MANDATUM

08/20/2026 8:50 EET

This is a translated version of the "Sektorin kirkkainta kärkeä" report, published on 08/20/2026


Kasper Mellas
+358 45 6717 150
kasper.mellas@inderes.fi


Sauli Vilén
+358440258908
sauli.vilen@inderes.fi

INDERES CORPORATE CUSTOMER

EXTENSIVE REPORT

One of the brightest in the sector

Mandatum's investor story relies on two cornerstones: growth in capital-light asset management and the release of balance sheet capital from the with-profit insurance portfolio that is being ramped down. Thanks to these factors, Mandatum's profit distribution will continue to be generous going forward, and the stock's expected return is strongly weighted towards dividend flow. The company's performance is currently extremely impressive, but the current price tag sets the bar too high. We therefore reiterate our Reduce recommendation and EUR 6.2 target price.

The Group's growth strategy relies on asset management

Mandatum's operations consists of capital-light businesses (asset management and life insurance) and investment activities on its own balance sheet (business with with-profit business). In life insurance, Mandatum offers savings and investment, compensation and rewards, pension plans and personal risk insurance services to its private and corporate customers. The company has a particularly strong position in corporate unit-linked pension insurance. In the growing Finnish asset management market, Mandatum focuses primarily on serving institutional clients and wealthy individuals. In addition, the company sells its highly successful interest rate products to international investors.

Mandatum aims for strong growth in capital-light businesses focused on wealth management solutions and to return significant capital to shareholders as the balance sheet investment portfolio gradually shrinks. The significance of investment activities from the company's own balance sheet (net finance income) will decrease year by year, as the company gradually ramps down its with-profit business and has already largely exited from other balance sheet investments. Thanks to strong fee result growth, it should exceed the net finance result for the first time this year.

The contraction of the investment portfolio enables ample profit-sharing

We made no estimate changes in connection with the extensive report. We expect Mandatum's group-level profit to bottom out in 2026. For 2027, we expect a strong earnings jump as investment income normalizes and fee results continue their strong growth, both organically and supported by the Cliens acquisition.

Going forward, we expect the group's earnings to continue growing, but at a more moderate rate. While we anticipate a significant increase in Mandatum's wealth and asset management earnings, the decline in the investment portfolio will impede earnings growth, maintaining a moderate group-level earnings growth rate in our forecasts. However, the earnings mix is continuously improving as the share of wealth and asset management increases.

The flip side of the reduction in the investment portfolio is that profit distribution will remain generous, as Mandatum will return the funds released from this to its shareholders. In the coming years, the focus of dividend distribution will be strongly on returning excess capital, with accumulated earnings playing a smaller role. Consequently, our estimates indicate that the dividend per share will exceed earnings per share by a clear margin.

Expectations for the share are demanding

We have gauged the value of Mandatum primarily using the dividend discount model, as it best reflects the company's high payout ratio and the unwinding of its overcapitalized balance sheet. Our DDM model indicates a value of some EUR 6.2 per share. From a sum-of-the-parts perspective, wealth management trades at a P/E multiple of nearly 30x, which is significantly above its domestic peers and sets a high bar for performance. However, the high dividend yield limits the stock's downside.

Recommendation
Reduce
(was Reduce)

Target price:
EUR 6.20
(was 6.20 EUR)

Share price:
EUR 6.13

Business risk
●●●○○

Valuation risk
●●●●○

Key figures

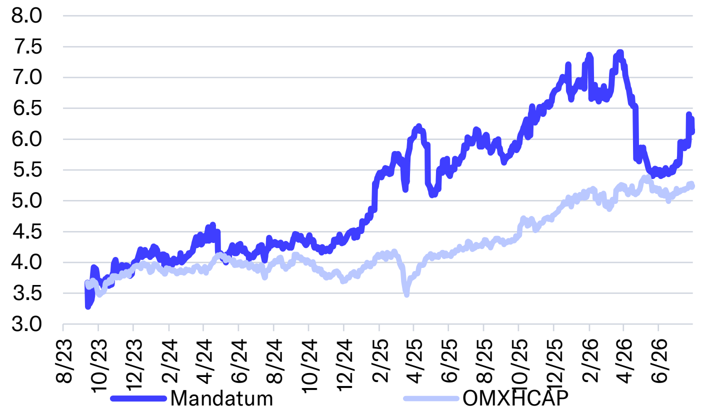
	2025	2026e	2027e	2028e
Profit before tax	182.0	152.8	205.7	205.7
Net profit	131.8	166.7	166.5	170.0
EPS (adj.)	0.31	0.26	0.33	0.33
DPS	0.85	0.80	0.60	0.55
Payout raio	274%	307%	181%	166%
ROE-%	10.3%	10.3%	16.4%	20.1%
P/E (adj.)	22.2	23.4	18.5	18.5
P/B	2.4	2.7	3.5	4.1
Dividend yield-%	12.4 %	13.1 %	9.7 %	9.0 %

Source: Inderes

Guidance (Unchanged)

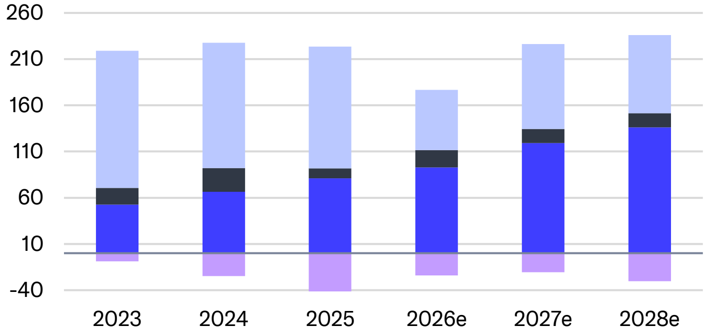
The fee result is expected to increase from 2025, assuming stable market conditions. The with-profit portfolio is expected to decline further.

Share price



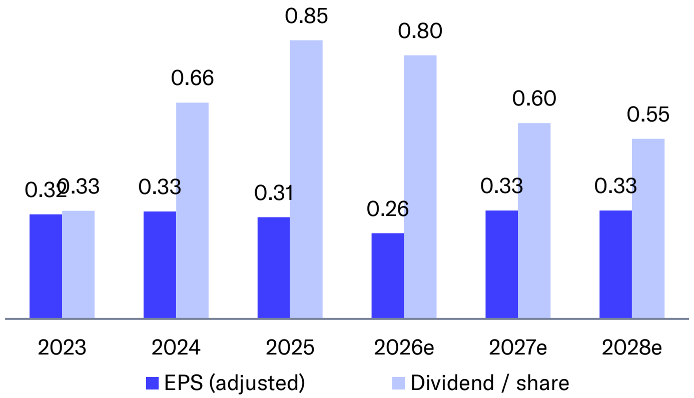
Source: Millistream Market Data AB

Mandatum's PTP breakdown (MEUR)



Lähde: Inderes

EPS and dividend



*Vuodesta 2022 alkaen IFRS 17 -standardin mukaisesti

Lähde: Inderes

Value drivers

- Growth in capital-light Wealth management
- Relative profitability still has improvement potential with revenue growth
- With the rise in interest rates, the with-profit business has become clearly more attractive than before
- Release of capital from the with-profit insurance portfolio
- Value-creating acquisitions in the asset management sector

Risk factors

- The company's result is still very dependent on investment income
- In investment activities, there are risks, particularly regarding interest rate levels, as a decrease in interest rates would weigh on the Group's investment income and earnings
- Life insurance business risks (assumptions underlying insurance models may prove incorrect)
- Weakening fund returns and decreasing competitiveness
- Harmful revisions in the tax legislation for investment insurance policies

Valuation	2026e	2027e	2028e
Share price	6.13	6.13	6.13
Number of shares, millions	503.7	504.2	503.7
Market cap	3088	3091	3088
P/E (adj.)	23.4	18.5	18.5
P/E	23.4	18.5	18.5
P/B	2.7	3.5	4.1
Payout ratio (%)	307.3 %	180.7 %	166.2 %
Dividend yield-%	13.1 %	9.7 %	9.0 %

Source: Inderes

Contents

Mandatum in brief

Mandatum is a Finnish financial group that offers a wide range of asset management services and life and pension insurance solutions to private, corporate and institutional clients.

16.7 BEUR

Client AUM at the end of Q2'26

614

Headcount at end of Q2’26

MEUR 182.1

Profit before tax in 2025

11%

AUM growth 2020-2025 p.a.

FOCUS ON INSURANCE PRODUCTS
(1998–2007)

Mandatum Bank is integrated into Sampo-Leonia.

Henki-Sampo makes a strategic decision to focus on unit-linked insurance.

An agency agreement is signed with Sampo Bank (currently Danske Bank) while the company is sold to a new owner

Focus on products that tie up little capital.

UPDATED “RAHAT JA HENKI” (MONEY AND LIFE) STRATEGY
(2008-2022)

Asset management is established, Henki-Sampo changes its name to Mandatum Life, and the new strategy is implemented The current form of Mandatum is created.

Mandatum acquires Silta Oy's pension and personnel fund operations and the group pension insurance portfolio of Suomi Mutual Insurance Company is transferred to Mandatum

Mandatum acquires Nordhaven's business, focused on share incentive schemes and Trevian Funds AIFM Ltd, which manages real estate funds.

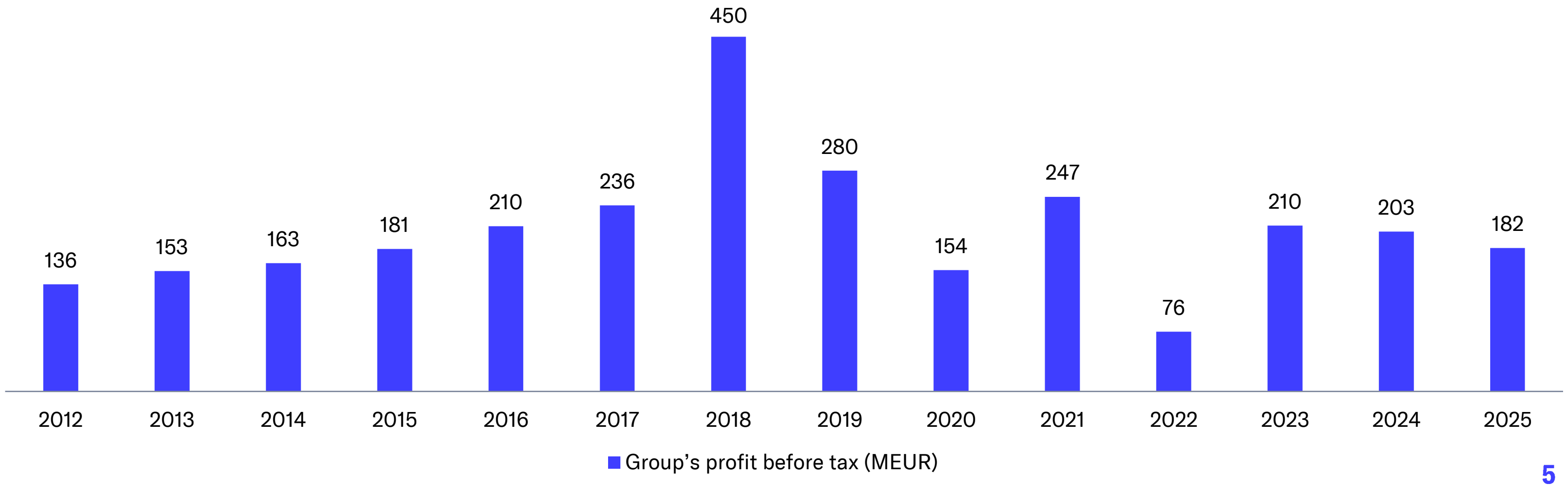
GROWTH FROM CAPITAL-LIGHT ASSET MANAGEMENT
(2023-)

The restructuring continues with a gradual ramp-down of the with-profit portfolio.

Growth is sought especially in products that tie little capital and are based on recurring commission income and services.

In addition to growth, the focus is on profitability, which is supported by streamlining the cost structure.

Opportunities for inorganic growth as part of the consolidation of the asset management market.



Company description and business model 1/2

MANDATUM

Mandatum plc

Mandatum offers its clients investment, pension saving and personal insurance services. In addition to these, Mandatum offers, e.g., reward and compensation services.

OPERATIONAL BUSINESSES

Capital-light businesses	Balance sheet investment activities
Asset Management	With-profit business
Life Insurance	Group balance sheet investments

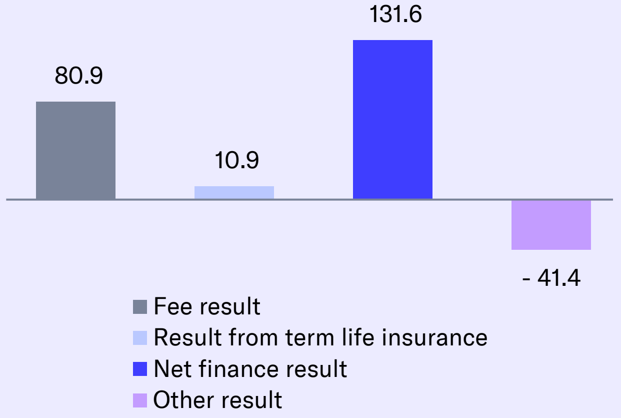
Mandatum's operations focus strongly on investment and asset management solutions In life and pension insurance, the most important customer segment is corporate clients and in asset management institutional investors, as well as wealthy individuals. The importance of investment operations from its own balance sheet is decreasing year by year as the with-profit business is gradually wound down, and most of the other balance sheet investments have already been divested.

Capital-light businesses and, in particular, asset management are the Group's growth engine.
Customer assets managed by the Group have grown strongly in recent years. In addition, the fees received from these are mostly recurring in nature.

The main focus of the Group's earnings remains in the with-profit business, where Mandatum carries the investment risk. However, the portfolio is in a ramp-down phase, which will gradually dampen the Group's earnings level. At the same time, this enables a higher profit distribution than the earnings.

- In 2025, the company employed on average 616 people.
- At the end of Q2'26, Mandatum's client AUM stood at 16.7 BEUR.
- The Group has approximately 250,000 retail clients and 20,000 corporate clients
- Mandatum seeks growth especially in asset management, where the most significant product area is fixed income funds.
- Key operations are located in Finland, but the company also has international asset management customers and sales offices.

Profit before tax (2025)



Company description and business model 2/2

The ownership base is extensive

In the demerger, Sampo's shareholders received one new Mandatum share for each Sampo share they owned, which resulted in Sampo's owners also becoming Mandatum's owners. Therefore, Mandatum's ownership structure is very fragmented just like Sampo's. The 10 largest owners registered in Finland own about 14% of the shares, and the proportion of nominee-registered and foreign investors has decreased from about 45% to about 34%. A fund managed by private equity investor Altor was previously the company's largest owner by far, but Altor has decreased its holding in several tranches, below the 15% threshold in June 2025 and further below the 5% threshold in February 2026. Altor sold the remainder of its holding in August 2026.

Thus, Altor no longer holds the mantle of the company's biggest owner, and Mandatum's ownership is exceptionally fragmented compared to domestic listed asset managers. This further emphasizes the importance of the Management Team and the Board of Directors in steering operations.

Management Team has a strong background in the company

Mandatum Group's Management Team consists of eight members, and Petri Niemisvirta has been the CEO since 2001. Niemisvirta also served as a member of Sampo Group's Management Team since 2001 until the demerger. Matti Ahokas is the CFO of Mandatum, having moved to the position from Head of Investor Relations at Nordea. The Chief Investment Officer is Juhani Lehtonen, who has over 15 years of experience in the company and even longer experience in various investment activities. Janne Sarvikivi, who joined Mandatum from Nordea in 2025, is the Managing Director of Asset Management. In Nordea, Saarikivi worked for over 15 years as Head of Equities Finland and, in recent years, as Managing Director of Equities Finland.

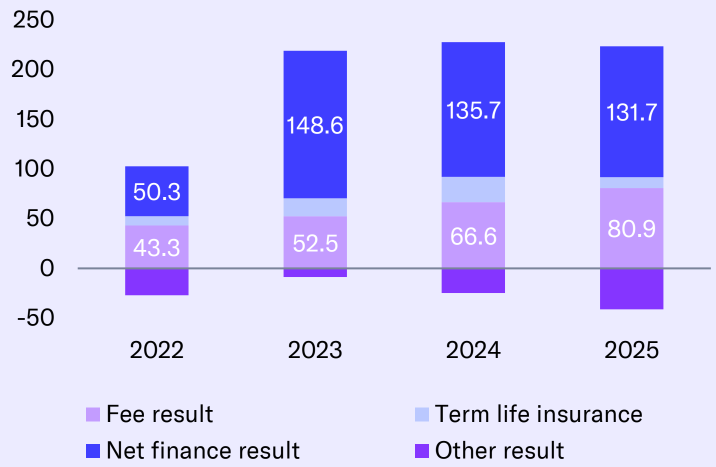
The current holdings of Mandatum's Management Team are substantial, which we naturally consider positive, since this harmonizes the interests of management and shareholders. The management has also increased its holdings after the listing (albeit at lower price levels than at present), which is also a positive signal of commitment to business development and faith in the company's future.

Mandatum's remuneration consists of a fixed salary, short-term incentives (STI), and a long-term share-based incentive scheme (LTI). In 2024, the company implemented its own share-based incentive scheme, covering the Group's Management Team and selected key personnel. We believe the programs are sensibly structured and tied to the right metrics for shareholders.

There is also experience in the board

Mandatum's Board of Directors consists of eight members, with Patrick Lapveteläinen serving as the full-time chairman of the board. He has worked in several managerial positions at Sampo for over 20 years. Lapveteläinen also has a significant shareholding in Mandatum, which we consider positive for shareholders, just like the significant management holdings.

Profit before tax by segment (MEUR)



Largest shareholders registered in Finland (situation 6/2026)	Share of shares
Varma	*4.42%*
Ilmarinen	*3.39%*
Elo	*1.74%*
OP Life Assurance Company Ltd	*1.14%*
The State Pension Fund of Finland	*0.81%*
Oy Lival Ab	*0.77%*
OP Suomi Indeksi fund	*0.51%*
OP Suomi fund	*0.46%*
Nordea Fennia Fund	*0.46%*
Sr Seligson & Co OMX Helsinki 25 fund	*0.39%*
10 largest total	**14.09%**

Source: Mandatum

Mandatum's history 1/2

A brief history of Mandatum

Mandatum's roots go back 150 years and the company has a long history as part of Sampo. Mandatum gained wide recognition as an investment bank during the 1990s, but we believe that the history of current Mandatum can be traced back to the early 2000s when the company began to focus on life insurance and wealth management solutions. The original investment bank Mandatum ended up in the hands of Danske Bank with Sampo Bank in 2007, but the name Mandatum remained in Sampo Group's possession.

The sale of Sampo Bank to Danske Bank in 2006 fundamentally changed Henki-Sampo's identity. So far, the company has built its success by utilizing many distribution channels and a majority of insurance sales had been carried out through Sampo Bank. Even though the cooperation with Danske Bank continued with the agency agreement, the company had to invest more strongly in its own service and sales organizations.

In 2008, Henki-Sampo's name was changed to Mandatum Life and the company adopted a new strategy – Rahat ja henki (Money and life). Wealth management services were introduced as part of life insurance, which enabled the company to expand from own balance sheet investments to managing customers' assets. The advantage of wealth management compared to balance sheet investments is, in particular, that the business is capital light.

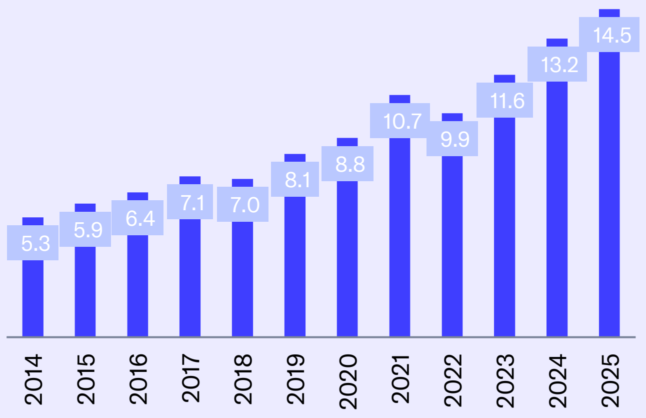
Since the 2008 strategy overhaul, Mandatum has focused exclusively on life insurance and asset management, which enables the company to offer its customers more comprehensive financial planning and risk management. In life insurance, Mandatum's new sales focuses on unit-linked insurance and personal risk insurance, and we believe that the current product and service range offers the company good opportunities to utilize its extensive existing corporate client base in cross-selling services. In asset management, growth focus is on institutional clients and wealthy domestic private individuals.

