MANGOLD

Mangold AB (publ.)

556628-5408

Financial Year
1 January 2018 – 31 December 2018

MANGOLD

Annual Report 2018
556628-5408

CONTENT

Director's report

Parent Company

The Board of Directors and Managing Director of Mangold AB, CIN 556628-5408, with domicile in Stockholm, hereby submit the annual report for 2018. Where applicable, information about the Group also deals with information about the Parent Company.

Overview of operations

Mangold is listed on NASDAQ Stockholm First North Premier and is traded with the ticker MANG. G&W Kapitalförvaltning aktiebolag is the company's Certified Adviser, and Pareto Securities AB is its market maker.

The company shall own and manage real property and chattels, in particular, shares in wholly or partially owned subsidiaries, as well as strive for the expedient coordination and development of the business activities of the subsidiaries.

At the end of the year, the company owned shares in Mangold Fondkommission AB (MFK) (100%), Skandinaviska Kreditfonden AB (24.5%) and Resscapital AB (25%). The company also has an indirect ownership in Mangold Syd AB (MSY) (100%) through Mangold Fondkommission AB.

Significant events during 2018

In May 2018, Mangold AB acquired 25% of Resscapital AB, an investment manager of an AIF-fund focused on the management of life-insurances on the American market.

Events after the balance sheet date

In February 2019, Mangold AB's debenture loan was listed on Nasdaq First North Bond Market.
In February 2019, Mangold AB acquired a further 7.7% of the shares in Nowonomics AB. As of 31 December 2018, the holding amounted to 4.4%, and after the acquisition it increased to 12.1%.

Development of the Parent Company's operations, performance and financial position

The Parent Company's profit after tax amounted to SEK 1.0 (-0.4) million. The Parent Company's equity amounts to SEK 32.6 (32.0) million, with cash and cash equivalents amounting to SEK 0.3 (0.3) million.

Risks
Refer to the section on Risks for the Group, page 8.

Proposed appropriation of profits
The Board proposes to make the following profits available:

Share premium reserve	19 766 285
Retained earnings	2 764 153
Profit for the year	1 007 422
Total	**23 537 860**

To be appropriated as follows:	
Dividends to shareholders (SEK 4.63 per share)	2 097 774
Carried forward to a new accounting period	21 440 086
Total	**23 537 860**

The Group

Overview of operations

The overwhelming majority of the Group's operations consist of MFK's activities.

MFK is a member of Nasdaq Stockholm, the Nordic Growth Market, the Spotlight Stock Market as well a derivative member of Nasdaq Stockholm. MFK is also a member of SwedSec Licensiering AB and the Swedish Securities Dealers Association. MFK is under the supervision of the Swedish Financial Supervisory Authority and conducts securities business in accordance with the Securities Market Act (2007:528), with support of the following permits:

- Receipt and forwarding of orders concerning one or more financial instruments (Securities Market Act 2:1 pt. 1)*
- Execution of orders concerning financial instruments on behalf of clients (Securities Market Act 2:1 pt. 2)*
- Trading in financial instruments for one's own account (Securities Market Act 2:1 pt. 3)
- Discretionary portfolio management concerning financial instruments (Securities Market Act 2:1 pt. 4)*
- Investment advice to clients concerning financial instruments (Securities Market Act 2:1 pt. 5)*
- Underwriting of financial instruments and placing of financial instruments with a firm commitment (Securities Market Act 2:1 p. 6)
- Placing of financial instruments without a firm commitment (Securities Market Act 2:1 pt. 7)
- Acquiring financial instruments on behalf of clients and receiving funds with accountability (Securities Market Act 2:2 pt. 1)*
- Providing clients with credit, through the securities company, so that they can carry out transactions in one or more financial instruments (Securities Market Act 2:2 pt. 2)
- Providing corporate advice on capital structure, business strategy and similar issues, in addition to providing advice and performing services for mergers and acquisitions (Securities Market Act 2:2 pt. 3)
- Performing services in conjunction with the underwriting of financial instruments (Securities Market Act 2:2 pt. 6)
- Receiving client funds in accounts, in order to facilitate securities business (Securities Market Act 2:2 pt. 8)
- Performing currency services in conjunction with investment services (Securities Market Act 2:2 pt. 4).
- Develop and disseminate investment and financial analyses. (Securities Market Act 2:2 pt.5).
- Other ancillary business of acting as a Certified Adviser for companies whose shares are admitted to trading on First North (Securities Market Act 2:3 Paragraph 1)
- Insurance mediation under the Insurance Mediation Act.
- Administrator of fund units Chap.4 §2. Investment Funds Act (2004:46).

  *Cross-border operations in Denmark, Finland, Luxembourg, Norway, Poland, Germany and Austria

The Group's operations are organised into the following business units:

- Investment Banking
  - Corporate Finance
  - Issuing Services
  - Market Making
  - Certified Adviser
  - Insight (Analysis)

- Private Banking
  - Distribution
  - Securities
  - Pension & Wealth Advisory, Stockholm and Malmö

Significant events during 2018

In January 2018, MFK received permission from the Swedish Financial Supervisory Authority to develop and disseminate investment and financial analyses in accordance with the Securities Market Act 2:2 pt.5, and to perform currency services in accordance with the Securities Market Act 2:2 pt. 4.
In June 2018, Mangold acquired all of Remium's 27 Certified Adviser agreements.
In July 2018, MFK received permission from the Swedish Financial Supervisory Authority to manage funds.
In December 2018, MFK's wholly owned subsidiary, Mangold KF AB, was merged through absorption.

Events after the balance sheet date

No significant events after the balance sheet date.

Development of the Group's operations and performance

Operating commission income amounted to SEK 130.4 (135.5) million, which was a reduction of 3.8 per cent compared with the previous year. The Group reported a profit before tax of SEK 13.2 (16.0) million, which was a reduction of 17.5% compared with the previous year.

Segment

Mangold's client-oriented operations are divided into two segments, Investment Banking and Private Banking. There are several business areas within each segment, each one specialising in those services and products that are offered to the market. Through cooperation between the two segments, e.g. in the raising of capital, individual projects can be performed effectively.

In addition to the segments, there are several staff functions in the company, Back-Office, Compliance, Finance, HR, IT, Legal and Risk. Each of these provides business operations with those services required to create a well-functioning financial company.

Segment Investment Banking

Mangold Investment Banking is one of Sweden's leading players with a wide selection of high-quality financial services to smaller and medium-sized market listed and private growth companies. Within Investment Banking are the business areas; Corporate Finance, Issuing Services, Market Making, Certified Adviser and Insight (Analysis). Combined, the organisation can offer clients an impressive total solution. Mangold's geographic target group for these services is primarily companies in Sweden and in the other Nordic countries.

Corporate Finance

Mangold Corporate Finance is a leading player through its strategic focus on companies with potential in all sectors. For more than 15 years, the business unit has offered owners, boards and corporate management a wide range of qualified financial services in conjunction with areas such as admissions to the stock exchange and other stock-market related transactions, corporate bonds and other loan financing in, for example, acquisitions and expansion. The market for capital-market related loan financing has expanded in recent years, mainly because of a turbulent stock market and the difficulties for companies to obtain traditional bank financing.

Mangold Corporate Finance offers advice in all types of business transfers, such as acquisitions, reverse acquisitions, mergers and sales of both listed and unlisted companies, as well as buyouts of listed companies.

Mangold intends to create, and to also participate in, an underwriting consortium associated with the raising of capital.

The business area also provides advice to owners and corporate boards in many issues, such as incentive programmes, valuation statements (so-called "fairness opinions") and other strategic evaluations.
In recent years, Mangold has also conducted several international stock market-related transactions and intends to continue to increase this part of the business. Additional future possibilities for the business unit consist of continuing to utilise Mangold's network and expertise concerning financial advice and expanding operations both in Sweden and the Nordic region, both in terms of the number of clients and transactions, and their size.

Issuing Services

The business area, Mangold Issuing Services, is one of the market's leading issuing institutions with 156 transactions in Euroclear during 2018 (2017: 150).

Mangold Issuing Services assists companies with advice and project management in combination with most business events on both the share and fixed-income side. Mangold works with issuers on NASDAQ Stockholm, NGM, Spotlight as well as unlisted companies. Mangold's clients in this business unit are either the companies directly or their agents. The services include all types of financial instruments, and the services that are offered include all or part of the transaction: prospectuses, preparation of application forms and schedules, review of supporting documentation and press releases, as well as coordination with the other parties to the transaction, such as other advisors, the Swedish Companies Registration Office, the Swedish Financial Supervisory Authority and Euroclear Sweden.

Certified Adviser and Mentor

Until May 2018, this business area was part of Corporate Finance, but now constitutes a separate business area within the segment Investment Banking.

First North is Nasdaq's European growth market, adapted for smaller and growing companies. In contrast to the regulated market, every company on First North has a qualified advisor – a Certified Adviser. Mangold is one of the leading Certified Advisers on First North, with 56 assignments at the end of 2018 (2017:43) and has conducted many listings since the marketplace was created. Mangold guides the company through the application process and provides continual advice to ensure that the company meets the requirements associated with having securities admitted to trading on First North. Nordic MTF is Nordic Growth Market's list for trade in unlisted securities. Companies whose shares are admitted to trading on Nordic MTF, must appoint a Mentor that shall assist the company in several stock-market related issues during the first two years the company's shares are listed on Nordic MTF. Mangold is one of the leading Mentors on Nordic MTF, with 4 (3) assignments at the end of 2018.

Market Making

The business area Market Making is one of the leading market makers on the markets Nasdaq, Spotlight and NGM. A responsible trader in the department helps secure a specific spread and guaranteed minimum volume. The stock markets advocate market making for all their listed companies.

Mangold also organises trading in securities on the Mangold List, currently 13 (2017: 17) companies. Market Making sets prices on the secondary market in structured products arranged by Mangold. Besides the Mangold List, Market Making currently has 65 (2017: 61) assignments. Moreover, the business area sets prices in 165 (207) of Mangold's structured products.

Mangold Insight

Insight was established on 1 January 2019. Mangold Insight offers analysis of listed SMEs with quarterly updates. Distribution is through beQuoted and Mangold's web site. Operations are planned to be fully operational by the coming half-year.

Segment Private Banking

Mangold Private Banking offers different forms of asset management for companies, as well as private individuals and foundations. The offer includes customised insurance solutions. Legal and tax related questions are managed through selected partners. Private Banking includes the business areas Distribution, Securities and Pension and Wealth Advisory:

Distribution

The Distribution department is a leading arranger of public structured products, with extensive experience of offering placements with potential for a good risk-adjusted return, given market conditions and the macro-economic situation. The business area works partly through its own sales organisation, and partly through affiliated agents.

At the end of 2018, Mangold had eleven affiliated agents. Mangold places the same demands on its affiliated agents as it does on its own employees. Mangold only uses agents with good reputations and that have employed advisors with a high level of expertise.

In addition to Mangold's own-arranged structure products, the business area offers a selection of other products and services.

Pension and Wealth Advisory

The business area, Pension and Wealth Advisory, offers both private individuals and legal entities comprehensive advice in investments, pension issues and related areas. Services included in the offering are: management, pensions, foreign relocation, tax issues, legal affairs, credit, etc. The custody account solution is flexible and accessible for investment savings accounts "ISA", endowment insurances and private or occupational insurance schemes, the latter through agreements with several large insurance companies. Clients are offered investments in dynamic model portfolios, share and fixed-interest related portfolio management and/or tailor-made investment solutions in different risk classes, either in the form of advice or discretionary management.

Securities

Mangold Securities offers private individuals, companies and institutions trading in shares and derivatives listed on NASDAQ Stockholm, Spotlight and NGM. Clients are offered the possibility to trade through Mangold Trader, Mangold Online or the personal service of brokers. Moreover, through their broker, clients have access to most of the largest stock exchanges in the world.

Mangold helps investors with investments in interest-bearing securities, such as corporate bonds. Clients are also offered management of interest-bearing securities based on their individual needs concerning yield requirements, dividend criteria and credit risks.

The services include trading and custody in funds from over 500 global fund companies through its partner MFEX.

The number of custody accounts at year-end amounted to 10 338 (8 119) and the total capital in the custody accounts to SEK 4 738 (20 547) million.

Mangold Trader is a system that is mainly provided to clients who conduct many transactions and need more extensive information and access to the data and trading application.

Mangold Online is a web-trading service that is offered to clients who want to take care of their investment decisions themselves. Trading through Mangold Online occurs with low brokerage commissions and includes access to information such as portfolio reports and supporting documentation for tax returns.

Clients can also be offered a personal contact with their own broker, either as a complement to Mangold Trader and Mangold Online, or as an entirely independent alternative.

Clients of Mangold Securities are offered the possibility to refinance their custody holdings without either a contract period or an arrangement fee. A credit limit is linked to the client's custody account for the financing of securities transactions.

Deposit Guarantee

The Deposit Guarantee is a form of consumer protection for savings accounts. This means that the Government guarantees deposits in banks, credit market companies, and securities companies that have the Swedish Financial Supervisory Authority's permission to receive client deposits. This means that the client receives compensation from the Government should an institution go bankrupt. At the release of the annual report, the Deposit Guarantee guarantees a maximum amount of compensation of the equivalent of SEK 950.000. Mangold is a securities company and the following types of accounts are covered by the Deposit Guarantee: i) custody connected accounts and ii) cash in investment savings accounts. For further information, please refer to www.riksgalden.se.

Costs

The cost for the Group during 2018 amounted to SEK 123.9 (124.0) million, which gives a cost/income ratio of 92 (89) per cent based on the Group's operating income of SEK 134.7 (138.6) million.

Financial position and liquidity

As of 31 December 2018, consolidated equity amounted to SEK 89.6 (79.6) million and cash and cash equivalents amounted to SEK 277.6 (285.9) million. Hence, the Group has satisfactory liquidity and currently has no need of capital or financing in the form of bank loans.

Future outlook

The strategy to maximise shareholder returns is to grow profitably, and thereby provide good dividends to the shareholders. During 2019, the work of consolidating Mangold's position as one of the leading securities brokers will continue. The ambition is that a much broader product offering, and good cost control will ensure that both turnover and earnings for 2019 will exceed those of 2018.

Risks

Credit risks

Credit risks refer to the risk of a loss arising because a counterparty or debtor, either through unwillingness or inability, and in whole or in part, does not meet their contractual obligations. Credit risk also includes counterparty risk, concentration risk and settlement risk.

For Mangold, credit risk consists primarily of the risk of credit losses regarding credit clients, as well as the risk of unpaid accounts receivable defaulting.

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, in its commitments as market maker, through arbitrage and, in exceptional cases, through taking positions to facilitate client transactions.

Operational risks

Operational risk refers to the losses that arise from inadequate or inaccurate 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 business areas.
For Mangold, the operational risks consist mainly of risks in transaction management and process control.

Liquidity and financing risk

Liquidity risk is the risk of not being able to fulfil the company's financial obligations at any given time.

Financing risk is the risk of being unable to obtain financing, or where financing can only be obtained at considerably higher costs.

