

## Mangold's Interim Report for the period 1 January 2018 – 31 March 2018

- Shareholders' equity per share amounted to SEK 178.01 (159.99)
- Assets under management amounted to SEK 12 959 (4 111) million
- Operating income amounted to SEK 30.3 (32.1) million

### January - March

Operating income SEK 30.3 (32.1) million  
Profit before tax SEK 0.8 (4.4) million  
Earnings per share SEK 1.26 (7.02)  
Shareholders' equity per share SEK 178.01 (159.99)  
Assets under management SEK 12 959 (4 111) million

#### *Comments from the Managing Director:*

The year has started rather cautiously with a somewhat more turbulent market. The willingness to invest is still very high in most business areas, although transactions have taken longer to complete. The influx of new clients has continued to be high in both segments, Investment Banking and Private Banking. After the quarter, we have a total of 8 713 (7 043) custody accounts. During the last month of the quarter, it seemed that activity increased somewhat, which indicates good potential for a strong start in the coming quarter.

Investment Banking has had a quarter where most business operations have developed well with a large influx of new transactions. The slightly shaky market has been felt within Corporate Finance, and transactions have consequently taken longer to complete. Client influx to Issuing Services remains high and the business area can look back on a strong quarter with growing revenue as well as profit. Market Making has consolidated its position as one of the market leaders in its segment with a continued high market share. Synergies between the segments have increased which is expected to generate further revenue.

Private Banking has had a quarter characterised by organisational efficiencies and reorganisation, which has led to a slight fall in revenue. Within Distribution, efforts to attract new affiliated agents have continued and two new agents have been approved during the quarter, in addition to discussions with several interesting companies. Securities Trading has experienced high activity with many transactions closed. Pension and Wealth Advisory has had slightly falling revenue due in part to the reorganisation that has occurred, and which has subsequently been completed during the last month of the quarter. From now on, the focus is to improve earnings.

During the past year, a lot of focus was put on Compliance such as Mifid2 and GDPR. The introduction of Mifid2 on 3 January has affected the whole industry and has meant significant change for all actors. The transition has gone well but has involved certain changes for the company and has therefore taken focus from business. However, Mangold has been strengthened by this experience and is well-equipped for the future. Work continues with GDPR before its introduction in quarter two.

On 15 January, Mangold received permission to conduct currency services in accordance with ch. 2 § 2 paragraph 4 of the Securities Market Act, and permission to develop and spread investment and financial analysis in accordance with ch. 2 § 2 paragraph 5 of the Securities Market Act.

During the quarter, several of Mangold's holdings have developed very positively, in particular Skandinaviska Kreditfonden (SCF), which stands out with its high growth. During 2018, assets under management in SCF continued to grow at an unchanged rate and, as of the end of the quarter, amounted to circa SEK 1.5 billion. Mangold believes that SCF will continue to develop well during the coming quarter and contribute strongly to profits. Several of Mangold's other holdings have also developed well during the year, which means that expectations for the remainder of 2018 are high.

## Operating Income

Operating income for the quarter amounted to SEK 30.3 (32.1) million, which is a reduction of 5.9 percent compared

with the same period last year. Operating income distribution between the business areas is as follows: Corporate Finance accounted for 59 (52) percent, Issuing Services 13 (6) percent, Market Making 7 (10) percent, Pension and Wealth Advisory 8 (12) percent, Distributors 3 (6) percent and Securities 10 (14) percent.

## Operating Expenses

Operating expenses for the quarter amounted to SEK 31.7 (27.7) million, an increase of 14 percent compared with the previous year.

## Operating Profit

Operating profit after bonuses for the quarter amounted to SEK 0.8 (4.4) million, representing an operating margin of 3 (14) percent. Earnings per share amounted to SEK 1.26 (7.02) for the period.

## Bonuses

Provision for bonuses amounted to SEK 0.0 (0.3) million for the quarter.

## Financial Position

As of 31 March, shareholders' equity in the group amounted to SEK 80.1 (72.0) million, which is equivalent to SEK 178.01 (159.99) per share, and liquid assets amounted to SEK 302.1 (231.3) million. As of 31 March, the group had public deposits of SEK 346.3 (288.8) million, which is an increase of SEK 20.5 million since year-end. As of 31 March, the group's public lending amounted to SEK 82.8 (96.2) million, which is a reduction of SEK 6.2 million since year-end.