Partial demerger

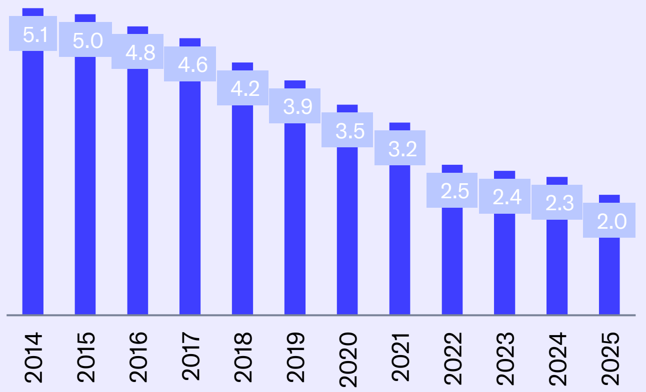
In spring 2023, Sampo announced its intention to list Mandatum on the stock exchange through a partial demerger, which took place in October 2023. Before the demerger, Mandatum was already largely separate from Sampo's other operations and did not have any significant operational synergies with Sampo's non-life insurance business. The demerger enabled flexibility for Mandatum to operate as an independent company, offering the opportunity to pursue faster growth both in Finland and abroad.

As part of its growth strategy, the company now also sees opportunities for inorganic growth as part of the consolidation of the Finnish and, more broadly, the Nordic asset management market. Under Sampo, larger inorganic moves were not possible as the Group's strategy focused on non-life insurance. From Sampo's viewpoint, the demerger of Mandatum was, in practice, the last step toward a full-fledged P&C insurance company.

Development of with-profit portfolio (BEUR)



Development of with-profit portfolio (BEUR)



Source: Mandatum

Mandatum's history 2/2

1996
Insurance company Henki-Sampo is established

2000
Sampo and Leonia are merged into the financial company Sampo-Leonia.

2001
Mandatum Bank and Sampo-Leonia merge and the Group name is shortened to Sampo

2004
Henki-Sampo acquires Sampo's Baltic life insurance companies

2008
Asset management is established, Henki-Sampo changes its name to Mandatum life insurance company, and a new strategy is implemented

2011
Mandatum Life acquires pension and personnel fund operations from Silta Oy

2014
Suomi Mutual Insurance Company's group pension insurance portfolio is transferred to Mandatum

2018
Mandatum and Danske Bank sign a renewed cooperation and agency agreement

2021
Nordhaven's business that focuses on share incentive schemes and Trevian Rahastot AIFM Oy that manages real estate funds, are acquired

2021
Mandatum Holding is established whose subsidiaries are Mandatum Life and the new asset management company MAM

2022
Mandatum's Baltic life insurance business is divested

2023
Mandatum is listed on the Helsinki Stock Exchange through a partial demerger from Sampo

Capital-light businesses 1/7

Mandatum's capital-light businesses offer the Group's customers comprehensive wealth and preparedness services, including asset management, unit-linked insurance, investment services, personal insurance, and corporate pension and reward solutions. The revenue of capital-light businesses is largely based on recurring fees, the most important of which are fund management fees and fees related to unit-linked insurance. The role of non-recurring fees, such as performance-based fees, is very moderate, which increases the predictability of the business.

In 2025, Mandatum was the third largest life insurance company in Finland in terms of insurance savings, after Nordea and OP. In asset management, the company has in turn risen in recent years to become one of the most trusted Finnish asset managers among institutional clients. In addition, Mandatum has successfully extended its asset management customer base to other Nordic countries. Most recently, the company opened a sales office in Luxembourg in 2025, from which it seeks to gain a foothold in the Central European institutional client market.

The capital-light businesses are divided into three customer segments: corporate clients, retail clients, and institutional and wealth management clients. The main product categories, in turn, can be divided into funds, pension insurance, other unit-linked insurance, and term life insurance.

According to the company's own reporting, roughly 37% of 2025 earnings from capital-light businesses came from corporate clients, 24% from retail clients, and the remaining 40% from institutional and wealth management clients. The exact breakdown is not available, as the allocation of expenses between them is partly artificial (due to the same underlying functions). We therefore advise investors to focus on Group-level figures (fee result and term life insurance earnings). However, in our opinion, the reported distribution provides a reasonably good picture of the current significance of the different customer segments.

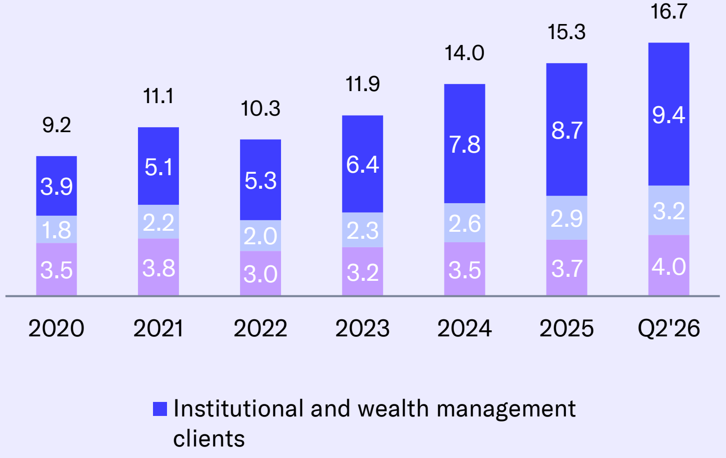
Previously, Mandatum also offered with-profit insurance policies that tied up a significant amount of the balance sheet's own capital, but sales of these were discontinued about 20 years ago. Mandatum has undergone a significant revision, as the amount of with-profit-based liabilities has decreased from around 5.1 BEUR in 2014 to the current figure of around 2.0 BEUR (Q2'26 situation). However, these still constitute a significant portion of Mandatum's earnings through investment returns. At the same time, Mandatum's assets under management (AUM) have grown strongly, and the company's strategy focuses on growing its capital-light and highly profitable asset management business.

The best picture of the scale of the current business is provided by Mandatum's AUM of approximately 16.7 BEUR (Q2'26 situation), which places the company between Evli and eQ. One difference compared to peers is that the majority of Mandatum's AUM is held within an insurance product, which increases its stability due to taxation factors.

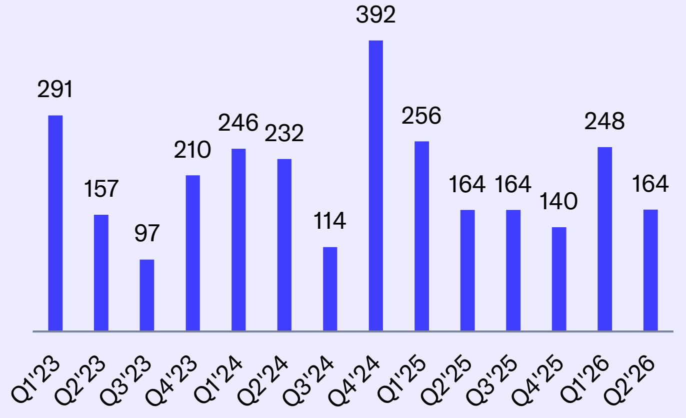
Funds and asset management

The fund and wealth management business plays a key role in Mandatum's growth, as the asset management market is growing trend-like, and the current market share, especially outside Finland, is still low.

Mandatum's AUM development (MEUR)



Net subscriptions in unit-linked products (MEUR)



Capital-light businesses 2/7

Mandatum's product offering covers all key asset classes, but the company's core competence lies particularly in fixed rate products. In this respect, the selection includes funds that invest in unlisted debt instruments (private credit) in addition to traditional fixed income funds. Overall, however, the company's product offering is relatively focused. The most important customer groups for funds and other asset management services are institutions and Finnish wealthy individuals.

In funds and wealth management, Mandatum's earnings are largely based on recurring management fees, with a very moderate share of one-off returns. Mandatum has return-linked components in some of its products, but their importance is still relatively small, much less than, for example, eQ, Taaleri, or CapMan. The company's product offering is also quite focused, and high-quality products are balanced by good commission levels. However, we believe that the company will gradually expand its product offering as part of its growth strategy. We believe that the good fee levels are due to high-quality and differentiated products in the fixed income segment, as well as strong pricing power among retail and corporate clients.

Investment-linked insurance

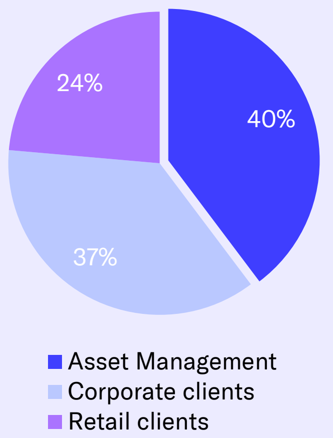
Mandatum's unit-linked products include, e.g., voluntary pension insurance, capitalization agreements and endowment insurance. In unit-linked insurance, corporate clients are at the core of Mandatum's growth strategy. Institutional clients may also have investments within an insurance wrapper, but we treat these in their entirety as part of asset management services.

Mandatum's **pension insurance policies** are voluntary policies that allow policyholders to supplement their social security. Pension insurance policies are mainly unit-linked insurance policies, in which the return on pension savings and the amount of the final pension are based on the value development of the selected investments.

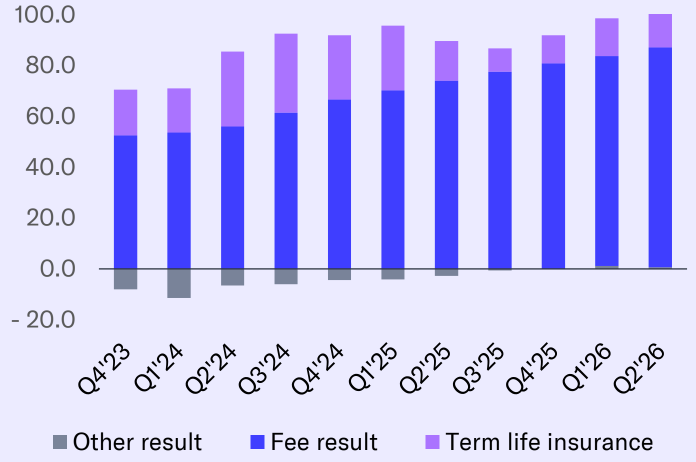
Endowment insurance and capitalization agreements are also unit-linked insurance policies, where insurance savings consist of premiums paid during the policy's term and the returns accumulated on them. The key difference between endowment insurance and a capital redemption contract mainly relates to their treatment in the event of the policyholder's death, as in endowment insurance the life insurance compensation is paid to the beneficiary designated by the insurance contract without a separate will. The capitalization agreement does not expire when a person dies, but the contract is transferred to the estate.

Due to product-specific differences, the customer benefits also vary slightly, although the differences are quite small. In endowment insurance, income is only taxed at the end of the insurance or when savings are withdrawn. In capitalization agreements, taxation also applies to withdrawal of assets. However, compared to endowment insurance, the wider range of investment instruments eligible for inclusion in the insurance can be seen as an advantage of a capitalization agreement. In pension insurance, the company can deduct the pension insurance contributions in full up to a certain amount, and these contributions are not, as a rule, considered as earned income of the insured employee. In pension insurance, income taxation can be postponed to a later date. To sum up, one could say that the majority of the benefits of unit-linked insurance products are based on tax considerations.

Breakdown of the earnings of capital-light businesses (2025)



Mandatum's capital-light business results, rolling 12 months



Capital-light businesses 3/7

The flip-side is the relatively high cost of the products. Mandatum collects management fees for products (0.5-0.6% of insurance assets in our estimate) and subscription fees for payments made in the insurance. In terms of business model and demand logic, unit-linked insurance is very similar to asset management, and the risk of changes in the value of investments is borne by the customer.

Term life insurances

Term life insurance provides the customer and their family with financial security and leeway in the event of serious illness, accident, disability, or death. In risk insurance, Mandatum collects annual insurance premiums from its customers to cover future claims and business expenses. The profitability of insurance is determined by the difference between these premiums and costs.

In death cover, a lump sum is paid to the beneficiary of the insurance in the event of death. The policyholder can determine the compensation and this affects the premiums collected by the insurance company. Similar insurance is also available for serious illness. In addition to these, Mandatum offers insurance against disability and illness. These differ mainly in terms of compensation payments, since policyholders are entitled to a daily allowance instead of a lump sum.

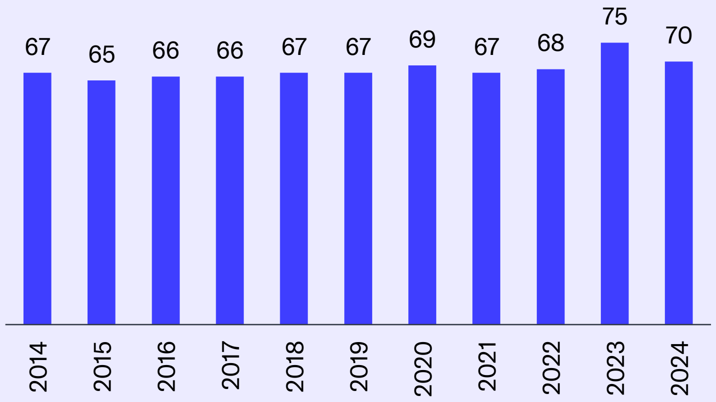
Previously, Mandatum also offered statutory life insurance policies based on agreements concluded by national labor market organizations. However, the portfolio of these group life insurance policies taken out for employees was sold to If P&C, so Mandatum no longer offers these products.

From the customer's perspective, the key difference compared to endowment insurance is that no funds are invested in term life insurance; instead, the payments made by the customer consist purely of insurance payments. At the same time, the compensation received by the customer in the event of an insurance claim is mainly fixed and does not depend on, for example, the value development of the capital markets. In these respects, Mandatum also bears the investment risk (Mandatum invests the insurance premiums it collects, although the amount is very moderate compared to the investment portfolio of the with-profit portfolio) and the insurance risk (i.e., the risk that the insurance premiums will not be sufficient to cover future claims). This requires expertise in modelling insurance risks. These products are also not visible in Mandatum's AUM.

For risk insurance, Mandatum reports insurance service earnings, which incorporates premiums received, claims paid and actual operating expenses. In particular, claims volumes fluctuate somewhat, especially in the short term, which also impacts the result of term life insurance. The earnings performance of the risk insurance business should therefore be viewed from a slightly longer perspective, rather than on a quarterly basis.

If the AUM offers a good picture of the development of asset management operations, the performance and outlook of the risk insurance business can be assessed based on the contractual service margin (CSM) included in the insurance liability of the balance sheet. In a simplified approach, the life insurance contractual service margin can be interpreted as Mandatum’s estimate of future earnings from its current life insurance contracts, after deducting the costs of managing them from the insurance premiums.

Mandatum's term life insurance premiums written (MEUR)



Source: Finance Finland

Capital-light businesses 4/7

The company unwinds the CSM on its balance sheet annually through profit or loss. CSM development should therefore provide a reasonably good picture of the outlook for the business in the coming years. In addition to business volume development, changes in actuarial assumptions (such as an update to the customer base's life expectancy) affect the CSM amount.

Corporate clients form an important sales channel

Mandatum's corporate client business has focused particularly on unit-linked pension insurance, the market for which has grown well over the last decade. Customer retention in these is also high, as in Finland, it is not possible to transfer insurance assets to another company without tax consequences. Strong customer retention combined with good fee levels and low capital needs make investing in unit-linked products attractive, also from the perspective of creating shareholder value Corporate sales are mainly handled by Mandatum's own branch network.

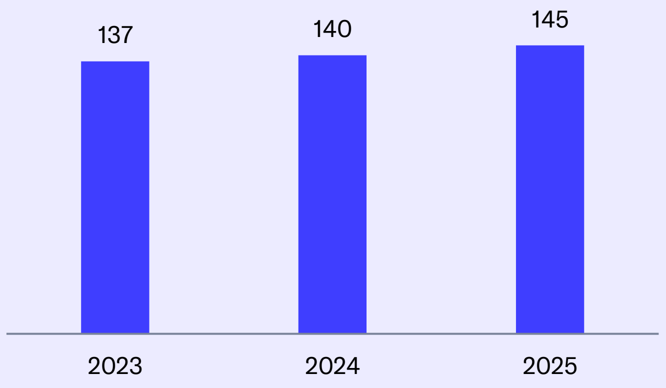
Corporate clients are also an important sales channel for asset management services, as new wealth is constantly being created in the segment. The development of wealth management is also indicative of this, as according to Mandatum, approximately 70% of its private wealth management new client sales in 2025 came through existing corporate clients. Typically, Mandatum first offers its corporate clients pension preparedness and reward services and as the wealth of the company's key personnel grows, the product offering is expanded to include other wealth management and savings solutions. Sales to wealthy individuals have performed excellently in wealth management in recent years.

In many cases, corporate clients purchase risk policies from Mandatum in addition to pension insurance. Corporate clients are at the core of the insurance business, as it is possible to sell products and services to them on the scale of the entire company. Mandatum's foothold in the corporate market is also significantly stronger than in retail clients, as in 2025, Mandatum's market share of unit-linked insurance policies sold to companies was around 52% The corresponding figure for retail clients was 13% (including capitalization agreements).

We suspect the main focus of unit-linked insurance for Madatum's corporate clients is on various pension solutions, and distribution of products and services to corporate clients is mainly handled by the company's own sales team. Mandatum's corporate clients' insurance savings in investment-linked insurances (excluding endowment policies) have grown by an average of around 10% p.a. over the past 10 years, which, according to our calculations, is clearly faster than the rest of the market. Due to Mandatum's high market share, growth that is significantly faster than the market will be challenging in the future.

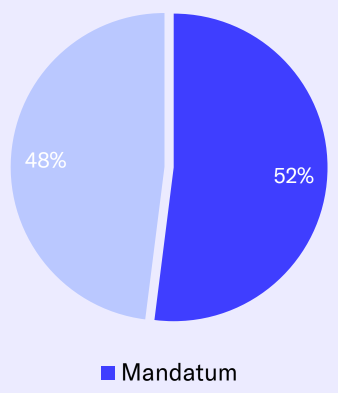
In addition to insurance, Mandatum offers its corporate clients a wide range of compensation and reward solutions. These include, e.g., personnel funds that Mandatum establishes and manages on behalf of its customers, through which the employees of the customer company can invest their remuneration from incentive schemes tax efficiently.

CSM of term life insurance (MEUR)



Source: Mandatum

Mandatum's market share in unit-linked products for corporate clients (2025)



Source: Finance Finland

Capital-light businesses 5/7

For the customer company this compensation form is also cost-effective, as the company does not have to pay indirect employee costs on this part of wages. Mandatum's market share in corporate personnel funds in Finland was over 70% in 2024 by number of funds and around 32% by AUM (source: Mandatum CMD). In addition to personnel funds, Mandatum designs and implements share-based incentive schemes mainly for management and key personnel of customer companies, performance bonus schemes for personnel, and provides consultation on organizations' general remuneration models. Reward services are not that relevant to Mandatum's earnings, at least for the time being, but, like corporate pension insurance, provide future customer flow for asset management.

At the end of 2025, AUM in unit-linked products for corporate clients (including insurance and reward services) amounted to 2.9 BEUR, and net subscriptions to these products have been at a fairly good level of around 100 MEUR on average in recent years.

