



MANDATUM
ASSET MANAGEMENT

Annual Report 2021

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REPORT OF THE BOARD OF DIRECTORS



MANDATUM
ASSET MANAGEMENT

MANDATUM ASSET MANAGEMENT GROUP

Year 2021

M At the start of 2021, Mandatum announced that Sampo Group's asset management operations would be merged into a separate business under Mandatum Life Investment Services Ltd. At the same time, the company was renamed Mandatum Asset Management Ltd (MAM). MAM formally launched its operations with its new structure in place at the start of September, when Sampo's investment operations were transferred to the new company through a business transfer.

Mandatum Asset Management is part of Sampo Group and a significant Nordic investor. As part of Sampo Group, MAM leverages its investment heritage, expertise and broad resources as one of the most successful institutional investors in the Nordics to provide investment solutions and products to its clients. MAM offers discretionary and consultative asset management and manages a variety of investment products within its core areas of credit, alternatives and equity selection. Mandatum Asset Management Group (MAM Group) currently manages

EUR 29.3 billion in assets, which includes the assets of Mandatum Life, Kaleva and If, Sampo's strategic investments, as well as Mandatum's current unit-linked products and funds. MAM's subsidiary's, Mandatum AM AIFM Ltd's (MAM AIFM), assets under management totaled EUR 340.3 million at year end. MAM Group currently employs more than 120 professionals.

Mandatum Asset Management provides its clients with market-leading investment operations and products across asset classes. MAM also uses its own products in Sampo Group's balance sheet investments, bringing economies of scale and an alignment of interests with its clients. Its products and services are tightly linked to its investment philosophy, which is defined by Sampo Group's shared investment principles: Investment Selection, Opportunism and Patience.

MAM is a part of Mandatum Holding, a wholly owned subsidiary of Sampo Plc, which includes both MAM and its sister company, Mandatum Life Insurance Company Limited (Mandatum Life).

Events During the Year

MAM Acquired Trevian's Fund Management Business

In September 2021, Mandatum Asset Management Ltd acquired the shares of Trevian Funds AIFM Ltd. Mandatum AM AIFM Ltd. is the new name of the company, which manages alternative funds and is licensed by the Finnish Financial Supervisory Authority. As a result of the transaction, Mandatum Asset Management Group's real estate team grew by 15 real estate professionals, and its assets under management increased by more than EUR 300 million.

Strong Demand Continues for MAM's Investment Strategies

2021 was a strong fundraising year for MAM, with the company raising significant new commitments from Finnish and international institutional and professional investors, along with capital from Mandatum Life's distribution channels. Capital was raised for MAM's private debt, real estate, private equity and loan strategies, while liquid strategies also raised additional client capital particularly through

Mandatum Life's distribution channels. Overall, Mandatum AM Private Debt V and Mandatum AM European Real Estate III raised the most capital in 2021, amassing a total of EUR 286 million in commitments. These strategies will also be open for commitments in the first half of 2023.

Responsible Investing

Mandatum Asset Management has signed the UN Principles for Responsible Investment (UN PRI), complies with them in its own operations and strives to do its part to promote the adoption of the principles in the financial sector and investment markets.

Taking responsibility and sustainable development into account is a part of sensible risk management, and it is why MAM has integrated environmental, social and governance factors into its investment diligence and analysis. Alongside the financial risks related to responsibility, MAM also assesses the impact of its investments on sustainability. MAM monitors its investment objects from a responsibility perspective for their entire lifecycle and strives to engage with its investees if problematic operating methods are observed or international norms are violated. MAM's primary method of influencing responsible practices and rectifying identified problems is to engage in active dialogue with the investee companies.

MAM aims to ensure that our investment personnel always have access to up-to-date information related to responsible investment legislation, as well as other guidelines and tools to take sustainability factors into account. In 2021, the company established a new responsible investment team, focused on developing and coordinating responsible investment, developing personnel's competence in responsibility issues, supporting portfolio managers in the analysis of sustainability factors and providing responsible investment reporting.

In 2021, the focus was on implementing the requirements brought by EU regulation, including the classification of investment objects, identifying clients' sustainability preferences and creating reporting policies. MAM also assessed potential ways to further review investees' impacts on society, the environment, health and knowledge. In the coming years, MAM intends to continue to consistently develop its approach in order to better address responsible investment risks and opportunities and to meet the growing demand for responsible investing from both its clients and the regulatory landscape.

Operating Result and Solvency

Mandatum Asset Management's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). In preparing the financial statements, MAM Group has applied

all the standards and interpretations relating to its business, adopted by the commission of the EU and effective at 31 December 2021. In preparing the notes to the accounts, attention has also been paid to Finnish accounting and company law along with applicable regulatory requirements.

MAM Group's revenue, that is the return on investment services, amounted to EUR 41.2 million, generated mostly from the asset management services sold to Mandatum Life Insurance Company Limited. Profit before taxes for the financial year was EUR 2.9 million and after taxes EUR 2.3 million. The profit for the financial year was reduced by a EUR 15 million group contribution that Mandatum Asset Management Ltd paid to Sampo plc.

Revenue = Revenue is reported as the total amount of fee income and other operating income

Return on equity, % (ROE) =
$$\frac{\text{Operating profit/loss}^* - \text{taxes}}{\text{Equity} + \text{voluntary provisions and depreciation difference minus deferred tax (the average at the beginning and end of the year)}}$$

Return on assets, % (ROA) =
$$\frac{\text{Operating profit/loss}^* - \text{taxes}}{\text{Average balance sheet total (average of values on 1 Jan and 31 Dec)}}$$

Equity/assets ratio, % =
$$\frac{\text{Equity} + \text{voluntary provisions and depreciation difference minus deferred tax}}{\text{Balance sheet total}}$$

Cost/income ratio =
$$\frac{\text{Fee and commission expenses} + \text{interest expenses} + \text{administrative expenses} + \text{depreciation} + \text{other operating expenses}^*}{\text{Income from investment services}}$$

*Before group contribution

Key Figures

Mandatum Asset Management Group	2021	2020	2019
1. Revenue, EUR million	41.2	11.5	12.1
2. Return on equity, % (ROE)	44.9%	20.8%	31.1%
3. Return on assets, % (ROA)	31.9%	14.6%	22.1%
4. Equity/assets ratio, %	71.7%	65.8%	75.3%
5. Cost/income ratio, %	56.5%	85.0%	77.4%

Mandatum Asset Management Parent Company	2021	2020	2019
1. Revenue, EUR million	38.4	11.5	12.1
2. Return on equity, % (ROE)	40.8%	20.8%	31.1%
3. Return on assets, % (ROA)	29.4%	14.6%	22.1%
4. Equity/assets ratio, %	72.7%	65.8%	75.3%
5. Cost/income ratio, %	58.5%	85.0%	77.4%

Risk Management

Risk Management Principles and Organization

The goal of risk management in all MAM Group companies is to ensure a stable and well-understood risk management culture. In addition, the goal is to ensure that risks are identified, assessed, managed, monitored and reported and that actions are appropriate in relation to the risks' impact on the short- and long-term financial results. Furthermore, efforts are made to ensure that the companies have adequate buffers for the statutory capital requirements and that they also maintain operational readiness during periods of economic turmoil. Successful risk management guarantees the general efficiency, security and continuity of operations and safeguards MAM Group's reputation, ensuring that clients and other stakeholders maintain confidence in MAM Group. In summary, it can be stated that MAM Group's main goal for risk management is to create further value and retain existing value.

