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**Mint of Finland Group's
Corporate responsibility report**

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Mint of Finland promotes social responsibility throughout value chain and reports corporate responsibility development for the operations in Finland and in Germany.

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The most trusted coin service provider



Mint of Finland is one of the leading providers of coin and blank related manufacturing, lifecycle and consulting services. The company is owned by the State of Finland. Corporate responsibility is at the heart of daily work. By committing to continuous improvement, in a flexible, efficient, and sustainable way, Mint of Finland is creating value for the owner and the customers.

Mint of Finland promotes responsibility throughout the whole value chain. The reporting describes the development work in the areas of environmental, personnel, human rights & fair play as well as corporate governance and financial responsibility.

Mint of Finland reports the responsibility work that is done in the Mint of Finland manufacturing units in Vantaa, Finland and in Halsbrücke, Germany. Mint of Finland Group also includes a 50% holding with the Royal Mint of Spain in the joint venture Compañía Europea de Cospelés S.A. (CECO S.A.), which manufactures blanks in Spain. CECO S.A. has committed to Mint of Finland's Business Partner Code of Conduct and in this respect has undertaken to comply with the company's ethical guidelines.

Values guide our way

Mint of Finland's values are: respect, professional pride, reliability and collaboration. Respect means respect for our customers and partners and for each other by giving feedback and by consciously striving to build a good atmosphere. Professional pride is pride in the quality of operations and a constant striving to act at all times as a highly regarded leader in the industry. Reliability is reflected in the company's operations in the form of keeping our promise to customers, colleagues and to ourselves. Collaboration as a value at Mint of Finland means understanding the implications of our own work input on the success of others' work.

Making the future of coins brighter all over the world

Mint of Finland is a responsible and reliable partner offering value adding services and solutions to central banks, issuing authorities and mints. The key market areas are in Europe, Asia, Africa and Latin America. Over the years Mint of Finland has served customers in more than 40 countries all over the world. In the year 2021 99% of the company turnover came from export.



Mint of Finland responsibility reporting consists of responsibility related to environment, personnel, human rights & fair operating practices as well as corporate governance and financial responsibility.

Future of cash

Mint of Finland has been studying the future of cash industry and the impact of digitalization on cash money. Mint of Finland believes that coins will continue to serve people's needs as a handy and safe payment instrument even though the payment landscape is undergoing digital transformation. The strength of coins lies in their unique features; anonymity, inclusivity, accessibility and tangibility. Coins complete the diversity of payment landscape, which is good for society as a whole. Different population groups will have the opportunity to use the payment methods best suited to them.

Coins are special because they form part of national system of payments and represent national identity. Every coin is a symbolic representation of country's identity and tells a chosen story for the next generations.

Opportunities of digitalization

Mint of Finland sees digitalization as an opportunity to develop the company's own operations, cooperation with suppliers and services offered to customers. During the 2021 the major digitalization activities have been around automating operations, upgrading the resource planning tools to match the future needs and further development of the digital solution called Coiniverse, which was launched in January 2021.

Coiniverse aims to transfer the coin collecting hobby into the digital age, attract and inspire new collector generations and build new business models for all the mints operating on the Coiniverse platform. During its' first year of operation Coiniverse has established a firm growing userbase and has been welcomed by various mints of the world, as they have joined the platform as members to provide a new digital experience for collectors all over the world.

Environment



Mint of Finland strives to minimise the environmental impacts of its operations by minimising emissions into the water, air and soil.

The main target is to increase the awareness about CO₂ caused by the products and the related supply chain inside Mint of Finland as well as in the coin industry.

The active, ISO14001 certified, environmental management system as well as orientation on ISO26000 and Sustainable Development Goals of the United Nations Global Compact are setting the rules and goals for continuous improvement.

Actions for CO₂ emissions reduction

During 2021, Mint of Finland continued to follow the CO₂ emissions caused by production processes and internal transportation. For this purpose, a specific KPI for generation of CO₂ related to production efforts has been defined and reviewed on monthly basis. When the KPI shows changing results, the root cause can be investigated and actions implemented.

Already at the end of 2020, Mint of Finland took actions for a significant reduction of the CO₂ emissions. These actions affect the energy sourcing as well as the internal transportation modes. For district heating of the Vantaa facility, the energy type has been changed to 100% renewable energy with zero g CO₂ emissions, while previous district heating energy caused 177g CO₂ per kWh. With the beginning of 2021, our Halsbrücke factory changed the type of electrical energy. When the earlier energy was a regular mix of different sources, mainly focused on cost optimization, the source of electrical energy in 2021 has been 100% waterpower energy with significant lower CO₂ emissions. The third action for reduction of CO₂ emissions has been implemented in our internal transportation between the facilities in Finland and Germany. Starting 2021 the road transportation share has been moved for a main part to rail transportation and resulted in a 30% reduction of related CO₂ emissions.

In 2022 the identification of further improvement potentials will continue. Even if the expected potential will be less, Mint of Finland will further strive for reduction of the CO₂ emissions and footprint.

Even though in 2021 the business travel activities went up compared to 2020, those have been still on a very low level. The main reason for this is that Mint of Finland continued to utilize the renewed way of working with external partners and the usage of virtual meeting tools.

Responsible use of resources

Mint of Finland continues to pay a special attention to its consumption of resources. The main raw material, metal in different composition will either become a final product or is returned into the material cycle. Consumption of the different sources of energy and natural resources is continuously monitored, that unexpected consumption can be identified and prevented. Additionally, the Halsbrücke site maintains a certified ISO50001 energy management system, to support the continuous improvement of energy efficiency. Further activities are in place, to substitute whenever possible process materials by more environmentally friendly options.

