

MQ Holding AB – Interim Report

The structural action programme is having an effect, but the quarter was characterised by lower sales

There has been a lot of focus and attention during the quarter on the renewal of MQ with the launch of our first MarQet stores. The quarter has been characterised by lower sales as a result of less footfall in our stores in a challenging, campaign-intensive market. For MQ, however, the proprietary brand range has seen positive sales development, and our online shopping initiatives have produced results with a palpable increase in traffic and conversion rate. Our structural action programme is developing according to plan and has had a positive impact during the quarter of SEK 10 million.

First quarter (September – November 2019)

- Net sales amounted to SEK 373 million (402), down 7.3 per cent. Like-for-like sales declined 3.8 per cent (according to the Swedish Retail Institute Index, sales in the market's comparable stores decreased by 2.5 per cent).
- The gross margin was 61.4 per cent (61.0). During the quarter, non-recurring items affected the gross margin by 0.9 percentage (-).
- Operating profit was SEK 13 million (12), which corresponds to an operating margin of 3.4 per cent (3.0).
- Profit after tax for the period amounted to SEK 3 million (9), which equates to basic and diluted earnings per share of SEK 0.03 (0.25).
- Cash flow from operating activities was SEK 39 million (-16). The stronger cash flow compared to the same quarter last year primarily relates to improved working capital and the effects of IFRS 16.
- On 1 September 2019, MQ Holding AB changed its accounting policy for leases when it began to apply IFRS 16 Leasing. MQ Holding AB has decided to apply the simplified transition approach and not to make any retroactive recalculations of earlier periods. For more information, see Note 1.

Events during the first quarter

- MarQet launched its first two concept stores during the quarter, on Drottninggatan in Stockholm and Fredsgatan in Gothenburg. The launch attracted extensive media attention.
- During the quarter we launched new product categories and brands, so as to strengthen the customer offering in our MarQet stores.
- MQ has launched a tuxedo package, which was well received by customers and the media alike.
- Black Friday Week occurred during the period, which saw stronger sales than last year at MQ and we also had higher sales in online shopping.
- During the quarter, we closed three Joy stores: Triangeln in Malmö, Forumgallerian in Uppsala, and Stenungsund. We also closed MQ Sturegallerian in Stockholm. All of the stores were closed in accordance with the structural action programme
- A decision was made to close the Joy store in Sergelgången, Stockholm.
- The structural action programme is continuing and has boosted profit by SEK 10 million during the quarter.

Events after the end of the reporting period

- Since the end of the quarter, we have launched a further MarQet concept store: Emporia in Malmö.



Comments by the CEO

The quarter as a whole saw lower sales related to less footfall in stores, where sales of important categories in particular, such as outerwear, started later than in previous years. Sales for MQ in Q1 increased both in September and during Black Week, where primarily online shopping and our proprietary brands showed good growth.

It has been an eventful period including our November launch of MarQet, which received extensive positive attention both in the media and among customers. The opening of the first store marked the start of the renewal which MQ will undergo across Sweden in 2020. The launch of MarQet entails the creation of a concept store that harnesses the best of MQ by adding new product categories and brands with a clear link to the more flexible way of working in the modern age. The concept is based on constant change, and sustainability is a key element of the process. For example the store concept is renewed through the use of recycled industrial waste, sales of second-hand products in association with Myrorna, and an extension of our services to include a tailor and a personal shopper in all stores.

Our new Head of Design and Buying, Ylva Morud, took up her position in the end of the quarter with the task of developing and strengthening our customer offering – an important aspect of our transformation from MQ to MarQet. In terms of product range we will be more selective in our purchasing with fewer options, a higher level of quality, and a higher proportion of purchases on local markets with shorter lead times. Our customer offering in Joy is also developing through a higher proportion of proprietary brands, a more coordinated expression for the range, and a renewed communication platform.

