

INTERIM REPORT

MANGOLD

FOR THE PERIOD 1 JANUARY 2020 – 31 MARCH 2020

Q1



OPERATING INCOME
SEK 34.3 (34.5) MLN



PROFIT BEFORE TAX SEK 0.2
(3.4) MLN



EARNINGS PER SHARE
SEK 0.78 (4.90)

MANGOLD AB INTERIM REPORT JANUARY–MARCH 2020

- Operating income SEK 34.3 (34.5) million
- Shareholders' equity SEK 102.8 (94.2) million
- Profit before tax SEK 0.2 (3.4) million
- Number of transactions 46 052 (28 996)
- Assets under management with annual fees SEK 1.3 (0.9) billion

Comments from the CEO:

The year's first quarter has been challenging for us. At the beginning, we saw a demand consistent with that of the end of 2019, but as soon as concern about the spread of the coronavirus in China started to grow during the second half of January, we noticed that clients and investors became increasingly cautious until their activity suddenly ceased in mid-March.

The effects of the world's efforts to prevent the spread of the coronavirus have, to say the least, been difficult to predict. We have seen an extreme turbulence on the financial markets worldwide, a record-high volatility, and exceptional fiscal and monetary policy stimuli. Mangold is affected negatively in such a downward spiral of declining activity that we have witnessed recently, but we are also usually quick to recover when it then turns back.

We have been quick to take action based on the recommendations of the authorities, and next after the well-being of our employees and clients the focus is now on ensuring a stable way forward for the company. The prevailing situation with turbulent stock exchanges, abstinence and a diminished desire to invest by consumers and companies means, of course, great uncertainty. Therefore, the management has initiated a cost-efficiency programme to adapt the company's costs to an expected lower revenue level. The programme is expected to deliver cost reductions of approximately SEK16 million per year, with full effect expected during the second half of the year. The programme includes notice given to employees, termination of hourly-paid and probationary positions, and increased workforce flexibility.

In the prevailing market climate Investment Banking has still completed a number of rights issues, even if they are smaller in size and subscribed to a lower degree than what we had expected before the corona crisis. Despite a challenging market, we have also acted as financial advisor for an IPO. Within Private Banking clients have shown considerable interest in reviewing their investments.

All of Mangold's associate companies' funds have so far this year developed positively and, consequently, in the opposite direction of most financial markets. This supports our strategy of acquiring alternative asset management firms for a broader and more risk-diversified product portfolio that stands for a long time.

We cannot yet see all the consequences of the corona crisis. The future will remain uncertain a while, with little clarity. We will probably also have to live with the coronavirus for a long time to come, even if it doesn't lead to as unexpected and drastic consequences. Therefore, our strong financial position is a safety for us – we have high solidity, good liquidity and a capital cover that exceeds both legal requirements and internal limits with good margin. We have planned for the worst but hope for the best, and intend, therefore, to come out of this crisis with a trim and cost-efficient organisation that can grow profitably as demand increases.



Per-Anders Tammerlöv
CEO



Operating Income

Operating Income amounted to SEK 34.3 (34.5) million for the quarter, which is a reduction of 1 percent compared with the same period last year. Operating income is divided between 68 (59) percent from the segment Investment Banking and 32 (41) percent from the segment Private Banking.

Operating Expenses

Operating Expenses amounted to SEK31.8 (32.3) million for the quarter, which is a reduction of 2 percent compared with the same period last year.

Operating Profit

Operating profit after bonuses amounted to SEK0.2 (3.4) million for the quarter, corresponding to an operating margin of 0.5 (9.7) percent. The single, largest contributing cause of the deterioration in earnings is attributable to credit losses mainly connected to accounts receivable. Earnings per share amounted to SEK0.8 (4.9) for the period.

Bonus

Provisions for bonuses amounted to SEK0.0 (0.0) million for the quarter.

