

CORPORATE GOVERNANCE REPORT



DEAR SHAREHOLDER,

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

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

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

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

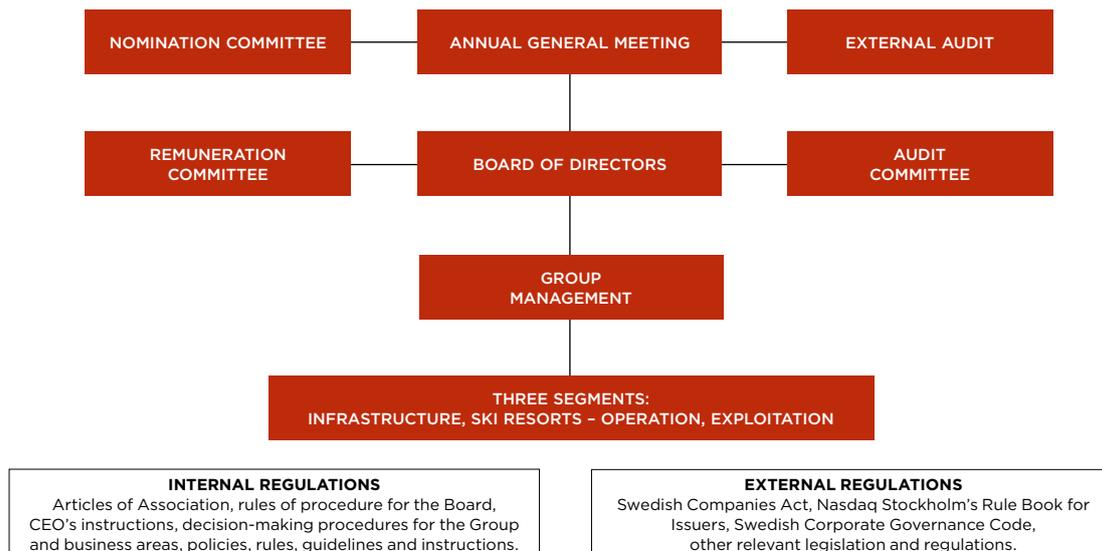
Corporate governance has also evolved during these years. We have more extensive regulations to deal with, and there is now increased transparency for listed companies, which is a healthy and desirable development.

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

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

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

ERIK PAULSSON
Chairman of the Board



CORPORATE GOVERNANCE

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

OWNERSHIP STRUCTURE

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

SHARE CAPITAL AND VOTING RIGHTS

SkiStar's share capital at 31 August 2017 amounted to SEK 19,594,014, divided into 39,188,028 shares: 1,824,000 Class A shares and 37,364,028 Class B shares. Class A shares entitle the holder to ten votes, while Class B shares entitle the holder to one vote. All shares carry equal entitlement to a share of the Company's assets and profit, and equal rights to dividends. In addition to what is stated above, SkiStar's Articles of Association do not contain any restrictions on how many votes each shareholder may exercise at a general meeting.

SHAREHOLDERS' MEETING

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

A notice convening the Annual General Meeting shall be placed in Post- och Inrikes Tidningar (The Official Swedish Gazette) and on the Company's website, www.skistar.com/corporate. The release of the notice shall be announced in Dagens Nyheter. Shareholders wishing to attend the Annual General Meeting must be listed in the full printout of the shareholders' register showing the status five working days before the meeting and must notify the Company of their intention to attend no later than 12 noon on the date specified in the notice convening the meeting, also stating the number of advisors attending. This date may not be a Sunday, any other public holiday, a Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and may not fall earlier than the fifth working day prior to the meeting.

The Annual General Meeting shall be held in Sälen, Åre or Stockholm.

