

# MQ Holding AB – Year-end report

## A weak quarter with a strong focus on taking the company into the future

*The MQ Group had a weak fourth quarter with weak sales and lower earnings. Less clearance stock has adversely affected traffic and therefore sales, but also entails less price reduction in the business overall. MQ's online shopping segment, on the other hand, is showing strong development with more customers and a higher conversion rate, which is fully in line with our expectations in this prioritised area. During the year, our new Executive Management Team and all our dedicated employees have laid the foundation and set the course for taking the company into the future. We are working actively to reposition and renew MQ and have intensified our efforts over the past quarter, and we look forward to presenting these developments to our customers during this autumn.*

### Fourth quarter (June – August 2019)

- Net sales amounted to SEK 406 million (445), down 8.8 per cent. Like-for-like sales declined 7.8 per cent (according to the Swedish Retail Institute Index, HUI, the market's comparable stores increased 1.3 per cent).
- The gross margin was 47.8 per cent (47.5).
- Operating profit/loss was SEK -22 million (-8), which corresponds to an operating margin of -5.5 per cent (-1.7).
- Profit/loss after tax for the period amounted to SEK -13 million (-3), which equates to basic and diluted earnings per share of SEK -0.12 (-0.06).
- Cash flow from operating activities was SEK -22 million (31). The negative cash flow compared to the same quarter in the previous year relates in part to lower earnings, as well as lower use of overdraft facilities.

### Financial year (September 2018 – August 2019)

- Net sales amounted to SEK 1,611 million (1,735), down 7.1 per cent. Like-for-like sales declined 6.9 per cent (according to the Swedish Retail Institute Index, HUI, the market's comparable stores declined by 2.2 per cent).
- The gross margin was 54.4 per cent (55.6).
- Operating profit/loss amounted to SEK -543 million (51), including a writing down intangible assets of SEK -500 million and non-recurring costs of SEK -18 (-2), which equates to an operating margin of -33.7 per cent (2.9).
- Operating profit/loss excluding write-down of intangible assets amounted to SEK -43 million (51), which equates to an operating margin of -2.7 per cent (2.9).
- Profit/loss for the period amounted to SEK -537 million (41), including a writing down intangible assets of SEK -500 million and non-recurring costs of SEK -18 (-2), which equates to basic and diluted earnings per share of SEK -10.07 (0.85).
- Profit/loss for the period excluding write-down of intangible assets amounted to SEK -37 million (41), which equates to basic and diluted earnings per share of SEK -0.69 (0.85).
- Cash flow from operating activities was SEK -51 million (78). The negative cash flow mainly attributable to lower earnings, but also higher working capital affected among other things by goods in transit.
- The Board proposes that no dividend be paid for the 2018/2019 financial year in order to create scope to strengthen the company's development moving forward (-).

#### **Events during the fourth quarter**

- The remainder of the unregistered share capital arising from the new share issue was registered on 4 June.
- New long-term financial objectives have been approved by the Board of Directors. For more information about these objectives, please see page 9.
- We closed seven Joy stores during the quarter: Globen Stockholm, Partille, Burlöv, Borlänge, Umeå, Östersund and Mobila in Malmö. We also closed MQ in Kungälv. All of the stores were closed in accordance with the structural action programme.
- As part of the programme, the Joy headquarters moved to the same premises as MQ in Gothenburg.
- Ylva Morud was employed as the new Head of Design & Buying.
- MQ's new online shopping platform continues to be updated and developed, all to improve the customer's shopping experience.
- In August we launched our new range collaboration with Maria Westerlind, which garnered extensive attention among our customers and in the fashion press.
- MQ's store in Strömstad has been relocated within the town.

#### **Events after the end of the reporting period**

- Since the end of the reporting period, we have closed a further three Joy stores: Triangeln in Malmö, Forumgallerian in Uppsala, and Stenungsund. Since the end of the reporting period we also closed MQ Sturegallerian in Stockholm.





## Comments by the CEO

During my first year as CEO of MQ, it has become evident that the need for change is greater than I thought. Neither the company's sales nor its profitability are living up to expectations, for the fourth quarter or the year as a whole. Already last autumn it was clear that major changes and serious improvement were needed to turn the company around. It has been an eventful year in which we now have a new Executive Management Team in place, we have implemented a comprehensive profitability-boosting programme, and have come far in our work on MQ's future brand position.

