

MQ Holding AB – Interim report

Enhanced action programme following a weak quarter

The first quarter continued to be characterised by high campaign intensity and low demand, which has had an adverse impact on results. The first two months of the quarter developed below expectation, while November did show positive development. Further measures are being taken in addition to those already begun, the aim being to increase sales and reduce costs. The process of closing stores that do not boost profitability will now be intensified. A structural action programme has also been planned for early 2019.

First quarter (September 2018 – November 2018)

- Net sales amounted to SEK 402 million (429), down 6.2 per cent. Like-for-like sales declined 7.0 per cent (according to HUI Research like-for-like sales for the market as a whole declined by 3.7 per cent).
- The gross margin was 61.0 per cent (62.1).
- Operating profit was SEK 12 million (36), which corresponds to an operating margin of 3.0 per cent (8.3).
- Profit after tax for the period amounted to SEK 9 million (27), which equates to SEK 0.25 (0.77) per share after dilution.
- Cash flow from operating activities was SEK -16 million (-6).

Events during the first quarter

- As planned, MQ has closed its store on Tullgatan, Malmö.
- MQ has remodelled its stores in Stenungsund and on Fredsgatan, Gothenburg in line with a new store concept.
- MQ and Joy have opened new stores at C4 Shopping in Kristianstad and in Mölndal Galleria. Joy has accordingly closed its stores in Kristianstad City and Mölndal.
- MQ has begun a collaboration with Daisy Grace.
- A decision has been made to close a further two Joy stores.
- A Joy employee was named Store Retailer of the Year at the Habit Fashion Show 2018.
- On 29 November 2018, MQ issued a profit warning for the first quarter of 2018/2019.

Events after the end of the reporting period

- A new Head of Sales has been recruited for MQ.
- MQ has signed a marketplace agreement with Afound.





Comments by the CEO

The first quarter of 2018/2019, and also my first as CEO of the MQ Group, has been very much about the challenges faced by the market and the industry. We have not achieved the results we anticipated, and communicated as much to the market on 29 November.

The weak development of the fourth quarter of 2017/2018 initially continued into the first quarter of 2018/2019. Sales during the first two months did not develop as expected in a challenging market, while November showed a positive trend.

MQ's proprietary brands in the womenswear range continued to develop weakly at the beginning of the quarter, while the later part of the period developed well following customers' positive reception of the latest collections. In terms of range, the late autumn saw an increased, positive response to the latest collections in MQ's proprietary brands. It is clear that sales-boosting measures taken during the autumn began showing positive signs in November.



In order to clarify and improve the brand mix in our customer offering, we will be phasing out several external brands which are currently only available online. We take care to include carefully selected ranges in our offering, and will thus be enhancing our collaboration with certain key brands. Altogether this will engender greater clarity in the MQ brand, along with stronger, more profitable business.

We continue to see great potential in our digital business, and this is therefore a priority area. We have brought in several new talents in the area, have developed our digital presence and taken important steps towards a new online shopping platform for MQ, with vastly improved functionality and a better customer experience. The new online shopping platform will come into full operation during spring 2019.

We are also seeing the effects of more intensive sales efforts during the autumn. One important aspect of this is that all store staff have been given training in personal service, whereby we measure and closely monitor how customers perceive their encounter with us.

To further bolster the effects from a profitability angle, we are adding a structural action programme in the Group. The focus will be on boosting profitability and fostering as yet unexploited synergies. Moreover, a decision has already been made to close a number of stores, and the process of closing stores that do not add to profitability will now be intensified. We have great scope for manoeuvre as the Group has no rental agreements that run for longer than three years, and most run for far less.

I have confidence in the way we in the MQ Group are addressing the challenges and opportunities facing us, all with the aim of strengthening our customer offering. Our actions ensure that we can develop and sustain good progress in our improvement work, so that we can be a strong, inspiring player in carefully selected branded fashion.



Ingvar Larsson
President and CEO, MQ Holding AB

Group income and earnings

First quarter (September 2018 – November 2018)

Net sales amounted to SEK 402 million (429) during the quarter, down 6.2 per cent. The Group's like-for-like sales declined 7.0 per cent during the first quarter, compared with a market decrease of 3.7 per cent.

Gross profit was SEK 245 million (266), equal to a gross margin of 61.0 per cent (62.1). Other external costs and employee benefit expenses for the quarter amounted to SEK 227 million (227).