This initiative and the ongoing development of MQ's online shopping has produced results, with dramatic growth primarily from increased traffic and a higher conversion rate. The Group saw sales growth of 14 per cent during the period. This development continues, and during the spring we are launching our new online shopping under the name of marqetstores.se.

Our structural action programme has produced results as planned during the quarter and we can see cost savings primarily in payroll, rent, and the effects of closing unprofitable stores in the Joy chain. The programme continues and is expected to bring an overall profitability boost of SEK 50 million during the current financial year as a whole, with effects in this reporting period of SEK 10 million.

Our journey towards change has now begun in earnest with our nascent launch of MarQet to our customers. Thanks to great expertise, courage and exceptional commitment from our employees, this change process has been possible with both limited time and resources. With a clear, shared faith in the future I look forward to the next chapter of our development, whereby both existing and new customers throughout Sweden will perceive a comprehensive renewal of MQ.

Ingvar Larsson
President and CEO, MQ Holding AB

Group income and earnings

First quarter, September – November 2019

Net sales amounted to SEK 373 million (402) during the quarter, down 7.3 per cent. The Group's like-for-like sales declined 3.8 per cent during the first quarter, compared with a market decrease of 2.5 per cent. Online shopping accounted for 7 per cent of total net sales during the period, and growth in online shopping was 14 per cent during the period, compared to the same quarter last year.

Gross profit was SEK 231 million (245), equivalent to a gross margin of 61.4 per cent (61.0). Other external costs, employee benefit expenses and other operating expenses for the quarter amounted to SEK 166 million (227). Non-recurring items burden the quarter by SEK 7 million (-).

Operating profit during the quarter totalled SEK 13 million (12), which equates to an operating margin of 3.4 per cent (3.0). Depreciation/amortisation according to plan amounted to SEK 52 million (7). Net financial items for the first quarter totalled an expense of SEK -11 million (-1). Profit after financial items was SEK 2 million (11). Profit for the period was SEK 3 million (9).



| Group key figures | Q1 Sep–Nov 19/20 | Q1 Sep–Nov 19/20 | Q1 Sep–Nov 18/19 | Rolling 12 months Dec 18– Nov 19 | Financial year Sep 18 – Aug 19 |
|---|------------------------|------------------------|------------------------|---|--------------------------------------|
| SEK m | Incl. IFRS 16 | Excl. IFRS 16 | Excl. IFRS 16 | Excl. IFRS 16 | Excl. IFRS 16 |
| Net sales | 373 | 373 | 402 | 1,582 | 1,611 |
| Gross margin, % | 61.4 | 61.4 | 61.0 | 54.4 | 54.4 |
| Operating profit/loss | 13 | 11 | 12 | -544 ¹⁾ | -543 ¹⁾ |
| Operating margin, % | 3.4 | 2.8 | 3.0 | -34.4 | -33.7 |
| Profit/loss after financial items | 2 | 9 | 11 | -551 ¹⁾ | -548 ¹⁾ |
| Profit/loss for the period | 3 | 7 | 9 | -539 ¹⁾ | -537 ¹⁾ |
| Basic and diluted earnings per share, SEK | 0.03 | 0.07 ⁴⁾ | 0.25 ³⁾ | -5.11 ²⁾ | -10.07 ²⁾ |
| Number of stores at the end of the period | 159 | 159 | 175 | 159 | 163 |

¹⁾ The figure includes the write-down of an intangible asset of SEK 500 million and non-recurring items of SEK 19 million.

²⁾ 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.

³⁾ Earnings per share refer to basic earnings.

⁴⁾ Earnings per share refer to diluted earnings.

Business segment reporting

MQ Holding owns and operates fashion stores and online shopping under three business areas: MarQet, MQ and Joy. During 2020, all of MQ's stores will be converted into concept stores under the name MarQet. The MQ Holding share has been listed on the NASDAQ OMX Stockholm since 18 June 2010.



