

**PROPOSALS TO THE ANNUAL GENERAL MEETING OF MUSTI
GROUP PLC
27 JANUARY 2022**

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1. PROPOSAL BY THE BOARD OF DIRECTORS REGARDING THE ADOPTION OF THE ANNUAL ACCOUNTS (ITEM 7 ON THE AGENDA OF THE GENERAL MEETING)

The Board of Directors proposes to the Annual General Meeting to be held on 27 January 2022 that the General Meeting adopts the annual accounts.

In Helsinki, 17 December 2021

The Board of Directors

2. **PROPOSAL BY THE BOARD OF DIRECTORS REGARDING THE USE OF PROFITS SHOWN ON THE BALANCE SHEET AND THE RETURN OF CAPITAL (ITEM 8 ON THE AGENDA OF THE GENERAL MEETING)**

The parent company's distributable equity as at 30 September 2021 amounted to EUR 155,078,491.02, of which the profit for the financial year was EUR 6,799,917.88.

The Board of Directors proposes to the Annual General Meeting to be held on 27 January 2022 that the profit for the financial year 1 October 2020 – 30 September 2021 be added to retained earnings and that no dividend will be paid.

The Board of Directors proposes to the Annual General Meeting to be held on 27 January 2022 that, based on the balance sheet to be adopted for the financial year 1 October 2020 – 30 September 2021, shareholders would be paid a capital return of EUR 0.44 per share from the invested unrestricted equity reserve (in the aggregate approximately EUR 14.6 million based on the total number of outstanding shares of the Company as at the date of the notice to the Annual General Meeting).

The capital return would be paid in two instalments as follows:

- The first capital return instalment of EUR 0.22 per share would be paid to the shareholders who are registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date of the first capital return instalment on 31 January 2022. The Board of Directors proposes that the first capital return instalment would be paid on 8 February 2022.
- The second capital return instalment of EUR 0.22 per share would be paid in August 2022 to shareholders who are registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date of the second capital return instalment on 10 August 2022. The Board of Directors proposes that the second capital return instalment would be paid on 18 August 2022. The Board of Directors also proposes that the Annual General Meeting would authorize the Board of Directors to resolve, if necessary, on a new record date and date of payment for the second capital return instalment should the rules of Euroclear Finland Ltd or statutes applicable to the Finnish book-entry system change or otherwise so require.

The proposal for capital return of the Board of Directors is subject to the Annual General Meeting not deciding on distribution of a minority dividend within the meaning of Chapter 13 Section 7 of the Finnish Companies Act. Should the Annual General Meeting however decide to distribute a minority dividend, the initially proposed capital return will not be distributed but instead the Board of Directors proposes that a dividend equal to the total minority dividend, amounting to EUR 3,399,958.94 (approximately EUR 0.10 per share based on the total number of outstanding shares of the Company as at the date of the notice to the Annual General Meeting), and, in addition, a capital return from the invested unrestricted equity reserve be distributed so that the aggregate of the minority dividend and capital return is EUR 0.44 per share. Based on the total number of outstanding shares of the Company as at the date of the notice to the Annual General Meeting, the amount of capital return to be paid in addition to the minority dividend would amount to a total of approximately EUR 11.2 million (approximately EUR 0.34 per share).

Thus, an aggregate amount of minority dividend and capital return of EUR 0.44 per share would be paid also in the event that a minority dividend would be paid and hence, regardless of the minority dividend, the aggregate amount of funds to be distributed per share would remain unchanged.

Should the Annual General Meeting decide on the distribution of a minority dividend, the Board of Directors proposes that the total distribution of funds would be paid in two instalments as follows:

- The first instalment of the distribution of funds of EUR 0.22 per share would be paid so that the total amount of minority dividend of EUR 3,399,958.94 would be paid to shareholders in connection with the first instalment. In that case, the first instalment of the distribution of funds would consist of a minority dividend of approximately EUR 0.10 per share and a capital return of approximately EUR 0.12 per share (based on the total number of outstanding shares of the Company as at the date of the notice to the Annual General Meeting). The first instalment of the distribution of funds would be paid to the shareholders who are registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date of the first instalment of the distribution of funds on 31 January 2022. The Board of Directors proposes that the first instalment of the distribution of funds would be paid on 8 February 2022.
- The second instalment of the distribution of funds of EUR 0.22 per share (that consists entirely of capital return from the invested unrestricted equity reserve) would be paid in August 2022 to shareholders who are registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date of the second instalment of the distribution of funds on 10 August 2022. The Board of Directors proposes that the second instalment of the distribution of funds would be paid on 18 August 2022. The Board of Directors also proposes that the Annual General Meeting would authorize the Board of Directors to resolve, if necessary, on a new record date and date of payment for the second instalment of the distribution of funds, should the rules of Euroclear Finland Ltd or statutes applicable to the Finnish book-entry system change or otherwise so require.