The fourth quarter has seen weak sales and footfall development, primarily due to less clearance stock; this had an adverse impact on sales, but also meant less price reduction in the business overall. Our new online shopping platform, on the other hand, has shown a dramatic increase in growth as well as a far higher conversion rate. We are continuing our digital development, daily taking action on the insights and opportunities we find in our analysis work, the aim being to enhance the customer experience.

Ahead of our new season in August, we had a higher proportion of new autumn products which generated higher news value. This included our new collaboration with Maria Westerlind, which garnered extensive attention from our customers as well as in the fashion press. Alongside this we also have new, clearer presentation of our products, which simplifies the shopping experience by increasing clarity in our various range categories. In order to evolve and reposition our range offering and boost our competitiveness, we have now employed a new Head of Design & Buying. We also have a stronger focus on quality in the execution of our marketing, and alongside a new media strategy we are now pleased to see awareness of and preference for the MQ brand gradually increasing.

Joy and MQ have been sharing office premises since August, and with this and other organisational changes we are now taking advantage of the synergies between the companies. The Joy range now also comprises a higher percentage of proprietary brands, and we have a considerably lower and better-balanced inventory level, which lays a good foundation for presenting our autumn fashions. In addition, as part of our structural action programme we have now closed eleven Joy stores, and a further three will be closed during the next quarter. The structural action programme as a whole is expected to contribute SEK 50 million in profitability-boosting effects over the coming financial year.

During the spring, we initiated a major process to renew MQ's brand positioning, and this process has intensified during the quarter. In close collaboration with branding agency Happy F&B, we are now creating a distinct conceptual change in our position and developing our customer offering as a whole. The renewal of MQ aims to offer a new, modern, inspiring experience that gives our customers reason to visit us more often, and we will be launching this renewal during this autumn. Our core values such as quality, fashion, inspiration and service will of course remain an important focus, also after this change.

With dedicated employees and tremendous commitment, together we have carried out major, important improvements during the year, which have now laid the foundation and staked out the course for taking the company into the future. With the customer in focus and a clear shift in our brand position, I look forward to a new business year with great confidence.

Ingvar Larsson,  
President and CEO, MQ Holding AB



## Group income and earnings

### **Fourth quarter, June – August 2019**

Net sales amounted to SEK 406 million (445) during the quarter, down 8.8 per cent. The Group's like-for-like sales declined 7.8 per cent during the fourth quarter, compared with a market increase of 1.3 per cent.

Gross profit was SEK 194 million (211), equivalent to a gross margin of 47.8 per cent (47.5). Other external costs, employee benefit expenses and other operating expenses for the quarter amounted to SEK 209 million (212). Non-recurring costs burdened the quarter by SEK 3 million (-).

Operating profit/loss during the quarter totalled SEK -22 million (-8), which equates to an operating margin of -5.5 per cent (-1.7).

Depreciation/amortisation according to plan amounted to SEK 8 million (7). Net financial items for the fourth quarter amounted to SEK -2 million (5). Profit/loss after financial items was SEK -24 million (-3). Profit/loss for the period was SEK -13 million (-3).

### **Financial year, September 2018 – August 2019**

Net sales amounted to SEK 1,611 million (1,735) during the 12-month period, down 7.1 per cent. The Group's like-for-like sales for the period fell by 6.9 per cent, compared with the market decline of 2.2 per cent in like-for-like sales.

Gross profit was SEK 876 million (964), equivalent to a gross margin of 54.4 per cent (55.6). Other external costs, employee benefit expenses and other operating expenses for the 12-month period amounted to SEK 896 million (891). Non-recurring costs burdened the period by SEK 18 million (7), SEK 11 million of which related to the structural action programme.

Operating profit/loss for the year as a whole amounted to SEK -543 million (-51), including a writing down intangible assets of SEK -500 million, which equates to an operating margin of -33.7 per cent (2.9). Depreciation/amortisation according to plan amounted to SEK 530 million (28). Write-downs of intangible assets amounted to SEK -500 million (0). Net financial items for the full year amounted to SEK -5 million (3). Profit/loss after financial items was SEK -548 million (54). Profit/loss for the period amounted to SEK -537 million (41), including a writing down intangible assets of SEK -500 million (-).

