

## QUESTIONS & ANSWERS REGARDING THE BOARD'S SHARE DIVIDEND PROPOSAL

### **Q: What has the Board of Directors of Fiskars Corporation resolved to propose to the Annual General Meeting?**

The Board of Directors of Fiskars Corporation has resolved to propose to the Annual General Meeting 2019 an authorization for the Board of Directors to resolve on the distribution of the shares held by Fiskars in Wärtsilä Corporation as an extra dividend to Fiskars shareholders.

Fiskars holds a total of 32,645,343 Wärtsilä shares representing approximately 5.52% of all shares and votes in Wärtsilä. According to the proposal, Fiskars would distribute all or substantially all of its shares in Wärtsilä as an extra dividend to Fiskars' shareholders. Wärtsilä trades on the Nasdaq Helsinki Ltd.

### **Q: When is the Board of Directors expected to resolve on the share dividend?**

The Board of Directors currently expects to resolve on the share dividend distribution of all or substantially all of Fiskars' shares in Wärtsilä, subject to the authorization, in its meeting scheduled for June 6, 2019. The proposed distribution timing is based on guidance received from Euroclear Finland according to which a share dividend distribution carried out earlier would not be technically secure to implement.

### **Q: Why has the Board of Directors proposed that the Board of Directors would be authorized to distribute Fiskars' Wärtsilä shares to shareholders, instead of Fiskars selling the shares and distributing the cash proceeds from the sale?**

Fiskars Group has been a longstanding owner in Wärtsilä, however the holdings are not part of Fiskars Group's business operations. Over the years, Fiskars Group has reduced its Wärtsilä holdings and used the proceeds to both extra dividends to shareholders as well as acquisitions.

Following the potential distribution of the proposed share dividend, the valuation of Fiskars Group would be primarily based on its business operations.

Fiskars Group's Board of Directors has considered various alternatives for disposing its Wärtsilä shares. Ultimately, distributing the shares to Fiskars Group's shareholders as an extra dividend was considered the most favourable alternative from the perspective of shareholders. The distribution entails that current shareholders of Fiskars Group would become direct owners in Wärtsilä and receive future Wärtsilä dividends directly.

### **Q: Why does Fiskars own Wärtsilä shares?**

Both Wärtsilä and Fiskars have their heritage in ironworks and metal industry. During 1960s and 1970s the industry went through a number of mergers and restructuring in Finland to increase efficiencies.

Earlier in 1960s Fiskars owned shares in the steel company Ovako Steel and in the mining and construction company Lohja Oy, which was merged in 1990 with Metra, which also took over Ovako Steel's operations. After this merger, Fiskars owned 13% of the shares and 16% of the votes in Metra (in 1991). Metra decided to focus on the marine and energy markets, and in 2000, that company changed its name back to Wärtsilä. By 2004, Fiskars had increased its ownership in Wärtsilä and owned 20,5% of shares and 28,1% of voting rights in Wärtsilä. During the past years, Fiskars has reduced its Wärtsilä holdings and used the proceeds to both extra dividends to shareholders as well as acquisitions. Fiskars has been a longstanding owner in Wärtsilä, however the holdings are not part of Fiskars Group's business operations, and today, the Fiskars Group is focused on consumer markets.

### **Q: Why did the Board of Directors propose to authorize itself to resolve on the share dividend distribution instead of proposing that a resolution on the distribution would be made directly by the Annual General Meeting?**

The execution of a share dividend distribution needs to be carried out in the book-entry system. The proposed authorization structure and distribution timing is based on guidance received from

Euroclear Finland according to which a share dividend distribution carried out earlier would not be technically secure to implement.

**Q: What is Euroclear Finland and what do they do?**

Euroclear Finland is the Finnish central securities depository that maintains and supervises the book-entry system.

**Q: Would fluctuations in Wärtsilä's share price affect the value of the proposed share dividend?**

Yes. Wärtsilä is listed on the Nasdaq Helsinki Ltd and its share price and market value will be determined by the market on a daily basis. The value of the proposed share dividend would be determined *at the time of its distribution* based on the (then) market value of Wärtsilä shares.

