

MANGOLD

Mangold AB Year End Report for the period 1 January 2018 – 31 December 2018

Highlights

- Operating income for the fourth quarter increased by 6% to SEK 40.2 (37.8) million
- Profit before tax for the fourth quarter increased by 41% to SEK 5.5 (3.9) million
- Shareholders' equity per share at year-end amounted to SEK 197.7 (176.8)
- Proposed dividend per share amounts to SEK 4.6 (5.2)

October - December

Operating income SEK 40.2 (37.8) million
Profit before tax SEK 5.5 (3.9) million
Earnings per share SEK 7.3 (6.1)
Shareholders' equity per share SEK 197.7 (176.8)

January - December

Operating income SEK 134.7 (138.6) million
Profit before tax SEK 13.2 (16.1) million
Earnings per share SEK 23.16 (26.18)

Comments from the Managing Director:

Q4 has been a very challenging quarter. Mangold's operations have been marked by a falling stock market and an environment of great political uncertainty. Under these dour conditions, we have delivered a good quarter with both

The costs for Private Banking have continued to fall after those measures that were conducted during 2018 and will give a full impact in 2019. During 2018, we have increased the share of interest bearing managed which, despite a falling stock market, has give a good return to clients and also contributed to a stabler revenue base. The planned increase of the number of affiliated representatives has essentially been carried out, as has a series of market-oriented activities. During Q4 2018, the total number of custody accounts passed 10 000, and we can see a continued stable client influx.

Within Investment Banking, the emphasis has clearly shifted to preferential rights issues and M&A, while activity within introductions has diminished. Both revenues and profits for this segment are significantly better than Q4 of the previous year, which may be seen as a sign of strength given the weakened market.

In May 2018, Mangold acquired 25% of Ress Capital AB, administrator of an AIF-fund focused on the management of life insurances on the American market. Ress Capital now manages a portfolio of US\$ 117 million and the return for the unit-holders amounted to 9.91%.

Mangolds other associated company, Skandinaviska Kreditfonden AB ("SKF"), has shown strong growth: assets under management in the company's first fund have grown from SEK 1.2 billion a year ago to almost SEK 3.0 billion. The fund's unit-holders have received a return of 7.02%.

The book value of the associated companies amounts to SEK 14.7 (2.9) million at year-end, and profits for 2018 amount to SEK 3.7 (1.5) million.

When it concerns company internal questions, the work regarding adaptation to GDPR demanded a lot of resources, but it could be completed in time and according to plan. The recently completed merger between Mangold KF AB and Mangold Fondkommission AB means a saving of administrative resources. The work with improving internal management and control continues, among other things with a new CFO in place since year-end.

The considerably improved financial position allows continued expansion of Mangold's operations We look forward to 2019 with confidence, despite the somewhat uncertain market situation, and plan for growth with continued profitability.

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CORPORATE IDENTITY NUMBER: 556628-5408

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Operating income

Operating income amounted to SEK 40.2 (37.8) million for the quarter, which is an increase of 6 percent compared to the same period last year.

Operating income amounted to SEK 134.7 (138.6) million for the year's twelve months, which is a decrease of nearly 3 percent compared with the same period last year.

Operating expenses

Operating expenses amounted to SEK 35.5 (35.1) million for the quarter, and consequently is level with last year.

Operating expenses amounted to SEK 126.6 (124.0) million for the year's twelve months, an increase of 2 percent compared to last year.

Operating profit

Operating profit after bonuses amounted to SEK 5.5 (3.9) million for the quarter, equivalent to an operating margin of 14 (10) percent. Earnings per share were SEK 7.27 (6.13) for the period.

Operating profit after bonuses amounted to SEK 13.2 (16.1) million for the year's twelve months, equivalent to an operating margin of 10 (11) percent. Earnings per share were SEK 23.2 (26.2) kr for the period.

Bonus

Provisions for bonuses amounted to SEK 4.7 (2.1) million for the quarter and SEK 4.7 (10.5) million for the year's twelve months.

