

MQ Holding AB – Year-end report

Continued stable development during the quarter

The MQ Group has improved its operating profit and cash flow, in part due to a significantly higher gross margin as a result of fewer items in clearance sales. Drive and a high level of activity in line with our established plans are behind the improvement. The MQ retail chain is performing strongly while the Joy chain was adversely affected during the quarter by the dispute at the Port of Gothenburg in the summer. Efforts to develop two strong chain concepts while at the same time benefiting from synergies are being intensified.

Joy has been included in the consolidated statements since May 2016.

Fourth quarter (June 2017 – August 2017)

- Net sales amounted to SEK 467 million (487), down 4.1 per cent. Like-for-like sales declined 2.7 per cent (according to HUI Research like-for-like sales for the market as a whole declined by 2.4 per cent).
- The gross margin was 54.0 per cent (49.9) as a result of fewer items in clearance sales.
- Operating profit was SEK 33 million (31), which corresponds to an operating margin of 7.0 per cent (6.4).
- Profit after tax for the period is lower than for the same period the previous year, despite a higher operating profit. This can mainly be attributed to utilising Joy's loss carry-forward, which was reported as deferred tax revenue last year. Profit after tax for the period amounted to SEK 24 million (27), which equates to SEK 0.69 (0.76) per share after dilution.
- Cash flow from operating activities was SEK 43 million (40).

Full year (September 2016 – August 2017)

- Net sales amounted to SEK 1,821 million (1,681), an increase of 8.3 per cent. Like-for-like sales declined 1.4 per cent (according to HUI Research like-for-like sales for the market as a whole declined by 2.0 per cent).
- The gross margin was 57.1 per cent (54.0).
- Operating profit amounted to SEK 124 million (121), which corresponds to an operating margin of 6.8 per cent (7.2).
- Profit after tax for the year amounted to SEK 94 million (95), which equates to SEK 2.67 (2.70) per share after dilution.
- Cash flow from operating activities was SEK 108 million (95).
- The Board proposes a dividend of SEK 1.75 (1.75) per share, which corresponds to 66 per cent of profit after tax for the year.



Events during the fourth quarter

- MQ celebrates 60 successful years in branded fashion together with its customers and employees.
- The MQ store in Varberg is refurbished with a new store concept.
- MQ launches Replay women in all of its stores.
- The Joy stores in Nacka and Lund are relaunched with a new store concept.
- External brands are launched in all Joy stores.
- The MQ Group adopts the One Bag Habit sustainability initiative which aims to actively reduce consumption of plastic.

Events after the end of the reporting period

- The MQ store in Kista Galleria is relocated and relaunched.
- Outlet by MQ opens in Jägersro.
- The Joy stores in Erikslund, Gävle, Västerås, Överby, Östersund and Umeå are relaunched with a new store concept.
- One Bag Habit has its first review which shows that the Group has saved 500,000 plastic bags, equivalent to 16 tonnes of plastic, during the initiative's first three months.



Comments by the CEO



2016/2017 has been a very eventful year. The MQ Group is continuing to develop with great drive and a high level of activity. The ongoing transformation of the fashion industry is not unexpected, and the industry is moving towards a new state of equilibrium whereby digital channels are accounting for a higher proportion of sales.



The MQ chain is continuing to deliver a strong, much-improved gross margin, resulting in increased operating profit and a stronger cash flow. Planned, carefully thought-through efforts have helped to reduce the unprofitable clearance sales, and this has led to lower sales figures overall. Gross margin and gross profit have been significantly boosted by the above-mentioned work. The aim of becoming a prominent omni-channel player for carefully selected branded fashion is a stable platform for our development. The interplay between different channels is crucial. Customers should experience a seamless offering, where digital and physical channels are integrated with each other. Online shopping has been established in all stores with tablets/touch screens, the online range has been extended and new delivery options are being tested based on customer preferences. Simplicity and accessibility are guiding principles. MQ has a long history of developing in harmony with customers and markets and the past year is no exception, which is why it is particularly pleasing to be celebrating MQ's 60th anniversary this autumn.