Founded in 1957, MQ currently operates 119 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. MarQet is a chain of concept stores offering men's and women's fashions, as well as exciting new product categories adapted to the flexible way of working in the modern age. During 2020, all of MQ's stores will be converted into concept stores under the name MarQet.



Joy was founded in 1971 and currently operates 40 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 first quarter 2019/2020

| Segment | Sales | Share, % | Operating profit/loss | Number of stores |
|---------|-------|----------|-----------------------|------------------|
| | 322 | 86% | 16 | 119 |
| | 51 | 14% | -3 | 40 |

Rounding differences may affect the totals

| Net sales and operating profit/loss per segment | Q1 Sep–Nov 19/20 | Q1 Sep–Nov 18/19 | Rolling 12 months Dec 18– Nov 19 | Financial year Sep–Aug 18/19 |
|---|------------------------|------------------------|---|---------------------------------------|
| SEK m | | | | |
| Net sales | | | | |
| MQ | 322 | 334 | 1,363 | 1,375 |
| JOY | 51 | 69 | 219 | 236 |
| Total net sales | 373 | 402 | 1,582 | 1,611 |
| Operating profit/loss | | | | |
| MQ | 16 | 15 | 2 | 3 |
| JOY | -3 | -2 | -44 | -43 |
| Total operating profit | 13 | 12 | -42 | -43 |

Rounding differences may affect the totals



First quarter, September – November 2019

Net sales amounted to SEK 322 million (334) during the quarter, down 3.7 per cent. MQ's like-for-like sales declined 2.6 per cent during the first quarter, compared with a market decrease of 2.5 per cent.

Gross profit was SEK 195 million (201), equivalent to a gross margin of 60.5 per cent (60.8). Other external costs, employee benefit expenses and other operating expenses for the quarter amounted to SEK 137 million (181). Non-recurring items burden the quarter by SEK 7 million (-).

Depreciation/amortisation according to plan amounted to SEK 45 million (6). Operating profit during the quarter totalled SEK 16 million (15), which equates to an operating margin of 5.0 per cent (4.5).



First quarter, September – November 2019

Net sales amounted to SEK 51 million (69) during the quarter, down 26 per cent. Joy's like-for-like sales declined 11 per cent during the first quarter, compared with a market decrease of 2.5 per cent.

Gross profit was SEK 32 million (43), equivalent to a gross margin of 62.6 per cent (62.3). Other external costs, employee benefit expenses and other operating expenses for the quarter amounted to SEK 28 million (44). Non-recurring items burden the quarter by SEK 0 million (-).

Depreciation/amortisation according to plan amounted to SEK 8 million (1). Operating loss during the quarter totalled SEK -3 million (-2), which equates to an operating margin of -6.5 per cent (-3.6).



Group cash flow and financial performance

Cash flow

Group cash flow from operating activities during the first quarter amounted to SEK 39 million (-16). The stronger cash flow compared to last year primarily relates to improved working capital and the effects of IFRS 16. Cash flow for the period was SEK 12 million (2).

Inventories

At 30 November 2019, the value of the Group's inventories was SEK 331 million (328). In total, the composition of the inventories is deemed to be at a satisfactory level.

Investments

The Group made investments of SEK 7 million (11) during the quarter. These relate to remodelling of MQ stores ahead of the transformation to MarQet, and the effects of IFRS 16.

Financing and liquidity

On 30 November 2019, the Group's interest-bearing net debt totalled SEK 962 million, compared with SEK 195 million on the same date in the preceding year. IFRS 16 affects the interest-bearing net debt. At the end of the period, cash and cash equivalents totalled SEK 36 million (14). Interest-bearing net debt/EBITDA was 17.5 (3.5) for the 12-month period of December 2018 until November 2019. Non-recurring items of SEK 19 million affect this key figure (-).

Employees

The average number of full-time employees in the Group for the 12-month period (December 2018 – November 2019) was 696 compared with 776 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% annually over a business cycle.
- The operating margin shall be 5–8% on average over a business cycle.
- The net debt in relation 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 first quarter amounted to SEK 4 million (4). The Parent Company's loss after financial items was SEK -1 million (-1).