MAM Group companies follow the risk management principles defined by Sampo Group's and Mandatum Group's risk management framework. Each authorized company in MAM Group has its own risk management policy; however, MAM oversees its subsidiaries' risk management and risk monitoring and reporting principles. MAM's risk management function works in close cooperation with

its subsidiaries' risk management function to ensure that information is exchanged appropriately and that the arrangements, processes and mechanisms are sufficient.

The Boards of Directors of the companies are responsible for the adequacy of risk management and internal control. The Boards annually approve the risk management principles, which is the basis for risk management across the MAM Group companies. The CEO has overall responsibility for the implementation of risk management in accordance with the Boards' guidance.

Every authorized MAM Group company has its own risk management function. The task of the risk management functions is to ensure that risk management is arranged appropriately, and it is sufficient with respect to the company's operations. MAM's Risk Management and Compliance Committee acts as a link between the risk management and compliance functions and the business units and ensures an efficient exchange of information between the first and second lines.

Risk Appetite

MAM Group's risk appetite is defined in MAM's risk management policy. MAM Group is prepared to take strategic risks in expanding its business, while at the same time ensuring sufficient liquidity for the companies. MAM Group companies are not willing to assume market risk in their own balance sheets, and they do not trade on behalf of their own

accounts. The companies are willing to bear short-term credit risk arising from client receivables only to a limited extent. MAM Group aims to control operational risks as efficiently as possible. The trust of its clients and other stakeholders is essential for MAM Group.

Risks Related to MAM Group's Business Activities

Operational Risks

Operational risks are the most significant risk area for MAM Group. Operational risk refers to the risk of loss resulting from inadequate or failed processes or systems, from personnel or external events. This definition includes legal risks but does not include risks resulting from strategic decisions. Risks may materialize as a result of, for example, an internal error, external misconduct, inadequate HR management, a lack of operating policies, damage to physical assets, business interruptions, system failures or operating process failures. Operational risk can take the form of additional costs, damages, non-compliance with rules and regulations, loss of reputation, misinformation about the risk position, continuous losses, and business interruption.

The goal of operational risk management is to identify risks ahead of time, manage risks effectively and strive to pre-emptively mitigate the impacts of any realized risks

in a cost-effective manner. The business areas are responsible for the identification, assessment, control, and management of their operational risks. At the Mandatum Group level, the Operational Risk Committee monitors and coordinates key issues associated with operational risks, such as operating policies and recommendations.

Operational risks are identified as part of a regular self-assessment process, in which major operational risks are recognized and assessed, and their probability and significance are analyzed. The business units regularly report realized operational risk events and near-miss situations in the risk management system maintained by the company. MAM's risk management function regularly reports on operational risks to the CEO and Board of Directors.

Liquidity Risk

Liquidity risk is the risk of the company being unable to realize its assets in order to settle its financial obligations when they fall due. Both MAM and MAM AIFM are exposed to liquidity risk due to the nature of their business. Both companies' business operations are financed by cash flow that consists of fee income received from clients and co-operation partners. The companies have not used external financing for their activities and therefore have no risks related to external financing, such as interest rate risk, foreign exchange risk or refinancing risk.

MAM manages its liquidity risk by regularly monitoring its liquidity position and maintaining a liquidity buffer. MAM Group also keeps track of its liquidity position from the perspective of statutory liquidity requirements.

Concentration Risk

MAM Group companies are exposed to concentration risk with respect to their clients, as most of their business is linked to Sampo Group's customers. Mandatum Life is MAM's largest customer, measured by fee income. Concentration risk is considered to be a minor risk, however, as both Mandatum Life and MAM are a part of Sampo Group.

Capital Adequacy and Capital Adequacy Management

New EU regulation on prudential requirements for investment firms entered into effect in June 2021 during the financial year. The reform did not bring significant changes to MAM's capital adequacy position. In the new regulatory framework, MAM and MAM AIFM together form an investment investment firm group.

The goal of capital adequacy management is to ensure the adequacy of available capital in relation to the risks associated with the company's business and operating environment. An additional goal is to ensure that items treated as own funds are adequate in terms of the own funds' requirements.

Adequacy of own funds is estimated by comparing the amount of own funds with the amount of capital that is needed to bear the risks arising from the current business and the external operating environment. For MAM Group, the capital adequacy assessment is primarily carried out at the company-level.

MAM assesses its capital adequacy position at least once a year in accordance with the Board-approved internal capital adequacy assessment process, and the Board annually sets the targeted level of the capital adequacy ratio and own funds. The capital adequacy assessment process is a combination of business and capital strategy and, at the core of the assessment, is the conversion of risks to capital needs. The adequacy of own funds is assessed based on MAM's risk appetite and risk profile, and capital targets are set based on the desired risk-taking level. Anticipatory capital adequacy analysis is part of MAM management's strategic planning, and MAM continuously assesses and maintains the required amount and type of capital in order to cover its risks or the risks it may be exposed to. MAM's risk-based capital adequacy assessment is based on the Pillar 1 capital requirement, which is used as the basis for assessing the risk-based need for additional capital. MAM AIFM applies similar methods where applicable.

MAM Group's own funds as per 31 December 2021 amounted to EUR 24.7 million,

€ million	MAM Group	MAM	
	31 Dec 2021	31 Dec 2021	31 Dec 2020
Common Equity Tier 1 (CET1) capital before deductions	71.8	69.8	8.2
Share capital	0.1	0.1	0.1
Invested unrestricted equity fund	63.3	63.3	2.0
Retained earnings	8.4	6.4	6.1
Deductions	-47.1	-46.2	-0.1
Common Equity Tier 1 capital after deductions	24.7	23.6	8.1
Additional Tier 1 (AT1) capital before deductions	0.0	0.0	0.0
Deductions	0.0	0.0	0.0
Additional Tier 1 capital after deductions	0.0	0.0	0.0
Total amount of CET1 and AT1 capital	24.7	23.6	8.1
Tier 2 capital before deductions	0.0	0.0	0.0
Deductions	0.0	0.0	0.0
Tier 2 capital after deductions	0.0	0.0	0.0
Own funds, total	24.7	23.6	8.1

Minimum calculation of own funds, MAM Group and MAM, 31 December 2021

consisting entirely of Common Equity Tier 1 capital. MAM's own funds as per 31 December 2021 amounted to EUR 23.6 million, consisting entirely of Common Equity Tier 1 capital. Own funds are presented in detail in the table above.

MAM Group's risk-weighted items totaled EUR 55.9 million as per 31 December 2021, with the Common Equity Tier 1 capital ratio being 44.1 percent. The Tier 1 capital ratio

and the total capital ratio were also 44.1 percent. MAM's risk-weighted items totaled EUR 24.6 million as per 31 December 2021, and the capital ratio was 95.8 percent. The capital ratio is calculated by dividing the amount of own funds with the risk-weighted items, and it is presented as a percentage.

Corporate Structure and Ownership

Mandatum Asset Management Ltd is a wholly owned subsidiary of Mandatum Holding Ltd, a wholly owned subsidiary of Sampo plc.