The Joy retail chain has increased like-for-like sales by 5.4 per cent over the whole year, which means that Joy is performing far better than the fashion trade as a whole. This is deeply satisfying, particularly because we think that Joy has yet to achieve its full potential, partly due to the drawn-out dispute at the Port of Gothenburg. During the summer Joy was adversely affected by a lack of access to goods because Joy shares containers with other, smaller players. This complicated the management of incoming goods and obstructed sales growth. As a direct impact of the delivery problems, Joy's last quarter was worse than forecast. Joy has now caught up with its deliveries, the problems are resolved and sales in the new year are recovering well. At the same time the successful, cost-effective transformation of the stores and online shopping continue to develop strongly. Selected external brands have now been introduced in all Joy stores and in online shopping. Today's customer offering is far stronger than it was when the MQ Group acquired Joy in May 2016 and we are reaching more and more customers among women aged 50+, a growing target group with strong buying power.

Group efforts to harness the synergies of two chain concepts are being intensified. Several important steps have been taken during the year, but there is still more to do. One obvious and important area for collaboration is sustainability. MQ and Joy's involvement in One Bag Habit, which aims to reduce the use of plastic bags, has been visible and much-appreciated by customers. Sixteen tonnes of plastic have been saved during the initiative's first three months.

The MQ Group has a continued high pace of change. Needless to say our strategic focus is our customers and their needs. With the aim of becoming a successful omni-channel player for branded fashion, we aim to deliver quality fashion and ease of shopping, whichever channel the customer chooses.

Christina Ståhl
President and CEO, MQ Holding AB

Group income and earnings

Fourth quarter, June 2017 – August 2017

Net sales amounted to SEK 467 million (487) during the quarter, down 4.1 per cent. The Group's like-for-like sales declined 2.7 per cent during the fourth quarter, compared with a market decline of 2.4 per cent in like-for-like sales.

Gross profit was SEK 252 million (243), equal to a gross margin of 54.0 per cent (49.9). Other external costs and employee benefit expenses for the quarter amounted to SEK 214 million (206). Costs rose by SEK 9 million, chiefly as a result of remodelled stores and pay increases.

Operating profit for the quarter totalled SEK 33 million (31), which corresponds to an operating margin of 7.0 per cent (6.4). Depreciation/amortisation according to plan amounted to SEK 7 million (7). Net financial items for the fourth quarter amounted to an expense of SEK -1 million (0). Profit after financial items was SEK 32 million (31). Profit after tax was SEK 24 million (27). Profit after tax for the period is lower than for the same period last year, despite higher operating profit. This can mainly be attributed to utilising tax income from Joy's loss carry-forward last year.

Full year, September 2016 – August 2017

Net sales amounted to SEK 1,821 million (1,681) for the full year, up 8.3 per cent. The Group's like-for-like sales for the period fell by 1.4 per cent, compared with the market decline of 2.0 per cent in like-for-like sales.

Gross profit was SEK 1,040 million (908), equal to a gross margin of 57.1 per cent (54.0). Other external costs and employee benefit expenses for the full year amounted to SEK 900 million (771). Costs increased by SEK 129 million, of which SEK 115 million stems from adding Joy's operations to the cost base. Joy's costs rose by SEK 5 million, chiefly as a result of employee benefit expenses and costs for premises. MQ's costs increased by SEK 3 million, which can primarily be attributed to new and remodelled stores and pay increases, as well as a non-recurring cost of SEK 6 million for closing the store at Grendsen, Oslo.

Operating profit for the full year totalled SEK 124 million (121), which corresponds to an operating margin of 6.8 per cent (7.2). Depreciation/amortisation according to plan amounted to SEK 29 million (24). Net financial items for the full year amounted to an expense of SEK -3 million (expense: -3). Profit after financial items was SEK 121 million (118). Profit after tax was SEK 94 million (95).