## Group key figures

SEK m	Q4 Jun–Aug 18/19	Q4 Jun–Aug 17/18	Financial year Sep–Aug 18/19	Financial year Sep–Aug 17/18
Net sales	406	445	1,611	1,735
Gross margin, %	47.8	47.5	54.4	55.6
Operating profit/loss	-22	-8	-543*	51
Operating margin, %	-5.5	-1.7	-33.7	2.9
Profit/loss after financial items	-24	-3	-548*	54
Profit/loss for the period	-13	-3	-537*	41
Basic and diluted earnings per share, SEK*	-0.12	-0.06	-10.07	0.85
Number of stores at the end of the period	163	174	163	174

\* The result including a writing down intangible assets of SEK -500 million and a non-recurring costs of SEK -18 million.

\*\* Historical periods have been adjusted by a factor of 1.3836 due to a new share issue with a bonus issue

## 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 43 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 fourth quarter 2018/19

Segment	Sales	Share, %	Operating profit/loss	Stores
	SEK 352 m	87%	SEK -9 m	120
	SEK 54 m	13%	SEK -12 m	43
	<b>SEK 406 m</b>		<b>SEK -22 m*</b>	<b>163</b>

### Sales and earnings per segment for the financial year, Sep–Aug 2018/19

Segment	Sales	Share, %	Operating profit/loss	Stores
	SEK 1,375 m	85%	SEK 3 M	120
	SEK 236 m	15%	SEK -43 m	43
	<b>SEK 1,611 m</b>		<b>SEK -43 m*</b>	<b>163</b>

\*) Operating profit/loss is influenced by negative fourth quarter earnings in MQ Holding of SEK -2 m (-3).

Rounding differences may affect the totals

## Net sales and operating profit/loss per segment

Net sales and operating profit/loss per segment (SEK m)	Q4 Jun–Aug 18/19	Q4 Jun–Aug 17/18	Financial year Sep–Aug 18/19	Financial year Sep–Aug 17/18
<b>Net sales</b>				
MQ	352	380	1,375	1,473
Joy	54	64	236	262
<b>Total net sales</b>	<b>406</b>	<b>445</b>	<b>1,611</b>	<b>1,735</b>
<b>Operating profit/loss</b>				
MQ	-9	2	3	71
Joy	-12	-10	-43	-20
<b>Total operating profit/loss*</b>	<b>-22*</b>	<b>-8</b>	<b>-43*</b>	<b>51</b>

\*) Operating profit/loss is influenced by negative fourth quarter earnings in MQ Holding of SEK -2 m (-3).

Rounding differences may affect the totals





**Fourth quarter, June – August 2019**

Net sales amounted to SEK 352 million (380) during the quarter, down 7.6 per cent. MQ's like-for-like sales declined 7.7 per cent during the fourth quarter, compared with a market increase of 1.3 per cent.

Gross profit was SEK 166 million (177), equivalent to a gross margin of 47.2 per cent (46.4). Other external costs, employee benefit expenses and other operating expenses for the quarter amounted to SEK 169 million (169). Non-recurring costs burden the quarter by SEK 2 million (7).

Depreciation/amortisation according to plan amounted to SEK 7 million (6). Operating profit/loss during the quarter totalled SEK -9 million (2), which equates to an operating margin of -2.5 per cent (0.6).

**Financial year, September 2018 – August 2019**

Net sales amounted to SEK 1,375 million (1,473) for the full year, down 6.7 per cent. MQ's like-for-like sales for the period fell by 6.9 per cent, compared with a market decrease of 2.2 per cent in like-for-like sales.

Gross profit was SEK 737 million (806), equivalent to a gross margin of 53.6 per cent (54.7). Other external costs, employee benefit expenses and other operating expenses for the period amounted to SEK 715 million (718). Non-recurring costs burden the period by SEK 7 million (7).

Depreciation/amortisation according to plan amounted to SEK 25 million (23). Operating profit for the full year totalled SEK 3 million (71), corresponding to an operating margin of 0.2 percent (4.8).





***Fourth quarter, June – August 2019***

Net sales amounted to SEK 54 million (64) during the quarter, down 15.7 per cent. Joy's like-for-like sales declined 8.2 per cent during the fourth quarter, compared with a market increase of 1.3 per cent.

Gross profit was SEK 26 million (35), equivalent to a gross margin of 47.4 per cent (54.3). Other external costs and employee benefit expenses for the quarter amounted to SEK 36 million (44). Non-recurring costs for the structural action programme burdened the quarter by SEK 1 million.