For Mangold, liquidity and financing risk consists primarily of the risk that the ability to pay deteriorates considerably due to the loss of, or impaired access to, normal sources of financing.

Business and strategic risk

Business risk is 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.

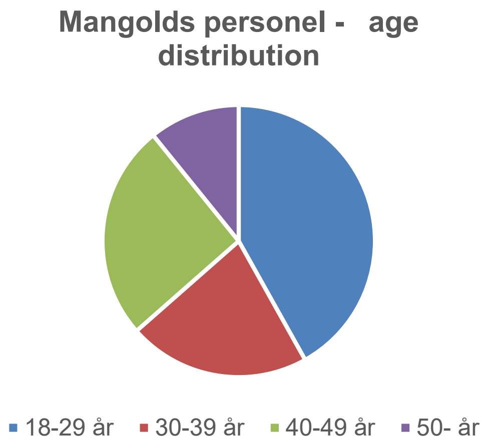
Strategic risk is about Mangold's ability to adapt to changes in the external environment and, as such, is closely related to business risk. Strategic risk is defined as the risk of loss due to misguided business decisions, improper implementation of decisions or the inability to react adequately to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

For Mangold, business risk and strategic risk largely consist of the risk that future earnings decrease. Earnings capacity is primarily dependent on the economic situation, but also on competitiveness towards competitors.

Employees

As of 31 December 2018, the number of full-time employees in the Group totalled 76 (79) people. Employees are one of Mangold's most important assets. Mangold has an expressed personnel policy which seeks to strengthen the employees' sense of corporate affiliation and shared values. Mangold has a compensation philosophy that rewards teamwork and initiative. Mangold's culture is characterised by innovative thinking and short decision paths, which have helped create an unbureaucratic organisation within which the individual employee has the possibility of gaining significant responsibility. Furthermore, the company has a work environment policy in which the company's goal is to create a good working environment for all employees. Risks of ill-health from both a physical and psychological perspective are to be prevented. The company also has a policy to counteract drug and substance abuse.

The company also has an equality and anti-discrimination policy. The company works actively for equality at work. No one should be treated less favourably than anyone else because of their gender. The company also complies with legislation that prohibits ethnic discrimination, disability discrimination and discrimination based upon sexual orientation. Furthermore, Mangold has no dominant commercial bank as their parent company that could prevent Mangold from undertaking interesting assignments because of internal business relations, which helps the company recruit and retain competent personnel. Mangolds recruitment strategy is based upon sustainability. This enables the company to seek highly competent people with particular expertise, and who fit well into Mangold's corporate culture. Currently, 56 percent of Mangold is owned by Board members and current employees.



18-29 years old 30-39 years old 40-49 years old 50 – years old

Swedsec Licensering AB

Mangold is affiliated with SwedSec Licensering AB ("SwedSec") and has therefore committed to complying with the rules laid down for ensuring that public confidence in the industry is maintained. Swedsec requires that certain personnel (for example certain advisers and brokers, asset managers, chief compliance officers, risk managers and managers) must hold a SwedSec licence and conduct an annual competence update. However, Mangold also encourages the company's other employees who are not part of the regulatory personnel, to perform SwedSec's licensing test. Mangold considers it to be of the utmost importance, that employees have a thorough knowledge of the securities market. In view of this, the SwedSec licence is confirmation of suitability, professional experience, knowledge and an ability to comply with the regulations that apply to the securities market, which in turn helps to ensure the high quality of Mangold's products and services.

Swedish Securities Dealers Association

Mangold is a member of the Swedish Securities Dealers Association (SSDA). The association strives to ensure that a high level of confidence is maintained in the Swedish securities market through self-regulation, standards, guidelines and regulations.

Client relations

Mangold strives for strong long-term client relations, which benefits both the company and its clients. By endeavouring to understand the client's business and financial goals, Mangold intends to differentiate itself from its competitors. This has led to better service and more satisfied clients, which has resulted in more stable revenues for Mangold. Experience has shown that the quality of the services is of most importance to clients, which is why Mangold has found it quite possible to both win and retain clients by providing high quality products and services.

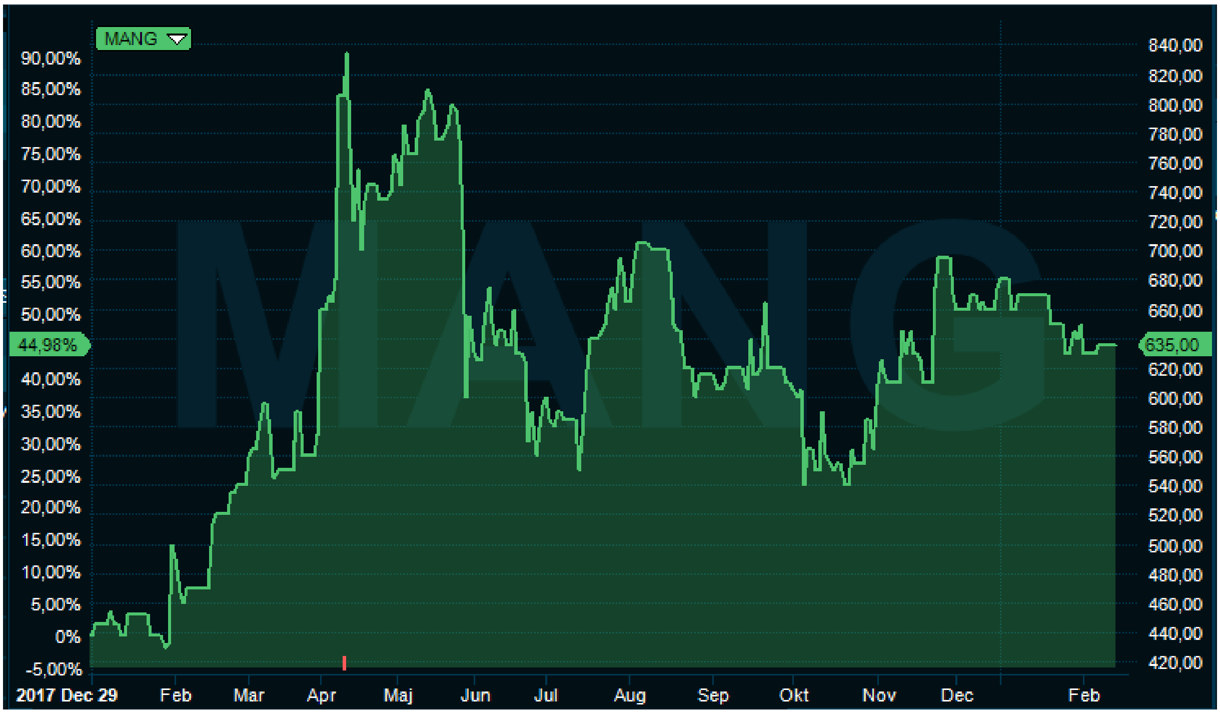
Ownership structure

Mangold AB is listed on NASDAQ First North Premier with G&W Kapitalförvaltning AB as Certified Adviser. As of 31 December 2018, Mangold AB's largest individual shareholders were Per Åhlgren, Chairman of the Board, with a holding of 29.98 per cent of the shares and votes, followed by Marcus Hamberg with a holding of 21.63 percent of the shares and votes, followed by Per-Anders Tammerlöv, Managing Director, with a holding of 17.44 per cent of the shares and votes. For a more detailed specification of the ownership register, please see below.

Since 12 July 2012, Mangold shares have been listed on First North Premium.

Owners	Shares	Proportion
Per Åhlgren	135 816	29.98%
Marcus Hamberg (incl. relatives and companies)	98 006	21.63%
Per-Anders Tammerlöv (incl. relatives and companies)	79 030	17.44%
Charles Wilken	12 064	2.66%
Tomas Lindberg	8 010	1.77%
Erik Josefsson	6 885	1.52%
Roger Rosén (incl. companies)	6 218	1.37%
Peter Ekholm (incl. relatives)	5 585	1.23%
Gun Tammerlöv Prins	4 215	0.93%
Timo Tammerlöv	4 215	0.93%
Heureka Förvaltnings Aktiebolag	2 762	0.61%
Martin Warne	1 920	0.42%
Cadasan Invest AB	1 851	0.41%
Paulsson Advisory AB	1 362	0.30%
Patric Bertram	1 200	0.26%
Other owners	83 944	18.53%
Total	**453 083**	**100%**

Mangold share price development 1 Jan. 2018 to 31 Dec. 2018



Board and senior executives

General information

Mangold's Board consists of four (four) people, including the Chairman, and it has its domicile in Stockholm. The board members are elected annually at the Annual General Meeting (AGM) for the period until the next AGM, providing no other circumstances occur. The Board members as of 31 December 2018 are listed below.

Mangold's management group consists of five (five) people. Besides the Managing Director, the management group consists of the Heads of Private Banking and Investment Banking, the CFO and the company's corporate lawyer. The management group is presented below, after the presentation of the Board.

Board of Directors

Per Åhlgren (born 1960)
Member of the Board, Chairman of the Board since 2003
Per Åhlgren has an MBA from the Stockholm School of Economics. Per Åhlgren is co-founder of Mangold and has been the Chairman since 2003. Previous experience includes ten years in London working for Salomon Brothers, Bear Stears and Deutsche Morgan Grenfell. Other assignments include managing director and board member of Runaware Holding AB and chairman of Black Earth Farming Ltd. As of 31 December 2018, Per Åhlgren owns 135 816 shares in Mangold.

Ann-Marie Thörn (born 1954)
Member of the Board since 2006
Ann-Marie Thörn has an LL.M. from the University of Stockholm. After serving at the Solna District Court, Ann-Marie Thörn has worked with corporate law at several law firms. Ann-Marie Thörn became a member of the Swedish Bar Association in 1993. Ann-Marie Thörn is currently managing partner at KLA Karlerö Liljeblad Advokatbyrå HB, where she has worked since 1994 when she co-founded the firm. Ann-Marie Thörn works primarily within the financial sector and has been a long-standing member of the advisory board of Danske Bank. As of 31 December 2018, Ann-Marie Thörn owns no shares in Mangold.

Marie Barbro Friman (born 1959)
Member of the Board since 2014
Marie Friman has an LL.M. and a degree in Business Administration from the University of Stockholm. Marie Friman has more than 30 years' experience in the finance sector as a lawyer, compliance officer, asset manager, advisor and CEO. Her speciality is the securities market, including judicial matters for companies under the supervision of the Swedish Financial Supervisory Authority. Marie Friman is currently active as owner for Apriori Advokatbyrå. As of 31 December 2018, Marie Barbro Friman owns no shares in Mangold.

Peter Serlachius (born 1965)
Member of the Board since 2017
Peter Serlachius MSc Econ. Hanken School of Economics in Helsinki. Previous experience includes 18 years of working in the Nordic region for Investa, Handelsbanken and Straumur. Peter Serlachius founded Sackville Partners AB in 2009, a company that works with the management, control and management of risk in the financial sector, in an advisory role. Peter Serlachius is a partner in MORS Software Oy, a company that develops software for risk management in the financial sector. As of 31 December 2018, Peter Serlachius owns no shares in Mangold.

Senior executives

Per-Anders Tammerlöv (born 1973)
Managing Director since 2006.
Per-Anders Tammerlöv has a degree in financial economics from the University of Stockholm. Per-Anders Tammerlöv has been employed at Mangold since 2003 and Managing Director since 2006. Per-Anders Tammerlöv has extensive previous experience from the financial sector, including Alfred Berg (today part of ABN AMRO), Nordiska Fondkommission (today part of the Bank of Åland) and H&Q (today part of Carnegie). As of 31 December 2018, Per-Anders Tammerlöv owns 79 030 shares in Mangold.

Alena Panotzki (born 1977)
CFO since 2019
Alena Panotzki has a degree in financial economics from the Stockholm School of Economics. Alena Panotzki has been active within the financial sector for several years, including as Group Financial Controller for the Coeli Group, and deputy CFO at Morgan Stanley Private Equity. As of 31 December 2018, Alena Panotzki owns no shares in Mangold.

Tomas Lindberg held this position until 1 October 2018. Between October and December 2018, this position was held by an external consultant.

Charles Wilken (born 1978)
Head of Investment Banking since 2014.
Charles Wilken has a masters degree in Business Administration, specialisation Finance, from the Stockholm Business School, the University of Stockholm, and a management education from IFL, the Stockholm School of Economics. Charles Wilken has earlier been head of Mangold's Corporate Finance department between 2009-2014 and employed in the company since 2005. Charles Wilken has more than ten years' experience from the banking and brokerage industry. As of 31 December 2018, Charles Wilken owns 12 064 shares in Mangold.

Tomas Forslund (born 1953)
Head of Private Banking since 2017.
Thomas Forslund has a degree in market economics and legal studies from the University of Stockholm. Thomas has more than 30 years' experience of banking and finance, including SEB and HQ Bank. His experience includes being a client adviser with personal client responsibility, to managing departments and being a member of management groups for Private Banking. As of 31 December 2018, Thomas Forslund owns 25 shares in Mangold.

David Holmström (born 1990)
Corporate lawyer since 2017.
David Holmström holds an LL.M from the University of Stockholm and has been employed at Mangold since October 2017.
David has several years of experience from working with Swedish and international financial law, and has previously worked with MFEX Mutual Funds Exchange AB. As of 31 December 2018, David Holmström owns 37 shares in Mangold.

Multi-year summary Group	1 Jan. 2018 - 31 Dec. 2018	1 Jan. 2017 - 31 Dec. 2017	1 Jan. 2016 - 31 Dec. 2016	1 Jan. 2015 - 31 Dec. 2015	1 Jan. 2014 - 31 Dec. 2014
Gross operating income*	142 088 742	150 322 480	118 328 433	134 977 734	105 372 645
Operating commission income	130 359 878	135 538 869	97 121 600	121 503 984	100 307 101
Profit/loss before tax	13 165 113	16 072 403	6 602 033	14 307 530	8 671 130
Profit/loss after tax	10 491 648	11 785 761	5 431 524	10 709 785	6 555 387
Total assets	496 796 616	468 386 811	482 538 420	370 293 842	275 396 890
Shareholders' equity	89 586 573	79 574 191	68 868 941	60 897 713	54 178 483
Net profit/total assets, %	2.1	2.5	1.2	2.9	2.4
Equity/assets ratio** %	18.0	17.0	14.3	16.4	20.0

* Gross operating income is defined as the sum of the Group's income.
** Defined as shareholders' equity in relation to total assets.