For reference purposes only, calculated based on the volume weighted average price of Wärtsilä's share on February 5, 2019 and assuming that all 32,645,343 Wärtsilä shares would be distributed, the total value of the share dividend would amount to approximately MEUR 473.4 (i.e. EUR 5.80 per Fiskars share). If Wärtsilä's share price would be higher or lower at the distribution time, the distributable share dividend would also be increased or decreased with a corresponding amount, however, all shareholders would be equally affected by such fluctuations.

**Q: Would a material change in Wärtsilä's share price impact the Board of Directors' decision to use the authorization to distribute the share dividend or the timing of such decision?**

Should the Annual General Meeting authorize the Board of Directors to distribute the shares in Wärtsilä as proposed, the Board will take the necessary steps to implement the distribution, taking into consideration the current owners best interests.

**Q: Does the share dividend proposal mark a change in Fiskars' strategy or dividend distribution policy?**

Fiskars has been a longstanding owner in Wärtsilä, however the holdings are not part of Fiskars' business operations. Over the years, the company has reduced its Wärtsilä holdings and used the proceeds to both extra dividends to shareholders as well as acquisitions.

Fiskars Group's purpose is to make the everyday extraordinary and its business strategy firmly focuses on consumer markets. The proposed share dividend does not change its strategic goals. The family of strong brands, opportunity to win in new markets and channels and the company's commercial and operational excellence enable Fiskars Group to deliver shareholder value.

Fiskars's long-term financial target is to distribute a stable, over time increasing dividend, to be paid biannually. However, due to the proposed share dividend, the total amount of dividends to be paid this year would be exceptionally high. After the potential distribution of the share dividend, Fiskars would cease to receive dividend income on those shares. Hence, the Board of Directors proposes to lower the regular cash dividend accordingly. This would affect the baseline for the future development of Fiskars' dividends.

**Q: How many Wärtsilä shares in total would the Board of Directors be authorized to distribute to shareholders based on the authorization?**

A maximum of 32,645,343 Wärtsilä shares held by Fiskars Group could be distributed. However, the Board of Directors would be entitled to resolve on the final amount. The proposed distribution ratio is two (2) Wärtsilä shares for each five (5) shares held in Fiskars Group. With this distribution ratio, substantially all shares in Wärtsilä held by Fiskars Group would be distributed.

**Q: How would the distribution of a share dividend affect Fiskars' distributable equity? What are the other financial, accounting and strategic implications?**

According to Fiskars Group's parent company balance sheet at the end of the 2018 financial period, the distributable equity of the parent company was MEUR 895. If the Board of Directors would distribute the maximum amount of Wärtsilä shares, it would reduce the distributable equity with approximately MEUR 439 (using the book value of the Wärtsilä shares). Together with the proposed cash dividend, the parent's distributable equity would be reduced by approximately MEUR 482 excluding taxes. The market value of the Wärtsilä shares at the date of distribution will have an

impact on the payable transfer and income tax as well as the distributable equity. According to the proposal, Fiskars will pay the transfer tax on behalf of the shareholders, amounting to 1.6% of the distributed share dividend's market value.

The distribution would also have an impact on Fiskars Group's equity ratio and net gearing. The exact impact will be determined by the market value of the Wärtsilä shares, but the equity ratio and net gearing are expected to remain at an acceptable level.

**Q: How would the distribution of the share dividend affect Fiskars' strategy and growth plans?**

Fiskars Group's purpose is to make the everyday extraordinary and its business strategy firmly focuses on consumer markets. The proposed share dividend does not change its strategic goals. The family of strong brands, opportunity to win in new markets and channels and the company's commercial and operational excellence enable Fiskars Group to continue delivering shareholder value.

The long-term financial targets remain intact. The target regarding growth is to achieve an average annual net sales growth exceeding 5%, through a combination of organic growth and targeted acquisitions. Fiskars sees growth potential in its core markets and categories and seeks opportunities in new areas. Acquisitions continue to be a relevant option for the company to deliver on the strategic priorities and long-term financial targets.

**Q: I hold eleven (11) shares in Fiskars. How many Wärtsilä shares would I receive if the Board of Directors would resolve to distribute shares based on the authorization?**

According to the proposal, the Board of Directors is authorized to resolve on the share dividend so that shareholders would receive two (2) Wärtsilä shares for each five (5) shares held in Fiskars.