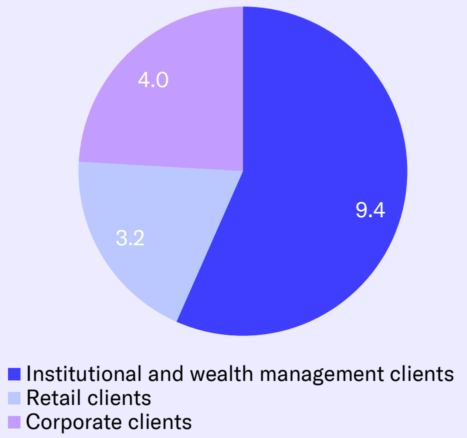
Retail clients play a minor role in growth

Mandatum's retail clients business mainly consists of smaller retail clients coming through partners, while Mandatum's direct wealth management customers (mainly wealthy individuals) are reported in the institutional and wealth management clients segment. In addition, the retail clients business includes previously sold pension insurance policies for private individuals, although their tax benefits have already been abolished. At the end of 2025, the AUM for unit-linked products of retail clients amounted to 3.6 BEUR.

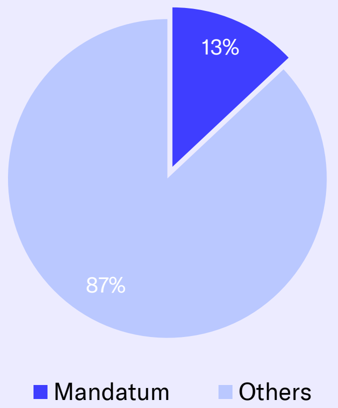
At product level, the retail clients business mainly consists of term life insurance and unit-linked insurance (endowment insurance and capitalization agreements). Sales of these to retail clients is mainly handled by distribution partners Danske Bank and Pohjantähti, so the actual customer contact is outside the company. In term life insurance, distributors offer their customers, e.g., Mandatum's loan protection insurance, while in unit-linked policies, Mandatum only provides the insurance wrapper for the distributor's investment solutions. Previously, non-life insurer If P&C also distributed Mandatum's life insurance policies, but after the spin-off from Sampo, If P&C is responsible for the sales of its own products.

In recent years, net sales (subscriptions minus redemptions) of Mandatum's retail clients segment's investment-linked products have been negative, so the AUM growth has come purely from positive changes in value. This is explained by the tax change for private individuals' pension insurance, as well as weak sales by distribution partner Danske Bank. We suspect this is due to Danske focusing its sales on the distribution of its own products and solutions, as well as its internal challenges after the money laundering scandal. The effects can be seen in the Fund Report published by Investment Research Finland, according to which Danske's market share in Finnish investment funds has clearly decreased over the last ten years. However, we do not see investing in own sales in this segment as sensible, as banks have very strong distribution power in smaller customer relationships. We expect distribution to continue largely through partners. In term life insurance, on the other hand, the market has not grown significantly, even though life insurance in Finland is currently used by only a relatively small portion of the population.

Distribution of the Group's AUM, BEUR (Q2'26)



Mandatum's market share in unit-linked products for retail clients (2025)



Capital-light businesses 6/7

Institutions and wealthy individuals form the backbone of the capital-light businesses

Mandatum's wealth management customer base is strongly focused on institutional clients and wealthy individuals, and the segment is the most important for the company's growth and earnings. The Finnish asset management sector is experiencing strong structural growth, and we believe the company's growth prospects here are robust. There are also international clients, as almost a quarter of Mandatum's AUM comes from international institutional investors, mainly from Sweden and Denmark. Abroad, only selected fund products are sold, while in Finland, comprehensive wealth management services are offered to clients.

However, the key success factors differ slightly by customer base. In the institutional client segment, we see Mandatum as a strong product house, where fund returns are a key success factor for the company, and investors should actively monitor their development. In private wealth management, on the other hand, the quality of service is emphasized. Also, the unit-linked life insurance and pension solutions discussed earlier in this report could be more broadly considered part of the Group's asset management business, as these are driven by similar demand drivers.

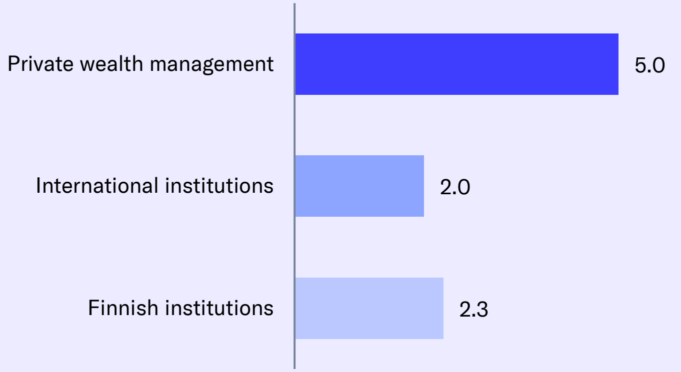
In terms of demand factors and market dynamics, the institutional and wealth management client segment is also very comparable to other asset managers listed on the Helsinki Stock Exchange. In our view, the closest Helsinki-listed peers are Evli, eQ and Aktia. The segment's client AUM totaled 9.4 BEUR (56% of the Group's AUM) at the end of Q2'26, roughly divided between institutional clients (4.4 BEUR) and private wealth management clients (5.0 BEUR).

The company's own sales team is responsible for distribution to the most important client segments

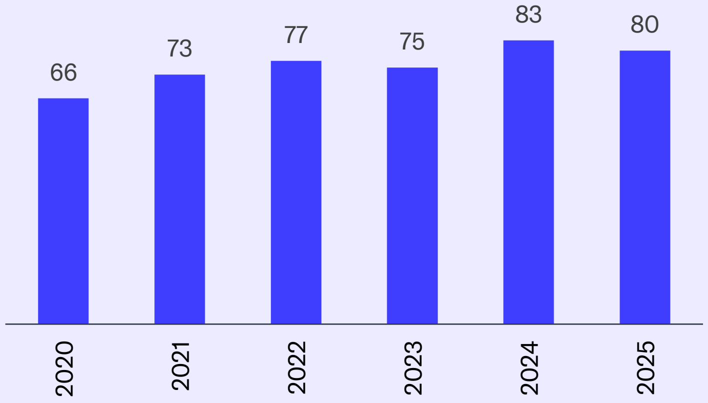
Sales to domestic institutional clients and private wealth management clients are arranged with an in-house sales team. International sales are also currently mainly carried out from Finland, although the company has continuously increased its international investments. Previously, the company opened a small branch office in Sweden, and in 2025, the company opened a branch office in Luxembourg. Naturally, the company also uses placement agents on the international markets. The company's track record in international sales is very good, and therefore, investments in international sales are more than warranted.

In Finland, Mandatum's market share among institutions is already relatively high, and the market is not growing significantly. This limits Mandatum’s growth potential in Finland. In private wealth management, we see significant room for growth through both market share expansion and market growth. The growth potential is naturally greater in international markets, as Mandatum's market share is still marginal there. Obviously, competition is also tighter and the quality requirements are higher. In this sense, the company's excellent success in the international markets has been very impressive.

Institutional and wealth management clients' AUM Q2'26 (BEUR)



Asset management customer satisfaction (NPS)



Source: Mandatum

Capital-light businesses 7/7

Wealth management has grown rapidly

The AUM growth from wealth management clients (institutions and wealthy individuals) has clearly been the strongest of Mandatum's segments in recent years. Over the past three fiscal years, new asset management sales have averaged around 750 MEUR per year (annually 7–14% of AUM), which can be considered an excellent performance. In addition, changes in value have been clearly positive, so overall, the segment's AUM has grown by an average of about 18% between 2020 and 2025 (vs. 11% total for all segments). This clearly exceeds the growth of the underlying asset management market. Growth in 2026 will also be very strong due to good sales and the Cliens acquisition.

Mandatum's growth has been strongest in international customers. This underlines the competitiveness of the company's product portfolio. The majority of international capital comes from Denmark and Sweden, but Mandatum has also gained its first customers from Central Europe. Development in Finland has also been excellent, and assets from wealthy individuals have also grown strongly.

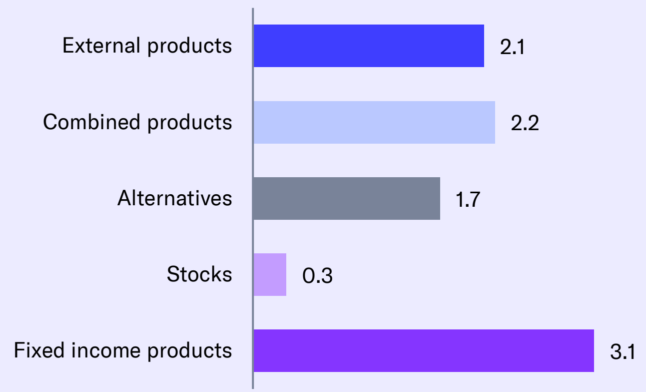
For domestic institutional clients, growth has been more subdued, although AUM has also grown in this segment. However, it should be noted that as a player focusing on fixed-income products, the company has clearly benefited from rising interest rates, which has supported demand for the asset class. However, the growth has not been entirely market-driven, as Mandatum has also been able to increase its market share in institutional asset management. For example, based on a market survey conducted by SFR in 2024, over 50% of the Finnish institutional investors surveyed named the company as one of their service providers (2015: ~12%). We also believe that this reflects the quality of Mandatum's products and asset management. In addition, the company's self-reported customer satisfaction NPS is very strong at over 70 in all segments (a level above 50 can be considered excellent in asset management).

Overall, Mandatum's asset management sales performance has been very strong, both in absolute and relative terms. We believe this is due to 1) the company's product offering being in excellent shape, 2) an efficient sales machine, and 3) a favorable market situation. Regarding quarterly sales development, it should be noted that Q3 is typically quieter than other quarters due to the holiday season.

Fund returns are a key part of success

Mandatum's published comparisons show that its fixed income products have performed excellently in recent years, as measured by returns. We believe Mandatum Asset Management's implicit strengths are its strong product expertise and good reputation, especially in interest rate and alternative investment products, brought about by its return history. On the other hand, this entails risks from a growth perspective if returns were to weaken substantially, as we believe that past returns have a positive correlation with customer satisfaction. This highlights the importance of fund performance. In addition, as Mandatum's product offering is quite focused, individual products account for a significant portion of the AUM. Investors should actively monitor and evaluate the return performance of Mandatum's top funds.

Institutional and wealth management clients' AUM by product, Q2'26 (BEUR)



Net subscriptions in unit-linked products (MEUR)

With-profit business 1/2

For the time being, Mandatum's most significant earnings item, despite the strong growth of capital-light businesses, is still net financial income, which mainly consists of investment activities of the with-profit business. In addition, the net finance result includes earnings from the Group's balance sheet investments, whose significance is very small going forward. In 2023–2025, net financial income accounted for 67–72% of the Group's total earnings before taxes.

Investment still plays a major role

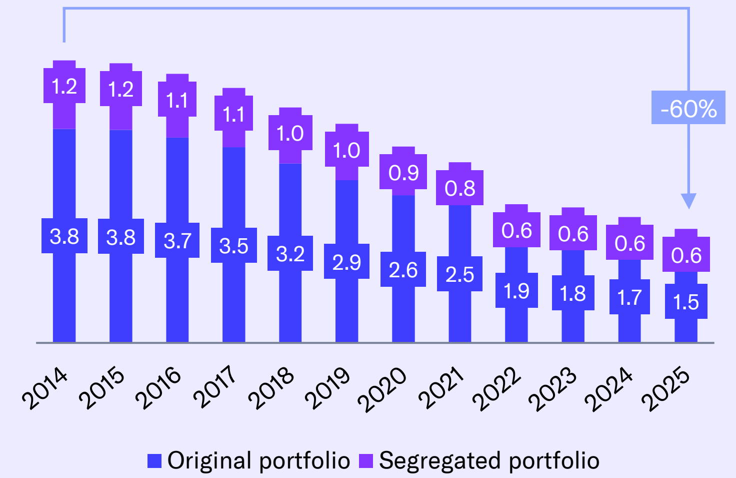
In with-profit insurance, Mandatum pays policyholders a fixed guaranteed interest rate on the assets invested in the insurance (mainly 2.5-4.5% p.a.). However, sales of these products were discontinued over two decades ago, so the current base dates back to the period before that. As part of the current strategy that ties up little capital, Mandatum has actively sought to reduce the size of the with-profit portfolio and shift the focus to fee income-based business. However, the agreements are long-term, so it will take time to ramp-down the base. During 2015-2025, with-profit liabilities decreased by some 59%, and the company expects the portfolio to decrease by 9-10% annually going forward, partly due to the company's active measures (e.g. insurance buybacks and conversion to unit-linked policies). Even so, the importance of the with-profit portfolio is still considerable to the company's earnings and value. However, the significance decreases as the portfolio shrinks and capital is allocated elsewhere. At the end of 2025, with-profit liabilities were 2.0 BEUR, and investment assets related to the portfolio were 3.3 BEUR.

Unlike unit-linked products, Mandatum bears the investment risks associated with with-profit insurance policies. In simple terms, these can be considered the Group's investment loans, for which the company aims to achieve a return higher than their cost. Previously, the challenge in the business was that the effective return on fixed-income investments was well below the GAR, which meant that the portfolio's returns relied heavily on shares and alternative investments. Although the investments of the original portfolio[1] generated an average yield of around 5.7% in 2005-2023, the increased weight of shares also resulted in higher capital requirements, which weakened the return on own funds committed to the portfolio. Naturally, the risk profile of the investment portfolio was also clearly higher than at present.

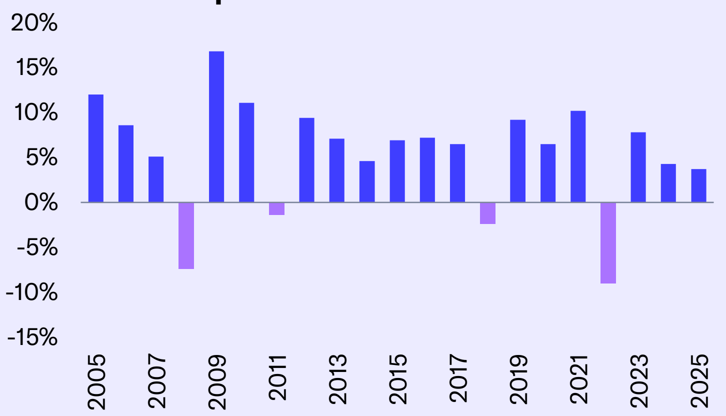
We estimate that at current interest rates, the portfolio's expected ROE is already higher than Mandatum's own required return. From an investor's perspective, this means that the pace of the wind-down of the portfolio is no longer as important to the company's value as it was during the zero-interest rate period. However, we still consider the ramp-down of the with-profit portfolio justified, as capital released from this can be used, e.g., to grow capital-light businesses, for value-creating acquisitions, and profit distribution.

Of Mandatum's current investment assets covering the with-profit portfolio, 80% is invested in interest-bearing instruments, 4% in listed equities, and 16% in alternative investment products (real estate, private equity, and private credit). The company aims to further increase the weight of fixed income investments (target of around 90%) as illiquid alternative and equity investments (e.g., private equity funds) are gradually exited.

Development of with-profit portfolio liabilities (BEUR)



Investment returns on the original portfolio at fair value



[1] The original portfolio consists of with-profit insurance agreements granted by Mandatum Life. The segregated portfolio, on the other hand, refers to the insurance portfolio transferred from Suomi Mutual Life Assurance Company in 2014. These differ from each other in terms of profit sharing: in the original portfolio, Mandatum receives the entire investment income, while in the segregated portfolio, part of the investment income belongs to the policyholders.

With-profit business 2/2

The balance sheet is also being cleared from other investments

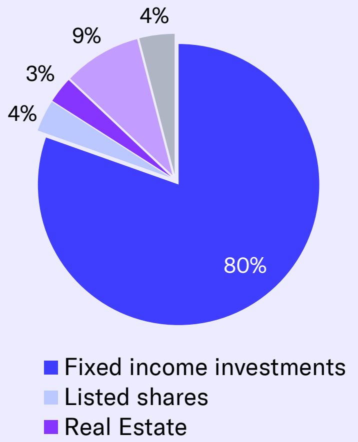
Mandatum's reported net finance result includes, in addition to the investment performance of the with-profit portfolio, the return on Mandatum's PE (private equity) investments. Mandatum's PE investments are a legacy of the partial demerger, in connection with which Mandatum acquired these assets from Sampo, and they do not fit in with the company's current strategy focusing on capital-light business. The largest PE investments were Saxo Bank and Enento. However, both of these have already been sold, so the remaining PE investments are only about 40–50 MEUR and consist mainly of the Terrafame holding. Mandatum divested its Saxo Bank shares (311 MEUR) at the beginning of 2026 and its Enento shares (57 MEUR) during 2025.

Over the past two years, Mandatum has recorded returns from its PE investments of approximately 24 MEUR per year, according to our calculations, with the majority of this coming from dividends paid by Saxo Bank. Naturally, these will no longer be available as the assets have been divested. However, similar to the contraction of the with-profit portfolio, sales of holdings release capital from the balance sheet, which the company has already used for profit distribution. In addition, Mandatum records the parent company's cash returns in its net finance result, but their significance has been clearly smaller.

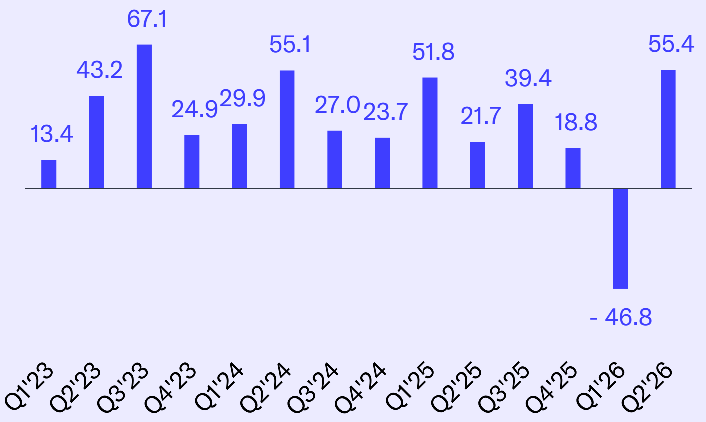
Financing and Group expenses form the other result

The final line item in Mandatum's income statement ("Other result") consists of non-allocated items, which include the Group's interest expense and the portion of operating expenses not allocated to the businesses. This item is therefore not included in the with-profit business or the capital-light businesses in the segmental accounts, but is reported as a separate line item in other consolidated results. In addition, other result includes various smaller items from segments, such as income from Mandatum Trader and reward scheme design services.

Distribution of investments covering with-profit liabilities (MEUR)



Mandatum's net finance result (MEUR)



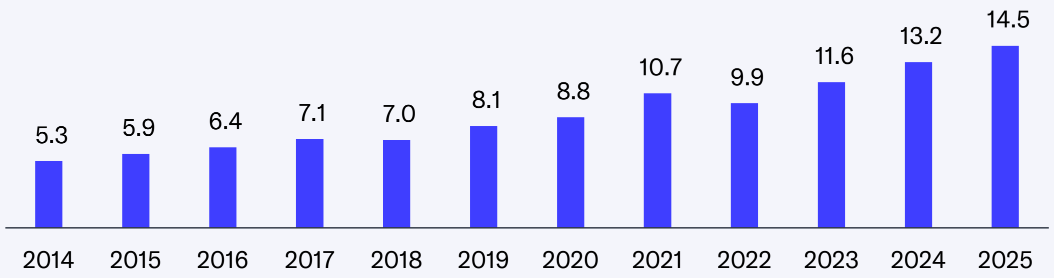
Net finance result = investment result of the with-profit portfolio + return on the Group's PE investments and cash assets

Summary of the outlook for Mandatum's businesses

Mandatum's earnings face headwinds from a shrinking investment portfolio. However, the value-creating asset management business is growing, while the capital freed up from investment activities allow for ample profit distributions and room for acquisitions.

