offer a selection of food and beverage facilities ranging from après-ski bars to self-service and à la carte restaurants. The various rooms can be used for meetings or other business packages. Both ski resorts also feature a modern health club and a Duijvestein winter sports store.

SnowWorld Landgraaf furthermore has a four-star hotel with 100 rooms and 420 beds and an Outdoor Park. This 25,000-square metre Outdoor Park provides a unique offering and is one of the largest of its kind in Europe.

SnowWorld has formulated a strategy that is aimed at creating value for its shareholders in the long term through its welcoming and inviting sports experience.

SnowWorld's strategy is aimed first and foremost at the continual optimisation of the two existing indoor ski resorts. The strategy furthermore focuses on opening new SnowWorld locations.

Optimising existing indoor ski resorts

Optimising the existing ski resorts entails adding activities that strengthen the traditionally less busy summer season, expanding the existing resorts and further optimising the internal processes.

The lengthening of the third piste at the Zoetermeer location fits in with this strategy. In addition, SnowWorld is examining the feasibility of the further development of its direct surroundings in Landgraaf.

In terms of internal processes, investments have been made in a new cash register and admission control system. One of the improvements this provides is the ability for visitors who have purchased a ski pass online to gain admission to the piste immediately using their ski pass they have printed at home. SnowWorld has also decided to replace its reservation system during the next reporting year, which will significantly improve the efficiency of the reservation process.

Opening new SnowWorld locations

Expanding the number of locations will lead to further growth of the company and create long-term value for shareholders. This expansion can be realised by both building new locations and acquiring existing indoor ski resorts.

The knowledge and experience gained since the establishment of SnowWorld in 1996 have made it possible to set up new indoor ski resorts with relatively low investments and low operating costs. Opening new locations will also create economies of scale with respect to purchasing materials and holding costs, including financing costs. SnowWorld as a whole will also become more attractive to organisations for sponsoring.

In this context, SnowWorld has been working for some time on the development of new locations in Paris and Barcelona and currently also on a location in Milan. Despite SnowWorld's continued work on the necessary changes to the zoning plans together with its local partners, unfortunately we have to note that the changes to the zoning plans in Paris and Barcelona are not expected to reach completion in the short term. The developments in Milan are proceeding more favourably. Based on the current status in Milan, we expect to be able to start construction in 2018. Due to our dependence on external factors, this estimate should be seen as an indication.

SnowWorld critically assesses the existing indoor ski resorts that are offered for acquisition. The location must in any case be close to a large agglomeration and be easily accessible. It must, however, also be possible to convert the indoor ski resort to the SnowWorld formula so that it can contribute to SnowWorld's earnings per share.

Furthermore, SnowWorld offers consultancy work for the development of new indoor ski resorts. This means it is close to the market and has the possibility of participating in new developments at an early stage.

Financing strategy

SnowWorld's strategy is aimed at ensuring that each investment helps create shareholder value. The financing strategy for the intended new locations is to have approximately 60% loan capital and 40% equity, whereby a local partner injects approximately half of the equity and SnowWorld the other half. Due to the combination of the expected returns on the investment and an attractive mix of financing, new locations are intended to make a substantial contribution to the growth in earnings per share. A potential share issue by SnowWorld will be kept as limited as possible in order to minimise dilution for shareholders.

SHAREHOLDER INFORMATION

Capital structure

SnowWorld N.V. is a public limited company incorporated under Dutch law.

SnowWorld shares have been listed on NYSE Euronext Amsterdam since 10 December 2013 and are followed by analysts from NIBC Markets N.V. NIBC Markets N.V. also acts as liquidity provider.

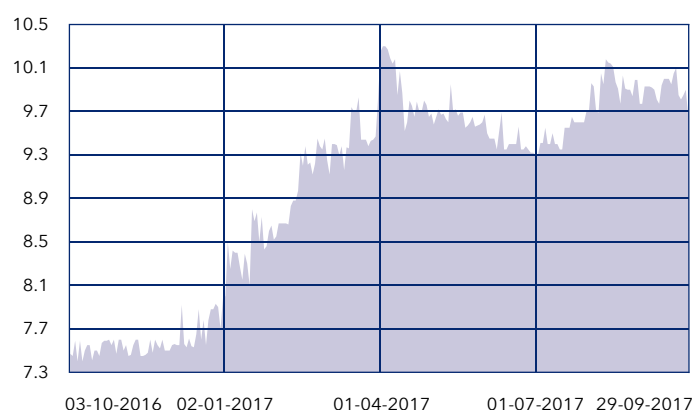
The public limited company SnowWorld has one class of issued shares. The same rights and obligations attach to each share and the shares carry no special rights of control. In addition, SnowWorld applies no restrictions of voting rights, except for any restrictions prescribed by law. No depositary receipts are issued for the shares and there are no other protective measures. SnowWorld shares are freely transferable.

There are no agreements with any shareholder(s) that may provide cause for limiting the transfer of shares or of depositary receipts for shares issued with its cooperation or the transfer of voting rights.

The major shareholders referred to in the section 'Major Holdings Disclosure Act' that have reported their interest in the share capital of SnowWorld to the Dutch Authority for the Financial Markets (AFM) in accordance with the Major Holdings Disclosure Act hold around 82% (as at 1 October 2017) of the shares. Accordingly, the number of freely tradable shares amounts to around 566,000.

The SnowWorld share price rose by 29.2% during the 2016/2017 reporting year. On 1 October 2016, the price was € 7.47 per share, while at the end of the 2016/2017 reporting year the price was € 9.65 per share. Including the dividend paid, the total return for 2016/2017 was 33.2%.

Share price development of SnowWorld (in euros)



Sale of majority holding

On 21 September 2017, J.H.M. Hendriks Beheermaatschappij B.V. and Alychlo N.V. reached agreement regarding the acquisition of 40% of the shares in SnowWorld N.V. With this transaction, founder, CEO and major shareholder J.H.M. Hendriks has sold over 1,250,000 shares at a price of € 9.50 to Mr M. Coucke (owner of Alychlo N.V.). Alychlo N.V. had already acquired a 24% holding in SnowWorld, bringing its total holding after the transaction on 21 September 2017 to 64%. Since Alychlo N.V. now has a holding of over the threshold of 30% with this transaction, it is obliged to issue a public offer for the other remaining outstanding shares in SnowWorld N.V. This was announced in a press release on 28 September 2017. The prescribed procedure with respect to the mandatory public offer is being followed subject to supervision by the Dutch Authority for the Financial Markets (AFM).

Development of the number of outstanding shares

At the end of the 2015/2016 reporting year, the number of outstanding shares was 3,029,850 with a nominal value of € 2.00 per share. The General Meeting of Shareholders of 17 March 2017 resolved to distribute a dividend. Shareholders were given the option of taking € 0.30 per share in cash or one new share for each 25 existing shares. Many shareholders chose to take the dividend in shares. In connection with this, 116,513 new shares were issued. At the end of the 2016/2017 reporting year, the number of outstanding shares was 3,146,363 with a nominal value of € 2.00 per share. SnowWorld holds 12,640 shares in its own capital.

Preventing misuse of inside information

As a company with a stock exchange listing, SnowWorld N.V. has made an arrangement to prevent the use of inside information by its supervisory directors, directors and employees, as well as other 'insiders'. The legal provisions in force in the Netherlands in the area of inside information and market manipulation have been brought together in the Financial Supervision Act. SnowWorld has drawn up regulations in accordance with this Act. The persons whom this applies to have agreed in writing to act according to these rules in relation to information in their possession. Mr R.A.G. Piket (controller) acts as compliance officer and ensures correct compliance with the legislation and regulations in the area of inside information.

Major Holdings Disclosure Act

Pursuant to the Major Holdings Disclosure Act the shareholders of a Dutch listed company are obliged to inform the Dutch Authority for the Financial Markets if they hold an equity interest in the share capital of that company of more than 3%. The following shareholders have reported that (on 1 October 2017) they had an interest of more than 3% in the share capital of SnowWorld N.V.:

- * Alychlo N.V. (64%)
- * J.H.M. Hendriks Beheermaatschappij B.V. (10%)
- * J.P. Visser (5%)
- * Axxion S.A. (3%)

In the context of best practice provision 4.2.6, in its report the Executive Board describes any potential protective measures in place against a takeover of control of the company and the circumstances under which these protective measures could be expected to be implemented, and by whom these protective measures could be expected to be implemented.

The main protective measure for SnowWorld N.V. is the fact that Alychlo N.V. owns 64% of the shares. This virtually excludes the possibility of an unwelcome and/or hostile takeover.

Issue and acquisition of shares (in the company's own capital)

In accordance with the Articles of Association of the company, shares are issued pursuant to a resolution of the General Meeting of Shareholders. On 17 March 2017, the General Meeting of Shareholders extended the authorisation of the Executive Board of the company by a period of 18 months (period ends on 17 September 2018), to issue up to 15% of the issued capital, which included an authorisation to limit or exclude pre-emptive rights. No use was made of this authorisation.

The acquisition by the company of shares in its capital that have not been paid up is void. The company may acquire shares in its own capital or depositary receipts for them in order to transfer them to employees of the company or of a Group company pursuant to a scheme applicable to them. The acquisition of shares in its own capital will be effected following a decision by the Executive Board requiring the approval of the Supervisory Board.

Option scheme and shareholdings of employees and members of the Executive Board

SnowWorld does not have a scheme granting rights to employees to take or acquire shares in the capital of the company.

Mr W.A. Moerman (CFO) of SnowWorld has an option to acquire shares in the capital of the company. SnowWorld thereby grants the irrevocable and non-transferable right to acquire, during a term of 5 years from 1 December 2013, shares in full and unencumbered ownership at an exercise price of € 8.00 per share with a nominal value of € 2.00. This option concerns 147,508 shares. Delivery may be made by purchase or issue. In the event of repayment of capital (capital reduction), special dividend distributions (dividend not charged to earnings) and/or a share split, the option will be adjusted in accordance with generally accepted standards in such cases. The shares acquired on the basis of the option agreement will have all the same rights associated with them as the ordinary shares already in issue. The option may be exercised in 5 equal annual steps with effect from 1 December 2013. The option may be exercised in full or in part during the term to maturity. If the option is not exercised or not fully exercised within the term to maturity, it will lapse legally after expiration of the term to maturity. If the option is fully exercised within the term to maturity, the share ownership of the existing shareholders will be diluted by approximately 4.6%.

Through his company J.H.M. Hendriks Beheermaatschappij B.V., Mr J.H.M. Hendriks (CEO) holds 10% of the issued capital of SnowWorld N.V.



Option scheme for Value8

In addition to Mr W.A. Moerman (CFO), Value8 N.V. likewise obtained, as part of the flotation of SnowWorld, an option to acquire shares in the capital of the company. SnowWorld thereby grants the irrevocable and non-transferable right to acquire, during a term of 5 years from 1 December 2013, shares in full and unencumbered ownership at an exercise price of € 8.00 per share with a nominal value of € 2.00. This option concerns 5.0% of the issued shares on the date of exercise. Also in the event that SnowWorld issues shares due to the exercise of the option, after such issue Value8 N.V. will acquire 5.0% of the then outstanding capital. In the event of repayment of capital (capital reduction), special dividend distributions (dividend not charged to earnings) and/or a share split, the option will be adjusted in accordance with generally accepted standards in such cases. The shares acquired on the basis of the option agreement will have all the same rights associated with them as the ordinary shares already in issue. The option may be exercised in full or in part during the term to maturity. If the option is not exercised or not fully exercised within the term to maturity, it will lapse legally after expiration of the term to maturity. Value8 N.V. will then no longer have any rights with respect to the option. If the option is fully exercised within the term to maturity, the share ownership of the existing shareholders will be diluted by 5.0%.

Organisational structure

SnowWorld has one 100%-owned subsidiary, SnowWorld Leisure N.V. established in Zoetermeer, which in turn holds 100% of the shares in SnowWorld International B.V., likewise established in Zoetermeer.

Dividend policy

The shareholders of SnowWorld N.V. have accepted a dividend policy that means that SnowWorld N.V. aims to pay a dividend percentage (pay-out ratio) of circa 30% to 50% of the result after tax. There is a possibility of proposing an optional dividend (cash dividend or stock dividend). For the 2015/2016 reporting year, SnowWorld distributed a dividend of € 0.30 per share, which equals a pay-out ratio of 37%. A proposal to distribute an optional dividend of € 0.40 in cash or in shares (whereby 21 existing shares will give entitlement to 1 new share) will be made to the General Meeting of Shareholders on 16 March 2018.

Financial calendar

Trading update for 1st quarter 2017/2018	7 February 2018
General Meeting of Shareholders	16 March 2018
Publication of interim figures 2017/2018	16 May 2018
Trading update for 3rd quarter 2017/2018	1 August 2018

Contact

SnowWorld attaches importance to a transparent dialogue with shareholders, investors, analysts and the financial press. As a company that was recently listed on the stock exchange, SnowWorld would like to hear your views on this annual report and the investor relations policy. We invite you to inform us of your views by sending an e-mail for the attention of Mr W.A. Moerman, CFO to: corporate@snowworld.com

You can also reach us at:

SnowWorld Zoetermeer
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REPORT OF THE SUPERVISORY BOARD

General

We are pleased to present the Annual Report 2016/2017 that has been drawn up by the Executive Board. This annual report includes the financial statements that have been audited by BDO Audit & Assurance B.V. and discussed with the Executive Board during its meeting on 7 December 2017 that was attended by the external auditor. The statement by the independent auditor is included in this annual report in the 'Other information' section.

We are of the opinion that this annual report more than fulfils the transparency requirements and that it forms a good basis for the Supervisory Board's accountability for its supervision.

We propose that the General Meeting of Shareholders:

- * Adopt the financial statements, which include the proposal for profit appropriation;
- * Discharge the Executive Board from liability for their management in the 2016/2017 reporting year;
- * Discharge the Supervisory Board from liability for their supervision of the Executive Board in the 2016/2017 reporting year.

Composition of the Executive Board

In the 2016/2017 reporting year, the Executive Board of SnowWorld consisted of Mr J.H.M. Hendriks, as Chief Executive Officer and director under the articles of association.

Mr W.A. Moerman is also a member of the Executive Board in the position of Chief Financial Officer.

Composition of the Supervisory Board

At the start of the reporting year, the Supervisory Board consisted of Mr A.J. Bakker, Ms B.K. Mentel and Mr P.P.F. de Vries.

Supervisory Board directors are appointed for a term of four years. For Mr A.J. Bakker and Ms B.K. Mentel, their first term expires in 2017 and Mr P.P.F. de Vries, in 2019. Mr A.J. Bakker was reappointed by the General Meeting of Shareholders on 17 March 2017 for a term of four years. Ms B.K. Mentel did not make herself available for reappointment. A new candidate for the Supervisory Board will be nominated to fill the vacancy thus created at the next General Meeting of Shareholders.

Supervisory Directors are selected and appointed based on a profile for members of the Supervisory Board. In accordance with the Dutch Management and Supervision Act and Book 2 of the Dutch Civil Code, the company pursues a policy whereby at least 30% of the Executive Board plus the Supervisory Board is comprised of women.

Activities

The Supervisory Board had four plenary meetings during the reporting year. In addition to the Supervisory Board's periodic meetings with the Executive Board, there was also one informal meeting to prepare for the General Meeting of Shareholders. The Supervisory Board and Executive Board were in regular contact by telephone or e-mail outside these meetings.

The Supervisory Board did not hold any formal consultations without the Executive Board being present.

Supervisory Directors are expected to attend meetings of the Board. The attendance percentages for each Supervisory Director are shown below:

* Mr A.J. Bakker (chairman)	100% attendance
* Ms B.K. Mentel (member)	75% attendance
* Mr P.P.F. de Vries (vice-chairman)	100% attendance

The regular agenda items for the Supervisory Board in its meetings with the Executive Board are as follows: the development of the financial results and the progress of projects in the context of the strategy. The current market developments are also always discussed within this context.

During the 2016/2017 reporting year, the Supervisory Board devoted extensive attention to: the acquisition of the majority of the shares in SnowWorld N.V. by Alychlo N.V., the progress of extending the third piste in Zoetermeer, the progress of the installation of the solar panels, the investigation of a potential claim for damages in connection with swap contracts concluded by the company in the past, the half-year figures and the management structure.

Since Mr J.H.M. Hendriks, as the CEO and shareholder in SnowWorld has a conflict of interest in relation to the acquisition of a majority holding by Alychlo N.V., the Supervisory Board represents the company in relation to the public offer issued by Alychlo N.V. and the transfer to Alychlo of the finance provided by J.H.M. Hendriks Beheermaatschappij B.V. to SnowWorld.

In the context of the mandatory public offer for the shares in SnowWorld N.V. by Alychlo N.V., the Supervisory Board protects the interests of the various stakeholders. The Supervisory Board has accordingly held various discussions with representatives of Alychlo N.V. on various occasions regarding the intentions of Alychlo N.V. with respect to strategy, personnel, investments, governance, dividend policy and the like.

The Supervisory Board closely follows the company's plans relating to its strategy and especially takes the related risks into account. For a more detailed explanation of SnowWorld's risk management, please refer to pages 30 and 31 of this annual report. The structure and operation of the related internal risk management and control systems have been discussed with the Supervisory Board. In view of its size, the company does not have a separate internal audit department. In view of the assessment by the Board of the internal controls and management system and the findings of the external auditor in this regard, the Board is of the opinion that the introduction of an internal audit department is not necessary.

The Supervisory Board has evaluated its own performance and the performance of the Executive Board as a whole and the performance of the individual supervisory and executive directors without the presence of the Executive Board. There were no reasons to discuss the conclusions further with the persons concerned.

There were consultations with the external auditor during the reporting year concerning the audit approach, the findings as a result of the interim audit and the findings as a result of the balance sheet audit. In addition, the external auditor was present at the General Meeting of Shareholders and also gave an explanation of the work she has carried out and her findings.

The Supervisory Board does not utilise key committees due to the size of both the company and the Supervisory Board itself.

Corporate Governance

The Supervisory Board has taken note of the new Corporate Governance Code published on 8 December 2016. Further details of this are given in this annual report.