Consolidated income statement

Amounts in SEK	Note	1 Jan. 2018 - 31 Dec. 2018	1 Jan. 2017 - 31 Dec. 2017
Net operating income			
Commission income	6	130 359 878	135 538 869
Commission expenses	6	-4 936 282	-9 325 928
Net commissions		**125 423 597**	**126 212 941**
Interest income	8	8 459 457	7 533 946
Interest expenses	8	-2 429 308	-2 391 066
Net interest income/expense		**6 030 148**	**5 142 880**
Net income from financial transactions	9	2 031 815	7 052 876
Other operating income	7	1 237 592	196 790
Total operating income		**134 723 152**	**138 605 487**
Operating expenses			
General administrative expenses	11. 12	-118 770 072	-117 834 379
Depreciation and amortisation of tangible and intangible fixed assets	19. 20	-5 092 597	-4 121 375
Other operating expenses		-9 046	-2 071 143
Total operating expenses		**-123 871 714**	**-124 026 897**
Income from shares in associated companies		3 689 836	1 493 813
Net credit losses		-1 376 160	-
Operating profit		**13 165 113**	**16 072 403**
Tax on profit for the year	13	**-2 673 465**	**-4 286 642**
Profit/loss for the year		**10 491 648**	**11 785 761**
Earnings per share (453083 (450 213) shares)		*23.16*	*26.18*

Statement of comprehensive income	1 Jan. 2018- 31 Dec. 2018	1 Jan. 2017- 31 Dec. 2017
Other comprehensive income	-	-
Comprehensive income for the year*	**10 491 648**	**11 785 761**

* The entire profit is attributable to the Parent Company.

Consolidated balance sheet

Amounts in SEK	Note	31 Dec. 2018	31 Dec. 2017
ASSETS			
Treasury bills and other eligible bills		191 566 897	239 925 983
Loans to credit institutions	14	83 156 014	46 022 287
Loans to the public	15	106 364 163	89 004 475
Shares and participations	16	28 963 429	23 833 097
Shares and participations in associated companies	17	19 001 962	7 338 759
Intangible fixed assets	19	35 904 225	35 741 933
Tangible fixed assets	20	2 078 890	2 493 444
Other assets	21	23 946 647	17 455 319
Prepaid expenses and accrued income	22	5 814 389	6 571 514
TOTAL ASSETS		**496 796 616**	**468 386 811**
EQUITY AND LIABILITIES			
Liabilities			
Deposits from the public		350 280 018	325 811 282
Deferred tax liability	13	337 333	407 733
Tax liability		460 504	371 913
Other liabilities	23	9 984 603	10 327 190
Accrued expenses and deferred income	24	30 147 585	35 894 502
Subordinated liabilities	25	16 000 000	16 000 000
Total liabilities		**407 210 043**	**388 812 620**
Share capital (453083 (450 213) shares with a quota value of 2)		906 166	900 426
Other contributed capital		46 815 800	44 941 690
Retained profits including profit for the year		41 864 607	33 732 075
Total equity		**89 586 573**	**79 574 191**
TOTAL EQUITY AND LIABILITIES		**496 796 616**	**468 386 811**

Pledged assets
See note 26

Contingent liabilities
See note 26

Statement of changes in equity

Amount in SEK	Share capital	Other contributed capital	Retained earnings	Non-controlling interests	Total equity
Opening balance as of 1 January 2017	**900 426**	**44 941 690**	**23 026 825**	**-**	**68 868 941**
Transactions with shareholders					
Dividends *			-1 080 511	-	-1 080 511
Comprehensive income for the year			11 785 761	-	11 785 761
Closing balance as of 31 December 2017	**900 426**	**44 941 690**	**33 732 075**	**-**	**79 574 191**
Opening balance as of 1 January 2018	**900 426**	**44 941 690**	**33 732 075**	**-**	**79 574 191**
Transactions with shareholders					
Dividends *			-2 359 116	-	-2 359 116
New share issue	5 740	1 874 110		-	1 879 850
Comprehensive income for the year			10 491 648	-	10 491 649
Closing balance as of 31 December 2018	**906 166**	**46 815 800**	**41 864 607**	**-**	**89 586 573**

* The dividend for 2018 amounted to SEK 5.24 (2017: 2.40) per share.

* The breakdown between other contributed capital and retained earnings in the Group has been corrected where SEK 17.8 million has been transferred from retained earnings to other contributed capital. As a legal entity, the share premium reserve which is reported as a separate fund under non-restricted equity, is classified as other contributed capital in the consolidated balance sheet. Due to this adjusted classification, the opening balance of other contributed capital for the Group increases by SEK 17.8 million, and the opening balance for retained earnings decreases by the same amount. This amendment has no effect on either the total equity in the Group, or the breakdown of restricted and non-restricted equity in the parent company.

Consolidated cash flow statement

Amounts in SEK	1 Jan. 2018 - 31 Dec. 2018	1 Jan. 2017- 31 Dec. 2017
Operating profit	**13 165 114**	**16 072 403**
Adjustment for items not included in cash flow*	4 655 542	4 121 375
Tax paid	-3 188 473	-3 575 293
Cash flow from operating activities before changes in working capital	**14 632 183**	**16 618 485**
Increase (-)/Decrease (+) in stock	-5 130 333	-17 240 092
Increase (-)/Decrease (+) in operating receivables	-6 561 002	3 901 942
Increase (+)/Decrease (-) in operating liabilities	1 865 689	-34 810 954
Cash flow from operating activities	**4 806 537**	**-31 530 619**
Cash flow from investing activities		
Acquisition of intangible fixed assets	-4 142 994	-5 473 483
Acquisition of tangible fixed assets	-697 342	-1 388 919
Acquisition of subsidiaries/operations, net cash impact	-	-1 693 044
Acquisition of financial assets	-8 832 445	-
Cash flow from investing activities	**-13 672 781**	**-8 555 446**
Cash flow from financing activities		
Issue of interest-bearing securities	-	-
Dividends paid	-2 359 116	-1 080 511
Cash flow from financing activities	**-2 359 116**	**-1 080 511**
Cash flow for the year	**-11 225 360**	**-41 166 576**
Cash and cash equivalents at beginning of year	**285 948 271**	**327 114 847**
Cash and cash equivalents at year-end	**274 722 911**	**285 948 271**
Cash and cash equivalents as per balance sheet**	**274 722 911**	**285 948 271**

Interest paid and dividends received, included in cash flow from operating activities

	1 Jan. 2018 - 31 Dec. 2018	1 Jan. 2017- 3 Dec. 2017
Interest received	8 459 457	7 774 328
Interest paid	-2 429 308	-2 391 066
	6 030 148	**5 383 262**

* The adjustment items consist of depreciation and unrealised gains on securities.
** Cash and cash equivalents refer to bank deposits (loans to credit institutions) and treasury and other eligible bills.

Key ratios	31 Dec 2018	31 Dec 2017
Return on equity, %	12%	15%
Equity/assets ratio, %	18%	17%
Capital base, SEK million	67.6	57.5
Number of Certified Adviser & Mentors	60	46
Number of assignments Market Maker & Mangold List	78	78
Operating Margin, %	10%	11%
Number of outstanding shares	453 083	450 213
Average number of outstanding shares	451 648	450 213
Number of employees	76	79
Earnings per employee, SEK	173 223	203 443
Earnings per share, SEK	23.16	26.18
Equity per share, SEK	197.73	176.75
Number of custody accounts	10 338	8 119
Assets under management, SEK million	4 738	20 547

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 for a securities firm. For a detailed calculation, see page 51.

Operating margin, %
Operating profit as a percentage of total income.

Number of outstanding shares
Number of shares at period end.

Average number of outstanding shares
The total number of shares at the beginning and 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.

Assets under management, SEK million
The value of the total capital administered by Mangold at period end.

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Parent Company income statement

Amounts in SEK	Note	1 Jan. 2018 - 31 Dec. 2018	1 Jan. 2017 - 31 Dec. 2017
Net sales		-	-
Total net sales		**-**	**-**
Operating expenses			
Administrative expenses	11	-429 567	-500 054
Operating profit		**-429 567**	**-500 054**
Profit from financial items			
Interest expenses and similar profit/loss items	8	-1 120 474	-1 120 406
Net income from financial transactions	9	-	-1
Profit/loss from participations in Group companies	10	859 078	1 100 000
Profit/loss after financial items		**-690 963**	**-520 461**
Appropriations			
Group contributions received		2 021 127	-
Total appropriations		**2 021 127**	**-**
Profit/loss before tax		**1 330 164**	**-520 461**
Tax on profit for the year	13	-322 742	110 101
Profit/loss for the year		**1 007 422**	**-410 360**

Parent Company balance sheet

Amounts in SEK	Note	31 Dec. 2018	31 Dec. 2017
ASSETS			
Fixed assets			
Financial fixed assets			
Participations in associated companies	17	14 677 391	5 844 946
Participations in Group companies	18	47 752 584	47 752 584
Total fixed assets		**62 429 975**	**53 597 530**
Current assets			
Current receivables			
Deferred tax assets		-	322 742
Current receivables from subsidiaries		18 021 127	16 000 000
Prepaid expenses and accrued income	22	421 682	387 202
Cash and bank balances			
Cash and bank balances		292 526	293 747
Total current assets		**18 735 335**	**17 003 690**
TOTAL ASSETS		**81 165 309**	**70 601 220**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital (450 213 shares with a quota value of 2)		906 166	900 426
Statutory reserve		8 137 449	8 137 449
Total restricted equity		9 043 615	9 037 875
Non-restricted equity			
Profit/loss brought forward		2 764 153	5 533 630
Share premium reserve		19 766 285	17 892 175
Profit for the year		1 007 422	-410 360
Total non-restricted equity		23 537 860	23 015 445
Total equity		**32 581 475**	**32 053 320**
Current liabilities			
Accounts payable		-	-
Tax liability		-	-
Liabilities to Group companies		30 943 834	22 267 901
Accrued expenses and deferred income	24	1 640 000	280 000
Subordinated liabilities	25	16 000 000	16 000 000
Total liabilities		**48 583 834**	**38 547 901**
TOTAL EQUITY AND LIABILITIES		**81 165 309**	**70 601 221**

Pledged assets
See note 26

Contingent liabilities
See note 26

Statement of changes in equity

Amount in SEK	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Total equity
Opening balance as of 1 January 2017	**900 426**	**8 137 449**	**17 892 175**	**6 614 140**	**33 544 190**
Transactions with shareholders					
Dividends *				-1 080 511	-1 080 511
Comprehensive income for the year				-410 360	-410 360
Closing balance as of 31 December 2017	**900 426**	**8 137 449**	**17 892 175**	**5 123 269**	**32 053 319**
Opening balance as of 1 January 2018	**900 426**	**8 137 449**	**17 892 175**	**5 123 269**	**32 053 319**
Transactions with shareholders					
Dividends *				-2 359 116	- 2 359 116
New share issue	5 740		1 874 110		1 879 850
Comprehensive income for the year				1 007 422	1 007 422
Closing balance as of 31 December 2018	**906 166**	**8 137 449**	**19 766 285**	**3 771 575**	**32 581 475**

* The dividend for 2018 amounted to SEK 5.24 (2017: 2.40) per share.

Parent Company cash flow statement

Amounts in SEK	1 Jan. 2018 - 31 Dec. 2018	1 Jan. 2017 - 31 Dec. 2017
Profit/loss after financial items	**-690 963**	**-520 461**
Adjustment for items not included in cash flow*	-	-
Tax paid	-	-
	-	-
Cash flow from operating activities before changes in working capital	**-690 963**	**-520 461**
Increase (-)/Decrease (+) in operating receivables	-34 480	-387 201
Increase (+)/Decrease (-) in operating liabilities	10 035 933	1 979 639
Cash flow from operating activities	**9 310 490**	**1 071 977**
Cash flow from investing activities		
Acquisition of financial assets	-6 952 595	-
Cash flow from investing activities	**-6 952 595**	**-**
Cash flow from financing activities		
Dividends paid	-2 359 116	-1 080 511
Cash flow from financing activities	**-2 359 116**	**-1 080 511**
Cash flow for the year	**-1 221**	**-8 534**
Cash and cash equivalents at beginning of year	**293 747**	**302 281**
Cash and cash equivalents at year-end	**292 526**	**293 747**
Cash and cash equivalents according to the balance sheet**	**292 526**	**293 747**

Notes

Note 1 General information

The annual report and consolidated accounts are submitted as of 31 December 2018 and refer to Mangold AB, which is a Swedish registered holding company with its domicile in Stockholm. The address of the head office is Engelbrektsplan 2, 114 34 Stockholm, Sweden.

Mangold AB is the Parent Company in a Group with subsidiaries as per Note 18.

Note 2 Summary of important accountant principles

Group accounting principles

Compliance with standards and regulations

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) as well as interpretative statements made by the IFRS Interpretations Committee (IFRIC) and as adopted by the EU. Furthermore, the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups, has been applied. In addition, the appendices pursuant to the Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), and the Financial Supervisory Authority's regulations and general guidelines on Annual Reports in Credit Institutions and Securities Companies (FFFS 2008:25), have also been applied.

The Parent Company applies the same accounting principles as the Group, except in those cases stated below under the section "the Parent Company's accounting principles".

The following accounting principles have been applied consistently to all periods presented in the financial statements, unless otherwise stated below.

The Group's accounting principles are unchanged compared with the annual report for 2017. The IFRS standards that came into force in 2018 have not had any significant effect on the consolidated accounts.

IFRS

New IFRS standards that have been applied for the financial year 2018

IFRS 9

"Financial Instruments", manages the classification, valuation and accounting of financial instruments. IFRS 9 was issued in its complete form in July 2014 and replaces IAS 39, which concerns the classification and valuation of financial instruments as of 2018. IFRS 9 involves changes in how financial assets are classified and valued, through an impairment model that is based on expected credit losses instead of actual losses, and changes in principles for hedge accounting for the purpose, for instance, of simplifying and increasing consensus with the company's internal risk management strategies.

Mangold's surplus liquidity is invested in treasury bills. These are reported in accordance with IAS 39 as "financial assets valued at fair value through profit or loss", which means that they are reported through profit or loss. The assessment is that the treasury bills are held in another business model based on the classification according to IFRS 9 and are reported at fair value through profit or loss, and therefore there is no change in the accounting compared with earlier. The Group also has investments in shares, which are currently classified as financial assets held for trading and valued at fair value through profit or loss, which coincides with the principles illustrated by IFRS 9.

IFRS 9 will not have any impact on the accounting of treasury bills and other eligible bills, loans to the public and loans to credit institutions.

Mangold makes an individual assessment of each outstanding account receivable and applies a simplified impairment model, in accordance with IFRS 9. As of 31 December 2018, Mangolds credit provisions according to IFRS 9 amounted to SEK 418 000, which equates to 1.96 per cent or outstanding account receivables.

IFRS 15

For Mangold's part, the application of IFRS 15 has not had any effect on Mangolds accounts for 2018, because revenue is only recognised as income after Mangold has implemented a complete contractual commitment to the client.

New IFRS standards that will begin to be applied from the financial year 2019

IFRS 16

In January 2016, IASB published the new standard for reporting of leasing agreements, IFRS 16 Leases, which requires lessees to recognise in principle all leasing agreements with a right-of-use as assets and liabilities in the balance sheet. The new leasing standard shall be applied in the Group from 1 January 2019.

The effect that the new standard has on Mangold is limited. The change is that the premises which the company rents will be included as right-of-use assets and liabilities of equivalent value in the balance sheet, and amortisation and interest expenses in the income statement. The value of the current right-of-use assets has been calculated to SEK 24 million. The total value of interest and amortisation during 2019 will be SEK 0.4 million higher than that amount which would have been reported as rental costs. Because of the higher balance sheet total, the equity/assets ratio is lower by 0.7 per cent on 1 January 2019.

