

MQ Holding AB – Interim Report

Intense quarter characterised by important measures

The market has remained cautious during the quarter with a high level of campaign activity. Lower interest in the winter sale had a major impact on the Group during the quarter, while the new collections were well received by our customers. The MQ Group has had a weak quarter in terms of sales and has also been affected by non-recurring costs for the structural action programme and by write-downs of intangible assets.

Second quarter (December 2018–February 2019)

- Net sales amounted to SEK 424 million (448), down 5.4 per cent. Like-for-like sales declined 5.0 per cent (according to HUI Research like-for-like sales for the market as a whole declined by 1.6 per cent).
- The gross margin was 49.6 per cent (50.6).
- Operating profit/loss amounted to SEK -528 million, including a non-recurring item for writing down intangible assets of SEK -500 million (-4), which equates to an operating margin of -124.7 per cent (-1.0). Non-recurring costs for the structural action programme burdened the quarter by SEK 7 million.
- Operating profit/loss excluding write-down of intangible assets amounted to SEK -28 million (-4), which equates to an operating margin of -6.7 per cent (-1.0).
- Profit/loss for the period amounted to SEK -522 million (-3), including a non-recurring item for writing down intangible assets of SEK -500 million, which equates to SEK -14.86 (-0.09) per share after dilution.
- Profit/loss for the period excluding write-down of intangible assets amounted to SEK -22 million (-3), which equates to SEK -0.63 (-0.09) per share after dilution.
- Cash flow from operating activities was SEK -7 million (26).

First six months (September 2018–February 2019)

- Net sales amounted to SEK 826 million (877), down 5.8 per cent. Like-for-like sales declined 6.0 per cent (according to HUI Research like-for-like sales for the market as a whole declined by 2.7 per cent).
- The gross margin was 55.2 per cent (56.2).
- Operating profit/loss amounted to SEK -516 million (31), including a non-recurring item for writing down intangible assets of SEK -500 million, which equates to an operating margin of -62.5 per cent (3.6). Non-recurring costs for the structural action programme burdened the period by SEK 7 million.
- Operating profit/loss excluding write-down of intangible assets amounted to SEK -16 million (31), which equates to an operating margin of -2.0 per cent (3.6).
- Profit/loss for the period amounted to SEK -514 million (24), including a non-recurring item for writing down intangible assets of SEK -500 million, which equates to SEK -14.61 (0.68) per share after dilution.
- Profit/loss for the period excluding write-down of intangible assets amounted to SEK -14 million (24), which equates to SEK -0.39 (0.68) per share after dilution.
- Cash flow from operating activities was SEK -23 million (20).



Events during the second quarter

- A structural action programme has been launched with the aim of boosting profits by SEK 50 million.
- Katarina Blomqvist has joined MQ as Head of Sales.
- Mikael Kruse has joined MQ as Head of Marketing.
- MQ has signed a marketplace agreement with Afound.
- Three Joy stores have closed as planned, in accordance with the structural action plan.
- Two MQ stores have closed as planned.
- The store in Igor Västerås has been extended by approximately 100 m².
- MQ has launched a collaboration with style podcast Stiljournalen.
- A write-down requirement of SEK 500 million has been identified for intangible assets.

Events after the end of the reporting period

- A new long-term financing structure with a guaranteed preference issue has been decided, subject to the AGM's authorisation, together with bank funding.



Comments by the CEO

The quarter has been characterised by intense work on important measures to respond to a changing market at a challenging time. Our structural action programme, which was announced on 28 January, is effective and proceeding according to plan. Based on this we can already see cost savings this year, but we mainly expect to see savings in the next financial year, while at the same time we are becoming a more efficient organisation with the power to develop a more attractive customer offering.

The market has remained cautious and has been characterised by a high level of campaign activity. Like-for-like clothes sales in Sweden (HUI Research) decreased during the quarter, and our development was even weaker. There was less interest in our winter sale than in previous years, and as it is a major sales period this had an adverse impact on the quarter as a whole.

As planned we began our spring season earlier, and this year's winter sale was brought to a close so that we could offer customers our new spring range. The new collections were well received by our customers, which, I am pleased to say, led to increased sales of our spring range. We are making progress in our efforts to strengthen and clarify our offering and create an even more inspiring shopping experience, in terms of both our offering and our communication with customers.