The Supervisory Board and the Executive Board endorse the principles of the Corporate Governance Code ('the Code'). The company applies the Code virtually in full. The few deviations from the Code that apply within SnowWorld N.V. relate primarily to the nature and size of the company. Both the aforementioned deviations and their explanation correspond more effectively with the company's working method. The main points of SnowWorld's corporate governance policy and the deviations are stated on pages 32 to 34 of this annual report. The Supervisory Board ensured that the Code was applied within the company during the reporting year.

In the opinion of the Supervisory Board, the company has fulfilled that which is stated in the Code with respect to the independence of the Supervisory Directors in the reporting year. The sole exception concerns the independence of Mr P.P.F. de Vries, who according to best practice provision 2.1.8. is not independent. On the basis of best practice provision 2.1.7. however, this does not affect the independence of the Supervisory Board as a whole.

The Supervisory Board wishes to thank the Executive Board and all the company's employees for the tremendous dedication they have demonstrated in the 2016/2017 reporting year and wish to compliment them on the results achieved in the year under review. The Board particularly wishes to thank Bibian Mentel for her years of loyal service to SnowWorld as a member of the Supervisory Board.

Zoetermeer, The Netherlands, 29 December 2017

Supervisory Board
Mr A.J. Bakker, chairman
Mr P.P.F. de Vries

REPORT OF THE EXECUTIVE BOARD

General developments

SnowWorld took the lengthened third piste in Zoetermeer into operation on 15 October 2016. This new challenge for advanced skiers and snowboarders was well received by the public. The number of ski passes sold in Zoetermeer increased by 21.6%.

SnowWorld celebrated its 20th anniversary in December 2016. We are proud to still be at the forefront of the indoor ski world after 20 years. SnowWorld Zoetermeer was chosen by Snowplaza.nl as the best indoor ski hall in the Netherlands, Belgium and Germany. SnowWorld Landgraaf was in second place.

SnowWorld's results improved due to a higher volume of ski passes sold. EBITDA was up 13.2%, while operating net profit rose 28.5% compared to the previous reporting year. A non-recurring write-down of capitalised development costs led to a slight decline in the result after tax of 2.6% compared to the 2015/2016 reporting year.

In Landgraaf, SnowWorld and IBA Parkstad B.V. worked jointly on the elaboration of a feasibility study for the further development of the Wilhelminaberg. This is the mountain that SnowWorld Landgraaf is located against. An Oloid has been designed by the architect Laurant Ney that will have to be placed on top of the mountain. This object, which will become a landmark for the region, will be linked to our pistes. IBA Parkstad B.V. is currently studying the possibility of public funding for this plan.

Just under 13,000 solar panels were placed on the roofs of SnowWorld this calendar year. On sunny days, SnowWorld is now fully self-sufficient with regard to its electricity use. This is a very important step in SnowWorld's sustainability strategy.

Limited progress was made with regard to the second pillar of SnowWorld's strategy, the creation of additional shareholder value by adding new branches, in the reporting year. It does not look as though the zoning plan procedures in Barcelona and Paris can be completed in the short term. SnowWorld has therefore decided to write down the capitalised development costs for these two projects. The development in Milan is however progressing positively. SnowWorld, together with its partner, has now developed a plan for an indoor ski resort and the zoning plan change has been submitted.

Market position

Indoor skiing

There are 71 indoor ski resorts worldwide. A large proportion of these ski resorts is concentrated in Western Europe in countries including the Netherlands, the United Kingdom, Germany and Belgium.

There are seven indoor ski resorts in the Netherlands, which means there is a relatively large number of these facilities in the country. SnowWorld has two indoor ski resorts and is market leader in Europe in terms of snow surface, visitor numbers, returns and reputation among international athletes.

This leading position has been realised since 1996 through the focus on hospitality, the quality of the product, such as the snow and food and beverage facilities, and the specific Austrian winter sport atmosphere. The location of both indoor ski resorts, which are surrounded by large numbers of skiers and snowboarders, are easily accessible and obviously play an important part in the success.





Approximately twenty million people live within a 1 to 1.5-hour drive from the two locations. The visitors to the location in Zoetermeer are primarily Dutch. The location in Landgraaf does, however, attract not only Dutch, but also Belgian (approximately 40.0%) and German (approximately 10.0%) visitors due to its geographic situation.

Indoor ski resorts in the Netherlands

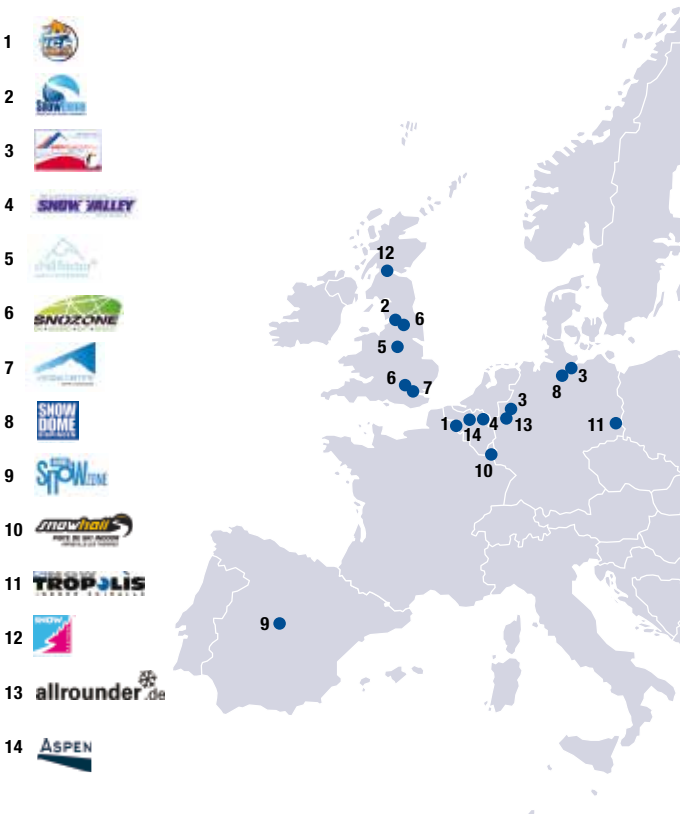


SnowWorld's key target groups are private individuals who are preparing for a skiing/snowboarding holiday, businesses for meetings and team building activities, schools and ski teams.

The indoor ski resort in Landgraaf is distinctive from the vast majority of other indoor ski resorts in Europe thanks to its four-star hotel and the official FIS competition piste. These facilities make SnowWorld Landgraaf attractive for ski and snowboard athletes from around the world.

	Zoetermeer	Landgraaf
Snow surface (m ²)	16,800	34,130
Number of pistes	3	5
Longest piste (m)	300	387
Number of lifts	5	7
Number of hospitality facilities	5	9
Surface of hospitality facilities (m ²)	3,500	5,000
Number of hotel beds	-	420
Surface of health club (m ²)	2,900	1,650

Indoor ski resorts in Europe



SnowWorld operates in a relatively stable indoor skiing market. The Netherlands has had approximately one million skiers/snowboarders for years (source: Dutch Ski Association). The number of skiers/snowboarders in the rest of Europe is also relatively stable. SnowWorld competes with five other indoor ski resorts that have real snow in the Netherlands and to a lesser degree with indoor ski resorts in West Germany and Belgium. In addition to the indoor ski resorts, SnowWorld experiences competition from dry pistes and ski simulators, of which there are around 15 and 65 respectively in the Netherlands.

A new indoor ski piste was opened in Belgium in October 2017, with the former dry piste in Antwerp being converted into an indoor ski piste. Also, the indoor ski piste in Peer (Belgium) that has existed for many years extended one of its pistes this summer. SnowWorld is not aware of any concrete plans to build new indoor ski resorts in the Netherlands and Germany.

The revenue performance of both the various food and beverage facilities at both indoor ski resorts and the hotel in Landgraaf is closely linked to the development of the number of ski piste visitors. The different food and beverage facilities at both indoor ski resorts face only limited competition from other food and beverage facilities in Zoetermeer and Landgraaf.

Fitness and wellness

SnowWorld is furthermore active in the market for the operation of fitness and wellness centres. SnowWorld positions itself at the top of this market. These operations have their own target group and are only dependent to a limited degree on the visitors of the indoor ski pistes. While the hotel guests in Landgraaf and particularly the international athletes are frequent users of the health club in Landgraaf, both centres also focus primarily on a different local target group. SnowWorld primarily faces competition from local fitness centres.

Outdoor Park

SnowWorld has an Outdoor Park in Landgraaf. It includes a climbing park, a zip-line track and an alpine coaster. The core of

the park's operation lies in the last quarter (July - September) of the reporting year. This makes it possible to achieve both a better utilisation of SnowWorld's overall facilities and more optimum deployment of employees during the traditionally less busy summer period.

With respect to the Outdoor Park, SnowWorld competes with other players including theme parks. Weather conditions have an influence on the park's revenue.

Swot analysis

SnowWorld is and will remain critical with respect to its own performance, strategy and the ensuing opportunities and potential risks (please also refer to page 30 and 31 of this report for information on risk management). SnowWorld uses instruments including a strengths/weakness analysis in order to remain successful in the long term as well (please refer to the diagram below).

Financial developments

Evaluation of the outlook and action plans 2016/2017

The outlook and actions plans for 2016/2017 as expressed in the previous annual report focused mainly on: a higher result after tax due to the coming into operation of the lengthening of the third piste in Zoetermeer, the installation of the solar panels and the further elaboration of the new-build projects in Paris and Barcelona and the development of the Wilhelminaberg in Landgraaf.

Most of the outlook and plans have been achieved: the operating result has increased, the lengthened third piste in Zoetermeer is in operation and the solar panels have been installed. Little progress has been made with respect to the developments in Paris, Barcelona and the Wilhelminaberg in Landgraaf during the reporting year.

In addition, there were the activities relating to the implementation of the dividend policy and the Road to Pyeongchang. Both were implemented in the 2016/2017 reporting year.

Strengths

- * Owner and operator of Europe's largest indoor ski resorts and one of the market leaders worldwide.
- * Extensive knowledge and many years of experience in the field of developing, building and operating indoor ski resorts.
- * A proven welcoming and inviting leisure concept consisting primarily of skiing and food and beverage facilities.
- * Access to capital markets.

Weaknesses

- * The management's limited track record in international expansion.
- * Relatively high capital requirements.
- * Leisure is dependent on economic conditions.

Opportunities

- * Growth through opening new locations.
- * Growth in revenue from consultancy activities based on existing knowledge.
- * More efficient use of the facilities during the traditionally less busy summer season.

Threats

- * The opening of other indoor ski resorts or leisure activities in the vicinity of SnowWorld.
- * Change in market conditions in the areas in which SnowWorld is expanding.
- * Prolonged poor economic conditions.

(in € x 1,000)

	2016/2017			2015/2016			Difference
	Revenue	Costs of revenue	Gross margin	Revenue	Costs of revenue	Gross margin	gross margin
Ski	14,875	766	14,109	13,543	693	12,850	1,259
Hospitality	7,666	2,548	5,118	7,191	2,409	4,782	336
Fitness	1,564	12	1,552	1,600	7	1,593	-41
Hotel	1,978	87	1,891	1,984	85	1,899	-8
Outdoor	492	-	492	455	-	455	37
Other	708	-	708	743	-	743	-35
Gross profit	27,283	3,413	23,870	25,516	3,194	22,322	1,548
Other operating income			746			725	21
Gross margin			24,616			23,047	1,569
Zoetermeer	11,591	1,395	10,196	9,637	1,282	8,355	1,841
Landgraaf	15,692	2,018	13,674	15,879	1,912	13,967	-293
Gross profit	27,283	3,413	23,870	25,516	3,194	22,322	1,548
Other operating income			746			725	21
Gross margin			24,616			23,047	1,569

Revenue and gross margin

SnowWorld's revenue in the 2016/2017 reporting year (1 October 2016 through 30 September 2017) compared to the 2015/2016 financial year rose by 6.9% from € 25.5 million to € 27.3 million. The gross margin also increased by a similar percentage to € 24.6 million (2015/2016: € 23.0 million). The coming into operation of the lengthened third piste in Zoetermeer was the main reason for these increases. The gross margin of the location in Zoetermeer rose by 22.0% to € 10.2 million (2015/2016: € 8.4 million). The gross margin at Landgraaf declined slightly by 2.1% to € 13.7 million (2015/2016: € 14.0 million).

Revenue from skiing activities encompasses both the proceeds of the ski passes sold and the revenue from lessons and skiing and snowboarding equipment rental. The number of ski passes sold increased by 7.2% to 456,308 in the past year. Revenue from skiing improved slightly more, by 9.8% due to a combination of higher prices and ski pass sales for longer time periods.

The average food and beverage spending per ski pass sold remained virtually the same in the past reporting year. The higher revenue (6.6%) was in line with the higher number of ski passes sold.

The subscription structure of the health clubs was simplified at the start of the 2015/2016 reporting year and the discounts provided in the past have been substantially reduced. In the previous reporting year, this led to a 16.7% decline in the number of members to around 3,000. The number of members in Zoetermeer was stable this reporting year, while there was a further slight

decline in the number of members in Landgraaf. This is the main reason for the 2.2% decline in revenue.

Higher hotel occupancy in 2016/2017 of 65.9% compared to 63.8% in 2015/2016 and a slightly lower average room price were the reasons for an unchanged gross profit from the hotel operations.

An increase in the number of visitors to the Outdoor Park led to an 8.1% increase in revenue compared to the previous year.

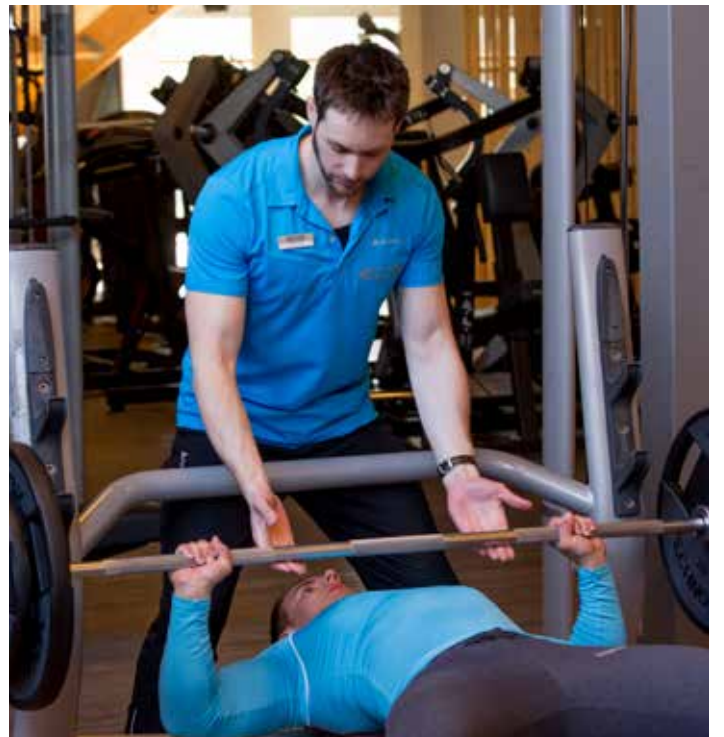
The first six months of the reporting year (October through March) are the most important by far from a financial perspective for SnowWorld. Around 70.0% of the annual revenue is realised during these months. The number of ski piste visitors is considerably lower in the second half of the year. Important activities during these traditionally less busy summer months are the training sessions for numerous (international) athletes in Landgraaf, the operation of the Outdoor Park in Landgraaf and the summer camps in Zoetermeer.

EBITDA and EBIT

EBITDA in 2016/2017 was up by € 1.1 million (13.2%) compared to 2015/2016 to € 9.7 million. The increase was mostly due to higher gross margin of € 1.6 million (6.8%). Operating expenses (excluding depreciation and amortisation) rose by € 0.4 million (3.0%) compared to the previous year, mostly due to higher premises costs and other employee expenses.

Since SnowWorld does not expect to be able to start on the realisation of its new locations in Paris and Barcelona in the short





term, it has decided to write down the capitalised development costs of € 1.0 million. The intended location in Paris will be used for the mountain bike events during the Olympic Games to be held in Paris in 2024. Development at this site is not possible until that time. The developments in Barcelona with respect to the potential independence of Catalonia mean that it is not likely that the city administration will be prepared to change the zoning plan for the location intended for the development of the ski resort.

The effect on EBIT and the result after tax of the write-down of the capitalised costs is as follows:

(in € x 1,000)	Result	Write-down	Operating result	
	2016/2017	costs	2016/2017	2015/2016
Net revenue	27,283	–	27,283	25,516
Gross margin	24,616	–	24,616	23,047
EBITDA	9,748	–	9,748	8,611
Operating result (EBIT)	4,969	1,007	5,976	5,008
Result after tax	2,367	755	3,122	2,429

Operating EBIT rose 19.3% to € 6.0 million.

Tax burden

The tax burden in the 2016/2017 reporting year was 25.0% (2015/2016: 25.0%) and consequently remained at virtually the same level.

Result after tax

The operating result after tax compared to the 2015/2016 reporting year rose by € 0.7 million (28.5%) to € 3.1 million. After write-down of the capitalised costs, the result after tax declined by 2.6% to € 2.4 million. The net profit per share also declined slightly by 3.8% to € 0.76.

Earnings per share

The average number of outstanding shares in SnowWorld N.V. in the reporting year 2016/2017 was 3,133,723 (2015/2016: 3,017,210). Net profit per share amounted to € 0.76 in the 2016/2017 reporting year (2015/2016: € 0.79), a decline of € 0.03 (3.8%) per share. Cash flow from operating activities per share amounted to € 2.08, a decrease of € 0.27 (11.5%) per share. Group equity per share amounted to € 5.20 at the end of the 2016/2017 reporting year, an increase compared to the previous reporting year of € 0.99 (23.5%). When the Group equity was calculated, the 'hidden reserves', if any, included in the valuation of buildings and sites were not taken into account.