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 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 18 December for analysts, investors and the media. The presentation will also be webcast directly on www.mq.se. To follow the presentation, please phone + 46 (0)8-56 64 26 51 and state conference code 54836660#.

Financial calendar

| | |
|---|----------------|
| Interim report, second quarter, December 2019 – February 2020 | 18 March 2020 |
| Interim report, third quarter, March – May 2020 | 17 June 2020 |
| Interim report, fourth quarter, June – August 2020 | 6 October 2020 |

Contact

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MQ Holding AB

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Corp. Reg. No. 556697-2211

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

| Consolidated income statement | Q1 Sep–Nov 19/20 | Q1 Sep–Nov 19/20 | Q1 Sep–Nov 19/20 | Q1 Sep–Nov 18/19 | Rolling 12 months Dec 18– Nov 19 | Financial year Sep–Aug 18/19 |
|---|------------------------|------------------------|------------------------|------------------------|---|---------------------------------------|
| SEK m | Incl. IFRS 16 | Effect of IFRS 16 | Excl. IFRS 16 | Excl. IFRS 16 | Excl. IFRS 16 | Excl. IFRS 16 |
| Net sales | 373 | - | 373 | 402 | 1,582 | 1,611 |
| Other operating income | 2 | - | 2 | 1 | 7 | 6 |
| Total operating income | 375 | - | 375 | 403 | 1,589 | 1,617 |
| Goods for resale | -144 | - | -144 | -157 | -722 | -735 |
| Other external costs | -63 | 46 | -110 | -110 | -442 | -442 |
| Employee benefit expenses | -103 | - | -103 | -118 | -438 | -452 |
| Other operating expenses | 0 | - | 0 | 0 | -1 | -1 |
| Depreciation/amortisation and write-downs | -52 | -44 | -8 | -7 | -531 ¹⁾ | -530 ¹⁾ |
| Operating profit/loss | 13 | 2 | 11 | 12 | -544 ¹⁾ | -543 ¹⁾ |
| Financial income | - | - | 0 | 0 | 0 | 1 |
| Financial expenses | -11 | -9 | -2 | -1 | -7 | -6 |
| Profit/loss after financial items | 2 | -7 | 9 | 11 | -551 ¹⁾ | -548 ¹⁾ |
| Tax on profit for the period | 1 | 3 | -2 | -2 | 13 | 11 |
| PROFIT/LOSS FOR THE PERIOD | 3 | -4 | 7 | 9 | -539 ¹⁾ | -537 ¹⁾ |
| attributable to Parent Company shareholders | 3 | -4 | 7 | 9 | -539 | -537 |
| OTHER COMPREHENSIVE INCOME | | | | | | |
| Items that have been restated or that can be restated in profit for the period | | | | | | |
| Translation difference | - | - | - | 0 | 0 | 0 |
| Changes in fair value of cash flow hedging | - | - | -5 | -5 | -8 | -8 |
| TOTAL COMPREHENSIVE INCOME | 3 | -4 | 2 | 4 | -547 ¹⁾ | -545 ¹⁾ |
| ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS | 3 | -4 | 2 | 4 | -547 | -545 |
| Earnings per share, SEK | 0.03 | | 0.07 ⁴⁾ | 0.25 ³⁾ | 5.11 | -10.07 ²⁾ |
| Average number of outstanding shares | 105 469 521 | | 105 469 521 | 35 156 507 | 105 469 521 | 53,294,382 |

Rounding differences may affect the totals

1) The figure includes the write-down of an intangible asset of SEK 500 million and non-recurring items of SEK 19 million.

2) 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.

3) Earnings per share refer to basic earnings.

