MINUTES
No. 1/2016

PIHLAJALINNA PLC
ANNUAL GENERAL MEETING
4 APRIL 2016
UNOFFICIAL OFFICE TRANSLATION

Annual General Meeting of Pihlajalinna Plc

Time: 4 April 2016 at 3:00 p.m.

Place: Yliopistonkatu 55, 33100 Tampere (Tampere-talo, Sorsapuistosali)

Present: The shareholders set out in the list of votes (Appendix 1) adopted at the meeting were present at the meeting, in person or represented.

Present at the meeting were, in addition, Board members Aarne Aktan, Heikki Dunder, Leena Niemistö, Marjatta Rytömaa, Jari Sundström and Mika Uotila, the Company's CEO Mr. Mikko Wirén, the responsible auditor appointed by the Company's auditor, the Board member candidates except for Ms. Seija Turunen and Mr. Timo Everi, representatives of the Company's senior management as well as technical personnel and a media representative. Absent from the meeting were Board members Martti Ala-Härkönen and Veli-Matti Qvintus.

1 §

OPENING OF THE MEETING

The Chairman of the Board of Directors Mr. Mika Uotila opened the meeting.

2 §

CALLING THE MEETING TO ORDER

Mr. Manne Airaksinen, Attorney-at-Law, was elected Chairman of the General Meeting and he called Ms. Hanne Keidasto, General Counsel, to act as secretary.

The Chairman explained the procedures for considering the items on the agenda of the meeting.

It was recorded that the meeting was conducted in Finnish.

The Chairman noted that certain holding nominee registered shareholders had provided the Company with voting instructions prior to the meeting and gave a description of said voting instructions. The Chairman noted that the holding nominee registered shareholders have announced that they don't require voting on items where directions are to vote against or abstain, and the recording of the voting instructions on the Minutes of the meeting is sufficient.

Summary lists of the voting instructions of the above-mentioned nominee registered shareholders were attached to the minutes (Appendix 2).

3 §

ELECTION OF PERSONS TO SCRUTINIZE THE MINUTES AND TO SUPERVISE THE COUNTING OF VOTES

Mr. Kimmo Saarinen and Mr. Juha Rautio were elected to scrutinize the minutes and to supervise the counting of votes.

4 §

RECORDING THE LEGALITY OF THE MEETING

It was recorded that the notice to the meeting had been published on the Company's website and as a stock exchange release on 11 March 2016.

It was recorded that the General Meeting had been convened in accordance with the articles of association and the provisions of the Finnish Companies Act and that the meeting therefore constituted a quorum.

The notice to the meeting was attached to the minutes (Appendix 3).

5 §

RECORDING THE ATTENDANCE AT THE MEETING AND ADOPTION OF THE LIST OF VOTES

The list recording the attendance at the beginning of the meeting and the corresponding list of votes, according to which 71 shareholders were present either in person, by statutory representative or by proxy, was presented (Appendix 1). 11.589.256 shares and votes were represented in the meeting when it began.

It was recorded that the list of votes would be adjusted to correspond to the attendance at the beginning of a possible vote.

6 §

PRESENTATION OF THE ANNUAL ACCOUNTS INCLUDING THE CONSOLIDATED ANNUAL ACCOUNTS, THE REPORT OF THE BOARD OF DIRECTORS AND THE AUDITOR'S REPORT FOR THE YEAR 2015

The Company's CEO Mr. Mikko Wirén gave a presentation on the Company's activities in 2015. It was recorded that after the presentation CEO Wirén answered questions presented by the shareholders.

The Annual Accounts for the financial year January 1, 2015 – December 31, 2015 and the Report by the Board of Directors were presented.

It was recorded that the Annual Accounts had been available on the Company's website prior to the meeting for the period required by the Companies Act.

The Annual Accounts were attached to the minutes (Appendix 4).

The Auditor's Report was presented and attached to the minutes (Appendix 5).

7 §

ADOPTION OF THE ANNUAL ACCOUNTS

The General Meeting approved the Annual Accounts, including the Consolidated Annual Accounts, for the financial year January 1, 2015 – December 31, 2015.

8 §

RESOLUTION ON THE USE OF THE PROFIT SHOWN ON THE BALANCE SHEET AND THE PAYMENT OF DIVIDEND

It was recorded that the Board of Directors had in the notice to the General Meeting proposed to the General Meeting that dividend based on the balance sheet adopted for the financial period ended on December 31, 2015 would be paid in accordance with the proposal attached to the minutes (Appendix 6).