## Significant events that have occurred after the end of the period

On 13 April, Mangold's application for permission to conduct banking operations was denied. As of 17 April, Mangold has placed an offer concerning the purchase of circa 25 percent of the shares in Resscapital AB at a purchase price of circa SEK 9.3 million, equivalent to SEK 7 per Resscapital AB share. Through this acquisition, Mangold becomes the largest owner and can therefore, as in previous transactions, create a profitable cooperation with Resscapital AB, which is expected to benefit both parties.

## Associated Companies

The value of Mangold's 24.5 percent share in Skandinaviska Kreditfonden AB ("SKF") amounts to SEK 8.1 million. SKF manages Scandinavian Credit Fund I ("The Fund"), a fund that has grown considerably during 2018 and where the fund wealth amounts to SEK 1.5 billion, as of 31 March 2018. Returns for fund unit holders amounted to 1.7 percent, as of 31 March 2018. Mangold's share of profits amounted to SEK 0.8 (0.0) million for the period.

## Other information

As of 31 March, the number of employees (FTE) totalled 74 (75). During the quarter, 25 333 (23 591) transactions were completed. All subsidiaries are owned to 100 percent. No transactions have occurred with relatives during the period, over and above normal business activities under market conditions.

## Segment Investment Banking

### Corporate Finance

The department is experiencing a high level of willingness to trade and has a good order book for the coming quarter. Several transactions have taken longer than expected, which has pushed revenue over to the coming quarter. At the end of the quarter, Mangold was Certified Adviser and Mentor for 44 (47) companies listed on Nasdaq First North and NGM respectively.

Operating income for Corporate Finance amounted to SEK 14.4 (16.6) million for the quarter. Operating profit before bonus provisions for the business area, amounted to SEK 4.8 (9.2) million for the quarter.

### Issuing Services

The business area is experiencing a high demand for its services. The number of on-going assignments remains high. During the quarter, 43 (33) transactions were conducted, which equates to 9.7 (8.0) percent of all issuing transactions in Euroclear Sweden.

Operating income for Issuing Services amounted to SEK 3.9 (1.9) million for the quarter. Operating profit before bonus provisions for the business area amounted to SEK 1.9 (0.6) million.

### Market Making

During the period, the influx of new agreements has continued at a good level and interest for the department's services is high. At the end of the quarter, Mangold had 79 (71) assignments in which it acted either as a market maker, or where the company was listed for trading on the Mangold List. The business area sets prices in 210 (229) of the structured products arranged by Mangold.

Operating income for Market Making amounted to SEK 2.6 (3.2) million for the quarter. Operating profit for the business area before bonus provisions amounted to SEK -0.2 (0.7) million.

## Segment Private Banking

### Pension & Wealth Advisory

The product range of the department has been expanded to attract more clients and revenues have risen compared with previous years. During the period, the organisation has continued to make efficiencies, to achieve a better balance between revenues and costs.

Operating income for Pension and Wealth Advisory amounted to SEK 3.8 (3.8) million for the quarter. Operating profit before bonus provisions amounted to SEK -3.6 (-4.1) million for the business area.

### Distributors

During the quarter, two public offerings and several private placements were carried out. The department has entered into agreements with several affiliated agents and has more requests outstanding. As of 31 March, Mangold has 9 (6) affiliated agents. During the period, the organisation has also been trimmed and the client offering broadened.

Operating income for Distributors amounted to SEK 1.7 (2.1) million for the quarter. Operating profit for the business area before bonus provisions amounted to SEK -2.7 (-1.3) million.

### Securities

The quarter has been characterised by high activity among the business area's clients, where the willingness to invest has been high. Work on the credit portfolio continues.

Operating income for Securities amounted to SEK 4.2 (4.5) million for the quarter. Operating profit for the business area before bonus provisions amounted to SEK -0.2 (-0.4) million.