Investments

Investment in the 2016/2017 reporting year amounted to € 3.5 million. This concerned the final phase of the construction of the lengthened third piste in Zoetermeer for € 1.8 million and regular replacement investments. Investment was slightly lower than the level of depreciation and amortisation at € 3.7 million.



Operating cash flow

The cash flow from operating activities decreased by 9.5% to € 6.5 million in the past reporting year (2015/2016: € 7.2 million). As in the previous reporting year, the cash flow from operating activities was affected by the high level of the creditors item at 30 September 2016 in connection with the investment in the lengthening of the third piste in Zoetermeer. Adjusted for this effect, the cash flow from operating activities was up 32.2% from € 5.9 million to € 7.8 million.

Solvency

Equity amounted to € 16.3 million at the end of the 2016/2017 reporting year (year-end 2015/2016: € 13.2 million). The increase of € 3.1 million (23.5%) was largely attributable to the realised net operating profit in the reporting year (€ 2.4 million) and the change in the valuation of the interest-rate swap. The dividend distribution in March 2017 had a limited downward effect on solvency. Equity per share stood at € 5.20 at the end of the reporting year.

Solvency rose to 26.5% at the end of the reporting year (end of 2015/2016: 20.9%). Guarantee capital at 30 September 2017 increased to 27.7% (end of 2015/2016: 22.2%).

For reasons of transparency, we are providing additional information on the valuation of the property, plant and equipment (land and buildings). The cumulative acquisition value of the land and buildings at 30 September 2017 amounted to € 92.5 million. After deduction of the cumulative depreciation and amortisation at € 36.5 million, there remains a carrying value for the land and buildings of € 56.0 million. This concerns the valuation based on historical cost. The current value of the land and buildings, according to a calculation based on the cash value of estimated future cash flows, amounts to € 86.4 million. This amount is € 30.4 million higher than the valuation based on historical cost. For more information, please refer to page 59 of this annual report.

Financing

SnowWorld Leisure N.V. revised its credit facility with ABN AMRO during the previous reporting year to enable the lengthening of the third piste in Zoetermeer. This credit facility is SnowWorld's main source of financing. Ratios have been agreed with the bank with respect to a minimum level of guaranteed assets and a maximum total net debt/EBITDA ratio and a minimum debt service capacity ratio (DSCR). The credit facility includes a schedule for raising the ratios of SnowWorld Leisure N.V. to the next level in the years ahead: a minimum guarantee capital of 30%, a maximum total net debt/EBITDA ratio of 2.5 and a minimum debt service capacity ratio (DSCR) of 1.0. At the end of the 2016/2017 financial year, SnowWorld complied with the ratios agreed for this year.

A large part of the credit facility has a variable interest rate at 1-month Euribor plus a fixed surcharge. An interest-rate swap has been entered into to reduce the interest-rate risk. The use of this interest-rate swap means a large proportion of the interest-bearing debt is fixed. This interest-rate swap had a negative value of € 2.0 million at the end of the reporting year (2015/2016: € 3.0 million).

SnowWorld's total interest-bearing debt (excluding the interest-rate swap) declined by more than € 2.6 million to € 38.0 million in the reporting year (2015/2016: € 40.6 million).

Optional dividend

The General Meeting of Shareholders approved an optional dividend of € 0.30 per share on 17 March 2017. This dividend equates to a pay-out percentage of 37.3%. Shareholders were offered a choice between 1 new share for each 25 existing shares or a cash dividend. A large proportion of the shareholders opted to receive dividend in shares. There were consequently 116,513 new shares issued.

An optional dividend will again be proposed at the shareholders' meeting to be held on 16 March 2018. The proposal concerns a payment of € 0.40 per share, which equates to a pay-out ratio of 40.0%. This represents an increase of 33.3% compared to the previous year. Shareholders will be able to choose between 1 new share for each 21 existing shares or a dividend in cash. The currently proposed dividend distributions already meet the earlier formulated dividend policy of SnowWorld which provided for a pay-out ratio of between 30.0 and 50.0% in the longer term.



Subsequent events

On 28 September 2017, Alychlo N.V. acquired 40% of the shares in SnowWorld N.V. from J.H.M. Hendriks Beheermaatschappij B.V. Since as a result of this transaction Alychlo N.V. has exceeded the threshold of a 30% interest, it is obliged to issue a public offer for the other outstanding shares in SnowWorld N.V. For a more extensive explanation we refer to page 68 of this annual report.

Progress on new construction projects

SnowWorld is currently developing three construction projects, consisting of new locations in Paris, Barcelona and Milan.

Paris

The Executive Board of SnowWorld is convinced that Paris is an excellent location for rolling out the SnowWorld concept. It is a large agglomerate where more skiers and snowboarders live than in the whole of the Netherlands. The planned indoor ski resort is a copy of the operational SnowWorld concept in Landgraaf (ski resort including hotel and Outdoor Park). The location for the envisioned indoor ski resort is Elancourt, a suburb of Paris within the agglomeration of Saint Quentin and Yvelines.

The procedure for changing the zoning plan was initiated in former reporting years. However, in July 2017 it was announced that Paris will host the Olympic Games in 2024. The location intended for the SnowWorld facility will be used for the mountain bike events during the Games. This means that no development of our indoor ski resort will be possible until after that date. This led SnowWorld to decide to write down the capitalised costs for this development. SnowWorld is now studying whether there are other potential locations in the Paris region where an indoor ski resort could be realised earlier than in Elancourt.

Barcelona

Barcelona also offers very good possibilities for opening a new location. Just like Paris, Barcelona is a large agglomerate whose population includes large numbers of skiers and snowboarders. Barcelona is considering being a candidate for the 2026 Winter Olympics, which could have a positive effect on a future location. The planned concept includes, in addition to two ski pistes, two ice skating rinks and a hotel with 200 rooms. The planned location for SnowWorld Barcelona is near the port area. An LNG terminal is located in this area that currently 'dumps' most of its available cooling output into the Mediterranean Sea. Part of this cooling output could be made available to SnowWorld, which means it will not have to produce its own cooling energy.

The procedure for change of the zoning plan was also initiated in Barcelona in former reporting years, but was halted in connection with a review by the city council of the hotel market. This has now been completed, which provided SnowWorld an opening to continue its lobbying. However, the political situation in Barcelona is now exclusively focused on the debate regarding the potential independence of Catalonia. The uncertainty and delay that this entails for our project has led the management of SnowWorld to write down the capitalised costs of the development in Barcelona. Nevertheless, we shall continue to lobby with our local partners for a change to the zoning plan for the intended site.

Milan

A few years ago, SnowWorld was asked by local Italian businessmen to assist with the development of an indoor ski resort in Milan. As is the case with Barcelona, the Milan region also features a large number of winter sports enthusiasts. This means it is a good location for the opening of an indoor ski resort. It took a long time to find a suitable location, but now a good site has been found slightly to the north of Milan. The planned indoor ski resort is a copy of the operational SnowWorld concept in Landgraaf, but without the Outdoor Park. The owner of the site will develop and operate the indoor ski resort in a joint venture with SnowWorld. The plan has now been developed and the procedure for changing the zoning plan and obtaining the associated building and other permits has been initiated. We currently expect construction to commence in 2018.

For more information concerning the planned structure of the financing of the new locations, see page 10 of this annual report.

Organisation and employees

General

SnowWorld has a decentralised organisational structure. The locations in Landgraaf and Zoetermeer are stand-alone ski resorts that are led by location managers. These location managers, together with their management teams, are responsible for their own activities and results. Marketing and sales and other support services such as human resources, accounting and IT are coordinated centrally.

SnowWorld attaches a great deal of importance to the further development of the organisation and its employees' talents in order to continually improve all aspects of the services. Also at management level, including the location managers, there is a focus on ensuring adequate development of the organisation with the aim of further reducing the dependence on the key officers (Messrs J.H.M. Hendriks and W.A. Moerman). There are (internal) education and training programmes at lower levels in the organisation, for example for employees who have just joined the company.



SnowWorld can be characterised as a young and dynamic company that is constantly on the move and that operates flexibly. Both the employees and the Executive Board members and managers are easy to approach. Entrepreneurism continues to be an important starting point. Enjoying the work is a top priority. Employees are sporty and healthy in mind and body. This fits in with the total concept of a welcoming and inviting sport experience.

Number of employees

SnowWorld employed 247 people on average on an FTE basis in the 2016/2017 reporting year, compared to 237 in the 2015/2016 reporting year. The very seasonal nature of employment at SnowWorld means that more than 800 people are employed during the peak periods. Based on the total number of employees in December 2016, 31.7% of the employees have a permanent employment contract and 68.3% have a temporary contract. 58.3% of the employees are men and 41.7% are women. Absenteeism at SnowWorld was somewhat higher at 3.7% than in the 2015/2016 reporting year at 3.2%, but is still very low compared to the average percentage in the Netherlands.

The average number of employees (in FTEs) per activity:

	2016/2017	2015/2016
Ski	91	83
Hospitality	81	75
Fitness	22	22
Outdoor	5	4
Other	48	53
Total	247	237

The average number of employees per location:

	2016/2017	2015/2016
Zoetermeer	119	107
Landgraaf	128	130
Total	247	237





Terms of employment

The employees of SnowWorld do not fall under a Collective Labour Agreement. SnowWorld has its own terms of employment package and pension scheme. The terms of employment include a provision allowing employees to use the health clubs. SnowWorld encourages them to use these facilities. SnowWorld does not have a Works Council.

Company safety

The safety of its guests and employees is crucially important to SnowWorld. Safety is continually improved wherever possible. Sport and play activities entail risks to (physical) health, particularly if they are carried out on an underground of snow. It is inherent to activities such as these that our guests could fall and injure themselves. This is why a large proportion of the employees have a first-aid certificate. A number of employees also have an In-House Emergency Services (BHV) Certificate and SnowWorld has both an Evacuation and an In-House Emergency Services plan. In order to prevent accidents as much as possible, everyone who steps onto the ski pistes must adhere to a set of piste rules and regulations.

Corporate social responsibility

Corporate social responsibility forms an integral part of SnowWorld's day-to-day activities. This corporate social responsibility spans numerous aspects of the business operations, such as caring for the environment, which includes saving energy, and social aspects such as sponsoring athletes and offering possibilities for people with a disability to participate in sports.

SnowWorld is aware of its responsibility vis-à-vis the environment. This involves both the daily consumption of gas, water and electricity, waste flows and the use of coolants.

Electricity consumption

SnowWorld is constantly looking for new possibilities for saving energy.

After many years of testing numerous LED lamps, SnowWorld has selected a LED lamp in the previous reporting year that can be installed on the pistes. The pistes in Landgraaf are now fitted with this new lighting. The same lighting will be installed on the pistes at Zoetermeer next year. The new lighting will not only produce savings in energy consumption, it will also contribute positively to our guests' experience. This is because the lamps will make the snow look much whiter.

In the previous annual report, we stated that contracts had been signed with Indi Energie, a division of Essent, to install a total of 8,000 solar panels on the roofs in both Landgraaf and Zoetermeer. These contracts have now been extended to just under 13,000 panels. The 3,000 panels on the roofs in Zoetermeer were taken into operation in June. After installation of the first panel on the roof of the piste in Landgraaf by the Governor of Limburg Mr Bovens on 23 August, the installation of the panels in Landgraaf was completed in November. Indi Energie installs, finances and maintains the panels for SnowWorld. SnowWorld will purchase the energy generated for the first 15 years. The energy expected will be sufficient to provide energy to around 1,000 households per year.

The energy that SnowWorld uses is generated sustainably using water, wind or biomass.

Waste flows

SnowWorld's business activities generate various waste flows. This involves primarily waste from the restaurants. SnowWorld separates waste into paper, glass, (frying) oil and food waste.

Use of coolants

SnowWorld uses various coolants in its systems, namely CO₂, ammonia and glycol. SnowWorld has a maintenance contract with a cooling maintenance company in order to ensure that the systems remain in optimum condition. Preventive maintenance and periodic checks contribute to this.

Green Key

SnowWorld started a process to take measures whereby the hotel in Landgraaf will be eligible for a Green Key. Green Key is the international quality mark for sustainable businesses in the recreation and leisure industries and the commercial market. Businesses with a Green Key do all they can to protect the environment without sacrificing the comfort and quality they provide to their guests, and thereby go a step further than meeting the requirements of legislation and regulation. SnowWorld expects to be able to obtain the Green Key in the next reporting year.

Sponsoring

SnowWorld offers a range of possibilities for people with a disability to participate in sports. Within this context, SnowWorld supports various foundations, including Stichting geHandicapt en Op Ski's (SHOS) and the Nederlands Visueel-gehandicapt en Ski Vereniging (NVSV) and the Aangepast Ski Team (NSKiV). SnowWorld also supports the Mentality Foundation, Stichting Het Vergeten Kind and the Bas van der Goor Foundation which organises annual camps in Landgraaf for children with diabetes.

SnowWorld furthermore sponsors a number of top athletes and sporting talents, including:

- * Floor van Ameyde;
- * Michelle Dekker;
- * Joey van de Noort;
- * Gulia Lach de Bere; and
- * Joewen Frijs.

Sports and exercise

SnowWorld's core activities are aimed at sports and exercise. Within this framework, SnowWorld conducts an active policy designed to enthuse young people to enjoy skiing or snowboarding at SnowWorld. Numerous schoolchildren are given the opportunity to become acquainted with snow sports at sharply reduced rates every year. Children are also encouraged to take up sports and exercise during birthday parties or summer camps that are led by professionals.

Internships

SnowWorld provides many interns with an internship each year in order to enable them to gain their first work experience. The interns are, for example, students from various CIOs (sport) educational programmes who help provide skiing and snowboarding lessons. Other departments such as hospitality, fitness, reception and equipment rental also offer numerous internships.



Action plans 2017/2018

Strategic

- * Further elaboration of the new-build project in Milan
- * Further elaboration of the plans for the development of Wilhelminaberg Landgraaf

Financial

- * Implementing dividend policy

Operational

- * 'Road to Pyeongchang', where the Winter Olympics will be held in 2018, in October-November 2017, comprising:
 - The Adaptive Indoor Races (AIR) races
 - EC slope style (European championship for a snowboard discipline)
 - National championship alpine skiing
 - FIS competition snowboard alpine
- * Completion of installation of solar panels on the roofs of the pistes

Outlook

After an excellent anniversary year in 2016/2017, we look forward to the 2017/2018 reporting year. Ski pass prices are slightly higher, and given the relatively high level of consumer confidence, we expect more Dutch people to go on winter sport holidays and use SnowWorld to prepare for their winter sport vacations. The Winter Olympics next spring will also raise interest in winter sports. We therefore expect revenue and profit to increase in the 2016/2017 reporting year.

Regular replacement investment is expected to amount to around € 1.7 million.

SnowWorld expects to once again be able to fulfil the ratios agreed with ABN AMRO and to meet its repayment obligations in the upcoming reporting year.

The average number of employees is expected to remain unchanged in the upcoming reporting year compared to 2016/2017.





RISK MANAGEMENT

SnowWorld's risk management and control system has been put in place with the objective of gaining insight into the degree to which the strategic and operational objectives can be achieved, the financial reporting is reliable and relevant laws and regulations are complied with. While conducting enterprise by definition entails taking on risks, the policy is aimed at preventing or otherwise mitigating them. This is obviously done in relation to the probability that the risks will arise and the related impact.

The current risk management and control system can be generally described as follows: the revenue of each location is reported on a daily basis and the various other performance indicators are reported on a weekly basis, including the development of the liquidity premium (hours worked and average hourly wages) in relation to the revenue, the (forecast of the) hotel occupancy, changes in the numbers of members of the health clubs as well as the packages booked and outstanding offers. The results achieved are reported on a monthly basis and discussed with the location managers by the Executive Board. If necessary, the forecast for the full year is adjusted.

The Executive Board of SnowWorld reports the key performance indicators to the Supervisory Board on a monthly basis. Every quarter, the Executive Board presents a financial report with notes and forecasts to the Supervisory Board. The Executive Board explains the budget at least once a year. The Supervisory Board meets at least four times a year to discuss matters including the submitted reports.

Every year the external auditor reviews, insofar as relevant for the audit of the financial statements, the design, existence and effective operation of the risk management and control system and reports his findings thereon to the Executive Board and the Supervisory Board. The report for 2016/2017 comprises findings that indicate not so much serious shortcomings as recommendations for improvements. The recommendations have been followed up where possible.

The risks in the field of strategy, financial reporting, operations and compliance, in relation to the company's objectives, are continually identified and analysed and if necessary controls are implemented to limit the risks. This is documented in a risk monitoring instrument and discussed with the Supervisory Board by the Executive Board. The principal risks are:

- * *Financing.* SnowWorld Leisure N.V. has entered into a credit facility with ABN AMRO. The facility entails obligations with respect to repayments and interest payments. It also includes ratios with regard to a minimum level of guaranteed assets, a maximum level for the net debt/EBITDA ratio and a minimum level for the debt service capacity ratio (DSCR). SnowWorld monitors these ratios on a monthly basis. SnowWorld meets the ratios. Any consequences of a failure to meet these ratios will be elaborated further on by the bank at such time as a situation of default exists.
- * *Interest rates.* The interest-bearing debts comprise mainly debts to credit institutions. These debts to credit institutions carry a variable interest rate, consisting of a 1-month Euribor rate plus a fixed interest surcharge. An interest-rate swap has been entered into within the framework of reducing the interest risk. The use of this interest-rate swap means a large proportion of the interest-bearing debt is fixed. The policy is not to trade in financial derivatives but to use them only to hedge risks.
- * *Laws and regulations.* The activities of SnowWorld are influenced by numerous laws and regulations. They relate, for example, to SnowWorld's stock exchange listing or the privacy of our guests, and also to permits and conditions with respect to safety in general and fire safety in particular. Changes in tax laws, for instance with regard to VAT or social security charges, can have an immediate effect on SnowWorld's results. SnowWorld has various sources of information that provide it with early notification of significant changes in laws and regulations so that, where possible, suitable measures can be taken. No (potential) changes in laws and regulations are currently known that could materially affect SnowWorld's results in the upcoming reporting year.
- * *Environment.* The commercial operation of indoor ski resorts involves environmental risks. These mainly concern the use of coolants for cooling the ski pistes. SnowWorld has concluded a multi-year maintenance agreement with a specialised cooling maintenance company that ensures the systems will permanently be in optimum condition so that the environmental risks are minimised.
- * *Electricity.* Changes in electricity prices have an immediate impact on the profitability of SnowWorld. Electricity prices are followed on a daily basis. SnowWorld concludes forward contracts with its energy suppliers to minimise price risks. The electricity prices have been locked in up to 31 December 2018, in relation to expected consumption levels.