Group key figures

SEK m	Q4 Jun-Aug 16/17	Q4 Jun-Aug 15/16	Financial year Sep-Aug 16/17	Financial year Sep-Aug 15/16
Net sales	467	487	1,821	1,681
Gross margin, %	54.0	49.9	57.1	54.0
Operating profit	33	31	124	121
Operating margin, %	7.0	6.4	6.8	7.2
Profit after financial items	32	31	121	118
Profit for the period	24	27	94	95
Earnings per share before dilution, SEK	0.69	0.76	2.67	2.70
Earnings per share after dilution, SEK	0.69	0.76	2.67	2.70
Number of stores at the end of the period	173	177	173	177

Business segment reporting

MQ Holding owns and operates fashion apparel stores and online shopping under two business areas, MQ and Joy. The acquisition of the unlisted company Joy Shop AB was completed on 2 May 2016. The acquisition is in line with the MQ Group's long-term strategy to generate growth and advance its position as a player in the fashion industry. Due to the acquisition, the internal follow-up will include separate financial information for each business area. The MQ Holding share has been listed on the NASDAQ OMX in Stockholm since 18 June 2010.



Founded in 1957, MQ currently operates 121 stores in Sweden and Norway as well as online shopping. MQ is Sweden's largest retailer of fashion brands today. Through a combination of proprietary and external brands, MQ offers high-fashion menswear and womenswear in attractive stores.



Joy was founded in 1971 and currently operates 52 stores in Sweden as well as online shopping. Joy targets fashion-conscious women at midlife who desire excellent quality, fit and comfort. Customers are offered a well co-ordinated product range with an inspiring variety of textiles, colours, patterns and prints to create a personal and unique fashion style.

Sales and earnings per segment for the fourth quarter 2016/17

<i>Segment</i>	<i>Sales</i>	<i>Share, %</i>	<i>Operating profit/loss</i>	<i>Stores</i>
	SEK 406 m	87%	SEK 40 m	121
	SEK 62 m	13%	SEK -7 m	52
	SEK 467 m		SEK 33 m	173

Sales and earnings per segment for the full year 2016/17

<i>Segment</i>	<i>Sales</i>	<i>Share, %</i>	<i>Operating profit/loss</i>	<i>Stores</i>
	SEK 1,557 m	86%	SEK 128 m	121
	SEK 264 m	14%	SEK -4 m	52
	SEK 1,821 m		SEK 124 m	173

Net sales and operating profit/loss per segment

Net sales and operating profit/loss per segment (SEK m)	Q4 Jun-Aug 16/17	Q4 Jun-Aug 15/16	Financial year Sep-Aug 16/17	Financial year Sep-Aug 15/16
Net sales				
MQ	406	426	1,557	1,596
Joy	62	61	264	85*
Total net sales	467	487	1,821	1,681
Operating profit/loss				
MQ	40	33	128	120
Joy	-7	-2	-4	1*
Total operating profit	33	31	124	121

*Joy is included in the consolidated statements as of May 2016.





Fourth quarter, June 2017 – August 2017

Net sales amounted to SEK 406 million (426) during the quarter, down 4.8 per cent. MQ's like-for-like sales declined 4.2 per cent during the fourth quarter, compared with a market decline of 2.4 per cent in like-for-like sales.

Gross profit was SEK 216 million (206), equal to a gross margin of 53.1 per cent (48.3). Other external costs and employee benefit expenses for the quarter amounted to SEK 171 million (168). Costs rose by SEK 3 million, chiefly as a result of pay increases.

Depreciation/amortisation according to plan amounted to SEK 6 million (6).

Operating profit for the quarter totalled SEK 40 million (33), which corresponds to an operating margin of 9.8 per cent (7.7).

Full year, September 2016 – August 2017

Net sales amounted to SEK 1,557 million (1,596) for the full year, down 2.4 per cent. MQ's like-for-like sales for the period fell by 2.6 per cent, compared with the market decrease of 2.0 per cent in like-for-like sales.

Gross profit was SEK 868 million (854), equal to a gross margin of 55.7 per cent (53.5). Other external costs and employee benefit expenses for the full year amounted to SEK 727 million (719). An increase in costs of SEK 8 million was chiefly attributable to a non-recurring cost of SEK 6 million for the closure of the store at Grendsen, Oslo.