Operating profit during the quarter totalled SEK 12 million (36), which equates to an operating margin of 3.0 per cent (8.3). Depreciation/amortisation according to plan amounted to SEK 7 million (7). Net financial items for the first quarter totalled an expense of SEK -1 million (expense: -1). Profit after financial items was SEK 11 million (35). Profit for the period was SEK 9 million (27).

Group key figures

SEK m	Q1 Sep–Nov 18/19	Q1 Sep–Nov 17/18	Rolling 12 months Dec 17–Nov 18	Financial year Sep–Aug 17/18
Net sales	402	429	1,708	1,735
Gross margin, %	61.0	62.1	55.2	55.6
Operating profit	12	36	28	51
Operating margin, %	3.0	8.3	1.6	2.9
Profit/loss after financial items	11	35	31	54
Profit/loss for the period	9	27	23	41
Earnings per share before dilution, SEK	0.25	0.77	0.65	1.17
Earnings per share after dilution, SEK	0.25	0.77	0.65	1.17
No. of stores, end of period	175	177	175	174

Business segment reporting

MQ Holding owns and operates fashion stores and online shopping under two business areas, MQ and Joy. The MQ Holding share has been listed on the NASDAQ OMX in Stockholm since 18 June 2010.



Founded in 1957, MQ currently operates 122 stores in Sweden, 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 53 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 first quarter 2018/19

Segment	Sales	Share, %	Operating profit	Stores
	SEK 334 m	83%	SEK 15 m	122
	SEK 69 m	17%	SEK -2 m	53
	SEK 402 m		SEK 12 m	175

Rounding differences may affect the totals

Net sales and operating profit/loss per segment

Net sales and operating profit/loss per segment (SEK m)	Q1 Sep–Nov 18/19	Q1 Sep–Nov 17/18	Rolling 12 months Dec 17–Nov 18	Financial year Sep–Aug 17/18
Net sales				
MQ	334	357	1,450	1,473
Joy	69	72	259	262
Total net sales	402	429	1,708	1,735
Operating profit				
MQ	15	34	52	71
Joy	-2	2	-24	-20
Total operating profit/loss	12	36	28	51

Rounding differences may affect the totals



First quarter (September 2018 – November 2018)

Net sales amounted to SEK 334 million (357) during the quarter, down 6.5 per cent. MQ's like-for-like sales declined 7.3 per cent during the first quarter, compared with a market decrease of 3.7 per cent.

Gross profit was SEK 203 million (219), equal to a gross margin of 60.8 per cent (61.5). Other external costs and employee benefit expenses for the quarter amounted to SEK 184 million (183).

Depreciation/amortisation according to plan amounted to SEK 6 million (6). Operating profit during the quarter totalled SEK 15 million (34), which equates to an operating margin of 4.4 per cent (9.5).



First quarter (September 2018 – November 2018)

Net sales amounted to SEK 69 million (72) during the quarter, down 5.1 per cent. Joy's like-for-like sales declined 5.7 per cent during the first quarter, compared with a market decrease of 3.7 per cent.

Gross profit was SEK 43 million (47), equivalent to a gross margin of 62.3 per cent (65.2). Other external costs and employee benefit expenses for the quarter amounted to SEK 44 million (44).

Depreciation/amortisation according to plan amounted to SEK 1 million (1). Operating profit/loss during the quarter totalled SEK -2 million (2), which equates to an operating margin of -3.6 per cent (2.4).



Group cash flow and financial performance

Cash flow

Cash flow from operating activities during the first quarter amounted to SEK -16 million (-6). The negative effect on cash flow compared with the previous year is primarily the result of the lower profit. Cash flow after investments amounted to SEK -27 million (-19). Cash flow after investments is affected by investments relating to digitalisation as well as new/remodelled stores of SEK 11 million (13).

Inventories

At 30 November 2018, the value of the Group's inventories was SEK 328 million (334). In total, the composition of the inventories is deemed to be at a satisfactory level.

Investments

The Group made investments of SEK 11 million (13) during the quarter. These relate to a new online shopping platform for MQ and new/remodelled stores for MQ and Joy.

Financing and liquidity

On 30 November 2018, the Group's interest-bearing net debt totalled SEK 195 million, compared with SEK 174 million on the same date in the preceding year. At the end of the period, cash and cash equivalents totalled SEK 14 million (16). Interest-bearing net debt/EBITDA totalled 3.5 (1.2) for the 12-month period of December 2017 – November 2018.