❄ *Growth.* SnowWorld is preparing several development projects. This concerns new locations in Paris, Barcelona and Milan. In preparing these projects, SnowWorld depends significantly on (local) politics with regard to changes in zoning plans and grants of building permits. These political processes can take a long time. The projects are capital-intensive. SnowWorld's capacity to finance them will depend on the availability of bank loans and it may in addition have to draw on the capital market to further strengthen its equity. The development projects are based on a profitability forecast by the Executive Board of SnowWorld. These forecasts have been substantiated to the greatest possible extent by external reports. Actual results can differ from expected results. The Executive Board reports on the progress of the various projects in every meeting of the Supervisory Board.

The Executive Board believes that the internal risk management and control system of SnowWorld is adequate and effective and that the financial reporting is free of material misstatements. Despite the daily efforts to control the risks, there is no absolute assurance that material misstatements, errors, fraud, losses or unlawful acts can be prevented.

CORPORATE GOVERNANCE

General

SnowWorld has a two-tier board structure, which means the management and the supervision thereof are segregated. The Executive Board is tasked with the day-to-day management of the company and is responsible for the strategy with the associated risks, results and the social aspects of doing business that are relevant for the company. The Executive Board gives account to the Supervisory Board. The Executive Board and the Supervisory Board give account to the General Meeting of Shareholders. The Executive Board is guided in discharging its duties by the interests of the company and its activities, and weighs up the relevant interests of the various parties involved in the company.

The Supervisory Board is responsible for the supervision of the performance of the Executive Board and also advises the Executive Board. The Executive Board and the Supervisory Board are jointly responsible for representing the interests of the stakeholders.

The stakeholders are the groups and individuals that directly or indirectly influence, or are influenced by, the activities of the company. They include the employees, shareholders and other providers of capital, suppliers, customers, government bodies, educational and knowledge institutions, social and trade associations (including NGOs) and the communities in which SnowWorld is active.

SnowWorld N.V. is subject to the two-tier board system, which follows from, among other things, the far-reaching powers of the General Meeting of Shareholders as determined by the company's Articles of Association.

The company's Articles of Association stipulate that the members of the Supervisory Board, on a nomination by the Supervisory Board, are appointed by the General Meeting of Shareholders. The General Meeting of Shareholders can, by an absolute majority of the votes cast, representing at least one third of the issued capital, pass a resolution of no confidence in the Supervisory Board. The members of the Executive Board of the company are appointed and dismissed by the Supervisory Board.

A resolution to amend the Articles of Association of the company can only be passed by the General Meeting of Shareholders on a proposal of the Executive Board, after approval by the Supervisory Board.

At least one General Meeting of Shareholders is held each year. The General Meeting of Shareholders adopts the financial statements and has powers regarding the appointment and dismissal of members of the Supervisory Board.

The Executive Board enables employees to report, without endangering their legal position, perceived irregularities of a general, operational or financial nature to an independent confidential counsellor. This whistle-blower scheme is available on the company's website.

SnowWorld and the Dutch Corporate Governance Code

For the text of the Code, please refer to the website of the Corporate Governance Code Monitoring Committee: <http://commissiecorporategovernance.nl/corporate-governance-code>. The Code contains both specific principles, best practice provisions and guidelines for adequate supervision of them. SnowWorld endorses the principle that a sound and transparent system of 'checks and balances' is important for the trust in companies that operate in the capital market. SnowWorld believes that transparency and openness in supervision and accountability are conditions for good governance. SnowWorld explains below why it does not comply with some best practice provisions.

The composition and size of the Executive Board are based on the profile and the strategy of the company. The expertise, experience and the various competencies of the members of the Executive Board are required to contribute to this profile and the strategy.

The composition and size of the Supervisory Board are likewise based on the profile and the strategy of the company. The expertise, experience and the various competencies of the members of the Supervisory Board should contribute, in line with the profile drawn up by it, to good supervision of the management and the general course of affairs in the company. In the reporting year, the combination of these elements has led to the fact that the current Supervisory Board currently consists of two men and one woman. With a view to a balanced composition, the Supervisory Board stated in its profile that it would aim as much as possible for a diverse composition, where possible by age and gender.

SnowWorld has drawn up the Executive Board Rules and the Supervisory Board Rules in accordance with its Articles of Association and the provisions of the Corporate Governance Code. They lay down, among other things, how the General Meeting of Shareholders, the Executive Board and the Supervisory Board relate to each other and what their powers are in relation to the company.

The Corporate Governance Code was amended in 2016 and came into effect for financial years commencing on or after 1 January 2017. In anticipation of this, SnowWorld N.V. has applied the new Code with effect from the 2016/2017 reporting year. Any changes in rules, regulations, procedures or other written documentation in order to comply with the 2016 Corporate Governance Code were effected by 30 September 2017.

Deviations from the Code

SnowWorld sets out below which best practice provisions it does not comply with and the reason for this. For more details on the exact content of the best practice provisions referred to, please refer to the Dutch Corporate Governance Code.

Principle 1.3 and best practice provisions 1.3.1 to 1.3.6

This principle and these best practice provisions do not apply to SnowWorld N.V. as it has no internal audit function, owing to its limited size.

Best practice provision 1.4.1

As SnowWorld N.V. has no audit committee, the tasks referred to in this best practice provision are performed by the Supervisory Board.

Best practice provisions 1.5.1 to 1.5.4

As SnowWorld N.V. has no audit committee, the tasks referred to in these best practice provisions are performed by the Supervisory Board.

Best practice provisions 1.6.1 to 1.6.3

As SnowWorld N.V. has no audit committee, the tasks referred to in these best practice provisions are performed by the Supervisory Board.

Principle 1.7 and best practice provisions 1.7.1 to 1.7.4

As SnowWorld N.V. has no audit committee, the tasks referred to in this principle and these best practice provisions are performed by the Supervisory Board.

Best practice provision 2.1.3

In view of the size of the company SnowWorld N.V. does not have an executive committee.

Best practice provision 2.2.1

Previously, SnowWorld N.V. did not implement this provision in its Executive Board regulations. A management agreement between SnowWorld N.V. and J.H.M. Hendriks Beheermaatschappij B.V. was concluded in December 2013. This agreement came into effect on 1 October 2013 and runs until 1 April 2019. Under the management agreement, Mr J.H.M. Hendriks is appointed as a director of SnowWorld N.V. under its articles of association for the duration of the agreement. Mr J.H.M. Hendriks has therefore been appointed as a director under the articles of association for a term of more than four years.

Best practice provision 2.2.5

Due to the limited size of the Supervisory Board, SnowWorld N.V. has no selection and appointment committee. The tasks stated in this best practice provision are carried out by the Supervisory Board.

Best practice provisions 2.3.2. to 2.3.5

Owing to the limited size of the Supervisory Board, SnowWorld N.V. has no key committees. The tasks stated in these best practice provisions are carried out by the Supervisory Board.

Best practice provision 2.3.10

Due to the limited size of the company, SnowWorld N.V. has not appointed a company secretary.

Best practice provision 3.1.1

As SnowWorld N.V. has no remuneration committee due to the limited size of the Supervisory Board, the tasks referred to in this best practice provision are performed by the Supervisory Board.

Best practice provision 3.1.3

SnowWorld N.V. does not have an executive committee. This best practice provision does not therefore apply to SnowWorld N.V.

Principle 3.2 and best practice provisions 3.2.1 to 3.2.2

As SnowWorld N.V. has no remuneration committee, the tasks referred to in this principle and these best practice provisions are performed by the Supervisory Board.

Principle 3.4 and best practice provision 3.4.1

As SnowWorld N.V. has no remuneration committee, the tasks referred to in this principle and this best practice provision are performed by the Supervisory Board.

Best practice provision 4.2.3

In view of the limited size of the company, SnowWorld N.V. will only facilitate such options if new facts are disclosed during the presentation or meeting that were not known or not deemed to be known by the shareholders, or had not been publicly disclosed, before the presentation or meeting.

Best practice provision 4.3.4

This best practice provision does not apply to SnowWorld N.V. as it has no financing preference shares.

Best practice provisions 4.3.5 to 4.3.6

These best practice provisions do not apply to SnowWorld N.V. as it is not an institutional investor.

Principle 4.4 and best practice provisions 4.4.1 to 4.4.8

This principle and these best practice provisions do not apply to SnowWorld N.V. as no depositary receipts are issued for the shares of SnowWorld N.V.

Principle 5.1 and best practice provisions 5.1.1 to 5.1.5

SnowWorld N.V. does not have a one-tier board structure. This principle and these best practice provisions do not therefore apply to SnowWorld N.V.

Conflicts of interest

With a view to complying with the Code, SnowWorld is required to report transactions with Executive Board members that involved conflicts of interests and that were of material significance to the company and/or for the Executive Board member, together with a statement of the conflict of interest.

A share transaction was effected in the 2016/2017 reporting year whereby the major shareholder and director J.H.M. Hendriks sold a large part of his shareholding via his personal company J.H.M. Hendriks Beheermaatschappij B.V. The Supervisory Board was involved in the formulation and settlement of this transaction.

No other transactions with an Executive Board member took place that involved a conflict of interest in the reporting year 2016/2017.

When such transactions are entered into, the best practice provisions 2.7.3. to 2.7.4. laid down in the Code are adhered to. This means that the conflict of interest is reported to the Chairman of the Supervisory Board beforehand and that this Supervisory Board (without the Executive Board member concerned being present) decides whether there is any conflict of interest, and whether the Director concerned did not take part in the discussion and decision-making on the subject concerned. In addition, the aforesaid Supervisory Board will approve the transaction once the transaction is agreed on terms that are customary in the sector.

EXECUTIVE BOARD DECLARATION

As statutory director under the Articles of Association of SnowWorld N.V. I have drawn up the annual report and the financial statements 2016/2017.

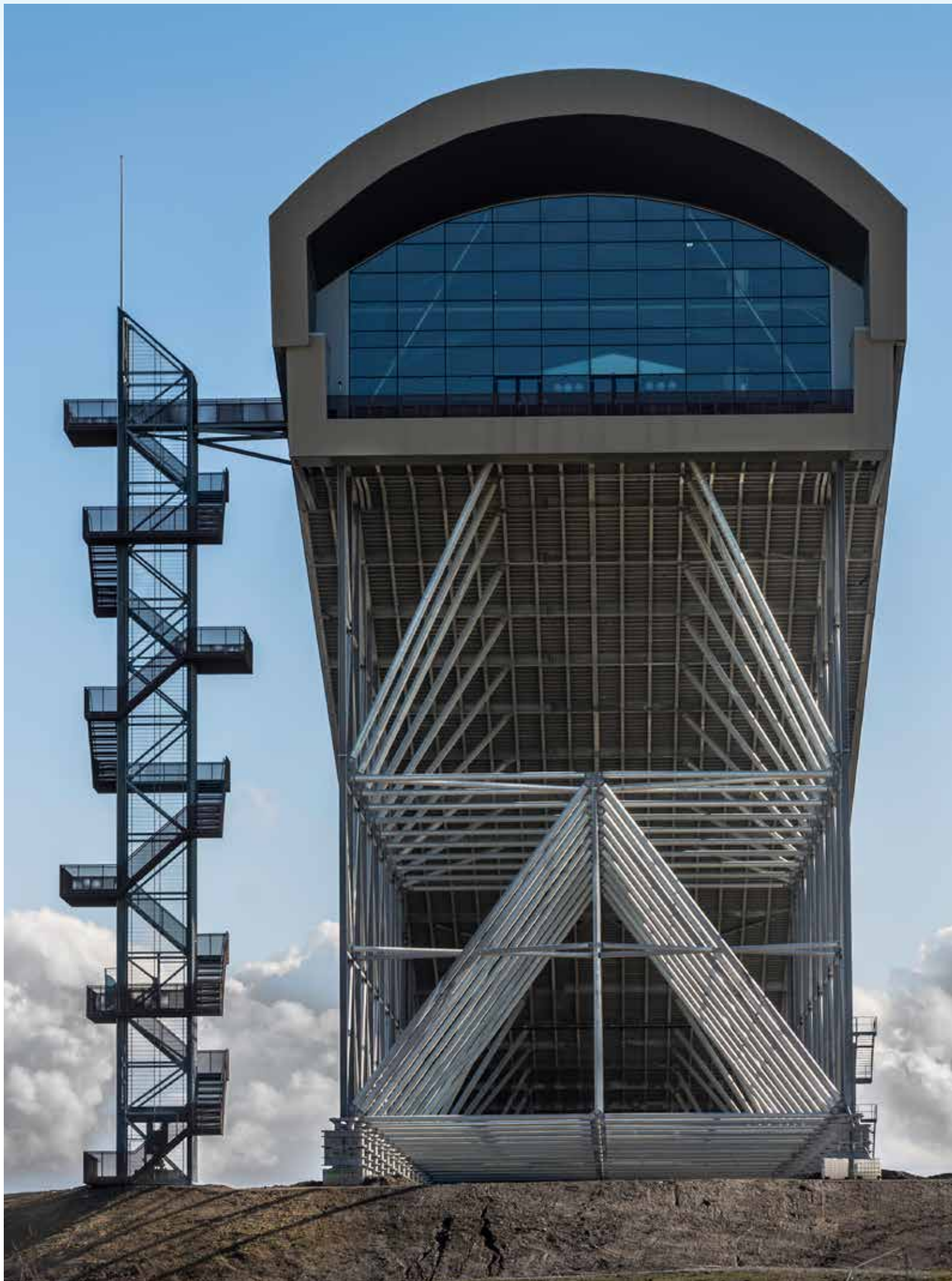
I hereby declare that, to the best of my knowledge:

- ❖ The financial statements provide a true and fair view of the assets, liabilities and financial position of the company and the subsidiaries included in the consolidation;
- ❖ The annual report provides a true and fair view of the position as at the balance sheet date and the performance during the reporting year of the company and the companies affiliated with it; and
- ❖ The material risks potentially facing the company are set out in the annual report.

Zoetermeer, The Netherlands, 29 December 2017

Executive Board

J.H.M. Hendriks, Chief Executive Officer





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CONSOLIDATED INCOME STATEMENT

(in € x 1,000)

	2016/2017	2015/2016
Net revenue	27,283	25,516
Cost of goods sold and services provided	-3,413	-3,194
Gross profit (1)	23,870	22,322
Other operating income (2)	746	725
Gross margin	24,616	23,047
Wages and salaries (3)	6,812	6,817
Social insurance payments (4)	1,286	1,317
Depreciation of property, plant and equipment (5)	4,779	3,603
Other operating expenses (6)	6,770	6,302
Total operating expenses	19,647	18,039
Operating result	4,969	5,008
Financial income and expenses (7)	-1,812	-1,769
Result before tax	3,157	3,239
Tax (8)	-790	-810
Result after tax	2,367	2,429
EBITDA¹	9,748	8,611
EBIT	4,969	5,008
Result after tax	2,367	2,429

¹ This concerns the addition of 'Operating income' and 'Depreciation of property, plant and equipment'.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EARNINGS PER SHARE

(in € x 1,000)

	2016/2017	2015/2016
Result after tax	2,367	2,429
Items to be recognised in the income statement in future years:		
• Movement in valuation of interest-rate swap ²	1,002	424
• Effect of corporate income tax	-251	-106
Total direct movements in group equity (15)	751	318
Total result	3,118	2,747

Earnings per share	0.76	0.79
Diluted earnings per share	0.75	0.79
Total result per share	0.99	0.89
Diluted total result per share	0.99	0.89

For an explanation of the earnings per share and the total result per share, see 'Note on the earnings per share' under 'Principles for valuation and determination of the result in the company and consolidated financial statements'.