4) Earnings per share refer to diluted earnings.

| Consolidated balance sheet | 30-nov 2019 | 30-nov 2019 | 30-nov 2019 | 31-aug 2019 |
|--|------------------------|------------------------|------------------------|------------------------|
| SEK m | Incl. IFRS 16 | 16 | Excl. IFRS 16 | Excl. IFRS 16 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Intangible assets | 786 | - | 786 | 783 |
| Property, plant and equipment | 54 | - | 54 | 57 |
| Right-of-use assets | 883 | 883 | | - |
| Total non-current assets | 1,723 | 883 | 840 | 840 |
| Current assets | | | | |
| Inventories | 331 | - | 331 | 336 |
| Current receivables | 70 | -15 | 85 | 98 |
| Cash and cash equivalents | 36 | - | 36 | 23 |
| Total current assets | 437 | -15 | 451 | 457 |
| TOTAL ASSETS | 2,159 | 868 | 1,291 | 1,298 |
| EQUITY AND LIABILITIES | | | | |
| Equity | 713 | -4 | 717 | 715 |
| Interest-bearing long-term liabilities | 692 | 692 | 0 | 0 |
| Non-interest-bearing long-term liabilities | 194 | | 194 | 195 |
| Interest-bearing current liabilities | 306 | 180 | 126 | 107 |
| Non-interest-bearing current liabilities | 254 | | 254 | 280 |
| TOTAL EQUITY AND LIABILITIES | 2,159 | 868 | 1,291 | 1,298 |

Rounding differences may affect the totals

| Changes in equity | 30-nov 2019 | | 30-nov 2019 | 31-aug 2019 |
|--------------------------------|------------------------|------------------------------|------------------------|------------------------|
| SEK m | Incl. IFRS 16 | Effect of IFRS 16 | Excl. IFRS 16 | Excl. IFRS 16 |
| Equity, opening balance | 715 | - | 715 | 1,096 |
| Total comprehensive income | -2 | -4 | 2 | -545 |
| New share issue | - | - | - | 165 |
| Unregistered share capital | - | - | - | - |
| Dividend | - | - | - | - |
| EQUITY, CLOSING BALANCE | 713 | -4 | 717 | 715 |

Rounding differences may affect the totals

| | Q1 Sep–Nov 19/20 | Q1 Sep–Nov 19/20 | Q1 Sep–Nov 19/20 | Q1 Sep–Nov 18/19 | Financial year Sep–Aug 18/19 |
|---|------------------------|------------------------|------------------------|------------------------|---------------------------------------|
| | Incl. IFRS 16 | Effect of IFRS 16 | Excl. IFRS 16 | Excl. IFRS 16 | Excl. IFRS 16 |
| Consolidated cash flow statement | | | | | |
| SEK m | | | | | |
| Cash flow from operating activities before changes in working capital | 49 | 37 | 12 | 13 | -27 |
| Changes in working capital | -11 | 1 | -12 | -29 | -24 |
| CASH FLOW FROM OPERATING ACTIVITIES | 39 | 38 | 1 | -16 | -51 |
| Cash flow from investing activities | | | | | |
| Acquisition of intangible assets | -4 | - | -4 | -4 | -15 |
| Acquisition of property, plant and equipment | -3 | - | -3 | -7 | -15 |
| CASH FLOW FROM INVESTING ACTIVITIES | 31 | 38 | -7 | -27 | -80 |
| Financing activities | | | | | |
| Repayments | -38 | -38 | - | - | -51 |
| Loans raised | - | - | - | - | - |
| Dividend | - | - | - | - | - |
| Utilisation of overdraft facility | 19 | - | 19 | 30 | -22 |
| New share issue | - | - | - | - | 165 |
| CASH FLOW FROM FINANCING ACTIVITIES | -19 | -38 | 19 | 30 | 92 |
| CASH FLOW FOR THE PERIOD | 12 | 0 | 12 | 2 | 12 |
| Cash and cash equivalents at the beginning of the period | 23 | | 23 | 11 | 11 |
| Cash and cash equivalents at the end of the period | 36 | | 36 | 14 | 23 |
| Cash flow for the period | 12 | | 12 | 2 | 12 |