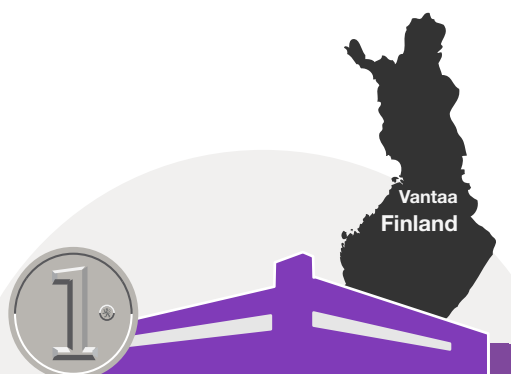
Environmental aspects in business processes

Mint of Finland process landscape is a living process map. A continuous review of processes, considering all stakeholders expectations, enables a fast reaction on changing conditions. Environmental aspects hold a substantial role in business as well as operational process definition and adjustment. The outcome of process work results in achieving commonly agreed ways of working, clear roles and responsibilities, efficiency, and balance.

Two factories



The Halsbrücke factory is the internal coin blank producer for steel and solid metal blanks. Production processes vary a lot between the different products. Main steps are punching, galvanic plating, heat treatment, surface treatment and sorting, beside other product specific processes as piercing or preassembling. Most of the total energy demand of the coin production originates in these production steps.



The Vantaa site is the actual mint and home of the coin production of Mint of Finland. Production starts with ready to mint coin blanks, which are supplied by the blank production factory in Germany or 3rd party blank producers. Key production steps are tooling, minting, and packing of coins. Additionally, Vantaa site hosts the overall group administration, from management functions to sales, purchasing, finance and other group related functions.

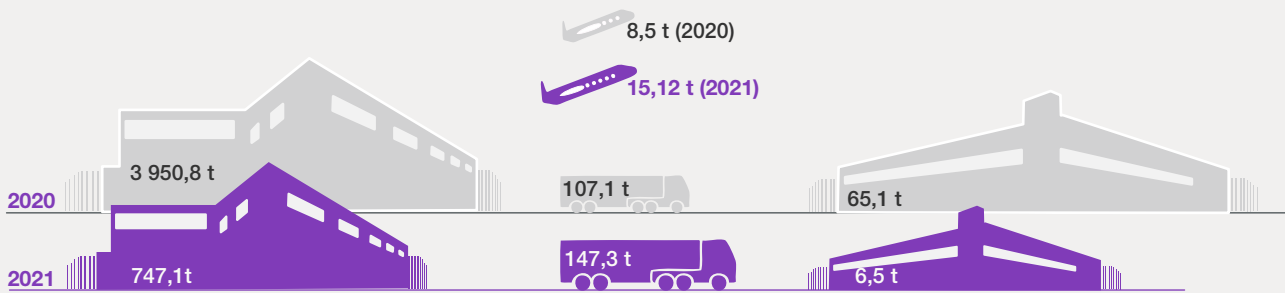
Achievements in environmental responsibility 2021

- 1 Reduction of total CO₂ generation by Mint of Finland operation and internal logistics by 78% from 4.123 tons to 901 tons.
- 2 The share of renewable energy in the Vantaa site achieved 100% in 2021.
- 3 Increase the share of renewable energy in the Halsbrücke site from 7,9% to 70,4% by changing the source of electrical energy to 100% waterpower.

CO₂ footprint

Business travel (flights only)

Business travel activities were drastically reduced by global Covid-19 pandemic. In 2021 business travel was on 15% of pre-Covid-19 level.



Electricity, district heating and natural gas

Halsbrücke site overall CO₂ generation decreased massively due to changed source of electrical energy and reduced volume (-30%).

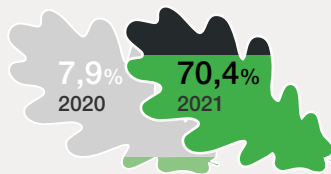
Transportation between factories (truck, railway and sea ferry)

Transportation between the factories increased since more blanks from Halsbrücke have been consumed in Vantaa. But due to improved transportation mode, the increase in CO₂ emission has been moderate.

Electricity and districts heating

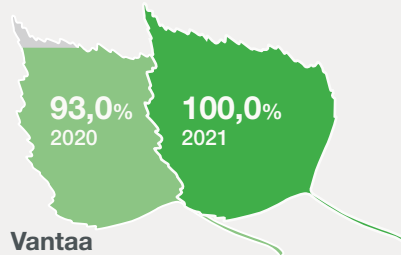
Since Vantaa site energy is sourced 100% renewable, the remaining CO₂ generation is related to wind energy, which causes about 5 g CO₂ per kWh.

Renewable energy share in production (%)



Halsbrücke (includes electricity, district heating and natural gas)

In the Halsbrücke factory, the percentage of renewable energy increased significantly since electrical energy is from 2021 onwards 100% waterpower generated. Natural gas for annealing processes and district heating remaining non-renewable.



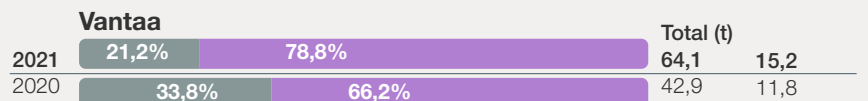
Vantaa (includes electricity and district heating)

The percentage of renewable energy of the Vantaa factory has reached 100%. Electricity is sourced from wind energy while district heating is from 100% biological renewable energy.