By way of an example, if a shareholder would own eleven (11) shares in Fiskars, said shareholder would receive four (4) shares in Wärtsilä. The fractional entitlements to shares (in this example one (1) share) would be distributed to the shareholder in cash.

**Q: How would fractional entitlements to Wärtsilä shares be treated if the Board of Directors would resolve to distribute shares based on the authorization?**

Due to the proposed distribution ratio (2:5), there would be fractional entitlements to Wärtsilä shares. According to the proposal, fractional entitlements would not be distributed in the form of shares, but an equivalent amount would be compensated to shareholders in cash. Shareholders can only receive whole Wärtsilä shares.

Generally, the value of the fractional entitlements will not be significant and the payment implementation method will not be relevant from the shareholders' point of view.

In terms of practicalities, the Board of Directors would be authorized to resolve on all other terms for effecting the payment of the cash compensation for fractional entitlements. The Board of Directors could e.g. decide that the fractional entitlements are aggregated and sold in the market and the cash proceeds would be distributed pro rata in cash to Fiskars' shareholders being entitled to receive fractional entitlements or, alternatively, that the equivalent amount would be paid to these shareholders from Fiskars' funds.

**Q: I only hold one share in Fiskars. Would I receive any Wärtsilä shares if the Board of Directors resolves to distribute shares based on the authorization?**

You would not receive any shares in Wärtsilä as the distribution ratio is 2:5. However, your one share is a fractional entitlement, and you would receive an equivalent amount in cash. Shareholders owning less than five (5) shares would only receive a cash compensation for the fractional entitlements.

**Q: If the proposal is approved and a share dividend would be distributed, are any actions required from a shareholder in order to obtain his or her share of Wärtsilä shares?**

No actions are required from shareholders to obtain the shares.

**Q: When will I receive my Wärtsilä shares if the Annual General Meeting resolves to approve the proposal?**

This depends on when the Board of Directors resolves to distribute a share dividend based on the authorization. However, the Board of Directors currently expects to resolve on the share dividend distribution in its meeting scheduled for June 6, 2019. Assuming that the resolution is made by the Board of Directors on that date, the ex-dividend date for the share dividend would be June 7, 2019, the dividend record date June 10, 2019 and the share dividend payment date June 11, 2019. The payment date for the fractional entitlements to be paid in cash would be June 17, 2019.

**Q: Am I obliged to pay taxes due to the Wärtsilä shares received, if the Board of Directors resolves to distribute shares based on the authorization?**

Generally, a share dividend is considered as taxable Finnish source income of the shareholder similarly as a cash dividend.

Fiskars withholds the tax prepayment or withholding tax, as applicable, from the possible cash dividend paid to the shareholders related to fractional entitlements. The share dividend or fractional entitlements would not be taken into account in the amount of tax prepayment or withholding tax withheld from the separate cash dividend with different dividend record dates, distributed by separate decisions of the Annual General Meeting (dividend distribution March 2019) or the Board of Directors (dividend distribution September 2019).

To the extent the withheld amount does not cover the tax payable on the dividends by the shareholder, the shareholder is liable to take care of the tax payment and, as regards persons with limited tax liability, tax reporting to the Finnish Tax Administration.

Fiskars would pay the transfer tax due on the share dividend on behalf of the shareholders, and take care of reporting the transfer tax payments. According to advance rulings received, the amount of transfer tax paid on behalf of a shareholder shall not be taken into account as dividend in the amount of tax prepayment or withholding tax to be withheld by Fiskars.

**Q: What is the acquisition cost and acquisition time of the Wärtsilä shares for taxation purposes?**

The acquisition cost of the Wärtsilä shares is the volume weighted average price of Wärtsilä's share on the date when the share dividend is withdrawable. The acquisition time of the Wärtsilä shares is the date when the share dividend is withdrawable.

**Q: Where can I find more information on Wärtsilä?**

Please refer to Wärtsilä's investor website at <https://www.wartsila.com/investors>. By monitoring Wärtsilä's share price performance, you can keep track of the Wärtsilä's share price (and the value of the share dividend to be possibly distributed) at any given time.