See also Note 12.

Consolidated accounts

The consolidated accounts include subsidiaries in which the Parent Company directly, or indirectly, holds more than fifty (50) per cent of the votes.

The subsidiary is recognised in accordance with the acquisition method. The method treats the acquisition of a subsidiary as a transaction, whereby the Group indirectly acquires the subsidiary's assets and takes over the liabilities and contingent liabilities. The Group acquisition value is determined via an acquisition-analysis in conjunction with the acquisition.

In this analysis, the acquisition value of the participations or the business is determined, as is the fair value on the acquisition date of the acquired identifiable assets, and the assumed liabilities and contingent liabilities.

The acquisition value of the subsidiary's shares and business is comprised of the sum of the fair values on the day of acquisition of the assets purchased, the incurred or assumed liabilities, and the equity instruments issued as consideration in exchange for the acquired net assets. In business acquisitions, where the acquisition cost exceeds the fair value of the acquired assets and assumed liabilities, and the contingent liabilities which are reported separately, the difference is recognised as goodwill. When the difference is negative, it is reported directly into the income statement.

The financial statements of subsidiaries are included in the consolidated accounts from the date of acquisition until the date when the controlling influence ceases.

Internal transactions within the Group are eliminated in full.

Valuation basis for the preparation of the company's financial reports

Assets and liabilities are recognised at historical cost. Financial assets and liabilities are reported at amortised cost, except for those financial assets that are valued at fair value. Financial assets that are valued at fair value, consist of financial instruments classified as financial assets valued at fair value through profit or loss, and financial assets that can be sold.

Functional and presentation currency

The Parent Company's functional currency is the Swedish krona (SEK), which is also the presentation currency for the Parent Company and the Group. This means that the financial statements are presented in Swedish Kronor (SEK).

Judgements and estimates in the financial statements

To prepare the financial statements in accordance with IFRS requires that the company management make judgements and estimates, as well as assumptions about accounting principles and the reported amounts for assets, liabilities, income and expenses. Estimates and assumptions are based on historical experience and several factors that seem reasonable under prevailing circumstances. The results of these estimates and assumptions are then used to determine the reported amounts of assets and liabilities, which are not otherwise apparent from other sources. Actual outcomes can differ from these estimates and judgements.

These estimates and assumptions are reviewed regularly. Changes in estimates are reported in the period that the change is made if the change only affects that period, or in the period the change is made and future periods if the change affects both the current and future periods.

Judgements made by top management in the application of IFRS which have a significant effect on the financial statements, and estimates made which can result in significant adjustments to future financial statements, are described in more detail in Note 4, Critical accounting estimates and judgements.

Commission and fee revenues

The reported commission incomes are invoiced fees for work performed within Mandgold Fondkommission AB's (MFK) business areas, Corporate Finance (CF), Issuing Services (ET), Market Making (MM), Pension and Wealth Advisory in Stockholm and Malmö (KR) and Securities (VPH), as well as the work performed in Mangold KF's business area Distribution (DI). The brokerage commission from the Securities business area is included but constitutes less than 10% of MFK's revenues. Fees relate to CA assignments (Certified Adviser), the raising of capital, M&A and general advice for CF; prospectus and issuing/transactions administration for Issuing Services; Market Making and listing on the Mangold List for trading. Commission income is invoiced and taken up as revenue continually. Invoicing regarding the services Market Making and Certified Advisor, as well as the monthly fee for listing on the Mangold List, is always invoiced quarterly in advance but is taken up as revenue monthly. A commission and fee income is recognised when the company has completed its commitment to the client.

Commission expenses

The costs which the Group recognises as commission costs, concern those costs that are directly attributable to a specific assignment. These costs are reported separately, in order to better determine the assignment's profitability and to facilitate the subsequent invoicing of the assignment costs to the client. Much of the cost is attributable to reseller commissions, also known as Consultative Selling Costs in Note 6.

Interest income. interest expenses and dividends

Interest income on claims and interest expenses on liabilities are calculated and recognised by applying the effective interest method. The effective interest rate is the interest rate that makes the present value of all estimated future cash receipts and payments, during the expected period of fixed interest, equal to the book value of the claim or liability. Interest income and interest expenses include, where applicable, accrued amounts of fees received that are included in the effective interest rate, transaction costs and any discounts, premiums and other differences between the original value of the claim/liability and the amount adjusted on maturity.

Interest income is derived primarily from loans to credit institutions and the public and relates predominantly to the balances in client accounts. Interest expenses relate to interest on subordinate loans, penalty interest on accounts payable and interest on taxes and fees.

Dividends from shares and participations are reported under the item "Dividends received", when the right to receive payment is determined.

Net income from financial transactions

Net income from financial transactions consists of realised and unrealised changes in the fair value of the assets and liabilities held for trading purposes, realised and unrealised treasury bills, and realised and unrealised exchange rate fluctuations. The item also includes interest income from the treasury bills.

General administrative expenses

General administrative expenses include personnel costs, including salaries and remuneration, bonuses, pension costs, employers' contributions and other social security contributions. Rental, auditing, education, IT, telecommunications and travel and corporate entertainment expenses, as well as fees for the deposit guarantee, are also reported here.

Operating leases

Operating leases mean that no item is reported in the balance sheet, instead the lease payments are expensed over the lease period on a straight-line basis. Leasing costs for assets held under operating leases, which in the company's case are leased premises, are reported to the end of 2018 among general administrative expenses.

As mentioned above, Mangold applies IFRS 16 since 1 January 2019, which quite simply means that even operating leasing agreements must be recognised as assets and liabilities in the Group balance sheet. The costs for operating leases will henceforth be reported as interest expenses and amortisation, and not be included in general administrative expenses.

Taxes

Income taxes consist of current tax and deferred tax. Income taxes are reported in the income statement, except when the underlying transaction is directly reported against shareholders' equity or in other comprehensive income. In these cases, the tax effect on equity and on other comprehensive income is also recognised.

Current tax is tax to be paid or received for the current year, applying tax rates decided upon, or in practice decided upon, on the balance sheet date. This also includes adjustment of current tax attributable to previous periods.

Deferred tax is calculated according to the balance sheet method, based on temporary differences between the reported amounts and the tax value of assets and liabilities. Temporary differences are not considered as differences that have arisen from the initial recognition of goodwill, nor the initial recognition of assets and liabilities which are not business acquisitions, that at the time of the transaction do not affect either reported or taxable profit.

Valuation of deferred tax is based on how the underlying assets or liabilities are expected to be realised or settled. Deferred tax is determined using tax rates and tax regulations that are decided upon, or in practice decided upon, on the balance sheet date.

Deferred tax assets concerning tax-deductible temporary differences and deductible deficiencies, are recognised only to the extent that it is likely that they will be utilised. The value of deferred tax assets is reduced when it is no longer considered likely that they can be utilised.

Included under the heading Tax on profit/loss for the year in the income statement, current tax, deferred tax and tax concerning previous years are reported.

Financial instruments

Financial instruments that are reported in the balance sheet refer to shares and receivables, including loans to credit institutions. Liabilities and equity include accounts payable and money borrowed.

Recognising and removing items from the balance sheet

A financial asset or financial liability is entered in the balance sheet when the company becomes party to the instrument's contractual terms.

A financial asset is removed from the balance sheet when the contractual rights are realised, expire or the company loses control over it. The same applies to part of a financial asset. A financial liability is removed from the balance sheet when the contractual obligation is fulfilled or otherwise extinguished. The same applies to part of a financial liability.

A financial asset and a financial liability are offset and reported with a net amount in the balance sheet, only when there exists a legal right to offset the amounts, and there exists an intention to settle the items as a net amount or to simultaneously realise the asset and settle the debt.

The acquisition and sale of financial assets are reported on the transaction date, which is the date when the company commits itself to purchasing or selling the asset. Loan commitments are not reported in the balance sheet. Loan receivables are reported in the balance sheet when the loan amount is paid to the borrower. A provision for the granted loan commitment is made if the loan commitment is irreversible and given to a borrower where an impairment requirement is identified, even before the loan is paid out, or when the lending rate does not cover the company's borrowing costs to finance the loan.

Classification and valuation

Valuation of financial instruments occurs at the time of acquisition and at acquisition cost, which is equivalent to fair value, including directly attributable transaction costs for financial instruments that are not reported at fair value through profit or loss. Subsequent valuation is at fair value or amortised cost, with application of the effective interest method depending upon which classification the financial instrument belongs to.

For a more detailed description of the fair value of financial instruments, see Note 28 Financial Assets and Liabilities.

Impairment

Assessing the impairment of financial assets reported at fair value through profit or loss is not conducted, as they are recognised at fair value.

Recognising accounts receivable and other receivables at amortised cost, means that the financial instrument is valued at acquisition cost less deductions for impairment because of financial assets that cannot be recovered. At each reporting date, the balance sheet date, there is a thorough review of the company's financial assets that are recognised at amortised cost. Here, a critical review is conducted of all outstanding receivables to determine if there is an impairment requirement. A receivable is considered to have an impairment requirement, if there is objective evidence to indicate that an impairment requirement exists for a financial asset or group of financial assets. This is decided when the business area manager, after discussion with the company in question and in consultation with the CFO, reaches this conclusion. The impairment of financial assets reported at amortised cost is calculated as the difference between the asset's book value and the present value of estimated projected cash flows.

The impairment of loan receivables and accounts receivable reported at amortised cost is reversed if the previous reasons for the impairment no longer apply, and full payment is expected to be received from the client and recognised as a recovery of the credit loss.

Financial assets valued at fair value through profit or loss

Financial instruments in this category are valued continuously at fair value, with value changes being measured in the income statement. For these instruments, value changes are recognised in the income statement item Net income from financial transactions (see Note 9 Net income from financial transactions). The financial assets that are valued at fair actual through the income statement, comprise the balance sheet item shares and participations and the balance sheet item treasury bills and other eligible bills.

Loans and receivables

Loans and receivables are non-derivative financial assets, that have fixed or determinable payments and are not quoted in an active market. These assets are valued at amortised cost. Amortised cost is determined using the effective interest rate that is calculated at the time of acquisition. Loans and receivables are recognised at the amount that is expected to be received, namely, after deductions for bad debts. Accounts receivable are found in the balance sheet item "Other receivables" and are specified in Note 21. Loan receivables are apportioned to the balance sheet items "Loans to credit institutions" and "Loans to the public".

Other financial liabilities

Deposits and other financial liabilities, for example, accounts payable, are included in this category. The liabilities are valued at amortised cost and are found in the balance sheet item Other liabilities. See the specification in Note 23. Financial liabilities where the creditor is less prioritised than others, are listed in the balance sheet as Subordinated liabilities. Regarding interest expenses attributable to the subordinated liabilities, information on this can be found in Note 8 “Interest income and interest expenses”, and further information regarding terms for the loan in Note 25 “Subordinated liabilities”.

Trading portfolio

The trading portfolio refers to shares and participations that the company holds for trading purposes or to secure other positions in the trading portfolio, and it is not subject to conditions that restrict its ability to trade, or if it is subject to such conditions, it is still able to secure positions. Positions refer to the company's own positions, and positions that originate from transactions on behalf of clients or as market maker. The company's own positions are currently classified as financial assets held for trading and measured at fair value through profit or loss. The net income of the changes in the trading portfolio is a part of the income that is recognised in Note 9 “Net income/expense from financial transactions”.

Tangible assets

Tangible fixed assets are recognised as an asset in the balance sheet, if it is probable that future economic benefits will continue to accrue to the company and the acquisition value can be calculated reliably.

Tangible fixed assets are recognised at acquisition value after deductions for accumulated depreciation and possible impairment. The book value of a tangible fixed asset is removed from the balance sheet upon the disposal or sale of the asset, or when no future economic benefits are expected from its use, or the disposal or sale of the asset. Gains or losses that arise from the sale or disposal of an asset are determined by the difference between the selling price and the asset's book value less direct sales costs. Gains and losses are recognised as other operating income/expenses.

Depreciation methods

Straight-line depreciation occurs over the asset's estimated useful life. The company believes that for tangible fixed assets, there are no separate components with significantly different depreciation periods.

Estimated useful lives	
- Computers and servers	3 years
- Machines. equipment and tools	5 years

The depreciation methods used, and the residual values and useful lives of the assets, are reconsidered at each year end. Equipment of lesser value, which refers to equipment with an acquisition cost below SEK 10.000, is expensed directly.

Intangible fixed assets

Goodwill

Goodwill represents the difference between the acquisition value of the business acquisition and the fair value of acquired assets, assumed liabilities and contingent liabilities. Concerning goodwill on acquisitions, the Group has not applied IFRS retroactively to goodwill on acquisitions that occurred before 1 January 2008 in the transition to IFRS, but instead up to this date, the book value continues to represent the Group's acquisition value after impairment testing. Goodwill is valued at acquisition value less any accumulated impairment. Goodwill is allocated to cash-generating units and is not amortised, but instead tested for impairment annually. The entire goodwill item for the Group is attributable to goodwill in Mangold Fondkommission (equivalent to SEK 27.977.639).

Other intangible fixed assets

Separately acquired intangible assets are recognised at acquisition value less accumulated amortisation (see below) and write-downs.

Development costs are recognised as an asset in the balance sheet, if the product or process is technically and commercially viable, and the company has enough resources to complete development and thereafter use or sell the intangible asset. Other development costs are reported as expenses in the income statement when they arise.

Current development costs concern system compatibility with MiFID requirements, increased system support for certain work duties and enabling client payments via Swish.

Amortisation methods

Straight-line amortisation is recognised in the income statement over the intangible asset's estimated useful life. The useful lives are reappraised at least every year. Amortisable intangible assets are amortised from the date they are available for use.

The estimated useful lives are:	
- Other intangible fixed assets	3 years
- Client relations	10 years
- Goodwill is not amortised, impairment tested annually	

The lowest acquisition value for equipment to be activated is SEK 10 000.

Impairment

At every reporting date, the balance sheet date, a thorough review of the company's intangible fixed assets is conducted. At this point, a critical review of all intangible fixed assets is done to assess whether impairment is necessary. Mangold has no specific impairment policy, but rather impairment requirements are assessed on a case by case basis.

If there is an indication of impairment, the asset's recoverable value is calculated (see below). For goodwill, the recoverable value is calculated annually. If it is not possible to determine essentially independent cash flows to an individual asset, and its fair value less sales costs cannot be used, then the assets are grouped to test for impairment at the lowest level where essentially independent cash flows can be identified – a so-called cash-generating unit.

An impairment is recognised when an asset's or cash-generating unit's (group of units) book value exceeds its recoverable value. An impairment is recognised as an expense in the result for the year. When an impairment requirement is identified in a cash-generating unit (group of units), the impairment amount is first allocated to goodwill. Thereafter, a proportional impairment of the other assets in the unit (group of units) is conducted.

The recoverable value is the greater of fair value, less sales costs, and value-in-use. When calculating value-in-use, future cash flows are discounted using a discount rate that considers risk-free interest and the risk associated with the specific asset.

