



16/17

ANNUAL REPORT

SEPTEMBER 1, 2016 – AUGUST 31, 2017

Dustin



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Our history

Founded in 1984

Dustin was founded in 1984 by two entrepreneurs, Bo and Ulla Lundevall, as a ancillary business to the couple's pet shop in Farsta, a suburb of Stockholm. The business concept was to sell computer accessories via mail order using a catalogue as their main marketing tool. The best-selling product was multi-coloured floppy disks.

Online sales by as early as 1995

Ten years later, the range was extended from products only to also include software licenses. Our online sales began as early as 1995, roughly the same time as Amazon started. For the first 20 years, sales focused exclusively on the B2B market, but in 2004, the offering was extended to the B2C market through the launch of Dustin Home.

Nordic expansion commenced in 2007

Dustin received a new principal owner in 2006, Altor Fund II GP Limited, and the operations were then expanded in the Nordics by entering new markets and making supplementary acquisitions in existing markets. The Danish operations were established

in 2007 through the acquisition of Computerstore, followed by a new e-commerce venture in Norway two years later.

In 2012, several businesses were acquired to expand the range of services and solutions. Acquisitions in Sweden included Best Office, a printing solutions specialist, and IT-Hantverkarna, operative in installation services and IT support for small and medium-sized businesses. In Norway, Norsk Data Senter was acquired, a company focused on business services and solutions.

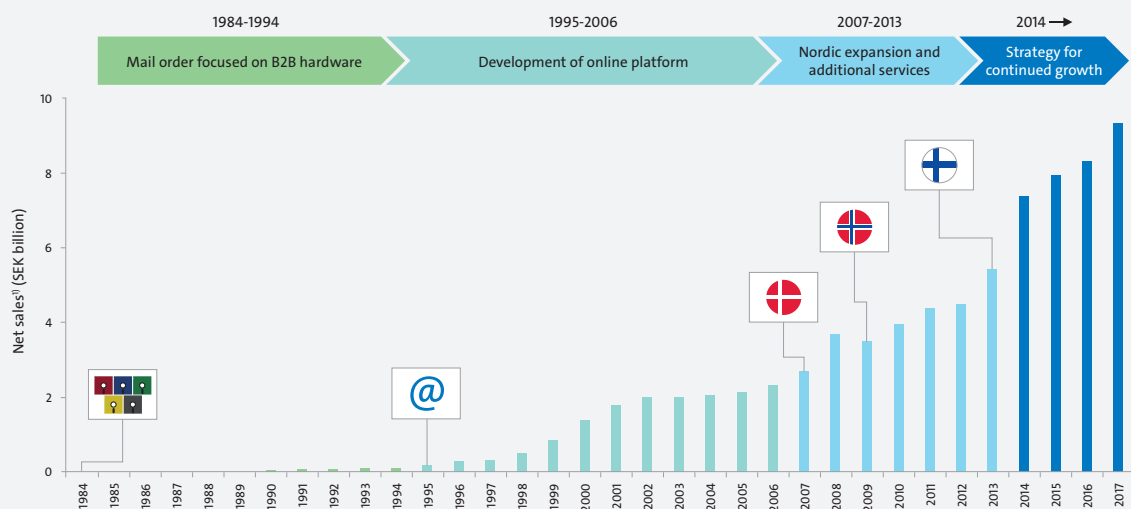
In 2013, Dustin entered the Finnish market by acquiring Businessforum, a company mainly focused on hardware sales to large-sized businesses and the public sector. In 2015, Businessforum was supplemented by the acquisition of Resolute, a leading Finnish supplier of network solutions for businesses and the public sector. The following year, e-commerce was launched in the Finnish market and a few months later, the entire Finnish operations were integrated with Dustin's Nordic IT platform under the Dustin brand.

IPO in early 2015

Dustin was listed on Nasdaq Stockholm on 13 February 2015 and received a new owner, Axel Johnson AB, through the Axmedia AB subsidiary, as one of its new principal owners. Since the listing, Altor Fund II GP Limited has gradually reduced its holdings and sold the last shares during the spring of 2017.

A stronger and broader offering

In 2015, Dustin acquired the Swedish company Commsec, a network security solutions provider, to further strengthen and broaden its range of advanced products and services. Idenet, a Swedish company focused on cloud hosting and application management, was added in 2016 as was IKT Gruppen, a Norwegian group specialised in sales and operation of standardised IT services for small and medium-sized businesses. In 2017, Dustin acquired Purity IT, a Norwegian company focused on cloud-based backup, storage and disaster recovery services, and Saldab IT, a Swedish company specialised in IT solutions for small and medium-sized businesses.



1) Sales prior to 2004 incl. freight income. Source: Dustin

The year in brief

Significant events 2016/17



Financial key ratios 2016/17

All amounts in SEK million, unless otherwise indicated

	2016/17	2015/16
Net sales, SEK million	9 306	8 301
Organic sales growth (%)	8,6	4,4
Gross margin (%)	14,8	15,0
Adjusted EBITA, SEK million	426	390
Adjusted EBITA margin (%)	4,6	4,7
EBITA, SEK million	349	324
Profit for the year, SEK million	239	225
Earnings per share, including discontinued operations, before dilution, SEK	3.14	2,95
Earnings per share, including discontinued operations, after dilution, SEK	3.13	2.95
Cash flow from operating activities, SEK million	214	447
Net debt/adjusted EBITDA (multiple)	2,3	2,1
Return on equity (%)	16,1	15,8
Dividend per share, SEK	2,80*	2,40

* The Board of Directors proposed dividend

Dustin in brief

Leading Nordic online IT partner

Dustin is one of the leading IT resellers in the Nordic region, with a wide range of hardware, software and related services and solutions. Our centralised warehouse along with an efficient logistics and online platform ensure fast and reliable delivery. By adding high-level IT expertise we act as an IT partner primarily for small and medium-sized businesses, but also for large-sized businesses, the public sector and the B2C market.

Business customer focus

Dustin applies a multichannel business model, where most sales are online, supplemented by relationship and consultative selling over the phone or through customer visits. Dustin conducts operations in Sweden, Denmark, Finland and Norway through two business segments: B2B (the business-to-business market) with a sales share of about 94 per cent and B2C (the business-to-consumer market) with a sales share of about 6 per cent. The operations are supported by a number of scalable and shared central functions, including the online platform, purchasing, warehousing and logistics, pricing, marketing, IT and HR.

Efficient online platform

As one of the leading B2B e-retailers in the Nordic region, Dustin has created a strong market position with its efficient online platform, since more and more sales of both products and core services are now taking place online. Our market position is also strengthened by our focus on the more agile and fast-growing customer category of small and medium-sized businesses. We see increasing demand for advanced services as requests for mobility and accessibility grow. By combining products and services into integrated solutions, and by adding advanced services through acquisitions, we are continuously expanding our customer offering. We are able to solve more and more of our customers' IT needs, which is in line with our vision. Our range of packaged services and solutions includes clients, licenses, network, data storage, security, IT operations, mobility and print.

Dustin Group AB is a Swedish public limited company with its head office in Nacka Strand outside Stockholm. The share was listed on Nasdaq Stockholm's Mid Cap Index in 2015.

Net sales 2016/17

SEK **9.3** billion

Share of sales B2B

94 %

Share of sales B2C

6 %

Active B2B customers

100,000

Active B2C customers

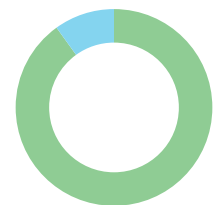
350,000

Share of sales via the online platform

75 %

Share of orders via the online platform

90 %



Number of manufacturers in the range

2,500

Number of products in the range

250,000

Dustin as an investment

As one of the leading e-retailers for the Nordic B2B market, Dustin is well-positioned in the Nordic IT market with a strong customer offering and a flexible sales model. With our scalable business model and a low capital requirement that generates healthy cash flows, our prospects for continued profitable expansion, both organically and through acquisitions, are considerable.

Strong market position

As one of the leading e-retailer for the Nordic B2B market, our strong customer offering – with a wide range, high level of IT expertise and fast and reliable delivery – has positioned us for continued growth in the B2B market. The market is characterised by a rapidly rising share of online sales, with a growing demand for mobility and cloud services. Our main customer category of small and medium-sized businesses is also showing relatively faster growth than the market as a whole.

Efficient sales model

Our sales model has been developed to drive low-cost growth, whereby our central online-platform has been designed to manage large volumes of small orders efficiently, while also providing an attractive channel for all customer segments. By combining online sales of core products and simpler services with relationship and consultative sales of advanced products, services and solutions, we can streamline the sales process and gradually increase our share of the customer's total IT purchases.

Scalability and cost efficiency

We have created a unique position by combining scalable and cost-efficient online sales with a high level of service in our relationship and consultative sales. We have concentrated activities, such as the online platform, purchasing, warehousing and logistics, pricing, marketing, IT and HR, to central functions in order to generate economies of scale and to streamline the integration of acquired operations and establishments in new markets.

Low capital requirements and strong cash flow

Our investment needs are low, and due to a close relationship with suppliers and our own central warehouse with efficient stockholding, we are able to maintain a low level of working capital. Our operations generate strong cash flows, which allows for continued expansion through acquisitions and attractive shareholder dividends. Our aim is to pay dividends of more than 70 per cent of net profit.

Value-creating growth strategy

With our attractive customer offering, a broad and diversified customer base and a flexible sales model, we see significant potential for continued and profitable organic growth combined with continuous efficiency improvements. Acquisitions are continuously widening our range of advanced products and services, which supports continued growth, strengthens customer loyalty, generates cost synergies and increases shareholder value.

Growth company with a solid financial history

Dustin has a solid financial history with an average organic growth rate of just over 8 per cent annually over the past five years, further supplemented by continuous acquisitions. Our growth rate has been positive for 32 of our 33 operational years. In addition, we have shown stability in both gross margin and EBITA margin over a long time.

Net sales	Proposed dividend per share
9,306 MSEK	2,80 SEK
Gross margin	Dividend yield**
14,8 %	4,2 %
Adjusted EBITA	Share price, August 31, 2017
426 MSEK	66,75 SEK
Cash flow from operating activities	Share performance for the financial year
214 MSEK	11,3 %
Earnings per share*	
3.13 SEK	

* including discontinued operations, after dilution.
 ** Based on the Board of Directors proposed dividend of SEK 2.80 and a share price of SEK 66.75.



CEO statement

During the past financial year, Dustin has strengthened its position as one of the leading e-retailers in the Nordic region, with faster growth than our addressable market. We are benefitting from such trends as the ongoing transition to online sales and rising demand for mobility and cloud services. During the year, acquisitions and organic growth have helped us to broaden our portfolio of more advanced products and services, thus helping us solve our customers' IT-related challenges to a greater extent than before.



Strong sales growth

We are gratified to present sales growth of more than 12 per cent for the 2016/17 financial year, of which organic sales growth was 8.6 per cent. Growth was strong within the entire B2B segment, both to the small and medium-sized business customer group and to the large companies and the public sector customer group. Overall sales in the B2B segment rose 9.5 per cent organically. The B2C segment, which represented 6 per cent of sales in the financial year, noted negative organic growth of 2.6 per cent.

Sales mix impacted gross margin

The gross margin amounted to 14.8 per cent (15.0) in the financial year. The change is due to a high share of sales to the large companies and the public sector customer group under new framework agreements with initially lower profitability. A high share of client sales (computers, mobile phones and tablets) with a lower margin also had a negative impact on gross margin. The gross margin in the small and medium-sized business customer group improved, mainly as a result of completed acquisitions with a larger share of more advanced products and services commanding higher margins.

Stable earnings performance

Adjusted EBITA increased by more than 9 per cent to SEK 426 million (390), equivalent to an adjusted EBITA margin of 4.6 per cent (4.7). The result was impacted positively by an increase in sales and higher gross profit. Operating expenses increased slightly compared with the year-earlier quarter, as a result of the year's initiative to develop private label products and increased focus on services sales with a higher margin.

The Board of Directors proposes raised dividend

The Board of Directors has proposed a raised dividend to SEK 2.80 per share (2.40) for the 2016/17 financial year, which

is equivalent to a total dividend payout of SEK 213 million (183). The proposal is in line with our dividend policy to pay dividends of more than 70 per cent of profit for the year. We have a strong financial position, with a debt/equity ratio in the lower part of the target range. This, together with the healthy cash flow produced by operations, provides us with the conditions for continued growth, both organic and through acquisitions, and an attractive dividend.

Increased focus on service sales

We have also increased our focus on service sales and invested in the sales organisation in order to boost the share of subscription income commanding higher margins. Since launching the services one year ago, we have noted strong growth in the number of active users of our standardised cloud-based subscription services. At the end of the financial year, we had just over 30,000 active users through our service portal.

Supplementary acquisitions

During the financial year, we have ramped up our acquisition rate slightly, with three new acquisitions. In September, we acquired the Norway-based IKT Gruppen, which is specialised in sales and operations of standardised IT services for small and medium-sized businesses. In March, the acquisition of Norway-based Purity IT, specialised in cloud-based services for backup, storage and disaster recovery, was finalised. The two Norwegian acquisitions were supplemented in April by Sweden-based Saldab IT, which offers IT solutions for small and medium-sized businesses.

After the end of the financial year, we acquired Denmark based Norriq's business area for hosting and outsourcing of IT services, Core Services in Norway, which is one of the leading players in the new generation of data centre solutions as well as Swedish JML-System, which offers installation and service of audio/video solutions for meeting rooms and conferences.

The acquisitions offer us cutting-edge expertise in hosting solutions, data centres, IT infrastructure, backup and security solutions as well as audio/video solutions. The addition of further IT expertise has made us an IT partner primarily for small and medium-sized businesses, but also for large-sized businesses and the public sector. In so doing, we are strengthening our position in the Nordic market with a broader customer offering with a larger customer base in the small and medium-sized business customer group.

We intend to continue expanding our portfolio of advanced products and services, and to continuously seek potential acquisition candidates to supplement and strengthen our existing operations. Our objective is to add further acquisitions.

Private label products

At the start of the financial year, we launched private label products in some core product categories, such as cables, USB flash drives and accessories for mobile phones and tablets. This allows us to offer our customers affordable, high-quality products at the same time as we gain more control over each product's characteristics and see a potential for higher margins in the long term. We have also increased our focus on responsible manufacturing and the launch of our private label products has offered us a better insight and made it easier to monitor our requirements further down the value chain, at manufacturers.

Our private label products were positively received by our customers and the proportion of sales in the effected product categories was about 25 per cent at the end of the financial year. Over the coming financial years, more product categories will be launched and our aim is to reach annual sales of SEK 400 million within three years.

Responsible business

Responsible business is a prerequisite for a sound and successful company. Active corporate responsibility is an integrated part of our operations and in recent years we have structured and intensified these efforts. In line with this, we have also chosen to clarify the importance of corporate responsibility to us as a company by updating our vision. Dustin's vision is to be the customer's preferred partner for efficient and sustainable IT.

Efficient and sustainable IT is about how the products are manufactured and transported, how they are used and how we can return them to the ecological cycle when they are no longer used. A little over two years ago, we established five focus areas; responsible manufacturing, reduced climate impact, responsible use of resources, business ethics and anti-corruption as well as diversity and equality. During the financial year, we have achieved or exceeded the targets in all of our focus areas.

Strengthened Nordic organisation

At the beginning of the financial year, we integrated the entire Finnish operation into our Nordic IT platform and in conjunction with this we also now operate under the Dustin brand in the Finnish market. This will bolster the competitiveness of the Finnish operation and ultimately also reduce our costs thanks to the scalability of our central functions.

In April, we brought together the functions for purchasing, customer service and logistics into the single Operations unit. This will further strengthen our Nordic organisation and enhance both efficiency and customer satisfaction across all markets.

Dustin Expo and our Concept Store

At the end of March, we arranged the 16th Dustin Expo, the largest IT exhibition in the Nordic region, in collaboration with about 80 other exhibitors and partners. The exhibition attracted more than 10,000 visitors, which we view as proof of our strong position and role in the value chain.

In the spring, the Dustin Concept Store in Stockholm launched an updated concept based on the everyday IT issues encountered by small and medium-sized businesses, demonstrating solutions on the themes of the office, the conference room and mobile working. In conjunction with the new concept, the range of in-store demonstration products is being expanded to include further manufacturers.

New CEO of Dustin

We announced in the summer that I am leaving my position at Dustin at the end of the year. In early October, the Board of Directors appointed Thomas Ekman as new President and CEO. He will assume his new position on January 1, 2018 and I feel confident in passing the baton on to Thomas, who will lead Dustin's onward journey.

Strong market position

To summarise the financial year, growth was very much in line with our financial targets and we feel secure in maintaining over time an organic rate of growth in line with our financial targets.

During the financial year, we strengthened Dustin's position as the leading e-retailer in the Nordic region's B2B market, through continuously refining our attractive product and service offering and increasing online sales.

We are standing by our medium-term target to achieve an adjusted EBITA margin of 5-6 per cent, supported by implemented and future acquisitions, our initiatives in services and an increasing share of private label products

Nacka, November 2017

Georgi Ganev, President and CEO

”

WE NOW KNOW AT ANY GIVEN TIME HOW OUR SYSTEMS ARE OPERATING

Walter Glavich
Chairman and partner of Aktiv Finans

Company: Aktiv Finans
Sales in 2016: SEK 18.3 million
Industry: Securities company
Number of FTEs: 12

SEE THE RISKS – BEFORE THEY APPEAR.

At the securities company Aktiv Finans, security comes first. By changing supplier to Dustin, the company gained a better overview and can prevent both risks and problems with its computers.

Aktiv Finans is a securities company with twelve employees. It offers its customers advisory services when it comes to managing securities and insurance. For the past year, it has received computer support from Dustin.

“We have five offices – in Stockholm, Gothenburg, Malmö, Linköping and Jönköping. We needed a better way of sharing documents,” says Walter Glavich, founder, Chairman and partner of Aktiv Finans.

Archive in the cloud

The company has now received help to place part of its archive in the cloud and part on a new, smaller server. It was also given advice on a more efficient way to share material between offices. As Aktiv

Finans works with securities, there are many different aspects to consider with respect to security.

“As a securities company, we have a duty to maintain proper documentation. Dustin worked together with us to analyse how our archive system is today and how we would like it to be in the future. We were given support at every step of the way. For Aktiv Finans, it has a great deal to do with preventing security risks.”

“For example, what would happen if we were hacked? What would happen if an employee lost his or her computer or mobile phone? Dustin helped us to reflect upon how we act in various scenarios. The important thing for us is to identify risks and how we must deal with them.”

Client as a service offers an overview

By using Client as a service (CaaS), which entails monitoring IT equipment, Walter says he and his colleagues also have a better overview of their computers and the software they use.

“We now know at any given time how our systems are operating. This service offers us information, such as when a computer is running out of memory capacity. This enables us to prevent problems.”

Our vision and mission

Our vision is that Dustin will be the customer's preferred partner and set the standard for efficient and sustainable IT. We have to be at the forefront in order to offer the best products and solutions for our customers' needs.

Our customers should be able to focus on their core operations; IT should be something that just works. In practice, this is reflected in our brand promise, that we will solve our customers' IT challenges. We fulfil our promise by offering a wide range of products and related services, a high level of IT expertise, and fast and reliable delivery.

Responsible and ethical behaviour is an integral part of our vision, creating added value for our stakeholders as well as strengthening our own operations. During the year, we updated our vision to make our focus on sustainability clearer.

Vision

To be the customer's preferred partner and set the standard for efficient and sustainable IT.

Mission

To make it possible for our customers to focus on their core business.

Brand promise

Dustin solves your IT challenges.



Strategy for profitable growth

Dustin's strategy to further strengthen its position as a leading Nordic reseller of IT products and related services and solutions is based on an attractive customer offering and a flexible sales model. We see significant potential for continued profitable growth by introducing the entire customer offering across all of our markets, and by broadening our existing offering and realising cost synergies through acquisitions.

Our overall strategy is based on four pillars:

1. A flexible sales model
2. The introduction of our offering across the Nordic region
3. Continuous efficiency improvements
4. Acquisitions for growth and a broader customer offering

1. A flexible sales model

Dustin applies a multichannel business model, where most sales are online, supplemented by relationship and consultative selling over the phone or through customer visits.

Strong online position

With our proprietary online platform, we are well-positioned to benefit from the ongoing shift to an online market. Because of this shift, customers are choosing to allocate more of their IT purchases to online channels, and to concentrate their purchases on fewer suppliers. In the 2015/16 financial year, we launched our online platform in Finland which gives us the opportunity to establish ourselves as an important player towards small and medium sized businesses in Finland. We have now created an online presence in all of the Nordic countries in which we operate.

Customer intake via the online platform

The online platform has proved successful as a first point of contact with new customers, supported by high brand awareness, digital marketing (such as keyword optimisation), and attractive offers and campaigns. We continuously strive to build our brand, and invest selectively in marketing activities such as the Dustin Expo and Dustin Concept Store. We also expect our leading position in the Nordic online market, combined with strong growth in the online market, to continue bringing a steady flow of new customers.

Increased sales to existing customers

We estimate that Dustin's average share of our customers' IT purchases is relatively low. We aim to increase this share

through a prominent position in the online market, by further developing and strengthening customer relationships through our relationship sales and, above all, with the help of an increasingly wider and stronger range of advanced products, services and solutions.

Strong customer relationships through relationship sales

We offer relationship sales to selected parts of our large customer base of small and medium-sized businesses in order to strengthen our customer relationships and to increase the share of sales to each customer. Relationship sales helps us to leverage the additional sales potential of existing customers in the form of related services and advanced products, services and solutions with a generally higher gross margin. These deeper customer relationships can often lead to increased online sales.

2. Introducing the offering across the Nordic region

Dustin sees opportunities to grow and strengthen its position by introducing the entire range of products and services across all of our markets, and by leveraging the strengths of the work methods and processes in these markets to grow the entire Group. By continuously striving to develop and improve our internal processes, combined with completed and future acquisitions, we are continuously strengthening Dustin's offering.

Product and service range

Despite the wide range of IT products and related services and solutions in Sweden, our offering in other Nordic markets is somewhat limited. We see significant potential for introducing our entire customer offering across all of our markets. In addition, we intend to invest in new products and services, as well as integrated solutions to add to our existing offering, through acquisitions or private label development. Broadening our product and service portfolio in this way will help us to capture a higher share of customers' total IT purchases, and thereby increase our sales and profitability.

Private label products

In the first quarter, Dustin launched private label products in some core-product categories, including cables, USB flash drives and accessories for mobile phones and tablets. New products will be launched successively with the aim of reaching a share of sales of on average 25 per cent in the selected product categories. In this way, we can further strengthen our customer offering with quality-assured products at an attractive price. We will also gain greater control over the entire value chain and long-term potential for higher margins.

Best practice

Knowledge and experience exchanges between the markets enable the refinement and streamlining of work methods and processes in several ways. The online platform that was developed and introduced in Sweden has now been launched in Denmark, Finland and Norway. The efficient Finnish model for selling to the public sector has influenced our process in Sweden, Denmark and Norway, while the Danish model for relationship sales has been introduced into the Swedish market. There are also other areas in which we can strengthen our customer offering and our business by exporting best practice within the organisation.

3. Continuous efficiency improvements

We have gathered several scalable units as centralised functions in order to serve the entire Group as efficiently as possible. These functions include the online platform, purchasing, warehousing and logistics, pricing, marketing, IT and HR. Our strategy is to take advantage of these functions to create economies of scale, thereby reducing our operating expense ratio as Dustin continues to grow. We combine well-known methodologies, such as Lean*, Six

Sigma* and the Net Promoter Score (NPS), with targeted initiatives to create a culture of continuous improvement and a strong customer focus. We expect these initiatives to gradually increase efficiency and enable continuously improved profitability.

Dustin uses NPS to measure customer loyalty and drive continuous improvement. NPS is used to measure the willingness of Dustin's customers to recommend the company's products or services to others. The NPS process includes customer feedback on areas for improvement. These areas are prioritised and provide a basis for continuous improvement plans.

4. Acquisitions for growth and a broader customer offering

During the financial year, Dustin's acquisitions of IKT Gruppen, Purity IT and Saldab IT, plus the preceding year's acquisitions of Commsec and Idenet, broadened our range of advanced products and services, as well as the customer base in specific markets. By acquiring local specialised expertise or unique product and service offerings, we can present these offerings across our entire customer base through cross-selling. A wider range of advanced services and solutions also strengthens customer loyalty.