The focus of the structural action programme is on reducing costs, realising unutilised synergies from having two fashion chains, and closing unprofitable stores. A total of 13 Joy stores will be closed, 10 of which during the current financial year. Savings are being made at the company's central functions so as to reduce the cost base and thereby strengthen the company's long-term results and cost efficiency. The action programme is expected to boost profits by SEK 50 million over the next financial year. The structural transition is firmly embedded in the organisation and the work is being driven forward with vigour. Furthermore, our transition programme for increased sales is being implemented by strengthening the attractiveness of the offering and becoming more inspiring and relevant to more customers.

Our training in service for in-store employees has had a positive effect in the response from our customers. A high level of service and quality in the meeting with our customers is absolutely pivotal to the business for both MQ and Joy, whether in physical stores or via online shopping. Efforts to develop MQ's online shopping platform were pursued further with the aim of achieving a clear, frictionless and user-friendly shopping experience in line with MQ's brand experience.

In order to create a foundation for and enable the Group's strategic initiatives in future, a new long-term financing structure has been agreed. It gives me great pleasure to declare that a guaranteed preference issue will be carried out, subject to the AGM's authorisation, and coupled with bank funding this will create the right conditions for our long-term plan.

In further good news for the Group's development, the Executive Management has been bolstered with solid expertise by recruiting a new Head of Sales and a new Head of Marketing. With a strong leadership team in place and a clear consensus on our joint mission, our potential and prioritised areas for improvement, I now look forward to continuing our efforts to increase the MQ Group's sales and profitability.



Ingvar Larsson
President and CEO, MQ Holding AB



Group income and earnings

Second quarter (December 2018–February 2019)

Net sales amounted to SEK 424 million (448) during the quarter, down 5.4 per cent. The Group's like-for-like sales declined 5.0 per cent during the second quarter, compared with a market decline of 1.6 per cent in like-for-like sales.

Gross profit was SEK 210 million (227), equivalent to a gross margin of 49.6 per cent (50.6). Other external costs, employee benefit expenses and other operating expenses for the quarter amounted to SEK 233 million (225). Non-recurring costs for the structural action programme burdened the quarter by SEK 7 million.

Operating profit/loss during the quarter amounted to SEK -528 million (-4), including a non-recurring item for writing down intangible assets of SEK -500 million, which equates to an operating margin of -124.7 per cent (-1.0).

Depreciation/amortisation according to plan amounted to SEK 7 million (7). Write-downs of intangible assets amounted to SEK -500 million (0). Net financial items for the second quarter amounted to SEK 0 million (0). Profit/loss after financial items was SEK -529 million (-4). Profit/loss for the period amounted to SEK -522 million (-3), including a non-recurring item for writing down intangible assets of SEK -500 million.

Six months (September 2018–February 2019)

Net sales amounted to SEK 826 million (877) during the half-year, down 5.8 per cent. The Group's like-for-like sales for the period fell by 6.0 per cent, compared with the market decline of 2.7 per cent in like-for-like sales.

Gross profit was SEK 456 million (493), equivalent to a gross margin of 55.2 per cent (56.2). Other external costs, personnel expenses and other operating expenses for the six-month period amounted to SEK 461 million (453). Non-recurring costs for the restructuring action programme burdened the period by SEK 7 million.

Operating profit/loss for the half-year amounted to SEK -516 million (31), including a non-recurring item for writing down intangible assets of SEK -500 million, which equates to an operating margin of -62.5 per cent (3.6). Depreciation/amortisation according to plan amounted to SEK 14 million (14). Write-downs of intangible assets amounted to SEK -500 million (0). Net financial items for the half-year were an expense of SEK -1 million (expense: -1). Profit/loss after financial items was SEK -517 million (31). Profit/loss for the period amounted to SEK -514 million (24), including a non-recurring item for writing down intangible assets of SEK -500 million.

