

Corporate Governance Report



Corporate governance is a central function for maintaining external confidence in the Company's management and Board. 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.

In the light of the coronavirus pandemic, the Board's work during the financial year was obviously focused on safeguarding the Company's financial position. As one of several responsible measures in the current situation, the Board has decided to recommend to the Annual General Meeting that no dividend be paid for the 2019/20 financial year.

Developments arising from the pandemic remain uncertain, but financial strength and preparedness enable us to act in both the short and long term.

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

I would also like to thank you, our shareholders, for your trust and support as the Company continues to develop and strengthen its offering.

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, including the Swedish Companies Act, the Swedish Annual Accounts Act, Nasdaq's Nordie Main Market Rulebook for Issuers of Shares ("Nadaq's rules" below), good stock market practice, the Swedish Corporate Governance Code and other relevant Swedish laws and regulations.

Nasdaq's rules are available on the Nasdaq 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/en/corporate, and are available to all employees on the intranet SkiStar Hub.

OWNERSHIP STRUCTURE

SkiStar had 46,735 shareholders at 31 August 2020 according to the register of shareholders kept by Euroclear Sweden AB. Together, the two largest owner groups by votes – Mats and Fredrik Paulsson with family and company and Erik Paulsson's family with company – accounted for 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 72 percent, while Swedish institutional ownership represented 14 percent of the share capital. Foreign private individuals accounted for just under one percent of the share capital, while foreign legal entities and foreign institutional ownership represented 14 percent.

SHARES, SHARE CAPITAL AND VOTING RIGHTS

SkiStar's share capital at 31 August 2020 amounted to SEK 19,594,014. At 31 August

2020, 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 six banking 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.

2019 ANNUAL GENERAL MEETING

A total of 244 shareholders, representing 74 percent of the voting rights, attended the Annual General Meeting held at Experium in Sälen on 14 December 2019. 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.

2020 ANNUAL GENERAL MEETING

The 2020 Annual General Meeting will be held at Experium in Sälen at 2.00 p.m. on 12 December. The notice of the meeting, AGM documents and further information about the meeting are available at skistar.com/en/corporate.

NOMINATION COMMITTEE

The Nomination Committee is appointed for a period of one year in accordance with the instructions for the Nomination Committee adopted by the AGM. 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 2020 Annual General Meeting is as follows: Anders Sundström, appointed by Fredrik and Mats Paulsson with companies and family, Lennart Mauritzson, appointed by Erik Paulsson family with companies, Marianne Nilsson, appointed by Swedbank Robur Fonder, and Per Limberg, appointed by Lima Jordägande Socknemän for Besparingsskogen. The Nomination Committee appoints a Chairman from its members, and has appointed Lennart Mauritzson as its Chairman. All shareholders have had the opportunity to submit nomination proposals to the Committee.

Prior to the 2020 Annual General Meeting, the Nomination Committee held five minuted meetings and several informal contacts by telephone and email. The Nomination Committee has received the results of the evaluation of its work conducted by the Board and has interviewed all existing elected members of the Board 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 14

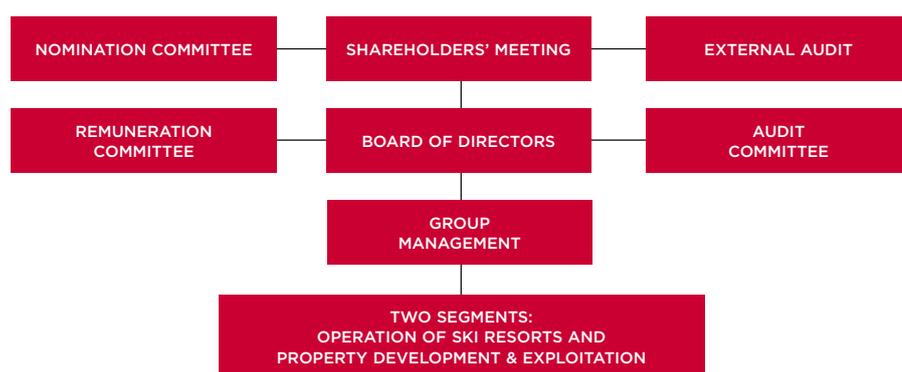
December 2019, seven members were elected to the Board: Eivor Andersson, Chairman, Lena Apler, Lars-Göran Dahl, Sara Karlsson, Fredrik Paulsson, Gunilla Rudebjer and Anders Sundström. One employee representative was also elected to the Board: Patrik Svärd, appointed by HRF. During the financial year, Lars-Göran Dahl resigned from the Board, due his appointment as the Company's Property Development Director in autumn 2020. 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 qualifications, experience and background. The Company must also strive for gender balance on the Board. The aim of the policy is to satisfy the need for 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