Impairment reversals

An impairment of assets that are included in IAS 36's field of application may be reversed, if there is an indication that the impairment requirement no longer exists and that there has been a change in the assumptions underlying the calculation of the recoverable value. However, impairment of goodwill is never reversed. A reversal is only made to the extent that the asset's book value after reversal does not exceed the book value that would have been recognised, with deductions for amortisation where appropriate, had the impairment not occurred.

Remuneration of employees

Retirement through insurance

The Group's pension plan is secured through an insurance contract as evident from the company's insurance policy. According to IAS 19, a defined contribution plan is a plan for remuneration after completed employment according to which the company pays fixed contributions to a separate legal entity, and does not have any legal or informal obligation to pay additional contributions should the legal entity not have sufficient assets to pay all remuneration to the employees, regarding the service of the employees, during the current period and earlier. A defined benefit pension plan is another plan for remuneration after completed employment other than the defined contribution plan. The company's pension plan is a defined contribution plan and follows the Swedish ITP plan. The retirement age is 65 years.

Short-term remuneration

Short-term remuneration to employees is calculated without discounting and is recognised as a cost when the related services are obtained. A provision is recognised for the expected expense of profit sharing and bonus payments, when the Group has a valid legal or constructive obligation to make such payments as a result of services obtained from employees and when the obligation can reliably be calculated.

Compensation upon termination

The cost of compensation in conjunction with personnel layoffs is only recognised if the company is demonstrably committed to a formal detailed plan to terminate employment before the normal time without the realistic possibility of reversal, or when the company recognises costs for restructuring. Compensation estimated to be settled after 12 months is recognised at its present value. Compensation not expected to be fully settled within 12 months is recognised as long-term benefits.

Provisions

A provision is recognised in the balance sheet when the company has an existing legal or constructive obligation as a consequence of a past event, and it is probable that an outflow of economic resources will be required to settle this obligation and a reliable estimate of the amount can also be determined. Where the effect of when payment is made is significant, provisions are determined through discounting the expected future cash flows to a pre-tax interest rate that reflects current market assessments of the time value of money and, where appropriate, the risks associated with the debt.

Contingent liabilities

A contingent liability is recognised when there exists a possible obligation originating from past events, and whose existence is confirmed only by one or more uncertain future events, or when there is an obligation that is not recognised as a liability or provision on account of that it is not likely that an outflow of resources will be required. Within the business area Corporate Finance, an Underwriting Guarantee is offered. During an issue assignment, and in exchange for commission, the company can guarantee the client that a certain agreed proportion of the client's share issue will be subscribed by the company should the issue not be fully subscribed. Underwriting guarantees are governed by special agreements with clients. If an underwriting guarantee is necessary, the securities acquired in this manner are added to the company's trading stock and valued and risk-assessed according to the same principles as those securities in the company's trading portfolio.

Parent Company accounting principles

The Parent Company prepares its annual report in accordance with the Swedish Annual Accounts Act (1995:1554), and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. The Financial Reporting Board's published statements concerning listed companies are also applied, RFR 2 means that in the annual report, the Parent Company for the legal entity must apply all EU-adopted IFRS standards and statements, as far as this is possible within the framework of the Swedish Annual Accounts Act and the Pension Obligations Vesting Act, and fully consider the relationship between accounting and taxation. The recommendation states which exceptions and additions are to be made to IFRS standards.

Participations in subsidiaries and associates are recognised in accordance with the cost method.

New and amended IFRS standards for future implementation are not expected to have any significant effect on the Parent Company's financial statements.

Valuation and translation principles

Due to the relationship between accounting and taxation, the rules concerning financial instruments and hedge accounting in IAS 39 are not applied in the Parent Company as a legal entity.
In the Parent Company, the financial fixed assets are valued at acquisition value less potential impairment, and financial current assets at the lower of cost or market. The book value of the interest-bearing instruments is equivalent to the fair value of the product.

Group contributions and shareholders' contributions
The Company applies the alternative rule in accordance with RFR 2, in reporting group contributions. Group contributions received and paid are recognised as appropriations.

Note 3 Risk Management

Group risk management

In the Group's operations, different types of risks arise such as credit risk, market risk, liquidity risk and operational risk. 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, the Board of Directors of Mangold Fondkommission AB, which is ultimately responsible for the internal management and control of the company, has established policy documents for operations.

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

The Group's risk management aims to identify and analyse the risks the company has in its operations and to set appropriate risk appetites and risk limits for these and ensure that controls are in place. Risks are monitored, and controls are done continuously to ensure that the risk appetites and risk limits are not exceeded. Guidelines and risk management systems are reviewed regularly to verify that they are correct and reflect current market regulations and the products and services that are offered. Through training and clear processes, the company creates conditions for a good risk culture, where every employee understands their role and responsibility. The objective and purpose of risk management is therefore to ensure that the company, under any circumstances, does not have 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 under the Managing Director 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.

Credit risk

Credit risks refer to the risk of loss occurring because a counterparty or debtor, either through unwillingness or inability, and wholly or in part, does not meet their contractual obligations. Credit risk also includes counterparty risk, concentration risk and discontinuation risk.

The Board of Directors has the overall responsibility for the company's credit risk exposure. In a special guideline within certain limits, the Board has delegated responsibility to the Managing Director. The Managing Director reports regularly to the Board.

Credit risk is minimised by assessing the counterparty's creditworthiness to the greatest extent possible and by establishing payment terms. The Group strives for a good diversification of risks. In order to limit credit and counterparty risks in the company's securities portfolio, credit limits have been established.

Mangold's target groups of borrowers are companies or private individuals who seek credit to be able to conduct transactions in financial instruments that are kept in custody accounts with Mangold. The target group is primarily existing clients who have a good understanding of the function of the financial markets, how borrowing of financial instruments works and what risks this can involve.

A crucial criterion for the company providing credit, based on the borrower's domicile being geographically related to the company's business area, is the borrower's ability to repay. To further reduce risk, the company's loans are also secured by pledging part of the borrower's securities in their custody account with the company, and part of the borrower's liquid funds in an account with the company.

The Group's routines for monitoring overdue payments and unsettled receivables, aim to minimise credit losses through early detection of payment problems with borrowers and an accompanied quick processing of occurring claims cases. The Managing Director has also provided instructions for handling securities in security credits, which relate to credit limits being reconciled daily with the current pledged values for the holder of the financial instruments against the credit provided, and the borrower's repayment ability being assessed continuously.

In the event that a client with a credit limit exceeds his loan-to-value ratio (LTV), this is addressed according to three solutions which consist of: 1) the client transferring cash and cash equivalents to their custody account to cover the difference, 2) the client transferring eligible securities to the custody account and 3) Mangold conducting a compulsory sale of securities in the custody account to cover the difference between the eligible securities in the custody account the credit limit.

Operational risks

Operational risk refers to losses that arise due to inadequate or defective internal processes or routines, human error, incorrect systems or external events. The risks mainly consist of IT risks, legal risks, reputation risk and administrative risks within the different business areas.

The Group's operational risks are minimised by good internal management and control, in combination with the Board's established policy documents for effective risk management, in order to run operations with limited operational risk. In addition, there are continual controls that regulate and ensure responsibility and authorisation in day-to-day operations.

IT risk

IT risk is the risk of losses or reduced earnings due to information technology (such as computer systems or software).

Legal risks

Legal risk refers to the risk of losses arising due to that contracts are found not to be legally tenable, or that new laws or regulations are declared which change business conditions adversely.

The Group's legal management always involves scrutiny of all contracts and other legal relationships by Mangold's corporate lawyer, and that the Group's companies procure the requisite liability and indemnification insurance.

Reputation risk
Reputation risk refers to the risk of loss of reputation among clients, owners, employees, authorities etc. which can lead to reduced revenues.

Credit risk exposure

2018	Maximum Credit exposure	Impairment/ provisions	Value of securities	Credit exposure after deductions of securities
Treasury bills and other eligible bills	191 566 897			191 566 897
Loans to credit institutions	83 156 014			83 156 014
Loans to the public	106 364 163		82 126 480	24 237 683
Accounts receivable	21 281 338	1 843 001	-	21 281 338
Total credit exposure	**402 368 411**	**1 843 001**	**82 126 480**	**320 241 931**

2017	Maximum Credit exposure	Impairment/ provisions	Value of securities	Credit exposure after deductions of securities
Treasury bills and other eligible bills	239 925 983			239 925 983
Loans to credit institutions	46 022 287			46 022 287
Loans to the public	89 004 475		85 720 046	3 284 429
Accounts receivable	15 687 607			15 687 607
Unliquidated securities transactions	459 892			459 892
Total credit exposure	**391 100 244**	**-**	**85 720 046**	**305 380 198**

Age analysis

Age analysis doubtful (and impaired) accounts receivable	*31 Dec.2018*	*31 Dec.2017*
Receivables due 91 to 180 days	-	-
Receivables due 181 to 360 days	112 500	592 754
Receivables due more than 360 days	1 730 501	94 966
Total	**1 843 001**	**687 720**
Age analysis. unsettled. but not doubtful accounts receivable (not impaired)		
Receivables not due	1 873 578	2 316 905
Receivables due less than 60 days	6 627 707	6 690 232
Receivables due 61 to 90 days	1 087 046	2 124 426
Receivables due 91 to 180 days	5 211 086	4 310 044
Receivables due 181 to 360 days	3 531 939	231 000
Receivables due more than 360 days	1 524 608	15 000
Total	**19 855 965**	**15 687 607**
Accounts receivable per category of borrower		
Business sector	21 281 338	15 687 607
Household sector	-	-
Total	**21 281 338**	**15 687 607**

Assessment of credit quality of financial assets

Mangold makes an individual assessment of every outstanding account receivable and applies a simplified impairment model as per IFRS 9. As of 31 December 2018, Mangold's credit reserves amounted to 1.8 million according to IFRS 9, which is equivalent to 7.74 per cent of outstanding accounts receivable.

That credit losses on accounts receivable have been historically low, depends on those measures that have been taken in conjunction with an individual assessment of every outstanding account receivable. This assessment is made by a special group comprising the Managing Director, CFO and company lawyer, who have good insight into each client's ability to pay. These measures include negotiations with clients and deferred payments, as well as debt collection and recovery.

Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its payment obligations on their due date, and that the cost of obtaining means of payment increases considerably. Mangold has established guidelines on how to manage liquidity risk. The guidelines refer to how Mangold deals with liquidity risk continuously, and the different policy documents that create a framework for Mangold in the event of worsened liquidity or increased liquidity risk.

The risk management function continuously monitors liquidity in the company and performs stress tests. The purpose of the stress tests is to prepare Mangold's management of the company's payment preparedness and to measure Mangold's liquidity risk under different stress scenarios.

The stress tests also ensure that Mangold's actual exposure to liquidity risk is consistent with the Board's established risk appetites and risk limits.

Mangold monitors liquidity risk by using the liquidity coverage ratio. At year-end, the liquidity coverage ratio for the Group amounted to two hundred and eighty-six point four (286.4) per cent, the statutory requirement is one hundred (100.0) per cent.

The Group's liquidity exposure concerning remaining maturities of assets and liabilities is illustrated in the table below. Even the cash flow statement, which is included elsewhere in the annual report, illustrates the company's liquidity situation.

Liquidity exposure

2018	*Expected recovery*				
(SEK)	*On demand*	*Max. 3 mos.*	*3 to 12 mos.*	*> 12 mos.*	*Total reported value*
Assets					
Financial assets					
Treasury bills and other eligible bills	191 566 897				191 566 897
Loans to credit institutions	83 156 014				83 156 014
Loans to the public			106 364 163		106 364 163
Shares and participations	28 963 429				28 963 429
Other receivables		23 946 647			23 946 647
Accrued income	5 814 389				5 814 389
Financial assets, total	**309 500 728**	**23 946 647**	**106 364 163**	**-**	**439 811 538**
Liabilities					
Financial liabilities					
Subordinated liabilities				16 000 000	16 000 000
Accounts payable (in other liabilities)	1 933 339				1 933 339
Other liabilities	4 970 678				4 970 678
Deposits from the public	350 280 018				350 280 018
Accrued expenses (liabilities to cos.)	12 244 603				12 244 603
Financial liabilities, total	*369 428 638*	-	-	*16 000 000*	*385 428 638*
Non-financial liabilities					
Tax liabilities	797 837				797 837
Accrued expenses (liabilities to staff)	17 902 981				17 902 981
Other liabilities	3 051 725				3 051 725
Non-financial liabilities	*21 752 543*				21 752 543
Total liabilities	**391 181 181**	**-**	**-**	**16 000 000**	**407 181 181**
Total difference	**-78 839 572**	**21 105 767**	**106 364 163**	**-16 000 000**	**32 630 357**

Liquidity exposure
2017

	Expected recovery				
(SEK)	*On demand*	*Max. 3 mos.*	*3 to 12 mos.*	>12 mos.	*Total reported value*
Assets					
Financial assets					
Treasury bills and other eligible bills	239 925 983				239 925 983
Loans to credit institutions	46 022 287				46 022 287
Loans to the public			96 124 834		96 124 834
Shares and participations	23 833 097				23 833 097
Other receivables		16 995 427			16 995 427
Accrued income	2 735 397				2 735 397
Unliquidated securities business	459 892				459 892
Financial assets, total	**312 976 656**	**16 995 427**	**96 124 834**	**-**	**426 096 917**
Liabilities					
Financial liabilities					
Subordinated liabilities				24 960 000	24 960 000
Accounts payable (in other liabilities)	3 182 038				3 182 039
Other liabilities	4 210 768				4 210 767
Deposits from the public	325 811 282				325 811 282
Accrued expenses (liabilities to cos.)	10 887 841				10 887 841
Financial liabilities, total	*344 091 929*				*369 051 929*
Non-financial liabilities					
Tax liabilities	779 646				779 646
Accrued expenses (liabilities to staff)	25 006 661				25 006 661
Other liabilities	2 934 383				2 934 383
Non-financial liabilities	*28 720 690*				*28 720 690*
Total liabilities	**372 812 619**	**-**	**-**	**24 960 000**	**397 772 619**
Total difference	**-59 835 963**	**16 995 427**	**96 124 834**	**-24 960 000**	**28 324 298**

Market risk

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, in market maker commitments, through arbitrage and, in exceptional cases, taking positions to facilitate client transactions. A potential change of one (1) per cent in the portfolios, would cause a change in profits of approximately SEK 250 000.

Mangold can also act as a guarantor in the raising of capital and may at times have a holding of securities in their own inventory due to guarantee commitments. However, securities must always be divested, and the objective is that the inventory shall have a minimum holding.

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

Market risk in the form of share price risk occurs in Mangold Fondkommission AB. At year-end, market risk amounted to SEK 4.8 million (5.4 per cent of equity), distributed over approximately 140 different securities. The calculation of capital requirements (standardised method) for market risk has occurred in accordance with the Capital Adequacy Regulation (EU 575/2013), as well as considering the fair value of the financial instruments.

At least every quarter, Mangold conducts sensitivity analyses on the trading book with the help of conditional Value-at-Risk. The chosen confidence interval is ninety-seven point five (97.5) per cent, which means that it is the expected value of the worst outcome of 40 two-week periods. For the model to be applicable, it is necessary that the underlying financial instruments have enough historical data points. The financial instruments that end up outside the model are analysed by using the standardised method and the duration method. At year-end, the capital requirement for market risk amounted to SEK 4.4 million.