Depreciation/amortisation according to plan amounted to SEK 1 million (1). Operating profit/loss during the quarter totalled SEK -12 million (-10), which equates to an operating margin of -22.2 per cent (-15.6).

***Financial year, September 2018 – August 2019***

Net sales amounted to SEK 236 million (262) for the full year, down 9.8 per cent. Joy's like-for-like sales for the period fell by 6.6 per cent, compared with the market decline of 2.2 per cent in like-for-like sales.

Gross profit was SEK 129 million (158), equivalent to a gross margin of 54.5 per cent (60.3). Other external costs, other operating expenses and employee benefit expenses for the period amounted to SEK 169 million (174). Non-recurring costs for the structural action programme burdened the period by SEK 11 million.

Depreciation/amortisation according to plan amounted to SEK 5 million (5). Operating profit/loss for the year as a whole totalled SEK -43 million (-20), which equates to an operating margin of -18.3 per cent (-7.7).



## Group cash flow and financial performance

### Cash flow

The Group's cash flow from operating activities for the full year amounted to SEK -51 million (78). The negative cash flow compared to last year is mainly attributable to lower earnings, as well as higher working capital affected among other things by goods in transit. Cash flow after investments amounted to SEK -80 million (49).

### Inventories

On 31 August 2019, the value of the Group's inventories was SEK 336 million (333). In total, the composition of the inventories is deemed to be at a satisfactory level.

### Investments

The Group made investments of SEK 29 million (29) during the year. These relate to a new online shopping platform for MQ and new/remodelled stores for MQ and Joy.

### Financing and liquidity

On 31 August 2019, the Group's interest-bearing net debt totalled SEK 84 million, compared with SEK 168 million on the same date in the preceding year. At the end of the period, cash and cash equivalents totalled SEK 23 million (11). Interest-bearing net debt/EBITDA was -6.4 (2.1) for the full year September 2018 to August 2019. This key figure is affected by non-recurring items of SEK -18 million (-).

### Employees

The average number of full-time employees in the Group for the 12-month period (Sep 2018 – Aug 2019) was 727 compared with 783 in the same period the previous year.

### Financial objectives

In August 2019 the Board of Directors approved new financial objectives,

to be achieved over time:

- Growth shall be ~5% yearly over a business cycle.
- The operating margin shall be 5–8% on average over a business cycle.
- The net debt to EBITDA excluding non-recurring items shall be <2.5.

### 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 full year amounted to SEK 16 million (18). The Parent Company's profit after financial items amounted to SEK -501 m (55) including a writing down participations in Group companies of SEK -500 million (-). The Parent Company's profit after financial items amounted to SEK -4 m (55) excluding a writing down participations in Group companies of SEK -500 million (-).

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, 3 October 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

## Teleconference

A teleconference will be held at 09:00 CET on 4 October for analysts, investors and the media. The presentation will also be webcast directly on [www.mq.se](http://www.mq.se). To follow the presentation, please phone + 46 (0)8-56 64 26 51 and state conference code 39893644#.

## Financial calendar

Interim report, first quarter, September 2019 – November 2019	18 December 2019
Interim report, second quarter, December 2019 – February 2020	18 March 2020
Interim report, third quarter, March – May 2020	19 June 2020

## 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. The information was submitted for publication, through the agency of the contact person set out above, on 4 October 2019 at 07:15 CET.

### **MQ Holding AB**

St. Eriksgatan 5  
Box 119 19  
SE-404 39 Gothenburg, Sweden  
[www.mq.se](http://www.mq.se)  
Corp. Reg. No. 556697-2211