Financial Position

As of 31 December, shareholders' equity in the Group amounted to SEK 89.6 (79.6) million, which corresponds to SEK 197.7 (176.8) per share, and liquid assets amounted to SEK 277.6 (286.0) million. As of 31 December, the Group had deposits from the public amounting to SEK 350.3 (325.8) million, which is an increase of SEK 24.5 million since the start of the year. As of 31 December, the Group had loans to the public amounting to SEK 106.4 (89.0) million, which is an increase of SEK 17.4 million since the start of the year. Proposed dividends per share amounts to SEK 4.6 (5.2).

Significant events that have happened after the end of the period

No significant events.

Associated companies

Skandinaviska Kreditfonden AB's ("SKF") first fund, Scandinavian Credit Fund I ("SCF I"), opened for trade in January 2016. Banks' willingness to finance companies has dropped considerably since the new capital adequacy rules after the financial crisis, which together with the new AIF-directive within the EU, has made it possible to establish this fund. As an investor in SCF, you get access to an investment product with high expected returns for a low market risk, which can normally not be offered to private investors. The investment philosophy is built upon facilitating business expansion and development.

The book value of Mangold's 24.5 percent holding in SCF is SEK 5.8 million. During 2018, SCF has grown very strongly and its fund wealth has more than doubled during 2018 to just under SEK 3 billion as of 31 December 2018. The return for the unit-holders for 2018 amounts to 7.0 percent. Mangold's earnings share amounts to SEK 0.1 (1.2) million for the fourth quarter and SEK 1.1 (1.5) million for the year's twelve months. Dividends received amount to SEK 0.9 (0) million.

Resscapital AB ("Resscapital") is a Swedish AIF-administrator and is under the supervision of Swedish Financial Supervisory Authority. Resscapital manages the AIF-fund Ress Life Investments A/S ("RLI"), which since 2012 invests in American life-insurances. RLI is listed on Nasdaq Copenhagen. Resscapital has great experience of valuing, buying and managing life insurances.

The book value of Mangold's 25.0 percent holding in Resscapital amounts to SEK 8.8 million as of 31 December 2018. During 2018, RLI has grown and its fund wealth amounts to US \$117 million as of 31 December 2018, which is a growth of almost US \$30 million since the last year-end. The annual return for the fund unit-holders amounts to 9.91 percent as of 31 December 2018. Mangold's earnings share amounts to SEK 0.7 million for the fourth quarter and SEK 2.6 million for the year's twelve months.

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Other information

As of 31 December, the number of employees (FTE) amounted to 76 (79). During the quarter, 26 759 (32 949) transactions were completed.

All subsidiaries are wholly owned.

No transactions have occurred with relatives during the period, besides normal business operations on market-based terms.

Merger

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. According to a merger plan approved 3 October 2018, it was decided that Mangold KF AB would be incorporated in Mangold Fondkommission AB. The date of the merger was 28 December 2018.

Segment Investment Banking

Corporate Finance

The department is experiencing a high transactions activity despite the volatile market conditions, particularly with regard to preferential rights issues and targeted share issues for listed companies. IPO activity has gradually declined during 2018 and is expected to continue to be more tentative during the start of 2019. The business area has a good order book for the coming quarter with a number of transactions that have been pushed forward into 2019.

Operating income for Corporate Finance was SEK 23.6 (15.9) million for the quarter. Operating profit before bonus provisions for the business area amounted to SEK 13.4 (6.8) million for the quarter. The reported figures include Certified Adviser.

Certified Adviser

During 2018, the department was split off from Corporate Finance to an independent department within Investment Banking. The business area is experiencing a high demand for the services it offers. The number of assignments as Certified Adviser and Mentor has increased. Activity for the business area's services around IPOs has also increased during Q4 2018, and is expected to continue to be strong during the start of the new year. At the end of 2018, Mangold was CA and Mentor for 58 (43) companies listed on Nasdaq First North and NGM.

The department's revenues and profit for 2018, are included in the accounts for Corporate Finance above.

Issuing Services

The business area is experiencing a more reserved demand for its services. The number of on-going assignments is still high, but smaller in size. During the quarter, 36 (40) transactions were conducted, which corresponds to 7.0 (8.1) percent of all issuing transactions in Euroclear Sweden.