Capital-light business

Unit-linked liabilities (BEUR)

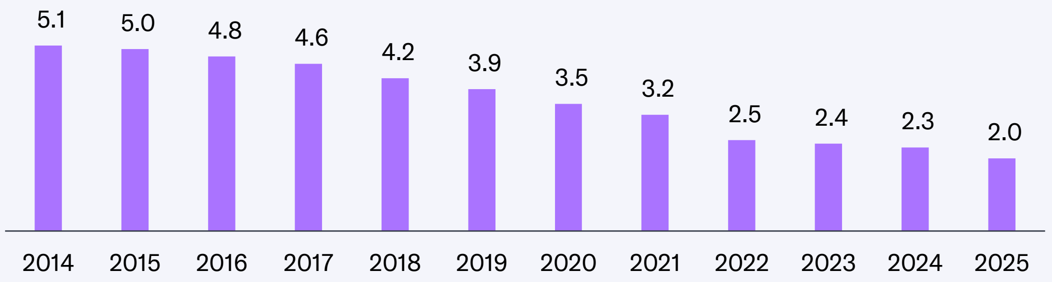


Institutional and wealth management clients Main products: funds and asset management	**Strong growth prospects**
Corporate clients Main products: unit-linked pension and term life insurance	**Moderate growth prospects**
Retail clients Key products: unit-linked and term life insurance for Danske Bank customers	**Subdued growth prospects**

Fee result + term life insurance result = increasing capital-light business result

Investment operations

With-profit liabilities (BEUR)



+	Returns on investment assets covering the with-profit insurance portfolio	**Declining**
–	Interest expenses of the with-profit insurance portfolio	**Declining**
+	Return on PE investments	**Low**

Net finance result decreases due to the reduction in the with-profit portfolio and the sale of PE investments

Industry – Asset management market 1/5

Asset management market is growing despite weak economic development

The asset management market in Finland is relatively young and, for example, the first mutual funds were only established at the end of the 1980s. Over the last three decades, the asset management business has grown rapidly with the growth of the national economy and the prosperity of citizens. Historically, a majority of the wealth of Finnish households has been tied to housing and it remains by far the largest asset item of households, although other forms of investment have become more common. The young age of capital markets in Finland is also seen in the fact that a significant proportion of the non-housing investment assets of households are still on banks' current accounts.

At the end of 2024, the size of the Finnish asset management market, measured by AUM, was around 250 BEUR. Of this 250 billion, about half are invested in domestic investment funds, and the rest are covered by consultative or power of attorney portfolio management. In addition, Finnish alternative funds held a total of approximately 45 BEUR in capital at the end of 2024. Overall, we estimate the revenue of the Finnish asset management market to be around 2 BEUR. Our estimate includes assumptions about the average fee levels for various products and services, in addition to asset management and fund capital.

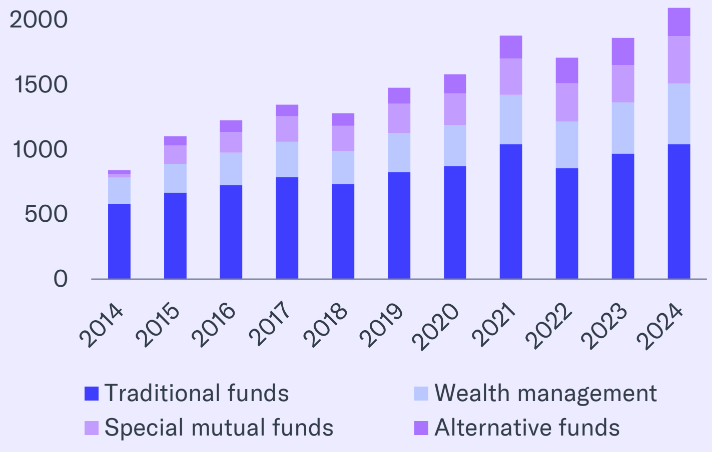
Since 2005, the market has grown clearly faster than the general economy (average about 5% p.a.). Over the last decade, growth has accelerated, and we estimate the average annual growth rate in 2014-2024 to be around 10%. This growth is partly explained by the increase in asset values and partly by the flow of new capital into asset management. Among asset classes, alternative products (underlying alternative funds and special investment funds) have been a clear winner, and their share has grown significantly. Due to high fee structures, their impact on industry companies has grown significantly and supported growth over the last decade. Although the rise in interest rates, combined with rapidly growing allocations, has curbed the popularity of alternative products, they are a permanent part of investors' allocations. A growing number of investors also have access to them, as investing in unlisted assets has previously been mainly the privilege of large investors.

Long-term growth outlook is good

In the long term, we estimate that the Finnish asset management market will receive clear support from structural changes, as wealth collected by the baby boom generation is passed to the next generation through inheritance. We believe, this sudden increase in wealth will inevitably lead to an increase in the asset management market, as more and more people are interested in investing and also become attractive customers for investment service companies. Concerns about the sustainability of the pension system will also generate structural interest in long-term investing and asset accumulation. Confidence in the pension system has weakened, especially among young people (source: EVA), and in our view, this is one of the key drivers behind the growing popularity of investing and saving in Finland over the past 15 years.

We note that these are very long-term trends and their effects will become visible gradually. We believe there is plenty of evidence of this ongoing structural change, and, e.g., the number of fund owners, the number of book-entry accounts and fund capital are all at an all-time high. An increasing number of asset managers (e.g. Aktia and Alexandria) have started investing in this "next generation" target group.

Revenue development of the Finnish asset management market (MEUR)

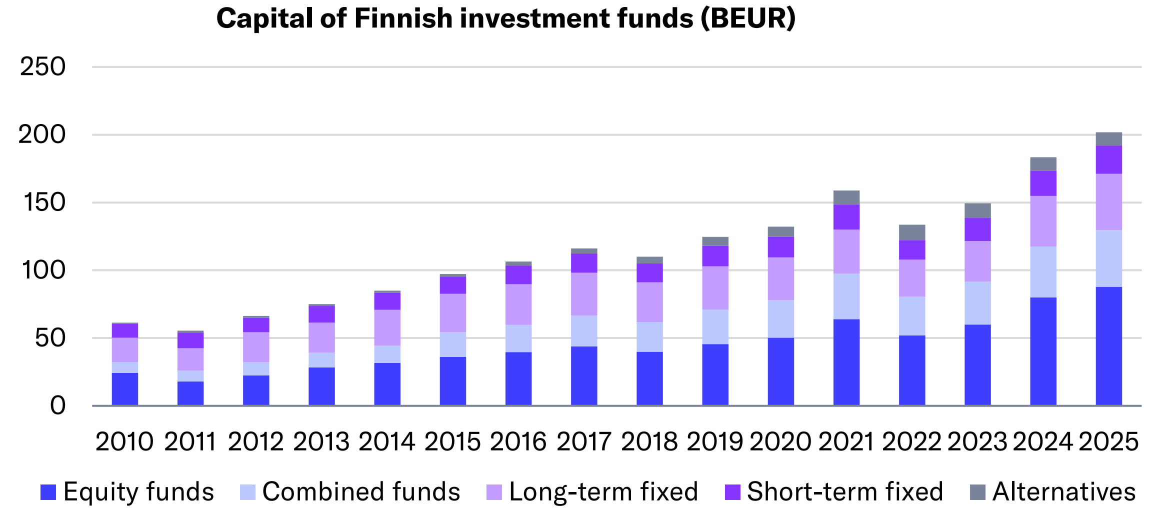


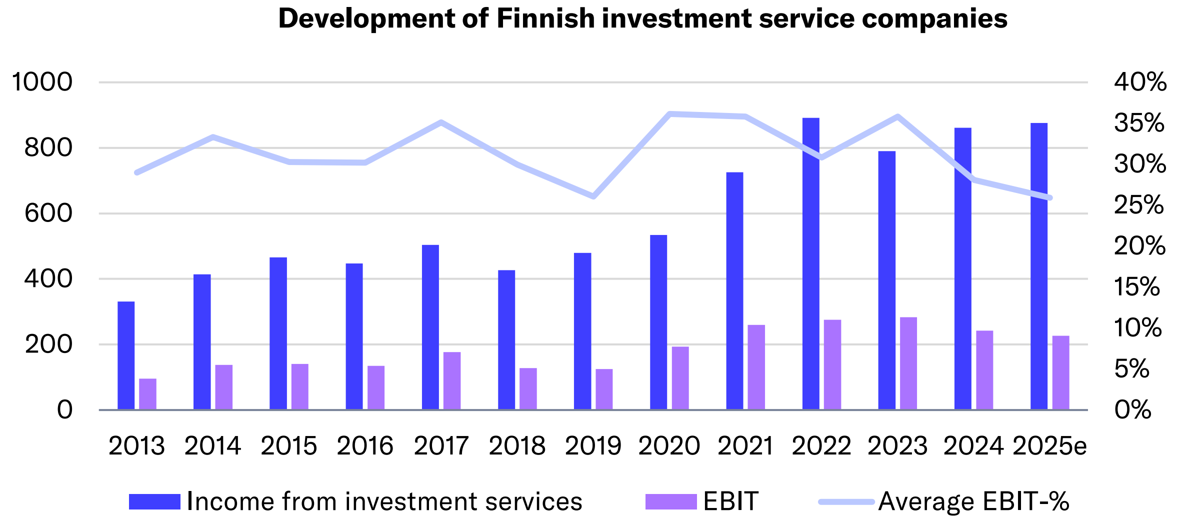
Source: Inderes' estimate

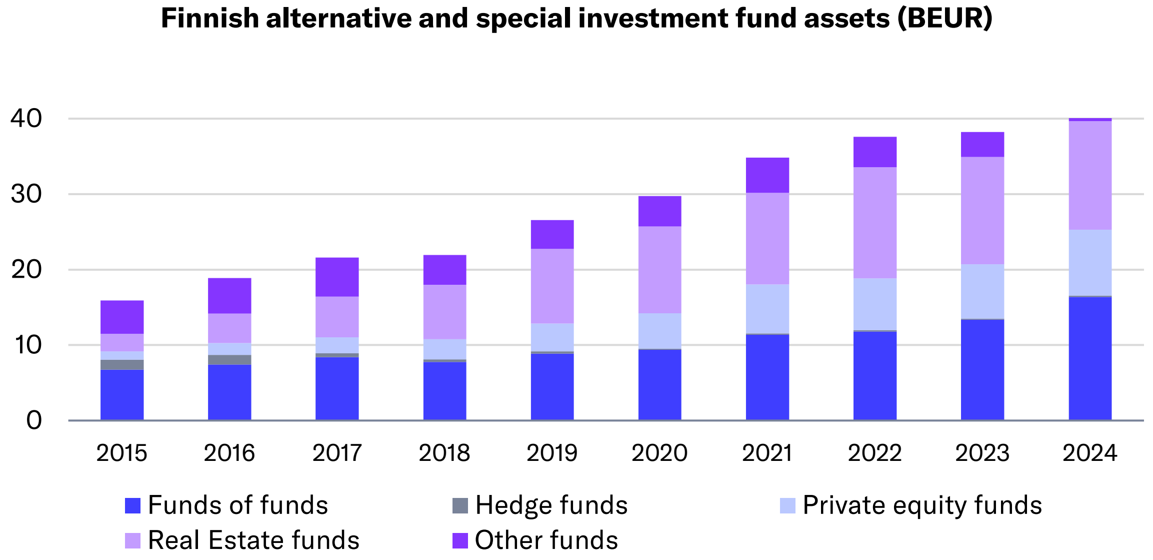
Examples of Finnish asset managers

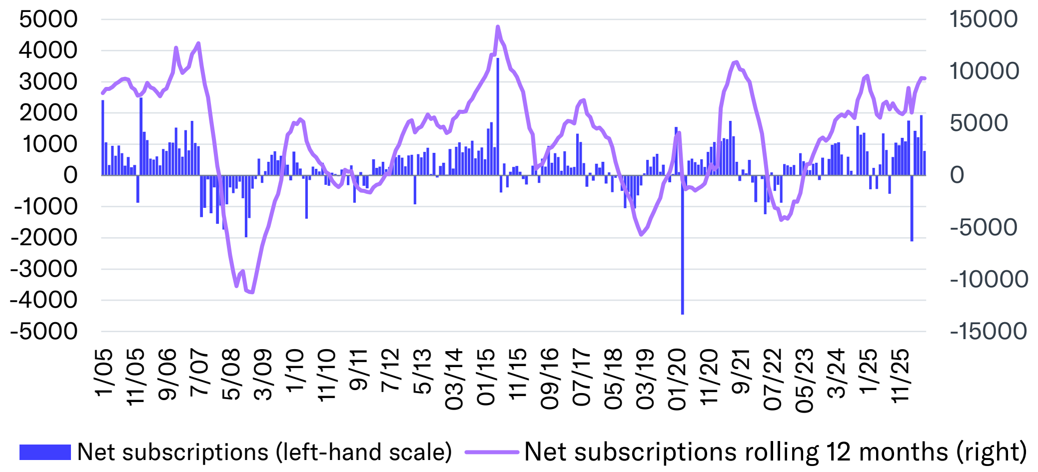
Aktia, ALEXANDRIA, MANDATUM, CapMan, OP, eQ, Nordea, TITANIUM, UB, EVLI, TAALERI

Industry – Asset management market 2/5









Source: Inderes / Statistics Finland / FIN-FSA / Investment Research Finland

Industry – Asset management market 3/5

There are strong growth drivers in the asset management market

We believe the alternative market can be expected to grow faster than the general GDP. In our view, there are four key forces driving the growth of the asset management market:

Existing wealth, which we estimate to grow by approximately 3-5% per year on average.

1) New savings, which at the current savings rate are 3% of GDP. We assume that approximately one-third of new household savings will end up in asset management (+1% of AUM). In addition, savings from companies and other entities end up in asset management. Overall, new savings support an annual AUM growth of 1-2% in our calculations.

2) The share of current savings that shifts from other asset classes (such as housing or bank accounts) to asset management, as large and wealthier age groups transfer their assets to their more investment-prone heirs. Assessing this item is very difficult, but we believe this will also be a supportive development for the asset management sector. In our calculations, we have assumed this to have a positive annual impact of approximately 1% of assets under management.

3) Changes in AUM fee levels. In our view, there is still downward pressure on fee levels, especially for traditional investment funds, as these are still quite high in Finland compared to international levels, despite a declining trend. In addition, the growing popularity of passive products mainly comes at the expense of Finnish asset managers, as these are primarily offered cheaply by large international fund houses. A significant portion of new wealth invested in passive products does come through asset managers (asset management agreements), but the fee level for these is very modest. The outlook for alternative products, on the other hand, is clearly better, as these still require the fund company to negotiate investments and manage holdings. We estimate that the negative impact of the decrease in fee levels on AUM is around 1% per year.

Based on these assumptions, we estimate that the asset management market's AUM will grow by 5-8% per year and commission income by approximately 4-7% per year. In addition, international sales offer competitive product houses (e.g. Mandatum, Evli, Aktia, eQ, CapMan, Taaleri) the potential to grow faster than the Finnish market. In the long term, we believe that the asset management market in Finland is well positioned to continue its annual growth of about 5%, so it still remains a clear growth sector.

When outlining the growth rate, it should be noted that if the savings rate remains unchanged, net subscriptions will gradually decrease relative to existing assets without clear economic growth. In the long term, asset values can be expected to grow at fairly stable growth rates, while new investments in euro terms will remain roughly unchanged without economic growth. In other words, economic growth should be at least as great as the growth in asset values for the ratio of net subscriptions to capital to remain constant or increase. Of course, an increase in the savings rate could at least partly counteract this effect.

Asset management market drivers

Industry – Asset management market 4/5

Structure of the Finnish asset management market by customer size and product positioning

Source: Inderes

Industry – Asset management market 5/5

Asset management competition

Banks

Nordea, OP, S-Pankki, Ålandsbanken, SEB, Aktia, Danske Bank, Säästöpankki

Medium-sized investment service companies

Mandatum, Evli, CapMan, LähiTapiola, UB, Taaleri, Titanium, eQ, Alexandria

Small investment service companies

IceCapital, Finlandia, PYN Elite, Amplia, Asilo

Consolidation drivers

Trends

- Digitalization
- Return of interest rates
- Sustainability (ESG)
- Regulation
- Alternative asset classes

Sales synergies	Cost synergies
Growing the product and service range	IT costs
Increasing distribution capacity	Administrative expenses
Increasing AUM	Personnel expenses

Drivers for consolidation are clear, and we believe that consolidation will continue as active

Finalized M&A transactions

Acquirer		Target
eQ	›	Advium, IceCapital
UB	›	Suomen Pankkiiriliike, Fourton
CapMan	›	Norvestia, Dasos Capital
Titanium	›	Investium
Taaleri	›	Garantia
Aktia	›	Taaleri Varainhoito
Evli	›	Elite Alfred Berg, Kelonia (Ab Kelonia Oy)

Source: Inderes

Industry — Life insurance market 1/2

While term life insurance is a pure insurance product, the demand drivers and growth prospects for unit-linked products are very similar to those of asset management. We consider unit-linked insurance products to be part of the asset management market.

The term life insurance market is quite concentrated, and in addition, growth has been modest over the last decade. In Finland, people typically prepare for a rainy day by saving, and the popularity of actual life insurance products is limited. This is evident, e.g., from a study by Finance Finland, according to which only 8% of Finns included in the data had at least one life insurance product in use in 2018-2020. Although the data is not recent, there is no reason to assume any significant change has occurred based on market growth figures.

The Finnish life insurance market is highly concentrated.

In 2025, the market share of the five largest players was around 75% based on premiums written. The largest players are LocalTapiola, OP, Mandatum, Fennia Life Insurance Company, and Nordea, in that order. In our view, market concentration is driven by distribution focusing on banks, regulation, and IT system requirements, which means that a sufficiently large size class is required to run a profitable business.

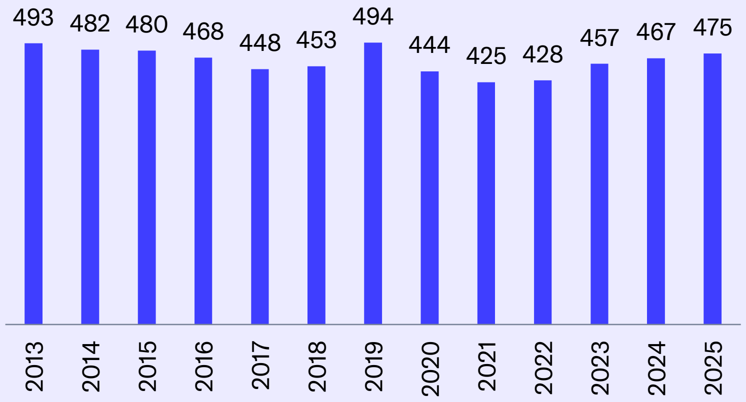
Life insurance activities are also quite local, and, based on the statistics of the Finnish Financial Supervisory Authority, domestic players are in practice responsible for the entire market. The relatively small size of the Finnish market, modest growth outlook, and strong average customer retention, which significantly raises the barrier to entry, reduce the interest and success potential of international players.

Market growth has remained modest

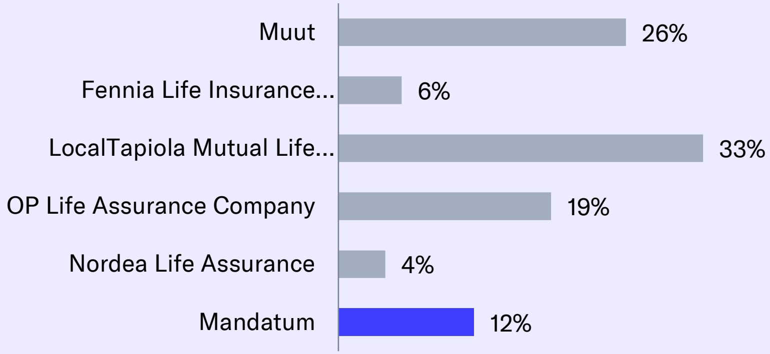
Although the share of the five largest players in the market has remained almost unchanged over the last decade, there has been movement in the balance of power between them. In particular, Nordea and OP have lost market share, while LocalTapiola has become the clearly largest player. The market shares of the others have remained roughly unchanged. Overall, however, the Finnish term life insurance market has contracted by an average of some half a percent annually, so the annual premium income growth of even the best-growing players has turned out to be an average of 2–4%. Therefore, in recent years, companies have invested especially in the growing and clearly bigger market for unit-linked insurance products. While the market has seen slight growth in 2023–2025, we believe it is too early to say that the trend has permanently reversed.