Financial Position

As of 31 March, shareholders' equity in the Group amounted to SEK102.8 (94.2) million, which corresponds to SEK223.9 (206.2) per share, and liquid assets amounted to SEK304.5 (315.3) million. As of 31 March, the Group had deposits from the public amounting to SEK400.2 (416.8) million, which is a reduction of SEK16.6 million since 31 March 2019. As of 31 March, the Group had loans to the public amounting to SEK126.1 (133.2) million, which is a reduction of SEK7.1 million since 31 March 2019.

Capital Cover

Between 31 December 2019 and 31 March 2020, the core tier 1 capital ratio and capital adequacy ratio for the consolidated situation increased to 13.1 percent from 11.3 percent and to 16.8 percent from 15.1 percent respectively. The main reason for the increased core tier 1 capital ratio and capital adequacy ratio, is the reduced capital requirements for credit risk and market risk. Between 31 December 2019 and 31 March 2020, the core tier 1 capital ratio and capital adequacy ratio for Mangold Fondkommission AB increased to 17.0 percent from 14.6 percent due to the reduced capital requirements for credit risk and market risk

Significant events during the period and after the end of the period

The impact that both the coronavirus and the world's efforts to stop the spread of infection have had on the financial markets, has affected the demand for Mangold's services negatively. Therefore, Mangold's management initiated a cost-efficiency programme during March 2020, to adapt the company's costs to an expected declining business cycle and, consequently, a lower revenue level. The measures implemented are expected to result in reduced costs of approximately SEK16 million per year and are calculated to achieve full effect during the second half of 2020. The programme includes notice given to employees, termination of hourly-paid and probationary positions, and increased workforce flexibility. Approximately 40 people are affected in total. In addition, the costs of consulting assignments, IT licenses and hardware are being reviewed.

As a consequence of the uncertain economic situation, Mangold's Board of Directors decided on 27 March to postpone the 2020 annual general meeting to allow more time to evaluate the earlier proposal concerning dividends for 2019. The Board of Directors will send out a new notice for the AGM.

Group and associate companies

At the end of the period, Mangold owned shares in Mangold Fondkommission AB (MFK) (100 percent), Skandinaviska Kreditfonden AB (24.5 percent), Resscapital AB (25 percent) and QQM Fund Management (25 percent). Mangold also has an indirect ownership in Mangold Syd AB (MSY) (100 percent) through Mangold Fondkommission AB.

Skandinaviska Kreditfonden AB (SKF) offers direct lending to smaller and medium-sized companies and has been an associate company of Mangold since 2016. SKF manages Scandinavian Credit Fund I (SCF1) and also Nordic Factoring Fund (NFF). As of 31 March 2020, the fund wealth of SCF1 amounted to SEK4.4 (3.4) billion and to SEK647.2 (n/a) million for NFF. The return for the fund unit-holders in SCF1 for 2020 amounted to 0.2 (1.3) percent as of 31 March. The return for the Nordic Factoring Fund for 2020 amounted to 1.0 (n/a) percent as of 31 March. Mangold's share in profits amounts to SEK1.1 (0.7) million for the first quarter.

Resscapital AB (Ress) is an administrator of an AIF-fund focused on the management of American life-insurances and has been an associate company of Mangold since 2018. Ress manages the AIF-fund Ress Life Investments A/S ("RLI"), which since 2012 invests in American life-insurances. RLI is listed on Nasdaq Copenhagen. As of 31 March 2020, its fund wealth amounted to US\$182.7 (124.7) million. The return for the fund unit-holders amounted to 0.1 (1.6) percent as of 31 March 2020. Mangold's share in profits amounted to SEK0.8 (0.2) million for the first quarter.

QQM Fund Management AB (QQM) is an administrator of an AIF-fund focused on shares and equity-related instruments and has been an associate company since December 2019. QQM's management of the fund QQM Equity Hedge Master is based on quantitative analysis models derived from academic research and economic principles. Its fund wealth amounted to SEK322.2 (330.1) million as of 31 March 2020. The return for the fund unit-holders for 2020 amounted to 5.6 (2.8) percent as of 31 March. Mangold's share in profits amounted to SEK0.0 (n/a) million.