Employees

The average number of full-time employees in the Group for the 12-month period (Dec 2017 – Nov 2018) was 776 compared with 784 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 specialised retailers and brand specialists. It is probable that a change in Sweden's economic growth would impact the purchasing power of consumers and thus growth in the retail sector. Financial risks refer 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 2016/2017 financial year.

Parent Company

The Parent Company's net sales during the first quarter totalled SEK 4 million (4) and the result after financial items amounted to a loss of SEK 1 million (loss: 1).

Annual General Meeting

The Annual General Meeting will be held in Gothenburg on 23 January 2019. The Swedish Annual Report will be available on www.mq.se as of the week commencing 17 December 2018. The English report will be available in early 2019.

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, 17 December 2018

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

Ingvar Larsson
President and CEO

Teleconference

A teleconference will be held at 09:00 CET on 18 December for analysts, investors and the media. The presentation will also be webcast directly on www.mq.se. To participate, please call +46 (0)8 505 564 74.

Financial calendar

Interim report, second quarter, December 2018 – February 2019	15 March 2019
Interim report, third quarter, March 2019 – May 2019	19 June 2019
Year-end report, fourth quarter, June 2019 – August 2019	4 October 2019

Contact

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This information is information that MQ Holding AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, on 18 December 2018 at 07:15 CET.

MQ Holding AB

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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)	Q1 Sep–Nov 18/19	Q1 Sep–Nov 17/18	Rolling 12 months Dec 17–Nov 18	Financial year Sep–Aug 17/18
Net sales	402	429	1,708	1,735
Other operating income	1	4	5	7
Total operating income	403	433	1,713	1,743
• Goods for resale	-157	-162	-765	-771
• Other external costs	-110	-111	-433	-435
• Employee benefit expenses	-118	-116	-458	-457
• Other operating expenses	0	0	-1	-1
• Depreciation/amortisation	-7	-7	-28	-28
Operating profit	12	36	28	51
• Financial income	0	0	6	6
• Financial expenses	-1	-1	-3	-2
Profit/loss after financial items	11	35	31	54
Tax on profit for the period	-2	-8	-8	-13
PROFIT FOR THE PERIOD attributable to Parent Company shareholders	9	27	23	41
OTHER COMPREHENSIVE INCOME				
Items that have been restated or that can be restated in profit for the period				
Translation difference	0	5	-5	0
Changes in fair value of cash flow hedging	-5	8	14	27
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS	4	40	32	68
Earnings per share before dilution (SEK)	0.25	0.77	0.65	1.17
Earnings per share after dilution (SEK)	0.25	0.77	0.65	1.17
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

Rounding differences may affect the totals

Consolidated balance sheet

Condensed consolidated balance sheet (SEK m)	30 November 2018	30 November 2017	31 August 2018
ASSETS			
Non-current assets			
Intangible assets	1,276	1,273	1,272
Property, plant and equipment	69	74	69
Total non-current assets	1,345	1,347	1,341
Current assets			
Inventories	328	334	333
Current receivables	69	67	99
Cash and cash equivalents	14	16	11
Total current assets	411	417	444
TOTAL ASSETS	1,756	1,764	1,785
EQUITY AND LIABILITIES			
Equity	1,099	1,129	1,096
Interest-bearing long-term liabilities	25	34	25
Non-interest-bearing long-term liabilities	209	205	210
Interest-bearing current liabilities	184	158	155
Non-interest-bearing current liabilities	239	238	299
TOTAL EQUITY AND LIABILITIES	1,756	1,764	1,785

Rounding differences may affect the totals

Statement of changes in equity

Condensed specification of changes in the Group's equity (SEK m)	Q1 Sep–Nov 18/19	Q1 Sep–Nov 17/18	Financial year Sep–Aug 17/18
Equity, opening balance	1,096	1,089	1,089
Total comprehensive income	4	40	68
Dividend	-	-	-62
EQUITY, CLOSING BALANCE	1,099	1,129	1,096