Operating income for Issuing Services amounted to SEK 2.2 (5.8) million for the quarter. Operating profit before bonuses for the business area amounted to SEK 0.3 (3.9) million.

Market Making

During the quarter, the influx of new agreements has continued at a good level, and interest for the department's services is stable. At the end of the quarter, Mangold had 78 (78) assignments where it acted as market maker or where the company was listed for trading on the Mangold list. The business area sets prices in 165 (207) of the structured products arranged by Mangold.

Operating income for Market Making amounted to SEK 2.6 (3.0) million for the quarter. Operating profit before bonus provisions for the business area amounted to SEK -0.2 (0.3) million.

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Segment Private Banking

Pension and Wealth Advisory

Efficiency initiatives were fully implemented during the latter part of 2018, and during Q4 they have started to show in the form of improved results. During the second half of the year, market activities have increased which has provided an extended mandate in the management of existing clients and many new contacts with potential clients.

Operating income for Pension and Wealth Advisory amounted to SEK 4.5 (4.3) million for the quarter. Operating profit before bonus provisions amounted to SEK -2.7 (-3.5) million for the business area.

Distribution

During the quarter, two public issues and several private placements were carried out. The department has several outstanding enquiries concerning affiliated representatives, and as of 31 December, Mangold has 11 (7) affiliated representatives. During the period, the organisation has continued to streamline and the client offerings have broadened.

Operating income for Distribution amounted to SEK 1.6 (3.6) million for the quarter. Operating profit before bonus provisions amounted to SEK -1.2 (-1.4) million for the business area.

Securities

The fourth quarter of 2018 and the beginning of 2019 have been characterised by high activity and a strong willingness to invest. For the current year, we are planning a further broadening of our offering and an extended credit portfolio.

Operating income for Securities amounted to SEK 4.9 (5.2) million for the quarter. Operating profit before bonus provisions amounted to SEK 0.1 (-0.1) million for the business area.

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Consolidated income statement

Amounts in SEK million	October-December		January-December	
	2018	2017	2018	2017
Operating income				
Commission income	41,1	36,8	130,4	135,5
Commission expenses	-1,2	-2,9	-4,9	-9,3
Net commissions	39,8	33,9	125,4	126,2
Interest income	2,3	2,2	8,5	7,5
Interest expenses	-0,6	-0,7	-2,4	-2,4
Net interest income/expense	1,6	1,5	6,0	5,1
Net income from financial transactions	-1,4	2,4	2,0	7,1
Other operating income	0,1	0,0	1,2	0,2
Total operating income	40,2	37,8	134,7	138,6
General administrative expenses	-34,5	-33,7	-118,8	-117,8
Depreciation and amortisation of tangible and intangible assets	-1,3	-1,2	-5,1	-4,1
Other operating expenses	0,0	-0,2	0,0	-2,1
Total operating expenses	-35,8	-35,1	-123,9	-124,0
Income from shares in associated companies	0,8	1,2	3,7	1,5
Credit losses net	0,3	0,0	-1,4	0,0
Operating profit	5,5	3,9	13,2	16,1
Tax	-2,2	-1,1	-2,7	-4,3
Profit/loss for the period	3,3	2,8	10,5	11,8
<i>Earnings per share (SEK)</i>	<i>7,27</i>	<i>6,13</i>	<i>23,16</i>	<i>26,18</i>
<i>Diluted earnings per share (SEK)</i>	<i>7,27</i>	<i>6,13</i>	<i>23,16</i>	<i>26,18</i>

Consolidated statement of comprehensive income

Amounts in SEK million	October-December		January-December	
	2018	2017	2018	2017
Other comprehensive income	0,0	0,0	0,0	0,0
Total profit for the period	3,3	2,8	10,5	11,8

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Development in operating income (Business Areas)

Amounts in SEK million	October-December		January-December	
	2018	2017	2018	2017
Total Investment Banking	28,3	24,7	94,7	93,7
Total Private Banking	11,0	13,1	40,0	44,9
Total Business Areas	39,3	37,8	134,7	138,6

Development in operating profit before bonuses (Business Areas)