We are continuing our evaluations of potential acquisition candidates to support growth and increase shareholder value. New acquisitions are evaluated on the basis of their potential to consolidate our position in existing markets, expand the customer base, achieve cost synergies and, above all, to broaden our existing offerings, thereby enabling us to capture a larger share of our customers' total purchases of IT products and related services and solutions.

*Lean and Six Sigma are now the two dominant global methodologies for business development and are proven methods for increasing efficiency and improving performance.



Our financial targets

Dustin's Board of Directors has established financial targets and a dividend policy for our operations based on our strategy. The aim of our financial targets is to generate greater shareholder value. In addition to maintaining and strengthening the Group's leading position, the targets will help to generate high total returns for Dustin's shareholders.

GROWTH

Dustin's target is an average annual organic growth rate of 8 per cent over a business cycle. In addition, Dustin intends to grow through acquisitions.

OUTCOME

2016/17: 8.6% and CAGR (5 years) 8.3%, respectively

MARGIN

Dustin's target is to increase the adjusted EBITA margin over time, and to achieve an adjusted EBITA margin of between 5 and 6 per cent in the medium term.

OUTCOME

2016/17: 4.6%

CAPITAL STRUCTURE

Dustin's capital structure should enable a high degree of financial flexibility and provide scope for acquisitions. The company's net debt target is a 2.0-3.0 multiple of adjusted EBITDA for the past 12-month period.

OUTCOME

2016/17: 2.3x multiple

DIVIDEND POLICY

Dustin's dividend payout target is 70 per cent of net profit. However, the company's financial position, cash flow, acquisition opportunities and prospects should be taken into consideration.

PROPOSAL BY THE BOARD

2016/17: SEK 2.80 per share, corresponding to 89% of net profit



OUR CORE BUSINESS IS NOT MANAGING SHAREPOINT SERVERS.

Johannes Pham
Technology Director at Søren Jensen

Company: Søren Jensen
Sales 2014/15: DKK 109.3 million
Industry: Engineering firm
Number of FTEs: approximately 160

INNOVATION INSTEAD OF MAINTENANCE.

IT plays a vital role in daily operations for the engineering firm and rapidly expanding family business Søren Jensen. With innovation as part of its DNA, it is driven to digitise tasks that were previously solved using a pen and paper. And by buying its Office licenses as a service, it has more time to spend on development.

Following a 25-per-cent increase in staff, Søren Jensen needed room to grow, both physically and virtually. It was in connection with this that Technology Manager Johannes Pham became aware of Office 365 and Skype for Business. At that time, the company only had audio and video equipment in two conference rooms, which were constantly booked. The challenge was to create an IT environment that allowed employees to work flexibly as they moved from fixed departments to a more project and team-based organisation.

"The main focus was to offer our employees opportunities to cooperate and communicate efficiently. Office 365 has changed our way of working. In addition to sharing screens and holding web conferences, we use virtual working groups and desktops, and also work with shared

PowerPoint, Excel and Word documents," he says.

Packaged cloud services

It took time, but things have moved ahead quickly since Johannes convinced the executive management team about the value of the transformation. According to Johannes, one of the main advantages of packaged cloud services is that they free up time to focus on development and innovation.

"Regardless of how much we grow, I do not need to worry about system updates or server maintenance. Responsibility for administration is no longer a weight on my shoulders. Our core business is not managing SharePoint servers; others do that better. Our focus is now on optimising the use of the actual software rather than the technology behind it," he says.

Dustin as an IT partner

The company is now using the full range offered by the software. Johannes and his colleagues, for example, frequently use the social network Yammer, which has become an important channel for the company.

"Yammer works as an intranet where we can exchange expertise and information. As well as supplying Office 365 licenses, Dustin has also acted as a sounding board on IT issues during the course of the project.

"I have had the same contact person at Dustin for the past nine years. He acts sparring partner when I need to understand the latest developments in both hardware and software. It is important to have an IT partner who knows our business and our needs."

New family members

Acquisitions are an integral part of Dustin's strategy for continued growth and a broader customer offering. Historically, acquisitions were mainly used for entry into new markets. Our current focus is on broadening the range of advanced products and services, mainly tailored to small and medium-sized businesses, but these are also leading to a broader customer base in specific markets.

During the 2016/17 financial year, and in line with our strategy, we acquired IKT Gruppen, Purity IT and Saldab IT which, in combination with the preceding year's acquisitions of Commsec and Idenet, have further broadened our customer offering and strengthened our ability to solve the IT challenges of our customers.

Our acquisitions in 2016/17



In September 2016, Dustin acquired IKT Gruppen, a Norwegian company specialised in the sale and operation of standardised IT services for small and medium-sized businesses. IKT Gruppen's offering fits into our portfolio mix, the company has cutting-edge expertise in cloud-service sales and their well-developed sales model generates excellent results. We see potential for this model in several areas of Dustin. IKT Gruppen was founded in 2013 and had ten employees on the acquisition date.



In February 2017, we acquired Purity IT, a Norwegian company specialised in cloud-based backup, storage and disaster recovery solutions. As digitisation accelerates and IT threats become increasingly sophisticated, medium-sized businesses require a stable IT environment and an ability to recover quickly from unexpected events. Purity IT extends our range of services and solutions to also include disaster recovery, while strengthening

our expertise in storage and backup solutions. In addition to cloud-based services, Purity IT also offers backup and storage hardware. The company was founded in 2008 and holds a strong position in the mid-market segment. On the acquisition date, Purity IT had 23 employees.



Malmö-based Saldab IT was acquired in May 2017 and offers IT solutions for small and medium-sized businesses. This acquisition strengthens Dustin's offering as a total supplier and we are expanding our capacity to provide managed IT services for small and medium-sized businesses, while growing our presence in southern Sweden. We are also making it possible to single out the more niched services in our portfolio through our previously acquired companies such as Purity IT, Idenet and Commsec. Saldab IT was founded in 2009 and the company's strong customer focus suits both our culture and our business model. On the acquisition date, Saldab IT had 84 employees.



Our acquisitions in 2015/16




Commsec, a Swedish provider of network and security solutions, was acquired in September 2015. This acquisition supplemented our Swedish offering in consultative selling and the implementation of advanced products and services for small and medium-sized businesses. The strong trend in mobility and cloud services is increasing demands on our customers' networks, and this acquisition strengthened our opportunities for consultative selling, by offering businesses the best solutions for their IT challenges. Commsec was founded in 2004. The company had about 15 employees on the acquisition date and offices in Stockholm, Sala and Borlänge.



In April 2016, Dustin acquired Idenet, a Swedish company specialised in cloud hosting and application management. Idenet's cloud hosting solutions are a strong complement to our existing range and a natural step forward in our ambition to deliver standardised services and solutions that make IT easier for our customers. The company possesses high-level private cloud expertise and the portfolio of cloud hosting services will eventually be offered to all of Dustin's Nordic customers. This acquisition enables us to deliver proprietary hybrid cloud solutions. Idenet was founded in 1992 and had some 50 employees on the acquisition date.

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Pricing platform enables efficient pricing

In recent years, Dustin's pricing platform has been developed and optimised to automatically manage and adjust selling prices based on supply and demand, as well as price changes and the inventory levels of suppliers and competitors. If the purchase price of one or more products changes, or competitors adjust their selling prices, the pricing platform allows us to quickly and efficiently adjust our selling prices for the same products.

"About 90 per cent of the transactions are made via the online platform"

The pricing platform accounts for our own inventory levels, as well as those of our suppliers and competitors, and adapts the selling price based on supply and demand.

The pricing platform has increased our pricing efficiency and improved profitability.

Platform for cloud based services

With Dustin's new online based platform for cloud based services, customers can use and manage their SaaS configurations and customisations easily and securely. Software-as-a-Service (SaaS) generally refers to software that is hosted in the cloud and accessed via the internet. The platform aggregates a large selection of quality-assured software from multiple providers, and offers them to the customer with guaranteed support from us, or the manufacturer. Customers can administrate the number of subscriptions and users for each application in a simple, cost-efficient and secure manner via the platform's customer interface, Dustin Appmarket. Most of the applications require no installation and are also updated automatically by the provider.



SOLVING CUSTOMER CHALLENGES IS ALWAYS AT THE TOP OF OUR LIST.

Mats Johansson
Head of Commsec



EVERYTHING FOR THE CUSTOMER.

Dustin acquired specialist knowledge of networks and security through its acquisition of Commsec. This provides new opportunities for any customers interested in buying IT as a service.

Commsec was acquired by Dustin in autumn 2015. The company was founded in 2004 and currently has almost 20 employees, all of whom are technical specialists in network and security solutions for the B2B market. Employees at the company have a total of 200 certifications in Cisco networks.

IT as a service

"Many companies, municipalities and other organisations want to buy IT as a service and pay for a function, rather than owning the equipment and systems themselves. More is being transferred to the cloud and the necessary hardware and infrastructure is delivered as part of the service," says Mats Johansson, Head of Commsec.

This trend makes Dustin and Commsec a winning combination in today's market.

Commsec possesses true cutting-edge expertise in the systems that ensure safe and secure network traffic. Together, the two companies form a partner that can help a CIO to improve the entire business by using smart and comprehensive solutions, particularly when combined with the know-how found at other companies acquired by Dustin in recent years, such as Idenet, Purity and Saldab.

Value to customers

"Commsec is a purely knowledge-based company that delivers value to customers through our expertise and the experience we have built up thanks to complex and exciting projects for our customers. We can help with designing and configuring well-functioning and secure network solutions as well as with any problems with these. At the same time, we can now utilise Dustin's

strengths in terms of logistics and security of supply," Mats continues.

This combination has attracted customers from Academedia, which runs schools at all levels in the Nordic region and has 60,000 users. It has bought its entire network supply as a service from Dustin. According to Mats, the aim moving forward is to continue to grow the network and security solutions segment.

Everything for the customer

"Our mantra is to do everything for the customer. Solving customer challenges is always at the top of our list, even if someone else has caused the problem in question," he says.



Our customer offering

Dustin's customer offering is based on a comprehensive range of IT products and related services and solutions, a high level of IT expertise, and fast and reliable delivery. The product and service offering meets the needs of most customers in terms of hardware, software and our extensive portfolio of standardised services and solutions. We want to be perceived as an agile strategic partner for small and medium-sized businesses, and offer solutions for our customers' multi-dimensional IT challenges, both long and short-term.

Dustin aims to provide IT products and related services and solutions at competitive prices, with fast and reliable delivery. Our broad IT expertise characterises our customer interaction across all sales channels and is adapted to the needs of each customer group.

"We offer a high level of IT expertise and fast and reliable delivery"

Comprehensive product and service offering

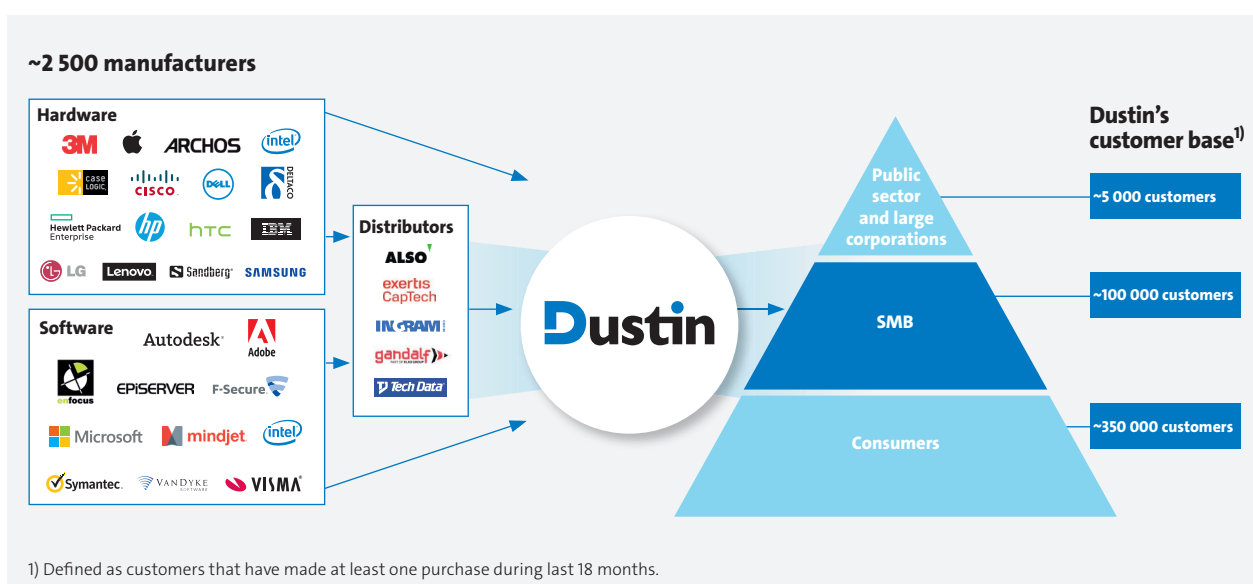
Dustin offers its customers a wide range of hardware and software products, and related services and solutions. Most of the services and solutions we offer are based on complementing the customer's hardware and software purchases, to optimise and maximise their use. Based on our broad product experience, we can offer appropriate

customer service – from a needs analysis, to delivery and support. For most companies, using IT equipment generates more value than owning it, so we also offer a range of financing solutions so that companies can lease their IT equipment rather than buying it.

Hardware and software

Hardware and software are the core of Dustin's offering. Our comprehensive range of hardware and software products has mainly been selected to meet the needs of small and medium-sized businesses, but also caters to large-sized businesses and public organisations. Through our relationship sales organisation, we also offer niche products that are not included in our standard range to small and medium-sized businesses.

"Dustin is a one-stop-shop for small-sized businesses"





Overall, we offer our customers about 250,000 hardware and software products, from about 2,500 manufacturers. We work continuously to develop our offering, and follow upcoming product launches carefully to ensure that new products are offered to our customers as quickly as possible. Due to our size and diverse customer base, we are also a key partner for manufacturers and distributors in their campaigns and product launches.

"About 250,000 products from about 2,500 manufacturers"

The purchasing patterns of our customers are to some extent based on unplanned urgent needs rather than planned purchases, which also makes us an attractive channel for the marketing strategies of manufacturers

and distributors. We can offer customers a constant and attractive flow of campaigns, due to close and frequent dialogues with manufacturers and distributors.

Private label products

Dustin's launched private label products at the beginning of the 2016/17 financial year, but regardless we will remain an independent reseller. Our range consists primarily of less-advanced products in categories where brand plays a minor role for customers. The products are available in some core product categories, such as cables, USB flash drives and accessories for mobile phones and tablets.

Our aim is to keep the products that are popular with our customers, and to continue offering the widest range on the market. If a customer requests more advanced features, there will always be an alternative.

Services and integrated solutions

Dustin offers a comprehensive portfolio of services and solutions, as either supplements to a customer's hardware and software purchases or as independent services. By combining several items of hardware, software and service into an integrated solution, we can offer a simple and effective solution to a customer's total IT needs in a single purchase. Our range of advanced services and solutions is continuously growing due to acquired expertise and our own development of the existing offering. We are constantly seeking new and innovative solutions that could benefit our customers.

Our comprehensive service offering includes client management, ranging from product selection and configuration to security, support and end-of-life returns for a better environment. We offer data storage, network and security solutions that make it easier for small-sized businesses to create a cost-efficient, functional and flexible IT environment focused on performance and reliability. Our software services include license management, where existing license agreements are compared with needs and terminated by uninstalling, upgrading and adjusting in order to optimise license models and reduce costs.

"We offer customer service with a high level of IT expertise, both online and by phone"

Our mobility services and solutions make it easier and help to save time because our customers can work wherever and whenever they want to, and from any device. We also offer a range of cloud-based storage, backup and disaster recovery services, in both public and private clouds. The range also includes different types of printing solutions, with a focus on cost efficiency and sustainability. These include "Toner on Demand" which automatically delivers new colour cartridges to customers' printers before they run out. The customer also receives information about the costs and status of the printer's service life. In addition, our return system reduces environmental impact.

High level of IT expertise in two selling models

Since the company's foundation more than 30 years ago, Dustin has gathered a broad and deep level of IT expertise. Many of our customers are small and medium-sized businesses, and their IT purchases are generally more spontaneous and flexible. We have designed the offering so that customers can easily find the information they need both before and after purchasing by contacting our customer service, either online or with the consultative or relationship sales organisation's guidance.

Online sales

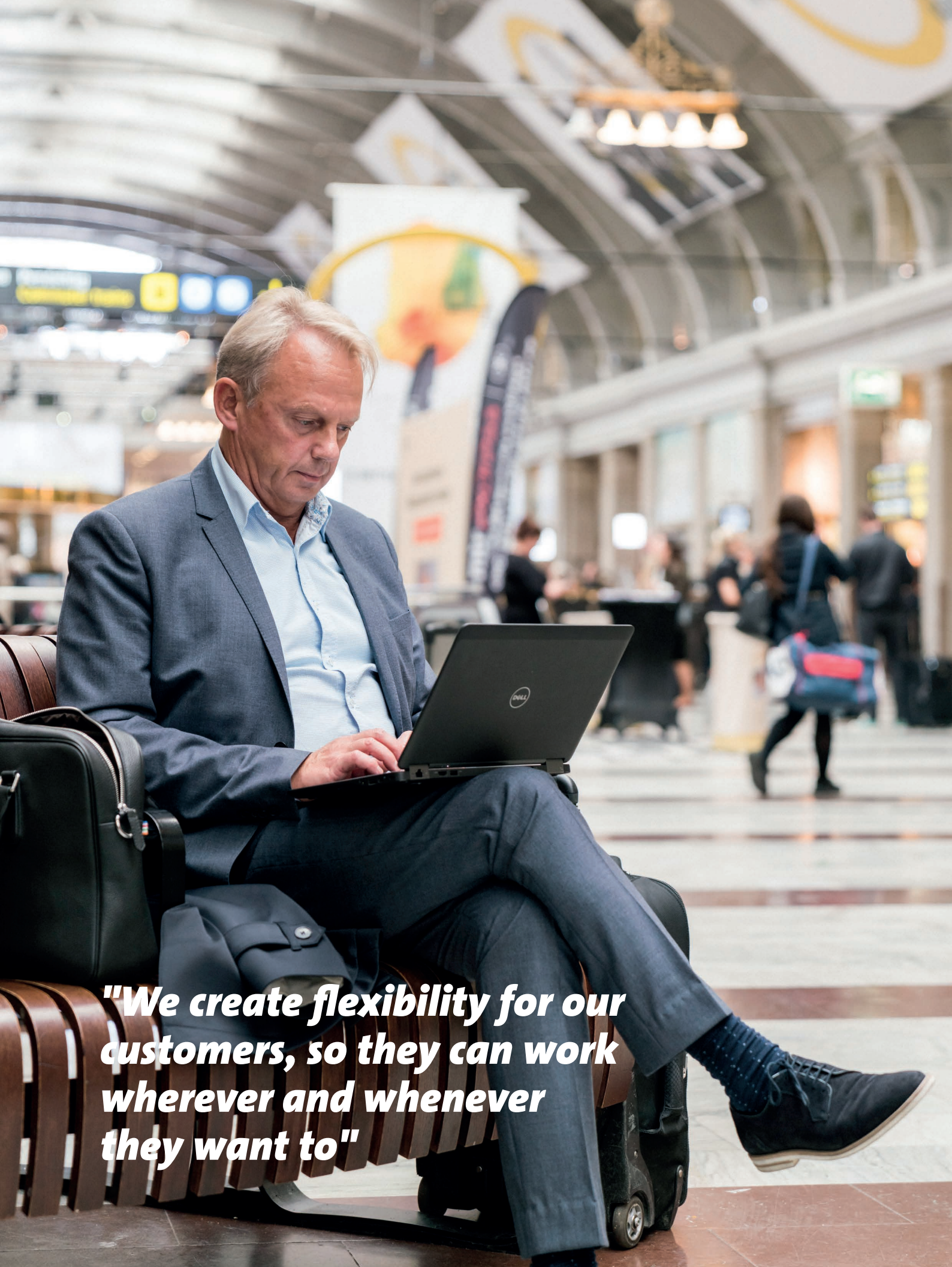
Dustin has more than 20 years of experience in online sales. Our online platform is user-friendly, informative and easy to navigate with built-in support features that provide customers with relevant product information and purchasing advice. Accessories and supplementary products are displayed for each selected product, enabling customers to compare the features and specifications of similar products. The interface is tailored to each customer, based on their behaviour and visitor history. Large-sized businesses and organisations are offered integrated websites with a customised range. Our existing customers can see their purchase history, make repeat purchases and search for accessories and supplementary products that are compatible with their completed purchases. During the 2016/17 financial year, Dustin had more than 35 million website visitors, of which business customers accounted for approximately 15 million.

Relationship sales

Dustin offers relationship and consultative selling to selected small and medium-sized businesses, a central part of the strategy to strengthen the relationship with existing customers and increase our share of sales to the respective customers. These customers are offered account managers for enhanced service, who use consultative selling to actively serve and interact with about 10,000 of the more than 100,000 business customers in the total customer portfolio. Our employees in the relationship sales organisation contact customers by phone or by visiting them. The consultative and relationship sales organisation manages sales of advanced services and solutions. The aim is to build strong relationships with those customers who have reached a critical level in their purchasing from us, where our share is considered low in proportion to the customer's total IT purchases. More customer-specific needs for advanced products and services cannot be met via the online platform alone.

Customer offering supports a loyal customer base

Dustin has a large and diversified customer base with a high level of customer loyalty. In the 2016/17 financial year, about 75 per cent of sales in the business segment were attributable to customers registered with Dustin for at least five years. Customer loyalty is generally lower among consumers and the corresponding figure for customers in the consumer segment for the 2016/17 financial year was about 25 per cent for customers registered for at least five years. In the business segment, there is a strong link between the duration of the customer relationship and average sales per customer. Average sales for a customer of at least five years are several times higher than for a customer of less than 12 months, based on both number of purchases and order volumes.



"We create flexibility for our customers, so they can work wherever and whenever they want to"

Our market

Dustin has a market share of about 6 per cent in our addressable B2B market, an estimated amount of SEK 155 billion. Based on our attractive customer offering, a strong market position and current market trends, we see continued potential to grow faster than the market.

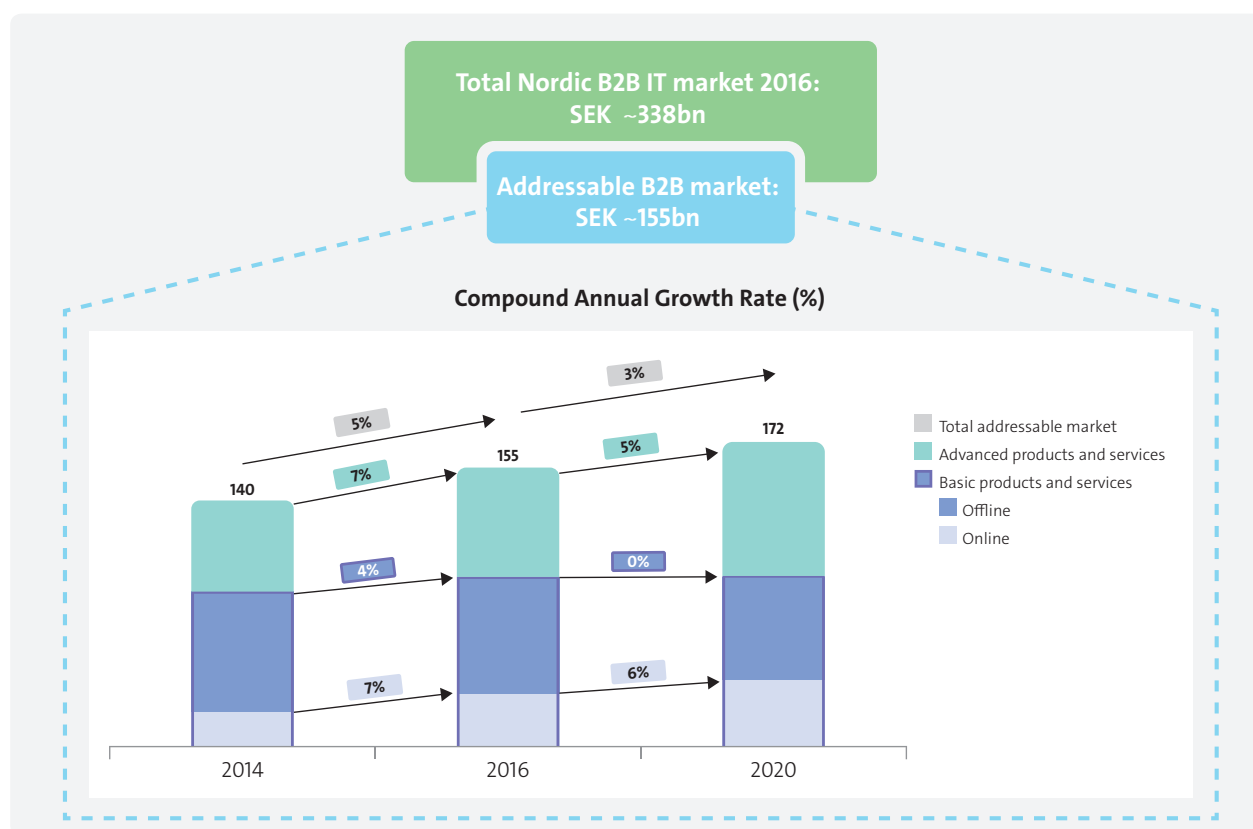
The B2B market

The total Nordic IT market for the private and public sector in the B2B segment comprises hardware, software and services, and is an estimated SEK 338 billion.