Depreciation/amortisation according to plan amounted to SEK 25 million (23).

Operating profit for the full year totalled SEK 128 million (120), which corresponds to an operating margin of 8.2 per cent (7.5).





Fourth quarter, June 2017 – August 2017

Net sales amounted to SEK 62 million (61) during the quarter, up 2.1 per cent. Joy's like-for-like sales increased by 5.8 per cent during the fourth quarter, compared with a market decline of 2.4 per cent in like-for-like sales.

Gross profit was SEK 37 million (37), equal to a gross margin of 60.2 per cent (60.7). Other external costs and employee benefit expenses for the quarter amounted to SEK 43 million (38). Costs rose by SEK 5 million, chiefly as a result of employee benefit expenses. In the previous year, employee benefit expenses and pension costs were reversed during the quarter.

Depreciation/amortisation according to plan amounted to SEK 1 million (1). Operating loss amounted to SEK -7 million (-2), which corresponds to an operating margin of -11.3 per cent.

Full year, September 2016 – August 2017

Net sales amounted to SEK 264 million for the full year, up 4.1 per cent. Joy's like-for-like sales for the period increased by 5.4 per cent, compared with the market decrease of 2.0 per cent in like-for-like sales.

Gross profit was SEK 172 million, which equates to a gross margin of 65.1 per cent. Other external costs and employee benefit expenses for the full year amounted to SEK 173 million.

Depreciation/amortisation according to plan amounted to SEK 4 million. Operating loss for the full year amounted to SEK -4 million, which corresponds to an operating margin of -1.7 per cent.



Group cash flow and financial position

Cash flow

The Group's cash flow from operating activities for the full year amounted to SEK 108 million (95). The positive effect of cash flow compared with the previous year is primarily the result of reduced tax paid. Cash flow after investments amounted to SEK 77 million (14). The previous year was affected by investments in subsidiaries and the acquisition of the Bondelid brand.

Inventories

On 31 August 2017, the value of Group's inventories was SEK 342 million (341). In total, the composition of the inventories is deemed to be at a satisfactory level.

Investments

Investments totalling SEK 31 million (80) were made in the Group during the full year, which mainly related to investments in the Group's store network and digital development.

Financing and liquidity

On 31 August 2017, the Group's interest-bearing net debt totalled SEK 156 million, compared with SEK 172 million on the same date the previous year. At the end of the period, cash and cash equivalents totalled SEK 19 million (28). Interest-bearing net debt/EBITDA was 1.0 (1.2) for the full year September 2016 to August 2017.

Employees

The average number of full-time employees in the Group for the 12-month period (Sep 2016-Aug 2017) was 779 compared with 811 in the same period the previous year.

Risks and uncertainties

The MQ Group's operations are exposed to a number of risks that are completely or partly beyond the company's control, but which could impact sales and earnings. The risks that the company is exposed to include economic trends, shifts in fashion as well as interest rate and currency risks. The MQ Group is dependent on consumer preferences with respect to trends, design and quality. The MQ Group makes conscious efforts to develop its trend monitoring, information systems, forecasts, supply chain management and to shorten lead times in the development of products to minimise the risks arising from shifts in fashion. The purchasing power of Swedish consumers is a prerequisite for retail growth. This is particularly important for growth in the higher price ranges with a high fashion content sold by retailers and brand specialists. A change in Sweden's economic growth would probably impact the purchasing power of consumers and thus growth in the retail sector. Financial risks relate to fluctuations in the company's earnings and cash flow resulting from movements in exchange rates, interest rates, liquidity and credit risks. The Group's financial risks are managed by the Group's finance department, which is charged with identifying and minimising the risk of negative effects on earnings and improving the predictability of future earnings. For further information about financial instruments and risk management, refer to the Administration Report and Notes 25 and 26 of the Annual Report for the 2015/2016 financial year.

Parent Company

The Parent Company's net sales for the full year amounted to SEK 13 million (11) and profit after financial items to SEK 60 million (61).