Besides the Group and associate companies, Mangold also has a holding of 10.3 percent in Nowonomics AB, the fintech company behind NOWO - an app for pension savings in day-to-day life. The company's assets under management, which are in an actively managed global fund, amounted to SEK102 million as of 31 March 2020, and the number of clients in the fund amounted to 44 711, as of the same date. The return for the fund unit-holders for 2020 amounted to -9.9 percent as of 31 March.

Other information

As of 31 March, the number of employees (FTE) totalled 85 (76). During the quarter 46 052 (28 996) transactions were completed. No transactions with closely related parties have occurred during the period, besides normal business activities on market-based terms.

Segment

Mangold's client-oriented operations are divided into two reportable segments, Investment Banking and Private Banking.

Investment Banking

Investment Banking shows higher revenues but a lower profit compared to the corresponding period last year. During the first quarter, the segment has been financial advisor to Emotra AB's preferential rights issue of approximately SEK4.6 million, ArcAroma AB's directed share issue of approximately SEK20 million, as well as to Stayble Therapeutics AB in the listing process of the company's share on Nasdaq First North Growth Market. Mangold has also been the project manager in PEN Concept Group's preferential rights issue of approximately SEK13.1 million.

Private Banking

Private Banking's revenues are lower than last year and the segment also shows a loss, mainly because the same quarter last year contained a large extraordinary revenue item affecting comparability.

The total assets under management with annual fees amounted to SEK1.3 (0.9) billion as of 31 March. Capital under administration at the end of the quarter amounted to SEK7.6 (6.4) billion.

Key ratios	31 March 2020	31 March 2019
Return on equity, %	0.4%	2.6%
Equity/assets ratio, %	17.9%	15.9%
Capital base, SEK million	84.0	72.5
Number of assignments Certified Adviser & Mentor	46	57
Number of assignments, Insight	25	5
Number of assignments Market Maker & Mangold List	85	77
Operating Margin, %	0.5%	9.7%
Number of outstanding shares	458 937	456 893
Average number of outstanding shares	458 937	456 893
Number of employees	85	76
Operating profit per employee, SEK '000	1 873	44 191
Earnings per share, SEK	0.78	4.9
Equity per share, SEK	223.9	206.2
Number of custody accounts	10 454	9 362
Number of transactions	46 052	28 996
Assets under administration, SEK billion	7.6	6.4
Whereof assets with annual fees, SEK billion	1.3	0.9

Definitions of key ratios

Return on equity

Net profit as a percentage of average equity. Average equity has been calculated as opening plus closing equity, divided by two.

Equity/assets ratio

Equity as a percentage of total assets.

Capital base

Amount of capital that forms the basis for calculating the capital adequacy requirement of a securities firm. For a detailed calculation, see page 9.

Operating margin

Operating profit as a percentage of total income.

Number of outstanding shares

Number of shares at period end, ea.

Average number of outstanding shares

The sum of the number of shares at the beginning and the end of the period, divided by two.

Number of employees

Number of full-time employees at period end.

Earnings per employee

Operating profit divided by number of employees.

Earnings per share

Profit after tax divided by the number of shares at period end.

Equity per share

Equity at period end divided by the number of shares at period end.

Number of custody accounts

Number of custody accounts at period end.

Number of transactions

Number of transactions completed through Mangold's stock exchange membership on Nasdaq Stockholm, Spotlight Stock Market and NGM.

Assets under administration

The value of the total capital administered by Mangold at period end. .