The amount of capital return primarily proposed by the Board of Directors exceeds the level of minority dividend referred to in Chapter 13 Section 7 of the Finnish Companies Act. However, as the Board of Directors has proposed that no dividend is to be distributed, shareholders have nevertheless the right to demand minority dividend. A minority dividend must be distributed when a demand for such dividend is supported by shareholders representing at least one tenth of all shares. A shareholder requiring a minority dividend can in the advance voting cast a vote for the minority dividend, hence a separate demand or counterproposal is not required. By requiring a minority dividend a shareholder cannot, however, increase the total amount of the distribution of funds in excess of the proposal made by the Board of Directors, but only affect the ratio between minority dividend and capital return as set out above.

The capital return and any minority dividend would be paid to all shares of the Company, except for the treasury shares held by the Company on the record date of each instalment of the distribution of funds. The ratio between minority dividend and capital return per share may change should the number of outstanding shares change after the notice to the Annual General Meeting. Regardless of these changes, the aggregate distribution of funds per share, as proposed by the Board of Directors, would be EUR 0.44 per share, payable in two instalments of EUR 0.22 per share each.

In Helsinki, 17 December 2021

The Board of Directors

3. PROPOSAL BY THE BOARD OF DIRECTORS FOR REMUNERATION OF THE BOARD OF DIRECTORS (ITEM 11 ON THE AGENDA OF THE GENERAL MEETING)

The Board of Directors proposes to the Annual General Meeting to be held on 27 January 2022, based on the Remuneration Committee's recommendation, that the members of the Board of Directors be paid the following annual remuneration:

- Chairman of the Board of Directors: EUR 65,000;
- Other members of the Board of Directors: EUR 35,000.

The Board of Directors also proposes, based on the Remuneration Committee's recommendation, that the annual remuneration for the members of the Board of Directors be paid in Company shares and cash so that 50 percent of the annual remuneration will be used to purchase Company shares in the name and on behalf of the members of the Board of Directors from the market at a price determined in public trading, and the rest of the annual remuneration will be paid in cash. The shares will be purchased within two weeks of the publication of the interim report for the period 1 October 2021–31 December 2021 or as soon as possible in accordance with applicable legislation. The Company will pay any costs and transfer tax related to the purchase of Company shares. In case the remuneration cannot be paid in Company shares due to legal or other regulatory restrictions or due to other reasons related to the Company or a member of the Board of Directors, the annual remuneration will be paid fully in cash. A member of the Board of Directors may not transfer the shares received as remuneration before his/her membership in the Board of Directors has ended.

The Board of Directors also proposes, based on the Remuneration Committee's recommendation, that the members of the Audit Committee and the Remuneration Committee of Board of Directors be paid the following annual remuneration:

- Chairman of the Committee: EUR 7,500; and
- Other Committee members: EUR 5,000.

In Helsinki, 17 December 2021

The Board of Directors

4. PROPOSAL BY THE BOARD OF DIRECTORS FOR THE COMPOSITION OF THE BOARD OF DIRECTORS (ITEMS 12 AND 13 ON THE AGENDA OF THE GENERAL MEETING)

The Board of Directors proposes to the Annual General Meeting to be held on 27 January 2022 that the number of members of the Board of Directors shall be 5.

The Board of Directors also proposes that current members of the Board of Directors Jeffrey David, Ingrid Jonasson Blank and Ilkka Laurila be re-elected as members of the Board of Directors and that, in addition, Inka Mero and Johan Dettel be elected as new members of the Board of Directors.

Juho Frilander has announced that he is not available for re-election to the Board of Directors.

Further information on the candidates and their independence are presented on the Company's website at www.mustigroup.com/agm. The CVs of Inka Mero and Johan Dettel are attached to the notice to the Annual General Meeting. The term of office of the members of the Board of Directors expires at the end of the next Annual General Meeting.