Rounding differences may affect the totals

Consolidated cash flow statement

Condensed consolidated cash flow statement (SEK m)	Q1 Sep–Nov 18/19	Q1 Sep–Nov 17/18	Financial year Sep–Aug 17/18
Cash flow from operating activities before changes in working capital	13	40	66
Changes in working capital	-29	-46	11
Cash flow from operating activities	-16	-6	78
Cash flow from investing activities			
Acquisition of intangible assets	-4	0	-2
Acquisition of property, plant and equipment	-7	-12	-27
Investments in subsidiaries	-	-	-
Cash flow after investing activities	-27	-19	49
Financing activities			
Repayments	-	-	-30
Loans raised	-	-	-
Dividend	-	-	-62
Utilisation of overdraft facility	30	16	35
Cash flow from financing activities	30	16	-57
Cash flow for the period	2	-3	-7
Cash and cash equivalents at the beginning of the period	11	19	19
Cash and cash equivalents at the end of the period	14	16	11

Rounding differences may affect the totals

The Group's key figures

	Q1 Sep–Nov 18/19	Q1 Sep–Nov 17/18	Rolling 12 months Dec 17–Nov 18	Financial year Sep–Aug 17/18
Sales growth, %	-6.2	-1.0	-6.0	-4.7
Sales growth, like-for-like, %	-7.0	-1.9	-7.2	-6.0
Gross margin, %	61.0	62.1	55.2	55.6
Operating profit/loss, SEK m	12	36	28	51
Operating margin, %	3.0	8.3	1.6	2.9
Profit/loss after financial items	11	35	31	54
Profit/loss for the period	9	27	23	41
Total depreciation/amortisation, SEK m	-7	-7	-28	-28
Earnings per share before dilution, SEK	0.25	0.77	0.65	1.17
Interest-bearing net debt, SEK m	195	174	195	168
Interest-bearing net debt/EBITDA, multiples	3.5	1.2	3.5	2.1
Equity/assets ratio, %	63	64	63	61
Equity, SEK m	1,099	1,129	1,099	1,096
Average number of shares	35,156,507	35,156,507	35,156,507	35,156,507

Shareholder structure

Largest shareholders as of 30 November 2018

Name	Number of shares	Share capital, %
Swedbank Robur Fonder	3,396,966	9.66
Jaller Klädcenter AB	3,062,000	8.71
Engebretsen, Anna	1,921,479	5.47
Öresund, Investment AB	1,850,000	5.26
Qviberg, Eva	1,418,990	4.04
Unionen-Svenska	1,100,000	3.13
Försäkringsaktiebolaget, Avanza Pension	1,066,425	3.03
Ohlin, Astrid	771,000	2.19
Qviberg, Jacob	664,660	1.89
BNY Mellon NA (Former Mellon), W9	650,797	1.85
Nilsson, Magnus	649,920	1.85
Dimensional Fund Advisors	526,839	1.50
Qviberg, Mats	510,942	1.45
Nordnet Pensionsförsäkring AB	282,601	0.80
SEB Investment Management	250,148	0.71
Total 15 largest	18,122,767	51.55
Others	17,033,740	48.45
Total	35,156,507	100

Parent Company income statement

Parent Company income statement in summary (SEK m)	Q1 Sep–Nov 18/19	Q1 Sep–Nov 17/18	Rolling 12 months Dec 17–Nov 18	Financial year Sep–Aug 17/18
Net sales	4	4	19	18
Other operating income	0	0	0	0
Total operating income	4	4	19	18
• Goods for resale	-	-	-	-
• Other external costs	-1	-1	-7	-7
• Employee benefit expenses	-3	-3	-18	-18
• Other operating expenses	-	-	-	-
• Depreciation/amortisation	-	-	-	-
Operating profit	-1	-1	-6	-6
• Income from shares	-	-	62	62
• Group contributions	-	-	5	5
• Financial income	0	0	1	1
• Financial expenses	0	0	-1	-1
Profit/loss after financial items	-1	-1	61	60
Tax on profit for the period	-	-	0	0
PROFIT/LOSS FOR THE PERIOD	-1	-1	61	60