Mandatum Asset Management's subsidiaries are Mandatum AM AIFM Ltd, Mandatum Private Equity GP and the property investment companies SaKa Hallikiinteistöt GP and Mandatum Life Vuokratontit I GP. Mandatum Fund Management S.A. is owned by Mandatum Life Insurance Company Limited, but ownership will be transferred to Mandatum Asset Management in the first quarter of 2022. The change has been approved by the local financial supervisory authority.

Changes that took place in the company in 2021:

Mandatum Life Investment Services Ltd changed its name to Mandatum Asset Management Ltd at the start of 2021. Sampo's investment operations transferred to MAM in a business transfer in September 2021. MAM acquired the shares of Trevian Funds AIFM in autumn 2021, and the company's name was changed to Mandatum AM AIFM Ltd.

Significant Post-Balance-Sheet Events

The company has decided to purchase the Luxembourg-based Mandatum Fund Management S.A. from Mandatum Life Insurance Company Limited. The authorities' decisions on the transfer of ownership were received in December 2021, and the aim is to close the transaction in the first quarter of 2022.

Outlook

MAM's fundraising in 2022 is expected to exceed its levels in 2021, as MAM will introduce new investment strategies to investors over the course of the year. These new investment strategies are expected to attract new clients, particularly outside of Finland. Additionally, cooperation with Mandatum Life is expected to remain strong, and the strengthening of MAM's investment activities in 2021 also creates favorable conditions for Mandatum Life's sales growth in 2022.

MAM's result and business growth are, however, strongly tied to the development of the investment markets and the economic situation generally, and therefore, the result and growth targets are subject to significant uncertainty. The business transfers and acquisitions that took place at the end of the year, however, further reinforce MAM's earnings potential and also reduce the result's dependency on the general market situation.

Corporate Governance

MAM's corporate governance is primarily determined on the basis of the Finnish Act on Investment Services and the Limited Liability Companies Act. More detailed provisions regarding the company's governance can be found in its Articles of Association and in the board-approved System of Governance document, which defines the governance structure and operational responsibilities.

The supreme authority over MAM's business is exercised by the General Meeting of Shareholders. The Annual General Meeting was held on 26 February 2021. The company also held three extraordinary general meetings during the financial year.

In accordance with its Articles of Association, MAM's Board of Directors comprises no fewer than three and no more than five members. The Board of Directors had four members in 2021. The Board of Directors was chaired by Tarja Tyni (until 26 February 2021) and Patrick Lapveteläinen (as of 26 February 2021), and the members of the Board of Directors were Petri Niemisvirta (as of 26 February 2021, Deputy Chairman), Harri Kiiski (as of 1 September 2021), Timo Vuokila (as of 26 February 2021), Jukka Kurki (until 1 September 2021) and Timo Strengell (until 26 February 2021). The Board convened 13 times during the financial year.

Lauri Vaittinen was the company's Managing Director and Antti Sorsa was the Deputy Managing Director.

The Auditor elected by the Annual General Meeting was Deloitte Ltd, Authorized Public Accountant Firm (with Reeta Virolainen, APA, as the auditor with principal responsibility).

The Board of Directors' Proposal for the Distribution of Profit

Mandatum Asset Management Ltd's profit in accordance with the Finnish Accounting Standards was EUR 305,577.47. The company's distributable funds were EUR 69,715,548.25. The Board of Directors proposes to the General Meeting of Shareholders that the profit for the financial year be transferred to the profit and loss account and that no dividend be paid.

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IFRS FINANCIAL STATEMENTS 2021

Consolidated Income Statement, IFRS

€	Note	1 Jan–31 Dec 2021
Fee income	1	40,927,085.71
Other operating income	2	253,471.03
Income from investment services		41,180,556.74
Fee and commission expenses	3	-399,037.93
Interest expenses	4	-78,194.56
Administrative expenses	5	-12,087,002.72
Depreciation, amortization and impairment	6	-136,362.76
Other operating expenses	7	-25,553,937.89
Operating profit		2,926,020.88
Income taxes	8	-632,585.44
Profit for the financial year		2,293,435.44
Non-controlling interests	9	3,965.14
Total comprehensive income for the financial year		2,297,400.58

Consolidated Balance Sheet, IFRS

€	Note	31 Dec 2021
Assets		
Receivables from credit institutions	10	38,634,818.48
Equity securities	11	12,212.15
Intangible rights	12	44,879,105.21
Property, plant and equipment	13	61,093.06
Financial assets	14	873,652.97
Other assets	15	15,359,286.78
Accrued income and prepayments	16	521,997.30
Total assets		100,342,165.95
Equity		
Share capital	17	125,000.00
Reserves		63,300,000.02
Retained earnings		8,404,117.78
Equity attributable to equity holders of the parent company		71,829,117.80
Non-controlling interests		102,053.73
Total equity		71,931,171.53
Liabilities		
Other liabilities	18	17,710,763.09
Accrued expenses and deferred income	19	10,463,304.91
Deferred tax liabilities	20	236,926.42
Total liabilities		28,410,994.42
Total equity and liabilities		100,342,165.95

Statement of Changes in Equity

€	Equity attributable to equity holders of the parent company				Non-controlling interests	Total equity
	Share capital	Invested unrestricted equity fund	Retained earnings	Total		
Equity at 1 Jan 2021	125,000.00	2,000,000.00	6,109,970.78	8,234,970.78	0.00	8,234,970.78
Changes in equity						
Profit for the period			2,294,147.00	2,294,147.00	102,053.73	2,396,200.73
Other changes		61,300,000.02		61,300,000.02		61,300,000.02
Equity at 31 Dec 2021	125,000.00	63,300,000.02	8,404,117.78	71,829,117.80	102,053.73	71,931,171.53

Consolidated Statement of Cash Flows, IFRS

€	1 Jan–31 Dec 2021
Cash flow from operating activities	
Profit before taxes	2,926,020.88
Adjustments	
Depreciation and amortization	136,362.76
Financial income and expenses	78,194.56
Adjustments total	214,557.32
Change (+/-) in assets of operating activities	
Investments	-871,941.97
Other assets	-13,483,805.38
Total	-14,355,747.35
Change (+/-) in liabilities of operating activities	
Other liabilities	25,309,465.00
Paid interest and taxes	-853,780.14
Total	24,455,684.86
Net cash from operating activities	13,240,515.71

€	1 Jan–31 Dec 2021
Cash flow from investing activities	
Investments in group and associated undertakings	-8,699,933.31
Net investment in equipment and intangible assets	-36,367,353.93
Net cash from investing activities	-45,067,287.24
Cash flow from financing activities	
Investments in the unrestricted equity fund	61,300,000.02
Group contribution	-1,600,000.00
Other cash flow	80,639.35
Net cash from financing activities	59,780,639.37
Total cash flows	27,953,867.84
Cash and cash equivalents at 1 Jan	10,680,950.64
Cash and cash equivalents at 31 Dec	38,634,818.48
Net change in cash and cash equivalents	27,953,867.84

Summary of Significant Accounting Policies

Mandatum Asset Management's consolidated financial statements for 2021 have been prepared in compliance with the International Financial Reporting Standards (IFRS). In preparing the financial statements, Mandatum Asset Management has applied all the standards and interpretations relating to its business, adopted by the commission of the EU and effective at 31 December 2021.