"Our addressable B2B market in the Nordic region is an estimated SEK 155 billion"

Our addressable B2B market

Our addressable B2B market in the Nordic region is an estimated SEK 155 billion and comprises core products and standardised services of approximately SEK 90 billion, and advanced products and services of about SEK 65 billion. The product and services categories that we do not target include complex software solutions, advanced consulting services and ERP system implementation. Dustin does not intend to expand in these areas within the foreseeable future.



Market data based on calendar year. The addressable market refers to hardware sales to the B2B segment and selected parts of software and services to the customer group small and medium sized businesses.
Source: Dustin's estimate based on IDC market data and a market analysis from a leading adviser.

We believe that virtually all categories of core products and standardised services can be purchased online, but more advanced products and services, as well as integrated solutions, generally require initial contact with a salesperson.

The core products and standardised services category include:

- Computer hardware, such as PCs, laptops, tablets and printers.
- Computer software, such as operating systems and Office suites.
- Installation services, configuration, support and helpdesk.

The advanced products and services category and integrated solutions include:

- Workplace and client solutions
- Infrastructure solutions
- Cloud solutions
- Server solutions
- Software license management solutions
- Printing solutions
- Mobility solutions
- Network solutions
- Security solutions

Market trends in the B2B market

We currently see three important trends that are driving, and are expected to drive, the underlying growth in our addressable B2B-market:

- A growing share of IT product and service sales are taking place online.
- Technological shifts are driving growth in advanced products and services.
- Relatively higher growth in small-sized businesses.

"A growing share of IT product and service sales are taking place online"

A growing share of IT product and service sales are taking place online

The significance of online sales has increased in recent years and B2B customers are now allocating a higher share of their IT purchases to this channel. This trend is mainly due to the customer benefits of the online channel, especially when purchasing core products and standardised services.

These benefits include:

- A wider range than traditional channels.
- A more efficient purchasing process when the information collected for purchasing is integrated with the transaction.
- Fast and convenient delivery adapted to specific customer needs.
- Competitive and comparable prices.

In our addressable B2B market, online sales still represent a relatively small share. For 2016, the estimated penetration rate is about 15-20 per cent. As a comparison, the penetration rate of the total B2B market in the US is closer to 40 per cent, while the estimated penetration rate of the B2C market for home electronics in the Nordic region is about 45 per cent.

The online shift in the B2B market has not been as fast as in the B2C market. This is partly because business customers do not embrace new trends as quickly as consumer customers, and because many business customers maintain their close relationships with small local resellers that do not offer an online sales channel. The online shift in the B2B market is expected to continue as the benefits become clearer to business customers.

"Technological shifts are driving growth in advanced products and services"

Technological shifts are driving growth in advanced products and services

The IT industry is continuously undergoing new technological changes, which are expected to drive growth in coming years, especially in advanced products and services. These products and services, such as cloud-based applications and security solutions, will therefore become an increasingly significant part of Dustin's B2B market.

The ability to access applications and networks from anywhere, from any device, will become increasingly important. Demand for mobility, access and availability is rising in line with the growing need and demand for security and backup solutions to protect enterprise IT systems. Cloud solutions offer mobility and promote a more flexible IT environment – in terms of both costs and utilisation – and can be described as internet-based solutions where remote servers enable centralised data storage and online access to computer services, applications, resources and data.



We see a trend towards more outsourcing of IT services and a growing desire to get IT delivered as a service, and thereby also a growing request for fixed monthly IT costs. This provides an opportunity for growth for Dustin, and for more stable revenue from cloud-based subscription services.

We believe that these technology shifts will influence the purchasing decisions of small and medium-sized businesses, in particular, because these enterprises are generally more flexible in terms of IT purchasing which, in turn, accelerates investments in new technologies and solutions.

Dustin is focused to meet this demand, and we are broadening our offering of more advanced products and services both organically and through acquisitions. Our platform for cloud based services was launched in the 2016/17 financial year. This platform offers our customers a wide selection of quality-assured software from several different providers.

"Relatively higher growth in small-sized businesses"

Relatively higher growth in small-sized businesses

According to data from Statistics Sweden (SCB), small-sized businesses in Sweden have historically shown higher

revenue growth and increased the number of their employees at a faster rate than medium-to-large-sized businesses. New employees are generally a major catalyst for IT purchases.

The B2C market

The Nordic B2C market consists of IT products and other consumer electronics, excluding white goods, that are offered to consumers.

B2C market trends

Behaviour in the B2C market is characterised by a larger number of purchases with a lower average order value. The market is more competitive with higher price transparency and price pressure. The larger number of purchases is mainly a result of the market having a high pace of innovation and relatively short product life cycles.

Sales in the B2C market mainly take place through retail chains and online resellers, with the majority of retail chains also offering online sales. Traditional physical stores still account for the highest share of total sales, but online sales are rapidly increasing and taking market share from other sales channels. The shift to online in the B2C market is also being accelerated by the composition of the customer base, with younger people more used to using the online channel compared with older generations.



YOU WOULD NOT BE YOUR OWN ELECTRICIAN, SO WHY WOULD YOU MANAGE YOUR OWN DATA PROTECTION?

Lars Olav Habberstad
CEO and founder of Purity IT



ALWAYS FIRST WITH THE LATEST.

Norway-based Purity IT has strengthened Dustin's offering of advanced cloud-based services for backup, storage and disaster recovery. These services will now be made available in the entire Nordic market.

Purity IT became part of the Dustin Group in March 2017. The company was founded in 2008 and currently has 23 employees. Purity IT initially sold systems and support for business-critical applications, but shifted focus in 2012 to cloud services, which has been highly successful.

Backup, storage and disaster recovery

"We have been good at introducing new technology to the Norwegian market. Much of what we do is at the forefront of the field. Because we adopted the model using cloud services at an early stage, we had all the necessary technology in place and could offer a number of very robust services when the market caught up. Companies and organisations have gradually understood the benefits of buying IT as a service with respect to

security and finances," says Lars Olav Habberstad, CEO and founder of Purity IT.

Starting in autumn 2017, Purity IT's cloud services for backup, storage and disaster recovery will also be available for Dustin's customers outside Norway. At the same time, Dustin is offering its know-how in traditional storage solutions on site for companies that, for various reasons, prefer this type of solution.

Expertise and experience

"Purity IT offers true cutting-edge expertise in data protection, a field that is more topical than ever. In the same way as a company or other organisation should not be their own electrician, they should not take charge of data protection themselves. Through our expertise and

experience, we can offer a far better solution without it necessarily costing more," says Lars Olav.

Purity IT can supply its services to small and large companies or organisations. It is now planning to work together with Dustin to develop more automated processes to make it possible to reach out to the smallest players.

"We now have a comprehensive palette of services in backup, storage and disaster recovery. Since the market for cloud services has matured, and many customers have grown to understand that they are often safer in the cloud than using their own solutions, we look forward to help a growing number of customers," Lars Olav concludes.

Brand and marketing

Dustin has been operating in the Swedish IT market for more than 30 years and during this time has established a strong market position and a well-known brand. The success is based on our core philosophy and our brand promise, to solve our customers' IT challenges. This is done by offering our customers a broad range of products with related services and solutions, a high level of IT expertise and fast and reliable delivery.

Dustin – our strong brand

Our long-term profitable organic growth is largely attributable to the strength of the Dustin brand and awareness of our customer offering. Through our position in online retail, we have established a strong brand primarily in Sweden, but also in Denmark, Norway and Finland where relatively strong positions have been built up over the last few years.

Our vision is for the Dustin brand to symbolise offering the best products and solutions based on customer needs. Our vision is to be the customer's preferred partner and set the standard for efficient and sustainable IT.

Multi-channel marketing

Marketing mainly targets the B2B market, and only to a lesser extent the B2C market. Even if marketing and campaigns are primarily at a Nordic level, they are also adapted to local needs. Due to our strong supplier relationships, we often receive contributions or compensation for a large portion of our advertising and marketing expenses through various partnership programmes.

Our digital marketing is primarily aimed at maximising relevant traffic to the website at as low a cost as possible. The strong brand awareness and brand recognition create favourable conditions for generating traffic that is both cost-efficient and which, to a high degree, can be converted into actual sales. Our digital marketing includes both search engine marketing (SEM) and content marketing, meaning being shown alongside or associated with something interesting, meaningful, usable or fun that ultimately strengthens the brand and leads to a purchase.

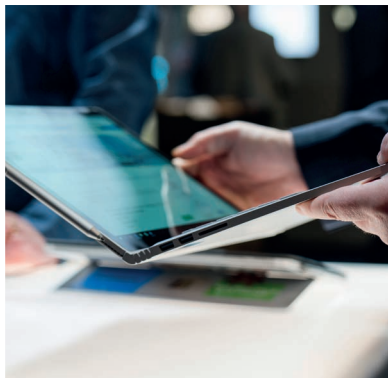
Web traffic can be categorised into two groups: unpaid and paid traffic, depending on how customers found the site. Unpaid traffic includes direct entry (for example, www.dustin.se), free traffic from customer relationship



management (CRM), for example, through e-mail or somebody directing to the website, social media and search engine optimisation (SEO) activities. The aim of SEO is that our website is to be as close as possible to the top of the search engine results page, with results based on how the search engine's algorithms choose to value our website.

"Our digital marketing is primarily aimed at maximising relevant traffic to the website"

Our largest share of paid traffic is paid search terms, or search engine advertising (SEA). The most common SEA method is pay per click (PPC) when payment is made only when someone clicks on the advert. We are continuously optimising this area to maximise the marketing budget. This category also comprises traffic generated by price comparison websites (primarily the B2C segment). We have implemented a number of initiatives in recent years aimed at further strengthening and enhancing the efficiency of our online marketing. This has increased the efficiency of our marketing and resulted in a higher conversion rate and larger average orders.



These initiatives include:

- Investments in “marketing automation” to enhance the efficiency of managing “leads.”
- More dedicated internal digital marketing experts.
- An efficient bidding tool for paid search terms.
- Implementation of targets, forecasts and follow-up processes.
- an enhanced advertising platform that optimises our marketing with the right products at the right time.

“Marketing automation” is a generic name for processes and software that automate digital marketing and generate “leads.” Marketing automation refers to web-based software and processes that can be connected to an e-mail system to send the right message to the right person at the right time. The software helps to identify, manage and convert qualified leads since all aspects are automated.

"Dustin Expo is the largest IT trade fair in the Nordic region."

Dustin Expo

Every year Dustin organises the Dustin Expo event in Stockholm, the largest IT trade fair in the Nordic region. The trade fair is a unique opportunity for attendees to see and test the latest new products from about 80 of the market's leading manufacturers. Visitor numbers have increased substantially since the first expo in 2002, and this year's fair attracted more than 10,000 visitors over three days. The first two days of the fair concentrate on companies and mix products and services with inspiring

talks, while day three focuses on the consumer. This year's consumer day include 500 square metres dedicated to e-sport and the chance to both meet and challenge professionals and watch exhibition games.

Our concept store is a meeting place for our customers

In October 2015 we opened our concept store at Sveavägen 44 in Stockholm as a meeting place for corporate IT environments. The focus is on advisory services to support our customers in identifying the right combination of IT-related products and related services and solutions. The entire range is available to order and customers are offered expert advice and the opportunity to test selected products. The Dustin concept store was established together with four partners: Canon, HP, Microsoft and Samsung.

In March 2017, the concept store updated its concept based on the everyday IT issues encountered by small and medium-sized businesses, demonstrating solutions on the themes of the office, the conference room and mobile working. Solutions based on different situations are demonstrated using room-in-a room displays. A broader and extended range also means that more products, services and solutions can be tested in practice. We expanded the concept store with more manufacturers when the new concept was launched, bringing the total number of manufacturers represented at the store at the end of the financial year to 13.

Customers can also attend seminars and open events at the concept store, or simply relax in the lounge with a coffee and work for a while.

Purchasing and logistics

Dustin is considered an important sales channel for both manufactures and distributors, and efficient purchasing from these suppliers increases our ability to offer competitive prices. Our logistics system is based on a central warehouse in Sweden, complemented by smaller consolidation warehouses in Denmark, Finland and Norway as well as direct deliveries from suppliers to end customers.

Efficient sourcing from multiple suppliers

Efficient sourcing from several different suppliers, both directly from manufacturers and via distributors, improves our ability to offer competitive prices to customers. Dustin is an important sales channel for many manufacturers and our online platform and substantial customer base enable us to offer an efficient and profitable route to markets that could be difficult and expensive for these manufacturers to serve directly themselves. Dustin's sales model and large customer base that purchases according to needs rather than planned purchases, make us an important partner for campaigns and product launches.

"We have an advantageous position with suppliers in the form of volume rebates, returns, price protection and marketing contributions."

Dustin's market position and high sales volumes have resulted in an advantageous position with suppliers when it comes to volume rebates, terms for product returns, price protection policies and marketing contributions. In the 2016/17 financial year, about 80 per cent of hardware and software products were purchased from distributors. The largest distributor represented 16 per cent of Dustin's total purchases and together the three largest distributors accounted for 43 per cent. Dustin does not consider itself entirely dependent on any single supplier, since most products are offered by several different suppliers.

Private label products

We launched private label products at the start of the 2016/17 financial year that presents us with both opportunities and obligations. After having worked with a clear focus on sustainability for the past few years, we now have a better ability and know-how to ensure a high level of quality and select good products. This approach

also allows for better control across the value chain, and the margins on our own products are higher. Our aim for the next three years is to generate about SEK 400 million, or close to 5 per cent of total sales, on private label products every year.

"Offering private label products ensures better control across the value chain."

Central logistics platform

Since our customers' purchases are usually based on unplanned, immediate needs rather than planned replacements, additions or expansion, fast and reliable delivery are an integral part of our customer offering.

Our customers also place great importance on receiving one combined delivery to reduce the administrative burden. Dustin's logistics system is based on a central warehouse in Sweden, complemented by smaller consolidation warehouses in Denmark, Finland and Norway as well as direct deliveries from suppliers to end customers. In connection with the integration of Businessforum in Dustin during the 2016/17 fiscal year, the warehouse in Finland was also incorporated with the central warehouse system.

The central warehouse in Rosersberg has about 20,000 sqm of warehouse space. We have an efficient distribution process that on average handles about 18,000 products per day. When a customer places an order on our website and the purchase has been approved, the order is automatically routed to the central warehouse for picking, packing and delivery. During the 2016/17 financial year, 1.2 million orders were sent from the Rosersberg central warehouse, which corresponds to about 4,500 deliveries per day. About 95 per cent of all orders available for direct delivery were managed by staff at the central warehouse on the same day the order was placed.



The geographical location of the central warehouse enables us to deliver products to customers efficiently to the entire Nordic region, while our major suppliers can reach us quickly and easily. About 65 per cent of total sales passed through the central warehouse in the 2016/17 financial year. About 25 per cent of total sales passed via the consolidation warehouses in Denmark, Finland and Norway. The remainder was sent directly from suppliers to the end customer.

"1.2 million orders sent from the central warehouse every year."

The warehouse capacity of the Rosersberg warehouse is not yet being fully utilised, and therefore it will be able to handle several more years of growth. We also perform customer-specific services, such as configuration, installation and safety labelling at the central warehouse. This business area has reported strong growth and approximately 75,000 such services were performed during the 2016/17 financial year. Configurations are also performed at the smaller consolidation warehouses in Denmark, Finland and Norway. We continually strive to optimise both logistics and inventory levels, driven from customer and capital-efficiency perspectives.

Broad range and efficient logistics model.

Of the approximately 250,000 products that are available through our online platform, less than 10 per cent of these products are stored in our own warehouses. Our logistics system is integrated with several of our suppliers who provide real-time information about product availability

and warehouse status. This, combined with our ability to determine which products should be kept in stock, means that stock levels can be kept low and deliveries can be made rapidly. In the 2016/17 financial year, Dustin had a stock turnover ratio of about 23. Agreements with many of our suppliers include price protection and product returns. These agreements, combined with rapid stock turnover, result in extremely low stock obsolescence.

"Efficient logistics process with under 10 per cent of the range in own stock."

In addition to the central warehouse, direct deliveries from selected manufacturers and distributors are also used, thereby allowing us to supply with products that do not pass through our own distribution system when this is more efficient. Direct deliveries to customers from selected manufacturers and distributors also contribute to the low level of obsolescence. This delivery model, which made up about 25 per cent of total net sales for the 2016/17 financial year, is primarily used for large orders from a single supplier and, to a degree, for deliveries of advanced products and services. Direct deliveries are used to a greater extent outside Sweden since this allows for faster deliveries and the possibility of leveraging specific campaigns in the local markets. Dustin continuously evaluates the expanded use of direct deliveries, including in situations where supply through the central warehouse can only create limited value, for example, in the case of shipments of televisions and laptops from a single supplier.

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SELLING NETWORK SOLUTIONS REQUIRES TIME TO BUILD A RELATIONSHIP WITH THE CUSTOMER.

Petri Huhtala
Solutions Sales Director at Dustin

AGILE AND PATIENT.

The acquisition of Resolute enhanced Dustin's know-how in network solutions. Integration went very smoothly and, since the merger, business has doubled.

The Finnish network solutions supplier Resolute was founded in 2010 and acquired by Dustin in May 2015. The Resolute brand has not been used since autumn 2016, and the organisation is now fully integrated into Dustin. Petri Huhtala was one of 17 employees who joined Dustin, and he is now Solutions Sales Director in Finland. He describes the integration process as very smooth.

Agile and attentive

“Our organisations had the same entrepreneurial ‘can do’ culture. I see this as one of our greatest competitive advantages, that we are agile and attentive to the desires of our customers. Selling network solutions is a special business, particularly when they include services over longer periods. This requires not only experience

and expertise, but also patience and time to build a relationship with the customer, characterised by mutual trust,” he explains.

Smoothly operating networks are critical

A smoothly operating network with an internet connection is virtually critical for all operations today. This is particularly true in the public sector, a sector where Dustin has many network customers in Finland. Many of the country's largest cities are among our customers, as are universities and hospitals.

“For hospitals today, the network is literally a question of life and death. You must trust the company supplying these solutions. The sales team must have a profound knowledge of what

they are selling and be able to talk with and convince network technicians in the customer's organisation. Following the acquisition, we have been very successful in this work and doubled our joint business,” Petri continues.

Expertise in network solutions

Resolute brought with it extensive expertise in network solutions from both major manufacturers, such as Cisco and HP, and minor manufacturers, such as Extreme or Brocade. Staff included both highly experienced network personnel and young, energetic recently graduated network engineers.

“Quite simply, we have a good mixture of employees that can deliver a high level of quality to the market,” concludes Petri.

Our employees

Our employees are the key to reaching our goals and strengthening our brand. We know that satisfied employees will give us satisfied customers. Having a clear agenda provides us with continuity and helps us to attract, recruit and develop employees, giving them what they need to develop our business and our customers.

Our vision is to be the customer's first choice and set the standard for efficient and sustainable IT. The success of our business is dependent on building and maintaining confidence among customers, shareholders, employees, suppliers, the general public and other stakeholders. Being a reliable company means that we must continuously work in an ethical and responsible manner, live up to our values and maintain an open and transparent dialogue with our stakeholders. Dustin's values lay the foundation for how we work and act as a company.

The Dustin way – our values

Dustin's success builds on being a Group that focuses on growth and entrepreneurship and is continuing to grow along with the market and customers' changing needs. To remain successful, we must win as a team, which is why "Win as a team" is our core value.



"Win as a team" is based on four support values:

Live up to promises

If you are to win as a team, you have to trust your teammates. It is about being clear about what we are going to do and doing what we say. We do not dodge, instead we have open and honest communication where

we respect each other's opinions. We keep our promises both internally to our colleagues and externally to our customers and partners.

Strive to improve

A customer-driven change process and continuous improvements are the hallmarks of our operations. It's about being proactive and acting before problems arise. To learn from our mistakes and not hesitate to change the way we work to become better. In this way, we will remain efficient and competitive in a changing IT world.

Challenge all cost

We are proud of being smart when we spend money and we have the courage to challenge our own costs. It's about using our resources efficiently, standardising and trying to identify the best solutions, in order to provide our customers with competitive offers and terms.

Keep it simple

We have a long history of striving for simplification and we have pursued an entrepreneurial mindset ever since the company was founded. It's about being pragmatic. We treat everyone the same and do not complicate things more than necessary. As a result, we are able to create smart and simple solutions for our customers' IT challenges.

Business management and development

The development of our corporate culture comes from developing people, who in turn shape our culture. Everyone should be aware of our shared goals and our strategy to ensure that they are given what they need to commit and participate in our journey. One element of this is having a clear structure in place for performance and management by objectives for our managers and employees. We have implemented two methods for strategic target attainment, namely, the Target Management Process and the Talent Management

Process. These support the entire process from the setting of strategic targets to developing individuals and achieving results.

Dustin Target Management

The concept behind the management by objectives process is for senior executives to set overall targets for the strategy and annual budget, while middle management and other employees create activities based on the targets, which they then implement and follow up. This ensures clarity in terms of direction and target-setting, as well as participation in the implementation.

Dustin Talent Management

The talent development process allows the organisation to identify employees' performance and potential, to help managers to develop and motivate their staff. It also helps them provide better and clearer feedback to and from employees. The process makes it possible to create internal career paths for employees and ensures internal recruitment, both vertically and horizontally in the organisation.

Diversity and equality

One high-priority area in Dustin's sustainability efforts is diversity and equality. As one of the leading resellers of IT products with associated services and solutions in the Nordic market, we have the responsibility and the opportunity to promote equality in the IT industry. Dustin's objective is for each gender to make up at least 40 per cent in the organisation by 2020. To achieve this, we have decided that all management recruitments must comprise at least one candidate of each gender with equal competence among those assessed as the foremost candidates. We are also pursuing the "Women in Business"

initiative and we are involved in the "Womentor" mentor and leadership programme. Dustin also wishes to promote increased diversity in terms of age and share of employees with a foreign background, and it objects to all types of discrimination.

Employer branding

Attracting and retaining talent at the company is an important success factor for Dustin. We launched a new career website in all countries in which we conduct operations to strengthen our attractiveness in the labour market. During the financial year, we worked on clearly communicating and implementing Dustin's core values in the company. We take a structured approach to its employees' professional development as an important part of retaining talent in the company. At the end of the financial year, we also launched an interactive e-learning platform that offers an introduction for our new employees.

Trainee programme

Dustin introduced a new trainee programme at the beginning of the 2013/14 financial year, in order to further strengthen the company and identify potential future leaders. The 12-month programme is run at an overall level, and is not associated with any particular field of expertise. During their year as a trainee, a graduate is given the opportunity to follow the daily work of Dustin's CEO and Executive Management. Our objective is for the trainee to have a springboard into our business operations after completing the programme, as well as consulting with the CEO to find a position where they can grow professionally in the organisation. Four trainees have completed the programme since it started, all of whom are all still working in different areas of the business.