Annual General Meeting

The Annual General Meeting will be held in Gothenburg on 24 January 2018. The Annual Report will be available on www.mq.se (in Swedish) as of the week commencing 18 December 2017.

The Board of Directors and the CEO give their assurance that this interim report provides a fair overview of the Parent Company's and the Group's operations, financial position and performance, and also describes material risks and uncertainties facing the Parent Company and companies included in the Group.

Gothenburg, 4 October 2017

Board of Directors
MQ Holding AB

Claes-Göran Sylvén
Chairman of the Board

Annika Rost
Board Member

Bengt Jaller
Deputy Chairman

Michael Olsson
Board Member

Arthur Engel
Board Member

Mernosh Saatchi
Board Member

Anna Engebretsen
Board Member

Christina Ståhl
President and CEO

Meeting for analysts and the media

On Thursday 5 October 2017 at 08:30 a.m. CET, MQ will hold an analyst and media meeting for players in the capital market at the MQ store in Sturegallerian, Stockholm, Sweden. It will also be possible to follow the presentation by teleconference/webcast. To participate, please call +46 8 505 564 74.

Financial calendar

Interim report, first quarter, September 2017-November 2017	19 December 2017
Interim report, second quarter, December 2017 – February 2018	16 March 2018
Interim report, third quarter, March 2018 – May 2018	19 June 2018

Contact

For further information, please contact:

Christina Ståhl, President and CEO: Tel: +46 31 388 80 10

Tony Siberg, Deputy CEO and CFO: Tel: +46 31 388 84 01

This information is information that MQ Holding AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 5 October 2017 at 07:15 a.m. CET.

MQ Holding AB

St. Eriksgatan 5
Box 119 19
SE-404 39 Gothenburg, Sweden
www.mq.se
Corp. Reg. No. 556697-2211

This interim report has not been reviewed by the company's auditors.

Consolidated statement of earnings and other comprehensive income

Condensed consolidated statement of comprehensive income (SEK m)	Q4	Q4	Financial year	Financial year
	Jun-Aug 16/17	Jun-Aug 15/16	Sep-Aug 16/17	Sep-Aug 15/16
Net sales	467	487	1,821	1,681
Other operating income	2	1	16	9
Total operating income	470	488	1,837	1,690
• Goods for resale	-215	-244	-781	-773
• Other external costs	-105	-102	-443	-389
• Employee benefit expenses	-109	-104	-457	-382
• Other operating expenses	0	0	-3	-1
• Depreciation/amortisation	-7	-7	-29	-24
Operating profit/loss	33	31	124	121
• Financial income	0	1	0	0
• Financial expenses	-1	-1	-3	-3
Profit/loss after financial items	32	31	121	118
Tax on profit for the period	-8	-4	-27	-23
PROFIT FOR THE PERIOD attributable to Parent Company shareholders	24	27	94	95
OTHER COMPREHENSIVE INCOME				
Items that have been restated or that can be restated in profit for the period				
Translation difference	-6	0	-5	1
Changes in fair value of cash-flow hedging	-5	7	-16	1
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS	14	34	72	96
Earnings per share before dilution (SEK)	0.69	0.76	2.67	2.70
Earnings per share after dilution (SEK)	0.69	0.76	2.67	2.70
Average number of outstanding shares before dilution	35,156,507	35,156,507	35,156,507	35,156,507
Average number of outstanding shares after dilution	35,156,507	35,156,507	35,156,507	35,156,507

Consolidated balance sheet

Condensed consolidated balance sheet (SEK m)	31 August 2017	31 August 2016
ASSETS		
Non-current assets		
Intangible assets	1,273	1,273
Property, plant and equipment	68	68
Total non-current assets	1,341	1,341
Current assets		
Inventories	342	341
Current receivables	76	97
Cash and cash equivalents	19	28
Total current assets	436	465
TOTAL ASSETS	1,777	1,807
EQUITY AND LIABILITIES		
Equity	1,089	1,078
Interest-bearing long-term liabilities	35	83
Non-interest-bearing long-term liabilities	203	203
Interest-bearing current liabilities	142	119
Non-interest-bearing current liabilities	309	324
TOTAL EQUITY AND LIABILITIES	1,777	1,807