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

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

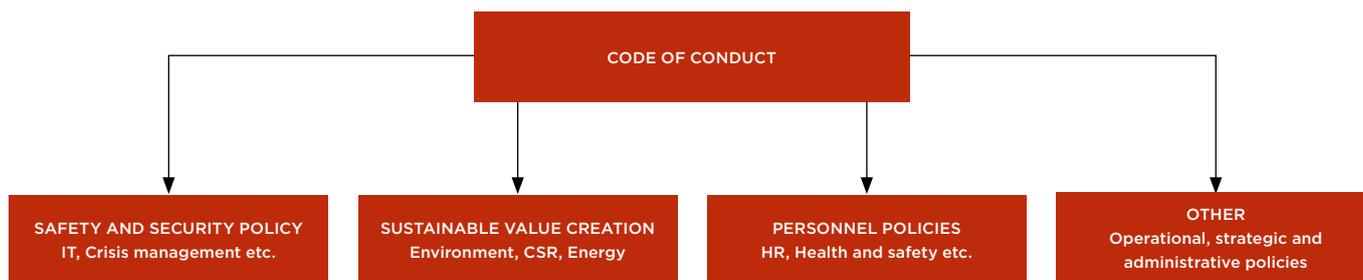
7. Resolution on the adoption of the income statement and balance sheet, and the consolidated income statement and consolidated balance sheet.
8. Resolution on the appropriation of the Company's profit or loss according to the adopted balance sheet.
9. Resolution on discharge from liability of the Board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

2016 ANNUAL GENERAL MEETING

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

At the Annual General Meeting, the Board was granted authorisation to purchase and sell the Company's own shares. The authorisation entitles the Board to adopt a resolution on the acquisition of the Company's Class B shares on one or more occasions in the period up to the next AGM. However, the Company's holding of its own shares shall not at any one time exceed ten percent of the Company's total shares. The purchase shall be conducted in a regulated market and may only occur at a price within the current registered price interval, which is the interval between the highest buying price and lowest selling price, or through a purchase offer addressed to all shareholders.

The authorisation also entitles the Board, in the period until the next Annual General Meeting, to adopt a resolution on the sale of the Company's own shares in a regulated market or comparable marketplace in connection with the acquisition of a company or business. The authorisation includes



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

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

The Board's authorisation to issue own shares had not been exercised at the time of publication of this annual report.

2017 ANNUAL GENERAL MEETING

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

NOMINATION COMMITTEE

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

BOARD OF DIRECTORS

Composition of the Board

The Board of Directors is appointed at the Annual General Meeting, in accordance with the Companies Act. Employee representatives are appointed by a local employee organisation that is bound by a collective agreement with a company within the

Group, in accordance with the Board Representation (Private Sector Employees) Act. The Articles of Association do not contain any provisions on the appointment and dismissal of Board members over and above the provision on the number of members and deputies.

The Board shall consist of four to nine members, with a maximum of three deputies, in addition to members who may be appointed by other parties pursuant to Swedish law. Board members are elected until the end of the next Annual General Meeting after the year of the Board Member's election.

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

Work of the Board

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

Remuneration Committee

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

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

Audit Committee

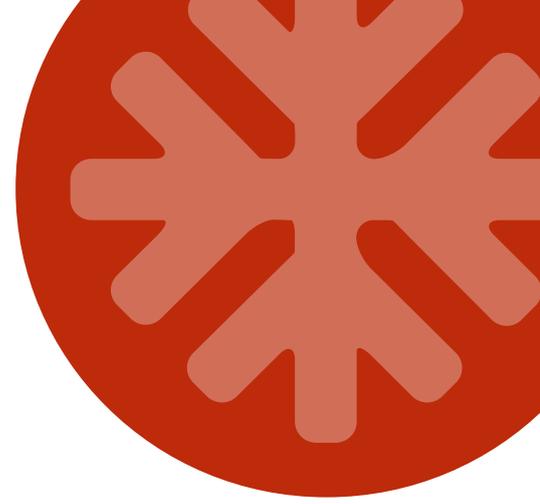
At the inaugural Board meeting on 10 December 2016, Per-Uno Sandberg was elected as Chairman of the Audit Committee and Eivor Andersson and Pär Nuder were elected as members. The Audit Committee is responsible for ensuring that financial reporting maintains a high standard. The Committee also maintains regular contact with the Company's auditors, produces guidelines on negotiating service contracts with the Group's auditing firm and evaluates auditing activities. The Committee also assists the Nomination Committee in the nominations and remuneration of auditors. The Audit Committee does not have decision-making power, but prepares and reports on matters to the Board as a whole. The Committee held two meetings during the financial year, with all members present. See the table on page 88.