In preparing the notes to the consolidated financial statements, attention has also been paid to Finnish accounting and company law and applicable regulatory requirements.

The financial statements have for the most part been prepared under the historical cost convention.

Mandatum Asset Management's consolidated financial statements were prepared for the first time for the year 2021.

At the start of 2021, Mandatum Group underwent a corporate restructuring according to which the life insurance and asset management business that made up Mandatum Life Insurance Company Limited and its subsidiaries were transferred from Sampo plc as a tax-neutral transfer of assets in kind (as referred to in Section 52 d of the Act on the Taxation of Business Income) to the new company to be established for the business transfer, i.e. to Mandatum Holding Ltd, in exchange for shares issued by the latter. Since the business transfer, Mandatum Life Insurance Company Limited sold the subsidiary that was part of its fixed assets, Mandatum Life Investment Services Ltd (currently Mandatum Asset Management Ltd), to Mandatum Holding Ltd for a cash consideration.

As part of the overall restructuring, Sampo plc transferred its investment

business to Mandatum Asset Management Ltd in a business transfer implemented on 1 September 2021. IFRS 3.B1 stipulates that the IFRS 3 Business Combinations standard does not apply to combinations of entities or businesses under common control. According to the IAS 8.12 standard, management may also take into account the latest regulations of other standard-setting bodies as well as other literature concerning financial statements and accepted practices used in various industries. Therefore, based on management's considerations, the decision was made to apply the IFRS 3 standard to the transaction, reflecting the transaction's actual financial content. Accounting entries relating the business combination were made according to the calculation of acquisition cost. Along with the entries, goodwill that was not presented in previous years arises for the Group.

Consolidation

Subsidiaries

The consolidated financial statements include the parent company Mandatum Asset Management Ltd and all companies in which the Group has control. The Group has control in a company if it is exposed to its variable returns or is entitled to its variable returns through its involvement in the company and is able to affect those returns by exercising its power in the company. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date that control ceases. The Group acts as an investor and investment fund manager in various funds in order to gain investment returns and fee income. If the Group is exposed to the fund's variable returns or participates in steering its significant functions and arranging its governance, the fund must be consolidated into the Group. The Group monitors these changes in control quarterly.

The acquisition method of accounting is used for the purchase of subsidiaries. The cost of an acquisition is allocated to the identifiable assets, liabilities and contingent liabilities, which are measured at the fair value of the date of the acquisition. Possible non-controlling interest of the acquired

entity is measured either at fair value or at proportionate interest in the acquiree's net assets. The acquisition-specific choice affects both the amount of recognized goodwill and non-controlling interest. The excess of the aggregate of consideration transferred, non-controlling interest and possibly previously held equity interest in the acquiree, over the Group's share of the fair value of the identifiable net assets acquired, is recognized as goodwill.

The accounting policies used throughout the Group for the purposes of consolidation are consistent with respect to similar business activities and other events taking place in similar conditions. All intra-group transactions and balances are eliminated upon consolidation.

Segment Reporting

Mandatum Asset Management Group's (MAM Group) highest operative decision maker is its President and CEO. Due to MAM Group's operating model and the nature of its operations and governance structure, the reporting segment is the entire Group. The highest operative decision maker examines the performance of the operations at the entire Group level.

Investment Asset Management Fee

Mandatum Asset Management has fee income for managing investment assets (IFRS 15).

Fee income consists mainly of asset management fees and other profit-linked fees.

Intangible Assets

Other Intangible Assets

IT software and other intangible assets, whether procured externally or internally generated, are recognized in the balance sheet as intangible assets with finite useful lives, if it is probable that the expected future economic benefits that are attributable to the assets will flow to the Group and the cost of the assets can be measured reliably. The cost of internally generated intangible assets is determined as the sum of all costs directly attributable to the assets. Research costs are recognized as expenses in profit or loss as they are incurred. Costs arising from the development of new IT software or from significant improvement of existing software are recognized only to the extent they meet the above-mentioned requirements for being recognized as assets in the balance sheet.

Intangible assets with finite useful lives are measured at historical cost less accumulated amortization and impairment losses. Intangible assets are amortized on a straight-line basis over the estimated useful life of the asset. The estimated useful lives by asset class are as follows:

- IT software 4–10 years
- Other intangible assets 3–10 years

Property, Plant and Equipment

Property, plant and equipment comprise properties occupied for Mandatum Life's own activities, office equipment, fixtures and fittings, and furniture. Classification of properties as those occupied for own activities and those for investment activities is based on the square meters in use. If the proportion of a property in Mandatum Life's use is no more than 10 percent, the property is classified as an investment property.

Property, plant and equipment are measured at historical cost less accumulated depreciation and impairment losses.

Improvement costs are added to the carrying amount of a property when it is probable that the future economic benefits that are attributable to the asset will flow to the entity. Costs for repairs and maintenance are recognized as expenses in the period in which they were incurred.

Items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful life. In most cases, the residual value is estimated at zero. Land is not depreciated. Estimates of useful life are reviewed at financial year-ends, and the useful life is adjusted if the estimates change significantly. The estimated useful lives by asset class are as follows:

- IT equipment and motor vehicles 3–5 years
- Other equipment 3–10 years

Impairment of Intangible Assets and Property, Plant and Equipment

At each reporting date, the Group assesses whether there is any indication that an intangible asset or an item of property, plant or equipment may be impaired. If any such indication exists, the Group will estimate the recoverable amount of the asset. In addition, goodwill, intangible assets not yet available for use and intangible assets with an indefinite useful life are tested for impairment annually, independent of any indication of impairment. For impairment testing, the goodwill is allocated to the cash-generating units of the Group from the date of acquisition. In the test, the carrying amount of the cash-generating unit, including the goodwill, is compared with its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The value in use is calculated by estimating future net cash flows expected to be derived from an asset or a cash-generating unit, and by discounting them to their present value using a pre-tax discount rate. If the carrying amount of an asset is higher than its recoverable amount, an impairment loss is recognized in profit or loss. In conjunction with this, the impaired asset's useful life will be re-determined.

If there is any indication that an impairment loss recognized for an asset in prior periods may no longer exist or may have decreased, the recoverable amount of the

asset will be estimated. If the recoverable amount of the asset exceeds the carrying amount, the impairment loss is reversed, but no more than to the carrying amount which it would have been without recognition of the impairment loss. Impairment losses recognized for goodwill are not reversed.

Although there was no indication of impairment of acquired intangible assets in the Group, an impairment test in accordance with the IAS 36 standard was carried out at the end of 2021. An acquired intangible asset is treated as one cash-generating unit. The testing takes into account external and internal information sources that have possibly influenced the asset's value. The test evaluates the result expected by management for the first five years after taxes. From the fifth year on, the result after taxes is expected to develop in line with the inflation assumption. When calculating the current value of the results, an 8.71 percent discount rate is used, consisting of the ten-year interest rate of the Finnish government bond, plus a risk premium. Uncertainty is linked to both the expected earnings forecasts and the selection of the discount rate. The current value of the earnings expectations clearly exceeds the value of the intangible assets, and there is no need for an impairment.

Investment Property

Investment property is held to earn rental income and for capital appreciation. The investment property is measured in the same way as property, plant and equipment. The depreciation periods and methods and the impairment principles are also the same as those applied to corresponding property occupied for own activities.

