

**PROPOSALS OF THE BOARD OF DIRECTORS TO THE ANNUAL GENERAL MEETING TO BE HELD ON 29 MARCH 2018**

**Resolution on the use of the profit shown on the balance sheet and the payment of dividend**

The Board of Directors proposes to the General Meeting that a dividend of EUR 0.04 per share shall be paid on the basis of the adopted balance sheet for the financial year 2017. The Board of Directors proposes that the dividend shall be paid in two instalments, EUR 0.02 each. The first instalment shall be paid on April 11, 2018 to a shareholder who is registered in the shareholders' register of the company maintained by Euroclear Finland Ltd on the dividend record date April 4, 2018. The second instalment shall be paid in November 8, 2018 to a shareholder who is registered in the shareholders' register of the company maintained by Euroclear Finland Ltd on the dividend record date. The Board of Directors will in its meeting scheduled for October 30, 2018 decide on the dividend record date and the payment date. The dividend record date for the second instalment would then be November 1, 2018 and the dividend payment date November 8, 2018.

**Resolution on the remuneration of the Auditor**

The Board of Directors proposes to the General Meeting that the Auditor's fees be paid against an invoice approved by the company.

**Election of Auditor**

The Board of Directors proposes to the General Meeting that Ernst & Young Oy, corporation of Authorized Public Accountants, be appointed as the company's Auditor for the term expiring at the close of the next Annual General Meeting.

**Authorizing the Board of Directors to decide on the repurchase of the company's own shares**

The Board of Directors proposes to the General Meeting that the Annual General Meeting authorize the Board of Directors to resolve on the repurchase of up to 2 000 000 company's own shares with assets pertaining to the unrestricted equity in one or more tranches taking into account, however, the provisions of the Finnish Companies Act on the maximum amount of own shares held by a company. The proposed maximum amount of shares corresponds to approximately 5.1 per cent of all shares in the company.

The shares may be repurchased to develop the company's capital structure. In addition, the shares may be repurchased to finance or carry out business acquisitions or other arrangements, to settle the company's equity-based incentive plans, to be transferred for other purposes or to be cancelled. The shares may be repurchased in deviation from the proportion of the shares held by the shareholders. The shares will be repurchased through public trading arranged by NASDAQ OMX Helsinki Oy at the market price quoted at the time of the repurchase. The shares will be repurchased and paid in accordance with the rules of NASDAQ OMX Helsinki Ltd and Euroclear Finland Ltd. The Board of Directors would decide upon other terms related to repurchase of shares.

It is proposed that the authorization be effective until the close of the next Annual General Meeting, however, no longer than until June 30, 2019. The authorization would cancel the repurchase authorization granted by the Annual General Meeting to the Board of Directors on March 30, 2017.

**Authorization of the Board of Directors to issue new shares and special rights entitling to shares**

The Board of Directors proposes that the Board be authorized to decide on a share issue and the issue of special rights entitling to shares as defined in §1 of Chapter 10 of the Companies Act as follows. By virtue of the authorization the Board is entitled to issue up to 5 000 000 shares corresponding to approximately 12.8 per cent of all current shares. Except for issuing of option rights or special rights entitling to shares, the authorization can also be used for incentive arrangements for the management and key person, however, not more than 900 000 shares in total. The Board would decide on all terms and conditions of share issues and the issues of special rights. The authorization covers both the issuance of new shares and the transfer of own shares. A share issue or the issue of special rights may be executed in deviation of the shareholders pre-emptive rights to subscribe for new shares. This authorization shall be effective until March 29, 2021.

Helsinki March 1, 2018

RAPALA VMC CORPORATION  
Board of Directors