Interest rate risk

Interest rate risk refers to the uncertainty of future cash flows as a result of a changed market interest rate for financing and deposits. Interest rate risk refers to a company's sensitivity to changes in the level of interest rates and the structure of the yield curve. Interest rate risk is largely a structural risk, which is a consequence of companies conducting lending and borrowing. Interest risk can also occur because of a company's own choice of duration terms and fixed interest periods for their exposures and financing, beyond what can be considered a natural consequence of their business model.

All interest items are attributable to either holdings of municipal bonds or loans to credit institutions/the public. Net interest income/expense for the Group, as of 31 December 2018, amounts to SEK 6 030 148 (5 142 880). In the Parent Company, net interest income/expense amounts to SEK -1 120 474 (-1 120 406).

During 2016, Mangold issued a subordinated loan (supplementary capital) with an annual interest rate of 7 per cent. Currently, all consolidated lending is mainly covered by client deposits in the custody accounts and by shareholder equity.

Currency risk

Currency risk is the risk that the actual value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. At year-end, there were a few outstanding invoices in other currencies, and bank funds in other currencies were at a low level. Mangold has a negligible currency risk and would net positions be expected to exceed two (2) per cent of the capital base, this would be recognised as part of the capital requirements for market risk (Note 30) in accordance with Article 351.

Financial risks, Parent Company

As the Parent Company applies the same risk management as the rest of the Group, see the description under Risk Management. Group. However, the operations of the Parent Company are extremely limited, and therefore, so are the risks that occur in the Parent Company.

Note 4 Critical estimates and judgements for accounting purposes

In conjunction with auditing, corporate management has discussed the development, selection and disclosure of the company's critical accounting principles and estimates, and the application of these principles and estimates.

Assessment of the impairment requirements of Goodwill

In order to be able to carry out impairment testing, Goodwill has been allocated to the cash-generating unit as consistent with Mangold's business organisation. The book value of the cash-generating unit is tested annually for impairment requirements. The recoverable value (i.e. the higher of value-in-use and fair value, after deductions for sales costs) is normally determined on the basis of value-in-use, produced by using discounted cash flow calculations where a long-term growth rate of fifteen (15) per cent has been adopted, when the Group's historical growth rate is significantly higher, and the assessment has been made that it is realistic with a percentage growth consistent with history given the current market climate and competitive situation. In the tests concerning the recoverable value, management uses what it considers to be reasonable assumptions, based on the best available information on the balance sheet date. The assumptions used are revenue development, cost development and earnings development, which are all based on a detailed 3-year plan with detailed action plans for year 1-3, forecasts of fifteen (15) percent growth for year 4-5, and sustainable growth of 2 percent for the residual value. Investments are also used that build on historical and expected development, and a discount interest rate before tax which reflects specific risks in the Group's segments. Historically, Mangold's growth rate has clearly exceeded the industry as a whole.

In the tests, management uses what it considers to be reasonable assumptions based on the best available information on the balance sheet date.

The key assumptions made in the value-in-use calculations were sales growth, EBITA margin growth, the discount rate (Weighted Average Cost of Capital) and the maximum growth rate in free cash flow. The calculations are based on management approved five-year forecasts and final value, which according to management, reflect past experiences, forecasts in industry studies and other external available information. The discount rate used in the test (WACC) before tax, has averaged nine (9) per cent.

Important sources of uncertainty in estimates

Impairment for credit losses

Impairment for credit losses is normally done by individual assessment and is based on the management's best estimate of the present value of cash flows expected to be received. In estimating these cash flows, an assessment is made of the counterparty's financial situation and the sales value of each underlying security. Every doubtful debt is assessed on its merits and the strategy regarding estimated cash flows considered recoverable is approved by independent risk control.

Note 5 Segment disclosures

Segment (SEK million)	**Investment Banking**		**Private Banking**		**Group**	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Operating income	94.7	93.7	40.0	44.9	134.7	138.6
Expenses	-60.3	-48.9	-59.9	-62.7	-120.2	-111.6
Profit/loss before bonus	34.5	44.8	-20.0	-17.8	**14.5**	**27.0**
Bonus					-4.7	-10.5
Operating profit					**9.8**	**16.5**
Segment's share of assets *)	81	**)	415	**)	497	468
Segment's share of liabilities *)	38	**)	369	**)	407	389

**) The information is based on estimates.*
***) Comparisons for 2017 unavailable.*

The management group uses primarily revenues and operating profit before tax in their assessment of the business segments development.

Note 6 Commission income and expenses

Commission income, Group	*1 Jan. 2018 -*	*1 Jan. 2017-*
Business area	*31 Dec. 2018*	*31 Dec. 2017*
Corporate finance *	74 312 553	71 896 494
Issuing Services	10 350 738	11 293 547
Unofficial Trading and Market Making	10 345 894	9 128 344
Total Segment Investment Banking	95 009 185	92 318 385
	10 269 345	12 362 254

Securities		
Distribution	9 065 954	16 119 944
Pension & Wealth Advisory Stockholm and Malmö	16 015 394	14 738 287
Total Segment Private Banking	35 350 693	43 220 485
Total Group	**130 359 878**	**135 538 870**

Commission expenses	*1 Jan. 2018 -*	*1 Jan. 2017-*
Group	*31 Dec. 2018*	*31 Dec. 2017*
Consultative selling costs	-4 187 066	-9 256 653
Administrative selling costs	-749 216	-69 275
Total	**-4 936 282**	**-9 325 928**

*) In the business area Corporate Finance is included Certified Adviser operations.

Note 7 Other operating income

	1 Jan. 2018 -	*1 Jan. 2017-*
Group	*31 Dec. 2018*	*31 Dec. 2017*
Other	1 237 939	196 790
Total	**1 237 939**	**196 790**

Note 8 Interest income and interest expenses

Group	*1 Jan. 2018 -*	*1 Jan. 2017-*
Interest income	*31 Dec. 2018*	*31 Dec. 2017*
Loans to credit institutions	8 153 919	7 472 670
Loans to the public	305 538	50 661
Other	-	10 615
Total	**8 459 457**	**7 533 946**
Interest expenses		
Subordinated liabilities	-1 120 000	-1 120 000
Other	-1 309 308	-1 271 066
Total	**-2 429 308**	**-2 391 066**
Net interest income/expense	**6 030 148**	**5 142 880**
Parent Company		
Interest expenses		
Subordinated liabilities	-1 120 000	-1 120 000
Other	-474	-406
Total	**-1 120 474**	**-1 120 406**
Net interest income/expense	**-1 120 474**	**-1 120 406**

All interest income and interest expenses are attributable to items that are valued at amortised cost.

Note 9 Net income from financial transactions

	1 Jan. 2018 -	*1 Jan. 2017-*
Group	*31 Dec. 2018*	*31 Dec. 2017*
Realised gains regarding securities	2 527 174	5 775 849
Unrealised gains regarding securities	-495 359	1 277 027
Total	**2 031 815**	**7 052 876**
Profit/loss by valuation category		
Securities valued at fair value through profit or loss	2 031 815	7 052 876
Total	**2 031 815**	**7 052 876**

Parent Company		
Realised gains regarding securities	-	-1
Unrealised gains regarding securities	-	-
Total	**-**	**-1**

Profit/loss by valuation category		
Securities valued at fair value through profit or loss	-	-1
Total	**-**	**-1**

Note 10 Income from participations in Group companies

Parent Company	*1 Jan. 2018 - 31 Dec.2018*	*1 Jan. 2017 - 31 Dec. 2017*
Dividend received	859 078	1 100 000

Note 11 General administrative expenses

Group	*1 Jan. 2018 - 31 Dec. 2018*	*1 Jan. 2017 - 31 Dec. 2017*
Salaries and remuneration	43 829 187	43 516 799
Social security contributions	13 731 706	13 403 302
Pension expenses	6 833 848	6 930 310
Bonus provisions	4 700 827	10 447 452
Other personnel costs	5 045 103	4 556 117
Total	**74 140 672**	**78 853 980**
Of which salaries and pensions for the Board and Managing Director	*6 433 624*	*3 826 534*
Of which social security contributions for the Board and Managing Director	*1 983 526*	*1 056 383*

Parent Company
The Parent Company has not had any employees and no salaries have been paid.

Other general administrative expenses

Group	*1 Jan. 2018 - 31 Dec. 2018*	*1 Jan. 2017 - 31 Dec. 2017*
Postage, telephone and data communication	3 801 030	3 760 433
IT costs	6 856 489	6 827 455
Consulting services	5 077 023	3 604 641
Hired staff	3 239 347	2 162 979
Auditing	683 721	972 348
Rent and other office costs	8 189 669	6 723 771
Other	16 782 121	14 928 772
Total	**44 629 399**	**38 980 399**

Parent Company		
Postage and telephone	-	2 696
Consulting services	-	-
Other	429 567	497 358
Total	**429 567**	**500 054**

Preparation and decision process

As of 15 October 2014, the Board has adopted a new remuneration policy in accordance with FFFS 2011:1 and the revised regulations FFFS 2014:22 (”the Regulations”), and the European Securities and Markets Authority (ESMA) guidelines for remuneration policies and remuneration practice (ESMA/2013/606), which is published in full in the appendix to this annual report.

The remuneration policy is applicable to all the company's employees, unless stated otherwise. Certain provisions are applicable only to employees who can affect Mangold's risk level. This refers to employees who exert or can exert a not insignificant influence on Mangold's risk level. Considering (i) that Mangold's management group is only an advisory (and not a determining) body, (ii) that Mangold's business area managers require approval from the Managing Director to make decisions or take actions that imply a not insignificant risk-taking for Mangold, (iii) that Market Making may not conduct proprietary trading (but only perform market maker assignments, and receive and forward orders on the Mangold List) and (iv) that no one else at Mangold exercises or can exercise a not insignificant influence on Mangold's risk level, the board hereby ascertains that those persons at Mangold who may affect Mangold's risk level are (a) the Managing Director, (b) the Risk Manager, (c) the Compliance Officer and (d) a member of the Credit Committee (if and when such a person becomes relevant).

The Board shall decide on the remuneration of employees in leading positions and the compliance officer. The Managing Director may decide on all other employee remuneration. Provision for bonuses is decided upon by the Board for half the amount remaining of pre-tax profit when six (6) per cent of the previous year's equity is deducted.

Variable remuneration (bonus)

The purpose of the remuneration policy is that it should be compatible with and promote an effective risk management, and not encourage excessive risk-taking in the company. It should be able to identify, measure, report internally and control the risks associated with the business. For further information, see Appendix. Variable remuneration to employees is calculated and recognised as an expense in the quarter to which the bonus relates. Payment of bonuses for bonuses earned, occurs on 25 March the following calendar year (40 per cent of the bonus provision for the calendar year), and the remaining part three years thereafter. The deferred component may under certain circumstances be fully or partially revoked if it becomes known that the employee, the profit centre or Mangold did not fulfil their performance criteria, or if Mangold's position deteriorates significantly, particularly if Mangold can no longer be assumed to be able to continue its business operations, or if Mangold is dependent upon government aid according to existing legislation on government aid.

Management

Control and management of the Group is exercised by the Parent Company's Board of Directors and Managing Director.

Salaries and fees

The Chairman of the Board and members of the Board receive only a fixed fee according to an AGM resolution. Remuneration to the Managing Director and other senior executives consists of a basic salary, variable remuneration and pension. The remuneration of the Managing Director and other senior executives is financed by Mangold Fondkommission AB, as all of these are employees of Mangold Fondkommission AB. The Parent Company has no employees.

Periods of notice and severance pay

There are no agreements concerning severance pay to the Board, Managing Director or other senior executives. The Managing Director has a period of notice of six (6) months.

Remuneration 2018	**Basic salary/ Board fee**	**Variable Remuneration ****	**Pension cost**	**Total**	**Number of People**
Chairman of the Board	350 000	-	-	350 000	1
Other Board Members*	700 000	-	-	700 000	3
Managing Director	2 951 360	1 902 668	529 596	5 383 624	1
Other management	4 114 139	616 759	315 661	5 046 559	4
Total	**8 115 499**	**2 519 427**	**845 257**	**11 480 183**	**9**

* Remuneration of Board members 2018, has been to Peter Serlachius, SEK 300 000, Ann-Marie Thörn, SEK 150 000, and Marie Friman, SEK 250 000.

** Out of the variable remuneration, the company pays according to the remuneration policy, which states that forty (40) per cent of the decided amount shall be paid the following year, and the remaining sixty (60) per cent is to be paid as twenty (20) per cent per year for three (3) years thereafter.

Remuneration 2017	**Basic salary/ Board fee**	**Variable Remuneration****	**Pension cost**	**Total**	**Number of People**
Chairman of the Board	314 583	-	-	314 583	1
Other Board Members*	645 834	-	-	645 834	3

Managing Director	2 651 720	2 236 783	464 397	5 352 900	1
Other management	5 009 459	1 444 288	975 122	7 428 869	4
Total	**8 621 596**	**3 681 071**	**1 439 519**	**13 742 186**	**9**

* Remuneration of Board members 2017, has been to Fredrik Sjöstrand, SEK 179 167, Ann-Marie Thörn, SEK 216 667, and Marie Friman, SEK 250 000.

** Out of the variable remuneration, the company pays according to the remuneration policy, which states that forty (40) per cent of the decided amount shall be paid the following year, and the remaining sixty (60) per cent is to be paid as twenty (20) per cent per year for three (3) years thereafter.

Remuneration of the Managing Director refers only to heads of subsidiaries. For other remuneration of related parties, refer to Note 27.

Variable remuneration and other benefits

The executive management's part of bonus provisions (variable remuneration) is determined by the Board. The Board of Directors also decides on the remuneration of employees who have the overall responsibility for any of the company's control functions. The remaining bonus provisions are allocated to the other personnel as decided by the Managing Director, in some cases in consultation with the Board.
Neither the Board of Directors nor the employees have received other benefits during 2018 or 2017.

Pensions

The Group's retirement age is sixty-five (65) years. Payment of variable remuneration is not pension-entitled for the occupational pension. The occupational pension premiums are defined contributions.

Number of full-time employees			***31 Dec. 2018***			***31 Dec. 2017***
	Men	Women	Total	Men	Women	Total
Number of full-time employees	58	18	76	62	17	79

Gender distribution in management

Group			***31 Dec. 2018***			***31 Dec. 2017***
	Men	Women	Total	Men	Women	Total
Board (incl. MD)	3	2	5	3	2	5
Other management	3	1	4	4	-	4
Total	**6**	**3**	**9**	**7**	**2**	**9**

Remuneration to the auditors

Group	1 Jan. 2018 – 31 Dec. 2018	1 Jan. 2017 – 31 Dec. 2017
Öhrlings PricewaterhouseCoopers AB		
Audit assignment	623 721	364 775
Auditing activities in addition to audit assignment	68 750	151 700
Tax consultancy	-	-
Other services	-	-
Group Total	**692 471**	**516 475**

Note 12 Operating leases

The leasing costs for assets, leased premises, that are held through operating leases and up to the end of 2018 recognised under general administrative expenses in accordance with IAS 17. Below is an account of existing operating leasing costs from 2018 and onwards. From 1 January 2019, these are recognised in accordance with IFRS 16.