Financial Assets

In the Group, financial assets are classified according to the IFRS 9 Financial Instruments standard into the following groups: amortized cost, fair value through profit or loss, and fair value through other comprehensive income. The classification is based on the business model's objective and the contractual cash flows of the investments or by applying the fair value option at initial acquisition. All purchases and sales of financial assets are recognized on the transaction date. An estimate of the Group's credit loss reserve is based on the expected credit losses for the entire period of validity in accordance with the IFRS 9 standard.

Employee Benefit

Post-Employment Benefits

Post-employment benefits include pensions and life insurance.

MAM Group has defined contribution plans. The most significant defined contribution plan is that arranged through the Employees' Pensions Act (TyEL) in Finland.

In defined contribution plans, the Group pays fixed contributions to a pension insurance company and has no legal or constructive obligation to pay further contributions. The obligations arising from a defined contribution plan are recognized as an expense in the period that the obligation relates to.

The Group also has certain voluntary defined benefit plans. These are intra-Group, included in the insurance liabilities of Mandatum Life and have no material significance.

Termination Benefits

An obligation based on termination of employment is recognized as a liability when the Group is verifiably committed to terminate the employment of one or more persons before the normal retirement date or to grant benefits payable upon termination as a result of an offer to promote voluntary redundancy. As no economic benefit is expected to flow to the employer from these benefits in the future, they are recognized immediately as an expense. Obligations maturing more than 12 months later than the balance sheet date are discounted. The benefits payable upon termination are the monetary and pension packages related to redundancy.

Share-Based Payments

During the financial year, Sampo Group had four valid share-based incentive schemes settled in cash (Sampo Group's incentive schemes for key persons 2017:1, 2017:1/2, 2020:1 and 2020:1/2). In Mandatum Group, around 30 persons were included in the schemes in 2021.

The schemes have been measured at fair value at the grant date and at every reporting date thereafter.

In the schemes settled in cash, the valuation is recognized as a liability and changes recognized through profit or loss.

In the schemes settled in shares, the strike amounts received on the exercise of the options are recognized in shareholder's equity.

The fair value of the schemes has been determined using the Black-Scholes pricing model. The fair value of the market-based part of the incentive takes into consideration the model's forecast concerning the number of incentive units to be paid as a reward. The effects of non-market-based terms are not included in the fair value of the incentive; instead, they are taken into account in the number of those incentive units that are expected to be exercised during the vesting period. In this respect, the Group will update the assumption on the estimated final number of incentive units at every interim or annual balance sheet date.

Income Taxes

The item 'Tax expenses' in the income statement comprises current and deferred tax. Tax expenses are recognized through profit or loss, except for items recognized directly in equity or other comprehensive income, in which case the tax effect will also be recognized in those items. Current tax is calculated based on the valid tax rate of each country. Tax is adjusted by any tax related to previous periods.

Deferred tax is calculated on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Deferred tax is not recognized on non-deductible goodwill impairment, nor is it recognized on the undistributed profits of subsidiaries to the extent that it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated by using the enacted tax rates prior to the balance sheet date. A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which a temporary difference can be utilized.

Equity

Dividends are recognized in equity in the period when they are approved by the Annual General Meeting.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash and short-term deposits (3 months).

Mandatum Asset Management presents cash flows from operating activities using the indirect method in which the profit (loss) before taxes is adjusted for the effects of transactions of a non-cash nature, deferrals and accruals, and income and expenses associated with investing or financing cash flows.

In the cash flow statement, interest received and paid is presented in cash flows from operating activities. In addition, the dividends received are included in cash flows from operating activities.

Impairment Tests

Goodwill, intangible assets not yet available for use, and intangible assets with an indefinite useful life are tested for impairment at least annually. The recoverable amounts from cash-generating units have mainly been determined using calculations based on value in use. These require management estimates on matters such as future cash flows, the discount rate, and general economic growth and inflation.

Notes to the Consolidated Income Statement

1. Fee Income

€	2021
Fee income from asset management	40,861,030.60
Other fee income	66,055.11
Total fee income	40,927,085.71

2. Other Operating Income

€	2021
Other operating income	253,471.03
Total other operating income	253,471.03

3. Fee and Commission Expenses

€	2021
Asset management fees	398,909.21
Other expenses	128.72
Total fee and commission expenses	399,037.93

4. Interest Expenses

€	2021
Other interest expenses	78,194.56
Total interest expenses	78,194.56

5. Administrative Expenses

€	2021
Staff costs	
Wages and salaries	10,486,148.10
Social security costs	1,379,378.92
Pension expenses	221,475.70
Total staff costs	12,087,002.72

Number of Employees

	2021
Number of employees	105

6. Depreciation, Amortization and Impairment

€	2021
On fixed assets, machinery and equipment	19,599.79
On intangible assets	116,762.97
Total depreciation, amortization and impairment on intangible assets and on property, plant and equipment	136,362.76

7. Other Operating Expenses

€	2021
Telecommunication expenses	1,548,213.04
Marketing expenses	238,384.82
Rental expenses	298,276.24
Other operating expenses	8,469,063.79
Group contribution	15,000,000.00
Total other operating expenses	25,553,937.89

8. Income Taxes

€	2021
Tax based on the taxable income for the financial period	467,467.49
Taxes from previous years	1,469.65
Deferred taxes	163,648.30
Total income taxes	632,585.44

9. Share of the Result of the Non-Controlling Company

€	2021
Mandatum Life Private Equity GP Oy	3,965.14
Total	3,965.14

Notes to the Consolidated Balance Sheet

10. Receivables from Credit Institutions

€	2021
Cash at bank	38,634,818.48
Total	38,634,818.48

11. Equity Securities

€	2021
Net carrying amount at 1 Jan	0.00
Additions	12,212.15
Carrying amount at 31 Dec	12,212.15

12. Intangible Assets

€	Goodwill	Customer relations	Total
Acquisition cost at 1 Jan	0.00	0.00	0.00
Additions	39,924,729.89	5,071,138.29	44,995,868.18
Acquisition cost at 31 Dec	39,924,729.89	5,071,138.29	44,995,868.18
Accumulated depreciation at 1 Jan	0.00	0.00	0.00
Depreciation for the financial year	0.00	-116,762.97	-116,762.97
Accumulated depreciation at 31 Dec	0.00	-116,762.97	-116,762.97
Carrying amount at 31 Dec 2021	39,924,729.89	4,954,375.32	44,879,105.21

13. Property, Plant and Equipment

€	2021
Acquisition cost at 1 Jan	56,680.54
Accumulated depreciation	-47,406.75
Net carrying amount at 1 Jan	9,273.79
Net carrying amount at 1 Jan	9,273.79
Additions	72,183.62
Depreciation and amortization	-20,364.35
Carrying amount at 31 Dec	61,093.06

14. Financial Assets

€	2021
Other equity securities	873,652.97
Total	873,652.97

15. Other Assets

€	2021
Other receivables	15,359,286.78
Total	15,359,286.78

The item Other Receivables consists of, for example fee and commission receivables from cooperation companies.

16. Accrued Income and Prepayments

€	2021
Accrued income and prepayments	2,227.82
Tax receivables	519,769.48
Total	521,997.30

17. Equity

Share Capital

The number of shares at the end of the financial year and the previous financial year was 125. There was no change in the company's share capital of EUR 125,000 during the financial year. At the end of the financial year, the Group companies held no shares in the parent company.