² The movement in the valuation of the interest-rate swap is as follows:

	2016/2017	2015/2016
Movement in valuation of interest-rate swap	180	-506
Settled interest via interest-rate swap (see 7)	822	930
	1,002	424

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(before profit appropriation, in € x 1,000)

Assets	30 September 2017	30 September 2016
Non-current assets		
Intangible non-current assets (9)	867	946
Property, plant and equipment (10)		
• Land and buildings	55,958	46,957
• Machinery and installations	18	42
• Other non-current assets	2,788	2,600
• Assets in production	-	10,415
	58,764	60,014
Financial non-current assets (11)	89	-
Current assets		
Inventory (12)	322	415
Accounts receivable (13)		
• Trade receivables	558	547
• Receivable from shareholder	-	41
• Tax and social insurance contributions	52	542
• Other receivables, accrued income and prepaid expenses	388	311
	998	1,441
Cash and cash equivalents (14)	312	231
Total assets	61,352	63,047

Liabilities	30 September 2017	30 September 2016
Group capital (15)	16,287	13,187
Provisions (16)	-	39
Non-current liabilities (17)	32,330	36,697
Current liabilities (18)		
Repayment obligation on non-current liabilities	4,946	4,524
Debts to credit institutions	2,941	2,547
Payable to suppliers and trading credits	1,615	2,832
Payable to shareholder	56	-
Tax and social insurance contributions	1,347	1,047
Other payables and accruals	1,830	2,174
	12,735	13,124
Total equity and liabilities	61,352	63,047

CONSOLIDATED STATEMENT OF CASH FLOW

(in € x 1,000)

	2016/2017	2015/2016
Cash flow from operating activities		
Operating result	4,969	5,008
Adjustments for:		
Depreciation and amortisation	4,779	3,603
Movements in working capital:		
• Movement in inventory	93	110
• Movement in receivables	443	-156
• Movement in current liabilities (excluding credit institutions)	-1,114	1,099
	-578	1,053
Cash flow from business operation	9,170	9,664
Interest paid	-1,818	-1,762
Income tax paid	-820	-687
	-2,638	-2,449
Cash flow from operating activities	6,532	7,215
Cash flow from investment activities		
Investments in property, plant and equipment	-3,486	-12,486
Divestments in property, plant and equipment	36	936
	-3,450	-11,550
Cash flow from investment activities	-3,450	-11,550
Cash flow from financing activities		
Dividend distributions	-31	-26
Drawdown of non-current liabilities (excluding interest-rate swap)	1,618	6,980
Repayment of non-current liabilities (excluding interest-rate swap)	-4,982	-6,444
Cash flow from financing activities	-3,395	510
Net cash flow	-313	-3,825

	2016/2017	2015/2016
Situation cash at 1 October	231	1,509
Situation credit institutions at 1 October	-2,547	-
Situation cash and cash equivalents at 1 October	-2,316	1,509
Net cash flow	-313	-3,825
Situation cash at 30 September	312	231
Situation credit institutions at 30 September	-2,941	-2,547
Situation cash and cash equivalents at 30 September	-2,629	-2,316

CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

(in € x 1,000)

	Issued capital	Share premium reserve	Hedge- reserve	Other reserves	Result for the reporting year	Total Group equity
Situation at 1 October 2015	5,900	12,687	-2,542	-7,933	2,326	10,438
Result for the reporting year	-	-	-	-	2,429	2,429
Processing of result from previous reporting year	-	-	-	2,326	-2,326	-
Dividend distributions	160	-186	-	-	-	-26
Costs of share options	-	-	-	27	-	27
Other changes	-	-	-	1	-	1
Movement in valuation interest-rate swap	-	-	318	-	-	318
Situation at 30 September 2016	6,060	12,501	-2,224	-5,579	2,429	13,187
Situation at 1 October 2016	6,060	12,501	-2,224	-5,579	2,429	13,187
Result for the reporting year	-	-	-	-	2,367	2,367
Processing of result from previous reporting year	-	-	-	2,429	-2,429	-
Dividend distributions	233	-264	-	-	-	-31
Costs of share options	-	-	-	13	-	13
Movement in valuation interest-rate swap	-	-	751	-	-	751
Situation at 30 September 2017	6,293	12,237	-1,473	-3,137	2,367	16,287

PRINCIPLES FOR VALUATION AND DETERMINATION OF THE RESULT IN THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

General

The financial statements of the public limited company SnowWorld N.V., with its registered office at Buytenparklaan 30, 2717 AX Zoetermeer, The Netherlands, have been prepared in accordance with the International Financial Reporting Standards as adopted for use within the European Union (EU-IFRS) and with Title 9, Book 2 of the Dutch Civil Code ('BW'). The accounting policies applied are in accordance with the IFRS in force on 30 September 2017 and rulings of the International Financial Reporting Interpretation Committee (IFRIC). All figures are shown in thousands of euros, unless otherwise stated.

References in these financial statements to 'SnowWorld' refer to the SnowWorld Group.

Activities

SnowWorld operates two indoor ski resorts in the Netherlands (Zoetermeer and Landgraaf). Both locations have multiple ski pistes and a selection of food and beverage facilities. In addition, both locations have a health club. SnowWorld Landgraaf also has a 4-star hotel and an Outdoor Park.

Functional currency

SnowWorld's functional currency is the euro. The consolidated figures are stated in thousands of euros.

New and/or amended IFRS standards in the reporting year

During the reporting year, SnowWorld has, if applicable, applied the following new and amended standards, revisions and amendments to standards and IFRIC interpretations relevant to the company: the application of IAS 16, IAS 19, IAS 27 and IAS 38 and the annual improvements 2012-2014.

Application of these standards and interpretations does not have any material effect on the equity and result of the company. The following standards and interpretations, among others, were not yet in force on the date of publication of the financial statements: IFRS 9, 15 and 16. SnowWorld is currently carrying out an impact analysis.

SnowWorld N.V. estimates that IFRS 9 will have a limited effect on the capital and the result. Regarding IFRS 16, SnowWorld N.V. estimates that the impact will be the same as the operating lease obligation at the time this standard takes effect, with the operating lease obligation being recognised in the statement of financial position. SnowWorld N.V. will implement this standard with effect from the 2019-2020 reporting year. SnowWorld N.V. is currently studying the impact of IFRS 15. Based on the initial findings of this study, the impact will be limited.

Segmentation

Under IFRS 8 the establishment of operating segments should be based on the organisational and reporting structure of SnowWorld Leisure N.V. The following segments are recognised on this basis: ski, hospitality, fitness, hotel and outdoor. Segmentation in the management information is limited to the categories as stated in the segment reporting section in the notes to these financial statements.

The geographical segmentation is based on the physical location of the revenue-generating activities. Internal settlement prices between the different segments are set on a commercial basis in a manner that is similar to that used for third parties. The accounting policies used for the segmented information are the same as those used for the consolidated financial statements.

Consolidation

The consolidated figures concern the financial data of SnowWorld N.V. and its Group companies as at 30 September of the reporting year. Group companies are those investments over which SnowWorld N.V. exercises control, is exposed to or has rights to variable income pursuant to its involvement in the investment and SnowWorld N.V. has the possibility to exercise its control over the investment to influence the size and revenue. These policies are moreover applied consistently by the subsidiary company. The financial statements for Group companies are included in the consolidated financial statements from the date on which decisive control begins until the date on which this ends.

The financial data concern the following companies:

- * SnowWorld N.V. (head of the Group)
- * SnowWorld Leisure N.V. (100%-owned)
- * SnowWorld International B.V. (100%-owned through SnowWorld Leisure N.V.)

Notes to the earnings per share

The company presents its earnings per share and total result per share on the basis of the issued share capital.

Earnings per share is calculated by dividing the result after tax attributable to shareholders in the company by the weighted average number of ordinary shares in issue during the reporting period. The average number of outstanding shares in SnowWorld N.V. in the reporting year 2016/2017 was 3,133,723. This calculation takes account of the number of shares issued for the dividend distributed in shares. It is assumed in the calculation that the shares used in the dividend distributions are issued at the end of the reporting year to which the dividend distributions apply.

The total result concerns both the realised and the unrealised results.

The total result per share is calculated based on the total result attributable to the shareholders of the company divided by the weighted average number of ordinary shares, whereby account is taken of the dilution effect, in issue during the reporting period. The average number of outstanding shares whereby account is taken of the dilution effect of the options in the 2016/2017 reporting year is 3,164,694. SnowWorld N.V. has two option schemes. Because the options are 'in the money', these schemes affect the number of shares, including the dilution effect.

The average number of outstanding shares in SnowWorld N.V. in the reporting year 2015/2016 was 3,075,467. This calculation takes account of the number of shares issued in the issue and the number of shares issued due to the dividend distribution in shares for the 2015/2016 reporting year. The average number of outstanding shares whereby account is taken of the dilution effect of the options in the 2015/2016 reporting year is 3,075,467. SnowWorld N.V. has two option schemes. Because the options were 'out of the money' these schemes had no effect on the number of shares including the dilution effect.

For an explanation of the potential dilution for existing shareholders, please refer to the note on 'Group equity in the consolidated financial statements (15)'.

Notes to the consolidated statement of cash flow

The cash flow statement is prepared using the indirect method. The 'cash and cash equivalents' item in the cash flow statement concerns cash after deduction of bank overdrafts. Receipts and payments arising from interest, dividends received and tax on profits are included under the cash flow from operating activities. Dividends paid are recognised under the cash flow from financing activities. Transactions not involving an exchange of cash are not included in the cash flow statement.

Use of estimates and assumptions

The company makes estimates and assumptions about future developments. Estimates in the reporting may differ from the actual result. Estimates and assumptions are based on past experience and other factors, including expectations of future events that may feasibly occur given the current state of affairs. Estimates and assumptions are continuously assessed.

The 'intangible non-current assets', 'property, plant and equipment', 'financial non-current assets' and 'employee expenses (share option expenses)' items and depreciation and amortisation depend in large part on estimations and assumptions. Estimations and assumptions that could lead in the upcoming reporting year to a material change to the carrying value of assets and liabilities (intangible non-current assets and options) are stated in the notes to the financial statements.

Principles for the determination of the result

General

The item net revenue consists of the proceeds of the provision of goods and services after deduction of discounts and the like and value-added tax.

Sale of goods

Income from the sale of goods (mainly concerning revenue from food and beverage) is recognised in the income statement if all material entitlements to economic benefits as well as all material risks relating to the goods are transferred to the buyer, the amount of the income can be reliably determined and receipt of the income is likely.

Provision of services

If the result of a transaction relating to the provision of a service can be reliably estimated, the revenue relating to the service is included in proportion to the realised performance. To the extent that the services provided (revenue from ski, fitness, hotel and outdoor) concern a period longer than one day, these are attributed proportionally to the period to which they relate.

Interest

Interest income and expense is recognised on a time-proportionate basis in the income statement, taking account of the effective interest rate of the item in question.

Intercompany transactions

Results from transactions with and between Group companies are fully eliminated.

Costs

Costs are determined taking account of the above-stated accounting policies and allocated to the reporting year to which they relate.

Principles for the valuation of assets and liabilities

Intangible non-current assets

The positive difference between the cost of acquisition and the fair value of the identifiable assets and liabilities acquired at the time of the transaction is capitalised as goodwill in the statement of financial position. Goodwill is measured at the cost of acquisition less cumulative impairments. Goodwill is not amortised. Instead, an impairment test is carried out each year. Impairments are recognised under depreciation and amortisation in the income statement.

Property, plant and equipment

Assets in ownership

Property, plant and equipment are measured at the cost of acquisition or production less any investment subsidies and after deduction of straight-line depreciation or impairment, if applicable. Straight-line depreciation is applied on the basis of the expected useful economic life of each separate element of property, plant and equipment, taking account of the residual value. If the

estimation regarding the total useful economic life changes over time, this is reported as a changed accounting estimate.

If items of property, plant and equipment consist of elements with different useful economic lives, these are recognised as separate items under property, plant and equipment.

Expenses after initial recognition

SnowWorld recognises the costs of replacing a part of an item of property, plant or equipment in the carrying amount of the asset when it is likely that the future economic benefits embodied within the asset will flow to SnowWorld and the cost of the asset can be reliably measured. All other expenses are recognised as costs in the income statement as they are incurred.

Assets in production

Property, plant and equipment in production concerns preparatory costs for any new facilities and/or relevant expansion of existing facilities. These items are capitalised as soon as it is likely that the expansions will take place. Depreciation starts after the items are taken into operation.

Real estate investments

A part of the land and buildings of SnowWorld is leased to third parties for which 'rental yields' is shown in the income statement. The part of the land and buildings in the company's own use and the part that is leased are inextricably linked and therefore not independently saleable. The leased part is an insignificant part of the whole. For these reasons, there is no question of a property investment as defined in IAS 40.10 and no split has taken place in property, plant and equipment.

Impairment of non-current assets

The book value of the assets of the company will be reviewed on each balance sheet date in order to determine whether there are indications of impairments. The company has an expert carry out a valuation once every three years for this purpose. In the intervening years, the company carries out a current value calculation itself based on the same calculation method. If there are indications of impairments, an estimation of the recoverable amount of the asset will be made. Goodwill, assets with an indeterminate useful life and intangible assets not yet ready for use are assessed for impairment annually.

An impairment is recognised whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairments are recognised under depreciation and amortisation in the income statement.

If in a subsequent period the amount of impairment and the decline can be objectively related to an event taking place after the impairment was recognised, the previously recognised impairment is reversed and the amount recognised in the income statement.

Determination of the recoverable amount

The recoverable amount of an asset or cash-generating unit is equal to the sale value less costs of sale, or the value in use if higher. To determine the value in use, the cash value of the estimated future cash flows is determined on the basis of a discount factor

before tax that reflects both current market assessments of the time value of money and the specific risks associated with the asset. For any asset that does not generate cash flows and which is largely independent of other assets, the recoverable amount is determined on the basis of the cash-generating unit to which it belongs.

Financial non-current assets

Investments

Investments over which SnowWorld exercises material influence on commercial and financial policy are measured on the basis of the equity method. Under this method, the investments are initially recognised in the statement of financial position at the cost of acquisition plus the company's share in the results of the investments from the date of acquisition determined according to the accounting policies stated in these financial statements. The share of SnowWorld in the result of investments is included in the income statement. If and to the extent that SnowWorld cannot effect distribution of positive results without limitation, the results are included in a statutory reserve. The company's share in the direct increases and reductions of the assets of the investments is also included in the statutory reserve.

Investments over which SnowWorld does not exercise material influence over financial and commercial policy are measured at the cost of acquisition or the recoverable amount if lower (being the value in use or the sale value, whichever is higher). Dividend is recognised in the income statement under income from investments.

Inventory

Inventory consists of trading stock, including hospitality supplies and merchandise, as well as the inventory of equipment for hire. Inventory is carried at the cost of acquisition or production on the basis of the 'first in, first out' principle. The inventory of equipment for hire is written off over one or two years, depending on the type of material.

Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, which is generally equal to the nominal value after deduction of the provision for default risk considered necessary. These provisions are determined on the basis of the individual assessment of the receivables concerned.

Cash and cash equivalents

Cash and cash equivalents consist of cash and balances at banks. Payables to banks are presented under current liabilities.

Equity

Financial instruments issued by the company are treated as equity to the extent they do not qualify as financial assets or liabilities. The shares in the company are classified as equity instruments.

The hedge reserve for financial derivatives relates to the interest-rate swap which provides an effective hedge. Changes in the measurement of these financial derivatives are recognised in this item.

Provisions

Pensions

The Group operates a pension scheme for its employees which qualifies as a defined contribution scheme. The liabilities of the Group are thus limited to the payment of an annual contribution to the insurer.

Tax

A deferred tax liability is recognised for all temporary differences subject to taxation. A deferred tax credit is recognised for all deductible temporary differences and available forward carry-over losses to the extent that it is likely that taxable profit will be available for deduction.

The measurement of deferred tax liabilities and assets is based on the tax implications of the method of realisation or settlement of assets, provisions, liabilities or accruals and deferred income proposed by SnowWorld as at the closing date. The deferred tax liabilities and assets are carried at nominal value.

Tax is calculated on the recognised result, taking account of tax-exempt items and costs that are entirely or partially non-deductible.

Non-current liabilities

Non-current interest-bearing liabilities are measured at amortised cost using the effective interest method. If applicable, transaction costs are deducted from the nominal amount and subsequently amortised over the term of the liability. Repayment obligations on non-current liabilities falling due within a year are presented under the repayment obligation.

Current liabilities

Current liabilities are initially measured at fair value and subsequently at amortised cost.

Leasing

In cases of financial leases in which the Group is the lessee, the leased item and associated liability on conclusion of the contract is recognised in the statement of financial position at the fair value of the leased item at the time of entering into the lease contract or the present value of the minimum lease payments if lower. Part of the regular lease payments are recognised as repayment of liabilities and the remainder as interest paid, both calculated on an annuity basis.

In the case of operating leases where the Group is the lessee, the lease payments are charged to the income statement on a straight-line basis over the lease period.

SnowWorld can be seen as the lessor in the meaning of IAS 17 where it concerns leasing parts of its properties to third parties. For both locations SnowWorld has entered into a 5-year lease with a ski shop operator. In addition, there is a lease with a physical therapist and a beautician for the Zoetermeer location.

Financial risk management

Financial instruments

General

The data in the notes to the financial statements provide information that is useful for the assessment of the scale of the risks associated with financial instruments recognised in the statement of financial position.

There is no case of concentration of one or more of the risks set out here below.

Management of financial risks

The principal risks in relation to financial instruments held by the Group are credit risk, liquidity risk, cash flow risk and price risk, consisting of interest-rate and market risk.

The Group's policy with respect to the mitigation of these risks is as follows:

The company uses derivative financial instruments to hedge its interest-rate risk. Cash-flow hedge accounting is applied to the extent that these hedging instruments provide an effective hedge of these risks with respect to liabilities not yet appearing in the statement of financial position or proposed transactions. The hedging instrument is measured at actual value with revaluation through equity. If at any time the size of the hedging instrument is greater than the hedged position or has a longer term, the ineffective part of the hedge relationship is recognised in the income statement.

Financial instruments

The Group's primary financial instruments apart from derivatives are used for the funding of the Group's operations or arise directly as a consequence thereof. The Group also enters into transactions in derivative instruments, in particular an interest-rate swap, to hedge the interest-rate risk arising from the Group's financing activities. The Group's policy is to refrain from trading in financial instruments.

Realised gains and losses on hedging instruments are recognised in the income statement in the same period or periods as those in which the asset acquired affects the income statement. These gains or losses are applied to the initial cost or other carrying amount of the asset or liability that arises if the hedged future transaction occurs.

Interest-rate risk

The Group's non-current liabilities are subject to a variable interest rate, whereby the Group is exposed to the risk associated with uncertain future cash flows in relation to interest payments. The Group hedges this risk by concluding an interest-rate swap whereby the Group exchanges the variable interest rate for a fixed interest rate.

Market risk

The Group's market risk is minimal, since the company does not hold assets for which the measurement depends on movements in value of shares or other securities.

Credit risk

A significant proportion of the Group's sale transactions concern cash business-to-consumer transactions. The Group is exposed to credit risk on only a limited proportion of its sale transactions. The Group trades only with creditworthy parties and has established procedures for the determination of creditworthiness. The Group has moreover established guidelines for limiting its credit risk with each party. Furthermore, the Group continually monitors its receivables and uses a strict reminder procedure. As a result of these measures, the Group's credit risk is minimal. There are also no significant concentrations of credit risk within the Group.

Liquidity risk

Liquidity risks may occur if the acquisition and implementation of new projects dries up and fewer payments and advance payments are received or if investments place an excessive demand on the available funding and/or the cash flow from operating activities. Large fluctuations in the liquidity position are not likely in the short term due to the size of individual transactions.

Partly to manage its liquidity risk, the company prepares a liquidity projection for the coming 12 months on a monthly basis. The analysis of liquidity risk takes account of the available cash, the credit facilities and the usual fluctuations in the working capital required. This gives the company sufficient possibility to identify any shortfalls at an early stage and take action where possible.