It was recorded that the Company had published an amended proposal on April 1, 2016 that no dividend be paid for the financial period ended on December 31, 2015 (Appendix 7).

The General Meeting decided in accordance with the amended proposal of the Board of Directors that no dividend is paid based on the balance sheet adopted for the financial period ended on December 31, 2015.

9 §

RESOLUTION ON THE DISCHARGE OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE CEO FROM LIABILITY

The General Meeting decided to discharge the members of the Board of Directors and the CEO from liability for the financial period January 1, 2015 – December 31, 2015.

21,000 opposing votes of shareholders were notified under this agenda item.

10 §

RESOLUTION ON THE REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

It was recorded that the largest shareholders of the Company, representing approximately 38 percent of the shares and votes in the Company, had proposed to the General Meeting that the members of the Board of Directors would be paid remuneration in accordance with the proposal attached to the minutes (Appendix 8).

The General Meeting decided in accordance with the proposal of the largest shareholders of the Company that the remuneration of the members of the Board of Directors shall be paid as follows: to the Chairman of the Board of Directors EUR 3,500, to the Vice-Chairman of the Board of Directors EUR 2,500 and to the other members of the Board of Directors EUR 2,000 per month.

In addition, the General Meeting decided in accordance with the proposal of the largest shareholders of the Company that each Board member shall be paid a meeting fee of EUR 500 for each Board and Committee meeting. In addition travel compensation will be paid according to the state travel code.

11 §

RESOLUTION ON THE NUMBER OF MEMBERS OF THE BOARD OF DIRECTORS

It was recorded that according to the Articles of Association the number of members of the Board of Directors shall be no less than four (4) and no more than ten (10).

It was recorded that the largest shareholders of the Company, representing approximately 38 percent of the shares and votes in the Company, had, in accordance with the proposal attached to the minutes (Appendix 8) proposed to the General Meeting that the number of members of the Board of Directors would be six (6) at a time.

The General Meeting decided in accordance with the proposal of the largest shareholders of the Company that the number of members of the Board of Directors shall be six (6) at a time.

12 §

ELECTION OF MEMBERS OF THE BOARD OF DIRECTORS

It was recorded that according to the Articles of Association the term of office of a member of the Board of Directors expires at the close of the first Annual General Meeting following the election.

It was recorded that the largest shareholders of the Company, representing approximately 38 percent of the shares and votes in the Company, had proposed to the General Meeting that the members of the Board of Directors would be elected in accordance with the proposal attached to the minutes (Appendix 8) and that the term of office of Mr. Mikko Wirén as a member of the Board of Directors would begin when his appointment as the CEO of the Company ends.

It was recorded that Mr. Aarne Aktan had announced that he will resign from the Board of Directors when his term as the new CEO of the Company commences and that the largest shareholders support Mr. Mikko Wirén's election as the Chairman of the Board of Directors from the beginning of his term.

It was recorded that all the Board member candidates had given their consent to the election.

The General Meeting decided in accordance with the proposal of the largest shareholders of the Company that the following individuals are elected members of the Board of Directors for a term ending at the end of the next Annual General Meeting:

Mr. Aarne Aktan (who has announced that he will resign from the Board of Directors when his term as the new CEO of the Company commences),
Mr. Jari Eklund,
Mr. Timo Everi
Ms. Leena Niemistö,
Mr. Jari Sundström,
Ms. Seija Turunen, and
Mr. Mikko Wirén (term begins when Mr. Wirén's appointment as the CEO ends.)

13 §

RESOLUTION ON THE REMUNERATION OF THE AUDITOR

It was recorded that the Audit Committee of the Board of Directors had proposed to the General Meeting that the remuneration to the Auditor to be elected would be paid in accordance with the proposal attached to the minutes (Appendix 9).

The General Meeting decided in accordance with the proposal of the Audit Committee of the Board of Directors that the Auditor's remuneration shall be paid against an invoice approved by the Audit Committee of the Board of Directors.

21,000 opposing votes of shareholders were notified under this agenda item.

14 §

ELECTION OF AUDITOR

It was recorded that according to the Articles of Association, the Company shall have one (1) auditor that has to be a firm of authorized public accountants.