Waste and recycling

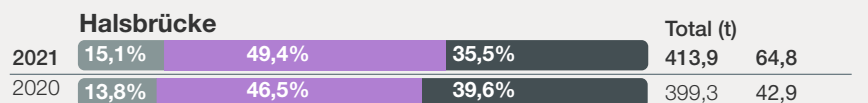
Waste utilization by disposal method (%)

- Material
- Energy
- Disposal



Waste recycling rate in Vantaa has suffered in 2021 from significant higher amount of non-recyclable wood, which represents almost 70% of the total waste amount. This has been caused by blank shipments from 3rd party blank suppliers. Other types of non-recyclable waste developed positive with absolute decrease while total amount increased.

Amount of waste per tonne of coins (kg/t)



Also in 2021, waste from wastewater treatment and from plating process were dominating the need for waste removal. Also, the amount of recyclable waste remained stable. The total amount of waste as well as the share of recyclable waste continues to have a strong dependency on the product mix.

Amount of waste per tonne of blanks (kg/t)

People



Mint of Finland's primary goal under the COVID-19 crisis continuing during the year 2021 has been to constantly ensure a safe working environment for its employees and the continuity of the production.

Ensuring the health, safety and work ability of employees is an essential foundation of Mint of Finland's leadership responsibilities and day-to-day operations. During the pandemic, Mint of Finland has evaluated occupational health and safety risks carefully and prioritized employees' wellbeing at all times.

Company has been monitoring the COVID-19 situation closely, following authorities' recommendations cautiously and updating the local internal company instructions accordingly. For instance, facemasks were used in company premises, visits were restricted and remote work recommendation continued to the extend work tasks allowed it. Mint of Finland has communicated corona related instructions to employees actively and reminded about psychosocial wellbeing and support available. Overall, the company has been able to ensure the safety of the employees both in Vantaa and in Halsbrücke, and has not had any major spread of COVID-19 infections within the workplace.

During the first three quarters of 2021 the workload was high and temporary as well as rental personnel have been hired in both Vantaa and in Halsbrücke. In December 2021 short time work was taken into use in Halsbrücke due to low workload.

Improving communication

Intranet is the most important channel for internal communication in the company, however during pandemic additional informal virtual communication has been enhanced, including virtual coffee breaks as well as instant messaging within the work community. Mint of Finland organises quarterly info session for all its employees in Germany and Finland and those continued in 2021 mainly virtually. Remote work practices have been further developed throughout the year. Thoughts and ideas for future hybrid work have been gathered from all employees in Vantaa, and the new rules for remote and local work will be taken into test use once the remote work recommendation is removed.

Information flow between the superiors and their team members was improved with new tools as in January 2021 new HR management system was launched. HR management system has enabled the company to better manage the information flow of the entire employment lifecycle.

Personnel development

Competence development at Mint of Finland is based on the business strategy and business objectives. Competence development aims to ensure the skills and expertise that ensures the company a competitive advantage now and in the future. A company level personnel development plan is drawn up annually. Personally, everyone discusses their development plans and needs at least once a year in connection with the development discussion.

In terms of development actions, company aims to follow the 70–20–10 model: 10% of learning takes place in formal training, such as coaching and seminars. 20% of learning comes from other people, for example by receiving feedback, sharing experiences or learning the work from a colleague or supervisor. Up to 70% of learning takes place through work itself, tackling challenges and solving problems. Thus, about 10% of the total personnel development is traditional training.

Developing Competencies (training days)

	Vantaa	Halsbrücke
2021*	198	216
2020	64	99

*Increase due to some of the trainings were postponed from previous year due to Covid-19

Employee wellbeing

Maintaining work ability and well-being at work are part of everyday preventive work, for which both the employer and the employee are responsible. Due to the prolonged exceptional situation related to the pandemic, the company has paid even more attention to well-being at work. During the year, Mint of Finland invested in well-being through, among other things, new employee benefits, targeted pulse surveys and supervisor training. Well-being at work has also been a special priority in the development discussions in both 2021 and 2022.

Employee surveys are conducted annually in both Finland and Germany. In addition, with our regular pulse surveys we gather feedback and insights from our employees. Through the surveys, all our employees are encouraged to share their thoughts on a wide range of topics, from work-life balance, wellbeing and social responsibility to leadership and performance. In 2021 both in Vantaa and Halsbrücke workshops were held together with the employees to discuss company culture and organisational development.

Consequently survey results showed good improvement especially in Halsbrücke site. Personnel survey average result raised in Halsbrücke to all time high, being 3,2 (3,1) in the scale from 1 to 4. In Vantaa site the average result remained at a good level being 3,2 (3,3). Participation rate in Vantaa was 83% (82%) and in Halsbrücke 65% (68%). Employee wellbeing was chosen as the development area in Vantaa and “My own work“, “Leadership & imme-

ciate supervisor“ and “My work community“ were chosen as development areas in Halsbrücke. The development areas will be handled together with the personnel through workshops, development discussion and within each team.