Cash flow and interest-rate risk

At year-end the Group has a contract with respect to an interest-rate swap with an underlying nominal value of € 18,000 (2015/2016: € 21,200). Under this contract, the Group receives the market interest rate equal to Euribor and pays a fixed interest rate of 3.8% (2015/2016: 3.8%) on the nominal amount. The interest-rate swap serves as a hedge of the interest-rate risk that the Group is exposed to on its long-term loans. The contract has a remaining term to maturity of 5.5 years (2015/2016: 6.5 years). The realised results of the interest-rate swap are recognised in the income statement. The market value of the interest-rate swap as at 30 September 2017 was € 1,964 negative (2015/2016: € 2,967 negative) and is recognised in the statement of financial position under non-current liabilities.

Hedge accounting

The company uses derivative financial instruments such as interest-rate swaps to hedge its cash-flow risk arising from long-term loans. In accordance with its treasury policy, the company does not hold or enter into derivative financial instruments for trading purposes. The treatment of movements in the fair value of derivative instruments that qualify for hedge accounting depends on the nature of the hedged transaction. The fair value of derivative financial instruments is calculated on the basis of prices in active markets for similar assets or liabilities or other measurement techniques in which all material input factors are based on observable market data (level 2).

If a derivative financial instrument is classified as a hedge against fluctuations in the cash flows from assets, liabilities or projected cash flows with a very high degree of probability, the effective part of the hedge is recognised in equity via the total result. At such time as the hedge of a forecast transaction results in a financial

asset or financial liability, the result that had been recognised directly in equity is applied to the income statement. To the extent that hedge accounting is applied, the company ensures that the relationship between the derivative financial instruments and the hedged transaction and the risk management objectives underlying the use of the derivative financial instruments in question are documented.

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The fair value of derivative financial instruments is calculated on the basis of prices in active markets for similar assets or liabilities or other measurement techniques in which all material input factors are based on observable market data (level 2).

Movements in fair value are recognised in net financing expenses if hedge accounting is not applied. Movements in the fair value of cash-flow instruments that are administered on the basis of hedge accounting are applied to equity via the total result taking account of applicable taxation. On the expiration date, the result of these derivative financial instruments is recognised in the income statement in relation to the underlying values of the items to which these instruments relate. Drawn-down loans are initially recognised at fair value after deduction of transaction costs. Subsequently, drawn-down loans are carried at amortised cost; any differences between the proceeds (net of transaction costs) and the surrender value are recognised in the determination of the results over the term of the loans using the effective interest method.

Capital management

The Executive Board monitors the capital structure and makes adjustments in response to changes in economic conditions. In the medium to long term, the capital management is designed to achieve an adequate result in order to continue the business activities and to distribute a dividend to the shareholders if this is possible. No material changes were made to the objectives, guidelines and procedures during the 2016/2017 reporting year.

SnowWorld Leisure N.V. has a credit facility with ABN AMRO bank. This credit facility is SnowWorld's main source of financing. Ratios have been agreed with the bank with respect to a minimum level of guaranteed assets and a maximum total net debt/EBITDA ratio and a minimum debt service capacity ratio (DSCR). The credit facility includes a schedule for raising the ratios of SnowWorld Leisure N.V. to the next level in the years ahead: a minimum guarantee capital of 30%, a maximum total net debt/EBITDA ratio of 2.5 and a minimum debt service capacity ratio (DSCR) of 1.0. At the end of the 2016/2017 reporting year, SnowWorld met the agreed ratios. Any consequences of a failure to meet these ratios will be elaborated further on by the bank at such time as such a situation of default exists.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

(in € x 1,000)

Gross profit (1)

The analysis of gross profit by segment is as follows:

Business segments	2016/2017	2015/2016
Revenue ski	9,818	8,791
Revenue material	3,326	3,092
Revenue lessons	1,731	1,660
	14,875	13,543
Costs of ski	-766	-693
Gross profit ski	14,109	12,850
Revenue hospitality	7,666	7,191
Costs of hospitality	-2,548	-2,409
Gross profit hospitality	5,118	4,782
Revenue fitness	1,564	1,600
Costs of fitness	-12	-7
Gross profit fitness	1,552	1,593
Revenue hotel	1,978	1,984
Costs of hotel	-87	-85
Gross profit hotel	1,891	1,899
Revenue outdoor	492	455
Costs of outdoor	-	-
Gross profit outdoor	492	455
Other revenue	708	743
Costs of other revenue	-	-
Gross profit of other revenue	708	743
Gross profit	23,870	22,322

Geographical segments

Geographical division takes place on the basis of the two SnowWorld locations, namely in Zoetermeer and Landgraaf. The overarching costs, investments and assets based on a 50/50 allocation formula are distributed over these two locations. Non-current assets consist of intangible non-current assets, property, plant and equipment and financial non-current assets.

2016/2017	Zoetermeer	Landgraaf	Total
Revenue	11,591	15,692	27,283
Costs of revenue	-1,395	-2,018	-3,413

Gross profit	10,196	13,674	23,870
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EBITDA	3,909	5,839	9,748
Non-current assets	31,378	28,253	59,631
Depreciation and amortisation	2,248	2,531	4,779
Investments	2,694	756	3,450

2015/2016	Zoetermeer	Landgraaf	Total
Revenue	9,637	15,879	25,516
Costs of revenue	-1,282	-1,912	-3,194

Gross profit	8,355	13,967	22,322
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EBITDA	2,297	6,314	8,611
Non-current assets	30,932	30,028	60,960
Depreciation and amortisation	1,427	2,176	3,603
Investments	10,759	791	11,550

Other operating income (2)	2016/2017	2015/2016
Rental income from real estate	470	449
Sponsorship income	253	250
Other income	23	26
	746	725

Wages and salaries (3)	2016/2017	2015/2016
Wages and salaries	6,812	6,817

Workforce

The Group employed an average of 247 employees in 2016/2017 (2015/2016: 237), distributed across the following segments:

	2016/2017	2015/2016
Ski	91	83
Hospitality	81	75
Fitness	22	22
Outdoor	5	4
Other	48	53
Total	247	237

The average number of employees at the various locations is as follows:

	2016/2017	2015/2016
Zoetermeer	119	107
Landgraaf	128	130
Total	247	237

Remuneration of and loans from/to Executive and Supervisory Directors

The table below shows the total remuneration for the CEO J.H.M. Hendriks and CFO W.A. Moerman for the reporting year:

	Short-term employee remuneration	Payment in kind and expenses reimbursed contribution	Long-term employee remuneration	Share-based payments	Total
2016/2017					
J.H.M. Hendriks (CEO)	347	36	-	-	383
W.A. Moerman (CFO)	138	23	11	13	185
Total	485	59	11	13	568
2015/2016					
J.H.M. Hendriks (CEO)	286	36	-	-	322
W.A. Moerman (CFO)	135	23	10	27	195
Total	421	59	10	27	517

The CEO J.H.M. Hendriks has received an additional management fee of € 55 due to the realisation of EBITDA between € 9 and € 10 million. For further details of these agreements, see the section on the Composition of the Supervisory Board on pages 8 and 9 of this annual report.

No payments on dismissal or termination of employment have been made or agreed.

The CEO J.H.M. Hendriks holds his shareholding in the group via J.H.M. Hendriks Beheermaatschappij B.V. The short-term employee remuneration to J.H.M. Hendriks concerns a management fee and is paid by SnowWorld to J.H.M. Hendriks Beheermaatschappij B.V. SnowWorld N.V. has paid interest on the outstanding loans and current account balance of € 3,656 (2015/2016: € 3,559) to J.H.M. Hendriks Beheermaatschappij B.V. of € 175 (2015/2016: € 178).

An option on shares was allocated to W.A. Moerman. For further details of the option scheme provided, see the disclosure on group equity in the consolidated financial statements (15).

The total remuneration of the Supervisory Directors in the reporting year is shown in the table below:

	2016/2017	2015/2016
A.J. Bakker (chair)	20	20
B.K. Mentel	15	15
P.P.F. de Vries	15	15
Total	50	50

Value8 N.V., of which Mr de Vries is the CEO, has an option to acquire shares. For a detailed description of the share option, please refer to the shareholder information on pages 11 to 13 of this annual report.

These other Supervisory Directors do not hold shares in the company.

Social insurance expenses (4)	2016/2017	2015/2016
Pension costs	133	140
Other social contributions	1,153	1,177
	1,286	1,317

Depreciation of property, plant and equipment (5)	2016/2017	2015/2016
Intangible non-current assets (impairment)	79	98
Property, plant and equipment	3,693	3,505
Property, plant and equipment (impairment)*	1,007	-
	4,779	3,603

* For further details, see the note on Property, plant and equipment (note 10)

Other operating expenses (6)	2016/2017	2015/2016
Premises costs	3,648	3,527
Other employee expenses	1,221	975
Sales expenses	749	665
Vehicle expenses	172	177
Office expenses	420	444
General expenses	560	514
	6,770	6,302

The item 'General expenses' includes audit fees to BDO Audit & Assurance B.V., which pursuant to Section 382a Book 2 BW can be specified as follows:

	2016/2017	2015/2016
Audit of financial statements for the reporting year	68	65
Audit of financial statements of the previous reporting year (costs paid)	-	1
Audit-related fees	-	-
Total	68	66

Financial income and expenses (7)	2016/2017	2015/2016
Interest on interest-rate swap ABN AMRO	822	930
Interest on credit facility ABN AMRO	782	601
Interest on financial lease	22	41
Interest on loan Whitecourt Sarl	11	18
Interest on loan from shareholder	175	178
Other interest and bank charges	-	1
	1,812	1,769

The interest-rate exposure of the non-current liabilities at variable interest rates and debts to credit institutions, plus the valuation risk profile of the interest-rate swap in case of increases or decreases in interest rates, is as follows:

	2016/2017	2015/2016
Non-current liabilities (including current part)	15,812	15,780
Debts to credit institutions	2,941	2,547
Interest-rate swap	1,964	2,967
Net effect on income statement given:		
1% increase in interest rates	-141	-137
1% decrease in interest rates	141	137
Net effect on Group equity of:		
1% increase in interest rates	523	671
1% decrease in interest rates	-523	-671

Tax (8)

The tax payable on the result in the consolidated income statement consists of the following:

	2016/2017	2015/2016
Corporate income tax payable on the taxable result in the reporting year	1,144	819
Movement in deferred taxation (excluding interest-rate swap)	-379	-42
Other changes	25	33
Total tax expense	790	810

The reconciliation of the effective tax rate with the tax rate applicable to the consolidated financial statements is as follows:

(in percentages)	2016/2017	2015/2016
Applicable rate	-25,0	-25,0
Rate advantage 1st tax bracket	0,3	0,3
Non-deductible part of costs of employee options	-0,1	-0,2
Adjustments relating to taxation in previous reporting years	-	-0,1
Non-deductible costs	-0,2	-0,2
Other effects	-	0,2
Effective rate	-25,0	-25,0

The relationship between the commercial result and the result for tax purposes before tax is shown below:

	2016/2017	2015/2016
Commercial result before tax	3,157	3,239
Non-deductible part of costs of employee options	13	27
Higher amortisation of intangible non-current assets for tax purposes	-70	-51
Lower or higher depreciation of property, plant and equipment for tax purposes	233	535
Higher costs/lower investments for tax purposes	207	-90
Contribution to maintenance provision for tax purposes	-218	-229
Withdrawal from maintenance provision for tax purposes	1,363	-
Energy investment deduction	-95	-183
Non-deductible costs	28	27
Other effects	-7	40
Taxable result before tax	4,611	3,315

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in € x 1,000)

Intangible non-current assets (9)	2016/2017	2015/2016
Goodwill	867	946

The development of these items is as follows:

	Goodwill
Carrying amount at 1 October 2015	1,044
Investments	-
Impairment	-98
Carrying amount at 30 September 2016	946
Carrying amount at 1 October 2016	946
Investments	-
Impairment	-79
Carrying amount at 30 September 2017	867

The goodwill relates to the operations of the fitness centres of Special Sports in Zoetermeer and Landgraaf acquired on 1 October 2017. The goodwill initially amounted to € 1,490 and was amortised over 3 years to € 1,044 as of 30 September 2010 (on the basis of estimated economic life of 10 years). No further amortisation has been applied since 1 October 2010 due to the system change to IFRS.

An assessment was carried out to determine whether an impairment of the capitalised goodwill needs to be recognised as of the closing date. A valuation of the fitness activities was carried out on the basis of the discounted cash-flow method. Under this method, the cash flows expected on the basis of the business plan for the next five years are discounted using the WACC (weighted average cost of capital) and taking account of expected inflation and an expected growth percentage. The activated goodwill for the fitness centre in Landgraaf has been fully written down in the reporting year 2016/2017 on the basis of this calculation. Compared to the previous reporting year, the expected cash flows have decreased due to a decline in membership numbers when a slight increase had been expected.

The WACC is established at 9.2% (2015/2016: 8.4%). This WACC is based on the return requirements of equity providers. An average return on equity of 7.64% consists of a market return of 6.4% multiplied by a factor of 0.72 (based on a median of a group of comparable capital-intensive companies) and increased by a free risk surcharge of 0.5% (based on the yield of Dutch 10-year government debt). This percentage is further increased with a surcharge for corporate risk (1.5%) and a surcharge for small scale (in connection with the specifics of the business) of 1.0%. The calculation takes account of the effect of corporate income tax (25%) and an inflation adjustment of 0.94% for the future cash flows from year 5. No account is taken of a growth percentage from year 5.

To calculate the value of the fitness activities the most important assumptions are the WACC and future EBITDA. Based on a sensitivity analysis performed on the key assumptions, an impairment is necessary once the WACC is 8.3% (2015/2016: 0.2%) higher than expected or if the EBITDA is € 73 (2015/2016: € 5) lower.

Property, plant and equipment (10)

	2016/2017	2015/2016
Land and buildings	55,958	46,957
Machinery and installations	18	42
Other non-current assets	2,788	2,600
Assets in production	-	10,415
	58,764	60,014

The development of these items is as follows:

	Land and buildings	Machinery and installations	Other non-current assets	Assets in production	Total
Cumulative acquisition value at 1 October 2015	80,971	2,663	19,571	2,437	105,642
Cumulative depreciation and impairments at 1 October 2015	-33,852	-2,603	-17,208	-10	-53,673
Carrying amount at 1 October 2015	47,119	60	2,363	2,427	51,969
Investments	1,520	15	1,513	8,713	11,761
Reclassification	725	-	-	-725	-
Divestments	-	-	-211	-	-211
Depreciation and amortisation	-2,407	-33	-1,065	-	-3,505
	46,957	42	2,600	10,415	60,014
Cumulative acquisition value at 30 September 2016	82,127	2,678	20,523	10,425	115,753
Cumulative depreciation and impairments at 30 September 2016	-35,170	-2,636	-17,923	-10	-55,739
Carrying amount at 30 September 2016	46,957	42	2,600	10,415	60,014
Carrying amount at 1 October 2016	46,957	42	2,600	10,415	60,014
Investments	2,386	-	1,097	3	3,486
Reclassification	9,274	-	104	-9,378	-
Divestments	-2	-1	-	-33	-36
Depreciation and amortisation	-2,657	-23	-1,013	-	-3,693
Impairment	-	-	-	-1,007	-1,007
	55,958	18	2,788	-	58,764
Cumulative acquisition value at 30 September 2017	92,485	2,530	17,967	-	112,982
Cumulative depreciation and impairments at 30 September 2017	-36,527	-2,512	-15,179	-	-54,218
Carrying amount at 30 September 2017	55,958	18	2,788	-	58,764

Depreciation is applied to property, plant and equipment as follows:

- * No depreciation is applied to land and assets in production.
- * Buildings are written off on a straight-line basis over the estimated useful economic life of 5 to 40 years.
- * Other property, plant and equipment is written off on a straight-line basis over the estimated useful economic life of 5 to 10 years.

Land and buildings are measured at historical cost after deduction of straight-line depreciation based on estimated useful economic life. The carrying value of the land and buildings at the end of 2016/2017 was € 55,958. The current value of the land and buildings, according to a calculation based on the cash value of estimated future cash flows, amounts to € 86,400 (2015/2016: € 76,614). An external valuer calculated the current value of the land and buildings in the 2016/2017 reporting year. In the 2017/2018 and 2018/2019 reporting years, based on the same valuation system, the company will make its own current calculation of the value. The current value of the other non-current assets does not deviate significantly from the carrying value.

Various assets with a total carrying value of € 672 (2015/2016: € 1,207) are not legally owned by the group, however the group is the economic owner through financial lease contracts. For further information on these contracts, please refer to the note on financial leases.

The item land and buildings includes € 298 in capitalised interest (2015/2016: € 293). An amount of € 13 in capitalised interest was added during the 2016/2017 reporting year. This amount was calculated by multiplying the 7-year Garantie Ondernemingslening (3-month Euribor plus a surcharge of 4%) by the average amount paid for assets in production (the lengthening of piste 3 in Zoetermeer during October 2017).

Land and buildings with a carrying amount of € 55,958 (2015/2016: € 46,957) are mortgaged to credit institutions. A right of pledge on the movable property, plant and equipment is held by the bank.

The property, plant and equipment in production (balance at the end of 2015/2016 of € 10,415) pertain to the payments relating to the expansion of the third ski piste in Zoetermeer and the preparations for the new locations in Paris and Barcelona.

As a result of the lengthened third piste in Zoetermeer coming into operation on 15 October 2016, an amount of € 9,378 is classified as land and buildings in the other non-current assets.

The preparation for the projects in Paris and Barcelona with respect to the changes of zoning plans and the obtaining of building permits heavily depends on the local political situations. The proposed location in Paris was recently designated as an Olympic site (for the mountain bike events) for the Games in 2024. The preliminary zoning plan in Barcelona, in which SnowWorld Barcelona was featured, has been changed by the current administration. The SnowWorld plan has been scrapped and no new plan has been put forward. As a result of these recent developments, we do not expect these projects to be realised at the planned locations in the near future. The Executive Board accordingly decided to write down the capitalised costs for these two projects.