”

**IT IS CONVENIENT FOR US
NOT TO NEED TO THINK
ABOUT THE NETWORK
AT ALL.**

Victoria Lea
Administrative Director at Switch Communication

Company: Switch Communication
Sales in 2016: NOK 41.4 million
Industry: Advertising and communication agency
Number of FTEs: approximately 100

CAREFREE CONNECTION.

From daily reboots to a wireless network that always works. Everyday life became a lot easier when the advertising and communication agency Switch Communication changed to Network as a service.

Switch Communication is active in field marketing, sales and events. Its customers include both large, non-profit organisations and commercial players. Victoria Lea, Administrative Director at Switch Communication, says that when she came into contact with Dustin her company's existing WiFi solution was far from good. The network was sluggish and lacked the capacity for a large number of professional users. Almost everyone at the head office, located just outside Oslo, works wirelessly, so first and foremost all 640 square metres of office space needed perfect coverage. Another requirement was a secure connection that included firewalls.

Secure and fast WiFi without complications
“When we looked at a new solution, the most important requirements for us were a stable, secure and fast WiFi without

complications. Since transferring to Network as a service, we have no downtime or problems, which had been a daily challenge before. It is convenient for us not to need to think about the network at all. In conjunction with the installation of the new network, we also reviewed the local file storage solution so this syncs with the network in a secure manner,” says Victoria Lea.

Buying a connection in the form of a service, which involves everything from hardware to support, has been a winning concept, according to Victoria. The service includes firewalls, LAN, WiFi zones, monitoring, updates and user support.

The right help is essential
“We have no IT staff at all, so for us it is essential for the business to receive the right help,” she says.

Almost all of our sales team is under 30, and they are often in the field, so we need to be swift-footed digitally. Members of the sales team at trade fairs and events are given an iPad where they can enter new customer details using an online webpage.

“Digitization saves us time and makes everyday situations easier. I would prefer not to see another paper contract here at the office.”

Our corporate responsibility efforts

We are proud of this year's excellent results of our corporate responsibility efforts. We carried out in-house factory inspections during the year, recruited more women to senior positions and reduced our climate impact. We made significant progress in our corporate responsibility activities in 2016/17.

In recent years, we have created strong grounds for management by objectives, integration and monitoring for our corporate responsibility work. We can report excellent results in all focus areas and are further raising our ambitions for the 2017/18 financial year.

Responsible manufacturing

As an IT reseller, we are positioned between the manufacturer and end users, providing us a unique opportunity to influence both parties. The IT industry's value chain is complex and production mostly takes place in "high-risk countries." Accordingly, responsible manufacturing remains a priority area. We conducted 12 factory audits in 2016/17, three of which were unannounced. We will increase the number of audits in high-risk countries to a total of 80 by 2020. By leading these audits ourselves, we can link the results to our purchasing organisation and integrate our work with monitoring and preventive measures. We also trained 16 production, health and safety managers at the factories to further enhance know-how. Training and capability building to enhance know-how in the value chain will remain a central part of preventive measures.

Business ethics and anti-corruption

All policies linked to our corporate responsibility effort were revised in 2016/17. The purpose of this was to clarify how to act towards our stakeholders and our expectations on them and better reflect the sustainability requirements imposed on today's electronics industry. In connection with this, our employees have participated in an e-learning

course with associated tests and signed the updated Code of Conduct. We have also organized classroom training courses for employees across the Nordic region, where we have discussed ethical issues, to reduce the risk of bribery and corruption.

Diversity and equality

We continuously endeavour to maintain an even gender distribution and diversity in both our organisation and in the IT industry as a whole. The aim is for each gender to be represented by between 40 and 60 per cent, of Dustin by 2020. In Sweden, we today have a higher proportion of women employed than the the Swedish IT and Telecom industry as a whole, and we launched our network for women in the IT industry, Women in Business, throughout the Nordic region.

Private label products

We launched products under our own brand for the first time in 2016/17. This allows us to better influence the content of the products, and in connection with the launch we reviewed our work on conflict minerals. We are proud that, at the end of the fiscal year, all of our private label products were free from conflict minerals. The minerals come from certified smelters that have passed the Conflict-Free Smelter Initiative's (CFSI) smelter audit. The aim is for our private label products to remain free from conflict minerals for as long as possible. At the same time, we realise that an extended range and more complex products present tougher challenges.

12

Factory audits

94%

Of Dustin's employees have undergone web training regarding our code of conduct

28,946

Recovered IT products since 2014/15

10/14

Of Dustin's properties use renewable energy

17%

Reduction of climate impact since 2014/15

100%

Conflict mineral free private label products

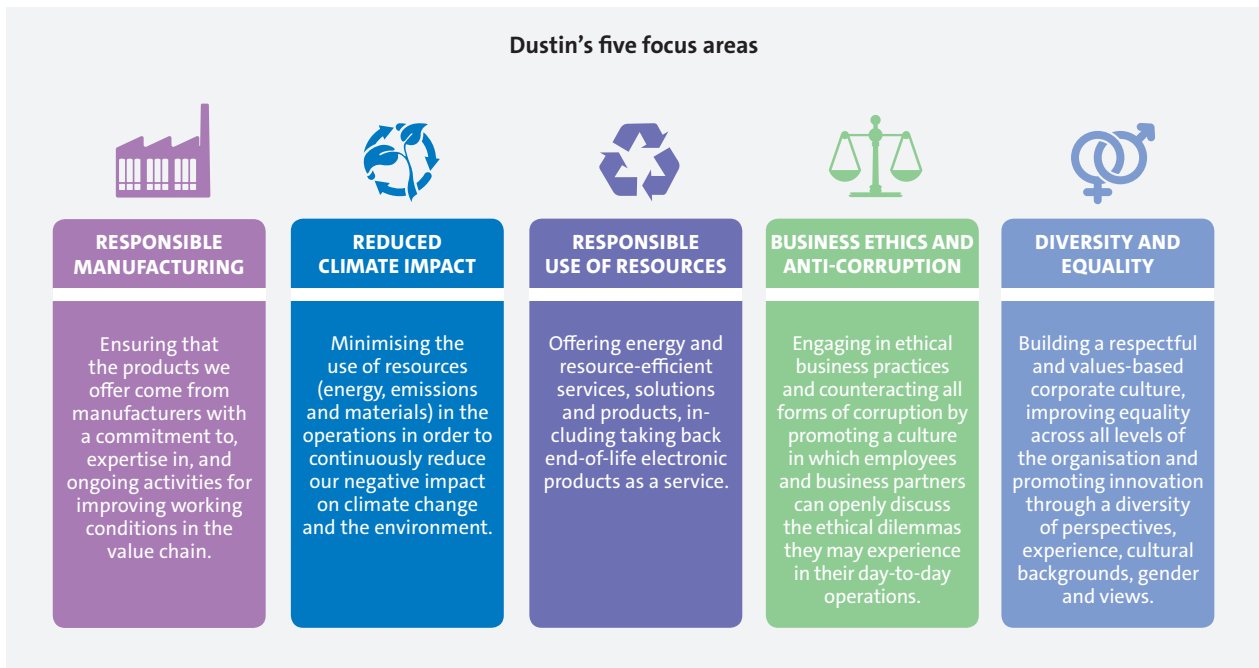
29/71

Gender distribution in per cent

284

Underwent classroom training regarding business ethics

Dustin's five focus areas



A selection of our achievements in the 2016/17 financial year is provided below. See Dustin's Sustainability Report for a more detailed description of our focus areas

Progress within the focus areas

During the 2014/15 financial year, Dustin established five focus areas along with a long-term 2020 target for each focus area. In 2016/17, we made progress in four of these areas.

Responsible manufacturing

Target: 100 per cent of our suppliers from whom our total annual purchases exceed SEK 200,000 or equivalent are required to accept the undertakings set out in Dustin's Code of Conduct for Suppliers.

2016/17 outcome: At the end of the fiscal year 99.8 per cent of our hardware suppliers, with a total annual purchase volume of more than SEK 200,000, had adopted our code of conduct or had their own with the corresponding requirements.

Reduced climate impact

Target: We will reduce our climate impact by 40 per cent by 2020, compared with 2014/15.

2016/17 outcome: At the end of the fiscal year, the total amount of greenhouse gas emissions fell by 12 per cent since 2015/16, while our organic growth has increased by 8.6 per cent. This means that good progress has been made within the framework of the goal of a reduced environmental impact. One of the main reasons for the good results was the choice of renewable energy for our properties as well as the efficiency measures we introduced in logistics during the year. If we include emissions savings from reuse of recycled products, waste recycling and

climate compensation at one of our logistics partners, the total amount of greenhouse gas emissions has decreased by 17 per cent since 2014/15

Responsible use of resources

Target: We will have recovered 140,000 IT products by 2020.

2016/17 outcome: During the year we recovered 15,449 products. Of these, 13,839 products could be reused and the remaining 1,610 were recycled. Since the target was adopted, we have recovered a total of 28,946 IT products, representing 21 per cent of the 2020 target.

Business ethics and anti-corruption

Target: 100 per cent of our business areas will undergo a risk assessment concerning business ethics and anti-corruption. 100 per cent of incidents reported will be followed up.

2016/17 outcome: 100 per cent of our business areas have undergone a risk assessment of business ethics and anti-corruption. No incidents have been reported during the year.

Diversity and equality

Target: By 2020, each gender is to make up at least 40 per cent of the entire organisation.

2016/17 outcome: During the year, we reached our interim goals for equality at all levels within the organization. The largest increase in women occurred within the Board, where the share increased by 21 per cent and within Group Management, with an increase of 19 per cent. The distribution between male and female executives is now 69 and 31 per cent respectively. Regarding the company as a whole, the distribution is 71 per cent men and 29 per cent women.

Our share and shareholders

Dustin's share has since February 13, 2015 been listed in the Mid Cap segment on Nasdaq Stockholm. At the end of the financial year, the price was SEK 66.75 (60.00) per share, representing a total market capitalisation of SEK 5.1 billion (4.6).

Share price performance and turnover

At August 31, 2017, Dustin's share price was SEK 66.75 (60.00) per share, representing a total market capitalisation of SEK 5,085 million (4,570). The change in share price during the financial year represents an increase of 11.3 per cent compared with the corresponding time last year. The OMX Sweden Mid Cap PI index increased 3.1 per cent during the same period.

Total turnover during the financial year was about 38 million shares with a total value of just over SEK 2.4 billion. The average daily turnover amounted to about 149,000 shares, corresponding to a daily value of about SEK 9.7 million.

Dividend

According to the dividend policy adopted by the Board of Directors, Dustin's target is to pay dividends of more than 70 per cent of profit for the year. The Board of Directors proposes a dividend of SEK 2.80 (2.40) per share, corresponding to SEK 213 million (183) for the 2016/17 financial year.

Share-based remuneration

At the Annual General Meeting on December 13, 2016, the shareholders resolved to adopt a long-term incentive programme (LTI 2017) for the Group's senior executives and other key employees. In all material respects, the programme has the same structure as the previous year's incentive programme and consists mainly of warrants and a small number of synthetic options. Each option carries the entitlement to subscribe for one new share in the company.

Program	Useful life	Outstanding warrants	Exercise price, SEK	Dilution on full exercise
LTI 2015	January 30, 2018–June 30, 2018	1,053,387	59.50*	1.4%
LTI 2016	January 30, 2019–June 30, 2019	593,108	74.50*	0.8%
LTI 2017	January 30, 2020–June 30, 2020	1,159,996	73.90	1.5%
Total number of outstanding warrants		2,806,491		3.7%

*The exercise price is adjusted for dividend payments during its term.

Full exercise of the outstanding warrants would entail a maximum dilution of about 3.7 per cent.

Share-related key ratios

	2016/17	2015/16
Dividend per share (SEK)	2.80*	2.40
Dividend in relation to net profit (%)	89.2	81.4
Closing share price (SEK)	66.75	60.00
Closing market capitalisation (SEK million)	5,085	4,570
Dividend yield (%)	4.2	4.0
Earnings per share including discontinued operations after dilution (SEK)	3.13	2.95
Equity per share after dilution (SEK)	19.50	18.67
Cash flow from operating activities after dilution (SEK)	2.80	5.87
Number of shares outstanding	76,173,115	76,173,115
Number of shareholders	5,129	5,822

*Dividend proposed by the Board of Directors

Ownership structure

At the end of the period the company had a total of 5,129 (5,822) shareholders, which is equivalent to a reduction of 693. The table below shows the ten largest shareholders and their holdings at August 31, 2017.

Analyst coverage

The following analysts cover Dustin:

- ABG Sundal Collier – Daniel Thorsson
- Carnegie Investment Bank AB – Mikael Laséen
- Handelsbanken Capital Markets – Magnus Råman
- Nordea Bank – Predrag Savinovic
- SEB – Victor Höglund

Name	Number of shares	Holding %
Axmedia AB (Axel Johnson AB)	19,043,280	25.0
Swedbank Robur Fonder	8,844,932	11.6
Fourth Swedish National Pension Fund	5,409,396	7.1
Nordea Fonder	3,807,698	5.0
Odin Fonder	3,537,000	4.6
Investeringsselskabet af 4 Juli 2007	1,846,838	2.4
Franklin Templeton	1,697,600	2.2
Protector Forsikring Asa	1,539,460	2.0
Stenshagen Invest AS	1,508,485	2.0
Danske Invest Fonder	1,375,065	2.0
Total ten largest owners	48,609,754	63.9
Other shareholders	27,563,361	36.1
Total	76,173,115	100



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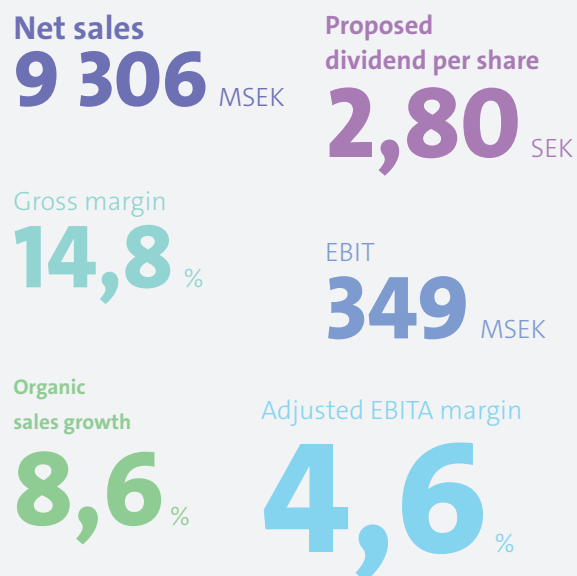
Directors' Report

The Board of Directors and the CEO of Dustin Group AB (publ), Corporate Registration Number 556703-3062, hereby present the Annual Report and Consolidated Financial Statements for the financial year September 1, 2016 to August 31, 2017.

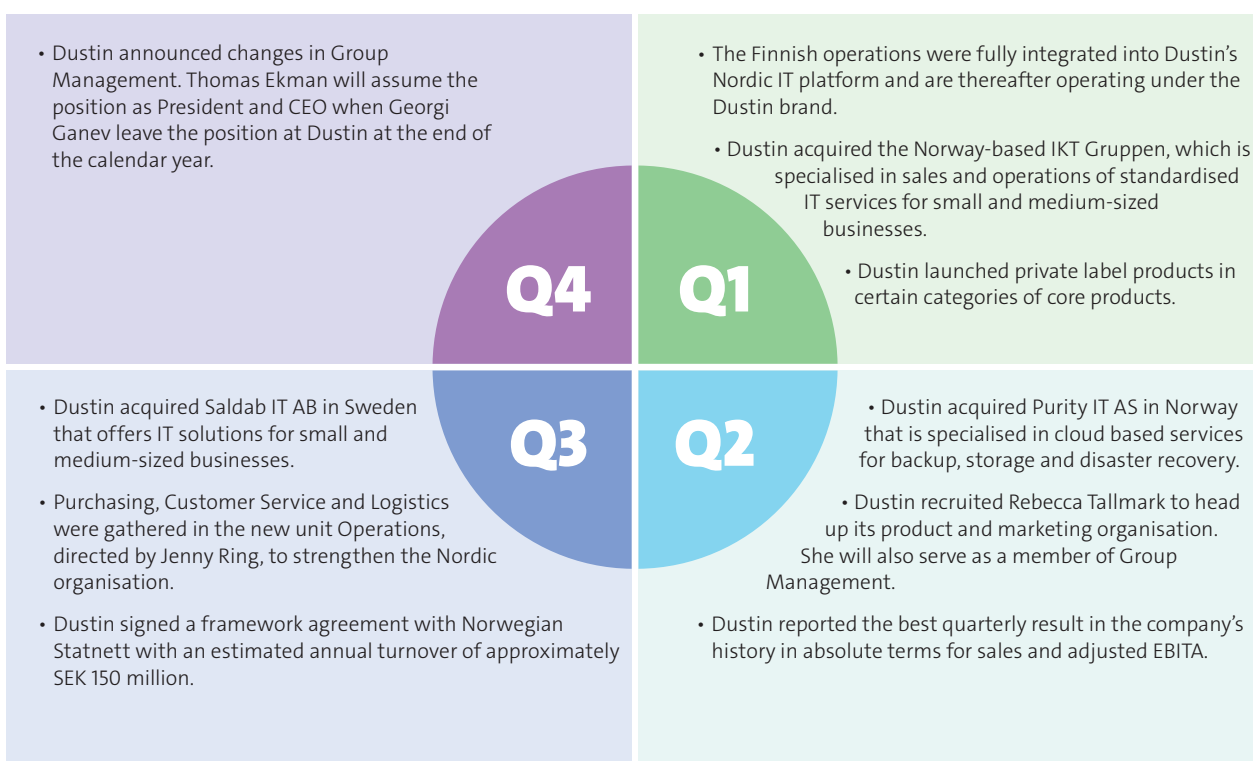
Operations

Dustin Group AB ("Dustin") is a leading Nordic IT reseller, with a wide range of hardware, software and related services and solutions. Dustin is a Swedish public limited company with its headquarters in Nacka Strand outside Stockholm. The share was listed in the Mid Cap segment on Nasdaq Stockholm on February 13, 2015.

Dustin employs a multichannel business model where the majority of sales take place online, supplemented by relationship-based and consultative selling over the telephone or through customer visits. Dustin conducts operations in Sweden, Denmark, Finland and Norway through two business segments: B2B (the business-to-business market) and B2C (the business-to-consumer market). These are supported in turn by a number of scalable and shared central functions, including the online platform, purchasing, warehousing and logistics, pricing, marketing, IT and HR. Sales to the B2B segment amount to approximately 94 per cent of total sales.



Significant events during the year



Net sales and earnings

Condensed income statement for continuing operations

SEK million	16/17	15/16	Change %
Net sales	9,306.2	8,300.8	12.1
EBIT	349.5	323.5	8.0
Profit after net financial items	308.1	286.8	7.4
Net profit for the year	239.1	224.9	6.3

Net sales increased during the year by 12.1 per cent to SEK 9,306 million (8,301), an improvement mainly due to strong sales in the B2B segment. This growth was attributable to both the large companies and public sector customer group and the small and medium-sized business customer group. Organic growth in fixed exchange rates was 8.6 per cent (4.4).

Net sales are distributed between the segments as follows:

SEK million	16/17	15/16	Change %
Net sales			
B2B	8,715.4	7,703.3	13.1
B2C	590.8	597.5	-1.1
Total	9,306.2	8,300.8	12.1

Gross profit rose SEK 133 million, corresponding to 10.7 per cent, to SEK 1,380 million (1,246). The gross margin was 14.8 per cent (15.0), where the positive impact of acquisitions with a higher proportion of advanced products and services could not fully compensate for a high share of

sales under new framework agreements with initially lower profitability and a high share of client sales with lower margins.

EBIT for continuing operations amounted to SEK 349 million (324). During the year, adjusted EBITA rose 9.4 per cent to SEK 426 million (390).

The adjusted EBITA margin amounted to 4.6 per cent (4.7), impacted by the lower gross margin and investments in the service offering and proprietary products. The integration of recently completed acquisitions has also impacted costs for central functions. Adjusted EBITA includes profit from discontinued operations, but excludes items affecting comparability, which amounted to a negative SEK 7 million (neg: 5). The year's items affecting comparability primarily comprise a positive earnings effect of SEK 22 million from the impairment of a performance-based earn-out for Idenet, provisions totalling SEK 18 million for a legal dispute in Norway and acquisition-related costs of SEK 12 million. For more information on items affecting comparability, refer to Note 5 Items affecting comparability.

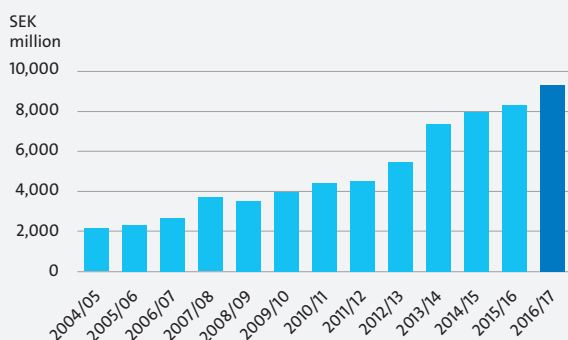
Financial items

Financial expenses for the year amounted to SEK 43 million (38), and primarily pertained to borrowing costs totalling SEK 38 million (32) for external financing.

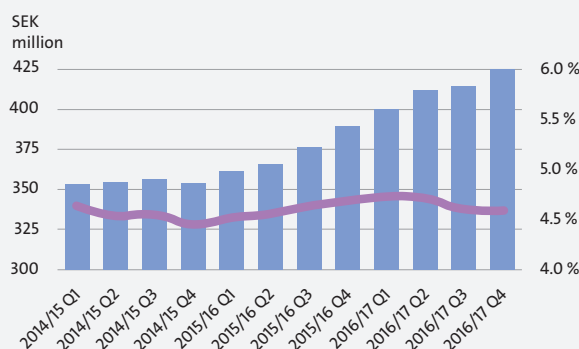
Tax and net profit for the year

The effective tax rate was 22.4 per cent (21.7). Net profit for the year, including discontinued operations, amounted to SEK 239 million (225), which corresponds to SEK 3.14 per share before dilution (2.95).

Net sales



Adjusted EBITA & margin, LTM



Net sales and B2B segment earnings

SEK million	16/17	15/16	Change %
Net sales	8,715.4	7,703.3	13.1
Segment result	732.9	660.3	11.0
Segment margin, %	8.4	8.6	-

Net sales for the year increased 13.1 per cent to SEK 8,715 million (7,703). Organic growth in fixed exchange rates was 9.5 per cent (4.8). This increase was attributable to both the large companies and public sector customer group and the small and medium-sized business customer group. Growth in the public sector is mainly attributable to new sales under framework agreements.

During the year, the segment result rose SEK 73 million to SEK 733 million (660). The segment margin was 8.4 per cent (8.6). The change in the segment margin is primarily related to a higher proportion of sales of products with lower margins to the large companies and public sector customer group combined with a higher proportion of sales under new framework agreements with initially lower profitability.

Net sales and B2C segment earnings

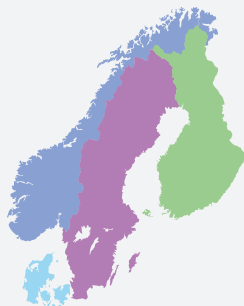
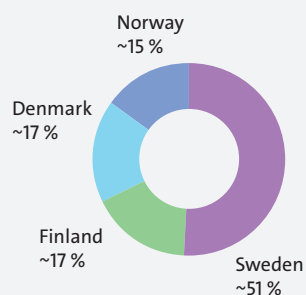
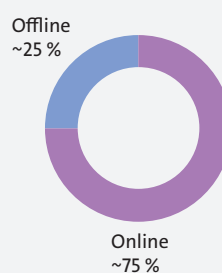
SEK million	16/17	15/16	Change %
Net sales	590.8	597.5	-1.1
Segment result	24.6	22.4	9.7
Segment margin, %	4.2	3.7	-

During the year, net sales declined 1.1 per cent, amounting to SEK 591 million (598). Organic growth in fixed exchange rates was a negative 2.6 per cent (neg: 0.2). Sales increased in Finland, where the online platform was launched during the previous financial year. However, this increase was offset by lower sales in other markets.

The segment result increased during the year to SEK 25 million (22). The segment margin also improved to 4.2 per cent (3.7), mainly as a result of scalability in the online platform and more effective marketing.