Comparable figures for term life insurance margins are not available, as life insurance companies' figures also include unit-linked insurance products. Thus, the high margin of the industry (average return on equity of the five largest is over 20%) is likely largely explained by the earnings generated by unit-linked products. LocalTapiola and Fennia Life Insurance Company, which are more heavily focused on term life insurance, have systematically lower returns on capital than other major players (Mandatum, Nordea, OP), which we believe indicates a lower margin for term life insurance. On the other hand, these companies are also clearly smaller in their size class, which in a scale-related industry can partly explain differences in margin.

Term life insurance premiums in Finland (MEUR)



Market shares of term life insurance based on premium income (2025)



Source: Finance Finland

Industry — Life insurance market 2/2

The most significant risks of unit-linked products lie in tax benefits

In recent years, the taxation of term life insurance and unit-linked products has changed several times, which has also reduced tax incentives in the products. For example, the partial tax exemption of death benefits from term life insurance to close relatives was abolished in 2018, and since then the benefit has been subject to full inheritance taxation. For unit-linked products, the tax-exempt share of next of kin was abolished in 2013, after which the total savings amount has been subject to gift tax. In addition, capital accrued from unit-linked products could be withdrawn without tax consequences until the benefit was abolished in 2020 and taxation became very similar to that of share savings accounts. In the same reform, losses became deductible only in the year when the agreement expires. In addition to these, the tax deductibility of voluntary pension insurance premiums taken out by private individuals will be abolished at the beginning of 2027, meaning that new payments made to the insurance will no longer qualify for tax benefits.

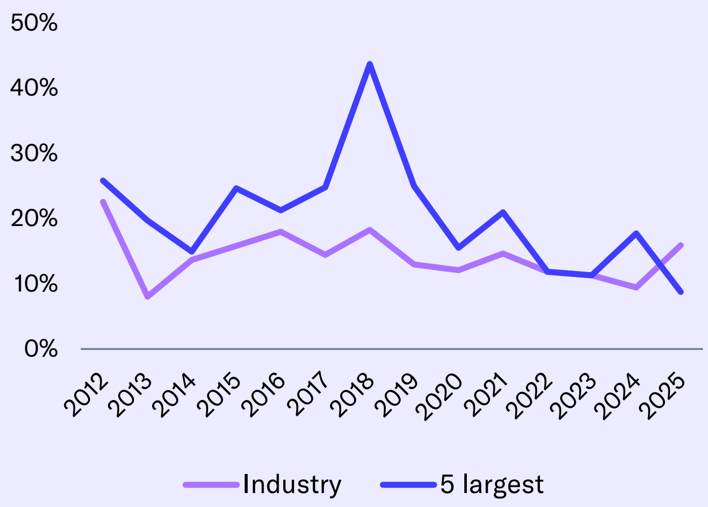
As the attractiveness of products relies heavily on taxation factors, we feel tightening tax regulation is a risk that still can lead to a decrease in customer interest and thus a decrease in product demand. For example, the latest revision concerning voluntary pension insurance policies has practically ceased their sales.

Although anticipating changes to tax regulation is very challenging, we suspect the pressure for essential updates regarding pension insurance taken by companies, which are important for Mandatum, will be moderate in the future. This is because their tax treatment is currently well in line with other EU countries, and weakening incentives for private pension savings is otherwise unlikely due to Finland's public pension system's funding challenges. Regarding capitalization agreements, we estimate the risk of tax benefits being weakened or removed to be higher. Negative revisions in legislation could lead to a decrease in capital and fee income. Therefore, investors should follow the development of the political discussion.

Unit-linked products are also characterized by a complex cost structure consisting of annual management fees and the commissions of the investment objects. In addition, some operators also collect premium and redemption fees. We believe the high and unclear cost structure is the main drawback of unit-linked insurance products.

Moreover, similarity with other asset management solutions limits the pricing power of life insurance companies. Share savings accounts in particular compete in the private customer segment with capitalization agreements offered by life insurance companies. However, the benefit of investment insurance is a broader investment universe, as only direct equity investments are allowed in equity savings accounts. From an asset management perspective, a share savings account is therefore not a very dramatic reform (in asset management, client assets must be diversified). For some (smaller) retail customers investing in direct equities, the increase in the upper limit of the equity savings account to EUR 100,000 from the previous EUR 50,000 may slightly eat into the market for capitalization agreements, but we believe that this effect will remain small at market level.

Median return on equity for the sector



Strategy and financial targets 1/4

The strategy has the prerequisites for strong value creation

Mandatum's strategy focuses on growth in capital-light businesses – particularly in asset management – and on phasing out the less profitable with-profit portfolio. We consider the choices sensible, as growth in asset management clearly creates value at the current margin level due to low capital needs. Mandatum is looking for growth, especially in client AUM that generates a steady stream of fees, both in the fund business and in corporate pension insurance. We also estimate that the growth in fee income will lead to an increase in profitability, so AUM growth plays a prominent role in the company's operational efficiency and earnings development.

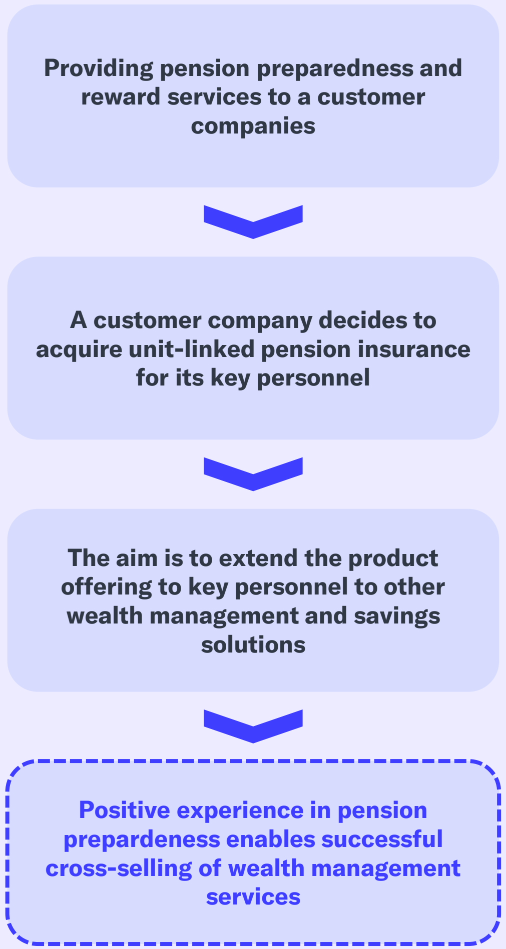
For corporate clients, we believe that the focus on unit-linked insurance products is justified because of the high level of customer retention due to factors such as taxation. In addition, corporate clients provide an efficient sales channel for asset management (similar logic for reward services), and Mandatum's branch network and well-known brand support sales and pricing power. Retail clients, on the other hand, do not play a key role in the strategy, which we believe is justified, e.g., by the strong distribution power of banks.

In institutional wealth management, Mandatum's strategy is largely based on product excellence, so the company's investment staff is a key competitive factor. This also increases the bargaining power of employees, so it is important for Mandatum to maintain high employee satisfaction and employer image. We believe that the company has a good reputation as an employer, and its compensation level is among the best in the industry. In private wealth management, the quality of service is emphasized, which, based on Mandatum's reported customer satisfaction figure, is at an excellent level.

In our view, a weakness of Mandatum's business model is the lack of performance-based fee components in several investment areas, as their existence would raise the threshold for investment professionals to jump to a competitor's camp. They would also improve the earning potential of the asset management business.

We believe that focusing on differentiated fixed income products, in turn, enables maintaining good fee levels. On the other hand, a rather narrow product focus and the concentration of AUM in individual products increase the company's risk level, as a decrease in the returns of these funds would inevitably be reflected in new sales. The Cliens acquisition further highlights the narrowness of the product focus, as 80% of Cliens' assets under management are concentrated in two funds.

Example of Mandatum's cross-selling process



Strategy and financial targets 2/4

The targets are realistic but require success

The earnings growth target for the capital-light business (over 10% annually) is the most important of Mandatum's targets, as its realization largely determines the company's value development. The target is not easy, but the excellent return levels of the company's core products and its strong position in Finland's growing asset management market make it highly achievable, in our view. In practice, the earnings improvement is on the shoulders of asset management and the fee result, as the earnings of term life insurance were exceptionally high in the comparison year 2024 due to one-off factors.

Earnings growth in asset management consists of three components: AUM growth, disciplined pricing, and improved cost efficiency The company has already improved its cost efficiency, and we estimate this will continue as AUM grows, because the asset management business itself is highly scalable. Mandatum itself estimates that its operating expenses will grow by only about one percent annually during the target period. This very modest estimate is partly explained by a decrease in cost levels compared to 2024, as the company completed its system modernizations, which were recorded with an impact on results, and reduced the number of personnel in support functions. Even after adjusting for these, cost control, particularly regarding personnel expenses, must be successful for the 1% cost growth target to be achieved.

Constantly tightening competition and the growth of international sales with lower fee levels will inevitably weigh on Mandatum's average fee level.

Mandatum does not have a specific target for AUM growth, but in its underlying assumptions, the company estimates its AUM to grow by around 10% annually, with half of this growth coming from new sales. We find this assumption realistic, and the company has achieved this in 2023-2025. However, maintaining 5% annual new sales becomes increasingly difficult and requires higher euro-denominated sales as annual redemptions and capital repayments also grow with the size of AUM. In addition, the market situation has been favorable for a specialized fixed income asset manager in recent years. In euro terms, 5% new sales would mean a net cash flow (subscriptions - redemptions) of around 800–900 MEUR for the coming years.

The solvency target (Solvency II ratio 160-180% is very typical for the industry, as life insurance companies aim to maintain a level clearly higher than the regulatory requirement (100%). However, Mandatum's current solvency (203%) is well above the target level due to private equity divestments. Mandatum has emphasized in its communications that the target level is intended to be achieved in the coming years, and we estimate that the balance sheet's overcapitalization will be unwound primarily through dividend distribution. Acquisitions carried out with cash assets are naturally also quite possible.

We also consider it highly likely that **the profit distribution target** will be met, as more than 75% of the over 1 BEUR target has already been achieved by the middle of the strategy period. The company's business continuously generates cash flow in the form of earnings, and in addition, the contraction of with-profit liabilities enables a higher profit distribution than earnings per share for a long time to come.

The return on equity target (over 20%) is subordinate to both earnings growth and balance sheet deleveraging. If the company can meet these targets, the return on equity target should also be met.

Financial targets 2025-2028

- Cumulative **dividends** of over 1 BEUR
- 160-180% **Solvency II ratio**
- Return on equity **over 20%**
- Average annual pre-tax earnings growth of the capital-light business of **over 10%**

Strategic priorities 2025–2028

- Strengthening the position of international institutional wealth management, particularly in the Nordic countries
- Accelerating the growth of private wealth management in Finland
- Utilizing the leading market position in corporate clients
- Improving operational efficiency

Strategy and financial targets 3/4

The cornerstones of Mandatum's strategy and their link to value creation

Increase in recurring income and AUM

Improving cost-efficiency

More efficient use of the balance sheet

Value driver 1: **Increase in commission income**

- Growth in Finland’s wealthy individuals and in institutions both in Finland and internationally.
- Growth in fund sizes is key to scalability. A gradual expansion of the product offering would also be justified as the company’s offering is quite focused.
- We feel systematic strengthening of distribution in other Nordic countries is more than justified, considering the company’s excellent track record in these markets.
- As a manager that relies on value creating strategies, Mandatum has to systemically offer its investors good returns. Good returns support business growth through new sales, product size growth, and pricing power, and offer potential for performance fees.

Value driver 2: **Rising operational profitability**

- The company has invested a lot in building its platform, and as is typical for the industry, fixed costs should continue to offer scalability in profitability. The track record in this area based during the stock market history is already good.
- However, personnel costs can be expected to grow faster than inflation, as the negotiating position of investment professionals, who are important for success, is reasonably good. This leads, among other things, to an increase in variable fees along with the result.
- However, in asset management, which is key for Mandatum’s growth strategy, cost efficiency should improve further as AUM continues to grow. Of course, the company must succeed in general cost control too.

Value driver 3: **Release of capital**

- The growth of asset management and unit-linked insurance ties up only moderate capital compared to the capital-intensive with-profit business.
- After exiting from PE investments, the company's balance sheet is clearly overcapitalized relative to its target solvency level. Mandatum intends to unwind its overcapitalization either through additional profit distribution or potential M&A transactions.
- In our opinion, systematic unwinding of the overcapitalized balance sheet is the only correct solution. The company has also done this, as is evidenced by the profit distribution for 2024–2025, which is clearly higher than the financial year's earnings. We expect the dividend per share to exceed earnings per share by a fair margin for years to come.

Strategy and financial targets 4/4

Acquisitions as part of growth

The Finnish investment services sector has seen a lot of consolidation over the past decade. The development has been driven particularly by increased regulation in the sector and the investments required by digitalization, which has been reflected in the shrinking of the living space of smaller players in particular. Small players have regularly ended up as part of larger asset management firms.

From our point of view, Mandatum is in a very interesting position in the consolidation process. The company is by far the largest Finnish asset manager in terms of market capitalization that is not part of a banking group, and it also has a significant amount of excess capital on its balance sheet. To put things in perspective, Mandatum's current market cap is roughly equal to that of all other listed asset managers combined. In terms of AUM, the company is roughly in the same ballpark as Evli, Aktia and eQ. Thus, it is clear that in potential domestic arrangements, Mandatum would be in the role of buyer and in the driver's seat. However, we note that due to the high market capitalization, it is difficult to see Mandatum's domestic arrangements having a significant impact on the company's overall market capitalization. However, M&A could have a significant impact on the outlook and value of the asset management business.

In connection with the spin-off, Mandatum mentioned the possibility of participating in the consolidation of the Finnish financial sector as one of the reasons for the listing. We find this very logical, as Mandatum's strong balance sheet offers significant leeway, and the industrial logic of the arrangements is very clear.

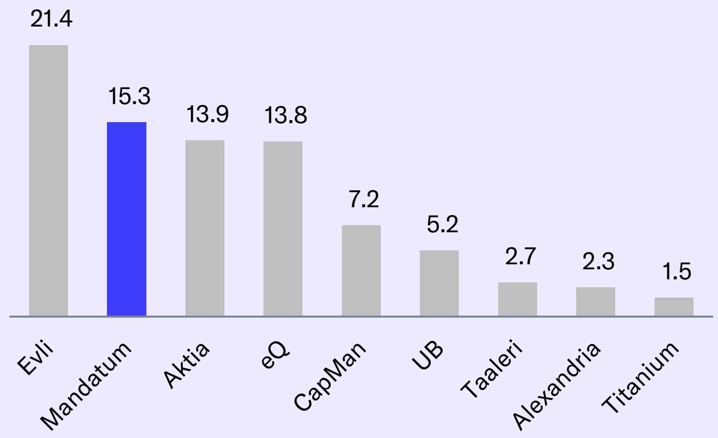
The most logical domestic acquisition targets for the company would be product houses that complement Mandatum's product offering. For example, Dasos Capital, which CapMan acquired at the end of 2023, would have been a good fit for Mandatum, at least on paper, in terms of its profile. In addition, e.g., Taaleri Energia's business would be a good fit for Mandatum.

Another logical path to accelerate growth is through acquisitions in international markets. Mandatum took its first steps in this direction in August 2026, when it acquired the Swedish fund company Cliens (our comment on the transaction). The acquisition clearly strengthens Mandatum's foothold in Sweden and offers interesting cross-selling synergies. We believe Mandatum will continue to seek acquisition targets outside Finland, and due to the very light integration of Cliens, the "digestion period" for the transaction is quite short. In international M&A deals, the challenge is usually the strong local nature of the business and the limitation of synergies to sales. Cultural risks also increase in cross-border arrangements. We believe that future international arrangements, similar to Cliens, will be small in Mandatum's scale, and key risks will be addressed through light integration and minority ownership.

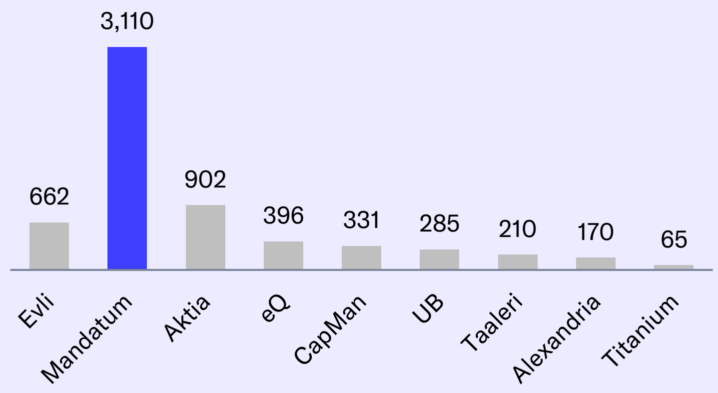
We also find it possible that Mandatum could be part of a larger domestic arrangement in which it joins forces with a larger player (Mandatum would naturally clearly be in the driver's seat). For example, at least on paper, CapMan would be a reasonably good fit for Mandatum. However, larger arrangements highlight the risks associated with integration and culture, which reduces their likelihood.

We emphasize that the company has done the right things in its strategy and its organic growth outlook is excellent, thus it is not forced to make acquisitions

Client AUM of peers 2025 (MEUR)

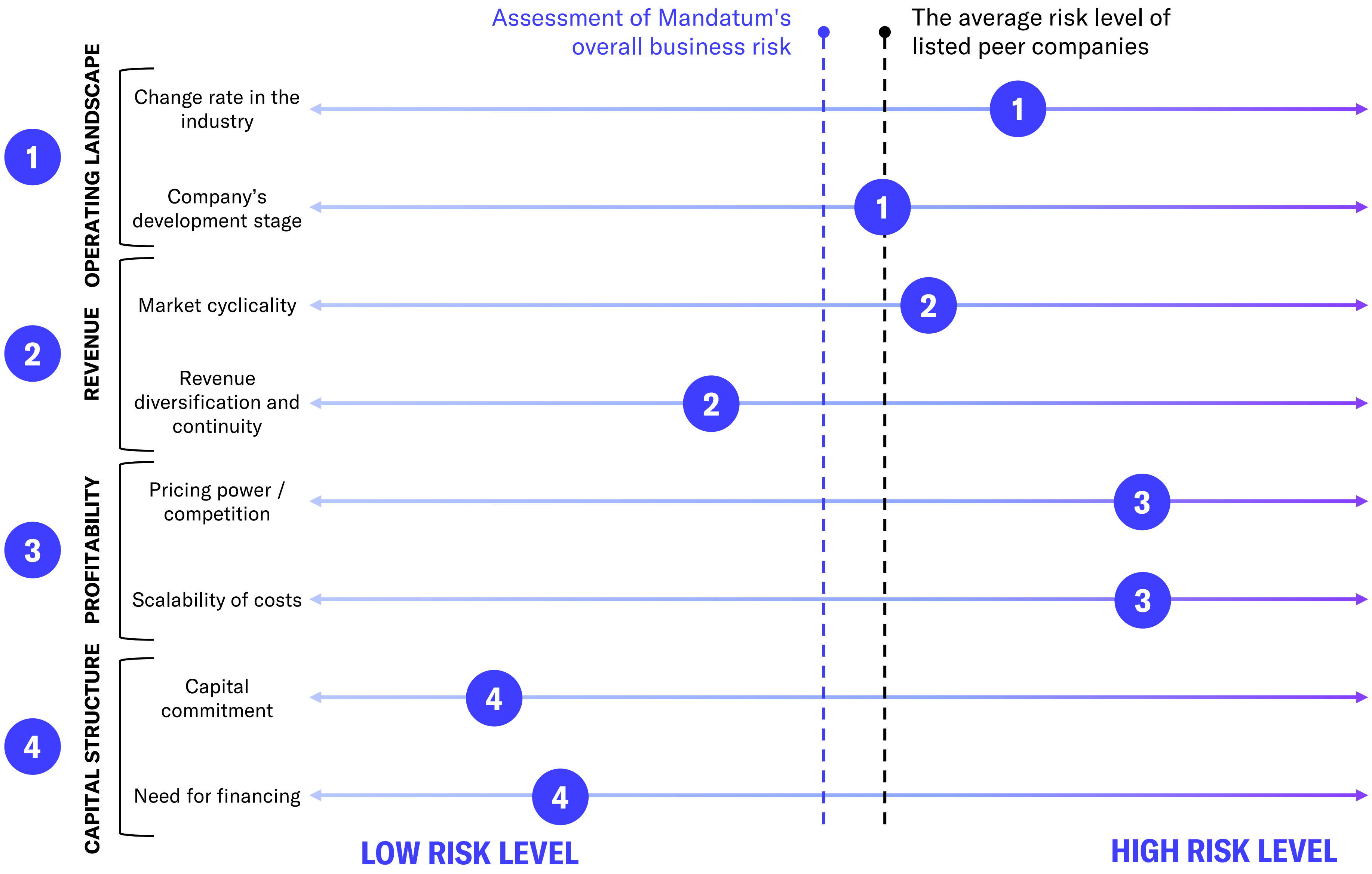


Market caps* of peers (MEUR)



**As of August 14, 2026.*

Risk profile of the business



The industry is developing rapidly. Key drivers are digitalization, regulation and ESG.