Statement of changes in equity

Condensed specification of changes in the Group's equity (SEK m)	Financial year Sep-Aug 16/17	Financial year Sep-Aug 15/16
Equity, opening balance	1,078	1,043
Total comprehensive income	72	96
Dividend	-62	-61
EQUITY, CLOSING BALANCE	1,089	1,078

Consolidated cash-flow statement

Condensed consolidated cash-flow statement (SEK m)	Q4 Jun-Aug 16/17	Q4 Jun-Aug 15/16	Financial year Sep-Aug 16/17	Financial year Sep-Aug 15/16
Cash flow from operating activities before changes in working capital	30	21	121	94
Changes in working capital	13	19	-13	1
Cash flow from operating activities	43	40	108	95
Cash flow from investing activities				
Acquisition of intangible assets	0	0	-3	-11
Acquisition of property, plant and equipment	-5	-7	-29	-38
Investments in subsidiaries	-	-	-	-31
Cash flow after investing activities	38	33	77	14
Financing activities				
Repayments	-23	-23	-47	-43
Loans raised	-	-	-	40
Dividend	-	-	-62	-62
Utilisation of overdraft facility	-16	-15	23	54
Cash flow from financing activities	-39	-37	-86	-10
Cash flow for the period	-1	-4	-9	4
Cash and cash equivalents at the beginning of the period	19	32	28	23
Cash and cash equivalents at the end of the period	19	28	19	28

The Group's key figures

	Q4 Jun-Aug 16/17	Q4 Jun-Aug 15/16	Financial year Sep-Aug 16/17	Financial year Sep-Aug 15/16
Growth in sales, %	-4.1	15.8	8.3	8.0
Sales growth, like-for-like, %	-2.7	-0.7	-1.4	1.7
Gross margin, %	54.0	49.9	57.1	54.0
Operating profit, SEK m	33	31	124	121
Operating margin, %	7.0	6.4	6.8	7.2
Profit after financial items	32	31	121	118
Profit for the period	24	27	94	95
Total depreciation/amortisation, SEK m	-7	-7	-29	-24
Earnings per share before dilution, SEK	0.69	0.76	2.67	2.70
Interest-bearing net debt, SEK m	156	172	156	172
Interest-bearing net debt/EBITDA, multiples	1.0	1.2	1.0	1.2
Equity/assets ratio, %	61	60	61	60
Equity, SEK m	1,089	1,078	1,089	1,078
Average number of shares	35,156,507	35,156,507	35,156,507	35,156,507

Shareholder structure

Largest shareholders as of 31 August 2017

Name	Number of shares	Share capital, %
Öresund, Investment AB	6,257,170.00	17.8
Swedbank Robur Fonder	3,396,966.00	9.7
Jaller Klädcenter AB	3,062,000.00	8.7
Engebretsen, Anna	1,371,836.00	3.9
Unionen	1,100,000.00	3.1
Qviberg, Eva	1,000,000.00	2.8
Försäkringsaktiebolaget, Avanza Pension	977,858.00	2.8
Clients Account-Dcs	743,872.00	2.1
DNB – Carlson Fonder	677,319.00	1.9
CBNY-Dfa-Int Sml Cap V	658,536.00	1.9
Ohlin, Astrid	650,000.00	1.8
Qviberg, Jacob	550,000.00	1.6
SSB Client Omnibus Ac Om07 (15 Pct)	483,557.00	1.4
SEB Investment Management	253,005.00	0.7
Swedbank Försäkring	246,328.00	0.7
Total 15 largest	21,428,447	61.0
Other	13,728,060	39.0
Total	35,156,507	100