In Helsinki, 17 December 2021

The Board of Directors

5. PROPOSAL BY THE BOARD OF DIRECTORS FOR THE REMUNERATION OF THE AUDITOR (ITEM 14 ON THE AGENDA OF THE GENERAL MEETING)

The Board of Directors proposes to the Annual General Meeting to be held on 27 January 2022, based on the Audit Committee's recommendation, that the remuneration of the auditor be paid against a reasonable invoice approved by the Audit Committee.

In Helsinki, 17 December 2021

The Board of Directors

6. PROPOSAL BY THE BOARD OF DIRECTORS FOR THE ELECTION OF AUDITOR (ITEM 15 ON THE AGENDA OF THE GENERAL MEETING)

The Board of Directors proposes to the Annual General Meeting to be held on 27 January 2022, based on the Audit Committee's recommendation, that Ernst & Young Ltd, Authorized Public Accountants, be re-elected as the auditor of the Company.

Ernst & Young Ltd has notified that Johanna Winqvist-Ilkka, Authorized Public Accountant, would act as the auditor with principal responsibility. The term of office of the auditor expires at the end of the next Annual General Meeting.

The Audit Committee has prepared its recommendation with the EU Audit Regulation (537/2014). The Audit Committee hereby confirms that its recommendation is free from influence by a third party and that no clause of the kind referred to in Article 16, paragraph 6 of the EU Audit Regulation, which would restrict the choice by the Annual General Meeting as regards the appointment of the auditor, has been imposed upon it.

In Helsinki, 17 December 2021

The Board of Directors

7. PROPOSAL BY THE BOARD OF DIRECTORS REGARDING AUTHORIZATION OF THE BOARD OF DIRECTORS TO DECIDE ON THE REPURCHASE AND/OR ON THE ACCEPTANCE AS PLEDGE OF THE COMPANY'S OWN SHARES (ITEM 16 ON THE AGENDA OF THE GENERAL MEETING)

The Board of Directors proposes to the Annual General Meeting to be held on 27 January 2022 that the Board of Directors be authorized to decide on the repurchase of the Company's own shares and/or on the acceptance as pledge of the Company's own shares as follows.

The amount of own shares to be repurchased and/or accepted as pledge based on this authorization shall not exceed 3,185,000 shares in total, which corresponds to approximately 9.5 per cent of all of the shares in the Company. However, the Company together with its subsidiaries cannot at any moment own and/or hold as pledge more than 10 per cent of all the shares in the Company.

Own shares can be repurchased only using the unrestricted equity of the Company at a price formed in public trading on the date of the repurchase or otherwise at a price determined by the markets.

The Board of Directors decides on all other matters related to the repurchase and/or acceptance as pledge of own shares. Own shares can be repurchased using, inter alia, derivatives. Own shares can be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase).

This authorization cancels the authorization given by the Annual General Meeting held on 21 January 2021 to decide on the repurchase the Company's own shares and/or to accept the Company's own shares as pledge. The authorization is effective until the beginning of the next Annual General Meeting, however, no longer than until 27 July 2023.

In Helsinki, 17 December 2021

The Board of Directors

8. PROPOSAL BY THE BOARD OF DIRECTORS REGARDING AUTHORIZATION OF THE BOARD OF DIRECTORS TO DECIDE ON THE ISSUANCE OF SHARES AS WELL AS THE ISSUANCE OF SPECIAL RIGHTS ENTITLING TO SHARES (ITEM 17 ON THE AGENDA OF THE GENERAL MEETING)

The Board of Directors proposes to the Annual General Meeting to be held on 27 January 2022 that the Board of Directors be authorized to decide on the issuance of shares as well as the issuance of special rights entitling to shares referred to in chapter 10 section 1 of the Finnish Companies Act as follows.

The amount of shares to be issued based on this authorization shall not exceed 3,185,000 shares, which corresponds to approximately 9.5 per cent of all of the shares in the Company. The authorization covers both the issuance of new shares as well as the transfer of treasury shares held by the Company.

The Board of Directors decides on all other conditions of the issuance of shares and of special rights entitling to shares. The issuance of shares and of special rights entitling to shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue).

This authorization cancels the authorization given by the Annual General Meeting held on 21 January 2021 to decide on the issuance of shares as well as on the issuance of special rights entitling to shares. The authorization is effective until the beginning of the next Annual General Meeting, however, no longer than until 27 July 2023.

In Helsinki, 17 December 2021

The Board of Directors