Invested Unrestricted Equity Fund

The fund is based on a decision made by the company's Board of Directors.

Changes in the reserves and retained earnings are presented in the consolidated statement of changes in equity.

18. Other Liabilities

€	2021
Group contribution	15,000,000.00
Other liabilities	2,710,763.09
Total	17,710,763.09

The item Other Liabilities includes for example liabilities arising from withholding taxes and social security costs, liabilities to creditors and insurance premium advances.

19. Accrued Expenses and Deferred Income

€	2021
Accrued expenses and deferred income	10,463,304.94
Total	10,463,304.94

The item Accrued Expenses and Deferred Income includes, for example holiday pay debt and other salary debts, including social security costs.

20. Deferred Tax Liabilities

Changes in deferred tax during the 2021 financial period

€	Items recognized in profit or loss
Deferred tax liabilities 1 Jan	0.00
Provisions and appropriations	166,090.90
Other differences	70,835.52
Total deferred tax liabilities in total 31 Dec	236,926.42

21. Pension Obligations

Pension Benefits

In addition to statutory retirement pension insurance, the Group has certain voluntary defined benefit pension plans. The pension plans are intra-Group and included in the insurance liabilities of Mandatum Life. The amount is negligible and they have no material impact on the Group's profit or loss or equity.

Other Short-Term Employee Benefits

There are other short-term staff incentive schemes in Mandatum Group, the terms of which vary each year. Most of the schemes are tied to Mandatum Group's annual performance indicators. Performance bonuses are recognized in profit or loss for the year in which they arise. The estimated amount of these performance bonuses for 2021 is EUR 4.5 million.

22. Related-Party Disclosures

Key Management Personnel

The Group has complied with the IAS 24 Related Party Disclosures standard. Key persons belonging to MAM Group's management are the members of the boards of Mandatum Asset Management Ltd and Mandatum Private Equity GP Ltd.

Compensation Paid to Key Management

€	2021
Short-term employee benefits	457,927.96
Post-employment benefits	51,776.93
Other long-term benefits	156,643.75
Total	666,348.64

Short-term employee benefits comprise salaries and other short-term benefits, including profit-sharing bonuses accounted for the year, and social security costs.

Post-employment benefits include pension benefits under the Employees' Pensions Act (TyEL) in Finland and voluntary supplementary pension benefits.

Other long-term benefits consist of the benefits under long-term incentive schemes accounted for the year. The benefits are determined by terms on the Group level. Mandatum pays the benefits allocated to its key management (note 26).

Related Party Transactions of Key Management

Key management do not have any loans from the Group companies.

Transactions of Related-Party Companies

Mandatum Asset Management's profit was reduced by a EUR 15 million group contribution paid to Sampo plc.

23. Off-Balance Sheet Commitments

€	2021
Leasing and rental contracts	331,909.32
Other liabilities	5,186,836.00
Total	5,518,745.32

24. Investments in Subsidiaries

Name	Country	Holding (%)	Voting rights (%)
Mandatum AM AIFM Ltd	Finland	100.00%	100.00%
Mandatum Life Vuokratontit I GP Ltd	Finland	100.00%	100.00%
Private Equity GP Ltd	Finland	88.08%	88.08%
SaKa Hallikiinteistöt GP Ltd	Finland	100.00%	100.00%
C02 Avoid1 Ltd	Finland	100.00%	100.00%
Mandatum AM Finland Properties II GP Ltd	Finland	100.00%	100.00%

25. Participations in Non-Consolidated Structured Entities

Mandatum Fund Management S.A and Mandatum AM AIFM Ltd, which are part of Mandatum Group, manage Mandatum's funds; and Mandatum Private Equity GP, SaKa Hallikiinteistöt GP and Mandatum Life Vuokratontit I GP, the latter two of which concern real estate investment, manage Mandatum's limited partnership investments. In the funds and limited partnerships they manage, Mandatum Fund Management S.A. and the GP companies use Mandatum Asset Management Ltd as their portfolio manager, and Mandatum AM AIFM Ltd itself handles the portfolio management and other administrative duties related to its funds. On the non-consolidated funds and limited partnerships, Mandatum Group receives management fee income, which is included in the income statement under fee income. In addition, Mandatum Group receives profits from non-consolidated funds and limited partnerships as an investor, and these profits

are recognized as income from investments based on the item under which the investments have been entered in the balance sheet. Mandatum Group's investments in the funds managed by Mandatum Fund Management S.A. and Mandatum AM AIFM Ltd and in the limited partnerships managed by the GP companies totaled EUR 1,915 million at 31 December 2021. The investments are recognized as investment assets in the balance sheet.

26. Long-Term Incentive Schemes for Management and Experts

The Board of Directors of Sampo plc has decided on the long-term incentive schemes 2017:1 and 2020:1 for Sampo Group's key personnel. The Board has authorised the Group CEO to decide on the distribution of bonus units used in determining the amount of the performance-related bonus. Similar decisions concerning the Group CEO and members of Sampo Group's Executive Committee are made by the Board of Directors of Sampo plc. In MAM Group, approximately 20 people were included in the long-term incentive schemes at the end of 2021.

The amount of the performance-related bonus is based on the performance of Sampo's A share, on If P&C Insurance's insurance margin and/or on Sampo Group's return on the risk-adjusted capital. The value of one calculated bonus unit is the volume-weighted average price of Sampo's A-share at the time specified in the terms of the incentive scheme, minus the dividend-adjusted starting price. The incentive schemes' starting prices vary between EUR 32.94 and EUR 44.10. The maximum value of one bonus unit varies between EUR 56.94 and EUR 67.49. In the 2017:1 scheme, the bonus calculation additionally takes into account two performance indicators. If the insurance margin is at least 6 percent, a 60 percent incentive bonus is paid. If the insurance margin is 4–5.99 percent, a 30 percent incentive bonus is paid. If the return on risk-adjusted capital is at least the risk-free return + 4 percent, a 40 percent incentive bonus is paid. If the return on risk-adjusted capital is at least the risk-free return + 2 percent, but less than the risk-free return + 4 percent, a 20 percent incentive bonus is paid. In the 2020:1 scheme, the bonus calculation additionally takes into account the return on risk-adjusted capital. If the return on risk-adjusted capital is at least the risk-free return + 5 percent, the incentive bonus is paid out in full. If the return on risk-adjusted capital is at least the risk-free return + 3 percent, but less than the risk-free return + 5 percent, half of the incentive bonus is paid. If the return on risk-adjusted capital is less than the risk-free return + 3 percent, no bonus is paid out.

Each scheme has three performance periods, and bonuses are settled in cash in three installments. Specified persons must purchase Sampo A shares with 50 percent of the amount they receive after the deduction of income tax and similar charges. The shares are subject to a transfer restriction for three years from the day of payout. A premature payment of the bonuses may occur in the event of changes in the group structure. The fair values of the schemes are estimated using the Black-Scholes pricing model.