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

## Condensed consolidated statement of earnings and other comprehensive income

Condensed consolidated statement of comprehensive income (SEK m)	Q4 Jun–Aug 18/19	Q4 Jun–Aug 17/18	Financial year Sep–Aug 18/19	Financial year Sep–Aug 17/18
Net sales	406	445	1,611	1,735
Other operating income	0	0	6	7
<b>Total operating income</b>	<b>406</b>	<b>445</b>	<b>1,617</b>	<b>1,743</b>
• Goods for resale	-212	-233	-735	-771
• Other external costs	-110	-107	-442	-435
• Employee benefit expenses	-98	-105	-452	-457
• Other operating expenses	0	-1	-1	-1
• Depreciation/amortisation and write-downs	-8	-7	-530	-28
<b>Operating profit/loss</b>	<b>-22</b>	<b>-8</b>	<b>-543*</b>	<b>51</b>
• Financial income	0	6	1	6
• Financial expenses	-2	-1	-6	-2
<b>Profit/loss after financial items</b>	<b>-24</b>	<b>3</b>	<b>-548*</b>	<b>54</b>
Tax on profit for the period	11	0	11	-13
<b>PROFIT/LOSS FOR THE PERIOD attributable to Parent Company shareholders</b>	<b>-13</b>	<b>-3</b>	<b>-537*</b>	<b>41</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Items that have been restated or that can be restated in profit/loss for the period				
Translation difference	-0	-5	0	0
Changes in fair value of cash flow hedging	4	0	-8	27
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS</b>	<b>-9</b>	<b>-9</b>	<b>-545*</b>	<b>68</b>
Basic earnings per share (SEK)**	-0.12	-0.06	-10.07	0.85
Diluted earnings per share (SEK)**	-0.12	-0.06	-10.07	0.85
Average number of outstanding shares before dilution*	104,764,494	48,643,270	53,294,382	48,643,270
Average number of outstanding shares after dilution	104,764,494	48,643,270	53,294,382	48,643,270

\* The result including a writing down intangible assets of SEK -500 million and a non-recurring costs of SEK -18 million

\* Historical periods have been adjusted by a factor of 1.3836 due to a new share issue with a bonus issue element carried out in May 2019

Rounding differences may affect the totals

## Condensed consolidated balance sheet

Condensed consolidated balance sheet (SEK m)	31 August 2019	31 August 2018
<b>ASSETS</b>		
Non-current assets		
Intangible assets	783	1,272
Property, plant and equipment	57	69
<b>Total non-current assets</b>	<b>840</b>	<b>1,341</b>
Current assets		
Inventories	336	333
Current receivables	98	99
Cash and cash equivalents	23	11
<b>Total current assets</b>	<b>457</b>	<b>444</b>
<b>TOTAL ASSETS</b>	<b>1,298*</b>	<b>1,785</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	715	1,096
Interest-bearing long-term liabilities	0	25
Non-interest-bearing long-term liabilities	195	210
Interest-bearing current liabilities	107	155
Non-interest-bearing current liabilities	280	299
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,298*</b>	<b>1,785</b>

*\*)Rounding differences may affect the totals*

## Condensed statement of changes in equity

Condensed specification of changes in the Group's equity (SEK m)	Financial year Sep–Aug 18/19	Financial year Sep–Aug 17/18
Equity, opening balance	1,096	1,089
Total comprehensive income	-545	68
New share issue	165	-
Unregistered share capital	-	-
Dividend	-	-62
<b>EQUITY, CLOSING BALANCE</b>	<b>715*</b>	<b>1,096</b>

*\*)Rounding differences may affect the totals*

## Condensed consolidated cash-flow statement

Condensed consolidated cash-flow statement (SEK m)	Q4 Jun–Aug 18/19	Q4 Jun–Aug 17/18	Financial year Sep–Aug 18/19	Financial year Sep–Aug 17/18
Cash flow from operating activities before changes in working capital	-14	-5	-27	66
Changes in working capital	-8	36	-24	11
<b>Cash flow from operating activities</b>	<b>-22</b>	<b>31</b>	<b>-51</b>	<b>78</b>
Cash flow from investing activities				
Acquisition of intangible assets	-0	-1	-15	-2
Acquisition of property, plant and equipment	-3	-5	-15	-27
<b>Cash flow after investing activities</b>	<b>-25</b>	<b>25</b>	<b>-80*</b>	<b>49</b>
Financing activities				
Repayments	-	-15	-51	-30
Loans raised	-	-	-	-
Dividend	-	-	-	-62
Utilisation of overdraft facility	-94	-14	-22	35
New share issue	34	-	165	-
<b>Cash flow from financing activities</b>	<b>-59*</b>	<b>-29</b>	<b>92</b>	<b>-57</b>
<b>Cash flow for the period</b>	<b>-84</b>	<b>-4</b>	<b>12</b>	<b>-7</b>
Cash and cash equivalents at the beginning of the period	107	15	11	19
Cash and cash equivalents at the end of the period	23	11	23	11
Cash flow for the period	-84	-4	12	-7