Group key figures

SEK m	Q2 Dec–Feb 18/19	Q2 Dec–Feb 17/18	Period Sep–Feb 18/19	Period Sep–Feb 17/18	Rolling 12 months Mar 18–Feb 19	Financial year Sep–Aug 17/18
Net sales	424	448	826	877	1,684	1,735
Gross margin, %	49.6	50.6	55.2	56.2	55.0	55.6
Operating profit/loss	-528	-4	-516	31	-496	51
Operating margin, %	-124.7	-1.0	-62.5	3.6	-29.5	2.9
Profit/loss after financial items	-529	-4	-517	31	-494	54
Profit/loss for the period	-522	-3	-514	24	-496	41
Basic earnings per share, SEK	-14.86	-0.09	-14.61	0.68	-14.11	1.17
Diluted earnings per share, SEK	-14.86	-0.09	-14.61	0.68	-14.11	1.17
Number of stores at the end of the period	170	175	170	175	170	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 Stockholm since 18 June 2010.



Founded in 1957, MQ currently operates 120 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 50 stores in Sweden as well as online shopping. Joy targets fashion-conscious women in 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 second quarter 2018/19

Segment	Sales	Share, %	Operating profit/loss	Stores
MQ	SEK 371 m	87%	SEK -6 m	120
joy	SEK 53 m	13%	SEK -22 m	50
SEK 424 m			SEK -28 m	170

Sales and earnings per segment for the first six months 2018/19

Segment	Sales	Share, %	Operating profit/loss	Stores
MQ	SEK 704 m	85%	SEK 9 m	120
joy	SEK 121 m	15%	SEK -25 m	50
SEK 826 m			SEK -16 m	170

Rounding differences may affect the totals

Net sales and operating profit/loss per segment

Net sales and operating profit/loss per segment (SEK m)	Q2 Dec–Feb 18/19	Q2 Dec–Feb 17/18	Period Sep–Feb 18/19	Period Sep–Feb 17/18	Rolling 12 months Mar 18–Feb 19	Financial year Sep–Aug 17/18
Net sales						
MQ	371	392	704	748	1,429	1,473
Joy	53	56	121	129	255	262
Total net sales	424	448	826	877	1,684	1,735
Operating profit/loss						
MQ	-6	10	9	43	36	71
Joy	-22	-14	-25	-12	-33	-20
Total operating profit/loss	-28	-4	-16	31	4	51

Rounding differences may affect the totals





Second quarter (December 2018–February 2019)

Net sales amounted to SEK 371 million (392) during the quarter, down 5.4 per cent. MQ's like-for-like sales declined 5.2 per cent during the second quarter, compared with a market decline of 1.6 per cent in like-for-like sales.

Gross profit was SEK 187 million (197), equivalent to a gross margin of 50.3 per cent (50.3). Other external costs and employee benefit expenses for the quarter amounted to SEK 187 million (182). Non-recurring costs for the structural action programme burdened the quarter by SEK 2 million.

Depreciation/amortisation according to plan amounted to SEK 6 million (6). Operating profit/loss during the quarter totalled SEK -6 million (10), which equates to an operating margin of -1.6 per cent (2.5).

Six months (September 2018–February 2019)

Net sales amounted to SEK 704 million (748) during the half-year, down 5.9 per cent. MQ's like-for-like sales for the period fell by 6.2 per cent, compared with the market decline of 2.7 per cent in like-for-like sales.

Gross profit was SEK 389 million (416), equivalent to a gross margin of 55.3 per cent (55.6). Other external costs and employee benefit expenses amounted to SEK 371 million (365). Non-recurring costs for the restructuring action programme burdened the period by SEK 2 million.

Depreciation/amortisation according to plan amounted to SEK 12 million (12). Operating profit for the half-year was SEK 9 million (43), which corresponds to an operating margin of 1.2 per cent (5.8).





Second quarter (December 2018–February 2019)

Net sales amounted to SEK 53 million (56) during the quarter, down 6.0 per cent. Joy's like-for-like sales declined 3.5 per cent during the second quarter, compared with a market decline of 1.6 per cent in like-for-like sales.

Gross profit was SEK 24 million (30), equivalent to a gross margin of 44.7 per cent (52.7). Other external costs, employee benefit expenses and other operating expenses for the quarter amounted to SEK 47 million (43). Non-recurring costs for the structural action programme burdened the quarter by SEK 5 million.