Consolidated income statement

Amounts in SEK million	Note	January – March	
		2020	2019
Commission income		27.9	29.3
Commission expenses		-0.1	-0.7
Net commissions		27.8	28.6
Interest income		3.3	3.0
Interest expenses		-0.8	-0.9
Net interest income/expense		2.5	2.1
Net income from financial transactions		2.1	3.8
Dividends received		0.0	0.0
Other operating income		1.9	0.0
Total operating income	6	34.3	34.5
General administrative expenses		-28.8	-29.2
“Depreciation and amortization of tangible and intangible assets”		-3.0	-3.1
Other operating expenses		0.0	0.0
Total operating expenses		-31.8	-32.3
Income from shares in associate companies		1.9	0.9
Credit losses, net		-4.2	0.3
Operating profit	6	0.2	3.4
Tax		0.2	-1.1
Profit/loss for the period		0.4	2.2
Earnings per share (SEK)		0.8	4.9
Diluted earnings per share (SEK)		0.8	4.9

Consolidated statement of comprehensive income

Amounts in SEK million	January – March	
	2020	2019
Other comprehensive income	0.0	0.0
Total profit for the period	0.4	2.2

Consolidated income statement per quarter

Amounts in SEK million	2020	2019	2019	2019	2019
	quarter 1	quarter 4	quarter 3	quarter 2	quarter 1
Net commissions	27.8	40.6	34.1	37.4	28.6
Net interest income/expense	2.5	1.4	1.9	2.4	2.1
Net income from financial transactions	2.1	-3.4	2.9	-2.2	3.8
Other operating income	1.9	2.5	0.0	0.0	0.0
Total operating income	34.3	41.1	38.9	37.6	34.5
Operating expenses	-31.8	-40.6	-35.1	-32.9	-32.3
Income from shares in associate companies	1.9	3.0	1.2	0.7	0.9
Credit losses, net	-4.2	-0.2	-0.1	-2.0	0.3
Operating profit	0.2	3.3	4.9	3.4	3.4

Consolidated cash flow statement

Amounts in SEK million	January - March	
	2020	2019
Operating profit	0.2	3.4
Adjustment for items not included in cash flow	2.3	3.1
Tax paid	-0.8	-3.1
Cash flow from operating activities before changes in working capital	1.6	5.2
Increase (-)/Decrease (+) in stock	9.7	-0.4
Increase (-)/Decrease (+) in operating receivables	30.5	-3.8
Increase (+)/Decrease (-) in operating liabilities	7.2	60.4
Cash flow from operating activities	49.0	61.4
Acquisition/disposal of intangible fixed assets	0.0	-1.0
Acquisition/disposal of tangible fixed assets	0.0	-24.6
Acquisition of subsidiaries	0.0	0.0
Acquisition of financial assets	0.0	0.0
Divestment/reduction of financial assets	0.0	0.0
Cash flow from investing activities	0.0	-25.6
Issue of interest-bearing securities	0.0	2.4
Dividends	0.0	0.0
New share issues	0.0	2.4
Amortization of lease liability	-1.6	0.0
Cash flow from financing activities	-1.6	4.8
Cash flow for the period	47.4	40.6
Cash and cash equivalents at beginning of period	257.1	274.7
Cash and cash equivalents at end of period*	304.5	315.3

*Cash and cash equivalents refers to bank deposits (lending to credit institutions) as well as treasury bills and other eligible bills.

Consolidated balance sheet

Amounts in SEK million	Note	31 March	31 March	31 December
		2020	2019	2019
Treasury bills and other eligible bills	2	236.0	236.6	181.7
Loans to credit institutions		68.6	78.7	75.4
Loans to the public		126.1	133.2	151.4
Shares and participations	2	31.1	29.4	40.8
Shares and participations in associate companies		25.8	19.9	23.9
Intangible fixed assets		33.5	35.7	34.0
Tangible fixed assets		17.8	24.7	19.7
Other assets		24.1	22.9	28.9
Prepaid expenses and accrued income		10.5	10.6	10.3
Total assets		573.6	591.8	566.2
Deposits from the public		400.2	416.8	387.8
Deferred tax liability		0.1	0.3	0.3
Tax liability		0.0	0.3	0.0
Other liabilities		30.1	36.8	31.2
Accrued expenses and deferred income		22.0	25.0	26.1
Subordinated liabilities		18.4	18.4	18.4
Total liabilities		470.8	497.6	463.8
Share capital		0.9	0.9	0.9
Other contributed capital		50.6	49.2	50.6
Retained profits including profit for the period		51.2	44.1	50.9
Total equity		102.8	94.2	102.4
Total equity and liabilities		573.6	591.8	566.2