## Consolidated income statement

Amounts in SEK million	January-March	
	2018	2017
Commission income	28.2	31.9
Commission expenses	-1.1	-2.0
<b>Net commissions</b>	<b>27.1</b>	<b>29.9</b>
Interest income	2.0	1.9
Interest expenses	-0.6	-0.7
<b>Net interest income / expense</b>	<b>1.4</b>	<b>1.2</b>
Net income from financial transactions	0.8	0.9
Dividends received from shares and participations	0.0	0.0
Other operating income	1.0	0.1
<b>Total operating income</b>	<b>30.3</b>	<b>32.1</b>
General administrative expenses	-30.4	-26.8
Depreciation and amortisation of tangible and intangible assets	-1.3	-0.9
Other operating expenses	0.0	0.0
<b>Total operating expenses</b>	<b>-31.7</b>	<b>-27.7</b>
Profit from shares in associated companies	0.8	0.0
Profit from credit losses and credit gains	1.4	0.0
<b>Operating profit</b>	<b>0.8</b>	<b>4.4</b>
Tax	-0.2	-1.3
<b>Profit for the period</b>	<b>0.6</b>	<b>3.1</b>
<i>Earnings per share (SEK)</i>	<i>1.26</i>	<i>7.02</i>
<i>Diluted earnings per share (SEK)</i>	<i>1.26</i>	<i>7.02</i>

## Consolidated statement of comprehensive income

Amounts in SEK million	January-March	
	2018	2017
Other total profit	0.0	0.0
<b>Total profit for the period</b>	<b>0.6</b>	<b>3.1</b>

## Development in operating income (Business Areas)

Amounts in SEK million	January-March	
	2018	2017
Corporate Finance	14.2	16.6
Issuing Services	3.8	1.9
Market Making	2.6	3.2
<b>Total Investment Banking</b>	<b>20.6</b>	<b>21.7</b>
Pension & Wealth Advisory	3.8	3.8
Distributors	1.7	2.1
Securities	4.3	4.5
<b>Total Private Banking</b>	<b>9.7</b>	<b>10.4</b>
<b>Total of Business Areas</b>	<b>30.3</b>	<b>32.1</b>

## Development in operating profit before bonuses (Business Areas)

Corporate Finance	4.8	9.2
Issuing Services	1.9	0.6
Market Making	-0.2	0.7
<b>Total Investment Banking</b>	<b>6.5</b>	<b>10.5</b>
Pension & Wealth Advisory	-3.6	-4.1
Distributors	-2.7	-1.3
Securities	0.2	-0.4
<b>Total Private Banking</b>	<b>-6.5</b>	<b>-5.8</b>
<b>Total of Business Areas</b>	<b>0.0</b>	<b>4.7</b>
Profit from shares in associated companies	0.8	0.0
Bonus provisions	0.0	-0.3
<b>Operating profit</b>	<b>0.8</b>	<b>4.4</b>

## Income Statement (Per Quarter)

Amounts in SEK millions	2018 Quarter 1	2017 Quarter 4	2017 Quarter 3	2017 Quarter 2	2017 Quarter 1
Net commissions	27.1	33.9	25.0	37.4	29.9
Net interest income / expense	1.4	1.5	1.5	1.1	1.2
Net income from financial transactions	0.8	2.4	-2.7	6.3	0.9
Other operating income	1.0	0.0	0.1	0.0	0.1
<b>Total operating income</b>	<b>30.3</b>	<b>37.8</b>	<b>23.9</b>	<b>44.8</b>	<b>32.1</b>
Total operating costs	-31.7	-35.1	-23.9	-37.3	-27.7
Profit from shares in associated companies	0.8	1.2	0.3	0.0	0.0
Profit from credit losses and credit gains	1.4	0.0	0.0	0.0	0.0
<b>Operating profit</b>	<b>0.8</b>	<b>3.9</b>	<b>0.3</b>	<b>7.5</b>	<b>4.4</b>

## Cash flow statement

Amounts in SEK millions	January-March	
	2018	2017
Operating profit	0.8	4.4
Adjustment for items not included in cash flow	1.3	0.9
Tax paid	-0.9	-2.8
<b>Cash flow from operating activities before changes in working capital</b>	<b>1.2</b>	<b>2.5</b>
Increase(-)/Decrease(+) in stock	0.3	-9.2
Increase(-)/Decrease(+) in operating receivables	-3.5	4.6
Increase(+)/Decrease(-) operating liabilities	19.4	-91.5
<b>Cash flow from operating activities</b>	<b>17.4</b>	<b>-93.6</b>
Acquisition/Disposal of intangible fixed assets	-1.0	-1.4
Acquisition/Disposal of tangible fixed assets	-0.3	-0.2
Acquisition of financial assets	0.0	-0.5
Divestment/reduction in financial assets	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-1.3</b>	<b>-2.2</b>
Issue of interest-bearing securities	0.0	0.0
Dividends paid	0.0	0.0
<b>Cash flow from financing</b>	<b>0.0</b>	<b>0.0</b>
<b>Cash flow for the period</b>	<b>16.1</b>	<b>-95.8</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>286.0</b>	<b>327.1</b>
<b>Cash and cash equivalents at period-end</b>	<b>302.1</b>	<b>231.3</b>