Financial non-current assets (11)

2016/2017

2015/2016

Deferred tax

89

-

The development of the deferred tax is as follows:

	Deferred tax
Carrying amount at 1 October 2015	26
Movement due to lower amortisation for tax purposes	121
Movement due to lower investment for tax purposes	-23
Movement due to tax provisions	-57
Movement due to revaluation of interest-rate swap	-106
Carrying amount at 30 September 2016	-39
Carrying amount at 1 October 2016	-39
Movement due to lower amortisation for tax purposes	41
Movement due to lower investment for tax purposes	52
Movement due to tax provisions	286
Movement due to revaluation of interest-rate swap	-250
Carrying amount at 30 September 2017	89
of which	
term to maturity < 1 year	17
term to maturity > 1 year < 5 years	-83
term to maturity > 5 years	155

The passive deferred tax is shown in the financial statements under 'provisions (16)'.

The development of the valuation differences is as follows:

	Property, plant and equipment	Goodwill	Provision for large-scale maintenance	Interest-rate swap	Total
Carrying amount at 1 October 2015	818	-745	-3,359	3,390	104
Contribution	-	-	-229	-	-229
Valuation difference	-	-	-	-423	-423
Investment difference	-90	-	-	-	-90
Depreciation and amortisation difference	535	-51	-	-	484
Carrying amount at 30 September 2016	1,263	-796	-3,588	2,967	-154
Carrying amount at 1 October 2016	1,263	-796	-3,588	2,967	-154
Contribution	-	-	-218	-	-218
Withdrawal	-	-	1,363	-	1,363
Valuation difference	-	-	-	-1,003	-1,003
Investment difference	207	-	-	-	207
Depreciation and amortisation difference	233	-71	-	-	162
Carrying amount at 30 September 2017	1,703	-867	-2,443	1,964	357

The relationship with the tax expense in the income statement is as follows:

	2016/2017	2015/2016
Movement in valuation differences during the year (excluding interest-rate swap)	1,514	165
Corporate income tax on this included in tax expense (8)	379	42

Inventory (12)	2016/2017	2015/2016
Trading goods	155	117
Equipment for hire	167	298
	322	415

A right of pledge on the inventory is held by the bank.

Accounts receivable (13)	2016/2017	2015/2016
Trade receivables	558	547
Receivable from shareholder	-	41
Tax and social insurance contributions	52	542
Other receivables, accrued income and prepaid expenses	388	311
	998	1,441

A right of pledge on the trade receivables is held by the bank.

No provision for default has been deducted from the item 'Trade receivables', since the company does not consider this necessary in view of the estimated collectability.

The age of debtor receivables overdue and unforeseen debtor items as per balance sheet date is as follows:
(Age in months after due date)

	0-2 months	2-5 months	5-12 months	Total
2016/2017	59	59	19	137
2015/2016	97	48	28	173

The 'Payable to shareholder' item is subject to 6.0% interest.

The analysis of the item 'Tax and social insurance contributions' is as follows:

	2016/2017	2015/2016
VAT	48	542
Pensions	4	-
	52	542

The analysis of the item 'Other receivables, accrued income and prepaid expenses' is as follows:

	2016/2017	2015/2016
Prepaid costs	231	179
Stock of ski passes	24	19
Revenues not yet invoiced	133	103
Other receivables	-	10
	388	311

The nominal value of the other receivables, accrued income and prepaid expenses does not differ materially from the values stated in this note.

Cash and cash equivalents (14)	2016/2017	2015/2016
Cash	142	94
Bank	43	43
Suspense account items	127	94
	312	231

There are no material limitations regarding the availability of cash balances. These are freely available.

With respect to the security relating to the 'Bank' balance, see the note on non-current liabilities (17).

Group equity (15)

For the development of the separate items consolidated within Group equity, see the 'Consolidated statement of changes in Group equity'.

Paid-up and called-up share capital

For an explanation of the paid-up and called-up share capital, see the note on equity in the company financial statements (23).

Option schemes

SnowWorld operates two option schemes that could result in a change of control of SnowWorld due to their taking effect at a later date.

The first scheme involves share options granted to Mr W.A. Moerman (CFO). SnowWorld thereby grants the irrevocable and non-transferable right to acquire, during a term of 5 years from 1 December 2013, shares in full and unencumbered ownership at an exercise price of € 8.00 per share with a nominal value of € 2.00. This option concerns 147,508 shares. Delivery may be made by purchase or issue. In the event of repayment of capital (capital reduction), special dividend distributions (dividend not charged to earnings) and/or a share split, the option will be adjusted in accordance with generally accepted standards in such cases. The shares acquired on the basis of the option agreement will have all the same rights associated with them as the ordinary shares already in issue.

The option may be exercised in 5 equal annual steps with effect from 1 December 2013. The option may be exercised in full or in part during the term to maturity. If the option is not exercised or not fully exercised within the term to maturity, it will lapse legally after expiration of the term to maturity. If the option is fully exercised within the term to maturity, the share ownership of the existing shareholders will be diluted by approximately 4.6%.

The expenses connected with the option for the 2016/2017 reporting year of € 13 (2015/2016: € 27) are recognised under wages and salaries in the income statement.

The second scheme concerns share options granted to Value8 N.V. (issued for work performed during the reverse takeover of 10 December 2013 and the issuance of shares as of 19 February 2014). SnowWorld thereby grants the irrevocable and non-transferable right to acquire, during a term of 5 years from 1 December 2013, shares in full and unencumbered ownership at an exercise price of € 8.00 per share with a nominal value of € 2.00. This option concerns 5.0% of the issued shares on the date of exercise. Also in the event that SnowWorld issues shares due to the exercise of the option, after such issue Value8 N.V. will acquire 5.0% of the then outstanding capital. Delivery may be made by purchase or issue. In the event of repayment of capital (capital reduction), special dividend distributions (dividend not charged to earnings) and/or a share split, the option will be adjusted in accordance with generally accepted standards in such cases. The shares acquired on the basis of the option agreement will have all the same rights associated with them as the ordinary shares already in issue.

The option may be exercised in full or in part during the term to maturity. If the option is not exercised or not fully exercised within the term to maturity, it will lapse legally after expiration of the term to maturity. Value8 N.V. will then no longer have any rights with respect to the option. If the option is fully exercised within the term to maturity, the share ownership of the existing shareholders will be diluted by 5.0%.

No costs connected with this option are recognised within the Group equity or result for the 2015/2016 reporting year and the 2016/2017 reporting year.

The fair value of both options has been calculated by an expert. The 'Black-Scholes-Merton' formula has been used for this purpose.

The variables used for the initial valuation in this formula are as follows:

	Moerman	Value8
Underlying value	€ 8.00	€ 8.00
Strike price	€ 8.00	€ 8.00
Implied volatility	30%	35%
Risk-free interest rate	0.3%	0.6%
Time to maturity (in years)	3.4	5.0
Expected dividend yield	2.5%	4.0%

The implied volatility is based on the observed median daily price of the share over a historical period equal to the expected life against a select group of companies considered to be comparable to SnowWorld.

The risk-free interest rate is based on the average effective yield of German government bonds during a term equal to the life of the options.

The costs of equity are determined using the Capital Asset Pricing Model. The costs of equity are established at 14.5%.

Hedge reserve

The hedge reserve concerns the valuation of the interest-rate swap under non-current liabilities. The revaluation takes account of the effect of taxation on the equity and result by the formation of a provision for deferred taxation charged to the hedge reserve. See the note on taxation.

Earnings per share

The company presents its earnings per share and total result per share on the basis of the issued share capital.

Earnings per share is calculated by dividing the result after tax attributable to shareholders in the company by the weighted average number of ordinary shares in issue during the reporting period. The average number of outstanding shares in SnowWorld N.V. in the reporting year 2016/2017 was 3,133,723. This calculation takes account of the number of shares issued for the dividend distributed in shares. It is assumed in the calculation that the shares used in the dividend distributions are issued at the end of the reporting year to which the dividend distributions apply.

The total result per share is calculated based on the total result attributable to the shareholders of the company divided by the weighted average number of ordinary shares, whereby account is taken of the dilution effect, in issue during the reporting period. The average number of outstanding shares whereby account is taken of the dilution effect of the options in the 2016/2017 reporting year is 3,164,694. Since last year SnowWorld N.V. has two option schemes. Because the options are 'in the money', these schemes affect the number of shares, including the dilution effect.

The average number of outstanding shares in SnowWorld N.V. in the reporting year 2015/2016 was 3,075,467. This calculation takes account of the number of shares issued in the issue and the number of shares issued due to the dividend distribution in shares for the 2015/2016 reporting year. The average number of outstanding shares whereby account is taken of the dilution effect of the options in the 2015/2016 reporting year is 3,075,467. Since last year SnowWorld N.V. has two option schemes. Because the options are 'out of the money' these schemes have no effect on the number of shares including the dilution effect.

A note on the potential dilution for existing shareholders is included above.

Provisions (16)**2016/2017****2015/2016**

Deferred tax	-	39
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Please refer to the notes to the 'Financial non-current assets (11)' for information on the course of the deferred tax.

Non-current liabilities (17)

2016/2017	Interest rates	> 1 year	> 5 year	Total
	%			
Credit institutions	4.6	21,201	5,112	26,313
Interest-rate swap*	-	-	1,964	1,964
Loan Whitecourt Sarl	6.0	-	-	-
Loan(s) shareholder	4.8	3,600	-	3,600
Financial leasing obligations	3.4	376	4	380
Discount received in advance	-	73	-	73
		25,250	7,080	32,330

2015/2016	Interest rates	> 1 year	> 5 year	Total
	%			
Credit institutions	4.7	21,607	7,973	29,580
Interest-rate swap*	-	-	2,967	2,967
Loan Whitecourt Sarl	6.0	119	-	119
Loan(s) shareholder	4.9	3,600	-	3,600
Financial leasing obligations	4.2	268	15	283
Discount received in advance	-	148	-	148
		25,742	10,955	36,697

* A breakdown of the interest-rate swap has been omitted since this cannot be reliably established.

Non-current liabilities with a remaining term to maturity of less than one year (including the repayment obligation for the coming year), are recognised under current liabilities. The present value of the outstanding lease obligations does not differ significantly from the nominal value.

The maturity dates of the mandatory interest payments and current liabilities as at 30 September 2017 can be shown as follows:

	< 1 year	> 1 year	> 5 year	Total
Interest obligations	867	1,858	69	2,794
Current liabilities	4,946	-	-	4,946
Interest-rate swap	576	1,179	35	1,790

For an explanation of the interest-rate risk profile of the non-current liabilities at variable interest rates and debts to credit institutions and the measurement risk profile of the interest-rate swap in the event of increases or decreases in interest rates, see the note on financial income and expenses (7).

Credit institutions

SnowWorld Leisure N.V. reviewed its credit facility with ABN AMRO Bank N.V. in May 2016. The review concerned the continuation of the existing facility with the addition of finance for the lengthening of piste 3 in Zoetermeer.

Firstly, a 7-year Euribor loan of € 18,150 was provided to SnowWorld Leisure N.V. on 30 September 2017. The annual repayment on this loan is € 3,100. In the 2022/2023 reporting year the repayment will amount to € 2,650, with the entire loan being repaid on 1 April 2023. The interest rate is 1-month Euribor plus 2.0%.

Secondly, a 7-year Garantie Ondernemingslening loan based on Euribor of € 7,500 was provided to SnowWorld Leisure N.V. on 30 September 2017 to finance the lengthening of piste 3 in Zoetermeer. The annual repayment on this loan is € 1,000. In the 2022/2023 reporting year the repayment will amount to € 2,500, with the entire loan being repaid on 1 April 2023. The interest rate is 3-month Euribor plus 4.0%. This Garantie Ondernemingslening is guaranteed by the Dutch government.

Thirdly, a 5-year Euribor loan of € 4,000 was provided to SnowWorld Leisure N.V. on 30 September 2017. This loan will be fully repaid on 1 April 2021. The interest rate is 3-month Euribor plus 3.6%.

Finally, a 5-year Euribor loan of € 1,300 was provided to SnowWorld Leisure N.V. on 30 September 2017. The annual repayment on this loan is € 400. The interest rate (including market surcharge Euribor) is 3-month Euribor plus 3.0%.

The collateral provided for all these facilities is:

- * A bank mortgage, ranked first, of € 79,400 plus 25% for interest and costs on the unencumbered property subject to registration: Buytenparklaan 30, 2717 AX Zoetermeer, section C number 5654 and Witte Wereld 1, 6372 VG Landgraaf, section C numbers 896, 906 and 907 (partially).
- * A bank mortgage, ranked first, of € 8,000 plus 40% for interest and costs on the unencumbered property subject to registration: Buytenparklaan 30, 2717 AX Zoetermeer, section C number 5892.
- * Pledge of all assets with the exception of a number of items funded by financial lease contracts.
- * Subordination of the receivable of Whitecourt Sarl on the company of € 119.
- * Subordination of the receivable of J.H.M. Hendriks Beheermaatschappij B.V. on the company of € 600.

The credit facility with ABN AMRO Bank N.V. includes three financial ratios that have to be met at the end of each reporting year. These are: a minimum level of guarantee capital, a minimum level for the debt service capacity ratio and a maximum level for the net debt/EBITDA ratio. The credit facility includes a schedule for raising the ratios of SnowWorld Leisure N.V. to the next level in the years ahead: a minimum guarantee capital (including subordinated loans) of 30%, a maximum total net debt/EBITDA ratio of 2.5 and a minimum debt service capacity ratio (DSCR) of 1.0. Any consequences of a failure to meet these ratios will be elaborated further on by the bank at such time as a situation of default exists. At the end of the reporting year, SnowWorld Leisure N.V. complied with the ratios agreed for this year.

The intention of both parties is to hold the credit facility until maturity, which is also reflected in the financial statements.

The Group has concluded an interest-rate swap for a large proportion of its non-current liabilities to credit institutions whereby its interest-rate risk is significantly reduced. The average interest rate (including liquidity premium) payable on the non-current liabilities to credit institutions is 4.6%. For further information, see the note on financial instruments.

Interest-rate swap

At year-end the Group has a contract with respect to an interest-rate swap with an underlying nominal value of € 18,000 (2015/2016: € 21,200). Under this contract, the Group receives the market interest rate equal to Euribor and pays a fixed interest rate of 3.8% (2015/2016: 3.8%) on the nominal amount. The interest-rate swap serves as a hedge of the interest-rate risk that the Group is exposed to on its long-term loans. The contract has a remaining term to maturity of 5.5 years (2015/2016: 6.5 years). The realised results of the interest-rate swap are recognised in the income statement. The market value of the interest-rate swap as at 30 September 2017 was € 1,964 negative (2015/2016: € 2,967 negative).

Loan Whitecourt Sarl

The Whitecourt Sarl loan concerns a 6.0% subordinated loan with an original principal of € 597. The loan is subordinated to the receivables of ABN AMRO Bank N.V. The loan will be repaid in 5 equal annual instalments starting on 1 April 2014. The company has the right to repay the loan at an earlier date. ABN AMRO Bank N.V. allows annual repayment of equal annual instalments per 1 April of each year.

Loan(s) shareholder

The loan(s) shareholder item concerns two loans. Firstly, a 6.0% subordinated loan provided by J.H.M. Hendriks Beheermaatschappij B.V. with an original principal of € 600. The loan is subordinated to the receivables of ABN AMRO Bank N.V. According to the terms of the loan agreement, the loan is repaid in 6 equal annual instalments on 1 October of each year. The company has the right to repay the loan at an earlier date. ABN AMRO Bank N.V. allows only repayment from the free cash flow and providing that a number of financial terms and conditions are met. Secondly, this concerns the vendor loan as provided J.H.M. Hendriks Beheermaatschappij B.V. on the reverse takeover. This vendor loan, with an original principal of € 5,000 has to be repaid by 28 December 2019. The interest rate is 1-month Euribor plus a risk surcharge of 5.0% and is repaid annually in arrears. The lender has been granted a right of pledge on up to 25.0% of the shares of SnowWorld Leisure N.V. as security.

Financial leasing obligations

The financial leasing obligations relate to the financing of various assets with a total carrying amount of € 672 (2015/2016: € 1,207). The remaining weighted average term to maturity is approximately 3 years (2015/2016: 2 years). The weighted average interest rate is 3.4% (2015/2016: 4.2%).

Discount received in advance

One supplier has paid a future discount in advance. The Group has undertaken a remaining obligation to purchase amounting to € 3,690 over a remaining term to maturity of 2 years. In the event of non-compliance with this obligation, the discount must be repaid proportionally or the term of the agreement will be extended. No interest is due.

Current liabilities (18)	2016/2017	2015/2016
Repayment obligation on non-current liabilities	4,946	4,524
Debts to credit institutions	2,941	2,547
Payable to suppliers and trading credits	1,615	2,832
Payable to shareholder	56	-
Tax and social insurance contributions	1,347	1,047
Other payables and accruals	1,830	2,174
	12,735	13,124

The analysis of the item 'Repayment obligation on non-current liabilities' is as follows:

	2016/2017	2015/2016
Credit institutions	4,500	4,000
Loan Whitecourt Sarl	119	119
Loan(s) shareholder	-	-
Financial leasing obligations	262	340
Discount received in advance	65	65
	4,946	4,524

At 30 September 2017, SnowWorld Leisure N.V. had a combined facility of € 3,500 with ABN AMRO Bank N.V. This facility will be reduced to € 3,000 on 1 December 2017. The interest rate is the average of 1-month Euribor plus a market surcharge Euribor (0.25%) and an individual surcharge of 1.75%. Please refer to the notes to the non-current liabilities (17) for an explanation of the securities provided.

The 'Payable to shareholder' item is subject to 6.0% interest.