Job Satisfaction development (scale 1-4)

	Vantaa	Halsbrücke
2021	3,2	3,2
2020	3,3	3,1

Occupational health and safety

Safety at work is the cornerstone of Mint of Finland’s operating activities. To promote safe working conditions, we arrange regular safety training sessions. Also the occupational safety committee, which is composed of employees, works to improve safety. Mint of Finland is building a safe working environment by influencing attitudes and employees are asked to report “near-miss” situations and deviations. To promote occupational health, both factories have a proactive approach to reduce absences, rehabilitate employees and to maintain working ability. During 2021 also Occupational health and safety management system was developed to comply in essential parts with ISO 45001 standard requirements.

Sick leave rate* (average)

	Vantaa	Halsbrücke
2021*	3,3	10,4
2020	2,7	6,9

*Target below industry average: Finland 4% and Germany 7%.

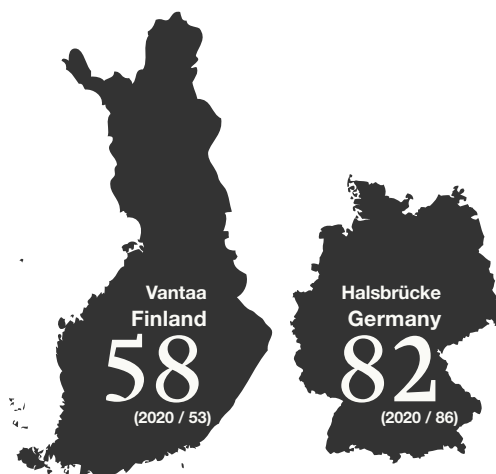
Accident frequency* (per million working hours)

	Vantaa	Halsbrücke
2021*	0	27
2020	19	19

*Target below industry average: Finland 9 and Germany 21. Number of accidents in 2021: Vantaa 0, Halsbrücke 4. Calculation includes the accidents leading to more than 3 days absence.

Focus areas 2021

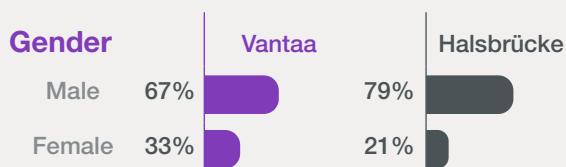
- 1 Ensuring the safe working environment for employees during the COVID-19 crisis.
- 2 Developing organisational structure and culture together with the employees.
- 3 Implementing new HR management system.



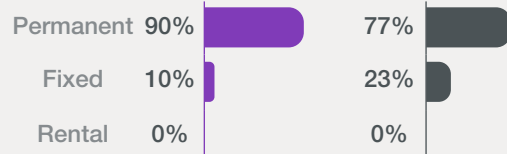
Number of staff by country (31.12.2021)
Furthermore there were in average 10 rental workers working for the group during the production peaks.

Equal opportunities principle realisation

(31.12.2021)



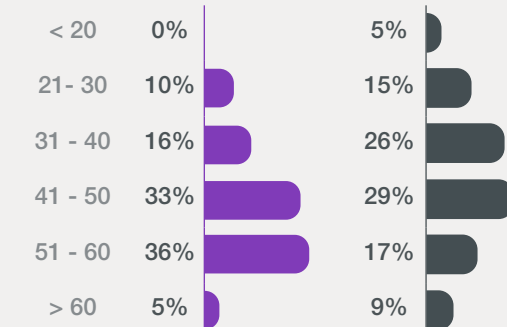
Permanent vs. Fixed



Blue collar vs. white collar



Employee age structure



Mint of Finland respects workplace equality and the basic rights of employees. All employees and job applicants are treated fairly and equally. Employees are recruited on the basis of competence and professional ability. Personnel experience and diversity are appreciated.

Human rights and fair operating practices



Mint of Finland business is mostly global B2G (Business to Governments) project sales, where central banks, ministries of finance or mints, most of which are state agencies, are the customers. The company has customers on four continents and an active network of representatives close to customers. Mint of Finland operates globally and therefore in a multicultural environment.

Mint of Finland has a set of ethical guidelines. The responsibility criteria applying to partners are enshrined in our Business Partner Code of Conduct. The company has zero tolerance regarding any form of inappropriate behaviour, harassment, bullying, discrimination or corruption.

Mint of Finland respects and complies with the principles enshrined in the UN Universal Declaration of Human Rights. As an employer, Mint of Finland complies with the basic labour rights stated by the International Labour Organization (ILO).

Mint of Finland never tolerates any kind of discrimination. The company sees diversity as an asset. Valuing cultural diversity is the key to caring about and understanding other people and is a requirement for harmonious teamwork.

Mint of Finland has adopted a conflict-minerals policy and demands its suppliers to comply with OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas or equivalent principles concerning preventing harmful effects related to minerals from conflict-affected and high-risk areas.

Fair operating principles

Mint of Finland does not accept corruption in any form. The company complies with local legislation, promotes ethical ways of working and requires the stakeholders to do the same. Mint of Finland does not support political parties. In addition to the Ethical Guidelines also instructions on gift and hospitality as well as anti-bribery principles have been set to provide more detailed guidance on proper business conduct and preventing bribery.

Social and employee matters

As stated in Mint of Finland ethical guidelines, Mint of Finland respects workplace equality and the basic rights of employees. All employees and job applicants are treated fairly and equally. Employees are recruited on the basis of competence and

professional ability. Personnel experience and diversity are appreciated. Mint of Finland encourages personnel to state their opinion and to promote open dialogue. Mint of Finland employees are offered equal opportunities to develop their expertise.