Statement of changes in equity

Amounts in SEK million	Share capital	Other contributed capital	Retained earnings incl profit/loss for the period	Total equity
Opening balance as of 1 January 2019	0.9	46.8	41.9	89.6
Dividends			-2.1	-2.1
New share issues		3.8		3.8
Comprehensive income for the period			11.1	11.1
Closing balance as of 31 December 2019	0.9	50.6	50.9	102.4
Opening balance as of 1 January 2020	0.9	50.6	50.9	102.4
Dividends				
New share issues				
Comprehensive income for the period			0.4	0.4
Closing balance as of 31 March 2020	0.9	50.6	51.2	102.8

Parent Company income statement

Amounts in SEK million	January – March	
	2020	2019
Net sales	0.0	0.0
Total net sales	0.0	0.0
Administrative expenses	-0.1	-0.1
Operating profit	-0.1	-0.1
Other interest income and similar profit/loss items	0.0	0.0
Interest expenses and similar profit/loss items	-0.3	-0.3
Profit/loss from participations in Group companies	0.0	0.0
Profit/loss after financial items	-0.5	-0.4
Profit/loss before tax	-0.5	-0.4
Appropriations	0.0	0.0
Tax	0.0	0.0
Profit/loss for the period	-0.5	-0.4

Parent Company balance sheet

Amounts in SEK million	Note	31 March	31 March	31 December
		2020	2019	2019
Financial fixed assets				
Shares in Group companies		127.8	47.8	127.8
Shares in associate companies		18.4	14.7	18.4
Shares in other companies		12.6	11.4	12.0
Total fixed assets		158.8	73.8	158.1
Current assets				
Intra-Group receivables		18.5	16.0	18.5
Other receivables		0.0	2.0	0.0
Prepaid expenses and accrued income		0.3	0.3	0.5
Cash and bank balances		0.0	0.3	0.3
Total current assets		18.8	18.7	19.3
Total assets		177.6	92.5	177.4
Share capital (458 937 shares)		0.9	0.9	0.9
Statutory reserve		8.1	8.1	8.1
Total restricted equity		9.1	9.1	9.1
Profit/loss brought forward		4.9	3.8	1.7
Share premium reserve		23.6	22.2	23.6
Profit for the year		-0.5	-0.4	3.3
Total non-restricted equity		28.0	25.5	28.5
Total equity		37.1	34.6	37.6
Subordinated liabilities		18.4	18.4	18.4
Liabilities to Group companies		120.7	37.9	119.3
Other liabilities		0.0	0.0	0.5
Accrued expenses and deferred income		1.4	1.7	1.7
Total liabilities		140.5	57.9	139.9
Total equity and liabilities		177.6	92.5	177.4

Notes

Note 1 Accounting principles

This condensed interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting, and the applicable regulations for Annual Accounts in Credit Institutions and Securities Companies (ÅRKL), as well as FFFS 2008:25, have also been applied. The interim report for the Parent Company has been prepared in accordance with the Annual Accounts Act, chapter 9, Interim Financial Reporting.

Note 2 Shares and participations

The fair value of financial instruments listed on an active market is determined by the asset's quoted closing price on the balance sheet date, excluding transaction costs (e.g. brokerage commission) at the time of acquisition. A financial instrument is considered as listed on an active market if the quoted prices are readily available on an exchange, at a dealer, a broker, an industry organisation, a company that provides current price information or a regulatory authority, and that these prices reflect actual and regularly-occurring market transactions under business-like conditions. Any future transaction costs associated with a sale are not considered. Such instruments are found under the balance sheet item, Shares and Participations, and the balance sheet item Treasury bills and other eligible bills. All holdings below are financial assets valued at fair value through the income statement.