Depreciation/amortisation according to plan amounted to SEK 1 million (1). Operating profit/loss during the quarter totalled SEK -22 million (-14), which equates to an operating margin of -42.4 per cent (-24.7).

Six months (September 2018–February 2019)

Net sales amounted to SEK 121 million (129) during the half-year, down 5.5 per cent. Joy's like-for-like sales for the period fell by 4.7 per cent, compared with the market decline of 2.7 per cent in like-for-like sales.

Gross profit was SEK 66 million (77), equivalent to a gross margin of 54.7 per cent (59.7). Other external costs, employee benefit expenses and other operating expenses for the first half-year amounted to SEK 91 million (87). Non-recurring costs for the structural action programme burdened the period by SEK 5 million.

Depreciation/amortisation according to plan amounted to SEK 2 million (2). Operating profit/loss for the half-year was SEK -25 million (-12), which corresponds to an operating margin of -20.5 per cent (-9.5).



Group cash flow and financial performance

Cash flow

The Group's cash flow from operating activities during the six-month period amounted to SEK -23 million (20). 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 -42 million (0).

Inventories

On 28 February 2019, the value of the Group's inventories was SEK 327 million (345). In total, the composition of the inventories is deemed to be at a satisfactory level.

Investments

The Group made investments of SEK 19 million (19) during the half-year. These relate to a new online shopping platform for MQ and new/remodelled stores for MQ and Joy.

Financing and liquidity

On 28 February 2019, the Group's interest-bearing net debt totalled SEK 209 million, compared with SEK 217 million on the same date in the preceding year. At the end of the period, cash and cash equivalents totalled SEK 10 million (15). Interest-bearing net debt/EBITDA was 6.6 (1.7) for the 12-month period of March 2018–February 2019. This key figure is affected by non-recurring costs of SEK -14 million.

Employees

The average number of full-time employees in the Group for the 12-month period (March 2018–February 2019) was 766 compared with 782 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. 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 24 and 25 of the Annual Report for the 2017/2018 financial year.

Parent Company

The Parent Company's net sales for the six-month period amounted to SEK 7 million (7) and its profit/loss after financial items to SEK -502 million, including a non-recurring item for writing down participations in Group companies of SEK -500 million (59).

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, 15 March 2019

Board of Directors
MQ Holding AB

Claes-Göran Sylvén
Chairman of the Board

Annika Rost
Board Member

Bengt Jaller
Deputy Chairman

Therese Hillman
Board Member

Arthur Engel
Board Member

Mernosh Saatchi
Board Member

Anna Engebretsen
Board Member

Ingvar Larsson
President and CEO

Meeting for analysts and media

On Friday 15 March at 08:30 CET, MQ will hold an analyst and media meeting for the capital market at the MQ store at Drottninggatan 19–21, Stockholm, Sweden. It will also be possible to follow the presentation by teleconference/webcast (the presentation will be held in Swedish).

To follow the presentation, please phone + 46 (0)8 56 64 26 51 and state conference code 85101594#.

Financial calendar

Interim report, third quarter, March 2019 – May 2019	19 June 2019
Year-end report, fourth quarter, June 2019 – August 2019	4 October 2019
Interim report, first quarter, September 2019 – November 2019	18 December 2019

Contact

For further information, please contact:
Ingvar Larsson, President and CEO: +46 (0)31 388 80 70
Ola Wahlström, CFO: +46 (0)31-388 80 80

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 15 March 2019 at 07:15 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 been reviewed by the company's auditors.



Translation from the Swedish original

Review report

To the Board of Directors of MQ Holding AB (publ)
Corp. id. 556697-2211

Introduction

We have reviewed the condensed interim financial information (interim report) of MQ Holding AB (publ) as of 28 February 2019 and the six-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Göteborg 15 March 2019

KPMG AB

(Signature on original document)