Amounts in SEK million	October-December		January-December	
	2018	2017	2018	2017
Total Investment Banking	13,5	10,8	34,5	44,8
Total Private Banking	-3,8	-5,2	-20,0	-17,8
Total Business Areas	9,6	5,6	14,5	27,0
Profit from shares in associated companies	0,8	-19,9	3,7	1,5
Bonus provisions	-4,7	-10,8	-4,7	-10,5
Amortization of intangible assets	-0,2	6,5	-0,3	-1,9
Operating profit	5,5	-18,6	13,2	16,1

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Income statement (Per quarter)

Amounts in SEK million	2018 Quarter 4	2018 Quarter 3	2018 Quarter 2	2018 Quarter 1	2017 Quarter 4
Net commissions	39,8	21,2	37,3	27,1	33,9
Net interest income/expense	1,6	1,6	1,4	1,4	1,5
Net income from financial transactions	-1,4	-1,9	4,5	0,8	2,4
Other operating income	0,1	0	0,1	1	0
Total operating income	40,2	20,9	43,3	30,3	37,8
Total costs	-35,8	-23,5	-33,1	-31,3	-35,1
Income from shares in associated companies	0,8	0,6	1,5	0,8	1,2
Income from credit losses and credit gains	0,3	0,1	-2,8	1,0	0
Operating profit	5,5	-2,0	8,9	0,8	3,9

Cash flow

Amounts in SEK million	October-December		January-December	
	2018	2017	2018	2017
Operating profit	5,6	3,9	13,2	16,1
Adjustment for items not included in cash flow	1,4	1,2	4,7	4,1
Tax paid	-0,3	0,6	-3,2	-3,6
Cash flow from operating activities before changes in working capital	6,6	5,7	14,6	16,6
Increase (-)/Decrease (+) in stock	-3,3	-4,6	-5,1	-17,2
Increase (-)/Decrease (+) in operating receivables	1,1	-0,9	-3,7	3,9
Increase (+)/Decrease (-) in operating liabilities	37,6	38,7	1,8	-34,8
Cash flow from operating activities	35,4	38,9	-7,0	-31,5
Acquisition/disposal of intangible fixed assets	-0,6	-1,6	-4,1	-5,4
Acquisition/disposal of tangible fixed assets	-0,2	-0,4	-0,7	-1,4
Acquisition of financial assets	0,0	-0,2	-8,8	-1,7
Cash flow from investing activities	-0,9	-2,2	-13,7	-8,5
Dividends	0,0	0	-2,4	-1,1
Cash flow from financing activities	0,0	0	-2,4	-1,1
Cash flow for the period	41,2	36,7	-8,4	-41,1
Cash and cash equivalents at beginning of period	236,4	249,3	286,0	327,1
Cash and cash equivalents at end of period	277,6	286,0	277,6	286,0

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Key ratios	December	December
	2018	2017
Return on equity	12,4%	15,0%
Equity/assets ratio	18,0%	17,0%
Capital base, SEK million	67,6	57,5
Capital adequacy ratio	15,4%	15,2%
Number of Certified Adviser & Mentor	58	43
Number of assignments Market Maker & Mangold List	78	78
Operating Margin	9,8%	11,0%
Number of shares	453 083	450 213
Number of employees (FTE)	76	79
Earnings per employee (FTE). SEK	138 053	149 187
Earnings per share. SEK	23,16	26,18
Equity per share. SEK	197,73	176,75
Number of custody accounts	10 338	8 110

Definitions of key ratios

Margins

Operating margin. %

Operating profit as a percentage of total income.

Return ratios

Return on equity. %

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

Equity/assets ratio. %

Equity as a percentage of total assets.

Other

Number of employees (FTE)

Number of full-time employees at period end.

Number of custody accounts

Number of custody accounts at period end.