**Q: Does the proposal mean that Fiskars' view is that Wärtsilä's future prospects are not promising?**

Fiskars has been a longstanding owner in Wärtsilä, however the holdings are not part of Fiskars' business operations. Over the years, Fiskars has reduced its Wärtsilä holdings and used the proceeds to both extra dividends to shareholders as well as acquisitions.

Following the potential distribution of the proposed share dividend, the valuation of Fiskars would be primarily based on its business operations.

Fiskars' Board of Directors has considered various alternatives for disposing its Wärtsilä shares. Ultimately, distributing the shares to Fiskars' shareholders as dividend was considered the most favourable alternative from the perspective of shareholders.

Wärtsilä's future prospects have not been a factor in this determination. Fiskars Group does not have any inside information concerning Wärtsilä.

## Questions and Answers on Fiskars Annual General Meeting 2019

### **How does the proposal on the remuneration to the members of the Board of Directors compare to remuneration paid in previous years?**

The Nomination Committee of the Board of Directors proposes that the annual fees of the members of the Board shall be EUR 45,000, the annual fee of the Vice Chairman EUR 60,000 and the annual fee of the Chairman EUR 90,000. In addition, it is proposed that for Board and Committee meetings other than the meetings of the Audit Committee, the Board members residing in Finland be paid a fee of EUR 750 per meeting and the Board members residing abroad be paid a fee of EUR 2,000 per meeting and the Chairmen of the Board of Directors and the said Committees be paid a fee of EUR 1,500 per meeting. For meetings of the Audit Committee, it is proposed that the Board members residing in Finland be paid a fee of EUR 1,000 per meeting and the Board members residing abroad be paid a fee of EUR 2,250 per meeting and the Chairman of the Audit Committee be paid a fee of EUR 2,500 per meeting.

The remunerations would remain at the level of the previous term.

### **Does the Nomination Committee propose a change of the Board members?**

The Nomination Committee of the Board of Directors proposes to the Annual General Meeting that the following individuals shall be re-elected to the Board: Albert Ehrnrooth, Paul Ehrnrooth, Louise Fromond, Jyri Luomakoski, Inka Mero, Fabian Månsson, Peter Sjölander and Ritva Sotamaa. Ingrid Jonasson Blank and Gustaf Gripenberg have informed the company that they will no longer be available for re-election to the Board of Directors.

Information about the experience and former positions, as well as, an evaluation of independence of the company and major shareholders, of those who are proposed as members of the Board of Directors are available on Fiskars Corporation's website at [www.fiskarsgroup.com](http://www.fiskarsgroup.com).

### **Why does the Board propose an authorization for the Board to acquire own shares?**

According to the Finnish Companies Act, a company may not acquire its own shares without a decision of the General Meeting or an authorization by the General Meeting.

The Board of Directors proposes that the Annual General Meeting authorizes the Board of Directors to decide on the acquisition in total of a maximum of 4,000,000 own shares, in one or several installments, using the unrestricted shareholders' equity of the company, as follows: The company's own shares may be acquired in public trading on Nasdaq Helsinki Ltd. at a price formed in public trading on the date of the acquisition. The authorization may be used to acquire shares to be used for the development of the capital structure of the company, as consideration in corporate acquisitions or industrial reorganizations and as part of the company's incentive system and otherwise for further transfer, retention or cancellation. The Board of Directors is authorized to decide on all other terms and conditions regarding the acquisition of the company's own shares. Based on the authorization the acquisition of company's own shares may be made otherwise than in proportion to the share ownership of the shareholders (directed acquisition). The authorization is effective until June 30, 2020

and cancels the corresponding authorization granted to the Board by the Annual General Meeting on March 14, 2018.

### **Why does the Board propose an authorization for the Board to transfer own shares?**

According to the Finnish Companies Act, a company may not transfer its own shares without a decision of the General Meeting or an authorization by the General Meeting.

The Board of Directors proposes that the Annual General Meeting authorizes the Board to decide on the transfer of own shares (share issue) held as treasury shares of a maximum of 4,000,000 shares in one or several installments, either against or without consideration, as follows: The company's own shares held as treasury shares may be transferred for example as consideration in corporate acquisitions or industrial reorganizations or for the development of the capital structure of the company, or as part of its incentive system. The Board of Directors is authorized to decide on all other terms and conditions regarding the transfer of own shares held as treasury shares. The transfer of own shares may also be carried out in deviation from the shareholders' pre-emptive rights to the company's shares (directed issue). The authorization is effective until June 30, 2020 and cancels the corresponding authorization granted to the Board by the Annual General Meeting on March 14, 2018.