Mathias Arvidsson
Authorized Public Accountant

Consolidated statement of earnings and other comprehensive income

Condensed consolidated statement of comprehensive income (SEK m)	Q2	Q2	Period	Period	Rolling	Financial year
	Dec–Feb 18/19	Dec–Feb 17/18	Sep–Feb 18/19	Sep–Feb 17/18	12 months Mar 18–Feb 19	Sep–Aug 17/18
Net sales	424	448	826	877	1,684	1,735
Other operating income	2	1	3	5	5	7
Total operating income	425	449	829	882	1,689	1,743
• Goods for resale	-213	-221	-370	-384	-757	-771
• Other external costs	-113	-110	-222	-221	-436	-435
• Employee benefit expenses	-120	-115	-238	-231	-463	-457
• Other operating expenses	-1	0	-1	0	-2	-1
• Depreciation/amortisation and write-downs	-507	-7	-514	-14	-528	-28
Operating profit/loss	-528	-4	-516	31	-496	51
• Financial income	1	1	1	1	6	6
• Financial expenses	-1	-0	-2	-1	-4	-2
Profit/loss after financial items	-529	-4	-517	31	-494	54
Tax on profit for the period	6	1	4	-7	-2	-13
PROFIT/LOSS FOR THE PERIOD						
attributable to Parent Company shareholders	-522	-3	-514	24	-496	41
OTHER COMPREHENSIVE INCOME						
Items that have been restated or that can be restated in profit/loss for the period						
Translation difference	0	-3	0	3	0	0
Changes in fair value of cash flow hedging	-7	7	-12	15	-2	27
TOTAL COMPREHENSIVE INCOME	-529	1	-525	41	-498	68
ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS						
Basic earnings per share (SEK)	-14.86	-0.09	-14.61	0.68	-14.11	1.17
Diluted earnings per share (SEK)	-14.86	-0.09	-14.61	0.68	-14.11	1.17
Average number of outstanding shares before dilution	35,156,507	35,156,507	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	35,156,507	35,156,507

Rounding differences may affect the totals

Condensed consolidated balance sheet

Condensed consolidated balance sheet (SEK m)	28 February 2019	28 February 2018	31 August 2018
ASSETS			
Non-current assets			
Intangible assets	780	1,273	1,272
Property, plant and equipment	65	73	69
Total non-current assets	845	1,346	1,341
Current assets			
Inventories	327	345	333
Current receivables	97	71	99
Cash and cash equivalents	10	15	11
Total current assets	434	431	444
TOTAL ASSETS	1,279	1,777	1,785
EQUITY AND LIABILITIES			
Equity	571	1,069	1,096
Interest-bearing long-term liabilities	25	38	25
Non-interest-bearing long-term liabilities	207	207	210
Interest-bearing current liabilities	194	195	155
Non-interest-bearing current liabilities	282	268	299
TOTAL EQUITY AND LIABILITIES	1,279	1,777	1,785

Rounding differences may affect the totals

Statement of changes in equity

Condensed specification of changes in the Group's equity (SEK m)	Period Sep–Feb 18/19	Period Sep–Feb 17/18	Financial year Sep–Aug 17/18
Equity, opening balance	1,096	1,089	1,089
Total comprehensive income	-525	41	68
Dividend	0	-62	-62
EQUITY, CLOSING BALANCE	571	1,069	1,096

Rounding differences may affect the totals

Consolidated cash flow statement

Condensed consolidated cash-flow statement (SEK m)	Q2 Dec–Feb 18/19	Q2 Dec–Feb 17/18	Period Sep–Feb 18/19	Period Sep–Feb 17/18	Financial year Sep–Aug 17/18
Cash flow from operating activities before changes in working capital	-20	-1	-7	39	66
Changes in working capital	13	27	-16	-19	11
Cash flow from operating activities	-7	26	-23	20	78
Cash flow from investing activities					
Acquisition of intangible assets	-5	0	-10	-1	-2
Acquisition of property, plant and equipment	-2	-6	-9	-19	-27
Investments in subsidiaries	-	-	-	-	-
Cash flow after investing activities	-14	19	-42	0	49
Financing activities					
<i>Repayments</i>	-13	-15	-13	-15	-30
<i>Loans raised</i>	-	-	-	-	-
<i>Dividend</i>	-	-62	-	-62	-62
<i>Utilisation of overdraft facility</i>	23	57	53	73	35
Cash flow from financing activities	11	-19	40	-4	-57
Cash flow for the period	-4	-0	-1	-3	-7
Cash and cash equivalents at the beginning of the period	14	16	11	19	19
Cash and cash equivalents at the end of the period	10	15	10	15	11