Data per share

Number of shares

Number of shares at period end

Equity per share. SEK

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

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Consolidated balance sheet

	<i>December</i>	<i>December</i>
Amounts in SEK million	2018	2017
Treasury bills and other eligible bills	191,6	240,0
Loans to credit institutions	86,0	46,0
Loans to the public	106,4	89,0
Shares and participations	29,0	23,8
Shares and participations in associated companies	19,0	7,4
Intangible fixed assets	35,9	35,7
Tangible fixed assets	2,1	2,5
Other assets	21,1	17,5
Prepaid expenses and accrued income	5,8	6,6
Total assets	496,8	468,4
Deposits from the public	350,3	325,8
Deferred tax liability	0,3	0,4
Tax liability	0,5	0,4
Other liabilities	10,0	10,3
Accrued expenses and deferred income	30,1	35,9
Subordinated liabilities	16,0	16,0
Total liabilities	407,18	388,8
Share capital (453 083 (450 213) shares)	0,9	0,9
Other contributed capital	46,8	27,0
Retained profits including profit for the year	41,9	51,7
Total equity	89,6	79,6
Total equity and liabilities	496,8	468,4

Statement of changes in equity

Amounts in SEK million	<i>Other contributed</i>		<i>Retained earnings incl.</i>	<i>Total</i>
	<i>Share capital</i>	<i>capital</i>	<i>profit/loss for the year</i>	<i>equity</i>
Opening balance as of 1 January 2017	0,9	44,9 *	23,0	68,9
Comprehensive income for the period			-1,1	-1,1
New share issue			11,8	11,8
Closing balance as of 31 December 2017	0,9	44,9	33,7	79,6
Opening balance as of 1 January 2018	0,9	44,9	33,7	79,6
Dividends			-2,4	-2,4
New share issue	0,0	1,9		1,9
Comprehensive income for the period			10,5	10,5
Closing balance as of 31 December 2018	0,9	46,8	41,9	89,6

*The division between other contributed capital and retained profits in the Group has been corrected, where SEK 17.8 million has been transferred from retained profits to other contributed capital. The Share Premium Reserve, which as a legal entity is reported as a separate fund under non-restricted equity, shall be classified as other contributed capital in the Group accounts. Due to this adjusted classification, the opening balance of other contributed capital in the Group increases by SEK 17.8 million, and the opening balance of retained profits decreases by the same amount. The correction has no impact on either the total equity in the Group or the division of restricted and unrestricted equity in the parent company.

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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
Rev. 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 standardised method	13,3	12,6	11,4	8,7
Capital requirements for market risk as per the standardised 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 requirements 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 credit risk	165,9	156,9	142,8	108,9
Risk-weighted market risk	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 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%
Primary 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 counter-cyclical capital buffer. %	0,0%	0,0%	0,0%	0,0%
Requirements for systematic risk buffer. %	0,0%	0,0%	0,0%	0,0%
Requirements for globally systematic risk for important institutions. %	0,0%	0,0%	0,0%	0,0%
Institute specific buffer requirement. %	2,5%	2,5%	2,5%	2,5%
Core tier 1 capital available for 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 requirement and pillar 2	16,5	30,1	15,2	16,4

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Parent Company income statement

Amounts in SEK million

October-December

January-December

	2018	2017	2018	2017
Net sales	0,0	0,0	0,0	0,0
Total net sales	0,0	0,0	0,0	0,0
Administrative expenses	-0,1	-0,1	-0,4	-0,5
Operating profit	-0,1	-0,1	-0,4	-0,5
Other interest income and similar profit/loss items	0,0	0,0	0,0	0,0
Interest expenses and similar profit/loss items	-0,2	-0,3	-1,1	-1,1
Profit/loss from participations in Group companies	0,0	0,0	0,9	1,1
Profit/loss after financial items	-0,4	-0,4	-0,3	-0,5
Profit/loss before tax	-0,4	-0,4	-0,7	-0,5
Appropriations	2,0	0,0	2,0	0,0
Tax	-0,4	0,1	-0,3	0,1
Profit/loss for the period	1,2	-0,3	1,0	-0,4