Central functions

Dustin's central functions hold the key to efficient delivery of the Group's offerings in all markets, the generation of economies of scale and the simplification of the integration of acquired operations. Total costs for the financial year for central functions, excluding items affecting comparability and in relation to sales, amounted to SEK 331 million (293), of which about half of the increase relates to integrated operations. In relation to net sales, central costs amounted to 3.6 per cent (3.5).

Net sales by country**Net sales by channel and segment**

Share of sales B2B
~94 %

Share of sales B2C
~6 %

Financial position

Condensed consolidated balance sheet

SEK million	Aug 31, 2017	Aug 31, 2016
Non-current assets	2,614.7	2,400.8
Current assets	1,554.1	1,498.0
Total assets	4,168.8	3,898.9
Equity	1,485.1	1,422.2
Non-current liabilities	1,286.6	1,223.7
Current liabilities	1,397.1	1,253.0
Total equity and liabilities	4,168.8	3,898.9

Net working capital

At year-end, net working capital amounted to SEK 118 million (32). The change compared with the year-earlier period was mainly the result of higher accounts receivable due to increased sales. Increased debt is mainly attributable to increased tax liabilities and a provision for future repayment requirements related to an ongoing dispute in Norway.

SEK million	Aug 31, 2017	Aug 31, 2016
Inventories	261.9	229.3
Accounts receivable	1,047.1	877.7
Tax assets, other current receivables, as well as prepaid expenses and accrued income	173.7	148.2
Accounts payable	-956.3	-912.8
Tax liabilities, other current liabilities, accrued expenses and deferred income	-408.2	-310.7
Net working capital	118.1	31.6

Net debt and cash and cash equivalents

At the end of the period, net debt amounted to SEK 998 million (826). In total, cash and cash equivalents amounted to SEK 71 million (243), a decrease by SEK 171 million for the period. At the end of the period, there was also an unutilised overdraft facility of SEK 270 million (270) and a credit facility of SEK 400 million (-), which was entered into during the year. Net debt in relation to adjusted EBITDA was 2.3 (2.1) at the end of the period.

Investments in tangible and intangible assets

SEK million	Aug 31, 2017	Aug 31, 2016
Liabilities to credit institutions	1,068.6	1,066.4
Financial leasing liabilities	1.2	2.8
Cash and cash equivalents	-71.5	-242.9
Net debt	998.3	826.3

Investments made during the year mainly refer to capitalised costs for the integrated IT platform totalling SEK 27 million (36). SEK 14 million was invested in Dustin's price platform during the comparative period.

Acquisitions of businesses during the year

SEK million	16/17	15/16
Capitalised expenditure for IT development (integrated IT platform and other long-term strategic IT systems)	-16.9	-19.1
Other investments in tangible and intangible assets	-10.3	-16.9
Total	-27.3	-36.0

Dustin acquired three companies during the year. On October 1, 2016, all shares outstanding were acquired in the Norwegian company IKT Gruppen AS and the dormant company IT Gruppen AS. IKT Gruppen is specialised in sales and operations of standardised IT services for small and medium-sized businesses. On March 1, 2017, Dustin acquired all of the shares outstanding in the Norway-based company Purity IT AS. Purity IT specialises in cloud-based services for backup, storage and disaster recovery. On April 1, 2017, Dustin acquired all of the shares in the Sweden-based company Saldab IT AB. Saldab IT AB offers IT solutions for small and medium-sized businesses. The purchase consideration for the acquired companies totalled SEK 270 million. For more information regarding the acquisition of businesses for the year, refer to Note 22 Acquisition of businesses.

Cash flow

Cash flow, condensed

SEK million	16/17	15/16
Cash flow from operating activities before changes in working capital	323,4	341,9
Cash flow from changes in working capital	-109,9	105,2
Cash flow from operating activities	213,6	447,2
Cash flow from investing activities	-201,0	79,7
Cash flow from financing activities	-186,1	-359,3
Cash flow for the period	-173,6	167,5

Cash flow for the year was a negative SEK 174 million (pos: 168). During the year, dividends were paid to shareholders, which had a negative impact of SEK 183 million (neg: 129) on cash flow.

Cash flow from operating activities was SEK 214 million (447), with the year-on-year decline mainly attributable to changes in working capital. The change for the period was a negative SEK 110 million (pos: 105) and primarily pertained to an increase in accounts receivable, which were offset by increased debt. The increase in accounts receivable is the result of sales growth.

Cash flow from investing activities was a negative SEK 201 million (pos: 80) and mainly pertained to acquisitions of operations, including a paid contingent earn-out totalling a negative SEK 174 million (neg: 148). Acquisitions during the year relate to IKT Gruppen, Purity IT and Saldab IT. The paid earn-out was attributable to the final payment of acquisition-related liabilities for the acquisition of Resolute. The comparative period was positively impacted by SEK 249 million for the divestment of lease operations. Investments in tangible and intangible assets amounted to a negative SEK 27 million (neg: 36), of which negative SEK 17 million (neg: 19) was attributable to costs for IT development. In addition, a negative SEK 14 million was invested in Dustin's price platform during the comparative period.

Cash flow from financing activities was a negative SEK 186 million (neg: 359) and mainly pertained to shareholder dividends of negative SEK 183 million (neg: 129), inward consideration payments of SEK 2 million (4) for warrants and borrowing expenses of negative SEK 3 million (-). The comparative period was also impacted by cash flow from the lease portfolio of a negative SEK 180 million, resulting from the settlement of the loan facility for the lease operations in conjunction with the divestment of the operations.

Key ratios

Dustin applies financial measures that are not defined under IFRS. Dustin believes that these financial measures provide the reader of the financial statements with valuable information, and constitute a complement when assessing Dustin's performance. The performance measures that Dustin has chosen to present are relevant in relation to its operations and the company's financial targets for growth, margins and capital structure and in terms of Dustin's dividend policy. The alternative performance measures are not always comparable with those applied by other companies since these companies may have used different calculation methods. Definitions on page 112 present how Dustin defines its performance measures and the purpose of each performance measure. The data presented on page 111 is supplementary information from which all performance measures can be derived.

Multi-year overview

All amounts in SEK million, unless otherwise indicated

	16/17	15/16	14/15	13/14
Net sales	9,306.2	8,300.8	7,933.5	7,370.9
Organic sales growth (%)	8.6	4.4	5.7	21.0
Gross margin (%)	14.8	15.0	14.1	14.4
Adjusted EBITA	426.1	389.6	353.5	353.5
Adjusted EBITA margin (%)	4.6	4.7	4.5	4.8
EBIT	349.5	323.5	218.0	294.9
Profit for the period	239.1	224.9	125.0	163.7
Earnings per share, including discontinued operations (SEK)	3.14	2.95	1.75	2.48
Earnings per share, including discontinued operations, after dilution, (SEK)	3.13	2.95	1.75	2.48
Cash flow from operating activities	213.6	447.2	58.6	255.7
Net debt/adjusted EBITDA (multiple)	2.3	2.1	2.6	3.0
Return on equity (%)	16.1	15.8	9.4	22.0

Market overview and outlook

In 2016/17, Dustin reported organic growth of 8.6 per cent (4.4), which is in line with the Group's financial targets. The B2B segment registered sales of SEK 8,715 million (7,703) in 2016/17, which corresponds to approximately 94 per cent of the Group's net sales. During the year, Dustin increased the share of advanced products and services, largely through acquisitions, which is one step in further strengthening the company's position in the addressable market. Dustin is benefitting from an increased share of online spending, where trends in mobility and cloud solutions have grown. Dustin's business model, with a shared and efficient IT platform, is expected to create scalability in future development. Furthermore, Dustin's strong financial position is expected to provide opportunities to further strengthen its position in the Nordic IT market and to expand its range of more advanced products and services, both organically and through additional acquisitions.

Seasonal variations

Dustin is impacted by seasonal variations. Each quarter is comparable between years. Sales volumes are normally higher in November and March, and lower during the summer months when sales and marketing activities are less intense. Seasonal variations are similar in nature in all geographical markets.

The share

The Parent Company's share has been listed in the Mid Cap segment on Nasdaq Stockholm since February 13, 2015. The number of shares outstanding as of the balance-sheet date was 76,173,115 and the share price was SEK 66.75 (60.00) on August 31, 2017, representing a total market value of SEK 5,085 million (4,570). At the end of the period, the company had a total of 5,129 shareholders (5,822). As of August 31, 2017, the company's three largest shareholders were Axmedia AB (Axel Johnson AB) with 25.0 per cent, Swedbank Robur funds with 11.6 per cent and the Fourth Swedish National Pension Fund with 7.1 per cent. Dustin's shareholder register with the largest shareholders is presented on the company's website.

Employees

The average number of full-time employees was 977 (944). The increase is primarily attributable to completed acquisitions.

Guidelines for remuneration of senior executives

The most recently resolved guidelines for remuneration of senior executives are described in Note 7 Number of employees, employee benefits expense and remuneration of senior executives.

The Board of Directors' proposal for guidelines for remuneration of the CEO and other senior executives, to be applied for the period from the next Annual General Meeting, is unchanged compared with last year. For more information regarding the guidelines, refer to Note 7 Number of employees, employee benefits expense and remuneration of senior executives.

Guidelines for the remuneration of senior executives are resolved by the shareholders at the Annual General Meeting. The Annual General Meeting, which is to be held on December 13, 2017, will take a decision about the guidelines for remuneration of senior executives. Proposals ahead of the Annual General Meeting are available at www.dustingroup.com.

Significant events after the balance-sheet date

Hosting acquisition in Denmark

In September 2017, Dustin signed an agreement to acquire the Denmark-based Norriq's business area for hosting and outsourcing of IT services. Dustin is strengthening its offering for advanced services and solutions in the Danish market and expanding its customer base in the core small and medium-sized business segment. The business area has 28 employees and reported sales of about DKK 57 million in 2016. The acquisition is expected to have a marginal impact on Dustin's earnings per share during the current financial year.

Acquisition of Norwegian provider of IT infrastructure solutions

In October, Dustin signed an agreement to acquire Core Services in Norway, one of the leading players in the new generation of data centre solutions, Software Defined Data Center. The acquisition, will broaden Dustin's offering in more advanced products and services and strengthen the position as a total supplier of IT infrastructure. Core Services has 20 employees and reported sales of NOK 236 million in 2016. The acquisition is expected to have a marginal impact on Dustin's earnings per share during the current financial year.

Thomas Ekman new President and CEO of Dustin

Dustin's Board of Directors has appointed Thomas Ekman as new President and CEO. He will assume his new position on January 1, 2018. Thomas Ekman's most recent position was as CEO of Cabonline Group and before that he was CEO of Tele2 Sweden and he is currently a Board member at Com Hem. He will replace Georgi Ganey, who is stepping down at the end of the year.

Acquisition of Swedish expert in professional meeting rooms

Dustin acquired Swedish JML-System in November, which of-

fers installation and service of audio / video solutions for meeting rooms and conferences. JML-System has 55 employees and sales of approximately SEK 160 million during the financial year 2016/17. The acquisition is expected to have a marginal impact on Dustin's earnings per share during the current fiscal year.

Mia Brunell Livfors nominated as new Chairman of the Board

Dustin's Chairman of the Board Fredrik Cappelen has announced that he will not be available for re-election at the Annual General Meeting 2016/17. The Nomination Committee nominates Mia Brunell Livfors as new Chairman of the Board. Mia Brunell Livfors is currently member of the board of Dustin and CEO of Axel Johnson, Dustin's largest shareholder.

Parent Company

The Parent Company, Dustin Group AB (Corp. Reg. No. 556703-3062), which is domiciled in Nacka, Sweden, only conducts holding operations. The annual report of the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act, and the Swedish Financial Reporting Board's recommendation RFR 2: Accounting for Legal Entities. The share for Dustin Group AB (publ) has been listed on Nasdaq Stockholm since February 2015.

Net sales amounted to SEK 0.4 million (0.4). Profit for the period totalled SEK 138 million (160) and the year-on-year change was largely attributable to a positive net currency position of SEK 2 million (neg: 11), of which SEK 2 million (neg: 3) was attributable to external financing.

Annual General Meeting

Information about this year's Annual General Meeting can be found on page 109.

Dividends

Dustin's target is to distribute not less than 70 per cent of the profit for the year. However, the company's financial position, cash flow, acquisition opportunities and prospects should be taken into consideration. The Board of Directors proposes a dividend of SEK 2.80 (2.40) per share, totalling SEK 213 million (183).

Proposed appropriation of earnings

The Board of Directors proposes that available earnings totalling SEK 274,319,008 be distributed at SEK 2.80 per share as an ordinary dividend. The proposal states that this amount be appropriated as follows:

SEK	
Dividends	213,284,722
To be carried forward	61,034,286
Total	274,319,008

In its proposed appropriation of earnings, the Board has taken into consideration the company's operations, financial position, cash flow as well as financial targets and prospects. The Board of Director's complete statement regarding the proposed dividend is available on the company's website, www.dustingroup.com.

Risks and Risk Management

Risks are a natural part of all business operations and risk-taking is a prerequisite for financial growth. The Board of Directors bears ultimate responsibility for Dustin's risk management, but activities intended to manage risk exposure are distributed across every level of the Group. Dustin's risk management aims to maintain good control of the Group's collective risk exposure and to ensure efficient management of the risks. Efficient risk management is a fundamental part of Dustin's ability to manage and develop its business operations.

Dustin's Group-wide risk management process is integrated into the operations and is based on cooperation between Dustin's Risk Committee, Executive Management Teams and other individuals who work on different parts of the risk management process. The process consists of four main activities: (i) Identification, (ii) Assessment and Prioritisation, (iii) Response and Mitigation and (iv) Reporting and Monitoring.

Risk is defined as a future uncertain event that could have an adverse impact on Dustin's ability to achieve the company's strategic, financial and operational targets and comply with laws and regulations.



Identification

In the 2016/17 financial year, risk meetings were held with all Executive Management Teams in the Group with the aim of identifying the most significant risks for each area. The results of these meetings have since been coordinated,

supplemented and analysed by the Risk Committee, which has decided which risks and mitigation measures are to be followed up at Group level.

All risks are classified into one of the following three categories: strategic risks, operational risks and external risks. This allocation provides support in choosing suitable methods to identify current, new and emerging risks, the link between them and how to manage them.

- The strategic risks are normally identified in conjunction with risk discussions connected to a strategic initiative and are managed by measures that restrict the impact and probability of the risk occurring.
- The operational risks arise in the business and are identified mainly through process reviews. Management of operational risks focuses on limiting the probability of the risk occurring, for example, through internal controls or process rationalisation.
- The external risks comprise risks that are outside the direct control of the Group, for example, changes in regulations or altered market conditions.

Assessment and Prioritisation

The extent of the identified risks is evaluated using a risk tool that takes into account both the potential impact of the risk on the operations and the likelihood of the risk occurring over a defined period of time. This provides support when deciding upon the significance and prioritisation of the risk and what response it should be given.

Mitigation

The choice of response and mitigation is determined by using a risk assessment and existing controls. This could include, for example, monitoring methods, implementing extra controls to reduce the risk, or amending procedures and processes. An important part of Dustin's risk



management is the appointment of a risk owner for all prioritised risks. The risk owner is responsible for pursuing measures to manage each risk within a reasonable timeframe and with a high level of quality

Reporting and Monitoring

Each risk owner monitors the current risk and reports their findings back to the Risk Committee. The Risk Committee compiles, coordinates and develops the Group's risk management, after which reports are submitted to Group Management and the Board of Directors.

The Group's largest risks and the measures for managing them are reported at least twice per year to the Audit Committee.

Below is a summary of the largest risks and how these are managed.

Strategic risks	Description	Mitigation
Risks related to the acquisition and integration of operations	<p>An important part of Dustin's strategy is to support growth through the acquisition of operations. Strategic acquisitions, for example, to expand the customer base or customer offering will remain part of the growth strategy moving forward. There is a risk that Dustin may not find suitable acquisition targets.</p> <p>Carrying out an acquisition also entails a risk linked to Dustin's ability to evaluate and integrate acquired operations. Weaknesses may have a negative impact on Dustin's operations, financial position and profit, cause the attention of management to be drawn away from existing operations and create potential for amortisation/depreciation and impairment of intangible assets.</p>	<p>Dustin continuously assesses a number of companies to identify operations that could strengthen the Group's offering. The operations are appraised according to financial and commercial aspects. Before a decision is taken, a review of the entire business or company is conducted using a structured process to assess any risks. This work is coordinated by a dedicated resource and carried out by an M&A project group, supported by internal and external specialist expertise, such as legal and financial advisors.</p> <p>During the year, a more structured and powerful integration programme was introduced, to better integrate acquired assets into existing operations. The purpose of this was to secure the acquired company's relationships with customers, suppliers and key personnel, to monitor integration costs and to ensure expected synergies.</p>
Brand risks	<p>A good reputation is highly significant to Dustin's success since one of Dustin's success factors is a strong brand. If Dustin or any of the Group's suppliers, distributors, other partners or employees acts in a way that goes against the values Dustin represents, this could have a negative impact on Dustin's reputation.</p>	<p>Dustin undertakes preventive work with a responsible entrepreneurial attitude by providing continuous information and training concerning its values, business principles, policies and guidelines.</p> <p>Read more about Dustin's values on pages 35–36 and Dustin's sustainability work on pages 38–39.</p>
Risks related to the customer offering	<p>Dustin operates in a dynamic market, and this could have an impact on its role in the market and the value chain.</p> <p>Changes include new market strategies from manufacturers (for example, manufacturers' acquisitions of companies that supply advanced products and services), new customer behaviour patterns (for example, heightened demand for packaged and commodified services) and the development of new technology (including new storage technology where hardware-based storage systems move to cloud-based storage services).</p> <p>An inability to create attractive and profitable customer offerings could have a negative impact on Dustin's earnings and market position.</p>	<p>To adapt Dustin's strategy to this changeable market, Dustin's management closely monitors any changes in the market, customers' expectations and technological developments.</p> <p>Dustin works intensively to develop new and attractive offerings for its customers. To meet the heightened demand for more advanced products and services, Dustin has created a special function that focuses on developing and enhancing the Group's product range and service offerings, chiefly within managed IT services. This work is carried out in close collaboration with our suppliers and other business partners. During the year Dustin also added new expertise to the Group and strengthened its offering by acquiring companies in Sweden and Norway. A major project to adapt our business system to efficiently manage our service offering was carried out during the year.</p>

Operational risks	Description	Mitigation
IT-related risks	<p>The Group's operations are highly dependent on an efficiently performing IT platform. Increasing digitisation has raised the threat from cyber attacks, and these attacks pose a constant and increasing risk for Dustin. Inadequate protection and incident management could lead to considerable disruptions to the company's IT platform.</p> <p>The inability to ensure a modern, secure and operationally adapted IT infrastructure and IT platform could also have a considerable adverse effect on the Group's operations and earnings.</p>	<p>Dustin works continuously to restrict the number of disruptions in the system and their consequences. Furthermore, regular follow-ups of customers' views of the availability and response of the IT platform are conducted to ensure a high level of customer satisfaction. Regular assessments are carried out to identify improvement measures and the source of potential errors. During the year, Dustin conducted tests prior to a system upgrade that will be implemented in the new financial year.</p> <p>To protect Dustin from cyber attacks, the Group's security system and software are updated continuously. The company conducts regular penetration tests and ensures strong incident and escalation procedures.</p>
Employee risks	<p>Dustin has enjoyed strong growth over the past few years, which in turns places great demands on its employees and necessitates continuous skills development.</p> <p>The company's ability to retain competent and committed employees is crucial to driving development in accordance with the strategic plan and to achieving set goals. If the Group does not have access to the right skills at the right time, the Group's operations and earnings could be negatively impacted.</p>	<p>Dustin works continuously on skills development with the aim of developing operations and achieving set goals. The company has a talent development process that aims to identify the employees' performance and potential, help managers focus on the future development of their staff and enable managers to obtain qualitative input about their staff. During the financial year, new managers at the Group took part in management training with the aim of enhancing management quality throughout all operations.</p> <p>To identify focus areas expected to increase employee satisfaction, the company regularly carries out employee surveys.</p>
Risks related to customer satisfaction	<p>A large proportion of Dustin's sales are made online, leading to a greater distance from the customer compared to relationship selling.</p> <p>The inability to retain and attract new customers could have a significantly adverse impact on the Group's operations and earnings.</p>	<p>Dustin works continuously to follow up and improve its customers' experience by using the Net Promoter Score (NPS), which is used to measure customer satisfaction and customer loyalty among online customers. These factors are evaluated and updated continuously in order to pinpoint new factors that have an impact on the overall experience. Wherever the results of the surveys fail to achieve the expected level, measures are taken to increase customer satisfaction and customer loyalty.</p>
External risks	Description	Mitigation
Market risks	<p>Dustin's operations are impacted by the general economic climate, structural changes, as well as procurement and distribution costs.</p>	<p>By continuously monitoring market trends, Dustin strives to adapt its prices, range, quality and service to match customers' demands.</p>
Corporate responsibility risks	<p>The IT industry is characterised by complex chains, with a large proportion of manufacturing taking place in "countries at risk" of unsound working conditions and corruption. The manufacturing of products can also lead to a negative climate impact.</p> <p>Increased awareness of issues surrounding working conditions, origin, ethical conduct and concern for the environmental is leading to greater expectations on companies in terms of actions and transparency, particularly among public-sector customers and fund managers.</p> <p>Inadequate pursuit of efficient and relevant sustainability initiatives could result in the withdrawal of products from the market, weaker positioning during negotiations and reduced customer confidence.</p>	<p>Responsible conduct is a central aspect of Dustin's operations and vision. The Group works to integrate corporate responsibility initiatives into the daily operations of the entire organisation. This is achieved by focusing on the company's culture and values, systematic efforts, a clear distribution of responsibility and continuous improvements made to processes and procedures. Dustin has an ongoing dialogue with its most important stakeholders and has produced concrete sustainability targets for responsible manufacturing, business ethics, reduced environmental impact, gender equality as well as product withdrawal.</p> <p>Read more about Dustin's sustainability initiatives and targets in the Corporate Responsibility report.</p>

Financial risks

Dustin's operations are linked to various financial risks, such as foreign exchange risk, credit risk, liquidity risk and interest rate risk. Furthermore, there is a risk that Dustin may not be able to obtain sufficient financing for its operations. The financial risks are managed in accordance

with the established financial management policy that regulates the distribution of responsibility between the Board of Directors, the CFO and the Head of Financial Reporting and Internal Control. The management of the company's main financial risks is described below.

Financial risks	Description	Mitigation
Foreign exchange risk	Foreign exchange risk is divided into transaction exposure and translation exposure. Transaction exposure refers to risks associated with purchases and sales in foreign currencies. Translation exposure refers to the exposure of the net assets of the foreign subsidiaries in Denmark, Finland and Norway.	<p>Transaction exposure is limited since the Group primarily operates in the Nordic market, where purchases and sales are chiefly conducted in the local currency. Decisions as to whether a transaction should be hedged are taken based on the assessed transaction risk.</p> <p>Translation exposure is partially hedged by borrowing via external loans in the respective currency (Danish kroner, Norwegian kroner and euro). The loans raised for each currency are specified in the supplementary disclosures.</p>
Credit and counterparty risk	Credit and counterparty risk refers to the risk that the counterparty to a transaction may fail to meet its obligations, thereby resulting in a loss for the Group.	The Group has established procedures to ensure that sales are only made with customers with a good payment history. The Group's credit policy includes credit limits, depending on the size and risk category of the company. The creditworthiness of corporate customers is verified before any supply of goods takes place. When private customers utilise credit, an external party acts as a guarantor for the entire credit risk. The maximum credit risk exposure is the carrying amount recognised in the balance sheet for each financial asset.
Liquidity risk	The Group's liquidity risk pertains to the risk of not being able to reach agreements on external credit facilities and external bank loans. This also includes the ability to finance short-term payment obligations.	The financial management policy includes short and long-term cash flow planning. The current financing for the Group is based on external bank loans, which are subject to covenants that are reported to the banks. All conditions were fulfilled as per August 31, 2017. The short and long-term borrowing is specified in the supplementary disclosures. During the year, an agreement was entered into with the bank regarding an increased credit facility of SEK 400 million. The increased facility is primarily part of guaranteeing financing for acquisitions.
Interest rate risk	The Group's interest rate risk pertains to the risk that material changes in market interest rates will affect the variable interest rate of external bank loans.	The variable interest rate on external bank loans is hedged through interest-rate derivatives and the Group applies hedge accounting, which is described in the accounting policies. As of August 2017, the Group had external bank loans denominated in various currencies, which are specified in the supplementary disclosures. If the interest rate had been 1 percentage point higher, this year's net profit before tax would have been about SEK 2 million lower. Also, if the interest rate had been 1 percentage point lower, this year's net profit before tax would have been about SEK 0.3 million higher.