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<b>Key ratios</b>	<i>March 2018</i>	<i>March 2017</i>
Return on equity	1%	4%
Equity/assets ratio	17%	18%
Capital base. SEK million	57.5	49.7
Capital cover %	15.00%	15.07%
Number of Certified Advisers and Mentors	44	47
Number of assignments Market Maker & Mangold List	79	71
Operating margin	3%	14%
Number of outstanding shares	450 213	450 213
Average number of outstanding shares	450 213	450 213
Number of employees (FTE)	74	75
Earnings per employee (FTE), SEK	7 676	42 134
Earnings per share, SEK	1.26	7.02
Equity per share, SEK	178.01	159.99
Number of custody accounts	8 713	7 043
Assets under management, SEK million	12 959	4 111

## Definition of key ratios

### **Margins**

#### **Operating margin, %**

Operating profit as a percentage of total income.

#### **Profit margin, %**

Profit after tax as a percentage of total income.

### **Return 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.

### **Capital Structure**

Equity at period-end.

#### **Equity/assets ratio, %**

Equity as a percentage of total assets.

### **Other**

#### **Number of employees at period-end**

Number of full-time employees at period-end.

#### **Number of custody accounts at period-end**

Number of custody accounts at period-end.

#### **Total acquired capital at period-end, SEK MM**

The value of the total assets managed at Mangold at period-end.

#### **Data per share**

Number of shares at period-end.

#### **Equity per share**

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

#### **Earnings per share**

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

#### **Dividend per share**

Dividends per share for the current full year.

#### **Average number of outstanding shares**

The number of shares at the beginning of the period plus the number of shares at period-end divided by two.

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## Consolidated balance sheet

Amounts in SEK millions	March 2018	March 2017	December 2017
Treasury bills	239.9	184.1	240.0
Loans to credit institutions	62.2	47.2	46.0
Loans to the public	82.8	96.2	89.0
Shares and participations	23.5	15.8	23.8
Shares and participations in associated companies	8.1	5.8	7.4
Intangible assets	35.7	34.1	35.7
Tangible fixed assets	2.5	2.2	2.5
Other assets	21.4	20.8	20.7
Prepaid expenses and accrued income	6.7	4.6	3.8
<b>Total assets</b>	<b>482.8</b>	<b>410.8</b>	<b>468.9</b>
Deposits from the public	346.3	288.8	325.8
Deferred tax liability	0.4	0.5	0.4
Tax liability	0.3	0.0	0.9
Other liabilities	12.4	9.2	10.3
Accrued expenses and deferred income	27.3	24.3	35.9
Subordinated liabilities	16.0	16.0	16.0
<b>Total liabilities</b>	<b>402.7</b>	<b>338.8</b>	<b>389.3</b>
Share capital (450 213 shares)	0.9	0.9	0.9
Other contributed capital	27.0	27.0	27.0
Retained profits including profit for the year	52.2	44.1	51.7
<b>Total equity</b>	<b>80.1</b>	<b>72.0</b>	<b>79.6</b>
<b>Total equity and liabilities</b>	<b>482.8</b>	<b>410.8</b>	<b>468.9</b>

## Statement of changes in equity

Amounts in SEK million	Share capital	Other contributed capital	Retained profits incl. profits for the year	Total Equity
<b>Opening balance as of 1 January 2017</b>	<b>0.9</b>	<b>27.0</b>	<b>41.0</b>	<b>68.9</b>
Comprehensive income for the period			3.1	3.1
<b>Closing balance as of 31 March 2017</b>	<b>0.9</b>	<b>27.0</b>	<b>44.1</b>	<b>72.0</b>
<b>Opening balance as of 1 January 2018</b>	<b>0.9</b>	<b>27.0</b>	<b>51.6</b>	<b>79.5</b>
Comprehensive income for the period			0.6	0.6
<b>Closing balance as of 31 March 2018</b>	<b>0.9</b>	<b>27.0</b>	<b>52.2</b>	<b>80.1</b>