Group	**2019** within 1 yr.	**2020-2024** 2-5 yr.	**2025-** after 5 yr.
Rents and other office costs	6 908 380	18 588 067	-

On 1 January 2019, the Group and Parent Company changed to IFRS 16 Leasing in accordance with the simplified transition approach. Below is an explanation of the difference between the operational leasing commitments recognised in accordance with IAS 17 as of 31 December 2018, and the leasing liabilities recognised in accordance with IFRS 16 on the first day of application i.e. 1 January 2019:

	Group	Parent Company
Commitments for operational leasing agreements as of 31 December 2018	27 223 542	-
Deduct, prepaid rents as per 31 December 2018	-1 727 095	
Deduct, discounting with the Group's and Parent Company's marginal loan interest, 4.0%	-1 885 194	-
Leasing liability recognised as per 1 January 2019	23 611 253	-

Note 13 Income tax

Group	*1 Jan. 2018 - 31 Dec. 2018*	*1 Jan. 2017 - 31 Dec. 2017*
Reconciliation of effective tax		
Profit/loss before tax	**13 165 113**	**16 072 403**
Tax according to current tax rate (22.0%)	-2 896 325	-3 535 929
Tax effect of non-deductible expenses	-533 288	-1 081 703
Tax effect of non-taxable income	741 380	330 990
Tax effect of claimed deficit carried forward	499 886	0
Tax effect of change in deferred tax claim/liability	-485 118	0
Reported effective tax	**-2 673 465**	**-4 286 642**
Of which period's tax expense	*-2 673 465*	*-4 286 642*
Current tax	2 188 347	-4 436 242
Deferred tax	485 118	149 600
Reported tax	**2 673 465**	**-4 286 642**

Deferred tax

2018	*Deferred Tax Assets*	*Deferred Tax Liability*	*Net*
Intangible assets	102 667	-440 000	-337 333
Deductible deficiency	-	-	-
Net deferred tax liability	**102 667**	**-440 000**	**-337 333**

2017	*Deferred Tax Assets*	*Deferred Tax Liability*	*Net*
Intangible assets	-	-	-
Deductible deficiency	322 742	-	322 742
Net deferred tax liability	**322 742**	**-**	**322 742**

Parent Company

Reconciliation of effective tax	*1 Jan. 2018 – 31 Dec. 2018*	*1 Jan. 2017- 31 Dec.2017*
Profit/loss before tax	**1 330 164**	**-520 461**
Tax according to current tax rate (22.0%)	-292 636	114 501
Adjustment of tax expenses from earlier years		-
Tax effect of claimed deductible deficiency	350 307	-
Tax effect of non-deductible expenses	-246 664	-246 400
Tax effect of non-taxable income	188 993	242 000
Tax effect of change in deferred tax claim/liability	-322 742	-
Reported effective tax	**-426 385**	**110 101**
Of which period's tax expense		*110 101*
Current tax	-	-

Deferred tax	-426 385	110 101
Reported tax	**-426 385**	**110 101**

2018	*Deferred Tax Assets*	*Deferred Tax Liability*	*Net*
Intangible assets	-	-	-
Deductible deficiency	-	-	-
Net deferred tax liability	**-**	**-**	**-**
2017			
Intangible assets	-	-	-
Deductible deficiency	322 742	-	322 742
Net deferred tax liability	**322 742**	**-**	**322 742**

The change between the years has been recognised as deferred tax expenses/income in the income statement.

Note 14 Loans to credit institutions

Loans to credit institutions. Group

	31 Dec. 2018	*31 Dec. 2017*
Outgoing receivables. gross		
- Swedish currency	80 315 093	36 737 757
- Foreign currency	2 840 921	9 284 530
Total	**83 156 014**	**46 022 287**
Of which: bank balances	*83 156 014*	*46 022 287*

For further information, see also Age analysis Note 3.

Mangold holds client funds separately from Mangold's own funds through separate bank accounts. As Mangold does not dictate over these funds, they are not taken up on the balance sheet.

	31 Dec. 2018	*31 Dec. 2017*
Client funds	47 364 798	65 972 734

Note 15 Loans to the public

Loans to the public. Group

	31 Dec. 2018	*31 Dec. 2017*
Loans to the public (SEK)	105 776 445	88 948 418
Loans to the public (foreign currency)	587 718	56 057
Total	**106 364 163**	**89 004 475**

Note 16 Shares and participations

Financial assets valued at fair value through profit or loss. Group

	31 Dec. 2018	*31 Dec. 2017*
Listed securities - Sweden		
Shareholdings at beginning of year	28 278 132	12 489 125
Acquisitions during the year	23 190 806	42 008 345
Sales during the year	-18 382 335	-26 219 338
Shareholdings at year end	33 086 603	28 278 132
Accumulated unrealised changes in value*	-4 123 174	-4 445 035
Shareholdings at year end (Book value)	**28 963 429**	**23 833 097**
Fund units at beginning of year	-	-
Net change during the year	-	-
Fund units at year-end	**-**	**-**

Total shareholdings and fund units	**28 963 429**	**23 833 097**
* Unrealised gain recognised through the income statement		

Unlisted shares	4 103 437	4 894 575
Listed shares	24 859 992	18 938 522
Total	**28 963 429**	**23 833 097**

The shareholding represents an essential part of the Group's operations. The shareholding at the beginning of the year and the end, relates to the acquisition value of the securities before the unrealised effects of the securities are added.

Not 17 Participations in associated companies

Group	*31 Dec. 2018*	*31 Dec. 2017*
Accumulated acquisition value:		
At beginning of year	7 338 759	5 844 946
Income from new acquisitions	8 832 445	
Income from proportion of equity	2 830 758	1 493 813
Total acquisition value	**19 001 962**	**7 338 759**
Book value at year-end	**19 001 962**	**7 338 759**

Specification participations in associate companies	**Participations**	**Proportion of equity**	**Book value**
Skandinaviska Kreditfonden AB, 559000-6556, Stockholm (unlisted)	55 141	24.50%	7 607 017
Resscapital AB, 556698-1253, Stockholm (unlisted)	1 324 229	25.00%	11 394 945
Book value at year-end			**19 001 962**

Participations in the associate companies are recognised in the Parent Company at acquisition value. The valuations, which form the basis of the determination of the acquisition values, are based on expected future assets under management. The holding is consolidated according to the equity method in the Group.
Skandinaviska Kreditfonden offers short-term direct lending to small and medium-sized companies, that are in some form of expansion phase, investment phase, restructuring phase, refinancing phase, generation financing or which have seasonal needs. The fund's lending target group is primarily in Scandinavia.

In May 2018, Mangold acquired 25% of Resscapital AB, an administrator of an AIF-fund focused on the management of life-insurances on the American market. Resscapital administers the AIF-fund Ress Life Investments A/S ("RLI") which since 2012 has invested in American life-insurances. RLI is listed on Nasdaq Copenhagen.

Note 18 Participations to Group companies

	31 Dec. 2018	*31 Dec. 2017*
Accumulated acquisition value:		
At beginning of year	47 752 584	47 752 584
New acquisitions/shareholders' contribution	-	-
Sales and disposals	-	-
Closing accumulated acquisition values	**47 752 584**	**47 752 584**
Accumulated impairments:		
At beginning of year	-	-
Sales and disposals	-	-
Closing accumulated impairment	**-**	**-**
Book value at year-end	**47 752 584**	**47 752 584**

Parent Company directly owned subsidiaries

Specification participations in subsidiaries

	Number of participations	**Proportion of equity**	**Book value 31 Dec. 2018**	**Book value 31 Dec. 2017**

Mangold Fondkommission AB, 556585-1267, Stockholm	5 000 000	100%		
At beginning of year			47 752 584	47 752 584
Book value at year-end			**47 752 584**	**47 752 584**

Indirectly owned subsidiaries

Specification participations in subsidiaries	**Number of participations**	**Proportion of equity**	**Book value 31 Dec. 2018**	**Book value 31 Dec. 2017**
Mangold KF AB, 556692-2935, Stockholm	1 000	100%		
At beginning of year			22 775 726	22 775 726
Company dissolved by merger during 2018			-22 775 726	
Book value at year-end			**-**	**22 775 726**

Mangold Fondkommission AB, 556585-1267 is a wholly owned subsidiary of Mangold AB. Until 28 December 2018, Mangold Fondkommission AB held all shares in Mangold KF AB, 556692-2935. In accordance with a merger plan, approved on 3 October 2018, it was decided that Mangold KF AB would become part of Mangold Fondkommission AB. The date of the merger was 28 December 2018.

Specification participations in subsidiaries	**Number of participations**	**Proportion of equity**	**Book value 31 Dec. 2018**	**Book value 31 Dec. 2017**
Mangold Syd AB, 556752-536, Stockholm	100	100%		
At beginning of year			7 749 762	7 749 762
Book value at year-end			**7 749 762**	**7 749 762**

Note 19 Intangible fixed assets, Group

Goodwill	*31 Dec. 2018*	*31 Dec. 2017*
Accumulated acquisition value:		
At beginning of year	27 977 639	27 977 639
New acquisitions	-	-
Sales and disposals	-	-
Total acquisition value	27 977 639	27 977 639
Book value at year-end	**27 977 639**	**27 977 639**

Other intangible fixed assets	*31 Dec. 2018*	*31 Dec. 2017*
Accumulated acquisition value:		
At beginning of year	21 958 642	16 485 159
New acquisitions	4 142 994	5 473 483
Sales and disposals	-4 800 000	-
Total acquisition value	21 301 636	21 958 642
Accumulated depreciation:		
At beginning of year	-14 194 348	-11 221 944
Sales and disposals	4 800 000	-
Depreciation for the year	-3 980 702	-2 972 404
Total depreciation	-13 375 050	-14 194 348
Book value at year-end	**7 926 586**	**7 764 294**
Total intangible fixed assets	**35 904 225**	**35 741 933**

In accordance with IFRS, in order to test the impairment requirement and in keeping with Mangold AB ’s business organisation, goodwill has been allocated to the cash-generating unit. The book values of the cash-generating unit have been tested for impairment requirements. The recoverable value (in other words, the greater of value-in-use and fair value less sales costs) has been determined based on value-in-use, derived using discounted cash flow calculations. As of 31 December 2018, there was an acquired cash-generating unit with the MAB Group that was impairment tested: Mangold Fondkommission AB – Acquired 2005. The recoverable value exceeded the book value, which was why impairment of the associated goodwill item was not necessary.

Mangold Syd AB – Acquired 2016. The recoverable value exceeded the book value which was why impairment of the associated goodwill item was not necessary.

The company management considers that no reasonable changes in the important assumptions lead to the calculated total recoverable values of the units being lower than their total reported values.

On 1 September 2016, Mangold AB acquired 100 percent of the shares in the unlisted company Invest Kapitalförvaltning i Syd AB (hereinafter “Mangold Syd AB”) that were partly paid in cash and partly with newly issued shares. The expected increase to the purchase price that could have occurred during 2018, did not have to be paid. The total book value is SEK 7 749 762.

Note 20 Tangible fixed assets, Group

	31 Dec. 2018	*31 Dec. 2017*
Accumulated acquisition value:		
At beginning of year	11 872 959	10 484 040
New acquisitions	697 342	1 388 919
Sales and disposals	-790 459	-
Total acquisition value	**11 779 842**	**11 872 959**
Accumulated depreciation:		
At beginning of year	-9 379 516	-8 230 544
Sales and disposals	790 459	-
Depreciation for the year	-1 111 896	-1 148 972
Total depreciation	**-9 700 953**	**-9 379 516**
Book value at year-end	**2 078 889**	**2 493 443**

The company’s capitalised tangible assets consist primarily of investments in office furniture, servers and computers.

Note 21 Other receivables

	31 Dec. 2018	*31 Dec. 2017*
Group		
Accounts receivable	19 855 965	15 687 607
Unliquidated securities transactions	-	459 892
Other receivables	4 090 682	1 307 820
Total	**23 946 647**	**17 455 319**

Note 22 Prepaid expenses and accrued income

	31 Dec. 2018	*31 Dec. 2017*
Group		
Prepaid premises rent	1 733 698	1 573 145
Prepaid expense for risk management system	655 981	449 400
Prepaid insurance expenses	467 684	481 993
Other prepaid expenses	1 046 171	1 331 579
Accrued interest income	1 647 079	1 078 227
Accrued income	263 775	1 657 170
Total	**5 814 389**	**6 571 514**
Parent Company		
Prepaid insurance expenses	421 682	423 879
Other prepaid expenses		-36 677
Total	**421 682**	**387 202**

Note 23 Other liabilities

	31 Dec. 2018	*31 Dec. 2017*
Group		
Accounts payable	1 933 339	3 182 038
Employee withholding taxes	1 014 597	1 132 218
Unliquidated securities transactions	28 860	-
Other liabilities	7 007 807	6 012 934
Total	**9 984 603**	**10 327 190**

Not 24 Accrued expenses and prepaid income

	31 Dec. 2018	31 Dec. 2017
Group		
Accrued withheld bonus from previous years	13 080 049	5 736 293
Accrued other personnel-related expenses	9 935 526	19 270 368
Other accrued expenses	7 132 010	10 887 841
Total	**30 147 585**	**35 894 502**
Parent Company		
Other accrued expenses	280 000	280 000
Total	**280 000**	**280 000**

Note 25 Subordinated liabilities

Group	**Currency**	**Interest rate, %**	31 Dec. 2018	31 Dec. 2017
Subordinated loans 2016/2026	SEK	7.00	16 000 000	16 000 000
Total			**16 000 000**	**16 000 000**

Parent Company	**Currency**	**Interest rate, %**		
Subordinated loans 2016/2026	SEK	7.00	16 000 000	16 000 000
Total			**16 000 000**	**16 000 000**

The subordinated loan runs until 2026, and early repayment of the subordinated liability may occur should the Group considers it appropriate. Should an early repayment not be made, repayment is made in full for the subordinated loan, including outstanding interest, on maturity. The subordinated loan cannot be converted, but only paid out in cash and cash equivalents. During the 2018 financial year, interest expenses for the subordinated loan amounted to SEK 1 120 000.

Note 26 Pledged Assets

Group

Pledged Assets

	31 Dec. 2018	31 Dec. 2017
Security for liquidation of securities	19 828 861	17 572 214
Total	**19 828 861**	**17 572 214**

The Group's bank has the right, at any given time, to claim the pledged asset to that extent that the Group does not fulfil its obligations to transfer enough funds to settle agreed security transactions. The pledged assets are in the form of bank deposits and municipal bonds.