Corporate Governance Report

Corporate Governance refers to the decision-making systems through which the owners, directly or indirectly, govern the company. Good corporate governance is a prerequisite for establishing confidence among shareholders, customers and other external stakeholders and is based on the company's strategies, targets and values permeating the entire organisation.

Dustin Group AB ("Dustin") is a Swedish public limited liability company that was listed on Nasdaq Stockholm in February 2015. The Corporate Governance Report is submitted in accordance with the Swedish Corporate Governance Code and the Swedish Annual Accounts Act. The Corporate Governance Report forms part of the Directors' Report and has been reviewed by the company's auditor, Ernst & Young AB, whose report is available as part of the Audit Report.

Swedish Corporate Governance Code

Dustin applies the Swedish Corporate Governance Code (the "Code"). In the 2016/17 financial year, Dustin deviated from the Code on one point:

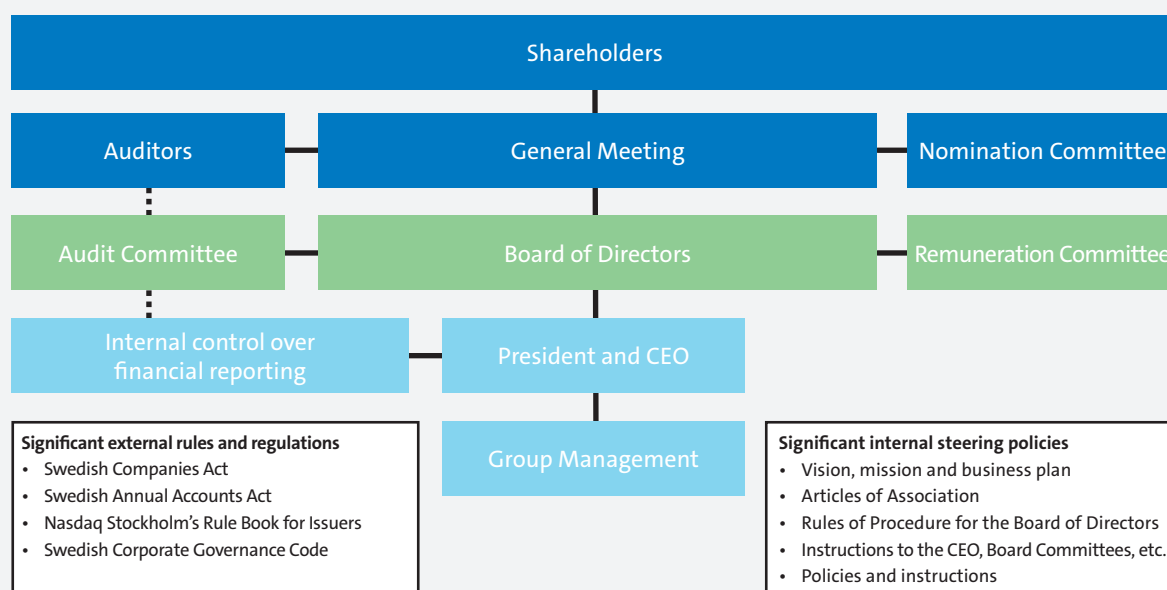
Deviation: According to Rule 2:4 of the Code, a Board member must not be the Chairman of the Nomination Committee.

Explanation: The deviation, i.e. that Board member Caroline Berg is also Chairman of the Nomination Committee, is natural in view of the ownership structure.

Applicable regulations for stock trading

Dustin has violated neither Nasdaq Stockholm's Rule Book for Issuers nor good stock market practice.

Model for Corporate Governance



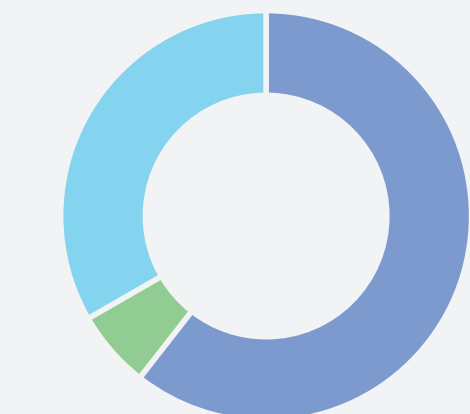
Shareholders and General Meeting

The General Meeting is Dustin's highest decision-making body, with all shareholders entitled to attend, raise issues for discussion and exercise voting rights. The Annual General Meeting appoints the company's Board of Directors and external auditors and adopts the Annual Report. The Annual General Meeting also resolves on the appointment of the Nomination Committee and the remuneration of Board members, approves policies for remuneration of senior executives and makes decisions regarding dividends and any discharge from liability.

Shareholders

Dustin's share was listed on Nasdaq Stockholm in 2015. All shares carry equal voting rights and equal entitlement to the company's profits and equity. The number of shareholders was 5,129 (5,822) at the end of the financial year. The company's largest shareholders, representing at least 10 per cent of the share capital each, were Axmedia AB (Axel Johnson AB) with 25.0 per cent and Swedbank Robur Fonder with 11.6 per cent as of August 31, 2017.

Ownership in percentage terms (voting rights and capital)



- Swedish legal entities: 60.7%
- Swedish natural persons: 6.0%
- Foreign shareholders: 33.3%

Source: Euroclear

2015/16 Annual General Meeting

Dustin's Annual General Meeting for the 2015/16 financial year was held on December 13, 2016. 94 shareholders were represented at the meeting, corresponding to 61.1 per cent of the share capital and voting rights. All Board members and the Group's Auditor in Charge were present at the meeting.

The following major decisions were taken at the Annual General Meeting:

- Re-election of Fredrik Cappelen, Johan Fant, Tomas Franzén, Gunnel Duveblad, Mattias Miksche and Maija

Strandberg as Board members and the election of Caroline Berg and Mia Brunell Livfors as new Board members. Fredrik Cappelen was re-elected as Chairman of the Board.

- Re-election of the audit firm Ernst & Young AB as auditor, with Jennifer Rock-Baley as the Auditor in Charge.
- Ratification of 2015/16 Annual Report and resolution to distribute SEK 2.40 per share in dividends. The record date for the dividend was set for December 15, 2016. The dividend was paid out to shareholders on December 20, 2016.
- Granting of discharge from liability for the Board members and CEO.
- Approval of fees to Board members and the auditor.
- Approval of instructions for the Nomination Committee and guidelines for remuneration of senior executives.
- Decision on Dustin's share-related long-term incentive programme for 2017, involving up to 1,159,996 warrants and about 25 people.

The minutes of the Annual General Meeting can be found on www.dustingroup.com.

2016/17 Annual General Meeting

Dustin's Annual General Meeting for the 2016/17 financial year will be held in Stockholm on December 13, 2017. For more information about the next Annual General Meeting, see page 109 and Dustin's website, www.dustingroup.com.

Nomination Committee

The Nomination Committee is tasked with submitting, prior to the Annual General Meeting, proposals for the Chairman of the Annual General Meeting, Board members, as well as the Chairman of the Board, remuneration for Board work and Committee work, the election and remuneration of auditors and proposals for the Nomination Committee for the next Annual General Meeting. The Nomination Committee also evaluates the Board's work and assesses its competency.

The Annual General Meeting resolved that, ahead of the 2016/17 Annual General Meeting and in accordance with the Nomination Committee's proposal, the Nomination Committee is to comprise representatives of the four largest shareholders in the company in accordance with the shareholders' register maintained by Euroclear Sweden at March 31, 2017 as well as the Chairman of the Board. The Committee's mandate period extends until such time as a new Committee has been appointed.

Ahead of the 2016/17 Annual General Meeting, Dustin's Nomination Committee comprises the following members:

- Caroline Berg, Axel Johnson AB/Axmedia AB, Chairman of the Nomination Committee
- Lennart Francke, Swedbank Robur funds
- Arne Lööv, Fourth Swedish National Pension Fund
- Jan Särilvik, Nordea funds
- Fredrik Cappelen, Dustin's Chairman of the Board

The composition of the Nomination Committee fulfils the requirements of the Code, with the exception of the deviation stated above.

The Nomination Committee has held six meetings to date during the financial year. In addition, discussions and interviews have been held between the meetings. The Chairman of the Board has informed the Nomination Committee of the work of the Board and the Committees and presented the Board's evaluation of its work. Together with the company-specific requirements, this evaluation has formed the basis of the Nomination Committee's work. A report of the Nomination Committee's work will be submitted at the Annual General Meeting. No special remuneration was paid to the members of the Nomination Committee.

The Nomination Committee's proposal and motivation for the proposal to the Board of Directors can be found on www.dustingroup.com.

Board of Directors





The Board of Directors has overall responsibility for the company's organisation and management by continuously following up the operations, ensuring an appropriate organisation, management, guidelines and internal control. The Board of Directors establishes strategies and goals, and

makes decisions concerning major investments and operational changes. The Chairman has a leading role and is responsible for ensuring that the Board's work is well organised and performed efficiently.

Pursuant to the Articles of Association, Dustin's Board of Directors is to comprise a minimum of three and a maximum of ten members with no deputy members. Dustin's Board of Directors currently comprises eight members: Fredrik Cappelen (Chairman), Caroline Berg, Mia Brunell-Livfors, Gunnel Duveblad, Johan Fant, Tomas Franzén, Mattias Miksche and Maija Strandberg. During the 2016/17 financial year, Dustin's Board of Directors fulfilled the Code's requirement stating that the majority of the members elected at the Annual General Meeting must be independent in relation to the company and company management, and that at least two of the members must be independent in relation to the company's major shareholders. The independence of the members of the Board is detailed in the table "Board of Directors during the 2016/17 financial year".

The Board of Directors has adopted rules of procedure that regulate the Board's work methods and assignments, as well as instructions to the CEO, including instructions for financial reporting. The Board has also adopted policies for important parts of the operations, for example, communication and ethics. All policies are evaluated when necessary and at least once per year.

Board of Directors during the 2016/17 financial year

Board members	Elected	Attendance at meetings			Director fees (SEK)	Dependent*
		Board of Directors	Audit Committee	Remuneration Committee		
Fredrik Cappelen (ordförande)	2010	16/16	6/6	2/3	750,000	
Caroline Berg**	2016	13/13		2/2	250,000	
Mia Brunell-Livfors	2016	13/13			250,000	
Gunnel Duveblad	2016	16/16			250,000	
Johan Fant	2016	16/16	6/6		250,000	
Tomas Franzén	2013	14/16		3/3	250,000	
Stefan Linder ***	2006	3/3	2/2	1/1		
Mattias Miksche	2006	16/16			250,000	
Maija Strandberg	2013	15/16	5/6		250,000	
Summa					2,500,000	

 = Dependent in relation to major shareholders. No member is to be considered dependent in relation to the company or company management.

* According to the definition in the Swedish Corporate Governance Code.

** Became a member of the Board at the 2015/16 Annual General Meeting, on December 13, 2016.

*** Resigned as a member of the Board in connection with the 2015/16 Annual General Meeting, on December 13, 2016.

The Board does not have any specific internal distribution of work except for certain issues being prepared by Committees. Dustin has established an Audit Committee and a Remuneration Committee. The members of the committees are elected annually and the duties are regulated in the instructions established for each committee annually. The committees have a preparatory and administrative role. The issues considered at committee meetings are recorded in minutes and reported at the next Board meeting.

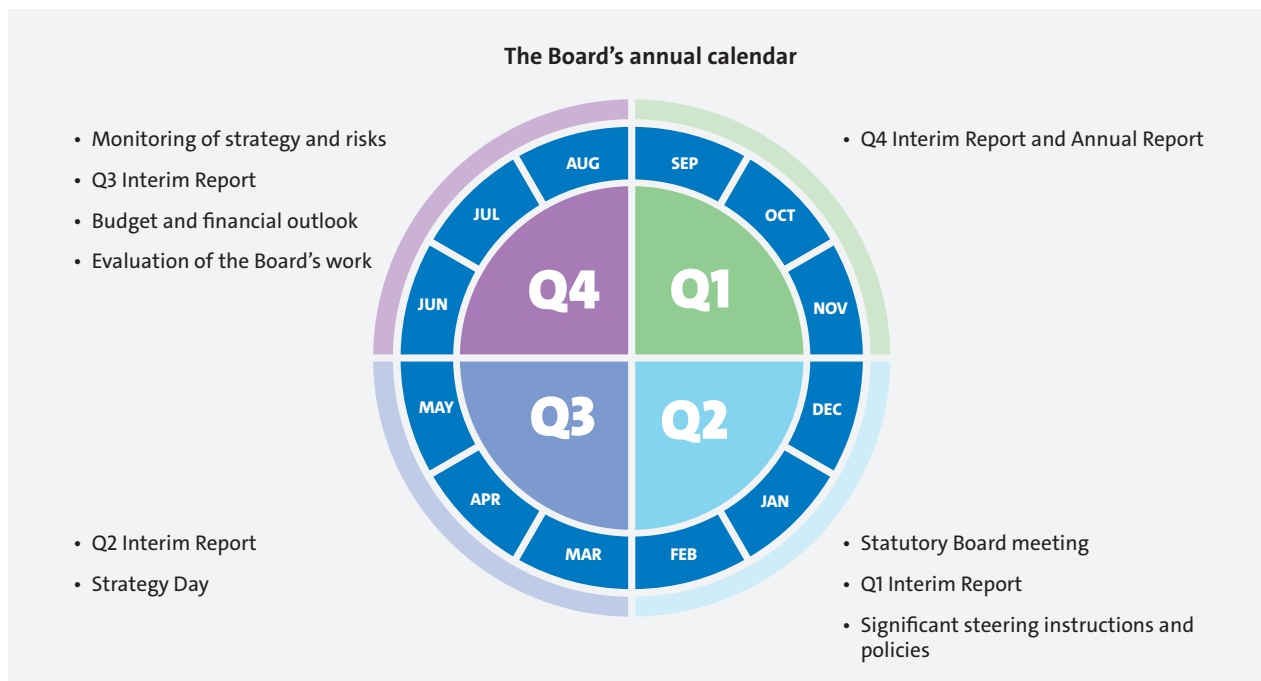
The work of the Board 2016/17

During the financial year, a total of 16 Board meetings were held, including statutory, extraordinary and per capsulam. Ordinary Board meetings follow a calendar that is established annually. In addition to the Board meetings,

the Chairman of the Board and the CEO have continuous contact pertaining to the operations. The Board also conducted an evaluation of Group Management together with the external auditors during the financial year.

The company's CEO and CFO are present at all ordinary Board meetings. However, they do not participate in the items on the Board's agenda in which the Board evaluates the CEO, makes decisions about remuneration to the CEO/CFO or meets with the company's auditors to evaluate the management team.

The Board's annual calendar gives a clear overview of the Board's assignments during the year. The calendar is coordinated with the most important processes at the company, such as strategy, budget and risk.



Evaluation of the Board's work

The work of the Board of Directors and CEO is evaluated annually through a systematic and structured process. The aim is to prepare a good basis for the Board's own development with respect to work methods and efficiency, as well as provide the Nomination Committee with a basis for the nomination work. The Chairman of the Board is responsible for the evaluation.

For the 2016/17 financial year, the annual evaluation was carried out in survey form followed by reporting and discussion by the Board. The survey focuses on how the Board's work is progressing, as well as the Board's commitment and competence. The results of the evaluation were also presented to the Nomination Committee.

In line with the results of previous years' evaluations, the Board's work is deemed to be progressing well. The members are considered to be making a constructive contribution to both the strategic discussion and the governance of the company. The discussions are seen as open and the dialogue between the Board and management is also perceived to be positive. Providing key employees with more scope to present matters at Board meetings was highlighted as a potential area for improvement.

The Board is also evaluated within the scope of the Nomination Committee's work. The Nomination Committee held meetings with some members of the Board and the CEO in order to put questions to individual members as to how the Board's work is progressing.

Audit Committee

The main task of the Audit Committee is to ensure the quality of the financial reporting, risk management and efficiency in the company's internal control and regulatory compliance.

The committee currently comprises three members: Johan Fant (Chairman), Fredrik Cappelen and Maija Strandberg. During the 2016/17 financial year, the committee held six meetings, which were recorded in minutes. The company's CFO, external auditors and representatives from specific functions of the organisation were present at all committee meetings.

The work of the Committee focused mainly on monitoring improvements pertaining to financial reporting and financial processes, with a special focus on identifying risks and evaluating the internal control environment, as well as following up the results of the review by external auditors. The review of the company's financial reports, examination of company risks, examination and updating of internal control and the follow-up of reported whistleblowing cases were standing items on the agenda. During the financial year, the Audit Committee also reviewed the annual impairment test of goodwill, evaluated the Group's dividend policy, discussed the audit plans of the external auditors, and evaluated the independence of the auditors.

During the financial year, an auditor procurement process was also conducted for Dustin Group. Four candidates were evaluated with regards to a number of factors as well as fees. Following the evaluation, the Audit Committee proposed to the Nomination Committee to recommend the audit firm Ernst & Young AB and Jennifer Rock-Baley as Auditor in Charge to the Annual General Meeting.

Remuneration Committee

The main task of the Remuneration Committee is to review and provide recommendations to the Board of Directors pertaining to principles for remuneration of senior executives.

The Committee currently comprises three members: Fredrik Cappelen (Chairman), Caroline Berg and Tomas Franzén. During the 2016/17 financial year, the Committee held three meetings and work pertained primarily to planning for remuneration of the CEO and senior executives, as well as the structure for target formulation, financial goals and the performance management model.

The company's CEO and CFO are present at all Committee meetings. However, they do not participate in the items on the agenda that relate to remuneration of the CEO/CFO.

Board Committees

Audit Committee

Main tasks

- Monitoring the quality of financial reporting and risk management
- Monitoring the effectiveness of internal control and compliance

Members

- Johan Fant (Chairman)
- Fredrik Cappelen
- Maija Strandberg

Meetings

Six meetings were held during the financial year

Remuneration Committee

Main tasks

Provide recommendations to the Board regarding remuneration of senior executives (including long-term incentive programmes)

Members

- Fredrik Cappelen (Chairman)
- Tomas Franzén
- Caroline Berg

Meetings

Three meetings were held during the financial year

CEO and Group Management

The CEO is responsible for Dustin's day-to-day management and daily operations. Distribution of work between the Board and CEO is outlined in the rules of procedure for the Board and instructions to the CEO.

The CEO reports to the Board of Directors and ensures that the Board receives the information required to be able to make well-founded decisions. Pursuant to adopted instructions, the CEO must keep the Board continuously informed about the development of the company's operations, the sales trend, the company's earnings and

financial position, liquidity forecast, important business events, as well as all other events, circumstances or conditions that may be considered material to the company's operations.

Dustin's CEO leads Group Management's work and makes decisions pertaining to the operations in consultation with other senior executives in the Group. At the end of the financial year, Group Management comprised nine individuals with each member holding responsibility for one of the Group's business areas or functions. Group Management meetings were held monthly and otherwise

as necessary. The meetings focus primarily on strategic and operative monitoring and development, as well as performance follow-up. In addition to these meetings, there is close daily cooperation within management. A presentation of the members of Group Management is available under the section "Group Management" on page 63.



Auditors

The auditor reviews the annual accounts for the company and the Group, and conducts a review of the quarterly report for the third quarter. The auditors report on the results of the review of the annual accounts and the review of the Corporate Governance Report, which are presented to the Annual General Meeting.

At the 2015/16 Annual General Meeting, Ernst & Young AB was re-elected as the audit firm, with Jennifer Rock-Baley as the Auditor in Charge for the period up to the end of the next Annual General Meeting. In addition to her assignment with Dustin, Jennifer Rock-Baley is the Auditor in Charge for DeLaval International AB, Recipharm AB (publ), Reitan Convenience Sweden AB, Skånemejerier AB and Swedfund International AB.

When Ernst & Young AB is engaged to provide services other than the ordinary audit, decisions pertaining to the nature, scope and fees for such work are made by the Audit Committee. Information about fees paid to the auditors for the 2016/17 financial year can be found in Note 6 of the Annual Report.

Internal control of the financial reporting

Dustin's internal control structure is based on the COSO model, whose framework has been adapted to Dustin's operations. The framework consists of the following five components: control environment, risk assessment, control activities, information and communication, and monitoring activities. Based on this framework, areas for development are identified and prioritised for Dustin's internal control work.

The Board of Directors is responsible for internal control of the financial reporting. The Audit Committee supports the Board by continuously monitoring the financial reporting, any risks that could affect the reporting and the company's internal control environment.

Dustin has an internal control function that aims to support management in providing excellent internal control of the financial reporting. This work focuses on ensuring compliance with guidelines and following up control activities in significant processes relating to the

financial reporting. The Audit Committee is informed about the results of the work conducted by Dustin's internal control function pertaining to risks, control activities and follow-up.

Control environment

The control environment forms the basis of the internal control of the financial reporting. The basis of Dustin's control environment consists of the Group's values, policies and instructions. Dustin's Board of Directors has adopted fundamental policy documents such as rules of procedure for the Board and Committees, instructions to the CEO, a code of ethics, a financial management policy and a communication policy. The aim of these control documents is to achieve and maintain a high ethical standard within the Group and to lay the groundwork for excellent internal control.

Dustin has clear guidelines regarding the responsibilities and authorities of different levels and functions within the Group, and communicating this to the entire Group is an important task. An important aspect of Dustin's control environment is the internal control framework. This includes documentation about the most important control activities and those responsible for each activity

Risk assessment

Dustin regularly evaluates the risks that affect the internal control of the financial reporting. Measures to manage identified risks are established in connection with the evaluation. Significant risks are discussed by the Board and the Audit Committee to establish measures aiming to ensure excellent internal control of the financial reporting.

Control activities

Dustin's control activities are defined in a Group-wide control framework that is divided up into the company's most significant processes. The control activities are designed to manage the risks identified in the risk analysis. Examples of control activities included in the framework are authorised approval of business transactions, accounts reconciliation, analysis of income statement items and documentation of critical processes. Each control has an assigned control owner who continuously evaluates the ability of the control to address the risk and the execution of the control.

Information and communication

Dustin's control documents, in the form of policies, instructions and procedures, insofar as they concern the financial reporting, are updated at least once per year and mainly communicated via the intranet. There is also a financial manual on the intranet containing instructions and procedures for financial reporting. The financial

manual is updated continuously based on changes in external requirements or changes in Dustin's operations and processes.

To ensure that external information publication is consistent and of a high quality, an information policy is available describing how external information should be communicated.

Monitoring activities

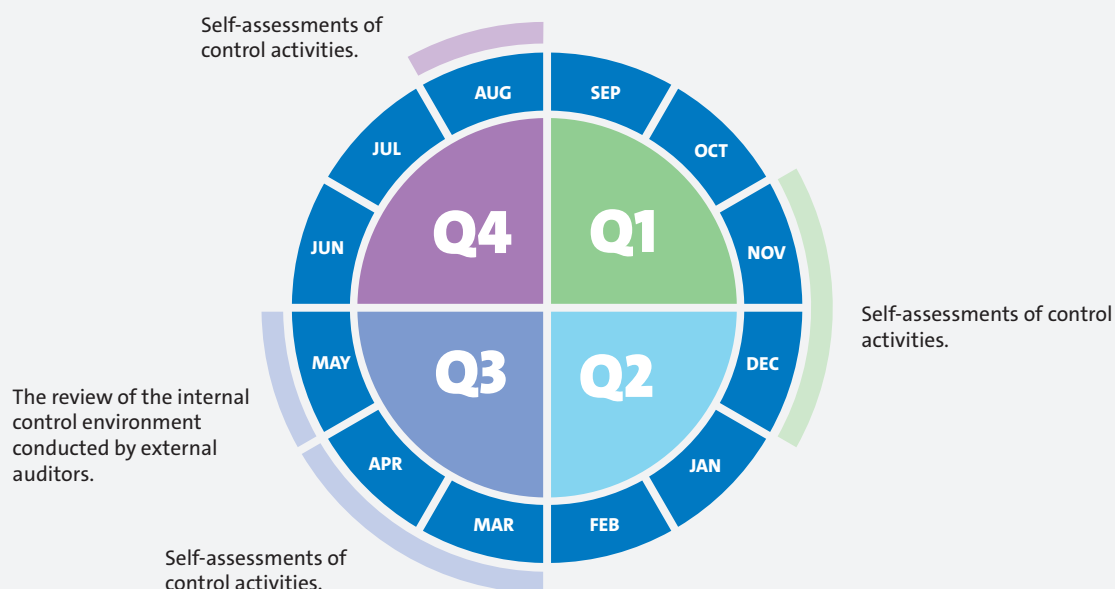
Dustin's internal control function follows up and evaluates the Group's control environment on a continuous basis by way of self-assessments and evaluations by external parties. Any deviations are reported to the control owner responsible for correcting shortcomings and improving the internal control in their area of responsibility.