The analysis of the item 'Tax and social insurance contributions' is as follows:

	2016/2017	2015/2016
Payroll tax and social insurance contributions	170	166
Corporate income tax	1,144	819
Pensions	-	31
Tourist tax	33	31
	1,347	1,047

The analysis of the item 'Other payables and accruals' is as follows:

	2016/2017	2015/2016
Expenses due	322	463
Amounts received in advance	367	486
Amounts invoiced in advance	203	204
Interest due	224	230
Reserve for vacation allowance and days	322	323
Net salaries	140	235
Guarantees	119	111
Other liabilities	133	122
	1,830	2,174

COMMITMENTS/RIGHTS NOT APPEARING IN THE STATEMENT OF FINANCIAL POSITION

(in € x 1,000)

Operational lease – Group as lessee

The Group has concluded operational lease contracts for vehicles. The future lease payments are specified as follows:

	2016/2017	2015/2016
period < 1 year	78	105
1 year < period < 5 years	83	95
period > 5 years	-	-
Total	161	200

No contractual agreements have been made regarding any options to extend or purchase.

Lease contract for solar panels

SnowWorld has signed a contract with Indi Energie to install, finance and maintain solar panels on the roofs of the pistes in both Landgraaf and Zoetermeer. SnowWorld has committed to purchase the energy produced during the next 15 years. All the solar panels have now been installed and activated. Based on the estimated annual production and at current rates, SnowWorld has entered into an annual obligation of approximately € 226.

Rental income

The Group rents out parts of its property to third parties through long-term leases with an average remaining duration of 1 year (2015/2016: 2 years). The remaining contract value amounts to € 495 (2015/2016: € 903).

Assets on order

The group recognised no assets on order in its statement of financial position at the end of the reporting year (2015/2016: € 956).

Purchase contracts

On the closing date, the group had concluded various purchase contracts for the supply of energy with terms to 31 December 2018. These contracts state a fixed price per Kwh of electricity on the basis of estimated use. The total contract value over this period is € 1,033. It should be noted that this contract value represents only part of the total energy costs.

Tax group

Since 1 October 2014 SnowWorld N.V. is jointly and severally liable for the tax obligations with respect to corporate income tax of its Group companies that form part of the tax group.

SnowWorld N.V. and SnowWorld Leisure N.V. form a tax unit for turnover tax since 1 April 2015.

Events after closing date

On 28 September 2017, Alychlo N.V. acquired 40% of the shares in SnowWorld N.V. from J.H.M. Hendriks Beheermaatschappij B.V. Since as a result of this transaction Alychlo N.V. has exceeded the threshold of a 30% interest, it is obliged to issue a public offer for the other outstanding shares in SnowWorld N.V. Alychlo N.V. has published the following press releases in connection with its acquisition of the shares and its public offer for the remaining shares.

- * 21 September 2017 Alychlo acquires substantial proportion of the shares held by the founder of SnowWorld
- * 28 September 2017 Alychlo confirms its final acquisition of an additional interest in SnowWorld N.V. and announces it is making a mandatory offer
- * 25 October 2017 Update of mandatory offer for SnowWorld N.V.
- * 7 December 2017 Alychlo N.V. submits its offer announcement to the AFM for approval

Further information on the mandatory public offer and the content of the press releases is available on the Alychlo N.V. website (www.alychlo.com).

COMPANY INCOME STATEMENT

(in € x 1,000)

	2016/2017	2015/2016
Share in result of investments (19)	2,632	2,703
Company result after tax	-265	-274
Result after tax	2,367	2,429

COMPANY STATEMENT OF FINANCIAL POSITION

(before profit appropriation, in € x 1,000)

Assets	30 September 2017	30 September 2016
Non-current assets		
Financial non-current assets (20)		
• Investments in group companies	20,032	16,731
Current assets		
Accounts receivable (21)		
• Receivables on group companies	476	338
• Other receivables, accrued income and prepaid expenses	-	-
	476	338
Cash and cash equivalents (22)	32	32
Total assets	20,540	17,101

Liabilities

30 September 2017

30 September 2016

Equity (23)

Paid-up and called-up share capital	6,293	6,060
Share premium reserve	10,596	10,860
Hedge reserve	1,495	744
Other reserves	-4,464	-6,906
Result for the reporting year	2,367	2,429
	16,287	13,187

Non-current liabilities (24)

3,000	3,000
-------	-------

Current liabilities (25)

Tax and social insurance contributions	1,144	819
Other payables and accruals	109	95
	1,253	914

Total equity and liabilities

20,540

17,101

COMPANY STATEMENT OF CHANGES IN EQUITY

(in € x 1,000)

	Issued capital	Share premium reserve	Hedge reserve	Other reserves	Result reporting year	Total equity
Situation at 1 October 2015	5,900	11,046	426	-9,260	2,326	10,438
Result for the reporting year	-	-	-	-	2,429	2,429
Processing of result from previous reporting year	-	-	-	2,326	-2,326	-
Dividend distributions	160	-186	-	-	-	-26
Costs of share options	-	-	-	27	-	27
Other changes	-	-	-	1	-	1
Movement in valuation interest-rate swap	-	-	318	-	-	318
Situation at 30 September 2016	6,060	10,860	744	-6,906	2,429	13,187
Situation at 1 October 2016	6,060	10,860	744	-6,906	2,429	13,187
Result for the reporting year	-	-	-	-	2,367	2,367
Processing of result from previous reporting year	-	-	-	2,429	-2,429	-
Dividend distributions	233	-264	-	-	-	-31
Costs of share options	-	-	-	13	-	13
Movement in valuation interest-rate swap	-	-	751	-	-	751
Situation at 30 September 2017	6,293	10,596	1,495	-4,464	2,367	16,287

NOTES TO THE COMPANY INCOME STATEMENT

(in € x 1,000)

Share in result of investments (19)	2016/2017	2015/2016
Share in result of SnowWorld Leisure N.V.	2,632	2,703

NOTES TO THE COMPANY STATEMENT OF FINANCIAL POSITION

(in € x 1,000)

General

The financial statements of SnowWorld N.V., as presented here below, have been prepared in accordance with accounting policies generally accepted in the Netherlands and comply with the statutory provisions on financial statements of Title 9, Book 2 of the Dutch Civil Code. As of the 2013/2014 reporting year SnowWorld N.V. compiles its consolidated financial statements according to International Financial Reporting Standards as adopted for use within the European Union (EU-IFRS).

The possibility of applying the grounds for the consolidated financial statements to those of the company financial statements was used.

The company income statement was drawn up using the exception in Section 402, Title 9, Book 2 of the Dutch Civil Code. The participation is valued at net asset value based on the accounting policies as applied in the consolidated financial statements.

For an explanation of the separate policies for the valuation of assets and liabilities and the determination of the result, see the accounting policies for the consolidated financial statements.

Financial non-current assets (20)	2016/2017	2015/2016
Investment in SnowWorld Leisure N.V.	20,032	16,731

The development of this item is as follows:

	SnowWorld Leisure N.V.
Carrying amount at 1 October 2015	13,747
Movement in equity of investment due to:	
• Interest-rate swap	318
• Costs of employee options	27
• Dividend distribution	-64
Result from investment	2,703
Carrying amount at 30 September 2016	16,731
Carrying amount at 1 October 2016	16,731
Movement in equity of investment due to:	
• Interest-rate swap	751
• Costs of employee options	13
• Dividend distribution	-95
Result from investment	2,632
Carrying amount at 30 September 2017	20,032

Accounts receivable (21)	2016/2017	2015/2016
Receivables on Group companies	476	338
	476	338

The analysis of the item 'Receivables from Group companies' is as follows:

	2016/2017	2015/2016
Receivables on SnowWorld Leisure N.V.	476	338

Cash and cash equivalents (22)	2016/2017	2015/2016
Bank	32	32

There are no material limitations regarding the availability of cash balances. These are freely available.

Equity (23)

For the development of the separate company items within equity, see the 'Company statement of changes in equity'.

Paid-up and called-up share capital

The authorised share capital of SnowWorld N.V. stands at € 20,000, divided into 10,000,000 shares with a nominal value of € 2.00. Of this amount, 3,146,363 (2015/2016: 3,029,850) shares are issued and fully paid up.

The General Meeting of Shareholders on 17 March 2017 approved the proposed dividend distributions for the 2015/2016 reporting year. This proposal provides an optional dividend whereby existing shareholders could either receive € 0.30 per share in cash or receive 1 new share per 25 shares. The processing of the choice of the shareholders resulted in the issue of 116,513 new shares with a nominal value of € 2.00 per share.

SnowWorld holds 12,640 shares in its own capital.

The authorised share capital together with the issued and fully paid-up capital as at year-end is as follows:

	2016/2017	2015/2016	2014/2015
Authorised share capital	20,000	20,000	20,000
Issued and fully paid-up capital	6,293	6,060	5,900

Share premium reserve

The dividend distributions for the 2015/2016 reporting year have, in accordance with the proposal approved by the General Meeting of Shareholders, been paid in full from the share premium reserves.

Non-current liabilities (24)

	Interest rates %	> 5 year	2016/2017 > 1 year	Total
Loan shareholder	4.6	-	3,000	3,000

Loan shareholder

This concerns the vendor loan as provided by J.H.M. Hendriks Beheermaatschappij B.V. on the reverse takeover. This vendor loan with an original principal of € 5,000 has to be repaid by 28 December 2019. The interest rate is 1-month Euribor plus a risk surcharge of 5.0% and is repaid annually in arrears. The lender has been granted a right of pledge on up to 25.0% of the shares of SnowWorld Leisure N.V. as security.

Current liabilities (25)

	2016/2017	2015/2016
Tax and social insurance contributions	1,144	819
Other payables and accruals	109	95
	1,253	914

The analysis of the item 'Tax and social insurance contributions' is as follows:

	2016/2017	2015/2016
Corporate income tax	1,144	819

The analysis of the item 'Other payables and accruals' is as follows:

	2016/2017	2015/2016
Expenses due	109	95

COMMITMENTS/RIGHTS NOT APPEARING IN THE STATEMENT OF FINANCIAL POSITION

There are no commitments/rights not appearing in the statement of financial position.

Proposed profit appropriation for 2016/2017

The result for the 2016/2017 reporting year is presented as unappropriated, in anticipation of the resolution of the General Meeting of Shareholders. It is proposed to add the profit to the other reserves. A proposal will be made to the General Meeting of Shareholders to be held on 16 March 2018 to pay an optional dividend of € 0.40 per share charged to the share premium reserve. Shareholders will be given the choice of receiving this dividend in cash or in shares. The choice is between € 0.40 cash or 1 new share for 21 existing shares.

Zoetermeer, The Netherlands, 29 December 2017

Executive Board of SnowWorld N.V.
J.H.M. Hendriks

Supervisory Board
A.J. Bakker
P.P.F. de Vries

OTHER INFORMATION

Articles of Association rules governing profit appropriation

In accordance with Article 28.2 of the Articles of Association, the result as established in the adopted income statement with notes is at the disposal of the General Meeting of Shareholders.

INDEPENDENT AUDITOR'S REPORT

To: the shareholders and Supervisory Board of SnowWorld N.V.

A. Report on the audit of the financial statements 2016-2017

Our opinion

We have audited the financial statements 2016-2017 of SnowWorld N.V., based in Zoetermeer. The financial statements include the consolidated financial statements and the company financial statements.

We have audited

The consolidated financial statements which comprise:

1. the consolidated statement of financial position as at 30 September 2017;
2. the following consolidated statements for the period 1 October 2016 to 30 September 2017: statements of profit and loss and other comprehensive income, changes in equity and cash flows for the year then ended; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

Our opinion

In our opinion the enclosed consolidated financial statements give a true and fair view of the financial position of SnowWorld N.V. as at 30 September 2017 and of its result and its cash flows for the period 1 October 2016 to 30 September 2017 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The company financial statements which comprise:

1. the company balance sheet as at 30 September 2017;
2. the company profit and loss account for the period 1 October 2016 to 30 September 2017; and
3. the notes comprising a summary of the applicable accounting policies and other explanatory information.

In our opinion the enclosed company financial statements give a true and fair view of the financial position of SnowWorld N.V. as at 30 September 2017 and of its result for the period 1 October 2016 to 30 September 2017 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of SnowWorld N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO)' and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

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

Materiality

Based on our professional judgment we determined the materiality for the financial statements as a whole at € 221.000. The materiality is based on the results before tax since this benchmark is the most appropriate to the business and typology of SnowWorld N.V. We have determined the materiality for this year at 7% of the results before tax. The benchmark differs from previous years materiality determination. Last year we have used revenue as benchmark because in the years before the profit before tax has been too volatile to be used as a benchmark. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

We agreed with the Supervisory Board that misstatements in excess of € 11.000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

SnowWorld N.V. is at the head of a group of entities, consisting of SnowWorld N.V., SnowWorld Leisure N.V. and SnowWorld International B.V. The financial information of this group is included in the financial statements of SnowWorld N.V.

Our group audit mainly focused on significant group entities. We consider a component significant when:

- * it is of individual financial significance to the group; or
- * the component, due to its specific nature or circumstances, is likely to include significant risks of material misstatement, whether due to fraud or error of the group financial statements.

In this context in addition to SnowWorld N.V. we have carried out audit work ourselves at SnowWorld Leisure N.V. SnowWorld Leisure N.V. is a significant part of the group since all activities take place in this company.

By implementing the procedures above, combined with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of land and buildings

SnowWorld N.V. measures its land and buildings at historical cost. The Executive Board has taken the view that no additional write-down is needed on the basis of external valuations.

The external valuations were carried out by external valuator Troostwijk and are based on assumptions.

These assumptions are influenced by expected future economic conditions.

The valuation of land and buildings is a key audit matter because of subjectivity regarding the chosen principles and assumptions and given the value of € 56 million.

Our audit approach

Our audit procedures included verification of the consistency of the used valuation model as well as verification of the reliability of the external valuations. Our procedures in this respect included a judgement of the expertise capacity and objectivity of the external valuator, gaining insight in the work of the external valuator by assessing the valuation model used and to evaluate whether the work of the external valuator is suitable by assessing the principles used and the results of the valuations.

The disclosure from SnowWorld N.V. on its land and buildings is provided in note 10 to the financial statements.

Valuation of fixed assets in production

The fixed assets in production concerns capitalized expenses related to the preparation of new branches in Spain and France. The Board of Directors has decided to recognize an impairment on these fixed assets in production to nil.

The valuation of assets in production is a key audit matter because of subjectivity regarding the existence and valuation of this item.

Our audit approach

We have paid attention to the explanations of SnowWorld N.V. regarding the assumptions used for the impairment of the fixed assets in production. We have evaluated whether these assumptions are sufficiently substantiated. In addition, we assessed whether the recognized impairment is sufficiently substantiated with the assumptions used and associated audit evidence. We have also determined whether the impairment has been properly accounted for in the annual accounts according to the applicable reporting standards.

The disclosure from SnowWorld N.V. on its assets in production is provided on page 23 of the Report of the Executive Board and in note 10 to the financial statements.

Valuation of goodwill

SnowWorld N.V. is obliged to test the valuation of goodwill each year for impairment. This annual impairment test was important for our audit, because the estimation process is complex and subjective, and is based on assumptions. These assumptions are influenced by expected future economic conditions.

The valuation of goodwill is a key audit matter because of subjectivity regarding the chosen principles and assumptions.

Our audit approach

We paid attention to the explanations by the Executive Board of SnowWorld N.V. on the assumptions which have the most influence on the determination of the recoverable value of the goodwill, such as the cash-flow forecasts and the discount rate used. We have checked whether these disclosures are sufficient and provide sufficient information regarding the choice of assumptions and the sensitivity of the assumptions for the valuation. We have assessed the discount rate by the funding policy of SnowWorld N.V. and available market data. We have also assessed the acceptability of the budgets by retrospective testing.

The disclosure from SnowWorld N.V. on the goodwill is provided in note 9 to the financial statements and specifically states that minor changes to the key assumptions could in the future lead to an impairment.

Existence, accuracy and completeness net revenue

The net revenue are sales revenues achieved with the activities of SnowWorld N.V. Registration of the net revenue takes place in several separate IT applications. The existence, accuracy and completeness of the net revenue is a key audit matter because of the significant impact on the understanding of the financial statements.

Our audit approach

In our audit procedures we used, among other procedures, an IT auditor affiliated to BDO to assist us with our assessment of the IT applications used by SnowWorld N.V. for the recognition of the revenue. We also performed additional tests of control and substantive procedures to determine the existence, accuracy and completeness of the net revenue. Our procedures included tests of controls regarding cash register settlements, substantive analytical procedures, price testing and cut-off checks.

The disclosure from SnowWorld N.V. on net revenue is provided on page 19 of the Report of the Executive Board and in note 1 to the financial statements.

B. Report on other information included in the annual report

Next to the financial statements and our opinion thereon, the annual report consists of other information, including:

- * the management board report;
- * the other information;
- * SnowWorld at a glance, Key developments 2016/2017, Multi-year overview, Foreword, Composition of the Supervisory Board and Executive Board, Strategy, Shareholders information, Report of the Supervisory Board, Risk management, Corporate Governance and Executive Board declaration.

Based on the procedures as mentioned below, we are of the opinion that the other information:

- * is consistent with the financial statements and contains no material deficiencies;
- * includes all information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information and based on our knowledge and understanding obtained from the audit of the financial statements or otherwise, we have considered if the other information contains material deficiencies.

With these procedures, we have complied with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Auditing Standard 720. These procedures do not have the same scope as our audit procedures on the financial statements.

Management is responsible for the preparation of the management board report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

C. Report on other legal and regulatory requirements

Engagement

We were engaged by the Supervisory Board as auditor of SnowWorld N.V. on 10 December 2013, as of the audit for year 2013/2014 and have operated as statutory auditor ever since that date. Reaffirmation of the engagement took place at the general shareholders' meeting on 17 March 2017.

D. Description of responsibilities for the financial statements

Responsibilities of management and the Supervisory Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from errors or fraud and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- * Identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- * Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- * Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- * Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern;

- * Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- * Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

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

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not mentioning it is in the public interest.

Rijswijk, 29 December 2017

For and on behalf of BDO Audit & Assurance B.V.,

Signed, N.W.A. van Nuland RA

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COLOPHON

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SnowWorld N.V.

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SnowWorld N.V.

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SnowWorld N.V.

This annual report is an English translation of the original Dutch publication. In the event of inconsistencies between the English and the Dutch version, the latter shall prevail.

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