Compliance

Mint of Finland is committed to high ethical standards and conducts business and operate in compliance with applicable laws and regulations. Mint of Finland Values as well as Ethical Guidelines set the basis for the Compliance Framework and guide Mint of Finland employees in their day-today business activities and decisions. In addition, company requires its suppliers and business partners to commit to these principles, as expressed in Mint of Finland business partner code of conduct.



Mint of Finland ethical guidelines and training

Mint of Finland has adopted common principles for its operations in Finland and Germany. Mint of Finland's Ethical Guidelines define the ethical standards that determine the company's operations vis à vis human rights, equality, work safety, environment, suppliers and the customers. The Ethical Guidelines are communicated and trained systematically at the company. All Mint of Finland employees, management as well as rental workers are required to complete the training concerning Mint of Finland Ethical Guidelines. The training is a part of onboarding of all new employees at Mint of Finland and the employees are required to redo the training every 3 years.

Business Partner Code of Conduct and training

Mint of Finland Business Partner Code of Conduct describes the values and compliance requirements according to which Mint of Finland expects every Business Partner and their employees to act globally when providing products and services to Mint of Finland. Mint of Finland sales representatives and main suppliers are required to commit themselves to comply with Mint of Finland Business Partner Code of Conduct. The Code contains strict requirements to respect and comply with local and international human rights standards including labor rights as well as anti-corruption requirements as well as report any non-compliance.

Mint of Finland sales representatives and main suppliers are required to complete a training addressing human rights violations as well as responsible business conduct in different areas, including requirements concerning e.g. human rights, labor, environment, corruption and conflict minerals.

The training shall be a requirement to all new suppliers and sales agents and shall be required to be renewed every 3 years.



Whistleblow channel

Mint of Finland has implemented the Whistleblow channel in order to enable the company's employees as well as other stakeholders to anonymously report any activities contrary to our ethical guidelines.

Compliance KPIs

Topic	Objective	Indicator	Target	Performance ¹
 Responsible business	Training of personnel in Ethical Guidelines	Percentage of employees who have completed Mint of Finland ethical guidelines training (%)	100%	100%
 Responsible business partners	Training of agents in Business Partner Code of Conduct	Percentage of agents who have completed Mint of Finland Business Partner Code of Conduct training (%)	100%	100%
 Responsible sourcing	Training of suppliers in Business Partner Code of Conduct	Percentage of tier 1 and tier 2 suppliers ² who have completed Mint of Finland Business Partner Code of Conduct training (%)	100%	95%

¹The training is to be renewed every 3 years by the personnel and relevant business partners.

²Mint of Finland executes supplier classification process for suppliers on annual basis. Suppliers are classified in 3 categories; Tier 1, 2 and 3 suppliers. Tier 1 and 2 are most critical suppliers for MoF and these categories consist ca. 90% of total spend (Tier 1 80%, Tier 2 10%).

Governance



Mint of Finland is committed to complying with and developing responsible corporate governance. Corporate responsibility is an inherent part of all operations, including processes, guidelines and agreements. The goal is for all Mint of Finland employees to realise the importance of responsible operating practices and to engage in taking responsibility.

Mint of Finland's Corporate Governance principles define the duties of the company's governing bodies, their mutual relationships, remuneration, internal control, internal auditing, risk management and auditing.

Open dialogue and transparency depict Mint of Finland's operations. Communications are built on the principles of trust, transparency and promptness. Mint of Finland provides, on its own initiative, reliable information to stakeholders about the Group's goals and operations. Company never comments on confidential or uncompleted matters or competitor's business.

Corporate Governance statement

Mint of Finland's governance and management are based on the Finnish Limited Liability Companies Act, Government Resolution on State Ownership Policy as well as the company's Articles of Association and Ethical Guidelines.

Under the Government Resolution on State Ownership Policy (8 April 2020), the requirements of the Finnish Corporate Governance Code, published by the Securities Markets Association and the OECD Corporate Governance Recommendations are applied to the governance of state-owned companies as appropriate.

The highest decision-making body in Mint of Finland Group is Mint of Finland's general meeting of shareholders. The general meeting of shareholders elects Mint of Finland's Board of Directors and the chairperson and vice chairperson of the Board and decides the Board's fees.

Mint of Finland Ltd's Board of Directors is responsible for the management and supervision of the Group in accordance with the Finnish Limited Liability Companies Act –Finland, the Articles of Association, the Board's Rules of Procedure and the Government Resolution on State Ownership Policy.

The objective of the Board is to make business decisions and carry out its statutory duty of supervision in the best interests of the company to ensure its long-term value.

The Board has established an Audit Committee to improve the efficiency of board work. The Board nominates the members and the chairperson of the committee from among its members and confirms the committee's written Rules of Procedure. The committee has no independent decision-making power but prepares issues to be resolved by the Board.

The CEO is responsible for the day-to-day management of the company and Group in accordance with the Articles of Association, the Limited Liability Companies Act – Finland and instructions issued by the Board of Directors. The CEO reports to the Board of Directors.

Mint of Finland's Management Team assists the CEO and convenes in the composition referred to by the CEO in each notice of meeting as warranted by the matters under consideration at any time.

Remuneration

The remuneration at Mint of Finland is governed by the Government Resolution on State Ownership Steering Policy. The remuneration principles in Mint of Finland are designed to support the implementation of the strategy goals, attract and retain skilled employees with emphasis on company result development and long-term shareholder value creation. Remuneration of the board is decided by the General meeting of shareholders. The company's Board decides on the remuneration of the CEO and the Management Team as well as the company overall performance bonus scheme.

