

CORPORATE GOVERNANCE REPORT



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

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

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



EIVOR ANDERSSON
Chairman of the Board

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

CORPORATE GOVERNANCE

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

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

OWNERSHIP STRUCTURE

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

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

SHARES, SHARE CAPITAL AND VOTING RIGHTS

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

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

SHAREHOLDERS’ MEETING

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

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

2018 ANNUAL GENERAL MEETING

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

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

2019 ANNUAL GENERAL MEETING

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

NOMINATION COMMITTEE

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

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

BOARD OF DIRECTORS

Composition of the Board

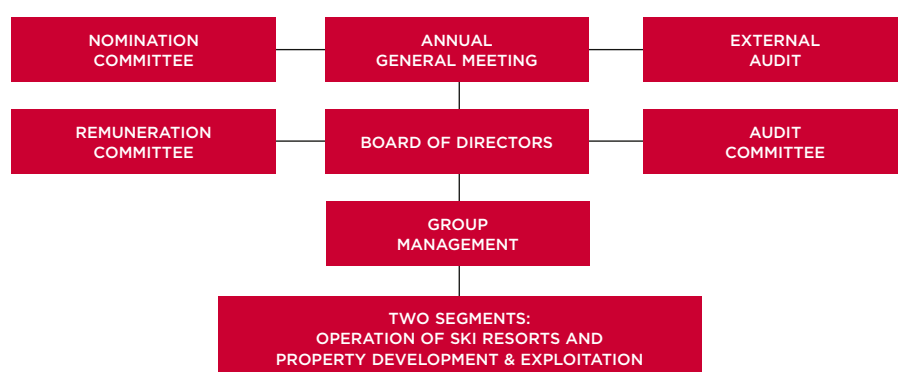
The Board of Directors is appointed by the Annual General Meeting, in accordance with the Companies Act. Employee representatives are appointed by a local employee organisation that is bound by a collective agreement with a company within the Group, in accordance with the Board Representation (Private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

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

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

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

CORPORATE GOVERNANCE STRUCTURE



INTERNAL REGULATIONS

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

EXTERNAL REGULATIONS

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

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

Independence of the Board

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

Work of the Board

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

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

Remuneration Committee

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

Audit Committee

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

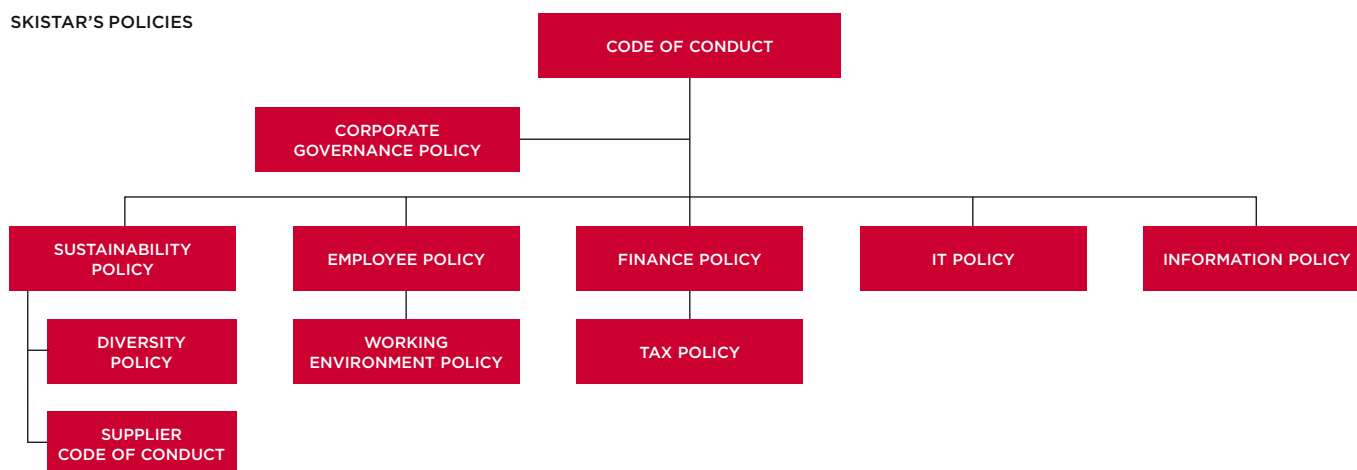
Fredrik Paulsson were elected as members. In view of the appointment of Eivor Andersson as Chairman of the Board and the Remuneration Committee during the year, the Board decided to replace Eivor Andersson with Lena Apler as Chairman of the Audit Committee. The Audit Committee is responsible for ensuring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

External auditor

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

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

SKISTAR'S POLICIES





Remuneration of the Board

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

POLICY DOCUMENTS AND OPERATIONAL MANAGEMENT

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

CEO

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

SkiStar's Group management

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

FINANCIAL REPORTING

External financial reporting

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

number of internal measures and procedures.

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

DESCRIPTION OF INTERNAL CONTROL

Control environment

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

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

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

Risk assessment

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

Control activities

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

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

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

Information and communication

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

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

Monitoring

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

Internal audit

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

ARTICLES OF ASSOCIATION

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

COMPLIANCE WITH THE SWEDISH CORPORATE GOVERNANCE CODE

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

AUDITOR'S OPINION ON THE CORPORATE GOVERNANCE REPORT

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

7 November 2019
SkiStar AB (publ)

BOARD COMPOSITION, ATTENDANCE AND FEES IN 2018/19

	ELECTED	INDEPENDENT OF THE COMPANY & ITS MANAGEMENT	INDEPENDENT OF MAJOR SHAREHOLDERS	ATTENDANCE, BOARD OF DIRECTORS	ATTENDANCE, AUDIT COMMITTEE	ATTENDANCE, REMUNERATION COMMITTEE	BOARD FEES ¹⁾	COMMITTEE FEES ¹⁾
<i>Elected Board Members</i>								
Eivor Andersson	2011	✓	✓	14/14, ²⁾	1/1, ³⁾	1/1, ⁴⁾	293,011 (180,000)	77,419 (80,000)
Lena Apler	2015	✓	✓	13/14	1/1, ⁴⁾	1/1	200,000 (180,000)	70,161 (-)
Sara Karlsson	2017	✓ ⁵⁾		14/14	1/2		200,000 (180,000)	50,000 (40,000)
Fredrik Paulsson	2017			14/14	2/2	3/3	200,000 (180,000)	75,000 (65,000)
Mats Årjes	2003		✓	12/14	-	-	- (-)	- (-)
Pär Nuder	2011	✓	✓	6/6, ⁶⁾	-	2/2, ⁷⁾	213,978 (280,000)	26,747 (50,000)
<i>Employee representative</i>								
Patrik Svärd	2017	-	-	12/14	-	-	- (-)	- (-)

¹⁾ Fee in accordance with decision of 2018 (2017) AGM.

²⁾ Chairman of the Board from 13 March 2019.

³⁾ Committee member to 19 March 2019.

⁴⁾ Committee member from 19 March 2019.

⁵⁾ Changed assessment of 'Independent of Company & management' from AGM 15 December 2018.

⁶⁾ Chairman of the Board to 13 March 2019.

⁷⁾ Committee member to 19 March 2019.

DEROGATION FROM THE SWEDISH CORPORATE GOVERNANCE CODE 2018/19

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

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

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

ENGAGEMENT AND RESPONSIBILITY

It is the board of directors who is responsible for the corporate governance statement for the financial year 2018/19 on pages 38–73 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

OPINIONS

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm 7 November 2019
PricewaterhouseCoopers AB

Camilla Samuelsson
Authorized Public Accountant