Securities holdings valued at fair value through the income statement:

Amounts in SEK million	31 March 2020	31 March 2019
Listed securities (Level 1)	16.6	18.1
Listed securities (Level 2)	236.0	236.6
Unlisted securities (Level 3)*	14.6	11.4

Unlisted securities

As of 31 March 2020, the unlisted holdings consist of 10.3 per cent of the shares in Nowonomics AB to a total value of SEK11.3 million, 16 per cent of the shares in MPL Finans i Linköping AB to a total value of SEK0.1 million, and 9.34 per cent of Heidrun Holding A/S to a value of SEK0.9 million. In addition to bond holdings in Avida Finans AB, Bank Norwegian AS, Oscar Properties and Swedish ATP to a total value of SEK1.0 million.

Mangold's liquidity buffer consists entirely of securities classified according to Level 2.

**The company's holding in level 3 refers to unlisted shares of own stock valued at the latest known rate. The company is of the opinion that this is the best estimate of the fair value of the holding.*

Note 3 Significant risks and uncertainties

Risk management and risk control

In the Group's operations, different types of risks arise such as credit risks, market risks, liquidity risks and operational risks. All risks of significant importance are mostly concentrated to Mangold Fondkommission AB's operations. In order to limit and control the risk-taking in the business, Mangold's Board of Directors, which is ultimately responsible for the internal management and control of the company, has created operational policy documents.

The Board has the overall responsibility for the Group's risk management. The Group's risk management is structured according to a model comprising three lines of defense, where every link has an obligation, in accordance with established policy documents, to prevent, monitor and manage the risks that may occur.

Risk management seeks to identify and analyse the risks the company has in its operations, to set appropriate risk appetites and risk limits for these risks, and to ensure that there are controls in place. Risks are monitored and controls are made continually to ensure that the risk appetites and risk limits are not exceeded. Guidelines and risk management systems are reviewed regularly, to ensure that they are correct and reflect current market regulations and the products and services that are offered. Through training and clear processes, the company has created conditions for a good risk culture, where every employee understands their role and their responsibility. The objective and purpose of risk management is to ensure that the company, under no circumstances, has a collective capital requirement (credit, market, operational, liquidity and other risks) or risk level that can in any way jeopardise the Group's continued survival.

As part of good internal governance and control, Mangold has an independent risk management function that is organisationally subordinate to the CEO but reports directly to the Board. The task of the risk management function is to analyse the development of risks and, if necessary, propose amendments to the policy documents and the risk management framework. The risk management function also monitors and controls the risks in the Group.

Market risks

Market risk is the risk of loss due to changes in share prices, interest rates and currencies. For Mangold, market risk arises primarily through proprietary trading, through its commitments as market maker, through arbitrage as well as, in exceptional cases, through taking positions to facilitate client transactions.

The risk management function manages the daily market risks by continually monitoring the Group's different market exposures, to ensure that no unauthorised instruments are traded and that the predetermined risk limits are not exceeded.

Credit risks

Credit and counterparty risks refer to the risk of loss arising from when a counterparty, or debtor, either through unwillingness or inability, does not meet their contractual obligations either wholly or in part.

For Mangold, credit risk is comprised mainly of the risk of credit loss regarding credit clients and the risk that unpaid accounts receivable default.

Credit risk is minimised by assessing the counterparty's creditworthiness as thoroughly as possible and by establishing payment terms. In order to manage and limit credit and counterparty risks in the company's credit portfolio, there are established internal credit limits and routines to mitigate the risks.

Operational risks

Operational risks refer to losses that arise from inadequate or defective internal processes or routines, human error, incorrect systems or external events. The risks consist primarily of IT risks, legal risks and administrative risks within the different parts of the business.

At Mangold operational risks are comprised mainly of risks within transactions' management and process control. The Group's operational risks are minimised through good internal management and control, as well as the Board's established policy documents for effective risk management, in order to conduct business operations with limited operational risk. In addition, there are systematic controls that govern and ensure responsibility and authority in day-to-day operations.

IT risks

IT risks refer to the risk of losses or reduced income due to information technology (for example, computer systems or software). The Head of Risk Management and the Head of IT continually monitor Mangold's IT environment.

Legal risks

Legal risks refer to the risk of losses arising due to contracts possibly not being sufficiently legally tenable, or that new laws or regulations are decreed which change business conditions adversely.