Internal control developments are reported on a quarterly basis to the Audit Committee. Furthermore, the company's external auditor reports to the Audit Committee the observations from the review and the assessment of the internal control environment.

Evaluation of a specific review function

There is currently no specific review function at Dustin (internal audit). The Board has examined the issue and determined that the current monitoring structure and activities conducted within the risk management and internal control frameworks provide a satisfactory basis. The Board evaluates the need for a specific review function annually.

Monitoring of internal control during the 2016/17 financial year



Remuneration of senior executives

The shareholders resolve on guidelines for remuneration of the CEO and other senior executives at the Annual General Meeting. Remuneration of the CEO and other members of Group Management is thereafter decided by the Board, based on the recommendation of the Remuneration Committee.

Remuneration of Group Management

During the 2016/17 financial year, the remuneration of Group Management consisted of a fixed salary, short-term variable remuneration of between 40 and 100 per cent of fixed salary, long-term incentive programmes, pension and other customary benefits. The variable salary was linked to established, individual and measurable financial targets.

During the 2016/17 financial year, the total remuneration of Group Management amounted to SEK 38.8 million and is reported in more detail in Note 7 Number of employees, employee benefits expense and remuneration of senior executives.

Long-term incentive programme

The Board evaluates on an annual basis whether a long-term incentive programme is to be proposed to the Annual General Meeting or not. Dustin has three outstanding incentive programmes: LTI 2015, LTI 2016 and LTI 2017. None of these programmes include the Board.

The Annual General Meeting on December 13, 2016 resolved to introduce a new incentive programme for senior executives. The programme comprises a total of 1,159,996 warrants, acquired at a market value of approximately SEK 2 million. Dustin has reserved the right to repurchase warrants if the participant's employment or assignment at the company comes to an end or the participant wishes to transfer the warrants.

For further information, see Note 7 Number of employees, employee benefits expense and remuneration of senior executives.

Board remuneration

Remuneration and fees that were approved by the 2015/16 Annual General Meeting and attendance at meetings during the 2016/17 financial year are described below in the table "The Board of Directors during the 2016/17 financial year" on page 56 and in Note 7 Number of employees, employee benefits expense and remuneration of senior executives. No separate remuneration has been paid for committee work during the financial year. Board members are not entitled to any benefits after their assignments as Board members have come to an end.

Guidelines for remuneration

The 2015/16 Annual General Meeting resolved to adopt guidelines for remuneration of senior executives within the Dustin Group, consisting of a fixed salary, short-term variable remuneration incentive (STI), which is linked to the achievement of Dustin's financial targets and individual performance targets, and a long-term share-based or share-related incentive programme (LTI), in addition to pension and other benefits. The guidelines can be found on www.dustingroup.com/sv/ersattning.

The 2016/17 Annual General Meeting will decide on the guidelines for remuneration of senior executives. The Board is proposing guidelines whose content is essentially unchanged.

Deviations from guidelines adopted by the 2015/16 Annual General Meeting

In exceptional circumstances, the Board of Directors may deviate from the guidelines outlined above. In this case, the Board of Directors is obliged to explain the grounds for the deviation at the following Annual General Meeting.

The current guidelines, as approved by the Annual General Meeting on December 13, 2016, have been followed and all approved remuneration was within the stipulated range.



Top row from left: Fredrik Cappelen, Caroline Berg, Mattias Miksche, Gunnel Duveblad
Bottom row from left: Johan Fant, Mia Brunell Livfors, Tomas Franzén. Missing in the picture: Maija Strandberg

Board of Directors

Dustin's Board of Directors comprises eight ordinary members, including the Chairman of the Board, with no deputy members, who are elected for the period until the end of the 2016/17 Annual General Meeting.

FREDRIK CAPPELEN

Chairman of the Board since 2010.
Born: 1957.

Education: MSc in Business and Economics from Uppsala University. Studies in political science at Uppsala University.

Key competencies: Fredrik Cappelen brings broad experience of leading newly listed companies and contributes significant retail knowledge as a result of his current and previous assignments as CEO and Board member at retail companies.

Other current assignments: Chairman of the Board of Dometic AB, Terveystalo Oy and Transcom AB, and Board member of Securitas AB.

Previous positions (in recent years): Chairman of the Board of Bygghem AB, Sanitec Oy, Svedbergs i Dalstorp AB, Granngården AB, Munksjö AB, Munksjö Holding AB, CG Holding AB, Carnegie Holding AB and Carnegie Investment Bank AB, Vice Chairman of Munksjö Oy, Board member of Cramo Oy and WPO Service AB as well as President and CEO of Nobia AB.

Shareholding: 432,746, through companies.

CAROLINE BERG

Member of the Board since 2016.
Born: 1968

Education: BA in Media and psychology at Middlebury College, US.

Key competencies: Caroline Berg has extensive Board experience from both listed and unlisted companies in the retail and service sectors. She is also deeply knowledgeable about retail as well as within communication, sustainable business and HR from her years in the management team at Axel Johnson.

Other current assignments: Chairman of the Board of Axel Johnson AB and the Erik and Göran Ennerfelt Fund for International Studies for Young Swedes. Vice Chairman of Nordstjernan. Board member of Axfood, Martin & Servera, Axfast, Axel och Margaret Ax:son Johnson's Foundation and the Stockholm School of Economics' Advisory Board.

Previous positions (in recent years):

Director of Human Development and Communications and member of the management team of the Axel Johnson Group.

Shareholding: –

MIA BRUNELL LIVFORS

Member of the Board since 2016.
Born: 1965.

Education: Business at Stockholm University.

Key competencies: Mia Brunell Livfors has many years of experience of working on the board of directors at listed companies. Mia Brunell Livfors contributes to the Board through her experience in retail, e-commerce, telecom and media.

Other current assignments: CEO of Axel Johnson AB. Chairman of the Board of Axel Johnson International, Axfood, Kicks, Novax and Ähléns. Board member of Martin & Servera, Stena, Svensk Handel and Efva Attling Stockholm.

Previous positions (in recent years): CEO of Kinnevik.

Shareholding: –

GUNNEL DUVEBLAD

Member of the Board since 2016.
Born: 1955

Education: Systems Scientist, Umeå University.

Key competencies: Gunnel Duveblad contributes extensive board experience through her current and previous board assignments and her valuable expertise in the IT sector, where her positions have included several leading roles at IBM and CEO of EDS Northern Europe.

Other current assignments: Chairman of the Board of companies including Team Olivia AB, Global Scanning A/S, Ruter Dam Foundation and HiQ International AB. Board member of companies including PostNord AB and Sweco AB.

Previous positions (in recent years): Board member of companies including Anoto Group AB, Aditro Holding AB and SAM Headhunting Group A/S.

Shareholding: 2,000

JOHAN FANT

Member of the Board since 2016.
Born: 1959

Education: MSc in Economics from the Stockholm School of Economics.

Key competencies: Johan Fant provides broad experience of retail through his Board assignments, including Ähléns, Martin & Servera and Axel Johnson International. Johan also has comprehensive knowledge of financing through his roles as CFO of Axel Johnson and Boliden.

Other current assignments: CEO of AltoCumulus AB. Board member of AltoCumulus Asset Management AB, Novax AB and AxFast AB.

Previous positions (in recent years): CFO Axel Johnson AB, CFO Boliden AB, Senior Vice President Group Treasurer Electrolux AB, Corporate Controller Ericsson AB and CFO Assa Abloy AB.

Shareholding: –

TOMAS FRANZÉN

Member of the Board since 2013.
Born: 1962

Education: MSc in Engineering, Industrial Economy at Linköping University.

Key competencies: Tomas Franzén has, through his current role as CEO of Bonnier and previous role as CEO of Com Hem, extensive and broad experience of leading major companies and solid financial knowledge.

Other current assignments: President of Bonnier AB.

Previous positions (in recent years): CEO and Chairman of the Board of UPC Digital AB and Com Hem Holding AB.

Shareholding: 57,686

MATTIAS MIKSCHÉ

Member of the Board since 2006.
Born: 1968

Education: MSc in Economics from the Stockholm School of Economics.

Key competencies: Mattias Miksche contributes broad experience in digital business, through his roles as CEO and Board member of Stardoll and Board member of Avanza, Pricerunner and Sportamore.

Other current assignments: Chairman of the Board of Glorious Games Group AB (previously Stardoll AB) and SoMarketplaces AB. Board member of Avanza Bank Holding AB, Pricerunner Group AB and EuroFlorist Intressenter AB.

Previous positions (in recent years): Board member of Eniro AB and Sportamore AB.

Shareholding: 169,188

MAIJA STRANDBERG

Member of the Board since 2013.
Born: 1969

Education: MSc in Economics from Turku School of Economics at Turku University.

Key competencies: Maija Strandberg contributes industry experience through her previous role as CEO of ALSO. Maija provides experience from the Finnish business sector through several Board assignments and directorships at Finnish companies.

Other current assignments: Executive Vice President and CFO, Uponor Corporation. Board member of Danske Bank Oy and VR Group Oy.

Previous positions (in recent years): Vice President Finance of Pulp and Energy Business Line at Valmet Technologies Oy. Board member of Vuoremaa Yhtiöt Oy and FinnSonic Oy. Member of Group Management of ALSO Holding AG, CEO of ALSO Nordic Holding Oy and ALSO Finland Oy.

Shareholding: 32,686

¹Own or related legal and/or physical holdings as of August 31, 2017.



Top row from left: Jens Haviken, Georgi Ganey, Jenny Ring, Johan Karlsson, Rebecca Tallmark, Michael Haagen Petersen, Robert Pap
Bottom row from left: Caroline Rudbeck, Morten Jakobi Nielsen, Göran Lindö

Group Management

Dustin's Group Management includes the CEO Georgi Ganey, and an additional nine senior executives with various areas of responsibility.

GEORGI GANEV

President and CEO. Dustin since 2012.
Born: 1976

Education: MSc in Engineering in information technology from Uppsala University.

Previous assignments: CMO at Telenor Sweden AB, as well as CEO of Bredbandsbolaget AB.

Other assignments: Board member of Tele2 AB.

Shareholding²: 291,919

Warrants: 779,180

JOHAN KARLSSON

CFO & VP Business Support. Dustin since 2009.
Born: 1965

Education: MSc in Business and Economics from the Gothenburg School of Economics.

Previous assignments: Regional Finance Director at Tech Data AB, as well as CFO at ACO Hud Nordic AB.

Shareholding²: 282,734

Warrants: 327,341

CAROLINE RUDBECK

VP Group Communication. Dustin since 2012.
Born: 1981

Education: BSc in Media and Communication Studies and a Degree in Business Administration from the University of Stockholm.

Previous assignments: Head of Brand Management and CRM Project Manager på Tele2 AB. Marketing Manager at Reklamvision AB.

Shareholding²: 116,929

Warrants: 108,871

GÖRAN LINDÖ

VP SMB & B2C. Dustin since 2007.
Born: 1973

Education: MSc in Engineering in Industrial Economics from Chalmers University of Technology.

Previous assignments: Partner and Co-founder of Cordial AB. Consultant at Boston Consulting Group AB.

Other assignments: Board member of Boostcom Group AS and Fresks Group AB.

Shareholding²: 100,000 through companies.

Warrants: 92,525

JENNY RING

VP Operations. Dustin since 2015.
Born: 1978

Education: BSc in Business Administration from the University of Stockholm.

Previous assignments: Head of Nordic Contact Center & Ecom at Dustin Group AB, Consumer Sales Manager at GE Money Bank AB.

Shareholding²: –

Warrants: 26,363

JENS HAVIKEN

VP Services & Solutions. Dustin since 2013.
Born: 1966.

Education: BSc in Information Technology from Østfold University College.

Previous assignments: Director Microsoft Enterprise Services Norway at Microsoft AS. Director at Accenture AS.

Shareholding²: 39,688 through companies.

Warrants: 158,433

MICHAEL HAAGEN PETERSEN

VP CEP. Dustin since 2008.
Born: 1971

Education: BSc in Economics from Aarhus University School of Business and Social Science.

Previous assignments: Sales Manager at thy:data A/S. Market Manager at Logica A/S.

Shareholding²: 179,784

Warrants: 217,744

MORTEN JAKOBI NIELSEN

VP People Development. Dustin since 2004.
Born: 1975

Education: BSc in History and Society from Aarhus University.

Previous assignments: Executive Assistant at Dustin A/S. Senior team manager at Computerstore A/S.

Shareholding²: 12,836

Warrants: 96,796

REBECCA TALLMARK

VP Product Marketing. Dustin since 2017.
Born: 1976.

Education: BSc in Economics from the Stockholm School of Economics.

Previous assignments: Head of Strategy and Business Development at Systembolaget AB, Business Unit Head of Finance and M&A at Axel Johnson International AB and consultant at McKinsey.

Other assignments: Board member at Giving Wings Foundation.

Shareholding²: –

Warrants: 217,744

ROBERT PAP

VP Group Supply Chain. Dustin since 2008.
Born: 1964

Education: BSc in Economics from Linköping University.

Previous assignments: Managing Director, Spectra Stage & Event Technologies AB. Director Vendor Management, Ingram Micro Nordics. Sales and Marketing Director, Computer 2000 Sweden AB.

Shareholding²: 80,000

Warrants: 155,133

²Own or related legal and/or physical holdings as of August 31, 2017.

Consolidated income statement

SEK million	Note	16/17	15/16
Continuing operations:			
Net sales	3	9,306.2	8,300.8
Cost of goods and services sold	4	-7,926.7	-7,054.7
Gross profit		1,379.5	1,246.1
Selling and administrative expenses	4,6,7,8	-1,016.3	-911.5
Items affecting comparability	5	-7.3	-5.0
Other operating income		5.9	5.6
Other operating expenses		-12.3	-11.6
EBIT		349.5	323.5
Financial income and other similar income-statement items	9	1.2	1.4
Financial expenses and other similar income-statement items	9	-42.6	-38.2
Profit after financial items		308.1	286.8
Tax attributable to continuing operations	11	-69.0	-62.1
Net profit for the year from continuing operations		239.1	224.7
Discontinued operations:			
Profit for the period from discontinued operations	10	0.0	0.2
Net profit for the year		239.1	224.9
Other comprehensive income (all items will be transferred to the income statement)			
Translation differences		-3.2	2.9
Cash-flow hedging		10.6	-5.4
Tax		-2.3	1.2
Other comprehensive income		5.1	-1.3
Comprehensive income for the year attributable in its entirety to Parent Company shareholders		244.1	223.6
Comprehensive income for the year attributable to Parent Company shareholders arose from:			
Continuing operations		244.1	223.4
Discontinued operations	10	0.0	0.2
Total comprehensive income		244.1	223.6
Earnings for continuing operations per share (SEK)	12	3.14	2.95
Earnings for continuing operations per share after dilution (SEK)	12	3.13	2.95
Earnings per share, including discontinued operations (SEK)	12	3.14	2.95
Earnings per share after dilution, including discontinued operations (SEK)	12	3.13	2.95

Consolidated balance sheet

SEK million	Note	Aug 31, 2017	Aug 31, 2016
ASSETS			
Non-current assets			
Goodwill	13	2,105.8	1,894.7
Other intangible assets attributable to acquisitions	13	357.9	364.4
Other intangible assets	13	115.1	112.2
Tangible assets	14	24.6	20.3
Deferred tax assets	20	8.4	6.5
Other non-current assets		2.9	2.7
Total non-current assets		2,614.7	2,400.8
Current assets			
Inventories	15	261.9	229.3
Accounts receivable	17	1,047.1	877.7
Tax assets		7.6	6.2
Other receivables	16	7.7	4.0
Prepaid expenses and accrued income	17	158.5	138.0
Cash and cash equivalents	18	71.5	242.9
Total current assets		1,554.1	1,498.0
TOTAL ASSETS		4,168.8	3,898.9
EQUITY AND LIABILITIES			
Equity	19		
Share capital		380.9	380.9
Other contributed capital		393.7	392.1
Reserves		6.2	1.2
Retained earnings including net profit for the year		704.3	648.1
Total equity (attributable to Parent Company shareholders in its entirety)		1,485.1	1,422.2
Non-current liabilities			
Provisions for pensions and similar obligations		0.4	0.4
Deferred tax liabilities	20	132.9	121.9
Liabilities to credit institutions	21	1,068.6	1,066.4
Acquisition-related liabilities	22,23,16	78.3	26.0
Derivative instruments	24	6.5	9.0
Total non-current liabilities		1,286.6	1,223.7
Current liabilities			
Accounts payable	21	956.3	912.8
Tax liabilities		59.3	35.9
Derivative instruments	24	0.1	-
Other current liabilities	21	115.1	68.3
Acquisition-related liabilities	23	31.3	26.6
Accrued expenses and deferred income	25	235.0	209.3
Total current liabilities		1,397.1	1,253.0
TOTAL EQUITY AND LIABILITIES		4,168.8	3,898.9

Consolidated statement of changes in equity

SEK million	Equity attributable to Parent Company shareholders					
	Share capital	Other contributed capital	Translation reserve	Hedge reserve	Retained earnings	Total equity
Opening balance, Sep 1, 2016	380.9	392.1	15.2	-14.1	648.1	1,422.2
Net profit for the year	-	-	-	-	239.1	239.1
Other comprehensive income						
Translation differences	-	-	-3.2	-	-	-3.2
Cash-flow hedging, changes in fair value	-	-	-	10.6	-	10.6
Tax	-	-	-	-2.3	-	-2.3
Total other comprehensive income	-	-	-3.2	8.3	-	5.1
Total comprehensive income	-	-	-3.2	8.3	239.1	244.1
Dividends to shareholders	-	-	-	-	-182.8	-182.8
Subscription with the support of warrants	-	1.6	-	-	-	1.6
Total transactions with shareholders	-	1.6	-	-	-182.8	-181.2
Closing balance, Aug 31, 2017	380.9	393.7	12.0	-5.8	704.3	1,485.1

SEK million	Equity attributable to Parent Company shareholders					
	Share capital	Other contributed capital	Translation reserve	Hedge reserve	Retained earnings	Total equity
Opening balance, Sep 1, 2015	380.9	387.8	12.3	-9.9	552.7	1,323.7
Net profit for the year	-	-	-	-	224.9	224.9
Other comprehensive income						
Translation differences	-	-	2.9	-	-	2.9
Cash-flow hedging, changes in fair value	-	-	-	-5.4	-	-5.4
Tax	-	-	-	1.2	-	1.2
Total other comprehensive income	-	-	2.9	-4.2	-	-1.3
Total comprehensive income	-	-	2.9	-4.2	224.9	223.6
Dividends to shareholders	-	-	-	-	-129.5	-129.5
Subscription with the support of warrants	-	4.3	-	-	-	4.3
Total transactions with shareholders	-	4.3	-	-	-129.5	-125.2
Closing balance, Aug 31, 2016	380.9	392.1	15.2	-14.1	648.1	1,422.2

Consolidated statement of cash flow

SEK million	Note	Aug 31, 2017	Aug 31, 2016
Operating activities			
Profit before financial items including EBIT from discontinued operations		349.5	323.9
Adjustment for non-cash items	26	58.1	71.6
Interest received		1.2	1.4
Interest paid		-27.4	-26.2
Income tax paid		-57.9	-28.9
Cash flow from operating activities before changes in working capital		323.4	341.9
Decrease (+)/increase (-) in inventories		-28.5	12.1
Decrease (+)/increase (-) in receivables		-143.8	-86.4
Decrease (-)/increase (+) in current liabilities		62.5	179.5
Cash flow from changes in working capital		-109.9	105.2
Cash flow from operating activities		213.6	447.2
Investing activities			
Acquisition of intangible assets		-18.1	-32.1
Acquisition of tangible assets		-9.2	-3.8
Acquisition of operations	22	-147.2	-109.4
Divestment of operations		-	248.7
Contingent earn-out paid	22	-26.6	-38.8
Cash flow from lease portfolio, financial services	26	-	15.1
Cash flow from investing activities		-201.0	79.7
Financing activities			
Payment for warrants		1.6	4.3
Repayment of debt		-	-54.4
Paid bank arrangement fees		-3.3	-
Dividends		-182.8	-129.5
Change in financial leasing liabilities		-1.6	-
Cash flow from lease portfolio, financial services	26	-	-179.7
Cash flow from financing activities		-186.1	-359.3
Cash flow for the period		-173.6	167.5
Cash and cash equivalents at the start of the year		242.9	77.8
Cash flow for the year		-173.6	167.5
Exchange-rate differences in cash and cash equivalents		2.2	-2.5
Cash and cash equivalents at the end of the year		71.5	242.9

Parent Company income statement

SEK million	Note	16/17	15/16
Net sales		0.4	0.4
Net sales	P1	0.4	0.4
Operating expenses			
Selling and administrative expenses	P1, P2, P3	-10.4	-6.7
Other operating expenses		0.0	0.0
EBIT		-10.0	-6.3
Financial income and other similar income-statement items	P4	20.0	48.7
Financial expenses and other similar income-statement items	P4	-45.9	-41.0
Profit after financial items		-35.9	1.4
Appropriations	P5	212.4	196.5
Tax	P6	-38.8	-38.3
Net profit for the year		137.6	159.6

Parent Company statement of comprehensive income

SEK million	16/17	15/16
Net profit for the year	137.6	159.6
Other comprehensive income	-	-
Comprehensive income for the year	137.6	159.6

Parent company balance sheet

SEK million	Note	Aug 31, 2017	Aug 31, 2016
ASSETS			
Non-current assets			
Participations in Group companies	P7	1,211.6	1,221.7
Total non-current assets		1,211.6	1,221.7
Current assets			
Receivables from Group companies	P15	619.9	460.9
Tax assets		0.6	-
Prepaid expenses and accrued income	P8	6.3	10.0
Other receivables		0.2	-
Cash and bank balances	P9	42.9	147.4
Total current assets		669.8	618.3
TOTAL ASSETS		1,881.4	1,839.9
Equity and liabilities			
Restricted equity	P10		
Share capital		380.9	380.9
Total restricted equity		380.9	380.9
Non-restricted equity	P10		
Share premium reserve		388.1	388.1
Retained earnings		-251.5	-229.9
Net profit for the year		137.6	159.6
Total non-restricted equity		274.3	317.9
Total equity		655.2	698.7
Untaxed reserves	P11	109.4	50.6
Non-current liabilities			
Liabilities to credit institutions	P12	1,068.6	1,066.5
Total non-current liabilities		1,068.6	1,066.5
Current liabilities			
Accounts payable	P12	0.2	0.1
Tax liabilities		45.1	22.2
Other current liabilities	P12	0.3	0.2
Accrued expenses and deferred income	P13	2.6	1.6
Total current liabilities		48.2	24.1
TOTAL EQUITY AND LIABILITIES		1,881.4	1,839.9

Parent Company statement of changes in equity

SEK million	Equity attributable to Parent Company shareholders			
	Share capital	Share premium reserve	Retained earnings	Total equity
Opening balance, Sep 1, 2016	380.9	388.1	-70.3	698.7
Net profit for the year	-	-	137.6	137.6
Total comprehensive income	-	-	137.6	137.6
Dividends	-	-	-182.8	-182.8
Subscription with the support of warrants	-	-	1.6	1.6
Total transactions with shareholders	-	-	-43.5	-43.5
Closing balance, Aug 31, 2017	380.9	388.1	-113.8	655.2

SEK million	Equity attributable to Parent Company shareholders			
	Share capital	Share premium reserve	Retained earnings	Total equity
Opening balance, Sep 1, 2015	380.9	388.1	-103.7	665.3
Net profit for the year	-	-	159.6	159.6
Total comprehensive income	-	-	159.6	159.6
Dividends	-	-	-129.5	-129.5
Subscription with the support of warrants	-	-	4.3	4.3
New share issue	-	-	-1.0	-1.0
Total transactions with shareholders	-	-	33.4	33.4
Closing balance, Aug 31, 2016	380.9	388.1	-70.3	698.7

Parent Company statement of cash flow

SEK million	Note	Aug 31, 2017	Aug 31, 2016
Operating activities			
Loss before financial items		-10.0	-6.3
Adjustment for non-cash items	P14	271.2	247.1
Interest received		9.6	2.5
Interest paid		-23.7	-31.3
Income tax paid		-16.5	7.9
Cash flow from operating activities before changes in working capital		230.7	220.0
Decrease (+)/increase (-) in receivables		-162.3	-13.9
Decrease (-)/increase (+) in current liabilities		1.2	-3.0
Cash flow from changes in working capital		-161.0	-16.9
Cash flow from operating activities		69.6	203.1
Financing activities			
Payment for warrants		1.6	4.3
Repayment of debt		-	-41.9
Paid bank arrangement fees	P12	-3.3	-
Dividends received		10.4	46.1
Dividends paid		-182.8	-129.5
Cash flow from financing activities		-174.1	-120.9
Cash flow for the year		-104.5	82.1
Cash and cash equivalents at the start of the year		147.4	65.3
Cash and cash equivalents at the end of the year		42.9	147.4

Note 1

Significant accounting policies

The consolidated financial statements for Dustin have been prepared in accordance with the Swedish Annual Accounts Act, International Financial Reporting Standards (IFRS), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups is applied. The Parent Company applies the same accounting policies as the Group except for the cases described under the section "Parent Company's accounting policies." The Board and the CEO approved this Annual Report and the consolidated financial statements for publication on November 16, 2017. The consolidated and Parent Company income statement and balance sheet will be adopted by the Annual General Meeting on December 13, 2017.