External auditor

At the Annual General Meeting on 10 December 2016, Ernst & Young was appointed as the Company's external auditor for a period of one year. The audit is led by Authorised Public Accountant Erik Åström. The results of the audit are reported regularly to Group Management and the Audit Committee during the year. The auditor meets the Company's Board of Directors on at least one occasion during the year. The external auditor's independence is regulated under the Audit Committee's separate rules of procedure, adopted by the Board, which specify the areas in which the external auditor may be engaged in addition to the statutory audit. Fees to the auditor are paid continuously over the period on an approved current account basis. Further information about remuneration can be found in Note 6.

Remuneration of the Board

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



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

OPERATIONAL MANAGEMENT

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

CEO

The CEO, who is also the Group President, is responsible for the day-to-day management of the Company in accordance with the Board's guidelines and instructions. He has been supported by the Company's Management Group (see below) and several staff functions during the financial year. The CEO is responsible for ensuring the Board regularly receives the information and support material it needs to assess the Group's financial position and make appropriate decisions.

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

The Company's Management Group

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

FINANCIAL REPORTING

External financial reporting

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

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

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

DESCRIPTION OF INTERNAL CONTROL

Control environment

A clear division of roles and responsibilities in the rules of procedure for the Board of Directors and its committees and in the CEO's instructions

ensures effective management of operational risks. Company management reports regularly to the Board in accordance with defined procedures. Company management is responsible for the internal controls required to manage significant risks in the day-to-day operations of the Company. Having a common business system for both external reporting and internal monitoring, budgeting and forecasting strengthens the control environment and the security of financial reporting. The Audit Committee assists the Board in its continuous monitoring of internal control, which includes evaluating and discussing important technical accounting and reporting issues. During the financial year, the Audit Committee received reports from management concerning the internal control projects that have been implemented. The Audit Committee held two meetings during the financial year.

Risk assessment

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

Control activities

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

- * The management group's monitoring and analysis.
- * Special review of the Company's IT systems with an emphasis on the sales system. Continuous monitoring of compliance with authorisation instructions and structures.
- * Annual review of the handling of payment methods at the Company's sales outlets.
- * Other ongoing forms of reconciliation and physical checks.

Information and communication

To ensure compliance with the Company's policies, guidelines and recommendations, this information must be well documented and communicated within the Company. To ensure effective information and communication, the management group holds regular meetings with representatives from the Company's destinations and from the staff functions. Policies, manuals and instructions are available on the Company's intranet.

Monitoring

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

Internal audit

The Board has made the assessment that the control and monitoring described above is currently sufficient to ensure the efficiency of internal control without the need for a separate internal auditing function.

ARTICLES OF ASSOCIATION

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

COMPLIANCE WITH THE SWEDISH CORPORATE GOVERNANCE CODE

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

13 November 2017

The Board of Directors of SkiStar AB (publ)

BOARD OF DIRECTORS

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

DEVIATION FROM THE SWEDISH CORPORATE GOVERNANCE CODE 2016/17

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

AUDITOR'S OPINION ON THE CORPORATE GOVERNANCE REPORT

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

DUTIES AND RESPONSIBILITIES

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

SCOPE OF THE REVIEW

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

OPINION

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

Stockholm 13 November 2017
Ernst & Young AB

Erik Åström
Authorized Public Accountant