Rounding differences may affect the totals

Parent Company balance sheet

Parent Company balance sheet in summary (SEK m)	30 November 2018	30 November 2017	31 August 2018
ASSETS			
Non-current assets			
Intangible assets	-	-	-
Property, plant and equipment	-	-	-
Financial assets	1,156	1,156	1,156
Total non-current assets	1,156	1,156	1,156
Current assets			
Current receivables	1	1	1
Cash and cash equivalents	-	-	0
Total current assets	1	1	1
TOTAL ASSETS	1,157	1,157	1,156
EQUITY AND LIABILITIES			
Equity	564	565	565
Interest-bearing long-term liabilities	26	28	26
Interest-bearing current liabilities	25	45	25
Non-interest-bearing long-term liabilities	5	5	5
Non-interest-bearing liabilities	537	514	536
TOTAL EQUITY AND LIABILITIES	1,157	1,157	1,156

Rounding differences may affect the totals

Reconciliation between IFRS and performance measures

In this report, MQ presents alternative performance measures, which provide certain information that is not defined in accordance with IFRS. The Executive 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.

	Q1 Sep–Nov 18/19	Q1 Sep–Nov 17/18	Rolling 12 months Dec 17–Nov 18	Financial year Sep–Aug 17/18
Gross margin				
<i>Operating income</i>				
Net sales	402	429	1,708	1,735
<i>Operating expenses</i>				
Goods for resale	-157	-162	-765	-771
Gross profit	245	266	943	964
Gross margin, %	61.0	62.1	55.2	55.6

Rounding differences may affect the totals

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 therefore 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 exchange rate movements.

	Q1 Sep–Nov 18/19	Q1 Sep–Nov 17/18	Rolling 12 months Dec 17–Nov 18	Financial year Sep–Aug 17/18
Operating margin				
<i>Operating income</i>				
Net sales	402	429	1,708	1,735
<i>Operating profit/loss</i>				
Operating profit	12	36	28	51
Operating margin, %	3.0	8.3	1.6	2.9

Rounding differences may affect the totals

	Q1 Sep–Nov 18/19	Q1 Sep–Nov 17/18	Rolling 12 months Dec 17–Nov 18	Financial year Sep–Aug 17/18
Earnings before interest, taxes, depreciation and amortisation (EBITDA)				
Operating profit (EBITA)	12	36	28	51
Depreciation/amortisation	7	7	28	28
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	19	43	56	79

Rounding differences may affect the totals

	30 November 2018	30 November 2017	31 August 2018
Interest-bearing net debt (SEK m)			
Interest-bearing long-term liabilities	26	34	26
Overdraft facilities	158	109	129
Other interest-bearing current liabilities	26	47	25
Interest-bearing liabilities	210	190	179
Cash and cash equivalents	14	16	11
Interest-bearing assets	14	16	11
Net debt	195	174	168

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

	30 November 2018	30 November 2017	31 August 2018
Equity/assets ratio			
Equity	1,099	1,129	1,096
Total assets	1,756	1,764	1,785
Equity/assets ratio, %	62.6	64.0	61.4

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

Equity/assets ratio is calculated by dividing equity by total assets and is thus a measure of the percentage of assets that are 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 designate all sales in MQ, Joy and online in Sweden, except for sales in new/closed stores. A new store becomes comparable one year after its opening.



Disclosures in accordance with IAS 34.16A are provided 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. For the Group and the Parent Company, the same accounting policies and measurement principles have been applied as in the most recent Annual Report.

IFRS 9 is applied for the Group for the financial year beginning 1 September 2018. IFRS 9 will affect the Group's financial statements, primarily with respect to requirements on note disclosures.

IFRS 15 is applied for the Group for the financial year beginning 1 September 2018. The effects of IFRS 15 will not make a material difference for the Group.

IFRS 16 is a new standard on leases. Based on the analysis carried out, IFRS 16 will have a material effect on the Group's financial position since all leased assets, including rent for premises, will be recognised as assets and liabilities in the balance sheet. IFRS 16 will be applied for the Group for the financial year beginning 1 September 2019.

Note 2 Fair value for financial instruments

Derivative instruments are measured at fair value, which amounted to SEK 13.7 million at 30 November 2018. 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 but 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 3 Pledged assets and contingent liabilities

(SEK m)	30 Nov 2018	30 Nov 2017
Pledged assets		
Shares in subsidiaries	1,156	1,156
Contingent liabilities		
Guarantees related to subsidiaries' completion of leasing contracts	20	24
Guarantees related to MQ Retail AB	207	183
Total contingent liabilities	226	207

Note 4 Events after the end of the reporting period

A new Head of Sales has been recruited for MQ. MQ has signed a marketplace agreement with Afound.

Note 5 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 175 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