

QUESTIONS & ANSWERS REGARDING THE SHARE DIVIDEND AUTHORIZATION

Q: What has the Annual General Meeting resolved?

The Annual General Meeting 2019 authorized 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 authorization, Fiskars could 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, 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 been 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 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: Will 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?

The Board will take the necessary steps to implement the distribution, taking into consideration the current owners best interests.

Q: Does the authorized share dividend 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 is the Board of Directors authorized to distribute to shareholders based on the authorization?

A maximum of 32,645,343 Wärtsilä shares held by Fiskars Group can be distributed. However, the Board of Directors is entitled to resolve on the final amount. The 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 authorization, 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?

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 distribution ratio (2:5), there would be fractional entitlements to Wärtsilä shares. According to the authorization, fractional entitlements will not be distributed in the form of shares, but an equivalent amount will 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 is authorized to resolve on all other terms for effecting the payment of the cash compensation for fractional entitlements. The Board of Directors can 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 three (3) shares would only receive a cash compensation for the fractional entitlements.

Q: If 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?

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.

Update July 18, 2019: The Finnish Tax Administration has issue a guidance on the tax treatment of the share dividend, link here: <https://www.vero.fi/en/About-us/newsroom/news/uutiset/2019/taxation-of-dividends-in-kind/>

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 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.

Update May 29, 2019: Specification to share dividend calculation formula received from Euroclear Finland

The Annual General Meeting of Fiskars held on March 13, 2019 resolved to authorise its Board of Directors to distribute an extra dividend in the form of Wärtsilä Corporation's shares. Pursuant to said authorisation, each shareholder would receive two (2) Wärtsilä shares for each five (5) shares held in Fiskars.

Fiskars has now received from Euroclear Finland the technical details and the calculation formula for how Euroclear Finland will implement a share dividend distribution pursuant to the rules of the book-entry system.

For the purposes of Fiskars' share dividend, Euroclear Finland's book-entry system would determine the amount of Wärtsilä shares to be distributed to each shareholder by using the following formula: Amount of Fiskars' shares held by a shareholder divided by five, multiplied by two.

The following examples illustrate how the calculation would be made for a shareholder holding a) one (1), b) three (3), c) five (5), d) eight (8) or e) ten (10) shares in Fiskars:

- a) One (1) share in Fiskars: $1/5 \times 2 = 0.4$. The shareholder will not receive any Wärtsilä shares. Instead, 0.4 Wärtsilä shares will be paid to the shareholder in cash.
- b) Three (3) shares in Fiskars: $3/5 \times 2 = 1.2$. The shareholder will receive one (1) Wärtsilä share. The remaining 0.2 Wärtsilä shares will be paid in cash.

- c) Five (5) shares in Fiskars: $5/5 \times 2 = 2$. The shareholder will receive two (2) Wärtsilä shares.
- d) Eight (8) shares in Fiskars: $8/5 \times 2 = 3.2$. The shareholder will receive three (3) Wärtsilä shares. The remaining 0.2 Wärtsilä shares will be paid in cash.
- e) Ten (10) shares in Fiskars: $10/5 \times 2 = 4$. The shareholder will receive four (4) Wärtsilä shares.

Due to Euroclear Finland's specification of the calculation formula, shareholders holding three (3) or four (4) shares in Fiskars would also receive one (1) share in Wärtsilä.

As communicated previously, the Board of Directors expects to resolve on the share dividend distribution in its meeting scheduled for June 6, 2019.