Parent Company balance sheet

Amounts in SEK million

December

December

	2018	2017
Financial fixed assets		
Shares in Group companies	47,8	47,8
Shares in associated companies	14,7	5,8
Total fixed assets	62,4	53,6
<i>Current assets</i>		
Intra-Group receivables	18,0	16,0
Other receivables	0,0	0,3
Prepaid expenses and accrued income	0,4	0,4
Cash and bank balances	0,3	0,3
Total current assets	18,7	17,0
Total assets	81,1	70,6
Share capital (453 083 (450 213) shares)	0,9	0,9
Statutory reserve	8,1	8,1
<i>Total restricted equity</i>	<i>9,0</i>	<i>9,0</i>
Profit/loss brought forward	2,8	5,6
Share premium reserve	19,8	17,9
Profit for the year	1,0	-0,4
<i>Total non-restricted equity</i>	<i>23,5</i>	<i>23,1</i>
Total equity	32,5	32,1
Subordinated liabilities	16,0	16,0
Liabilities to Group companies	30,9	22,2
Accrued expenses and deferred income	1,6	0,3
Total liabilities	48,6	38,5
Total equity and liabilities	81,1	70,6

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Accounting principles

This condensed consolidated interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting, and applicable regulations on Annual Accounts in Credit Institutions and Securities Companies and FFS 2008:25, are also applied. The interim report for the Parent Company has been prepared in accordance with the Annual Accounts Act, chapter 9, Interim Financial Reporting.

The interim report has been prepared in accordance with the same accounting principles as the 2017 annual report, with exception for what is said below concerning IFRS 9.

The new IFRS standards have been applied since the start of the financial year 2018

IFRS 9

"Financial Instruments", concerns the classification, valuation and accounting of financial instruments. IFRS 9 was released as a complete version during July 2014, and from 2018 replaces IAS 39 with regard to the classification and valuation of financial instruments. IFRS 9 involves changes for how financial assets are classified and valued, through a write-down model based on expected credit losses instead of actual losses and changes in the principles for hedge accounting, for the purpose of, among other things, simplifying and increasing the consistency of internal risk-management strategies.

Mangold's excess liquidity is placed in government securities. These are reported in accordance with IAS 39 as "financial assets valued at actual value through profit or loss", which means they are reported via the results. The conclusion is that government securities held in an other business model classified according to IFRS 9 and reported at actual value through the profit and loss account, will consequently involve no change in the accounting compared with earlier. The Group also has investments in shares that are currently classified as financial assets held for trading and that are valued at actual value through the profit and loss account, which is consistent with those principles conveyed by IFRS 9.

IFRS 9 has not had any effect on the accounting of government bonds, lending to the public and lending to credit institutions.

Mangold individually assesses each outstanding account receivable and applies a simplified write-down model in accordance with IFRS 9. As of 31 December 2018, Mangold's credit reserves amounted to SEK 418k according to IFRS 9, which corresponds to 1.96 percent of outstanding accounts receivable.

IFRS 15

For Mangold's part, the application of IFRS 15 has not had any effect on Mangold's accounts for 2018, as revenue is first recognised after Mangold has completed their undertaking for the client.

New IFRS standards that have been applied from the beginning of the financial year 2019.

IFRS 16

In January 2016, the IASB published the new standard for the accounting of leasing agreements, IFRS 16 Leases, which means that the leaseholder must report in principle all leasing agreements with the right of use as an asset and a leasing liability in the balance sheet. The new leasing standard comes into effect on 1 January 2019.

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The effect that the new standards have on Mangold is limited. What has changed, is that the premises that the company rents will be included as user-rights and debts with equivalent value in the balance sheet, and as depreciation and interest costs in the income statement. The value of the current user-rights has been calculated to SEK 24 million. The total value of interest and depreciation will be SEK 0.4 million higher in 2019 than the amount that should have been reported as rental costs. As a consequence of the increased balance sheet total, the equity/assets ratio is 0.7 percent lower as per 1 January 2019.

Significant risks and uncertainties

Risk management and risk control

As a natural part of the business, the Group is exposed to various types of risks. In accordance with the Financial Supervisory Authority's regulations on securities brokerage companies, the Board has established guidelines and procedures for risk management to identify the risks that exist in the business. 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. Furthermore, the Group follows the Swedish Securities Dealers Association's recommendations, for example concerning employees' securities transactions. The risks have not changed significantly during 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 share 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.