## The Group's key figures

	Q4 Jun–Aug 18/19	Q4 Jun–Aug 17/18	Financial year Sep–Aug 18/19	Financial year Sep–Aug 17/18
Sales growth, %	-8.8	-4.8	-7.1	-4.7
Sales growth, like-for-like, %	-7.8	-6.2	-6.9	-6.0
Gross margin, %	47.8	47.5	54.4	55.6
Operating profit/loss, SEK m	-22	-8	-543*	51
Operating margin, %	-5.5	-1.7	-33.7	2.9
Profit/loss after financial items	-24	-3	-548*	54
Profit/loss for the period	-13	-3	-537*	41
Total depreciation/amortisation, SEK m	-8	-7	-30	-28
Total write-downs, SEK m	-	-	-500	-
Basic and diluted earnings per share, SEK	-0.12	-0.06	-10.07	0.85
Interest-bearing net debt, SEK m	84	168	84	168
Interest-bearing net debt/EBITDA, multiples	-6.4	2.1	-6.4	2.1
Equity/assets ratio, %	55.1	61.4	55.1	61.4
Equity, SEK m	715	1,096	715	1,096
Average number of outstanding shares**	104,764,494	48,643,270	53,294,382	48,643,270

\* The result including a writing down intangible assets of SEK -500 million and a non-recurring costs of SEK -18 million

\*\* Historical periods have been adjusted by a factor of 1.3836 due to a new share issue with a bonus issue element carried out in May 2019

## Shareholder structure

### Largest shareholders as of 31 August 2019

Name	Number of shares	Share capital, %
Öresund, Investment AB	12,626,304	16.5%
Swedbank Robur Fonder	10,814,303	14.1%
Engebretsen, Anna	8,302,547	10.8%
Qviberg, Eva	6,740,491	8.8%
Qviberg, Jacob	3,409,240	4.4%
Unionen	3,300,000	4.3%
Försäkringsaktiebolaget, Avanza Pension	3,086,299	4.0%
Jaller Klädcenter AB	3,062,000	4.0%
Qviberg, Mats	2,948,086	3.8%
Nilsson, Magnus	2,709,479	3.5%
Ohlin, Astrid	2,313,000	3.0%
Nordnet Pensionsförsäkring AB	1,655,949	2.2%
Nordea Livförsäkring Sverige AB	1,113,664	1.5%
Sycava AB	1,170,000	1.5%
Bäckström, Leif Gunnar	1,037,531	1.4%
<b>Total 15 largest</b>	<b>51,662,589</b>	<b>67.4%</b>
<b>Others</b>	<b>24,965,008</b>	<b>32.6%</b>
<b>Total</b>	<b>76,627,597</b>	<b>100.0%</b>

## Parent Company income statement

Parent Company income statement (SEK m)	Q4 Jun–Aug 18/19	Q4 Jun–Aug 17/18	Financial year Sep–Aug 18/19	Financial year Sep–Aug 17/18
Net sales	4	3	16	18
Other operating income	-	0	-	0
<b>Total operating income</b>	<b>4</b>	<b>3</b>	<b>16</b>	<b>18</b>
• Goods for resale	-	-	-	-
• Other external costs	-2	-3	-7	-7
• Employee benefit expenses	-3	-3	-13	-18
• Other operating expenses	-	-	-	-
• Depreciation/amortisation and write-downs	-	-	-500	-
<b>Operating profit/loss</b>	<b>-2*</b>	<b>-3</b>	<b>-504</b>	<b>-6</b>
• Income from shares	-	-	-	62
• Group contributions	4	5	4	5
• Financial income	0	0	1	1
• Financial expenses	0	0	-2	-1
<b>Profit/loss after financial items</b>	<b>2</b>	<b>2</b>	<b>-501</b>	<b>60</b>
Tax on profit for the period	-	0	-	0
<b>PROFIT FOR THE PERIOD</b>	<b>2</b>	<b>2</b>	<b>-501</b>	<b>60</b>

*Rounding differences may affect the totals*

## Condensed Parent Company balance sheet

Parent Company balance sheet, condensed (SEK m)	31 August 2019	31 August 2018
<b>ASSETS</b>		
Non-current assets		
Intangible assets	-	-
Property, plant and equipment	-	-
Financial assets	656	1,156
<b>Total non-current assets</b>	<b>656</b>	<b>1,156</b>
Current assets		
Current receivables	2	1
Cash and cash equivalents	0	0
<b>Total current assets</b>	<b>2</b>	<b>1</b>
<b>TOTAL ASSETS</b>	<b>658</b>	<b>1,156</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	229	565
Interest-bearing long-term liabilities	-	26
Interest-bearing current liabilities	-	25
Non-interest-bearing long-term liabilities	5	5
Non-interest-bearing liabilities	424	536
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>658</b>	<b>1,156</b>

*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.