### **Who has the right to participate in the AGM 2019 and what is the last day to buy shares if one wants to attend the AGM?**

Each shareholder, who is registered on the record date March 1, 2019 in the shareholders' register of the company held by Euroclear Finland Ltd, has the right to participate in the Annual General Meeting. A shareholder, whose shares are registered on his/her personal book-entry account, is registered in the shareholders' register of the company. A shareholder, who is registered in the shareholders' register of the company and who wants to participate in the Annual General Meeting, shall register for the meeting no later than March 8, 2019 at 4.00 p.m. by giving a prior notice of participation which shall be received by the company no later than on the above-mentioned date.

A holder of nominee registered shares has the right to participate in the Annual General Meeting by, virtue of, such shares, based on which he/she on the record date of the Annual General Meeting, i.e. March 1, 2019 would be entitled to be registered in the shareholders' register held by Euroclear Finland Ltd. The right to participate in the Annual General Meeting requires, in addition, that the shareholder, on the basis, of such shares has been temporarily registered into the shareholders' register held by Euroclear Finland Ltd at the latest by March 8, 2019 by 10.00 a.m. As regards nominee registered shares this constitutes due registration for the Annual General Meeting.

A holder of nominee registered shares is advised to request without delay necessary instructions regarding the registration to be temporarily entered into the shareholders' register of the company, the issuing of proxy documents and registration for the Annual General Meeting from his/her custodian bank. The account management organization of the custodian bank has temporarily to register a holder of nominee registered shares, who wants to participate in the Annual General Meeting, into the shareholders' register of the company at the latest by March 8, 2019 by 10.00 a.m.

## **What should I do if I've sent a proxy to someone but have changed my mind?**

You can revoke a proxy at any time, but in order to do so you should send a written notification to the holder of the proxy. To ensure your participation in the Annual General Meeting, please make sure that Fiskars Corporation has received the correct information about the representative of the shareholder at the AGM.

## **Dividend payments – Who is entitled to dividend?**

According to the Finnish Companies Act a shareholder is entitled to dividend if he/she is entered as a shareholder in the company's shareholders' register on the record date of dividend as determined by the Annual General Meeting.

The dividend shall be paid in two instalments this year. The first instalment is paid to a shareholder who owns or buys a share at the latest on the day of the Annual General Meeting, i.e. this year on March 13, 2019. Upon clearance of the trade (T+2, purchase day plus two clearance days) the buyer is entered as a shareholder in the company's shareholder register on the record day of the dividend, i.e. this year on March 15, 2019.

The second instalment shall be paid in September 2019. The record date for the payment of dividend and the payment day of dividend will be published after the decision of the Board of Directors.

## **Concepts relating to dividend payment**

### **Ex-dividend date**

The ex-dividend date is usually the next day following the Annual General Meeting. In practice the shares will begin trading ex-dividend at midnight between the Annual General Meeting day and the next day following the meeting. If one buys a share on the ex-dividend day, the buyer is not entitled to the dividend, even though the share purchase would have taken place before the record date of dividend. The dividend shall in that case be paid to the seller.

### **Record day**

In accordance with the regulations of Euroclear Finland Ltd, the record date for the payment of the first instalment is the second clearing day (bank day) after the Annual General Meeting.

The record day for the payment of the second instalment will be published after the decision of the Board of Directors.

### **Payment day of dividend**

The payment day of the first instalment is, at the earliest, the fifth bank day after the record date for the payment of dividend. The payment day of dividend this year will be March 22, 2019.

The payment day of the second instalment will be published after the decision of the Board of Directors.

**How are the proposals to the AGM and the resolutions of the AGM available to the shareholders?**

The proposals for the decisions on the matters on the agenda of the General Meeting as well as the notice to the meeting are available on Fiskars Corporation's website at [www.fiskarsgroup.com](http://www.fiskarsgroup.com) and also at the Annual General Meeting.

The company will issue a release on the resolutions of the Annual General Meeting. The minutes of the Annual General Meeting are available on the above-mentioned website from March 27, 2019 onwards.