Mandatum has already established its position in the Finnish asset management market.

Investment income represents a significant proportion of the result, but the portfolio consists mainly of fixed income instruments. In asset management, the company has shown that it can also grow in a more challenging market.

Fee flows are widely dispersed between customers, but individual products account for a significant share. Fees are mostly recurring.

The fee structure is attractive and the fee levels are better than for key peers. Maintaining the price level requires a high level of service and continuous success in portfolio management.

In asset management, costs should still scale somewhat from the current level. This dynamic also works in the other direction if revenue declines.

The result is also converted well into cash flow. The balance sheet is very strong and will continue to strengthen further as the with-profit portfolio melts.

Financing needs are low, as the balance sheet is still overcapitalized and the growth of the asset management business ties up only limited capital.

Investment profile

1. Significant growth potential in asset management, where Mandatum's position has strengthened in recent years.

2. The balance sheet is very strong, and capital is constantly being freed up as the with-profit portfolio is shrinking.

3. Capital-light business enables simultaneous dividend distribution and operational business growth.

4. The contraction of the with-profit portfolio will curb the Group's earnings growth through investment income.

5. With a strong balance sheet, there is an opportunity to participate in the consolidation of the Nordic asset management market.

Potential

- Growth in capital-light Wealth management
- Relative profitability still has improvement potential with revenue growth
- As interest rates rise, the with-profit business has become clearly more attractive than before
- Release of capital from the with-profit insurance portfolio
- Value creating acquisitions in the asset management sector

Risks

- Decreased fund returns and competitiveness
- The company's earnings still remain highly dependent on investment returns
- Investment activities involve particular risks related to interest rates, as a decrease in interest rates would weigh on the Group's investment returns and earnings
- Life insurance risks (assumptions underlying insurance models may prove incorrect)
- Adverse changes in the tax legislation on investment insurance

Financial position 1/3

Accounting standards complicate comparison

When analyzing Mandatum's figures, it should be noted that the company follows the income statement formula of insurance companies in accordance with IFRS. This differs significantly from a conventional listed company and other asset managers. Applied accounting methods also vary depending on the terms of the products. Mandatum's reporting distinguishes between 1) fee-based earnings (in accordance with IFRS 9), which includes all asset management business and part of unit-linked insurance products, and 2) insurance service result, which includes the earnings from risk insurance and the majority of the earnings from pension insurance (in accordance with IFRS 17). Pension insurance contracts concluded before 2023 are treated in the insurance service result in accordance with IFRS 17, while contracts concluded after this date are recognized in the fee result for investment and asset management services in accordance with IFRS 9. However, both of these are included in Mandatum's "Fee result" item. In addition to these, Mandatum reports with-profit business and the Other segment, the contents of which are discussed in more detail in other sections of the report.

Due to accounting practices, comparing the income statement with asset managers on the Helsinki Stock Exchange is not meaningful, even though the business logic is similar. However, an examination of Mandatum's AUM and capital-light businesses provides a sufficiently good picture of the company's business development. These are also the key indicators to monitor in Mandatum's business, as growth is particularly sought from asset management and investment solutions services.

In our opinion, profit before tax at the Group level is the best metric, as the tax rate fluctuates somewhat in either direction depending on the timing of investment sales.

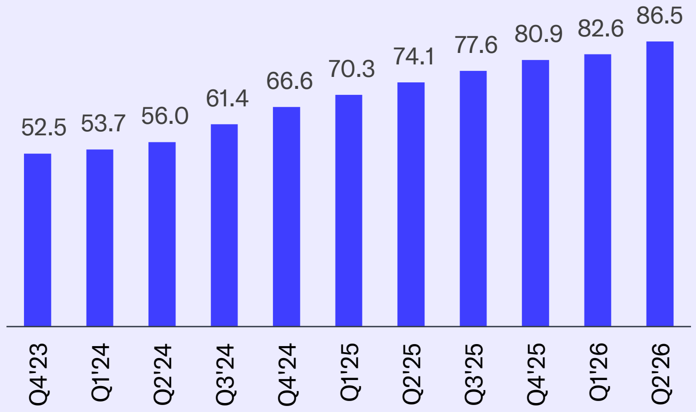
Earnings development has been convincing

Since its listing in October 2023, Mandatum's development has been characterized by an increasingly strong strategic shift toward a capital-light business. The most important bottom line is the fee result, which has developed strongly. The growth has been centered on AUM, driven by both strong new sales and favorable market development. Finnish client AUM grew by an average of around 13% per year between 2023 and 2025, and international client AUM by as much as around 36% per year.

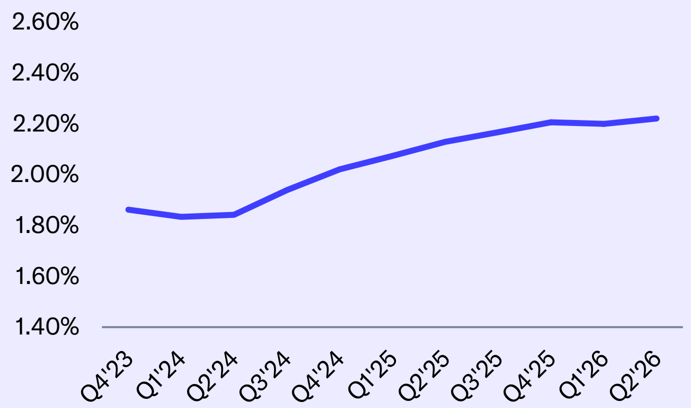
In addition to strong growth, a key earnings growth driver has been a clear improvement in cost efficiency. The cost-to-income ratio in asset management improved to 49% in Q2'26 (2022: 67%), which is already an excellent absolute level – especially as it has been achieved without performance fees. Earnings have not only scaled with revenue growth, but the company has also managed to significantly decrease its operational costs in recent years, partly by streamlining support functions.

As capital-light businesses strengthen, Mandatum has simultaneously and determinedly streamlined its balance sheet, which has curbed Group-level earnings growth through net financial income. However, the Group's earnings mix has continuously improved as the share of asset management has grown, which has increased the quality and predictability of earnings. At the same time, Mandatum has returned a significant amount of capital released from its balance sheet to its shareholders, and the dividend per share has clearly exceeded the Group's earnings per share in recent years.

Fee result development, rolling 12 months (MEUR)



Fee result/AUM, rolling 12 months (annualized)



Financial position 2/3

The balance sheet is heavy due to investment insurance

As is typical for life insurance companies, Mandatum's balance sheet is very heavy and also differs significantly from the balance sheets of other asset managers listed on Nasdaq Helsinki. The biggest difference arises from the fact that Mandatum records debt on its balance sheet from unit-linked insurance products, which contain most of its AUM. This is because, from the point of view of accounting standards, these are treated as insurance contracts, even if the investment risk is borne by the policyholder. This is the key difference between other listed asset managers, where all managed client assets are off-balance-sheet. In addition, liabilities and investment assets from the with-profit portfolio are visible on both sides of Mandatum's balance sheet, inflating its size.

As a whole, we feel the size of Mandatum's balance sheet gives the wrong impression of the capital needs of the business. In reality, the asset management contracts related to insurance contracts are pure accounting items as they do not involve balance sheet risk and do not significantly tie up the Group's own funds in solvency calculations. Similarly, the items related to the with-profit portfolio are very relevant to the company's balance sheet and business, and a considerable share of Mandatum's capital is also committed to them.

When assessing Mandatum's historical numbers, it should be noted that IFRS 17 and IFRS 9, which became effective for insurance companies at the beginning of 2023, have had a significant impact on the figures, so figures from 2021 and older historical figures are not fully comparable with more recent figures.

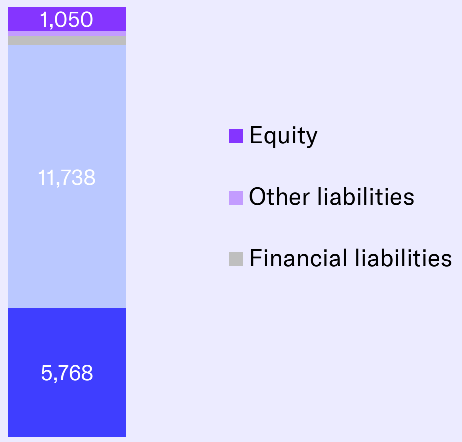
Interest-bearing debt is moderate

Mandatum's balance sheet also looks very indebted, as the equity ratio of the IFRS balance sheet is only about 8%. However, a significant portion of the liabilities are unit-linked insurance where the investment risk is borne by the customer. Thus, the more traditional ratios do not give a good picture of Mandatum's true financial position. It is therefore more sensible to look at the solvency of a company through the Solvency II requirements applicable to insurance companies. However, interest-bearing liabilities incur interest expenses, so reviewing them is essential from an earnings development perspective.

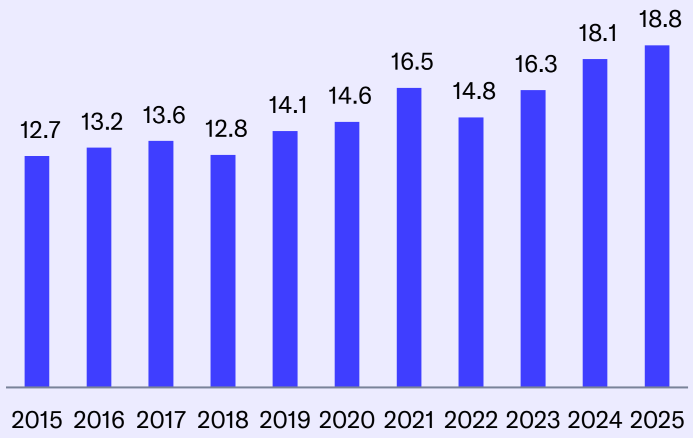
At the end of Q2'26, Mandatum had approximately 405 MEUR in interest-bearing debt. Of this, some 300 MEUR was subordinated debt (Tier 2 instrument) recognized as own funds in solvency, and 90 MEUR was other interest-bearing debt (loans from Sampo). In addition, Mandatum had slightly under 20 MEUR in IFRS 16 lease liabilities.

The maturity distribution of the loans is good, as the remaining loans received from Sampo in connection with the demerger will mature gradually between 2028 and 2030. Moreover, the subordinated loan will not mature until 2039, although its first possible redemption date is in 2029. In this context, the loan's interest rate will change from fixed (4.5%) to variable (3-month Euribor + 2.05% margin). Due to the favorable terms of the capital loan, we do not expect the company to redeem it, but we consider refinancing possible depending on interest rate developments. Raising new funding would not be a problem either, as Mandatum Life Insurance has a very

Balance sheet liabilities and equity Q2'26 (MEUR)



Balance sheet total (MEUR)



Financial position 3/3

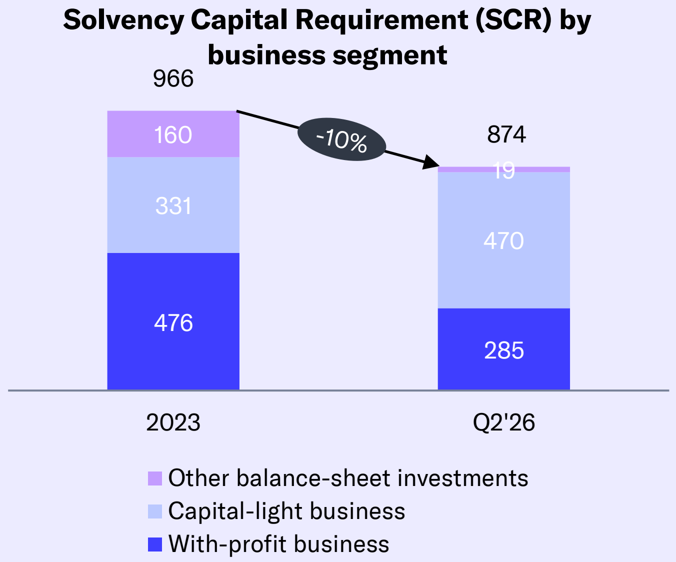
strong A (stable outlook) credit rating, and Mandatum Group also has a high BBB+ (stable outlook) rating. The credit ratings are issued by S&P Global Rating. Therefore, the financial risk to the company is very moderate.

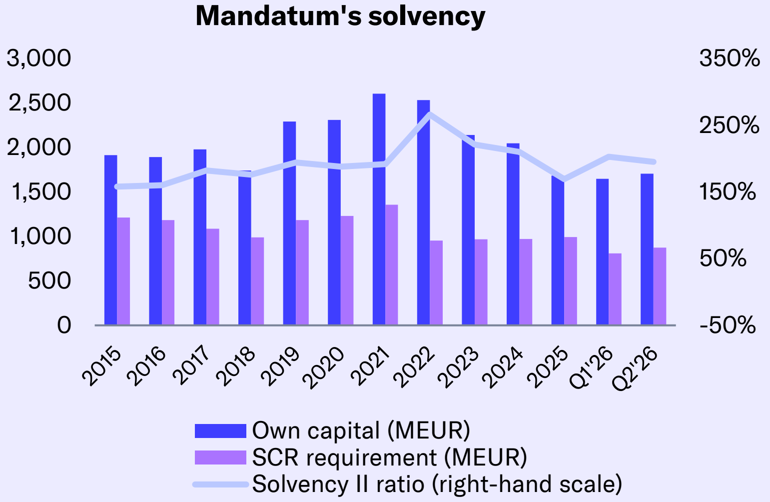
Strong solvency and balance sheet unwinding enable ample profit distribution

Mandatum's solvency is measured by the Solvency II ratio, which describes the ratio of the insurance company's own funds to the minimum capital requirement set by the supervisory authority. The majority of Mandatum's capital requirement consists of the market risk of a significant investment portfolio, which is mainly related to the investment assets of the with-profit portfolio. Correspondingly, capital-light businesses have clearly lighter requirements and enable high return on equity in asset management.

At the end of Q2'26, Mandatum's Solvency II ratio was a strong 195%. Mandatum's target is to maintain a solvency ratio of 160-180%, so the company's balance sheet is currently overcapitalized. The regulatory minimum is 100%. Solvency has received clear support from the sales of PE investments (Saxo Bank and Enento) and the increase in the investment portfolio's interest rate weight (lower capital requirement), while the high profit distribution in recent years has decreased the amount of excess capital.

Although the sales of PE investments are mostly complete, the balance sheet will release significant capital in the future as the with-profit portfolio gradually decreases and the allocation of the investment portfolio is further shifted towards a stronger fixed-income weighting.





Estimates 1/4

Underlying assumptions of estimates

Mandatum's estimates and earnings development should be examined by business segment, as their drivers are very different. Mandatum's result consists of four components:

1) fee result (asset management and unit-linked insurance result),
2) term life insurance result;
3) net finance result (investment income from the with-profit portfolio and other balance sheet investment income),
4) Other segment (mainly interest on loans and Group overheads).

Net finance income still plays the biggest role in Mandatum's earnings, but the trend is declining. The result of asset management, which is most important for the company's value, continues to show clear growth in our estimates, and for this, the question is mainly about the rate of growth. For investors, the key variables to monitor in Mandatum are:

1) AUM growth,
2) development of recurring fee-based profitability (cost/income ratio), and
3) investment success of funds (correlates with new sales in the long run, especially in international clients).

We expect the market situation to remain at least reasonable for Mandatum in the coming years. While it is naturally very challenging to predict the market's direction in the short term, the long-term fundamentals of the Finnish asset management market are strong in any case. We estimate that the asset management market will continue to grow rapidly as new wealth is constantly being created and an increasing share of the wealth is covered by professional asset management, e.g., through estate distribution. Mandatum is excellently positioned, particularly in the attractive segment of wealthy individuals, which we expect to grow faster than the overall market. In turn, the rise in interest rates has been very positive for Mandatum, as higher interest rates improve the profitability of the with-profit portfolio. In addition, rising interest rates have increased the demand for Mandatum's area of strength, i.e., fixed income products.

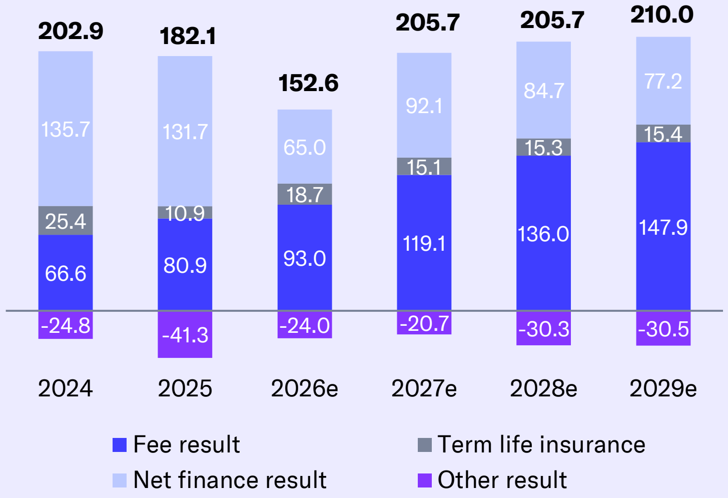
As for our estimates, it should be noted that we do not forecast changes in general market sentiment or short-term capital market value development, but our estimates for investment returns and changes in the value of AUM are based on our assessment of the average annual returns of these assets.

The fee result is Mandatum's growth engine

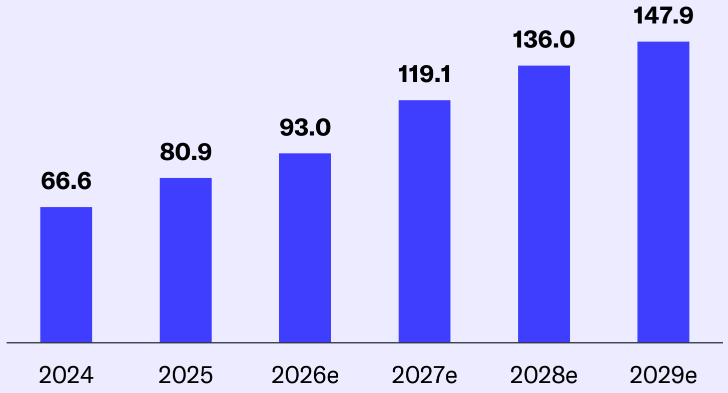
The most important variables for Mandatum's fee result are AUM growth, the average fee level, and operational efficiency, i.e., the cost-to-income ratio.

Due to its good investment performance, Mandatum should have excellent prerequisites to continue its strong new sales development in international institutional clients, who also account for a large part of new sales in our estimates. In domestic private wealth management, we also expect rapid growth to continue, supported by Mandatum's extensive distribution network, well-known brand, and market growth.