	2017:1	2017:1/2	2020:1	2020:1/2
Terms approved*	14.9.2017	14.9.2017	5.8.2020	5.8.2020
Granted (1,000) 31 December 2018	528	10	-	-
Granted (1,000) 31 December 2019	558	10	-	-
Granted (1,000) 31 December 2020	390	20	580	-
Granted (1,000) 31 December 2021	249	14	790	20
End of performance period I 30%	Q2-2020	Q2-2021	Q2-2023	Q2-2024
End of performance period II 35%	Q2-2021	Q2-2022	Q2-2024	Q2-2025
End of performance period III 35%	Q2-2022	Q2-2023	Q2-2025	Q2-2026
Payment I 30%	9-2020	9-2021	9-2023	9-2024
Payment II 35%	9-2021	9-2022	9-2024	9-2025
Payment III 35%	9-2022	9-2023	9-2025	9-2026
Price of Sampo A at terms approval date*	44.02	44.02	30.30	30.30
Starting price EUR**	43.81	44.10	32.94	43.49
Dividend-adjusted starting price at 31 December 2021	34.59	37.48	31.24	43.49
Sampo A - closing price at 31 December 2021	44.06			
Total intrinsic value, EUR million	2.1	0.1	3.2	0.0
Liability, total EUR million	2.6			
Total cost for the financial period, EUR million	3.3			

*Grant dates vary

**In the 2017:1 incentive scheme, the volume-weighted average price of the Sampo A share over 10 trading days after the start of the scheme; and in the 2020:1 incentive scheme, the volume weighted average price over 25 trading days after Sampo plc has published its half-year 2020 report.

3

PARENT COMPANY'S INCOME STATEMENT 2021

Parent Company's Income Statement

€	Note	1 Jan–31 Dec 2021	1 Jan–31 Dec 2020
Fee income		38,345,474.75	11,392,367.23
Other operating income		253,471.03	93,716.94
INCOME FROM INVESTMENT SERVICES	1	38,598,945.78	11,486,084.17
Fee and commission expenses	2	-399,037.93	-289,990.74
Interest expenses	3	-78,343.61	-52,136.73
Administrative expenses			
Staff costs			
Wages and salaries		-10,025,625.04	-4,542,951.22
Social security expenses			
Pension expenses		-1,297,824.53	-595,716.86
Other social security expenses		-213,902.21	-132,250.23
Total staff costs		-11,537,351.78	-5,270,918.31
Depreciation, amortization and impairment			
Depreciation according to plan	4	-826,940.69	-3,091.27
Other operating expenses	5	-10,354,571.12	-4,146,263.08
OPERATING PROFIT		15,402,700.65	1,723,684.04
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES		15,402,700.65	1,723,684.04
Group contribution		-15,000,000.00	-1,600,000.00
Income taxes		-97,123.18	-23,683.90
PROFIT FOR THE FINANCIAL YEAR		305,577.47	100,000.14

Parent Company's Balance Sheet

€	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Receivables from credit institutions			
Cash and cash equivalents		36,760,558.47	10,670,045.04
Investments			
Equity securities	8	11,144,393.77	1,000.00
Intangible assets			
Intangible assets	9	35,489,358.53	0.00
Property, plant and equipment			
Equipment and furniture	10	61,093.06	9,273.79
Current receivables			
Other receivables	11	12,050,648.17	1,685,829.74
Accrued income and prepayments		453,058.71	154,071.76
Total		12,503,706.88	1,839,901.50
TOTAL ASSETS		95,959,110.71	12,520,220.33

€	Note	31 Dec 2021	31 Dec 2020
LIABILITIES			
EQUITY			
Restricted equity			
Share capital	12	125,000.00	125,000.00
Unrestricted equity			
Other reserves			
Invested unrestricted equity fund		63,300,000.00	2,000,000.00
Retained earnings		6,109,970.78	6,009,970.64
Profit for the financial year		305,577.47	100,000.14
Total		69,715,548.25	8,109,970.78
TOTAL EQUITY		69,840,548.25	8,234,970.78
LIABILITIES			
Current liabilities			
Other liabilities	13	16,449,413.01	2,054,546.38
Accrued expenses and deferred income and advances received		9,669,149.45	2,230,703.17
Total		26,118,562.46	4,285,249.55
TOTAL LIABILITIES		26,118,562.46	4,285,249.55
TOTAL LIABILITIES		95,959,110.71	12,520,220.33

Parent Company's Statement of Cash Flows

€	31 Dec 2021	31 Dec 2020
Cash flow from operating activities (A)		
Profit (loss) before appropriations	15,191,238.01	1,775,820.77
Adjustments:		
Depreciation according to plan	1,116,746.94	3,091.27
Change to provisions		
Financial income and expenses	-78,343.61	-52,136.73
Cash flow before changes in working capital	16,229,641.34	1,726,775.31
Change in working capital		
Increase (-) / decrease (+) in non-interest-bearing current trade and other receivables	-10,342,948.32	-168,001.16
Increase (+) / decrease (-) in non-interest-bearing current liabilities	8,577,426.55	37,912.25
Cash flow from operating activities before financial items and taxes	-1,765,521.77	-130,088.91
Direct taxes paid	-488,815.76	-133,964.31
Cash flow before appropriations	-2,254,337.53	-264,053.22
Cash flow from operating activities (A)	13,975,303.81	1,462,722.09

€	31 Dec 2021	31 Dec 2020
Cash flow from investing activities (B)		
Investments in other investments	-2,522,484.44	-1,000.00
Investments in intangible assets and in property, plant and equipment	-45,062,305.94	
Cash flow from investing activities (B)	-47,584,790.38	-1,000.00
Cash flow from financing activities (C)	-33,609,486.57	1,461,722.09
Share capital	0.00	0.00
Group contribution	-1,600,000.00	0.00
Investments in the unrestricted equity fund	61,300,000.00	0.00
Cash flow from financing activities (C)	59,700,000.00	0.00
Net change (+/-) in cash and cash equivalents (A+B+C)	26,090,513.43	1,461,722.09
Cash and cash equivalents at 1 Jan	10,670,045.04	9,208,322.95
Cash and cash equivalents at 31 Dec	36,760,558.47	10,670,045.04

Preparation of the Financial Statements and Valuation Principles

The financial statements of Mandatum Asset Management Ltd have been prepared in compliance with the Finnish Accounting Act and the special regulations concerning investment service companies.

Voluntary staff costs are included in other operating expenses.

In the balance sheet, fixed assets are measured at direct acquisition cost less depreciation according to plan. Depreciation is based on the useful lives of the assets and calculated on a straight-line basis or on the basis of the maximum declining-balance depreciation permitted by the Act on the Taxation of Business Income. The depreciation/amortization period for goodwill follows the company's long-term business strategy.

Depreciation and amortization periods:

- Equipment and furniture 25% declining-balance depreciation
- Goodwill 15 years

The pension insurance of the company's staff is handled through insurance in external pension insurance companies. Pension expenses are recognized as expenses in the year in which they are incurred.

Deferred tax is calculated for temporary differences between taxation and the financial statement using the valid tax rate for future years at the balance sheet date. The balance sheet includes a deferred tax asset in the estimated amount that is likely to be received.

The company's domicile is Helsinki, and copies of the financial statements are available from Mandatum's head office, at Bulevardi 56, 00120 Helsinki, Finland.