Remuneration of the Board of Directors

The 2021 Annual General Meeting resolved that a monthly fee of EUR 2800 shall be paid to the Chairman of the Board, EUR 1,970 to the Deputy Chairman and EUR 1400 to other members of the Board. A meeting fee of EUR 600 shall be paid for meetings held. Furthermore, the members of the Committee(s) shall be paid a meeting fee of EUR 600 for each meeting that the members have attended. In the financial year 2021, the Board remuneration in total was 135 417€ (2020: 136 959€).

Remuneration of the management

The company performance bonus scheme is applicable to entire personnel of Mint of Finland. The bonus scheme 2021 of company's financial targets (70%) and personal targets (30%). In accordance with the company's target remuneration principles, the system is transparent, reasonable and based on clear, pre-set targets. The system rewards performance that goes beyond normal performance and targets support sustainable business. Bonus may be revoked by a unilateral decision of the Board of Directors, if necessary. In 2021, the Group's common target was based on the Mint of Finland Group EBITA. In 2022, the Group's

common target is based on the company's result, orders received and corporate responsibility targets.

The company currently does not have long term incentives in place. The CEO and the members of the Management Team have no supplementary pensions. The personnel of Mint of Finland were not compensated for being on the Boards of the company's subsidiaries.

CEO and Management Team remuneration 2020-2021

The remuneration of the CEO and management team comprises of a base salary, benefits and performance-based short term incentive plan.

Fixed salary including benefits	2020	2021	Bonus targets (STI)	Earning year 2020	Earning year 2021
CEO	204 000	216 328	CEO	18 360	70 584
Management team members	621 973	554 573	Management team members	22 418	104 265

CEO performance actualisation 2021 (STI)

The maximum short-term incentive for the CEO was 40 percent of annual base salary both in 2020 and in 2021. CEO's short term incentive (STI) opportunity was in 2021 tied to following metrics:

KPI 2021	Weight	Achievement
Mint of Finland EBITA (100% owned)	70%	At maximum
Profitable order book	10%	Target not achieved
Strategic targets	20%	Between target and maximum

Risk management

Mint of Finland Risk management policy specifies the objectives and principles of the risk management as well as the responsibilities involved. The policy is approved by the Board of Directors. The target is continuous, systematic and preventive action taken to identify risks, define the company's risk appetite, assess and handle risks and, if they materialise, deal with them effectively.

Being a vital part of company's risk management, security is taken into account in all the company's operations. The company approaches security from the aspects of technical, facility, transport and information security. The company's site in Finland is audited to the highest A-class of the standard of the Transported Asset Protection Association TAPA FSR 2020. Safety plays a key role in our industry when customers choose their partners, and the TAPA FSR 2020 standard is a certificate of our commitment to high safety requirements.

The COVID-19 pandemic had impact on Mint of Finland activities also in 2021. Since the start of the pandemic and continuing in 2021 the company has been more regularly reviewing its business continuity plans and updating the pandemic preparedness plans as well systematically communicating the Mint of Finland local guidelines responding to the changed situation.

Finance

The key performance indicators and the Report of the Board of Directors provide information about the financial position, performance and changes in Mint of Finland. Financial responsibility at Mint of Finland largely means securing business conditions for the future and growing the added value created for the customer. The company's operations are based on jointly defined values and responsible practices.

Key numbers



The report of the board of directors

Operating environment

Mint of Finland is one of the world's leading mints in terms of exports. The company mints metallic coins and coin blanks to order and provides customers with associated related services. Most of the company's production is exported, with Asia, Europe and Latin America being the most important market areas in 2021. Finland accounted for 1% of the company's revenue. Customers are mainly central banks and mints worldwide.

Most of the company's business is of a project nature based on non-recurring or multiannual agreements. Mint of Finland Group comprises Mint of Finland Ltd, Mint of Finland GmbH and the Spanish blank manufacturer Compañía Europea de Cospeles S.A. (CECO SA), in which Mint of Finland and Fábrica Nacional de Moneda y Timbre-Real Casa de la Moneda (Royal Mint of Spain) each has a 50% holding.

Significant overcapacity in the industry has resulted in tougher competition on the international markets and is in turn reflected in fierce price competition. Whereas most European countries are closed to competition, there is a demand for blank and circulation coin suppliers in developing countries.

Various new means of payment continue to be rolled out and this has led to a growing need to examine the future of cash as a means of payment. Cash has so far retained its position in minor transactions, which continue to account for a significant share of transactions worldwide, even though in the Nordic countries digital payments are accounting for a growing share of minor transactions. The effects of the Covid-19 pandemic on demand in the short term has been seen in invitations to tender being pushed back, whereas the long-term effect is still uncertain. To expand its offering, the company has developed a digital platform for collectors, which was launched earlier this year.

Revenue and result

Consolidated revenue increased significantly due to a good order backlog at the beginning of the year. Revenue was 83,0 M€ (2020: 57,2 M€). Operating profit before depreciation on consolidated goodwill (EBITA) clearly improved to 5,7 M€ (-3,2 M€) and the operating result was +5,6 M€, which equates to 6,7% of revenue (2020: -5,1 M€, -9,0% of revenue). The Group's result for the accounting period was +4,8 M€ or 5,8% of revenue (2020: -5,1 M€ or -8,9% of revenue). Better profitability was attributable to the product range, the good utilization rates in the German and Finnish factories and profitable projects. The end of amortization of goodwill also improved operating profit. The Spanish company's reported result was a loss, and the reported equity decreased to 597 k€, which is less than 10% of the company's share capital.