Mandatum's profit before tax (MEUR)



Fee result estimates (MEUR)



Estimates 2/4

We expect moderate sales from corporate clients in line with the rest of the market, while our expectation for retail clients is very modest, as the volumes of the Danske Bank cooperation have long been at a modest level. In addition, the elimination of tax benefits for personal pension insurance policies will inevitably have a negative impact on development. In the corporate client sector and among domestic institutional clients, it should be noted that we believe it is difficult for Mandatum to grow significantly due to its high market share. In our estimate, the best-selling products are fixed income and allocation products, while on the alternative products side, we believe the demand outlook is mainly moderately subdued and still weak in real estate.

We expect Mandatum's new sales to reach around 6% in 2026–2027, but to gradually decline thereafter as increasing comparison figures continuously raise the bar. This is because, particularly on the institutional side, some capital returns from closed-end funds do not end up in the next fund. In addition, more pension insurance contracts are constantly maturing as customers retire. However, we expect euro-denominated net sales to remain at a strong average level of around 700–900 MEUR in the longer term as well. Alongside new sales, changes in value (~5% on average) increase the AUM. The absolute level of new sales is the highest among the asset managers we cover.

On the other hand, we estimate that Mandatum's fee margins are under continuous downward pressure. This is influenced by both the pricing pressure from intensifying competition and the stronger weighting of AUM towards customer segments with lower fee levels.

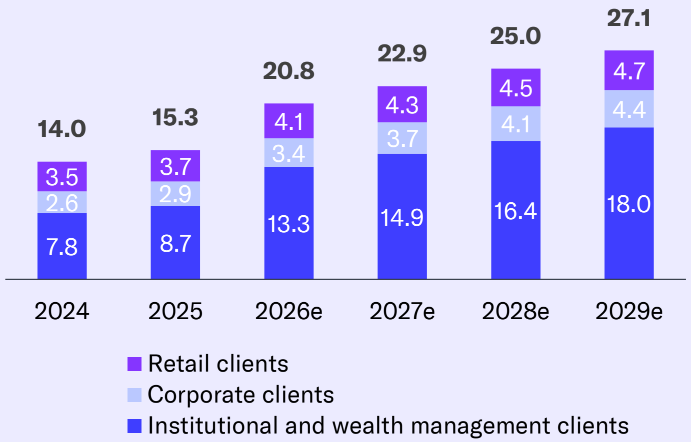
We assume that Mandatum's profitability will continue to scale with growth, similar to other companies in the industry, even though, in our interpretation, the largest leap in profitability is already behind. The improvement in cost efficiency is, of course, subordinate to the growth in the fee result. In any case, our estimates anticipate very moderate cost growth, which requires successful cost control from the company. In addition, the announced acquisition of Cliens increases AUM and the fee result in our estimates from 2027 onwards.

As a result of these factors, we estimate Mandatum's fee results to grow rapidly in the coming years (an average of around 16% in 2026-2029). In the longer term, we estimate that the increase in fee results will largely follow the development of managed assets.

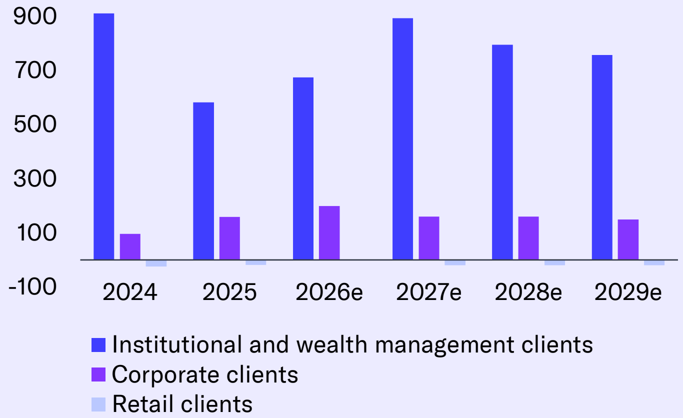
We expect a steady development for term life insurance

The net income from term life insurance fluctuates somewhat on a quarterly and annual basis due to, e.g., the timing of insurance claims. In our estimates, we have applied our estimated average earnings level to the company. The company's management has stated that it considers an earnings level of around 15–16 MEUR to be normal, and we do not find strong reasons to deviate from this assessment. We expect earnings growth to remain moderate, as the market has historically grown sluggishly. Mandatum's strong position among corporate clients could warrant a faster growth rate than the rest of the market, but on the other hand, we see the company's weak distribution to retail clients as a factor dampening growth.

AUM forecasts (BEUR)



Net subscription estimates (MEUR)



Estimates 3/4

Net finance result still accounts for the majority of earnings

The net finance result consists of investment earnings from the with-profit portfolio and returns from the Group's other balance sheet investments (a single PE investment and the parent company's cash assets). With-profit investment income consists of portfolio returns and expenses from interest costs, which are recognized in insurance liabilities.

In our estimates, Mandatum's net finance income trend is firmly downward, as the investment portfolio continuously shrinks along with the with-profit insurance portfolio that is being ramped down. In addition, the shares of Saxo Bank and Enento, which boosted investment income in 2024–2025, have been sold, so the returns on other balance sheet investments will largely be limited to the returns on the parent company's cash in the future.

The with-profit business is Mandatum's largest and most volatile earnings item for the time being, which is affected by the investment portfolio's returns on a quarterly basis. The largest weight is in fixed income investments that constitute most of the portfolio. In addition, the share of fixed income investments is set to grow based on the company's plans. However, the earnings impact from interest rate changes is not particularly dramatic, as the insurance liability of the with-profit portfolio is valued at fair value. Consequently, the revision in the value of fixed-income investments due to interest rate fluctuations is largely offset by a corresponding revision in insurance contract liabilities. In addition to fixed-income investments, Mandatum has hedged its interest rate risk with derivatives. While the hedge is not perfect, other assets, primarily listed shares, are likely responsible for most of the short-term earnings volatility.

In addition to the size of the investment portfolio, the return level achieved on the portfolio affects the net finance result. We have modeled the return on the investment portfolio by defining expected returns for different asset classes. The final return is determined by these expected returns and the portfolio allocation. The return level we estimate for the investment portfolio is quite stable at 5-6% even in the long term, and this will largely come from fixed income investments.

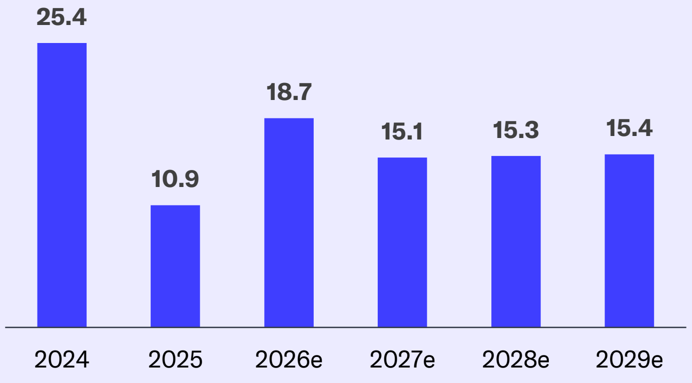
Other result mainly consists of expenses

The other result item, which mainly consists of financial expenses and unallocated Group overheads for business operations, is clearly unprofitable in our estimates. We expect Group overheads to grow only moderately, as we believe they mainly consist of fairly fixed expense items. In the short term, however, this earnings item will fluctuate, particularly with the fees from incentive schemes.

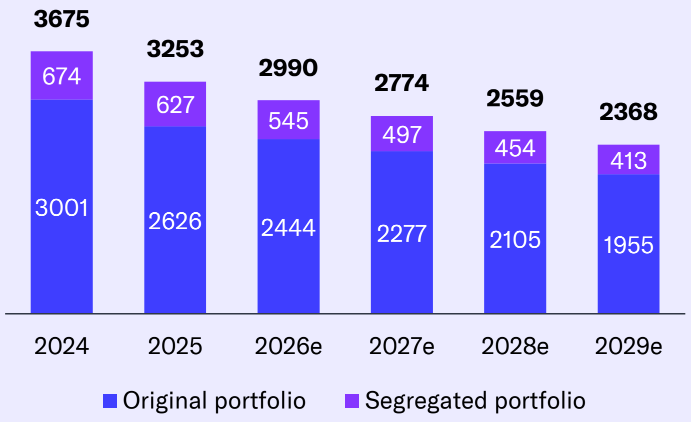
Shrinking investment portfolio hinders Group-level development

In our estimates, Mandatum's Group-level earnings will clearly decrease in 2026, largely due to an accounting change in net finance income, which weighed on Q1 earnings, making them unprofitable. In 2027, we expect earnings to grow significantly as investment income normalizes, and the decrease in corporate tax rates should lead to a clearly positive entry. In addition, the Cliens acquisition will increase the fee result from 2027 onwards, as we expect the transaction to close in late 2026.

Earnings estimates for term life insurance (MEUR)



Estimates for with-profit liabilities (MEUR)



Estimates 4/4

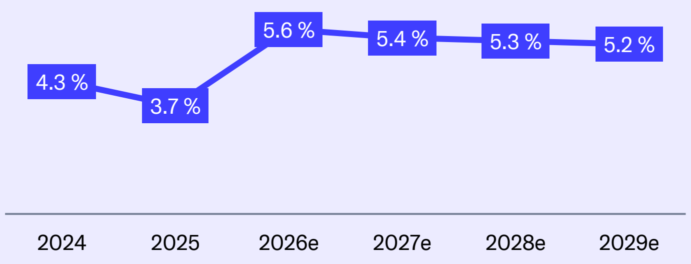
From this point forward, we expect rather moderate earnings growth. While the earnings of capital-light businesses are growing strongly in our estimates (averaging ~15% in 2024–2028 vs. the company's target of +10%), the contraction of the with-profit portfolio is hindering the Group's earnings development. Of course, in individual years, earnings can fluctuate significantly depending on the return of the investment portfolio. However, the distribution of earnings will improve significantly as the focus gradually shifts from the structurally declining with-profit portfolio to asset management, which generates a continuous and reasonably predictable fee flow and also provides a clearly higher return on capital employed in the business.

The profit-sharing outlook is abundant

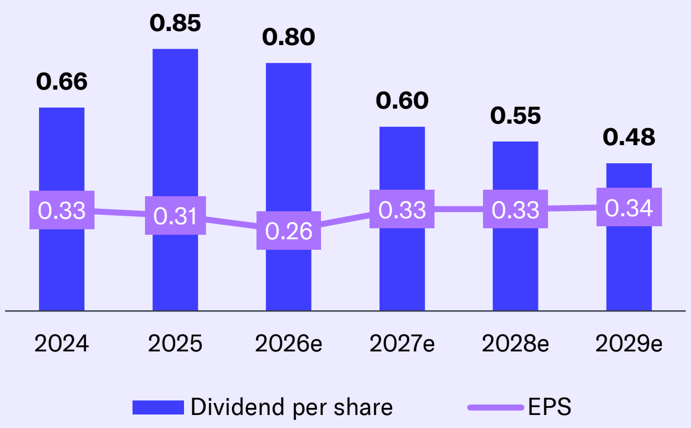
Mandatum's solvency is currently above the target level. Therefore, there are plenty of distributable assets, in addition to which capital will be gradually released as the with-profit portfolio decreases. The distribution of profits plays an exceptionally large role in the company's investment case, as we expect the dividend per share to exceed earnings per share by a clear margin for years to come. We expect Mandatum to reduce its oversized balance sheet primarily through dividends, as we do not believe it is realistic to allocate such large amounts of capital to acquisitions (nor would the company want to do so).

Our dividend forecasts are based on the assumption that the Solvency II rate is lowered close to the midpoint of the target range, i.e., 170% during the strategy period. For the next strategy period (2029–), we expect the company to again lower its targeted solvency level due to the reduction of the capital-intensive with-profit portfolio. We estimate that the next target level could be approximately 150%, which Mandatum currently applies for its capital-light business. However, in our estimates, the company's Solvency II total capital ratio will not reach this level until well into the 2030s.

Return on the investment portfolio of the with-profit business (%)



Profit distribution forecasts



Summary of estimates

Income statement	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Fee result	**66.6**	**18.8**	**18.5**	**21.7**	**21.9**	**80.9**	**20.6**	**22.4**	**24.8**	**25.1**	**93.0**	**119.1**	**136.0**	**147.9**
Term life insurance result	**25.4**	**2.3**	**2.0**	**2.6**	**4.0**	**10.9**	**6.2**	**5.1**	**3.7**	**3.7**	**18.7**	**15.1**	**15.3**	**15.4**
Net finance result	**135.7**	**51.8**	**21.7**	**39.4**	**18.8**	**131.7**	**-46.8**	**55.4**	**28.5**	**27.9**	**65.0**	**92.1**	**84.7**	**77.2**
Other result	**-24.8**	**-10.9**	**-8.0**	**-8.0**	**-14.4**	**-41.3**	**-6.1**	**-3.8**	**-6.9**	**-7.2**	**-24.0**	**-20.7**	**-30.3**	**-30.5**
Profit before tax	**202.9**	**61.9**	**34.2**	**55.7**	**30.3**	**182.1**	**-26.1**	**79.1**	**50.1**	**49.5**	**152.6**	**205.7**	**205.7**	**210.0**
Taxes	**-38.0**	-12.4	-4.9	-9.0	0.2	**-26.1**	13.6	-14.7	-10.0	-9.9	**-21.0**	**-37.0**	**-37.0**	**-37.8**
Minority share	**0.0**	0.0	0.0	0.0	0.0	**0.0**	0.0	0.0	0.0	0.0	**0.0**	**-2.0**	**-2.1**	**-2.3**
Net profit	**164.9**	**49.6**	**29.2**	**46.8**	**30.3**	**155.9**	**-12.4**	**64.5**	**40.1**	**39.6**	**131.8**	**166.7**	**166.5**	**170.0**
Earnings per share (EPS)	0.33	0.10	0.06	0.09	0.06	0.31	-0.02	0.13	0.08	0.08	0.26	0.33	0.33	0.34
Dividend per share	0.66	-	-	-	-	0.85	-	-	-	-	0.80	0.60	0.55	0.48
Equity (IFRS)	1601	-	-	-	-	1430	-	-	-	-	1134	895	761	654
Return on equity	10.3%	-	-	-	-	10.3%	-	-	-	-	10.3%	16.4%	20.1%	24.0%

Assets under management (AUM)	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Group AUM (BEUR)	**14.0**	**14.0**	**14.4**	**14.9**	**15.3**	**15.3**	**15.4**	**16.7**	**17.0**	**20.8**	**20.8**	**22.9**	**25.0**	**27.1**
Institutional and wealth management customers	7.8	8.0	8.1	8.4	8.7	8.7	8.9	9.4	9.6	13.3	13.3	14.9	16.4	18.0
Corporate clients	2.6	2.7	2.8	2.8	2.9	2.9	2.9	3.2	3.3	3.4	3.4	3.7	4.1	4.4
Retail clients	3.5	3.4	3.5	3.6	3.7	3.7	3.6	4.0	4.1	4.1	4.1	4.3	4.5	4.7

Solvency	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Solvency II ratio	210%	207%	208%	206%	184%	184%	220%	210%	210%	192%	192%	181%	176%	169%
Solvency II without transitional provision	-	-	193%	191%	169%	169%	203%	195%	195%	178%	178%	169%	167%	163%
Solvency II own funds (MEUR)	2048	2041	1858	1847	1682	1825	1648	1705	1667	1443	1562	1427	1317	1246
Solvency capital requirement (SCR)	973	984	965	968	994	994	810	874	855	812	812	789	749	736
Excess capital at target level* (MEUR)	248	221	217	201	-8	-8	271	220	214	62	62	-8	-26	-49
Number of shares (millions)	502.7	502.7	502.7	502.7	502.7	502.7	503.2	503.2	503.2	503.7	503.7	504.2	503.7	503.7
Excess capital per share at target level*	0.49	0.44	0.43	0.40	-0.02	-0.02	0.54	0.44	0.42	0.12	0.12	-0.02	-0.05	-0.10

** The midpoint of the company's solvency target*

Valuation 1/2

We have primarily gauged Mandatum's fair value using the dividend discount model, as it best reflects the company's high payout ratio and the ongoing unwinding of its overcapitalized balance sheet.

We have determined Mandatum's fair value to be around EUR 6.2 per share based on our dividend discount model. Considering this, we believe the stock is fully priced, so the investor's expected return at current levels remains insufficient. Mandatum's expected return relies heavily on a high dividend yield when the company is unwinding its overly strong balance sheet. A significant portion of the company's value is also tied to its balance sheet investment assets, although the development and outlook of the wealth management businesses play a clearly more important role for future value creation.

The dividend model is the primary valuation method

We believe that the dividend discount model (DDM) works very well for Mandatum due to the company's low investment needs and the overly strong balance sheet that the company is unwinding as the with-profit interest rate decreases. Our dividend model takes into account not only the result generated by the operating business, but also the current and future excess capital of the balance sheet, so we believe that the method gives a good picture of Mandatum's fair value. We therefore consider the DDM to be preferred method in Mandatum valuation.

In our dividend model, Mandatum's profit distribution is more heavily weighted towards the near future, as the amount of capital released from the balance sheet gradually decreases along with the investment portfolio. At the end of our estimate period, profit distribution will already be below the financial year's earnings, as the with-profit portfolio is already quite small. Further, the growth of asset management ties up solvency capital, even though the business is generally quite capital-light.

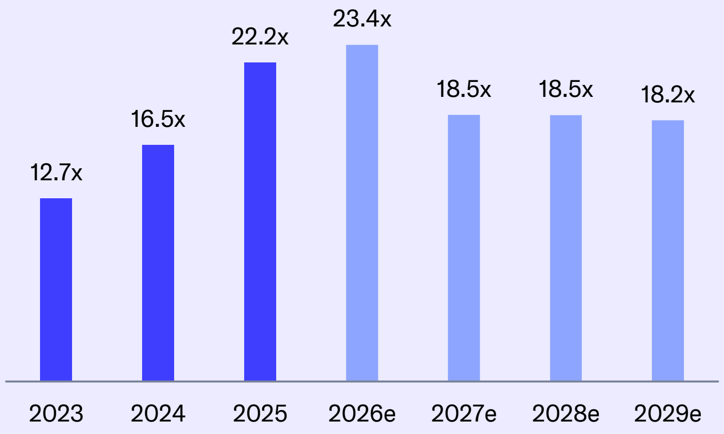
We have used 2.5% as the growth assumption for the terminal period. Although we find the long-term growth outlook for wealth management to be good, the gradual contraction of capital released from the with-profit portfolio will somewhat curb the dividend growth outlook. Our ROE requirement is 8.5%, which is the lowest in the peer group of asset managers.

Our DDM model indicates a value of some EUR 6.2 per share for Mandatum (was EUR 5.5). The increase since our previous update is explained by both the rise in our long-term profit-sharing estimates and the announced acquisition of Cliens, which we believe has good value creation potential. The impact of the increase in profit-sharing estimates was clearly greater.

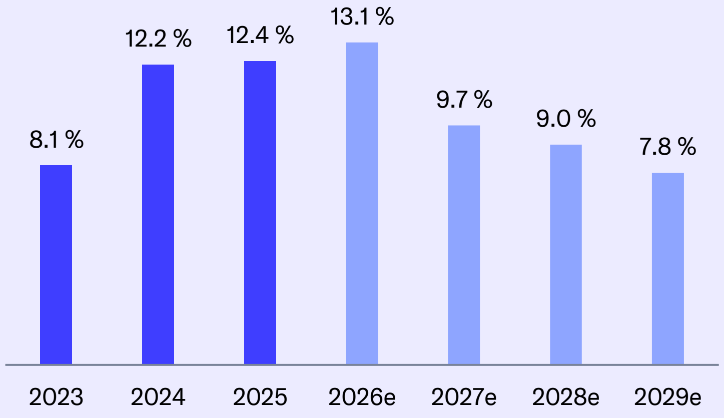
The price tag for wealth management is too high, despite the good growth outlook

Finnish asset managers offer a relatively weak peer group for Mandatum, because although they are very relevant competitors for Mandatum's capital-light business, Mandatum's structure at the Group level differs significantly from them. The biggest differentiating factor is the remarkably large factoring business, which peers do not have. This return on capital is clearly lower than in the asset management business, so Finnish peers, even at best, only provide an approximate indication of the company's acceptable valuation. Therefore, we do not give significant weight to the peer group in our valuation. However, the price tag that remains for asset management based on Mandatum's current share price can be gauged through a sum-of-the-parts calculation and compared to the valuations of peers.