Contingent liabilities

	31 Dec. 2018	31 Dec. 2017
Issued subscription guarantees in conjunction with new share issues	15 404 545	None
Contingent liabilities	None	None

Other commitments

	31 Dec. 2018	31 Dec. 2017
Other commitments	None	None

Parent Company

	31 Dec. 2018	31 Dec. 2017
Contingent liabilities	None	None

Other commitments

	31 Dec. 2018	31 Dec. 2017
Other commitments	None	None

Note 27 Related party transactions, Group

The Group has affiliated party relations with GoMobile AB. GoMobile AB is owned by Per Åhlgren who is also the Chairman of the Board and one of the main owners of Mangold AB. As of 31 December 2018, the Group has an unused credit to GoMobile AB of

SEK 10 (10 unused) million. Transactions between GoMobile AB and Mangold AB were not conducted during the year. The credit was closed in January 2019.

Note 28 Financial assets and liabilities

2018	Financial assets valued at fair value through profit or loss	Loan receivables /Accounts receivable	Other financial liabilities	Total reported value	Total reflected fair value
Treasury bills and other eligible bills	191 566 897			191 566 897	191 566 897
Loans to credit institutions		83 156 014		83 156 014	83 156 014
Loans to the public		106 364 163		106 364 163	114 873 297
Shares and participations	28 963 429			28 963 429	28 963 429
Accounts receivable		21 281 338		21 281 338	21 281 338
Other receivables		1 220 942		1 220 942	1 220 942
Total	**220 530 326**	**212 022 456**	**-**	**432 552 783**	**441 061 917**
Subordinated liabilities			16 000 000	16 000 000	23 840 000
Accounts payable			1 933 339	1 933 339	1 933 339
Other liabilities			4 113 086	4 113 086	4 113 086
Accrued expenses co.			7 132 010	7 132 010	7 132 010
Deposits from the public			350 280 019	350 280 019	350 280 019
Total			**379 458 453**	**379 458 453**	**387 298 454**

2017

	Financial assets values at fair value through profit or loss	Loan receivables /Accounts receivable	Other financial liabilities	Total reported value	Total reflected fair value
Treasury bills and other eligible bills	239 925 983			239 925 983	239 925 983
Loans to credit institutions		46 022 287		46 022 287	46 022 287
Loans to the public		89 004 475		89 004 475	96 124 834
Shares and participations	23 833 097			23 833 097	23 833 097
Accounts receivable		16 375 327		16 375 327	16 375 327
Other receivables		3 815 389		3 815 389	3 815 389
Total	**263 759 080**	**155 217 478**	**-**	**418 976 558**	**426 096 917**
Subordinated liabilities			16 000 000	16 000 000	24 960 000
Accounts payable			3 182 038	3 182 038	3 182 038
Other liabilities			4 210 747	4 210 747	4 210 747
Accrued expenses co.			10 887 846	10 887 846	10 887 846
Deposits from the public			325 811 282	325 811 282	325 811 282
Total			**360 091 913**	**360 091 913**	**369 051 913**

The following summarises the methods and assumptions used to determine the value of the financial instruments that are reported in the table above.

Calculation of fair value
Instruments valued at fair value in the balance sheet are divided into three levels based on how the fair value has been determined in accordance with IFRS 13, paragraph 72.

Level 1 – Financial instruments whose fair value is determined according to prices quoted on an active market for the same instrument. The instruments essentially consist of: Shares, bonds, standardised options traded actively.

Level 2 - Financial instruments whose fair value is determined by either direct (as prices) or indirect (derived from prices) observable market data not included in Level 1. The instruments essentially consist of municipal bonds.

Level 3 – Financial instruments whose fair value is determined by input that is not observable on the market. The instruments essentially consist of: Unlisted shares.

The fair value of Mangold AB's financial instruments, shares and participations is determined in accordance with level 1.

Mangold's liquidity buffer consists exclusively of securities classified according to Level 2.
Fair value corresponds to the recognised accrued acquisition value.

Financial instruments quoted on an active market

For financial instruments that are quoted on an active market, the fair value is determined based on the asset's quoted closing price on the balance sheet date, excluding transaction costs (for example. brokerage commissions) at the time of acquisition. A financial instrument is considered as quoted on an active market, if the quoted prices are readily available on an exchange, at a dealer, broker, trade association, company that provides current price information or regulatory authority, and these prices represent actual and regularly occurring market transactions under market conditions and on business terms. Any future transaction costs on disposal are not considered. All holdings below are financial assets valued at fair value through the income statement.

Securities holdings valued at fair value through the income statement	*31 Dec. 2018*	*31 Dec. 2017*
Listed securities (Level 1)	24 859 992	18 938 522
Listed securities (Level 2)	191 566 897	239 925 983
Unlisted securities (Level 3)	4 103 437	4 894 575
Total	**220 530 326**	**263 759 080**

Unlisted securities
As of 31 December 2018, the unlisted securities refer entirely to shares in the company Nowonomics AB. The holding has been valued on the issue price of the completed new share issue during the second half of 2018, which is considered to represent the best estimate of current fair value.
Other unlisted securities at level 3, that were valued at SEK 3 394 286 as per 31 December 2017, were disposed of during 2018.

Other interest-bearing assets and liabilities
The value of loans has been calculated by discounting expected future cash flows, where the discount rate has been set at the original lending rate applied, i.e. according to the effective interest method. As these assets are continually evaluated and determined as safe, they are considered to reflect fair value even if the valuation method used is amortised cost.

For accounts payable and accounts receivable with a residual life of less than three months, the book value is considered to reflect fair value.

Note 29 Events after the balance sheet date

Group

No significant events occurred after the balance sheet date.

Parent Company

In February 2019, Mangold AB's subordinated loan was listed on Nasdaq First North Bond Market.
In February 2019, Mangold AB acquired 7.7% of the shares in the company Nowonomics AB.

Note 30 Capital adequacy. Group

For determination of the consolidated situation's statutory capital requirements, the Capital Adequacy and Large Exposures Act applies, as do the Financial Supervisory Authority's regulations and general guidelines (FFFS 2014:12 with the revision in FFFS 2015:3) concerning capital adequacy and large exposures.

As far as the consolidation situation is concerned, the rules contribute to strengthening the Group's resistance to financial losses thereby protecting the company's clients. The rules mean that the Group's capital base (shareholders' equity, admitted subordinated loans, etc.) must easily cover the prescribed minimum capital requirements, which includes the capital requirements for credit risks, market risks and operational risks, as well as covering the estimated capital requirement for further defined business risks in accordance with the company's capital evaluation policy. All subsidiaries are included in the consolidated situation.

Internal capital adequacy assessment process (ICAAP)

The consolidated situation has an established plan for the size of its capital base over the next few years in accordance with ICAAP, that is based upon:

- the Group's risk profile
- identified risks regarding probability and financial impact
- so-called stress tests and scenario analyses
- expected expansion in lending and financing opportunities, and
- new legislation, competitors' actions and other external changes.

The review of ICAAP is an integral component of the work with the Group's annual business plan. ICAAP is followed-up as necessary, and an annual review is done to ensure that risks are properly observed and reflect the company's true risk profile and capital requirements. Mangold considers the capital to be adequate for current and future operations.

Any change/supplementation to the Board's established guidelines/strategy documents shall, as with important credit decisions and investments, always relate to the company's current and future capital requirements.

All subsidiaries are included in the consolidated situation and are fully consolidated (Article 436 of the Capital Requirements Regulation CRR). Information on the company's risk management is provided in Note 3.

In this annual report, the Group has chosen to only disclose the information required on the capital base and the capital requirements, in accordance with Ch. 8 Sections 3-7 of the Swedish Financial Supervisory Authority's regulations and general guidelines on the disclosure of information on capital adequacy and risk management FFFS 2014:12. Other information that is required in accordance with these regulations is available on the company's homepage www.mangold.se.

Deductions concerning proposed dividends from the capital base occur in accordance with expected dividends.

In accordance with Ch. 3. Section 6 of the Securities Market Act (2007:528), and in accordance with the Capital Requirements Regulation (CRR) 575/2013 article 93.1, Mangold Fondkommission AB shall ensure that the company has equity and a capital base that exceeds the start capital when the institute was authorised. For Mangold Fondkommissionen, start capital amounts to SEK 48.4 million, and as of 31 December 2018 equity amounts to SEK 78.24 million and the capital base to SEK 70.52 million. This means that both equity and the capital base fulfil the minimum requirement in accordance with this regulatory demand.

According to the same regulations, the consolidated situation shall ensure that the company has equity and a capital base that exceeds the start capital when the company was authorised. For the consolidated situation, start capital amounts to SEK 48.4 million, and as of 31 December 2018 the Group's equity amounts to SEK 89.57 million and the capital base to SEK 67.58 million. This means that both equity and the capital base fulfil the minimum requirement for the consolidated situation, in accordance with this regulatory demand.

Publication of information regarding capital adequacy

In accordance with the Swedish Financial Supervisory Authority's regulations and general guidelines (FFFS 2014:12 ch.8), regarding the publication of information on capital adequacy and risk management, such information shall be provided every quarter and available at www.mangold.se. Information is reported for the consolidated situation and Mangold Fondkommission AB 556585-1267.

Risks and risk management

The management of different forms of risks is an integral part of Mangold's operations. In the annual report for 2018 under the section "Notes", a more detailed description of the company's risks and risk management is given. The company considers that no essential changes have occurred since the start of the year.

Capital adequacy

Amounts in SEK million	Mangold Fondkommission AB		Consolidated Situation	
	Dec-18	*Dec-17*	*Dec-18*	*Dec-17*
Capital Base				
Equity	71.6	72.0	79.1	67.8
Intangible fixed assets	-6.4	-5.9	-35.9	-35.7
Deferred tax assets	0.0	0.0	0.0	0.0
Revised profit/loss for the year adjusted for expected dividend	5.3	9.6	8.4	9.4
Total core tier 1 capital	**70.5**	**75.7**	**51.6**	**41.5**
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	**70.5**	**75.7**	**51.6**	**41.5**
Supplementary capital contribution	0.0	0.0	16.0	16.0
Deduction for supplementary capital contribution	0.0	0.0	0.0	0.0
Total supplementary capital	**0.0**	**0.0**	**16.0**	**16.0**
Total capital base	**70.5**	**75.7**	**67.6**	**57.5**
Capital requirement pillar 1				
Capital requirements for credit risk as per the standard method	13.3	12.6	11.4	8.7
Capital requirement for market risk as per the standard method	4.8	3.5	4.8	3.5
-of which capital requirements for position risk	*4.7*	*3.5*	*4.7*	*3.5*
-of which capital requirements for currency risk	*0.0*	*0.0*	*0.0*	*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 requirement for operational risk as per base method	18.0	17.2	18.9	18.1
Total minimum capital requirement	**36.1**	**33.3**	**35.1**	**30.3**
Capital surplus	**34.4**	**42.4**	**32.5**	**27.2**
Risk-weighted exposure amount				
Risk weighted amount credit risks	165.9	156.9	142.8	108.9
Risk weighted amount market risks	59.4	43.3	59.4	43.3
-of which capital requirements for position risk	*59.1*	*43.3*	*59.1*	*43.3*
-of which capital requirements for currency risk	*0.0*	*0.0*	*0.0*	*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*
Risk weighted amount operational risk	225.4	215.5	236.5	226.0
Total risk-weighted exposure amount	**450.8**	**415.7**	**438.7**	**378.1**
Core tier 1 capital ratio, %	**15.6%**	**18.2%**	**11.8%**	**11.0%**
Core capital ratio, %	**15.6%**	**18.2%**	**11.8%**	**11.0%**
Capital adequacy ratio, %	**15.6%**	**18.2%**	**15.4%**	**15.2%**
Requirements for capital conservation buffer, %	2.5%	2.5%	2.5%	2.5%
Requirements for countercyclical 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 as buffer, %	**7.6%**	**10.2%**	**5.8%**	**5.0%**
Pillar 2 basic requirement				
Total Pillar 2 basic requirement	**6.7**	**1.9**	**6.3**	**1.3**
Total assessed internal capital requirements	**54.0**	**45.5**	**52.4**	**41.0**
Surplus of capital after buffer requirements and pillar 2	**16.5**	**30.1**	**15.2**	**16.4**

Note 31 Proposed appropriation of profits

According to the balance sheet of Mangold AB, the Annual General Meeting has profits at its disposal of SEK 23 537 860.
The Board of Directors proposes that the profits be appropriated as follows (SEK):

SEK 4.63 to be distributed as cash per share	2 097 774
To carry forward	21 440 086
Total appropriated	**23 537 860**

The total amounts proposed to be paid as dividends and proposed to be carried forward have been calculated on all 453 083 outstanding shares as per 31 December 2018. The total amounts proposed to be paid as dividends and proposed to be carried forward have been finally calculated on the number of shares entitled to dividends as of the record date. The amounts can therefore change due to acquisition of own shares.

12 April 2019 is proposed as the record date for dividends. The final day for trading with Mangold shares with a right to dividends is consequently 10 April 2019. If the Annual General Meeting decides in accordance with the Board's proposal, dividends are expected to be paid through Euroclear on 17 April 2019. The consolidated situation's capital base is expected to exceed the statutory capital requirement (Pillar 1 and Pillar 2, and institute-specific buffer requirements) by SEK 15.2 million at year-end, even considering the proposed dividends.

The business that is conducted in the Parent Company and the Group does not entail risks beyond what occurs, or can be assumed to occur in the industry, or the risks associated with conducting business activities. The Board of Directors have considered the Parent Company's and Group's consolidation requirements through a comprehensive assessment of the Parent Company's and Group's financial position, and the Parent Company's and Group's possibilities to fulfil their commitments in the long term. The assessment has also been made based on current expected future regulatory changes. The Parent Company's and Group's financial position does not produce another assessment than that the Parent Company and the Group can continue their operations and are expected to fulfil their obligations in the short and long term and can make the necessary investments. The Board of Directors' assessment is that the size of shareholders' equity, even after the proposed dividend, is reasonably proportionate to the extent of the Parent Company's and the Group's operations and the risks associated with business activities.

It is the Board's assessment, that the proposed dividend is justifiable considering the demands that the nature, scope and risks of the business and group operations place on the size of the equity of the Parent Company and Group, and the Group's and company's consolidation requirements, liquidity and financial position in general.

The Board of Directors and Managing Director certify that the Annual Report has been prepared in accordance with generally accepted accounting standards in Sweden, and the consolidated financial statements have been prepared in accordance with the international accounting standards referred to in the European Parliament's and Council's regulation (EG) No. 1606/2002 of 19 July 2002, on the application of international accounting standards. The Annual Report and consolidated financial statements provide a true and fair view of the position and results of the Parent Company and Group. The Management Report for the Parent Company and the Group provides a true and fair overview of the development of the Parent Company's and the Group's operations, position and performance, and describes the significant risks and uncertainty factors faced by the Parent Company and the companies in the Group.

The annual report and consolidated accounts have been approved for publication by the Managing Director and the Board on

The income statement and balance sheet are subject to adoption by the AGM on

Stockholm, 20 March 2019

Per Åhlgren Chairman	Per-Anders Tammerlöv Managing Director
Peter Serlachius Board Member	Marie Friman Board Member
Ann-Marie Thörn Board Member	

Our audit report was submitted on 28 March 2019.
Öhrlings PricewaterhouseCoopers AB

Daniel Algotsson
Authorised Public Accountant