Rounding differences may affect the totals

| | Q1 Sep–Nov 19/20 | Q1 Sep–Nov 19/20 | Q1 Sep–Nov 18/19 | Rolling 12 months Dec 18– Nov 19 | Financial year Sep 18 – Aug 19 |
|---|------------------------|------------------------|------------------------|---|---|
| | Incl. IFRS 16 | Excl. IFRS 16 | Excl. IFRS 16 | Excl. IFRS 16 | Excl. IFRS 16 |
| Key figures, Group | | | | | |
| SEK m | | | | | |
| Sales growth, % | -7.3 | -7.3 | -6.2 | -1.8 | -7.1 |
| Sales growth, like-for-like, % | -3.8 | -3.8 | -7.0 | -2.5 | -6.9 |
| Gross margin, % | 61.4 | 61.4 | 61.0 | 54.4 | 54.4 |
| Operating profit/loss, SEK m | 13 | 11 | 12 | -544 ¹⁾ | -543 ¹⁾ |
| Operating margin, % | 3.4 | 2.8 | 3.0 | -34.4 | -33.7 |
| Profit/loss after financial items | 2 | 9 | 11 | -551 ¹⁾ | -548 ¹⁾ |
| Profit/loss for the period | 3 | 7 | 9 | -539 ¹⁾ | -537 ¹⁾ |
| Earnings per share, SEK | 0.03 | 0.07 ⁴⁾ | 0.25 ³⁾ | 5.11 ²⁾ | -10.07 ²⁾ |
| Interest-bearing net debt, SEK m | 962 | 90 | 195 | 90 | 84 |
| Interest-bearing net debt/EBITDA, multiples | | | 3.5 | 17.5 ⁵⁾ | 6.4 |
| Equity/assets ratio, % | 33 | 56 | 63 | 33 | 55 |
| Equity, SEK m | 713 | 717 | 1,099 | 713 | 715 |
| Average number of outstanding shares | 105 469 521 | 105 469 521 | 35 156 507 | 105 469 521 | 53 294 382 |

¹⁾ The figure includes the write-down of an intangible asset of SEK 500 million and non-recurring items of SEK 19 million.

²⁾ 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.

³⁾ Earnings per share refer to basic earnings.

⁴⁾ Earnings per share refer to diluted earnings.

⁵⁾ Value excluding non-recurring costs of 19 MSEK.

Shareholder structure

Largest shareholders as of 30 November 2019

| Name | Number of shares | Share capital, % |
|---|-------------------------|-------------------------|
| Öresund, Investment AB | 12 626 304 | 12.0% |
| Engebretsen, Anna | 8 302 547 | 7.9% |
| Qviberg, Eva | 6 740 491 | 6.4% |
| Swedbank Robur Transition, Sweden | 5 753 781 | 5.5% |
| Swedbank Robur Fonder | 4 437 117 | 4.2% |
| Qviberg, Jacob | 3 409 240 | 3.2% |
| Jaller Klädcenter AB | 3 062 000 | 2.9% |
| Nilsson, Magnus | 2 971 524 | 2.8% |
| Qviberg, Mats | 2 948 086 | 2.8% |
| Försäkringsaktiebolaget, Avanza Pension | 2 674 703 | 2.5% |
| Ohlin, Astrid | 2 313 000 | 2.2% |
| Nordea Livförsäkring Sverige AB | 1 777 888 | 1.7% |
| Nordnet Pensionsförsäkring AB | 1 753 872 | 1.7% |
| Swedbank Humanfond | 1 451 196 | 1.4% |
| Ellinger, Gunter | 1 450 000 | 1.4% |
| Total 15 largest | 61 671 749 | 58.5% |
| Others | 43 797 772 | 41.5% |
| Total | 105 469 521 | 100.0% |