Three of the directors are considered to have a connection to the Company's major shareholders: Sara Karlsson, Fredrik Paulsson and Anders Sundström. Two of the directors are considered to have a connection to the Company and its management: Fredrik Paulsson and Anders Sundström. Other elected Board members are independent of the Company, its management and major shareholders. The majority of the elected Board members are therefore independent of the Company and its management. In addition, in accordance with the regulations of the Swedish Corporate Governance Code, more than two of the members who are independent of the Company and its management are also independent of major shareholders.

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
- * MAR (Market Abuse Regulation)
- * Nasdaq's rules
- * Swedish Corporate Governance Code
- * Other relevant legislation and regulations

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 18 meetings during the 2019/20 financial year. Board members' attendance is shown in the table on page 84. The Board's work is evaluated regularly in order to develop the Board's working methods and efficiency. As part of the evaluation, the Board also conducted a written survey during the financial year. The survey showed Board members' views on how Board work is carried out, what could be improved and whether the Board is well-balanced and diverse in terms of expertise. The Board also evaluated the CEO's work by means of the above survey and the Remuneration Committee's reports to the Board. The results of the Board evaluation have been discussed by the Board and have also been reported to the Nomination Committee.

At individual meetings with the Nomination Committee, members of the Board also expressed their views on the Board's procedures and efficiency, and made observations and suggestions on the desired expertise and experience for Board members. 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 14 December 2019, Eivor Andersson was elected as Chairman of the Remuneration Committee, and Lars-Göran Dahl and Sara Karlsson were elected as members. During the financial year, Lars-Göran Dahl resigned from his position as a Committee member. No replacement has been appointed. The Remuneration Committee prepares the Board's decisions on proposals to the Annual General Meeting regarding guidelines for management's remuneration and other terms of employment, and the Board's decisions on the

CEO's remuneration and other terms of employment. 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 minutes meetings during the financial year. Board members' attendance is shown in the table on page 84.

Audit Committee

At the inaugural Board meeting on 14 December 2019, Lena Apler was elected as Chairman of the Audit Committee, and Fredrik Paulsson and Gunilla Rudebjer were elected as members. The Audit Committee is responsible for ensuring that financial reporting maintains a high standard. The Committee also maintains regular contact with the Company's auditors, produces guidelines on negotiating service contracts with the Group's auditing firm and evaluates auditing activities. In addition, the Committee assists the Nomination Committee in the 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 minutes meetings during the financial year. Board members' attendance is shown in the table on page 84.

Remuneration of the Board

The 2019 Annual General Meeting adopted total remuneration of SEK 2,120,000 for the elected Board members, distributed as follows: SEK 500,000 to the Chairman of the Board and SEK 220,000 to each of the other non-executive Board members. In addition to the ordinary Board fees specified above, the AGM adopted an extra payment of SEK 600,000 to the Chairman of the Board. 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.

External auditor

At the Annual General Meeting on 14 December 2019, 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.