It was recorded that the Audit Committee of the Board of Directors had proposed to the General Meeting that the auditor would be elected in accordance with the proposal attached to the minutes (Appendix 9).

It was recorded that the proposed auditor had given its consent to the election.

The General Meeting decided in accordance with the proposal of the Audit Committee of the Board of Directors that KPMG Oy Ab, a firm of authorized public accountants, shall be elected as Auditor of the Company. KPMG Oy Ab has announced that Ms. Lotta Nurminen, APA, shall be the Auditor with principal responsibility.

15 §

AUTHORIZING THE BOARD OF DIRECTORS TO RESOLVE ON THE REPURCHASE OF THE COMPANY'S OWN SHARES

It was recorded that the Board of Directors had proposed to the General Meeting that the Board of Directors would be authorized to resolve on the repurchase of the Company's own shares in accordance with the proposal attached to the minutes (Appendix 6).

The General Meeting decided in accordance with the proposal of the Board of Directors that the Board of Directors shall be authorized to resolve on the repurchase of the Company's own shares as follows:

The Board of Directors is authorized to resolve on the repurchase of an aggregate maximum of 2,061,314 of the Company's own shares, which corresponds to approximately 10 percent of all the existing shares in the Company. Own shares may be repurchased on the basis of the authorization only by using non-restricted equity.

Own shares may be repurchased at a price formed in public trading on the date of the repurchase or otherwise at a price formed on the market. Own shares may be repurchased using, inter alia, derivatives. The Board of Directors resolves on how shares are repurchased. Own shares may be repurchased otherwise than in proportion to the shares held by the shareholders (directed repurchase).

The authorization remains in force until the end of the next Annual General Meeting, however, no longer than until 30 June 2017.

It was recorded that the authorization revokes all previous authorizations to resolve on the repurchase of the Company's own shares.

16 §

AUTHORIZING THE BOARD OF DIRECTORS TO RESOLVE ON THE ISSUANCE OF SHARES AND SPECIAL RIGHTS ENTITLING TO SHARES

It was recorded that the Board of Directors had proposed to the General Meeting that the Board of Directors would be authorized to resolve on the issuance of shares and special rights entitling to shares referred to in chapter 10, section 1 of the Companies Act in accordance with the proposal attached to the minutes (Appendix 6).

The General Meeting decided in accordance with the proposal of the Board of Directors that the Board of Directors shall be authorized to resolve on the issuance of shares and special rights entitling to shares referred to in chapter 10, section 1 of the Companies Act as follows:

The number of shares issued pursuant to the authorization shall not exceed 4,122,629 shares, which corresponds to approximately 20 percent of all the existing shares in the Company at the date of this notice. The authorization concerns both the issuance of new shares as well as the transfer of the Company's own shares.

The Board of Directors decides on all other terms and conditions of the issuance of shares and special rights entitling to shares. The authorization includes a right to deviate from the shareholders pre-emptive right to subscription (directed issue). The authorization remains in force until the end of the next Annual General Meeting, however, no longer than until 30 June 2017.

It was recorded that the authorization revokes all previous authorizations to resolve on the issuance of shares and special rights entitling to shares.

113,577 opposing votes of shareholders were notified under this agenda item.

17 §

CLOSING OF THE MEETING

It was recorded that all decisions of the General Meeting were unanimous unless otherwise indicated in the minutes.

The Chairman stated that all items on the agenda had been considered and that the minutes of the meeting would be available on the Company's website as from 18 April 2016 at the latest.

The Chairman closed the meeting at 3.35 p.m.

[*Signature page to follow*]

Chairman of the General Meeting:	MANNE AIRAKSINEN
In fidem:	HANNE KEIDASTO
Minutes reviewed and approved:	KIMMO SAARINEN
	JUHA RAUTIO

Appendices

Appendix 1	List of votes
Appendix 2	Voting instructions of nominee registered shareholders
Appendix 3	Notice to the General Meeting
Appendix 4	The Annual Accounts 2015
Appendix 5	The Auditor's Report
Appendix 6	Proposals to the General Meeting by the Board of Directors
Appendix 7	Release concerning the amended dividend proposal
Appendix 8	Proposals to the General Meeting by shareholders
Appendix 9	Proposals to the General Meeting by the Audit Committee of the Board of Directors