Mandatum's P/E ratio



Mandatum's dividend yield-%

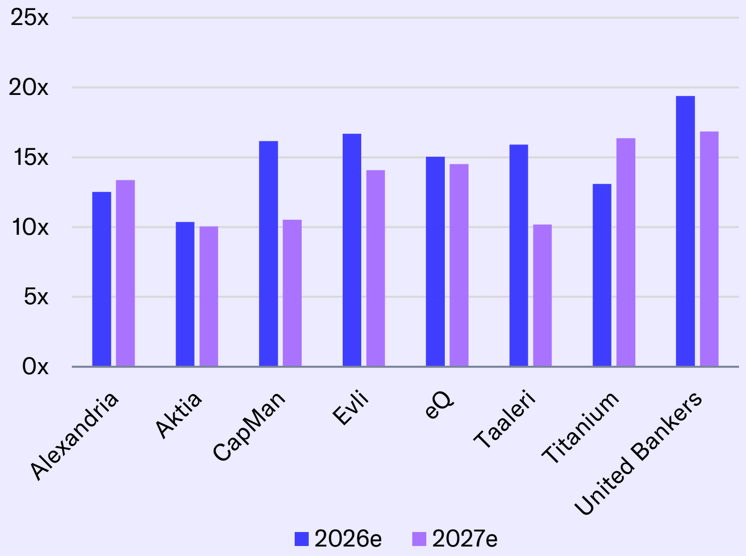


Valuation 2/2

We have valued the term life insurance business at a 10x P/E multiple and our current year earnings estimate. The earnings multiple we apply is in line with European life insurance companies. We have valued the with-profit business at its net asset value (assets-liabilities). For the Group overheads, we have applied our current year estimate (~15 MEUR) and a growth factor of 2.5%. In addition, we have taken into account the Group's interest-bearing liabilities (~400 MEUR), remaining P/E investments (~40 MEUR) and the parent company's cash reserves (~100 MEUR). We note that the amount of cash in the parent company is our own estimate, as the company does not separate the cash included in the investment portfolio of the with-profit portfolio in its cash reporting. Thus, the calculation is not exact, but we believe it gives a reasonably good picture of the value of the remaining wealth management business.

With this calculation, wealth management trades at a P/E ratio of nearly 30x, when the price tag is relative to our 2026 fee result estimate (considering taxes and the impact of the Cliens acquisition). The level is significantly above that of domestic peers. For example, Evli, which competes with Mandatum for the title of the highest quality company in the sector, has a P/E ratio of around 17x for 2026, almost half of Mandatum's corresponding figure. In our opinion, this valuation difference is difficult to justify, as Mandatum's long-term earnings growth outlook does not, in our view, differ significantly from Evli's Compared to other domestic players, the difference is even greater. The valuation premium is also remarkably wide when compared internationally. While we consider some premium justified due to the strong growth outlook and excellent operational execution, we find it difficult to accept a premium of the current magnitude.

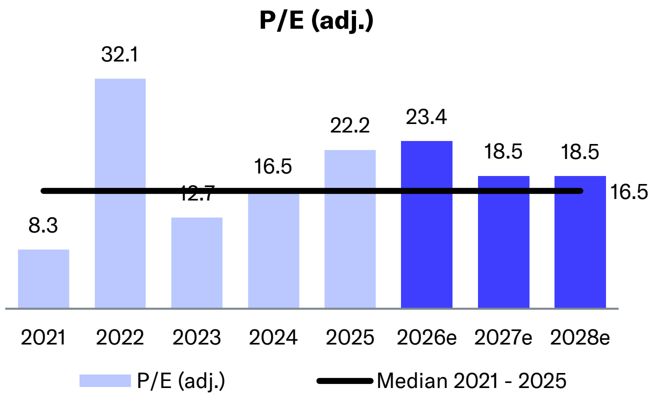
P/E ratios of Finnish asset managers

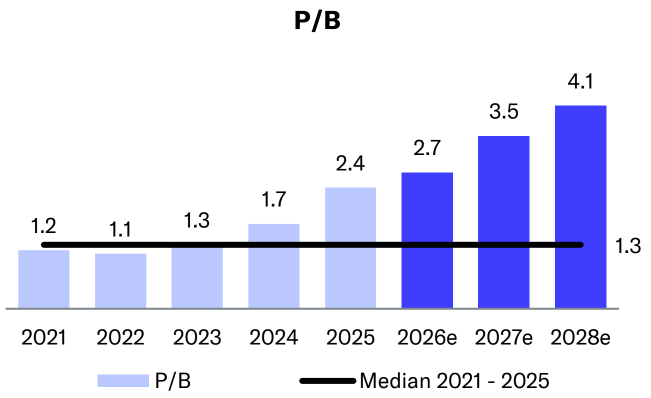


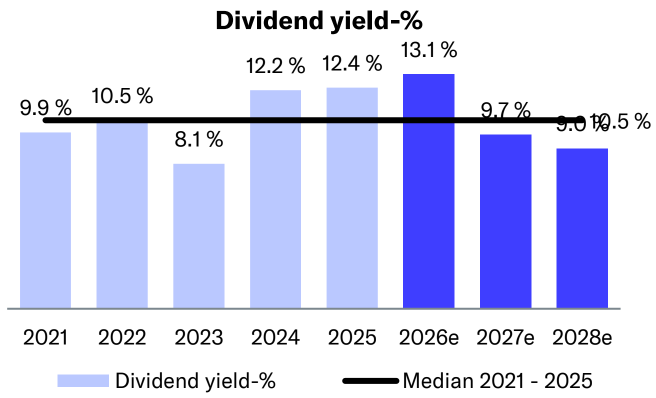
Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	3.70	3.70	4.07	5.40	6.88	**6.13**	**6.13**	**6.13**	**6.13**
Number of shares, millions	548.0	501.8	501.8	502.7	502.7	**503.7**	**504.2**	**503.7**	**503.7**
Market cap	2028	1857	2042	2715	3459	**3088**	**3091**	**3088**	**3088**
P/E (adj.)	8.3	32.1	12.7	16.5	22.2	**23.4**	**18.5**	**18.5**	**18.2**
P/E	8.3	32.1	12.7	16.5	22.2	**23.4**	**18.5**	**18.5**	**18.2**
P/B	1.2	1.1	1.3	1.7	2.4	**2.7**	**3.5**	**4.1**	**4.7**
Payout ratio (%)	81.7 %	338.6 %	103.4 %	201.2 %	274.1 %	**307.3 %**	**180.7 %**	**166.2 %**	**142.0 %**
Dividend yield-%	9.9 %	10.5 %	8.1 %	12.2 %	12.4 %	**13.1 %**	**9.7 %**	**9.0 %**	**7.8 %**

Source: Inderes NB! The closing price of the first trading day was used as the historical share price







The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years.

Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT 2026e	 2027e	EV/EBITDA 2026e	 2027e	EV/S 2026e	 2027e	P/E 2026e	 2027e	Dividend yield-% 2026e	 2027e	P/B 2026e
Alexandria	165	149	8.4	8.8	7.4	7.7	2.4	2.3	12.5	13.4	7.6	7.1	4.0
Aktia	902								10.4	10.1	5.7	6.1	1.3
CapMan	327	333	11.0	7.1	10.6	7.0	4.6	3.8	16.2	10.5	7.1	7.6	1.7
Evli	670	640	11.3	9.8	10.7	9.3	5.0	4.6	16.7	14.1	5.2	5.6	3.9
eQ	378	351	11.0	10.7	10.6	10.3	5.2	5.0	15.0	14.5	6.7	7.1	5.2
Taaleri	206	220	10.9	7.0	10.4	6.8	3.8	3.1	15.9	10.2	4.1	5.5	0.9
Titanium	64	52	8.6	11.4	7.8	9.9	2.6	2.7	13.1	16.4	7.3	5.9	4.2
United Bankers	288	282	14.3	12.5	12.4	11.1	4.3	3.9	19.4	16.9	4.6	5.0	4.3
Mandatum (Inderes)	**3088**	**2993**	**19.6**	**15.7**	**19.6**	**15.7**	**20.1**	**16.1**	**23.4**	**18.5**	**13.1**	**9.7**	**2.7**
Average			**10.8**	**9.6**	**10.0**	**8.9**	**4.0**	**3.6**	**14.9**	**13.2**	**6.0**	**6.2**	**3.2**
Median			**11.0**	**9.8**	**10.6**	**9.3**	**4.3**	**3.8**	**15.5**	**13.7**	**6.2**	**6.0**	**3.9**
Diff-% to median			***79%***	***61%***	***85%***	***69%***	***366%***	***329%***	***51%***	***35%***	***112%***	***62%***	***-31%***

Source: Refinitiv / Inderes

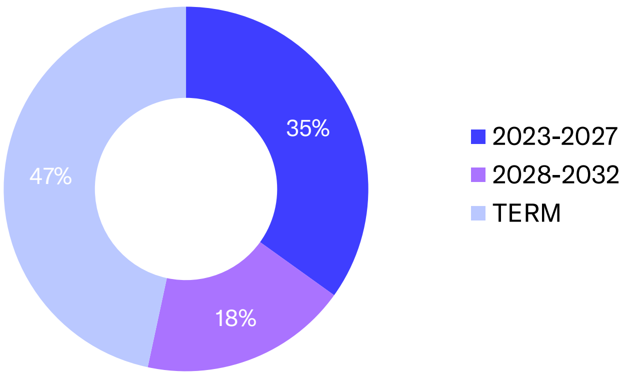
Dividend model (DDM)

DDM valuation (MEUR)	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Mandatum's net profit	**132**	**167**	**167**	**170**	**177**	**183**	**193**	**204**	**214**	
Dividend paid by Mandatum	**405**	**301**	**277**	**241**	**229**	**219**	**158**	**162**	**166**	**2837**
Payout ratio	307%	181%	166%	142%	129%	119%	82%	79%	77%	
Dividend growth %	*-5.2 %*	*-25.6 %*	*-8.1 %*	*-12.8 %*	*-5.1 %*	*-4.4 %*	*-27.9 %*	*2.8 %*	*2.1 %*	*2.5 %*
Discounted dividend	382	262	222	178	156	137	91	86	81	1394
Discounted cumulative dividend	2989	2607	2346	2124	1946	1790	1653	1562	1475	1394

Excess capital in the terminal period	150
Equity value, DDM	3139
Per share, EUR	**6.2**

Cost of capital	
Risk-free interest	2.5%
Market risk premium	4.8%
Beta	1.3
Liquidity premium	0.0%
Cost of capital	**8.5%**

Cash flow breakdown



Lähde: Inderes. Huomaa, että terminaaliarvon paino (%) on esitetty käänteisellä asteikolla selkeyden vuoksi.

Disclaimer and recommendation history

The information presented in Inderes reports is obtained from several different public sources that Inderes considers to be reliable. Inderes aims to use reliable and comprehensive information, but Inderes does not guarantee the accuracy of the presented information. Any opinions, estimates and forecasts represent the views of the authors. Inderes is not responsible for the content or accuracy of the presented information. Inderes and its employees are also not responsible for the financial outcomes of investment decisions made based on the reports or any direct or indirect damage caused by the use of the information. The information used in producing the reports may change quickly. Inderes makes no commitment to announcing any potential changes to the presented information and opinions.

The reports produced by Inderes are intended for informational use only. The reports should not be construed as offers or advice to buy, sell or subscribe investment products. Customers should also understand that past performance is not a guarantee of future results. When making investment decisions, customers must base their decisions on their own research and their estimates of the factors that influence the value of the investment and take into account their objectives and financial position and use advisors as necessary. Customers are responsible for their investment decisions and their financial outcomes.

Reports produced by Inderes may not be edited, copied or made available to others in their entirety, or in part, without Inderes' written consent. No part of this report, or the report as a whole, shall be transferred or shared in any form to the United States, Canada or Japan or the citizens of the aforementioned countries. The legislation of other countries may also lay down restrictions pertaining to the distribution of the information contained in this report. Any individuals who may be subject to such restrictions must take said restrictions into account.

Inderes issues target prices for the shares it follows. The recommendation methodology used by Inderes is based on the share's 12-month expected total shareholder return (including the share price and dividends) and takes into account Inderes' view of the risk associated with the expected returns. The recommendation policy consists of four tiers: Sell, Reduce, Accumulate and Buy. As a rule, Inderes' investment recommendations and target prices are reviewed at least 2–4 times per year in connection with the companies' interim reports, but the recommendations and target prices may also be changed at other times depending on the market conditions. The issued recommendations and target prices do not guarantee that the share price will develop in line with the estimate. Inderes primarily uses the following valuation methods in determining target prices and recommendations: Cash flow analysis (DCF), valuation multiples, peer group analysis and sum of parts analysis. The valuation methods and target price criteria used are always company-specific and they may vary significantly depending on the company and (or) industry.

Inderes' recommendation policy is based on the following distribution relative to the 12-month risk-adjusted expected total shareholder return.

Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

The analysts who produce Inderes' research and Inderes employees cannot have 1) shareholdings that exceed the threshold of significant financial gain or 2) shareholdings exceeding 1% in any company subject to Inderes' research activities. Inderes Oyj can only own shares in the target companies it follows to the extent shown in the company's model portfolio investing real funds. All of Inderes Oyj's shareholdings are presented in itemised form in the model portfolio. Inderes Oyj does not have other shareholdings in the target companies analysed. The remuneration of the analysts who produce the analysis are not directly or indirectly linked to the issued recommendation or views. Inderes Oyj does not have investment bank operations.

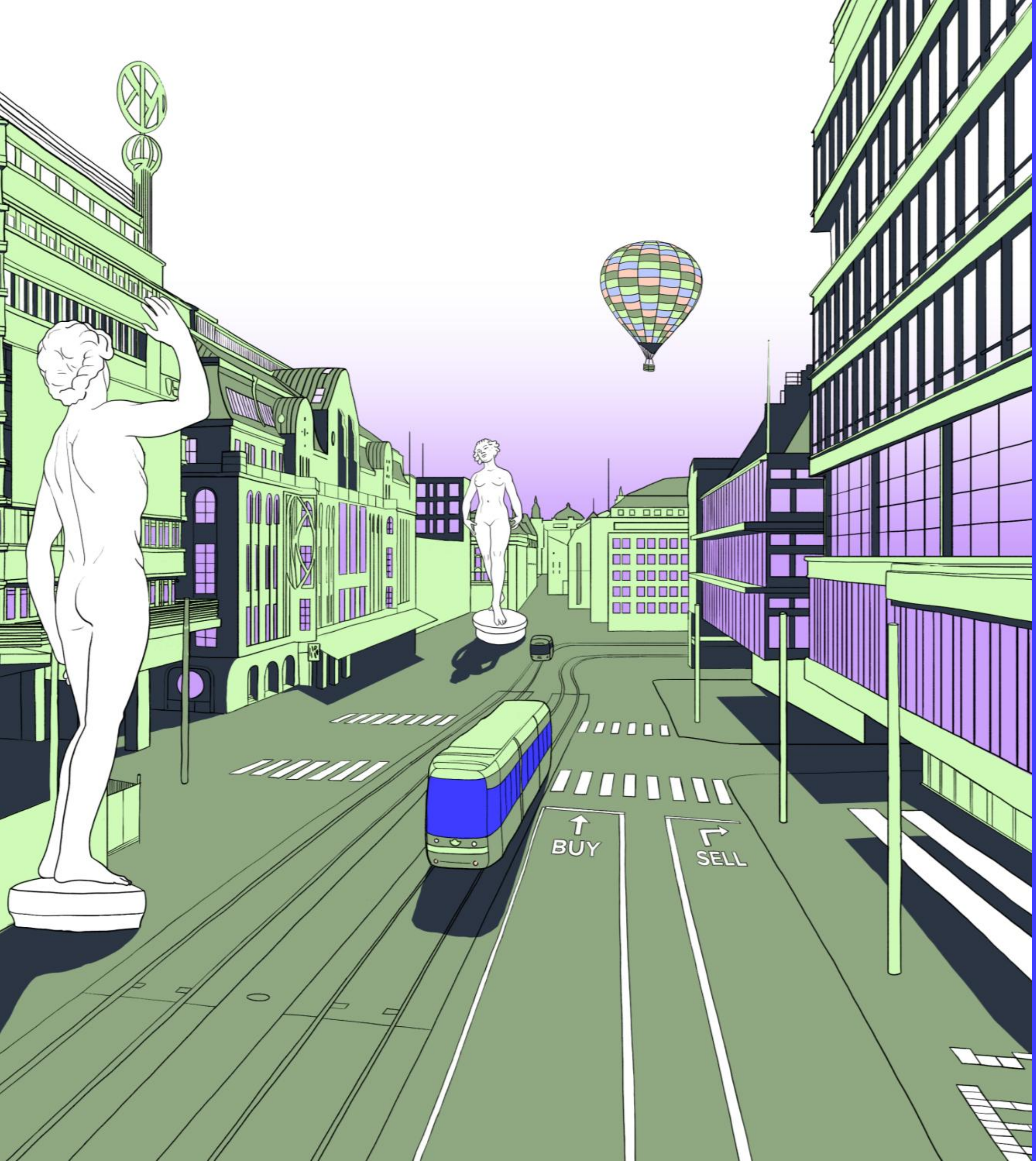
Inderes or its partners whose customer relationships may have a financial impact on Inderes may, in their business operations, seek assignments with various issuers with respect to services provided by Inderes or its partners. Thus, Inderes may be in a direct or indirect contractual relationship with an issuer that is the subject of research activities. Inderes and its partners may provide investor relations services to issuers. The aim of such services is to improve communication between the company and the capital markets. These services include the organisation of investor events, advisory services related to investor relations and the production of investor research reports.

More information about research disclaimers can be found at www.inderes.fi/research-disclaimer.

Inderes has made an agreement with the issuer and target of this report, which entails compiling a research report.

Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
10/12/2023	Buy	4.20 €	3.70 €
11/8/2023	Osta	4.20 €	3.62 €
2/14/2024	Buy	4.40 €	3.84 €
5/10/2024	Accumulate	4.50 €	4.36 €
8/14/2024	Reduce	4.50 €	4.38 €
11/13/2024	Accumulate	4.50 €	4.16 €
2/14/2025	Reduce	4.80 €	5.28 €
4/11/2025	Reduce	5.40 €	5.61 €
5/9/2025	Reduce	5.60 €	6.09 €
5/19/2025	Reduce	4.90 €	5.28 €
6/10/2025	Reduce	5.30 €	5.51 €
8/15/2025	Reduce	5.60 €	5.88 €
11/12/2025	Reduce	6.00 €	6.41 €
2/13/2026	Reduce	6.30 €	6.82 €
5/11/2026	Reduce	6.40 €	6.53 €
5/15/2026	Reduce	5.50 €	5.69 €
8/14/2026	Reduce	6.20 €	6.40 €
8/20/2026	Reduce	6.20 €	6.13 €



CONNECTING INVESTORS AND COMPANIES.

Inderes connects investors and listed companies.

We serve over 400 Nordic listed companies that want to better serve investors. The Inderes community is home to over 70,000 active investors.

We provide listed companies with solutions that enable seamless and effective investor relations. The Inderes service is built on four cornerstones for high-quality investor relations: Equity Research, Events, IR Software, and Annual General Meetings (AGM).

Inderes operates in Finland, Sweden, Norway, and Denmark and is listed on the Nasdaq First North Growth Market.

Inderes was created by investors, for investors.

Inderes Ab
Vattugatan 17, 5tr
Stockholm
+46 8 411 43 80

inderes.se

Inderes Oyj
Porkkalankatu 5
00180 Helsinki
+358 10 219 4690

inderes.fi

inde
res.