Balance sheet and cash flow

The consolidated balance sheet total at year-end 2021 was 44,6 M€ (2020: 71,5 M€). Cash and cash equivalents decreased 0,6 M€ and were at year-end 0,2 (0,8) M€.

Current liabilities decreased 24,4 M€ to 12,2 (36,6) M€. This was due to the completion of large projects that started in 2020 and the consequent reduction in working capital. Invest at the year-end 2021 was 35,9 M€ (2020: 51,6 M€) and return on investment was 12,7% (-11,1%).

Consolidated cash flow from operating activities in 2021 was +16,0 M€ (2020: -9,9 M€). Cash flow from investing activities in 2021 was -1,7 M€ (-0,6 M€) and cash flow from financing activities -14,9 M€, compared to +9,6 M€ a year earlier.

The company's equity ratio at the end of the year was 56,1% (36,5%). Return on equity was +19,0% (-19,8%).

Investments

Group net investments in fixed assets were 1,6 M€ (2020: 0,9 M€). The most significant investments were in production equipment in the Finish and German units.

Key performance indicators 2017-2021

Mint of Finland Group	2021	2020	2019	2018	2017
Revenue (1 000 €)	83 032	57 163	56 829	71 604	85 099
Change in revenue, %	45,3 %	0,6 %	-20,6 %	-15,9 %	28,1 %
Operating profit (1 000 €)	5 558	-5 142	-1 383	1 414	-1 793
Operating profit, %	6,7 %	-9,0 %	-2,4 %	2,0 %	-2,1 %
ROE, %	19,0 %	-19,8 %	-6,0 %	4,1 %	-8,6 %
ROI, %	12,7 %	-11,1 %	-3,1 %	2,9 %	-3,8 %
Equity ratio, %	56,1 %	36,5 %	50,6 %	46,8 %	44,2 %
Personnel, average	175	174	162	166	174

Mint of Finland Ltd	2021	2020	2019	2018	2017
Revenue (1 000 €)	76 562	38 036	42 210	54 576	66 824
Change in revenue, %	101,3 %	-9,9 %	-22,7 %	-18,3 %	64,0 %
Operating profit (1 000 €)	7 693	-1 609	977	2 851	-552
Operating profit, %	10,0 %	-4,2 %	2,3 %	5,2 %	-0,8 %
ROE, %	22,2 %	-42,0 %	2,0 %	6,6 %	-1,4 %
ROI, %	16,0 %	-2,8 %	1,1 %	4,2 %	-1,3 %
Equity ratio, %	70,4 %	45,7 %	68,1 %	61,9 %	61,1 %
Personnel, average	60	53	54	56	62

Personnel

During the year, the Group employed an average 175 persons (2020: 174 persons), of whom 60 (2020: 53) worked in Finland. At year-end, there were a total of 167 persons (2020: 174) in the Group's service. Wages and salaries paid to employees during the report year amounted 8,3 M€ (2020: 7,8 M€).

Management remuneration

In 2021, the Board of Directors were paid fees of 135.417 € (2020: 136 k€). During the report year, the CEO was paid a fixed salary of 216.328 € and the Management Team was paid 554.573 €. The financial statements include target bonuses of 70.584 € paid to the CEO and 104.265 € paid to the Management Team. The company has no long-term incentive programme. The CEO and Finnish members of the Management Team have no supplementary pensions.

Organisation

The company's CEO is Jonne Hankimaa. Members of the Management Team were Vice President, Sales Sirpa Kuusirati, CFO Patrik Sjöblom, General Counsel Minna Toiviainen and as of January 4th Vice President, Supply Chain Juri Aapola and as of June 1st Head of Digital Development Mikko Sievänen.

Risk management

Risks at Mint of Finland relate both to changes taking place in the operating environment and in the company's operating activities.

Fluctuations in metal prices expose the company to risks that relate to the pricing of tenders. Efforts are made to mitigate this risk by negotiating fixed prices with metals suppliers as early as possible for projects and by negotiating price revision clauses in sales agreements to eliminate the risks associated with price changes.

Mint of Finland is also dependent on the delivery reliability of its materials suppliers. To minimise this risk, the most important suppliers are evaluated at regular intervals. In addition, it is important to be able to recognise the most critical materials and suppliers for each project and to align our own operations to demands.

Currency risks are minimised by hedging all significant items denominated in foreign currencies.

Operative risks involve potential process and quality issues, faults, malfunction of machinery or systems, which in turn could lead to delivery delays and unpredicted costs. Operative risks also include demand and customer risks. Demand risks means fluctuations in demand and economic, political and op-

erative risks relating to the company's different market areas. Customer risks refers to changes in the buying behaviour of major individual customers in circulation coins and blanks the project-like nature of operations, dependency on a number of customers. Customer risks refers to changes in the buying behaviour of major individual customers. Global excess capacity and the approaches of different actors make for a challenging business playing field.

With regard to insurance, efforts have been made to build comprehensive cost-effective insurance cover.

The Covid-19 pandemic added to the risks in the operating environment and, for example, suppliers' delivery reliability weakened and customer payment processing lasts longer. These in turn impacted the company's own delivery reliability and liquidity. Using proactive measures and invoking force-majeure clauses in agreements, it was possible to reduce the impact on operations.

Decisions of the Annual General Meeting

Mint of Finland's Annual General Meeting was held in Helsinki on 21 April 2021. The meeting adopted the financial statements for 2020 and discharged members of the Board of Directors and CEO from liability for the accounting period 1.1. – 31.12.2020.