| Parent Company income statement | Q1 | Q1 | Rolling | Financial |
|---|-----------|-----------|-------------|-------------|
| SEK m | Sep–Nov | Sep–Nov | 12 months | year |
| | 19/20 | 18/19 | Dec 18– | Sep–Aug |
| | | | Nov 19 | 18/19 |
| Net sales | 4 | 4 | 16 | 16 |
| Other operating income | - | 0 | - | - |
| Total operating income | 4 | 4 | 16 | 16 |
| Goods for resale | - | - | - | - |
| Other external costs | -1 | -1 | -7 | -7 |
| Employee benefit expenses | -3 | -3 | -13 | -13 |
| Other operating expenses | - | - | 0 | - |
| Depreciation/amortisation and write-downs | - | - | -500 | -500 |
| Operating profit/loss | -1 | -1 | -504 | -504 |
| Group contributions | - | - | 4 | 4 |
| Financial income | 0 | 0 | 2 | 1 |
| Financial expenses | -1 | 0 | -2 | -2 |
| Profit/loss after financial items | -1 | -1 | -501 | -501 |
| Tax on profit for the period | - | - | - | - |
| PROFIT FOR THE PERIOD | -1 | -1 | -501 | -501 |

Rounding differences may affect the totals

| Parent Company balance sheet | 30-nov | 30-nov | 31-aug |
|--|------------|--------------|------------|
| SEK m | 2019 | 2018 | 2019 |
| ASSETS | | | |
| Non-current assets | | | |
| Intangible assets | - | - | - |
| Property, plant and equipment | - | - | - |
| Financial assets | 656 | 1,156 | 656 |
| Total non-current assets | 656 | 1,156 | 656 |
| Current assets | | | |
| Current receivables | 2 | 1 | 2 |
| Cash and cash equivalents | 0 | 0 | 0 |
| Total current assets | 2 | 1 | 2 |
| TOTAL ASSETS | 658 | 1,157 | 658 |
| EQUITY AND LIABILITIES | | | |
| Equity | 228 | 564 | 229 |
| Interest-bearing long-term liabilities | - | 26 | - |
| Non-interest-bearing long-term liabilities | 5 | 25 | - |
| Interest-bearing current liabilities | - | 5 | 5 |
| Non-interest-bearing current liabilities | 425 | 537 | 424 |
| TOTAL EQUITY AND LIABILITIES | 658 | 1,157 | 658 |

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 | Q1 Sep–Nov 19/20 | Q1 Sep–Nov 18/19 | Rolling 12 months Dec 18– Nov 19 | Financial year Sep–Aug 18/19 |
|---------------------------|---------------------------------|---------------------------------|---|---|
| SEK m | | | | |
| Operating income | | | | |
| Net sales | 373 | 402 | 1,582 | 1,611 |
| Operating expenses | | | | |
| Goods for resale | -144 | -157 | -722 | -735 |
| GROSS PROFIT | 229 | 245 | 860 | 876 |
| GROSS MARGIN, % | 61.4 | 61.0 | 54.4 | 54.4 |

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 states the percentage of net sales that are converted into profit after cost of goods sold, and is impacted by such factors as pricing, the cost of raw materials and manufacturing, inventory impairment and trends in exchange rates.

| Operating margin | Q1 Sep–Nov 19/20 | Q1 Sep–Nov 18/19 | Rolling 12 months Dec 18– Nov 19 | Financial year Sep–Aug 18/19 |
|---------------------------------|---------------------------------|---------------------------------|---|---|
| SEK m | | | | |
| Operating income | | | | |
| Net sales | 373 | 402 | 1,582 | 1,611 |
| Earnings of the business | | | | |
| Operating profit/loss | 13 | 12 | -544 | -543 |
| OPERATING MARGIN, % | 3.4 | 3.0 | -34.4 | -33.7 |