The company belongs to Mandatum Group's subgroup, Mandatum Asset Management Group. Mandatum Asset Management Group is a subgroup of Mandatum Group. The parent company of Mandatum Group is Mandatum Holding Ltd, registered office Helsinki. Mandatum's consolidated financial

statements are available on the website www.mandatumlife.fi. Mandatum Holding Ltd is a wholly owned subsidiary of Sampo plc and the consolidated financial statements are available on the website www.sampo.com.

The number of the company's shares is 125. The shares have no nominal value.

Notes to the Income Statement

1. Income from Investment Services

€	2021	2020
Asset management fee, sale of services to Group companies	38,279,419.64	11,337,294.70
Asset management fee, sale of services to others	66,055.11	55,072.53
Other operating income, sale of services to Group companies	163,471.00	93,716.94
Other operating income, sale of services to others	90,000.03	0.00
Total	38,598,945.78	11,486,084.17

2. Fee and Commission Expenses

€	2021	2020
Asset management fees	398,909.21	289,989.88
Other expenses	128.72	0.86
Total	399,037.93	289,990.74

3. Interest Expenses

€	2021	2020
Other interest expenses	78,343.61	52,136.73
Total	78,343.61	52,136.73

4. Depreciation and Amortization

€	2021	2020
On intangible assets	806,576.34	0.00
On property, plant and equipment	20,364.35	3,091.27
Total	826,940.69	3,091.27

5. Other Operating Expenses

€	2021	2020
Rental expenses	298,276.24	197,475.14
Telecommunication expenses	1,548,213.04	1,540,532.21
External services	1,450,943.31	959,827.38
Telephone and office expenses	49,876.76	73,823.92
Travel expenses	8,499.40	2,885.54
Representation expenses	151,133.99	8,669.38
Other operating expenses	6,847,628.38	1,363,049.51
Total	10,354,571.12	4,146,263.08

6. Average Number of Personnel

	2021	2020
Salaried employees	97	42

7. Salaries and Remuneration Paid to Management

No salaries or remuneration have been paid to the members of the Board of Directors.

Notes to the Balance Sheet

8. Investments

€	31 Dec 2021	31 Dec 2020
Equity securities		
Subsidiary shares	11,143,393.77	-
Funds, others	1,000.00	1,000.00
Total	11,144,393.77	1,000.00

9. Intangible Assets

€	Goodwill
Acquisition cost at 1 Jan	0.00
Additions	36,295,934.87
Acquisition cost at 31 Dec	36,295,934.87
Accumulated depreciation at 1 Jan	0.00
Depreciation for the financial year	-806,576.34
Accumulated depreciation at 31 Dec	-806,576.34
Carrying amount at 31 Dec 2021	35,489,358.53

10. Property, Plant and Equipment

€	31 Dec 2021	31 Dec 2020
Acquisition cost at 1 Jan	56,680.54	56,680.54
Additions	72,183.62	0.00
Acquisition cost at 31 Dec	128,864.16	56,680.54
Accumulated depreciation at 1 Jan	-47,406.75	-44,315.48
Depreciation for the financial year	-20,364.35	-3,091.27
Accumulated depreciation at 31 Dec	-67,771.10	-47,406.75
Carrying amount at 31 Dec	61,093.06	9,273.79

Property, plant and equipment mainly consist of equipment and furniture.

II. Current Receivables

€	31 Dec 2021	31 Dec 2020
Receivables from other companies		
Trade receivables	999,828.00	0.00
Other receivables	329,482.10	82,409.31
Accrued income	453,058.71	154,071.76
Total	1,782,368.81	236,481.07
Receivables from Group companies		
Other receivables	10,721,338.07	1,603,420.43
Total	12,503,706.88	1,839,901.50
Material amounts under receivables from Group companies		
Asset management fee	9,171,544.65	793,976.01
Performance fee	1,217,364.17	695,330.27
Management fee	315,176.68	48,861.52
Others	17,252.57	65,252.63
Total	10,721,338.07	1,603,420.43

12. Equity

€	31 Dec 2021	31 Dec 2020
Restricted equity		
Share capital at 1 Jan	125,000.00	125,000.00
Share capital at 31 Dec	125,000.00	125,000.00
Total restricted equity	125,000.00	125,000.00
Unrestricted equity		
Invested unrestricted equity fund at 1 Jan	2,000,000.00	2,000,000.00
Additions	61,300,000.00	0.00
Invested unrestricted equity fund at 31 Dec	63,300,000.00	2,000,000.00
Retained earnings	6,109,970.78	6,009,970.64
Profit for the financial year	305,577.47	100,000.14
Total unrestricted equity	69,715,548.25	8,109,970.78
Total equity	69,840,548.25	8,234,970.78
Distributable funds		
Invested unrestricted equity fund	63,300,000.00	2,000,000.00
Retained earnings	6,109,970.78	6,009,970.64
Profit for the financial year	305,577.47	100,000.14
Total distributable funds	69,715,548.25	8,109,970.78

13. Current Liabilities

€	31 Dec 2021	31 Dec 2020
Payables to other companies		
Accounts payable	233,731.24	48,946.51
Other liabilities	399,374.21	158,804.17
Accrued expenses and deferred income	9,669,149.45	2,230,703.17
Total	10,302,254.90	2,438,453.85
Payables to Group companies		
Other liabilities	15,816,307.56	1,846,795.70
Total	26,118,562.46	4,285,249.55
Material amounts under accrued expenses and deferred income		
Holiday pay debt	1,821,733.29	678,650.53
Remuneration, including social security costs	7,646,527.03	1,470,057.00
Others	200,889.13	81,995.64
Total	9,669,149.45	2,230,703.17

14. Liabilities

€	31 Dec 2021	31 Dec 2020
Leasing and rental liabilities falling due		
Within one year	282,654.90	68,611.54
Later	49,254.42	28,031.63
Total	331,909.32	96,643.17
Other liabilities		
Total amount associated with collective registration for value-added taxation	4,078,403.74	4,833,430.61
Additional transaction price liability	1,341,140.80	-
Total	5,419,544.54	4,833,430.61

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SIGNATURES OF THE REPORT OF THE BOARD OF DIRECTORS

Signatures of the Report of the Board of Directors and Financial Statements

Helsinki, 28 February 2022
Mandatum Asset Management Ltd

Patrick Lapveteläinen
Chairman of the Board

Petri Niemisvirta
Member of the Board

Timo Vuokila
Member of the Board

Harri Kiiski
Member of the Board

Lauri Vaittinen
President and CEO



AUDIT STATEMENT

Audit Statement

The auditor's report has been issued today.

Helsinki, 28 February 2022

Deloitte Ltd

Authorized Public Accountant Firm

Reeta Virolainen

Authorized Public Accountant



AUDITOR'S REPORT

Auditor's Report

(Translation of the Finnish Original)
To the Annual General Meeting of Mandatum
Asset Management Ltd

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Mandatum Asset Management Ltd (business identity code 2608438-8) for the year ended 31 December, 2021. The financial statements comprise the consolidated balance sheet, the statement of comprehensive income, statement of changes in equity, cash flow statements and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance

and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the

parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities in the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be

expected to influence the economic decisions of users taken on the basis of the financial statements. As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction,

supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our

responsibility includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 28 February 2022

Deloitte Ltd
Audit Firm

Reeta Virolainen
APA



MANDATUM
ASSET MANAGEMENT

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