The risk control function manages the daily market risks, by continually 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 risks refers to the risk of loss arising from a counterparty or debtor, who either through unwillingness or inability, does not meet their contractual obligations either wholly or in part.

Credit risk is minimised by assessing the counterparty's creditworthiness to the greatest extent possible, and by establishing payment terms. Credit risk in the credit portfolio is also limited by the decisions of the credit committee regarding credit limits for each client. All credit is secured.

Operational risks

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

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

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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 contracts being found not to be legally tenable, or that new laws or regulations are decreed which change business conditions adversely.

The Group's legal management ensures that all contracts and other legal dealings are always scrutinised by legal experts, and that the Group's companies have adequate indemnity and liability insurance cover for dealing with such claims.

Reputational risk

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

Liquidity and financing risk

Liquidity risk is the risk of not being able to fulfil 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 where financing can only be obtained at considerably higher 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 various types of liability claims and property damage. Mangold has a fully adequate 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 communication issues, and ensures compliance to current regulations.

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 for the Parent Company as for the Group.

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Client funds

Mangold holds client funds separately from its own funds in separate bank accounts. As Mangold does not dispose over these funds, they are not included in the balance sheet.

	31-12-2018	31-12-2017
Client funds	47 364 798	65 972 734

The board's internal buffer requirements

The Board of Director's internal buffer requirements, as of 31 December 2018, amount to 2.50% or SEK 10.9 million for capital adequacy, and 1.50% or SEK 6.5 million for the core tier 1 capital ratio.

For financial instruments listed on an active market, actual value is determined based on the asset's listed closing price on the balance sheet date, excluding transaction costs (e.g. brokerage commission) 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 regulatory authority, and that these prices reflect actual and regularly occurring market transactions under business-like conditions. Any future transaction costs associated with a sale are not considered. Such instruments are found under the balance sheet item Shares and Participations, and the balance sheet item Treasury Bills. All holdings below are financial assets valued at actual value in the income statement. For further information, refer to the note in the 2018 annual report.

Securities valued at actual value through the income statement

	31-12-2018	31-12-2017
Listed securities (Level 1)	28 963 429	18 938 522
Listed securities (Level 2)	191 566 897	239 925 983
Unlisted securities (Level 3)	4 103 437	4 894 575

Mangold's unlisted holdings at level 3 refer to shares in a limited liability company. The holding has been valued on the basis of the subscription rate of a completed new share issue during the second half of 2018, and is determined to be the best estimate of actual value.

Mangold's liquidity reserve is comprised exclusively of securities classified according to Level 2.

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About Mangold

Mangold offers financial solutions to companies and individuals with potential, that are personally delivered with a high level of service and availability. The company currently operates within two segments: i) Investment Banking and ii) Private Banking. Mangold is under the supervision of the Swedish Financial Supervisory Authority and conducts securities business in accordance with the Securities Market Act (2007:528) on the securities market. Mangold is a member of NASDAQ Stockholm, Spotlight Stock Market and Nordic Growth Market, and a derivative member of NASDAQ Stockholm. The company is also a clearing member and issuing institution of Euroclear Sweden. In addition, Mangold is a member of the industry organisations 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, info@gwkapital.se) and Pareto Securities is Mangold's market maker.

At the Annual General Meeting, the Board will propose a dividend of SEK 4.63 per share. This equates to a total dividend of SEK 2.1 million, which is consistent with Mangold's dividend policy. The Board is planning the General Meeting for 10 April 2019. The Annual Report is expected to be published during week 12 (18-22 March).

Upcoming reports:	Annual General Meeting	10 april 2019
	Interim report quarter 1 2019	24 april 2019
	Interim report quarter 2 2019	17 July 2019
	Interim report quarter 3 2019	16 October 2019

For enquiries: 08-5030 1559 Per-Anders Tammerlöv, Managing Director

This report has been subject to review by the company's auditors.

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

Stockholm, 30 January 2019

Per Åhlgren
Chairman of the Board

Per-Anders Tammerlöv
Managing Director

Ann-Marie Thörn
Board Member

Peter Serlachius
Board Member

Maria Friman
Board Member

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