	Q4 Jun–Aug 18/19	Q4 Jun–Aug 17/18	Financial year Sep–Aug 18/19	Financial year Sep–Aug 17/18
<b>Gross margin</b>				
<i>Operating income</i>				
Net sales	406	445	1,611	1,735
<i>Operating expenses</i>				
Goods for resale	-212	-233	-735	-771
<b>Gross profit</b>	<b>194</b>	<b>211</b>	<b>876</b>	<b>964</b>
<b>Gross margin, %</b>	<b>47.8</b>	<b>47.5</b>	<b>54.4</b>	<b>55.6</b>

*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.

	Q4 Jun–Aug 18/19	Q4 Jun–Aug 17/18	Financial year Sep–Aug 18/19	Financial year Sep–Aug 17/18
<b>Operating margin</b>				
<i>Operating income</i>				
Net sales	406	445	1,611	1,735
<i>Operating profit/loss</i>				
Operating profit/loss	-22	-8	-543	51
<b>Operating margin, %</b>	<b>-5.5</b>	<b>-1.7</b>	<b>-33.7</b>	<b>2.9</b>

*Rounding differences may affect the totals*

	Q4 Jun–Aug 18/19	Q4 Jun–Aug 17/18	Financial year Sep–Aug 18/19	Financial year Sep–Aug 17/18
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>				
Operating profit/loss (EBITA)	-22	-8	-543	51
Depreciation/amortisation and write-downs	8	7	530	28
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>	<b>-14</b>	<b>-1</b>	<b>-13</b>	<b>79</b>

*Rounding differences may affect the totals*

	31 August 2019	31 August 2018
<b>Interest-bearing net debt (SEK m)</b>		
Interest-bearing long-term liabilities	-	26
Overdraft facilities	107	129
Other interest-bearing current liabilities	-	25
<b>Interest-bearing liabilities</b>	<b>107</b>	<b>179</b>
Cash and cash equivalents	23	11
<b>Interest-bearing assets</b>	<b>23</b>	<b>11</b>
<b>Net debt</b>	<b>84</b>	<b>168</b>

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.

	31 August 2019	31 August 2018
<b>Equity/assets ratio</b>		
Equity	715	1,096
Total assets	1,298	1,785
<b>Equity/assets ratio, %</b>	<b>55.1</b>	<b>61.4</b>

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 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, 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 1 September 2018. IFRS 9 affects the Group's financial statements, primarily with respect to requirements on note disclosures.

The Group has applied IFRS 15 since 1 September 2018. IFRS 15 means that income is recognised when the customer takes control of the good or service sold. IFRS 15 does not make a material difference for the Group in terms of income recognition.

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 9.1 million at 31 August 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)

31 th of August 2019 31 th of August 2018

#### Pledged assets

Shares in subsidiaries	656	1 156
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#### Contingent liabilities

Guarantees related to subsidiaries' completion of leasing contracts	10	20
Guarantees related to MQ Retail AB	117	207
<b>Total contingent liabilities</b>	<b>127</b>	<b>227</b>

### Note 4 Preference issue

The extraordinary general meeting on 24 April 2019 resolved to approve a guaranteed new issue of shares with preferential rights for the company's shareholders of a maximum of 70,313,014 shares. Subscription price, SEK 2.50

Equity, opening balance	570
Total new share issue	165
Registered new share issue	176
Unregistered share capital	0
Expenses relating to new share issue	-11
Profit/loss for the third and fourth quarter	-18
Standard tax	-2
Equity, closing balance	715

### Note 5 Events after the end of the reporting period

According to plan, we closed four stores during September: three Joy stores (Triangeln in Malmö, Forumgallerian in Uppsala, and Stenungsund) and one MQ store (Sturegallerian in Stockholm).

### 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 in midlife who desire excellent quality, fit and comfort. The two business areas currently comprise a total of 163 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](http://www.mq.se)