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## Capital adequacy

Amounts in SEK million	Mangold Fondkommission AB		Consolidated Situation	
	March 2018	March 2017	March 2018	March 2017
<b>Capital Base</b>				
Equity	8.4	73.1	79.6	68.9
Intangible fixed assets	-6.1	-3.7	-35.7	-34.1
Deferred tax assets	0.0	0.0	0.0	0.0
Revised profit/loss for the year adjusted for expected dividend	-2.4	-1.1	-2.4	-1.1
<b>Total core tier 1 capital</b>	<b>75.5</b>	<b>68.3</b>	<b>41.5</b>	<b>33.7</b>
Primary capital contribution	0.0	0.0	0.0	0.0
Deduction for primary capital contribution	0.0	0.0	0.0	0.0
<b>Total tier 1 capital</b>	<b>75.5</b>	<b>68.3</b>	<b>41.5</b>	<b>33.7</b>
Supplementary capital contribution	0.0	0.0	16.0	16.0
Deduction for supplementary capital contribution	0.0	0.0	0.0	0.0
<b>Total supplementary capital</b>	<b>0.0</b>	<b>0.0</b>	<b>16.0</b>	<b>16.0</b>
<b>Total capital base</b>	<b>75.5</b>	<b>68.3</b>	<b>57.5</b>	<b>49.7</b>
<b>Capital requirement pillar 1</b>				
Capital requirements for credit risk as per the standardised method	12.8	11.8	8.9	8.1
Capital requirements for market risk as per the standardised method	3.7	2.6	3.7	2.6
- of which capital requirements for position risk	3.7	2.6	3.7	2.6
- 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 requirements for operational risk as per base method	17.2	14.9	18.1	15.6
<b>Total minimum capital requirement</b>	<b>33.7</b>	<b>29.3</b>	<b>30.7</b>	<b>26.4</b>
<b>Capital surplus</b>	<b>41.8</b>	<b>39.0</b>	<b>26.8</b>	<b>22.5</b>
<b>Risk-weighted exposure amount</b>				
Risk-weighted credit risks	160.1	145.5	111.4	101.1
Risk-weighted market risks	45.8	32.8	45.8	32.8
- of which capital requirements for position risk	45.8	32.8	45.8	32.8
- 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 operational risk	215.5	186.2	226.0	195.5
<b>Total risk-weighted exposure amount</b>	<b>421.4</b>	<b>366.5</b>	<b>383.2</b>	<b>329.4</b>
<b>Core tier 1 capital ratio. %</b>	<b>17.93%</b>	<b>18.64%</b>	<b>10.82%</b>	<b>10.22%</b>
<b>Primary capital ratio. %</b>	<b>17.93%</b>	<b>18.64%</b>	<b>10.82%</b>	<b>10.22%</b>
<b>Capital adequacy ratio. %</b>	<b>17.93%</b>	<b>18.64%</b>	<b>15.00%</b>	<b>15.07%</b>
Requirements for capital conservation buffer. %	2.5%	2.5%	2.5%	2.5%
Requirements for counter-cyclical capital buffer. %	0.0%	0.0%	0.0%	0.0%
Requirements for system risk buffer. %	0.0%	0.0%	0.0%	0.0%
Requirements for buffer for global system-important institutions. %	0.0%	0.0%	0.0%	0.0%
<b>Institute-specific buffer requirement. %</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.5%</b>
<b>Core tier 1 capital available as buffer. %</b>	<b>9.93%</b>	<b>12.43%</b>	<b>4.82%</b>	<b>4.22%</b>
<b>Pillar 2 basic requirement</b>				
<b>Total pillar 2 basic requirement</b>	<b>1.9</b>	<b>4.2</b>	<b>1.3</b>	<b>3.2</b>
<b>Total assessed internal capital requirements</b>	<b>46.2</b>	<b>42.7</b>	<b>41.6</b>	<b>37.8</b>
<b>Surplus of capital after buffer requirement and pillar 2</b>	<b>29.4</b>	<b>25.6</b>	<b>15.9</b>	<b>11.9</b>

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## Parent Company income statement

Amounts in SEK million

	January-March	
	2018	2017
Net sales	0.0	0.0
<b>Total net sales</b>	<b>0.0</b>	<b>0.0</b>
Administrative expenses	-0.1	-0.1
<b>Operating profit</b>	<b>-0.1</b>	<b>-0.1</b>
Other interest income & similar profit/loss items	0.0	0.0
Interest expenses & similar profit/loss items	-0.3	-0.3
Group contributions received	0.0	0.0
<b>Profit after financial items</b>	<b>-0.4</b>	<b>-0.4</b>
<b>Profit/loss before tax</b>	<b>-0.4</b>	<b>-0.4</b>
Tax	0.0	0.1
<b>Profit/loss for the period</b>	<b>-0.4</b>	<b>-0.3</b>