The Group's legal management ensures that all contracts and other legal dealings are always scrutinised by Mangold's legal counsel, and that the Group's companies take out the requisite indemnity and liability insurance.

Reputational risk

Reputational risk is the risk of loss of reputation among clients, owners, employees, authorities etc. which can lead to reduced revenues. Mangold has guidelines on how a potential reputational risk is to be managed.

Liquidity and financing risk

Liquidity risk is the risk of not being able to meet payment obligations on their due date, without costs for obtaining means of payment increasing substantially. Mangold has established guidelines on how to manage liquidity risk. The guidelines refer to how Mangold deals with liquidity risk continually, as well as different policy documents that create a framework for Mangold in the event of worsened liquidity or increased liquidity risk.

The risk management function continually monitors liquidity in the company and performs stress tests.

Business and strategic risk

Business risk refers to the risk of reduced revenues due to factors in the external business environment (such as market conditions or client behaviour) that have a negative impact on volumes and margins.

Strategic risk is about Mangold's ability to adapt to changes in the external environment and, as such, is closely related to business risk. Strategic risk is defined as the risk of loss due to misguided business decisions, improper implementation of decisions or the inability to react adequately to changes in society, regulations, supervision and the industry.

In Mangold's case, business risk and strategic risk consist mostly of the risk that future earnings diminish. Earnings capacity is primarily dependent upon the economy but also on competitiveness towards competitors

Note 4 Client Funds

Mangold holds client funds that are distinct from Mangold's own funds in separate bank accounts. As Mangold does not possess these funds they are not listed in the balance sheet.

Amounts in SEK million	31 March 2020	31 March 2019
Client funds	11.7	50.9

Note 5 The board's internal buffer requirements

As of 31 March 2020, the Board of Directors' internal buffer requirements for the consolidated situation amount to 1.5 percent or SEK7.5 million for the core tier 1 capital ratio, and 2.5 percent or SEK12.5 million for capital adequacy. For Mangold Fondkommission AB, they amount to 1.5 percent or SEK6.9 million for the core tier 1 capital ratio, and 2.5 percent or SEK11.5 million for capital adequacy.

Note 6 Business Segments

Development in operating income

Amounts in SEK million

January - March

	2020	2019
Total Investment Banking 20.7	23.3	
Total Private Banking 14.1	11.1	
Total business segments	34.3	34.8

Development in operating profit before bonuses

Amounts in SEK million

January - March

	2020	2019
Total Investment Banking	0.2	2.6
Total Private Banking	-1.9	0.1
Total business segments	-1.7	2.7
Income from shares in associate companies	1.9	0.9
Dividends received	0.0	0.0
Bonus provisions	0.0	0.0
Other	0.0	-0.2
Operating profit	0.2	3.4