Rounding differences may affect the totals

The Group's key figures

	Q2 Dec–Feb 18/19	Q2 Dec–Feb 17/18	Period Sep–Feb 18/19	Period Sep–Feb 17/18	Rolling 12 months Mar 18–Feb 19	Financial year Sep–Aug 17/18
Sales growth, %	-5.4	-9.7	-5.8	-5.7	-4.8	-4.7
Sales growth, like-for-like, %	-5.0	-10.9	-6.0	-6.7	-5.6	-6.0
Gross margin, %	49.6	50.6	55.2	56.2	55.0	55.6
Operating profit, SEK m	-528	-4	-516	31	-496	51
Operating margin, %	-124.7	-1.0	-62.5	3.6	-29.5	2.9
Profit/loss after financial items	-529	-4	-517	31	-494	54
Profit/loss for the period	-522	-3	-514	24	-496	41
Total depreciation/amortisation, SEK m	-7	-7	-14	-14	-28	-28
Total write-downs, SEK m	-500	-	-500	-	-500	-
Basic earnings per share, SEK	-14.86	-0.09	-14.61	0.68	-14.11	1.17
Interest-bearing net debt, SEK m	209	217	209	217	209	168
Interest-bearing net debt/EBITDA, multiples	6.6	1.7	6.6	1.7	6.6	2.1
Equity/assets ratio, %	45	60	45	60	45	61
Equity, SEK m	571	1,069	571	1,069	571	1,096
Average number of outstanding shares	35,156,507	35,156,507	35,156,507	35,156,507	35,156,507	35,156,507

Shareholder structure

Largest shareholders as of 28 February 2019

Name	Number of shares	Share capital, %
Swedbank Robur Fonder	3,396,966	9.7
Jaller Klädccenter AB	3,062,000	8.7
Engebretsen, Anna	2,059,885	5.9
Öresund, Investment AB	1,850,000	5.3
Qviberg, Eva	1,539,200	4.4
Unionen-Svenska	1,100,000	3.1
Försäkringsaktiebolaget, Avanza Pension	1,071,233	3.0
Ohlin, Astrid	771,000	2.2
Nilsson, Magnus	714,180	2.0
Qviberg, Jacob	664,660	1.9
BNY Mellon NA (Former Mellon), W9	610,388	1.7
Dimensional Fund Advisors	572,971	1.6
Qviberg, Mats	510,942	1.5
Nordea Livförsäkring Sverige AB	321,376	0.9
Nordnet Pensionsförsäkring AB	271,555	0.8
Total 15 largest	18,516,356	52.7
Others	16,640,151	47.3
Total	35,156,507	100

Parent Company income statement

Parent Company income statement (SEK m)	Q2 Dec–Feb 18/19	Q2 Dec–Feb 17/18	Period Sep–Feb 18/19	Period Sep–Feb 17/18	Rolling 12 months Mar 18–Feb 19	Financial year Sep–Aug 17/18
Net sales	4	4	7	7	19	18
Other operating income	0	0	0	0	0	0
Total operating income	4	4	7	7	19	18
• Goods for resale	-	-	-	-	-	-
• Other external costs	-2	-2	-3	-3	-7	-7
• Employee benefit expenses	-3	-3	-6	-7	-17	-18
• Other operating expenses	-	-	-	-	-	-
• Depreciation/amortisation and write-downs	-500	-	-500	-	-500	-
Operating profit/loss	-501	-1	-502	-2	-506	-6
• Income from shares	-	62	-	62	-	62
• Group contributions	-	-	-	-	5	5
• Financial income	0	0	1	0	1	1
• Financial expenses	0	0	-1	0	-1	-1
Profit/loss after financial items	-501	60	-502	59	-501	60
Tax on profit for the period	-	-	-	-	0	0
PROFIT/LOSS FOR THE PERIOD	-501	60	-502	59	-501	60