## Parent Company balance sheet

Amounts in SEK million

	March	March	December
	2018	2017	2017
Financial fixed assets			
Shares in group companies	47.8	47.8	47.8
Shares in associated companies	5.8	5.8	5.8
<b>Total fixed assets</b>	<b>53.6</b>	<b>53.6</b>	<b>53.6</b>
Current assets			
Receivables within the group	16.0	16.0	16.0
Other receivables	0.3	0.3	0.3
Prepaid expenses and accrued income	0.3	0.4	0.4
Cash and bank balances	0.3	0.0	0.3
<b>Total current assets</b>	<b>16.9</b>	<b>16.7</b>	<b>17.0</b>
<b>Total assets</b>	<b>70.5</b>	<b>70.3</b>	<b>70.6</b>
Share capital (450 213 shares)	0.9	0.9	0.9
Legal reserve	8.1	8.1	8.1
Total restricted equity	9.0	9.0	9.0
Profit/loss brought forward	5.2	6.6	5.6
Share premium reserve	17.9	17.9	17.9
Profit for the year	-0.4	-0.3	-0.4
Total non-restricted equity	22.7	24.2	23.1
<b>Total equity</b>	<b>31.7</b>	<b>33.2</b>	<b>32.1</b>
Subordinated debt	16.0	16.0	16.0
Liabilities to group companies	22.5	21.1	22.2
Accrued expenses and pre-paid income	0.3	0.0	0.3
<b>Total liabilities</b>	<b>38.8</b>	<b>37.1</b>	<b>38.5</b>
<b>Total equity and liabilities</b>	<b>70.5</b>	<b>70.3</b>	<b>70.6</b>

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CORPORATE IDENTITY NUMBER: 556628-5408

## Notes to the Year-end-Report

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## Accounting Principles

This interim report for the group has been prepared in accordance with IAS 34 Interim Financial Reporting, and applicable regulations on annual reports in Credit Institutions and Securities Companies (ÅRKL) and FFFS 2008:25

have been applied. The interim report for the parent company has been prepared in accordance with the Annual Reports Act, chapter 9, Interim Financial Reporting.

This interim report has been prepared using the same accounting principles as the Annual Report 2017.

## Significant risks and uncertainties

### *Risk management and risk control*

As a natural part of the business, the group is exposed to various types of risk. The Board has in accordance with the Financial Supervisory Authority's regulations on securities brokerage companies, established guidelines and procedures for risk management to identify the risks inherent in operations. Each business area manager is responsible for the control and monitoring of risks in their area, and for reporting that to the central controller for risk control. In each situation, the risks are identified, quantified, managed and documented. In addition, the internal auditor reviews operations continually. Moreover, the group follows the Swedish Securities Dealers Association's recommendations, for example regarding employees' securities transactions. The risks have not changed significantly over the past quarter. More detailed descriptions of the risks can be found in the annual report.

## Risks

### Market risks

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

Risk Control manages the daily market risk by continuously monitoring the group's different exposures, to ensure that no unauthorised instruments are traded, and that the set limits are not exceeded.

### Credit risks

Credit and counterparty risk refers to the risk of loss arising from a counterparty or debtor, that either through unwillingness or inability, wholly or partly does not meet their contractual obligations.

Credit risk is minimised as much as possible by assessing the creditworthiness of the counterparty and by establishing payment terms. Credit risk in the loan portfolio is also limited by decisions of the credit committee, regarding credit limits for each client. All credit is secured.

### Operational risks

Operational risk refers to losses 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 and administrative risks in the different business areas.

The group's operational risks are minimised through good internal controls, as well as the Board's established procedures and guidelines for effective risk management to conduct operations with limited and controlled operational risk. In addition, there are systematic controls that govern and ensure responsibility and authority in operations.

## **IT risk**

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

## **Legal risks**

Legal risk refers to the risk of losses arising due to agreements that are not sufficiently tenable, or that new laws or regulations are decreed which change business conditions unfavourably.