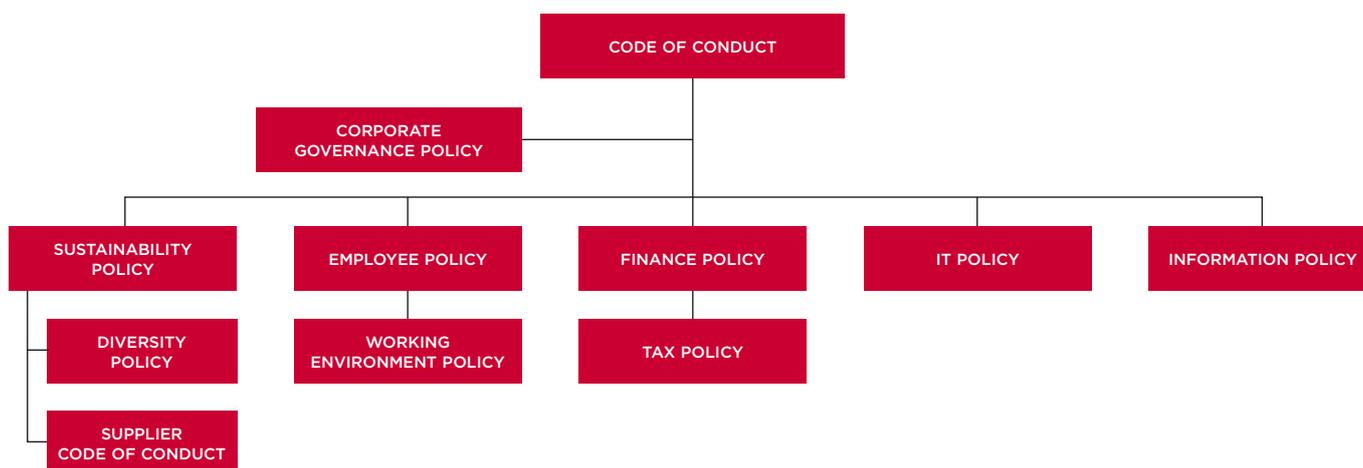
POLICY DOCUMENTS AND OPERATIONAL MANAGEMENT

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. 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. Mats Årjes was CEO during the period up to 30 November 2019 of the financial year, when his position as Company CEO ended. Anders Örnulf was Acting CEO for the period 1 December 2019 to 1 March 2020. On 2 March 2020, Stefan Sjöstrand took over as CEO and Anders Örnulf returned to his regular position as

SKISTAR'S POLICIES



the Company's CFO. Further information about the CEO can be found on page 86.

SkiStar's Group management

During the 2019/20 financial year, SkiStar's Group management consisted of ten individuals: the CEO, CFO, Marketing and Sales Manager, Legal Counsel/Head of IR, CTO and the five Scandinavian Resort Managers.

Guidelines for remuneration of senior executives

The complete guidelines for remuneration of the CEO and other Group management, adopted at the 2019 Annual General Meeting, are set out in Note 8 on page 60 and are also available at skistar.com/en/corporate.

The 2019 AGM also approved a derogation from the adopted guidelines for remuneration of senior executives, awarding additional termination benefits to the outgoing CEO Mats Årjes as follows: total remuneration of SEK 325,000 thousand per month for twelve (12) months from December 2019. The remuneration is pensionable but is not linked to annual leave entitlement. SkiStar will pay social security contributions on the remuneration and make customary tax deductions in accordance with applicable regulations. If Mats Årjes receives income from any other employment during the specified twelve-month payment period, such income (including social security contributions) shall be deducted from the additional remuneration received from SkiStar.

In addition, in connection with the decision to appoint Stefan Sjöstrand as CEO, SkiStar's Board found that there were grounds to derogate from the guidelines that the Board was able to use. In order to satisfy the Company's long-term interests in being able to recruit a competent and experienced CEO, the following extra benefits have been granted in the employment contract with Stefan Sjöstrand, i.e., in addition to the benefits specified in the guidelines: (i) SkiStar will pay for Stefan Sjöstrand's private air travel between his home in Copenhagen and his place of work in Stockholm, (ii) SkiStar will ensure that Stefan Sjöstrand receives any such tax return assistance that he requires, at SkiStar expense, and (iii) SkiStar will ensure that Stefan Sjöstrand receives supplementary health insurance in addition to collectively agreed health insurance. The Board's assessment is that the benefits were necessary in order to complete the recruitment on market-based terms. In comparison with the CEO's total remuneration, these extra benefits represent an insignificant amount.