Note 7 Capital adequacy

Amounts in SEK million	Mangold Fondkommission AB		Consolidated Situation	
	31 March		31 March	
	2020	2019	2020	2019
Capital base				
Shareholders' equity	165.7	78.2	102.4	92.0
Intangible fixed assets	-4.3	-6.3	-33.5	-35.7
Deferred tax assets	0.0	0.0	0.0	0.0
Rev. profit/loss for the year adjusted for expected dividends	-3.3	-2.1	-3.3	-2.1
Deduction for core tier 1 capital contribution	-80.0	0.0	0.0	0.0
Total core tier 1 capital	78.1	69.9	65.6	54.1
Primary capital contribution	0.0	0.0	0.0	0.0
Deduction for primary capital contribution	0.0	0.0	0.0	0.0
Total tier 1 capital	78.1	69.9	65.6	54.1
Supplementary capital contribution	0.0	0.0	18.4	18.4
Deduction for supplementary capital contribution	0.0	0.0	0.0	0.0
Total supplementary capital	0.0	0.0	18.4	18.4
Total capital base	78.1	69.9	84.0	72.5
Capital requirement pillar 1				
Capital requirements for credit risk as per the standardised approach	13.0	16.2	15.5	15.5
Capital requirements for market risk as per the standardised approach	3.2	4.0	3.2	4.0
-of which capital requirements for position risk	3.1	4.0	3.0	4.0
-of which capital requirements for currency risk	0.0	0.0	0.1	0.0
-of which capital requirements for commodity risk	0.0	0.0	0.0	0.0
-of which capital requirements for discontinuation risk	0.0	0.0	0.0	0.0
Capital requirements for operational risk as per the basic indicator approach	18.9	20.7	18.0	21.3
Total minimum capital requirement	36.9	38.2	40.0	38.4
Capital surplus	41.2	31.7	44.0	34.1
Risk-weighted exposure amount				
Risk-weighted credit risks	162.1	202.1	194.4	193.1
Risk-weighted market risks	39.6	50.2	39.6	50.2
-of which capital requirements for position risk	39.6	50.0	39.6	50.0
-of which capital requirements for currency risk	0.0	0.2	0.0	0.2
-of which capital requirements for commodity risk	0.0	0.0	0.0	0.0
-of which capital requirements for discontinuation risk	0.0	0.0	0.0	0.0
Risk-weighted operational risk	258.5	225.4	265.9	236.5
Total risk-weighted exposure amount	460.2	477.7	499.9	479.8
Core tier 1 capital ratio, %	17.0%	14.6%	13.1%	11.3%
Primary capital ratio, %	17.0%	14.6%	13.1%	11.3%
Capital adequacy ratio, %	17.0%	14.6%	16.8%	15.1%
Requirements for capital conservation buffer, %	2.5%	2.5%	2.5%	2.5%
Requirements for counter-cyclical capital buffer, %	0.0%	0.0%	0.0%	0.0%
Requirements for systemic risk buffer, %	0.0%	0.0%	0.0%	0.0%
Requirements for buffer for globally systemically important institutions, %	0.0%	0.0%	0.0%	0.0%
Institute-specific buffer requirements, %	2.5%	2.5%	2.5%	2.5%
Core tier 1 capital available for buffer, %	9.0%	5.3%	7.1%	5.3%
Total Pillar 2 basic requirement	5.7	7.3	6.8	8.2
Total assessed internal capital requirements	65.5	57.4	71.8	58.5
Surplus of capital after buffer requirements and pillar 2	12.6	12.4	12.2	14.0

About Mangold

Mangold offers financial solutions to companies and individuals with potential, that are personally delivered with a high level of service and availability. The company currently operates within two segments: i) Investment Banking and ii) Private Banking. Mangold is under the supervision of Finansinspektionen (the Swedish Financial Supervisory Authority) and conducts securities transactions on the securities market in accordance with the Securities Market Act (2007:528). Mangold is a member of NASDAQ Stockholm, NASDAQ Helsinki, Spotlight Stock Market and Nordic Growth Market, as well as a derivative member of NASDAQ Stockholm. The company is also a clearing member and issuing institution at Euroclear Sweden. In addition, Mangold is a member of the industry organisation SwedSec Licensiering AB and the Swedish Securities Dealers Association (Svenska Fondhandlareföreningen). Mangold is listed on NASDAQ First North Premier Growth Market and is traded with the ticker MANG. G&W Kapitalförvaltning AB is the company's Certified Adviser (08-50300050, info@gwkapital.se) and Pareto Securities is Mangold's market maker.

Upcoming reports:

Interim report, quarter 2 2020 15 July 2020
Interim report, quarter 3 2020 14 October 2020

For enquiries: 08-5030 1559

Per-Anders Tammerlöv, CEO

This report has not been subject to review by the company's auditors.

The Board of Directors assures that this interim report provides a true and fair view of the company's operations, financial position and performance, and describes the significant risks and uncertainties facing the Group.

Stockholm, 22 April 2020

Per Åhlgren

Chairman of the Board

Per-Anders Tammerlöv

CEO

Birgit Köster Hoffmann

Board Member

Peter Serlachius

Board Member

Marie Friman

Board Member

MANGOLD

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