The group's legal risk management ensures that all agreements and other legal relations are always scrutinised by legal experts, and that the group's companies have the requisite indemnity and liability insurance for dealing with such claims.

## **Reputational risk**

Reputational risk is the risk of loss of reputation among clients, shareholders, employees, government agencies, etc., which can lead to reduced revenues. Mangold has guidelines for how a potential reputational risk should be managed.

## **Liquidity and financing risk**

Liquidity risk is the risk of not being able to live up to the company's financial obligations at any given time. Mangold's liquidity risks are minimised by continually maintaining a liquidity buffer and by having a liquidity plan in which the company's expected revenues and payment obligations are matched over time.

Financing risk is the risk of being unable to obtain financing, or that financing can only be obtained at considerable cost. Financing risk is considered low as Mangold has no bank loans or need of market financing, and lending is financed by deposits.

## **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.

The insurance risks within the group are managed in accordance with assessed insurance needs. Mangold has insurance policies to cover the different types of liability claims and property damage. Mangold has comprehensive insurance coverage.

Questions regarding confidentiality and information security are of great concern to the group and are regulated by an internally approved information policy. Risk management for the group entails that the established information policy regulates actions related to information issues and ensures that current regulations are followed.

As far as IT security is concerned, there is continual control and development of systems and routines, which are also continually reviewed by Mangold Fondkommission's internal audit.

Disclosures concerning events and significant risks are the same as for the parent company as for the group.

## Client funds

Mangold keeps client funds that are separate from its own funds in separate bank accounts. As Mangold does not own these funds, they are not listed in the balance sheet.

	31 March 2018	31 March 2017
Klientmedel	23 458 111	70 803 525

## The board's internal buffer requirements

The board's internal buffer requirements amount to 1.00% or SEK 3.8 million 31 March 2018.

## Financial instruments listed on an active market

The actual value of financial instruments that are listed on an active market is based on the asset's listed closing price on the balance sheet date, without any addition made for transaction costs (such as brokerage fees) at the time of acquisition. A financial instrument is regarded as listed on an active market, if the listed prices are readily available on an exchange, at a dealer, a broker, an industry organisation, a company that provides current price information or a supervisory authority, and that these prices reflect actual and regularly occurring market transactions under business-like conditions. Any future transaction costs associated with a sale are not considered. Such instruments are found under the balance sheet item shares and participations, and the balance sheet item treasury bills. All holdings listed below are financial assets valued at actual cost in the income statement.

For further information, see the note in the Annual Report 2017.

	31 March 2018	31 March 2017
Securities values at actual value above the income statement		
Listed securities (Level 1)	19 855 817	15 836 866
Listed securities (Level 2)	239 884 745	184 139 899
Unlisted securities (Level 3)	3 634 575	0

Mangold's liquidity buffer is comprised exclusively of securities classified in accordance with Level 2.

## About Mangold

Mangold is an independent securities broker offering modern financial services to companies, institutions and private individuals. The company currently operates within two segments: i) Investment Banking and ii) Private Banking. Mangold is under the supervision of the Swedish FSA (Finansinspektionen) and conducts investment business in accordance with the Securities Market Act, (2007:528) on the securities market. Mangold is a member of NASDAQ Stockholm, AktieTorget and the Nordic Growth Market, as well as being a derivative member of NASDAQ Stockholm. The company is also a clearing member and issuing institution at Euroclear Sweden. In addition, Mangold is a member of the trade association SwedSec Licensiering AB and the Swedish Securities Dealers Association (Svenska Fondhandlareföreningen). Mangold is listed on NASDAQ First North Premier and is traded with the ticker MANG. G&W Kapitalförvaltning AB is the company's Certified Adviser (08-50300050, [www.gwkapital.se](http://www.gwkapital.se)) and Pareto Securities is Mangold's market maker.

Upcoming reports:

Interim report quarter 2 2018    18 July 2018  
Interim report quarter 3 2018    17 October 2018

For enquiries: 08-5030 1559

Per-Anders Tammerlöv, Managing Director

The report has been subject to special review by the company auditors.

The Board assures that this interim report provides a true and fair view of the company's operations, financial position and results, as well as describing the main risks and uncertainties that the group faces.

Stockholm, 18 April 2018

Per Åhlgren  
Chairman of the Board

Per-Anders Tammerlöv  
Managing Director

Ann-Marie Thörn  
Board Member

Peter Serlachius  
Board Member

Marie Friman  
Board Member

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