Rounding differences may affect the totals

| EBITDA | Q1 Sep–Nov 19/20 | Q1 Sep–Nov 18/19 | Rolling 12 months Dec 18– Nov 19 | Financial year Sep–Aug 18/19 |
|--|---------------------------------|---------------------------------|---|---|
| SEK m | | | | |
| Operating profit/loss (EBITA) | 13 | 12 | -544 | -543 |
| Depreciation/amortisation | 52 | 7 | 531 | 530 |
| EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (EBITDA) | 65 | 19 | -14 | -13 |

Rounding differences may affect the totals

| Interest-bearing net debt | 30-nov | 30-nov | 31-aug |
|--|------------|------------|------------|
| SEK m | 2019 | 2018 | 2019 |
| Interest-bearing long-term liabilities | 692 | 26 | - |
| Overdraft facilities | 126 | 158 | 107 |
| Other interest-bearing current liabilities | 180 | 26 | - |
| Interest-bearing liabilities | 998 | 210 | 107 |
| Cash and cash equivalents | 36 | 14 | 23 |
| Interest-bearing assets | 36 | 14 | 23 |
| NET DEBT | 962 | 195 | 84 |

Rounding differences may affect the totals

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 | 30-nov | 30-nov | 31-aug |
|-------------------------------|-------------|-------------|-------------|
| SEK m | 2019 | 2018 | 2019 |
| Equity | 713 | 1.099 | 715 |
| Total assets | 2,159 | 1.756 | 1.298 |
| EQUITY/ASSETS RATIO, % | 33.0 | 62.6 | 55.1 |

Rounding differences may affect the totals

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.

On 1 September 2019, MQ Holding AB changed its accounting policy for leases when it began to apply IFRS 16 Leasing; this replaced IAS 17 Leasing and related interpretations. MQ Holding AB has decided to apply the simplified transition approach and not to make any retroactive recalculations of earlier periods.

IFRS 16 requires that the lessee recognise assets and liabilities related to all leases in the balance sheet, with a few exemptions (short-term leases of 12 months or less and leases of low-value assets worth less than USD 5,000). This recognition is based on the approach that the lessee has a right to use an asset during a specific time period, and also an obligation to pay for this right. This interim report has been prepared in accordance with the new standard, which means that assets and liabilities in the balance sheet have increased by right-of-use asset and lease liability (distributed across current and long-term liabilities). The change is reflected in the income statement in that the expense has been categorised as depreciation and interest expense. The implementation of IFRS 16 will affect EBITDA.

MQ Holding's leasing contracts comprise rental of store premises. When establishing a leasing period, MQ takes account of all relevant facts and circumstances that create a financial incentive to utilise an option to extend. Financial incentives include sales and footfall development for the store, strategic plans for the area, access to rental contracts and rent levels. There are many aspects to assessing whether an option to extend should be used.

Note 2 Fair value for financial instruments

Derivative instruments are measured at fair value, which amounted to SEK 5.7 million at 30 November 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) | 30-nov 2019 | 30-nov 2018 |
|---|----------------|----------------|
| Pledged assets | | |
| Shares in subsidiaries | 656 | 1 156 |
| Contingent liabilities | | |
| Guarantees related to subsidiaries' completion of leasing contracts | 0 | 20 |
| Guarantees related to MQ Retail AB | 107 | 207 |
| Total contingent liabilities | 107 | 227 |

Note 4 Events after the end of the reporting period

Since the end of the quarter, we have launched our MarQet concept store: Emporia in Malmö.

Note 5 Related-party transactions

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



MQ Holding AB owns and operates fashion stores under three business areas: MarQet, MQ and Joy. During 2020, all of MQ's stores will be converted into concept stores under the name MarQet. MarQet is a chain of concept stores offering men's and women's fashions, as well as exciting new product categories adapted to the flexible way of working in the modern age MQ is Sweden's largest retailer of fashion brands. Through a select mix 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 three business areas currently comprise a total of 159 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