Further information about remuneration of Group management, including outcomes, can be found in Note 8 on page 60.

The complete set of proposed guidelines for remuneration of the CEO and Group management for the 2020 AGM can be found in the Administration report on pages 40-41 and are also available at skistar.com/en/corporate.

FINANCIAL REPORTING

External financial reporting

The Board is responsible for internal control and financial reporting, in accordance with the Swedish Companies Act and the Swedish Corporate Governance Code. 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. At each meeting, the Audit Committee highlights a special focus area within financial and external reporting. The auditors review the Company's nine-month report.

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 management reports about what measures have been implemented to strengthen internal control.

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 meetings at Group, function and resort level with representatives from the Company's destinations and staff functions.

Policies and other governance documents are available to all employees on the SkiStar Hub 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 has one derogation from the Swedish Corporate Governance Code, which is attributable to the period before the 2019 AGM. This is presented and explained in the table on page 84.

AUDITOR'S OPINION ON THE CORPORATE GOVERNANCE REPORT

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

5 November 2020
SkiStar AB (publ)

BOARD COMPOSITION, ATTENDANCE AND FEES IN 2019/20

	ELECTED	INDEPENDENT OF COMPANY & ITS MANAGEMENT	INDEPENDENT OF MAJOR SHARE- HOLDERS	ATTENDANCE, BOARD OF DIRECTORS	ATTENDANCE AUDIT COMMITTEE	ATTENDANCE, REMUNERATION COMMITTEE		FEES ¹⁾ BOARD OF DIRECTORS	FEES ¹⁾ COMMITTEE
<i>Elected board members</i>									
Eivor Andersson	2011	✓	✓	18/18	-	3/3	1,100,000 ²⁾ (293,011)	50,000 (77,419)	
Lena Apler	2015	✓	✓	18/18	2/2	1/2 ³⁾	220,000 (200,000)	100,000 (70,161)	
Lars-Göran Dahl	2019	✓	✓	11/11 ⁴⁾	-	1/1 ⁵⁾	175,389 (-)	19,931 (-)	
Sara Karlsson	2017	✓		18/18	1/1 ⁶⁾	1/1 ⁷⁾	220,000 (200,000)	25,000 (50,000)	
Fredrik Paulsson	2017			18/18	2/2	2/2 ⁸⁾	220,000 (200,000)	50,000 (75,000)	
Gunilla Rudebjer	2019	✓	✓	13/13 ⁹⁾	1/1 ¹⁰⁾	-	220,000 (-)	50,000 (-)	
Anders Sundström	2019			13/13 ¹¹⁾	-	-	220,000 (-)	- (-)	
Mats Ärjes	2003		✓	4/4 ¹²⁾	-	-	- (-)	- (-)	
<i>Employee representative</i>									
Patrik Svärd	2017	-	-	18/18	-	-	✓	✓	

¹⁾ Fee in accordance with decision of 2019 AGM.

²⁾ Includes the Chairman's ordinary fee of SEK 500,000 and the extra fee of SEK 600,000 adopted by the 2019 AGM.

³⁾ Committee member to 14 December 2019.

⁴⁾ Board member from 14 December 2019 to 17 June 2020.

⁵⁾ Committee member from 14 December 2019 to 17 June 2020.

⁶⁾ Committee member to 14 December 2019.

⁷⁾ Committee member from 14 December 2019.

⁸⁾ Committee member to 14 December 2019.

⁹⁾ Board member from 14 December 2019.

¹⁰⁾ Committee member from 14 December 2019.

¹¹⁾ Board member from 14 December 2019.

¹²⁾ Board member to 30 November 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.	As the majority, but not all, of the Committee members were independent of the Company and its management in the period up to the AGM on 14 December 2019, it was the Board's assessment that the Committee still had an appropriate composition. With effect from the AGM on 14 December 2019, all Committee members are independent of the Company and its management.

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 2019/20 on pages 80–84 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 5 november 2020
PricewaterhouseCoopers AB

Camilla Samuelsson
Authorized Public Accountant