Kaisa Vikkula, Päivi Nerg, Petri Vihervuori, Kai Konola and Ari Viinikkala were elected as members of the Board of Directors. Kaisa Vikkula was elected as chairperson to the Board of Directors and Päivi Nerg as vice chairperson. Authorised Public Accountant Firm Ernst & Young Ltd were appointed as the company's auditors.

The fee for the chairperson of the Board of Directors was fixed at €2.800 a month, the vice chairperson's fee at €1.970 a month and ordinary members at €1.400 a month. In addition, an attendance fee of €600 is paid to each member for each meeting at which the member is present. In addition, it was confirmed that members of the Audit Committee and members of any other Board of Directors' committees to be established would be paid an attendance fee of €600 for each committee meeting at which the member is present. During 2021, the Board of Directors met seven times and held seven email meetings.

Ari Viinikkala was appointed to chair the Audit Committee and Kaisa Vikkula was appointed as a member. The Audit Committee met five times during the year.

Because of the Covid-19 situation, members could attend Board of Directors and Audit Committee meetings remotely via Teams.

Share capital

The company's share capital on 31 December 2021 was €5.000.000. The company has 16.000 shares, each of which conveys one (1) vote at shareholder meetings. At year-end 2021, the Finnish State owned all the shares.

Corporate responsibility

The foundation for a healthy business lays in balancing the goals for corporate responsibility and business that creates added value. Like many other industries, the production of coins and blanks is subject to demands for efficiency, openness and value creation. In this kind of world, it is important for our business to take into account and implement sustainability principles and goals. Mint of Finland follows the corporate responsibility development and publishes a comprehensive corporate responsibility report every year on its website. Corporate responsibility report consists of responsibility related to personnel, environment, human rights and fair play as well as corporate governance and financial responsibility including key indicators, the Report of the Board of Directors and tax footprint.

Market and business outlook for 2022

Competition in the industry is tough and margins are very low. The arrival of new actors on the international market, especially in the coin blank business, further increases competition. The coin blank business is characterised by excess capacity on the one hand, although on the other hand most suppliers have been unable to optimise their production processes in response to peaks in demand and thus their operations suffer from bottlenecks.

Due to low order intake in 2021, the outlook for 2022 is deteriorated significantly and the result is expected to weaken clearly and turn into loss.

Events since the balance sheet date

The war in Ukraine that began in February is likely to affect the business environment. The Mint of Finland has no operations in Russia, Belarus or Ukraine or direct supply agreements with companies operating there, so no direct effects are expected in the short term. Indirect effects are monitored and, for example, an increase in material and energy costs is considered likely.

Board of Directors' proposal for the distribution of profit

Distributable equity of the parent company on 31st of December 2021 was 23.332.762,39 euros. The Board of Directors proposes to the Annual General Meeting that is to be held on March 31, 2022, that a dividend of €125,00 per each 16.000 shares, ie in total of €2.000.000,00, will be distributed from the available earnings. The remaining distributable balance, €21.332.762,39, will be retained.

The Board of Directors proposes that the dividend is paid in September 2022.

There have been no relevant changes in the company's financial position since the end of the financial year. The company's liquidity is good, and the proposed profit distribution does not endanger the company's solvency.

Annual General Meeting

Mint of Finland Ltd's Annual General Meeting will be held on Thursday 31 March 2022 at 16:30 in Government Palace, Snellmaninkatu 1 A, Helsinki. It will also be possible to attend the meeting remotely.

Vantaa, 15th March 2022

Mint of Finland Ltd's Board of Directors

Mint of Finland as a tax payer

Mint of Finland supports the functioning of society in all countries in which we operate by paying taxes and creating jobs.

Mint of Finland complies with local legislation regarding the payment, collection, settlement and reporting of taxes. Taxes are paid to the state which they belong based on our business operations. The tax footprint consists of three main components: direct taxes paid by the company (including income tax, vehicle taxes, capital transfer and real estate taxes), indirect taxes paid by the company and taxes collected by the company (including withholding tax, tax at source and VAT). Mint of Finland Group reports all taxes it pays. In transfer pricing, the company complies with the local laws and transfer pricing follows OECD guidelines. Mint of Finland Group deals with tax returns and other statutory duties promptly and appropriately.



Tax footprint

Mint of Finland's tax policy is part of the company's corporate social responsibility. Mint of Finland uses the tax footprint to describe the tax impact of its operations and how this impact is distributed across different countries.

Tax footprint by country 2021 (1 000 €)

Direct taxes paid for the financial period	Finland	Germany	Spain
Income tax	0	0	0
Real estate taxes	74	10	0
Other taxes	1	1	36
Total	75	11	36

Taxes collected for the financial period	Finland	Germany	Spain
Withholding tax	966	329	296
VAT, sales	11 140	2 935	1 185
VAT, purchases	-11 745	-5 343	-1 444
Total	362	-2 079	37

Turnover by country	76 562	13 123	7 782
Net result before taxes by country	7 476	267	-2 802
Average number of personnel by country	60	85	30

Mint of Finland Group

Mint of Finland Ltd.

PL 100 (Suokallionkuja 4)
01741 Vantaa
Finland
www.mint.fi

Mint of Finland GmbH

Erzstrasse 5a
09633 Halsbrücke
Germany
www.mintoffinland.de

CECO S.A.

Calle cronos 67
28037 Madrid
Spain
www.ceco-sa.com