Rounding differences may affect the totals

Parent Company balance sheet

Condensed Parent Company balance sheet (SEK m)	28 February 2019	28 February 2018	31 August 2018
ASSETS			
Non-current assets			
Intangible assets	-	-	-
Property, plant and equipment	-	-	-
Financial assets	656	1,156	1,156
Total non-current assets	656	1,156	1,156
Current assets			
Current receivables	1	1	1
Cash and cash equivalents	-	-	0
Total current assets	1	1	1
TOTAL ASSETS	657	1,157	1,156
EQUITY AND LIABILITIES			
Equity	63	564	565
Interest-bearing long-term liabilities	26	38	26
Interest-bearing current liabilities	13	28	25
Non-interest-bearing long-term liabilities	5	5	5
Non-interest-bearing liabilities	550	523	536
TOTAL EQUITY AND LIABILITIES	657	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.

Gross margin	Q2	Q2	Period	Period	Rolling	Financial year
	Dec–Feb 18/19	Dec–Feb 17/18	Sep–Feb 18/19	Sep–Feb 17/18	12 months Mar 18–Feb 19	Sep–Aug 17/18
<i>Operating income</i>						
Net sales	424	448	826	877	1,684	1,735
<i>Operating expenses</i>						
Goods for resale	-213	-221	-370	-384	-757	-771
Gross profit	210	227	456	493	927	964
Gross margin, %	49.6	50.6	55.2	56.2	55.0	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.

Operating margin	Q2	Q2	Period	Period	Rolling	Financial year
	Dec–Feb 18/19	Dec–Feb 17/18	Sep–Feb 18/19	Sep–Feb 17/18	12 months Mar 18–Feb 19	Sep–Aug 17/18
<i>Operating income</i>						
Net sales	424	448	826	877	1,684	1,735
<i>Operating profit/loss</i>						
Operating profit/loss	-528	-4	-516	31	-496	51
Operating margin, %	-124.7	-1.0	-62.5	3.6	-29.5	2.9

Rounding differences may affect the totals

Earnings before interest, taxes, depreciation and amortisation (EBITDA)	Q2	Q2	Period	Period	Rolling	Financial year
	Dec–Feb 18/19	Dec–Feb 17/18	Sep–Feb 18/19	Sep–Feb 17/18	12 months Mar 18–Feb 19	Sep–Aug 17/18
Operating profit (EBITA)	-528	-4	-516	31	-496	51
Depreciation/amortisation and write-downs	-507	7	-514	14	-528	28
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	-21	3	-2	45	32	79

Rounding differences may affect the totals

Interest-bearing net debt (SEK m)	28 February 2019	28 February 2018	31 August 2018
Interest-bearing long-term liabilities	26	38	26
Overdraft facilities	181	167	129
Other interest-bearing current liabilities	13	28	25
Interest-bearing liabilities	220	232	179
Cash and cash equivalents	10	15	11
Interest-bearing assets	10	15	11
Net debt	209	217	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.

Equity/assets ratio	28 February 2019	28 February 2018	31 August 2018
Equity	571	1,069	1,096
Total assets	1,279	1,777	1,785
Equity/assets ratio, %	44.6	60.1	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.

The Group has applied IFRS 9 since September 1, 2018. IFRS 9 affects the Group's financial reports, primarily with regards to disclosure requirements.

The Group has applied IFRS 15 since September 1, 2018. According to IFRS 15 revenue is recognized when the customer gains control over the sold goods or service. The effects of IFRS 15 has not been significant 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 4.8 million at 28 February 2019. 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)	28 Feb 2019	28 Feb 2018	31 Aug 2018
Pledged assets			
Shares in subsidiaries	656	1,156	1,156
Contingent liabilities			
Guarantees related to subsidiaries' completion of leasing contracts	17	22	20
Guarantees related to MQ Retail AB	207	183	207
Total contingent liabilities	224	205	227

Note 4 Events after the end of the reporting period

A new long-term financing structure with a guaranteed preference issue has been decided, subject to the AGM's authorisation, together with bank funding.

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 in midlife who desire excellent quality, fit and comfort. The two business areas currently comprise a total of 170 stores as well as online shopping. The MQ Holding share has been listed on the NASDAQ OMX Stockholm since 18 June 2010. For more information, see www.mq.se