Parent Company income statement

Condensed Parent Company income statement (SEK m)	Q4 Jun-Aug 16/17	Q4 Jun-Aug 15/16	Financial year Sep-Aug 16/17	Financial year Sep-Aug 15/16
Net sales	3	2	13	11
Other operating income	0	-	0	-
Total operating income	3	2	13	11
• Goods for resale	-	-	-	-
• Other external costs	-1	-1	-4	-4
• Employee benefit expenses	-3	-2	-13	-11
• Other operating expenses	-	-	-	-
• Depreciation/amortisation	-	-	-	-
Operating profit/loss	-1	-1	-4	-4
• Income from shares	-	-	62	61
• Group contributions	3	4	3	4
• Financial income	0	0	1	1
• Financial expenses	0	0	-1	-1
Profit/loss after financial items	2	3	60	61
Tax on profit for the period	0	0	0	0
PROFIT FOR THE PERIOD	2	3	60	61

Parent Company balance sheet

Condensed Parent Company income statement (SEK m)	31 August 2017	31 August 2016
ASSETS		
Non-current assets		
Intangible assets	-	-
Property, plant and equipment	-	-
Financial assets	1,156	1,156
Total non-current assets	1,156	1,156
Current assets		
Current receivables	1	0
Cash and cash equivalents	0	0
Total current assets	1	0
TOTAL ASSETS	1,157	1,156
EQUITY AND LIABILITIES		
Equity	566	567
Interest-bearing long-term liabilities	28	73
Interest-bearing current liabilities	45	45
Non-interest-bearing long-term liabilities	5	5
Non-interest-bearing liabilities	516	466
TOTAL EQUITY AND LIABILITIES	1,157	1,156

Reconciliation between IFRS and performance measures

In this report, MQ presents alternative performance measures, which are certain measures that are not defined in accordance with IFRS. Company management believes that this information makes it easier for investors to analyse the Group's earnings trend and financial structure. Investors should consider this information to be a complement to rather than a replacement for financial reporting in accordance with IFRS.

	Q4 Jun-Aug 16/17	Q4 Jun-Aug 15/16	Financial year Sep-Aug 16/17	Financial year Sep-Aug 15/16
Gross margin				
<i>Operating income</i>				
Net sales	467	487	1,821	1,681
<i>Operating expenses</i>				
Goods for resale	-215	-244	-781	-773
Gross profit	252	243	1,040	908
Gross margin, %	54.0	49.9	57.1	54.0

To calculate the gross profit margin, gross profit is first calculated by subtracting the cost of goods for resale from net sales. Gross profit is then divided by net sales to obtain the gross profit margin. Gross profit margin states the percentage of net sales that are converted into profit after cost of goods sold, and is impacted by such factors as pricing, the cost of raw materials and manufacturing, inventory impairment and trends in exchange rates.

	Q4 Jun-Aug 16/17	Q4 Jun-Aug 15/16	Financial year Sep-Aug 16/17	Financial year Sep-Aug 15/16
Operating margin				
<i>Operating income</i>				
Net sales	467	487	1,821	1,681
<i>Operating profit</i>				
Operating profit	33	31	124	121
Operating margin, %	7.0	6.4	6.8	7.2

	Q4 Jun-Aug 16/17	Q4 Jun-Aug 15/16	Financial year Sep-Aug 16/17	Financial year Sep-Aug 15/16
Earnings before interest, taxes, depreciation and amortisation (EBITDA)				
Operating profit (EBITA)	33	31	124	121
Depreciation/amortisation	7	7	29	24
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	40	38	153	145

	31 August 2017	31 August 2016
Interest-bearing net debt (SEK m)		
Interest-bearing long-term liabilities	34	81
Overdraft facilities	94	71
Other interest-bearing current liabilities	47	48
Interest-bearing liabilities	174	200
Cash and cash equivalents	19	28
Interest-bearing assets	19	28
Net debt	156	172

Net debt comprises interest-bearing liabilities less cash and cash equivalents and objects of financial leases. EBITDA in the performance measure of "Interest-bearing net debt/EBITDA" pertains to the most recent 12-month period.

	31 August 2017	31 August 2016
Equity/assets ratio		
Equity	1,089	1,078
Total assets	1,777	1,807
Equity/assets ratio, %	61.3	59.7

Equity consists of share capital, other contributed capital, reserves and profit brought forward, including the Group's profit for the year.

The equity/assets ratio is calculated by dividing equity by total assets and is thus a measure of the percentage of assets financed by equity.

Sales growth

The Group's total sales for the period compared with the corresponding period the previous year.

Like-for-like sales

The term "like-for-like sales" is used to describe all of the Group's sales via MQ, Joy or online in Sweden, with the exception of sales in new/closed stores.

A new store becomes comparable one year after its opening.



Disclosures in accordance with IAS 34.16A occur in the financial statements and the related notes, as well as in other parts of the interim report.

Note 1 Accounting Policies

This condensed consolidated interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable regulations of the Swedish Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with Chapter 9 of the Swedish Annual Accounts Act, Interim Financial Reporting. The same accounting policies and measurement principles have been applied for the Group and the Parent Company as in the most recent Annual Report.

Note 2 Business combinations

On 2 May 2016, the Group acquired 100% of the shares in the unlisted company Joy Shop AB for SEK 38.5 million. The acquisition was paid for in cash and financed by raising a new loan in the amount of SEK 40 million. Direct acquisition costs amounted to SEK 2.0 million and were charged to "Other external costs" in the consolidated income statement during the third quarter of 2016. Joy Shop AB is a nationwide fashion chain and there is great potential to develop the company as a strong retail concept for the women at midlife target group, which has strong buying power. The acquisition is in line with the MQ Group's long-term strategy to generate growth and advance its position as a player in the fashion industry. The table below shows the acquisition analysis.

Acquired net assets (SEK m)	Fair value
Brands	44
Other capital expenditure – intangible assets	3
Capital expenditure – property, plant and equipment	8
Inventories	27
Other current receivables	9
Provisions	-1
Current interest-bearing liabilities	-23
Current non-interest-bearing liabilities	-37
Acquired net assets	31
Purchase price	39
Less:	
Cash and cash equivalents	-8
Impact on the Group's cash and cash equivalents	31

Note 3 Fair value for financial instruments

Derivative instruments are measured at fair value, which amounted to SEK -14.5 million at 31 August 2017. The fair value of currency contracts (currency forward contracts) is determined based on valuations made by credit institutions, if such figures are available. If they are not available, fair value is calculated by discounting the difference between the agreed forward rate and the forward rate that can be effected on the balance sheet date for the remaining period of the contract. For other financial instruments, carrying amounts reflect their fair value. According to IFRS 7, financial instruments must be categorised into three levels based on the input data used to measure fair value. The first level relates to financial instruments quoted in an active market. The second level is for financial instruments that are not quoted in an active market for which the market value can be determined using other market data. The last level relates to valuations where no quoted market value or other market data is available. Techniques for obtaining a valuation for level three mainly involve discounting cash flows. All of MQ's derivatives belong to the second level.

Note 4 Pledged assets and contingent liabilities

(SEK M)	31 Aug 2017	31 Aug 2016
Pledged assets		
Shares in subsidiaries	1,156	1,156
Contingent liabilities		
Guarantees related to subsidiaries' completion of leasing contracts	28	39
Guarantees related to MQ Retail AB	183	185
Total contingent liabilities	211	224

Note 5 Events after the end of the reporting period

The MQ store in Kista Galleria is relocated and relaunched. Outlet by MQ opens in Jägersro. The Joy stores in Erikslund, Gävle, Västerås, Överby, Östersund and Umeå are relaunched with a new store concept. One Bag Habit has its first review which shows that the Group has saved 500,000 plastic bags, equivalent to 16 tonnes of plastic, during the initiative's first three months.

Note 6 Related-party transactions

There were no material related-party transactions during the period.



MQ Holding AB owns and operates fashion stores under two business areas: MQ and Joy. MQ is Sweden's largest retailer of fashion brands today. Through a combination of proprietary and external brands, MQ offers high-fashion menswear and womenswear in attractive stores. Joy targets fashion-conscious women at midlife who desire excellent quality, fit and comfort. The two business areas currently comprise a total of 173 stores as well as online shopping. The MQ Holding share has been listed on the NASDAQ OMX in Stockholm since 18 June 2010. For more information, see www.mq.se