Valuation basis in the preparation of the financial statements

The functional currency of the Parent Company is the Swedish krona (SEK), which is also the presentation currency for both the Parent Company and the Group. This means that the financial statements are presented in SEK. All amounts, unless otherwise stated, are rounded to the nearest million SEK.

Assets and liabilities are recognised at historical cost, except for certain financial assets and liabilities that are measured at fair value. Non-current assets and liabilities consist primarily of assets and liabilities that are expected to be recovered or settled more than 12 months after the balance-sheet date. Current assets and liabilities primarily consist of assets and liabilities that are expected to be recovered or settled within 12 months of the balance-sheet date.

Preparing the financial statements in accordance with IFRS requires management to make estimates and assumptions that impact the application of the accounting policies and the carrying amounts for assets, liabilities, income and expenses. These estimates and assumptions are based on historical experience and various other factors that under current circumstances seem reasonable. The outcome of these estimates and assumptions is then used to determine the carrying amounts of assets and liabilities that are not significantly clarified from other sources. The actual outcome may differ from these estimates and assumptions, but not significantly. The estimates and assumptions are regularly updated to identify factors that may impact the initial assumption. A change in estimates is recognised in the period in which the change occurred. The areas that

involve a high degree of assessment and that are of material importance to the Group are described in Note 2 Important estimates and assessments.

The accounting policies outlined in this section are applied consistently to all external reporting, unless otherwise stated.

New and amended accounting policies

None of the changes and interpretations in existing standards that have been applied from the financial year beginning September 1, 2016 had any material impact on the financial statements for the Group or the Parent Company.

A number of new standards and amendments and interpretations of existing standards have been published but have not yet come into force. Dustin has chosen not to prospectively apply any of these. Of these, the standards set out below are deemed to potentially have a material impact on the financial statements:

IFRS 9 Financial Instruments

The standard replaces IAS 39 Financial Instruments: Recognition and Measurement. It contains rules for classification and measurement of financial assets and liabilities, impairment of financial instruments and hedge accounting. The standard is effective for financial years beginning on or after January 1, 2018, which for Dustin means the financial year beginning September 1, 2018. Dustin has not yet completed its assessment of the effect of the application of IFRS 9 and thus cannot quantify how the new rules will impact the consolidated financial statements. The preliminary assessment is that the standard will not entail any material change to the accounting, but will mainly affect disclosures and categorisation.

IFRS 15 Revenue from Contracts with Customers

The standard deals with the recognition of revenues from contracts with customers and the sale of certain non-financial assets. The new standard replaces IAS 11 Construction Contracts and IAS 18 Revenue and related interpretations. The standard is effective for financial years beginning on or after January 1, 2018, which for Dustin means the financial year beginning September 1, 2018. During the financial year, Dustin worked to identify the effects of the standard with respect to revenue recognition and disclosure requirements. This process included a review of existing customer contracts and the establishment of procedures for ensuring compliance with

the standard. Dustin has not yet quantified the effects of the new rules.

IFRS 16 Leasing

This standard comes into effect on January 1, 2019 and covers the recognition of lease agreements. Dustin's financial statements will be impacted by this standard and work is currently being carried out to evaluate the effects. Dustin has not yet quantified the impact of the new standard on the consolidated financial statements.

Comparative data

From September 1, 2016, hedge accounting according to IAS 39 Financial Instruments: Recognition and Measurement has applied to net investments in foreign subsidiaries. This means that exchange-rate differences on external loans are recognised in other comprehensive income. For earlier periods, these exchange-rate differences are recognised under net financial items in the income statement.

Segment reporting

In Dustin, segment reporting is based on the Group's end-customers and corresponds to the internal reporting structure used by management, the Board of Directors and the chief operating decision maker (the CEO). Dustin has identified two segments: B2B and B2C. The B2B segment includes all sales and transactions with businesses and the B2C segment includes sales and transactions with consumers. The segments are followed up using the key performance indicators of net sales and segment earnings. A central function also exists, to which all non-allocated costs and amortisation/depreciation are recognised. The divested lease operations in the B2B segment are included in the segment reporting for earlier periods.

Consolidation policies

Group structure

The Group encompasses the Parent Company and subsidiaries. The financial statements of subsidiaries are consolidated in the consolidated financial statements as of the date on which the controlling influence is attained and until the date on which controlling influence no longer exists. An overview of all consolidated companies in the Group can be found in Note P7 Participations in Group companies.

Consolidation of subsidiaries and purchase price allocations

Acquisitions of subsidiaries are recognised in accordance with the purchase method and preliminary purchase price allocations are prepared in connection with acquisitions. Using this method, the acquisition of a subsidiary is regarded as a transaction whereby Dustin indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities.

In the event of an acquisition, the purchase price allocation is to determine the cost of the shares or the business and the fair value at the acquisition date of identifiable assets, liabilities and contingent liabilities. The difference between the purchase consideration and the fair value of identified assets and liabilities assumed is allocated to goodwill. If the purchase consideration is lower than the fair value of the acquired company's net assets, the difference is recognised directly in profit and loss. Transaction costs directly attributable to the acquisition are expensed continuously and are recognised under Items affecting comparability. Any contingent earn-out to be paid by the Group is recognised on the acquisition date at fair value. Measurement is subsequently carried out on a continuous basis at fair value and any changes in value are recognised in profit or loss under Items affecting comparability. If a change in value occurs before the purchase price allocation has been finalised, and the change is of such a nature that the event arose from the acquisition date, measurement is carried out via the balance sheet. For more information on items affecting comparability, refer to Definitions on page 112.

Transactions eliminated upon consolidation

Intra-Group receivables and payables, income and expenses arising from intra-Group transactions are eliminated when the consolidated financial statements are prepared.

Foreign currency

Foreign currency transactions are translated to the functional currency using the exchange rates prevailing on the transaction date. Exchange-rate differences arising in connection with the settlement of such transactions, or when translating exchange rates for monetary assets and liabilities in foreign currencies on the balance-sheet, date are recognised in profit or loss.

Functional currency is the currency of the primary economic environment in which the entity operates, meaning that the local currency corresponds to the functional currency for the companies. Upon consolidation, this means that all assets and liabilities included in the subsidiaries' balance sheets are translated at the closing day rate and all profit or loss items are translated at the average exchange rate. Any translation differences are recognised in other comprehensive income and accumulated in the translation reserve in equity.

The Group applies hedge accounting to hedge net investments in foreign subsidiaries. For effective hedges, exchange-rate differences from transaction of external loans from credit institutes are recognised in other comprehensive income. Gains or losses attributable to ineffective portions of hedges are recognised in profit or loss under net financial items. For further information,

refer to the section on Derivative instruments and hedge accounting on page 77.

All other exchange-rate differences are recognised in profit or loss under EBIT.

Net sales

Net sales include income measured at the fair value of what has been or will be received for sold goods and services, excluding discounts, VAT and after eliminating intra-Group sales. Income is recognised in profit or loss when the following criteria have been fulfilled:

- The goods or services are delivered to the customer (B2C) or the carrier (B2B) and the financial benefits related to the goods or services have essentially been transferred to the customer.
- It is probable that any future financial benefits associated with the income item will accrue to the entity, and the income can be calculated in a reliable manner.

Dustin's sales consist primarily of sales of IT products and IT-related services to companies (B2B) and consumers (B2C). For sales of goods to the B2B segment, the risk passes to the buyer when the goods are delivered to the carrier, and for the B2C segment, the risk passes to the customer when the goods are handed over by the carrier.

Cost of goods and services sold

Cost of goods and services sold includes the purchase price, customs, other taxes, distribution costs, payroll expenses for consultants and other directly attributable costs. Discounts from suppliers, cash discounts, vendor bonuses and similar items reduce the cost of goods and services sold.

Selling and administrative expenses

Selling expenses includes costs directly attributable to sales of goods and services. This item includes the cost of freight to customers, marketing, remuneration of sellers, debt collection, credit information, etc. Administrative expenses include administration costs not attributable to the cost of goods and services sold or selling expenses. Administrative expenses include costs for the finance department, HR department, IT department, depreciation and other expenses.

Items affecting comparability

Items affecting comparability relate to material income and expense items recognised separately due to the significance of their nature and amounts to facilitate understanding of the Group's financial performance. Items affecting comparability are specified in Note 5 Items affecting comparability.

Financial income and expenses

Financial income and expenses consist of interest income from bank deposits and receivables and interest expenses from external financing. Interest expenses and interest income are recognised when they arise in accordance with the effective interest method.

Income tax

Dustin's total tax expense consists of current and deferred tax. Income tax is recognised in profit or loss, except when the underlying transaction is recognised in other comprehensive income or directly in equity, in which case the related tax effect is recognised in other comprehensive income or directly in equity. Current tax is tax that is to be paid or received in the current year, with the application of the tax rates that have been decided or decided in practice on the balance-sheet date in the countries in which the company's subsidiaries operate and generate taxable earnings. This also includes adjustments of current tax attributable to prior periods.

Lease accounting

Dustin as a lessee

Financial leasing

A lease is classified as financial leasing when the risk and rewards associated with ownership have been transferred to Dustin. The assets are recognised as tangible assets and the future payments as liabilities.

Operating leases

Other lease contracts are classified as operating. Costs for operating leases are recognised in profit or loss for the year on a straight-line basis over the term of the lease.

Intangible assets

Brands

The Dustin brand is recognised as an intangible asset with an indefinite useful life since Dustin is actively continuing to support the brand via continuous further development and strengthening. The brand is not amortised but is tested for impairment every year or whenever there is an indication of a decline in value.

Goodwill

Goodwill arises when operations are acquired where the cost exceeds the fair value of Dustin's share of the acquired operations' identifiable net assets on the acquisition date. Goodwill is recognised at cost reduced by any impairment.

Impairment of goodwill is tested annually or whenever there is an indication of a decline in value. The carrying amount of goodwill is compared with the recoverable

amount, which is the highest of the value in use and the fair value less selling expenses. Any impairment is recognised directly as an expense and is never reversed.

To enable impairment testing, goodwill was reallocated during the year to a new level of cash-generating units, as a result of reorganisation and a higher degree of integrated operations. For more information, refer to Note 13 Intangible assets.

The following cash-generating units have been identified:

- B2C: Private customers
- CEP: Business customers where the companies have more than 500 employees per group/contract point and public limited companies/organisations.
- SMB: Other business customers

The cash-generating units to which goodwill has been allocated are to be impairment tested by comparing the carrying amount of the unit, including goodwill, with the recoverable amount of the unit. When impairment testing goodwill, the recoverable amount of the operating capital, including goodwill, is compared with the carrying amount. Operating capital is defined as the net of operating assets and operating liabilities. Joint operating assets in Dustin include goodwill, inventory, accounts receivable, personnel receivables, tax assets and accrued receivables. Joint operating liabilities in Dustin primarily include accounts payable, provisions, tax liabilities and deferred tax. Interest-bearing items in the balance sheet are normally not included in working capital.

The valuation is based on a business plan and a discounted cash flow analysis, as the main approach in estimating the recoverable amount. A sensitivity analysis of the discount rate and growth assumptions is made after each impairment test in order to determine whether the remaining surplus value (the difference between the recoverable amount and the carrying amount) is sufficient.

Other intangible assets

Other intangible assets consist of acquired customer contracts and capitalised IT expenditures for the integrated IT platform and Dustin's pricing platform. Intangible assets are recognised in the balance sheet if they meet the criteria for intangible assets according to IAS 38 Intangible Assets.

Capitalisation of IT costs for the integrated IT platform is only applied to systems that Dustin considers strategic long-term systems. Expenses for other systems are expensed immediately. Capitalised IT expenditures consist of:

- System development that improves system functionality. System development activities include functional and technical design, development/configuration, deployment, migration and project management of said activities within the framework of the architecture principles.
- Work to upgrade platforms, modules or systems in order to gain significant new functionality.
- Work to expand the use of the platforms to new parts of the organisation.

Dustin's pricing platform has been developed so that it can automatically manage and adjust selling prices depending on supply and demand, as well as price changes and stock levels at suppliers and competitors.

Amortisation is recognised on a straight-line basis over the estimated useful life and is recognised in profit or loss under Selling and administrative expenses. Intangible assets with a finite useful life are amortised as from the date the asset is available for use. The expected useful lives for intangible assets are as follows:

Customer contracts	3-7 years
ERP platform	3-15 years
Web platform	3-6 years
BI/BizTalk platform	2-4 years
Licenses and hardware	3 years
Pricing platform	3 years

Tangible assets

Tangible assets are recognised as assets in the balance sheet when it is probable that the future financial benefits associated with the assets will accrue to the company and the cost of the asset can be measured reliably. Tangible assets are recognised at cost less accumulated depreciation and impairment losses. Cost includes the purchase price and costs directly attributable to the asset for delivering it to its intended place and in a condition that matches the intended purpose.

The carrying amount of tangible assets is derecognised from the balance sheet when the item is disposed of or sold or when no future financial benefits are expected to accrue from the asset. Gains or losses on the sale or disposal of an asset are calculated as the difference between the selling price (less direct selling expenses) and the carrying amount of the asset. Gains or losses are recognised as other operating income/expenses in profit or loss.

Depreciation is applied on a straight-line basis over the estimated useful life and recognised in Selling and administrative expenses in profit or loss. Useful lives are continuously assessed. The expected useful lives for tangible assets are as follows:

Investment in rented premises	5-10 years
Computers and accessories	3 years
Equipment, tools, fixtures and fittings	5 years

Deferred tax

Deferred tax is recognised on all temporary differences, which is the difference between the taxable value of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is calculated using the tax rates and tax regulations that have been decided or announced as per the balance-sheet date. Deferred tax assets are recognised only to the extent that it is probable that future taxable surplus will be available for offsetting the temporary differences within the foreseeable future. Deferred tax liabilities and deferred tax assets are offset as far as possible within the framework of local laws and tax regulations.

Impairment of assets

Assets with indefinite useful lives are not depreciated but are tested for impairment at least once a year. Assets that are subject to depreciation are also tested for impairment. Any impairment of assets subject to depreciation is reversed only when there is no longer any indication of impairment and the assumptions used as the basis for calculating the recoverable amount have changed. However, impairment of goodwill is never reversed. An impairment loss is only reversed to the extent that the asset's carrying amount, after reversal, does not exceed the recognised residual value that would have existed had the impairment not occurred.

Inventories

Inventories are measured at the lower of cost and net realisable value, less expected obsolescence. Net realisable value is the estimated selling price in the operating activities, less the estimated costs for accomplishing a sale. Goods are considered to be included in Dustin's inventory from the date on which the goods are owned by Dustin according to civil law. The cost of inventories is measured according to a moving average method. This measurement technique is considered to yield a reliable and conservative approach to recognising financial results. Calculation of the moving average cost is made by dividing the total cost of the items purchased by the number of items in inventories. The average cost includes all inventory items in stock and is re-calculated after every inventory purchase. Changes in the reserve for inventory obsolescence are recognised under Cost of goods and services sold.

Receivables

Accounts receivable and other receivables are measured at fair value on initial recognition and subsequently at amortised cost less any impairment. The impairment is recognised in profit or loss under Selling and administrative expenses. Accounts receivable are included in the balance sheet when an invoice has been issued. Since the expected maturity of an account receivable is short, the value is recognised without discounting.

Cash and cash equivalents

Cash and cash equivalents include cash and bank balances that are readily available. Utilised bank overdrafts are recognised under short-term loans.

Equity

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new shares or warrants are recognised (net of tax) in equity as a deduction from the issue proceeds.

Provisions

A provision is recognised in the balance sheet when Dustin has an existing legal or informal obligation as a result of a past event, and it is probable that an outflow of financial benefits will be required to settle the obligation and when a reliable estimate of the amount can be made. If the effect of the date of payment is material, provisions are calculated by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Remuneration of employees

Defined-contribution pension plans

The Group only has defined-contribution pension plans. Defined-contribution plans are plans under which the company's obligations are limited to the payment of fixed contributions. Dustin has no legal or informal obligations to pay further contributions should the fund not have sufficient assets to pay all employee benefits relating to employee service in current and prior periods. For defined-contribution plans, Dustin pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as expenses for employee benefits when the amounts become due for payment. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments accrues to Dustin.

Share-based remuneration

A number of senior executives and other key individuals at Dustin have been allotted warrants under the framework

of the Group's share-based remuneration plan. Dustin receives services from these employees as payment for the Group's equity instruments (warrants). Furthermore, the programme also includes a limited number of warrants that are settled in cash, known as synthetic options. The fair value of liabilities including any social security contributions for cash-based payment is charged to profit or loss at the corresponding change in liabilities. All warrants were issued on market-based terms on the subscription date.

Dustin issues new shares when the warrants are utilised. Payments received, less any transaction costs, increase the share capital and other contributed capital to the extent exceeding the quotient value.

For more information regarding employee benefits, see Note 7 Number of employees, employee benefits expense and remuneration of senior executives.

Loans

External loans and drawdowns are initially measured at the fair value of the amount received, net after transaction costs. Transaction costs include costs that arise in connection with raising loans or loan commitments if it is deemed probable that loan or credits will be utilised. The cost is recognised as prepaid expenses until the credits or loan is utilised. Borrowing is thereafter recognised at amortised cost and any difference between the amount received (net after transaction costs) and the repayment amount is recognised in profit or loss distributed over the borrowing period, applying the effective interest method.

Liabilities are classified as current liabilities unless Dustin has an unconditional right to defer payment of the liability for at least 12 months after the balance-sheet date.

Acquisition-related liabilities

Acquisition-related liabilities pertain to contingent earn-outs. Measurement is carried out on a continuous basis at fair value and changes in value are recognised in profit or loss under Items affecting comparability. If a change in value occurs before the purchase price allocation has been finalised, and the change is of such a nature that the event arose from the acquisition date, measurement is carried out via the balance sheet. Liabilities for contingent earn-outs are discounted and the effect of the discounting is expensed under financial liabilities. The fair value is calculated as defined for Level 3 in IFRS 13, meaning according to inputs that are not based on observable market data. The calculation of the contingent earn-out liability is based on the parameters of each acquisition agreement. These parameters are usually linked to the outcome of performance measures taken for up to three years from the date of acquisition.

Derivative instruments and hedge accounting

Derivatives comprise interest-rate derivatives to cover the variable interest-rate risk associated with external bank loans and, in certain cases, currency futures to cover the transaction exposure that may arise upon purchase of foreign currency. Derivative instruments are recognised on the contract date and are measured at fair value, both initially and in subsequent revaluations via other comprehensive income, in the hedge reserve in shareholders' equity, on condition that the hedge is effective.

If the hedge accounting ceases, the cumulative gain or loss on the hedging instrument remains until such time as the forecast transaction occurs. If the forecast transaction is no longer expected to occur, the cumulative gain or loss on the hedging instrument is immediately recognised in net financial items in profit or loss. If the derivative is discontinued prematurely and replaced with a new, similar derivative, the derivative's cost is recognised on an accruals basis in profit or loss over the original remaining term.

From September 1, 2016, hedge accounting according to IAS 39 Financial Instruments: Recognition and measurement has been applied to net investments in foreign subsidiaries. This means that exchange-rate differences on external loans are recognised in other comprehensive income. Efficacy analyses are carried out every quarter and in accordance with Dustin's policy. Any gains or losses from hedging instruments attributable to the effective portion of the hedge are recognised in other comprehensive income. Gains or losses attributable to the ineffective portion are recognised in profit or loss under Financial expenses and other similar income-statement items. Accumulated gains and losses in other comprehensive income are recognised in profit or loss when the foreign operations are fully or partly offset. The Group meets the requirements for applying hedging of net investments.

Accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired from suppliers in the operating activities. Accounts payable are classified as current liabilities if they fall due for payment within one year. If payment is expected to be made more than 12 months after the balance-sheet date, the liability is recognised as a long-term liability. Accounts payable are initially measured at fair value and thereafter at amortised cost applying the effective interest method.

Contingent liabilities

Disclosures about a contingent liability are provided when there is a possible obligation depending on whether some uncertain future event occurs or when there is an existing

obligation for which payment is not probable or the amount cannot be measured reliably.

Parent Company's accounting policies

The Parent Company Dustin Group AB's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and the standard RFR 2 Accounting for Legal Entities. RFR 2 requires that, to the extent possible, financial statements for the Parent Company should comply with all IFRS standards and interpretations approved by the EU. Furthermore, the recommendation specifies permissible exceptions from IFRS, as well as additions to IFRS that are required in order for the Parent Company to be compliant with Swedish legislation.

Differences between the accounting policies of the Group and the Parent Company are presented below.

Amended and new accounting policies

The Parent Company's accounting policies were unchanged during the year. No new or revised IFRS or RFR 2 changes are deemed to have impacted the Parent Company.

Financial instruments

The Parent Company does not apply IAS 39 Financial Instruments. Financial instruments are recognised at cost in accordance with the Annual Accounts Act. In accordance with Dustin's Finance Policy, derivatives are to be used for hedging of variable interest rates on external loans. To minimise the risk of fluctuations in interest expenses for the Group, the derivatives must be structured so that maturities are spread over several periods. During the current and preceding financial years, derivatives were prematurely discontinued and replaced with new derivatives with wider maturity spreads. The effect of the derivatives being prematurely discontinued is that the early payment is recognised as an asset (prepaid expense) in the balance sheet and the cost is recognised on an accruals basis in net financial items over the original remaining duration.

Tax

The Parent Company recognises untaxed reserves (appropriations) and deferred tax.

Group contributions

Dustin applies alternative regulations pursuant to RFR 2, which means that Group contributions are recognised as appropriations.

Subsidiaries

Shares in subsidiaries are recognised in the Parent Company according to the cost method. Any dividend from subsidiaries is recognised in profit or loss for the Parent Company as financial income. If there is an indication that the value of the shares in the subsidiaries has decreased,

an impairment test is conducted. Anticipated dividends from subsidiaries are to be recognised in cases where the Parent Company has exclusive rights to decide about the size of the dividend, and whether the Parent Company made a decision about the size of the dividend before the Parent Company published its financial statements.

Shareholders' contributions

Shareholders' contributions are capitalised in shares and participations. Any impairment requirements are taken into account.

Note 2

Important estimates and assessments

The preparation of these financial statements involves management making estimates and assessments about the future. These assumptions and estimates are based on historical experience and other factors considered for these important areas, and the estimates and assessments are evaluated continuously. Estimates and assessments recognised for the year are considered to be reasonable. The identified key estimates are:

Impairment of assets

Goodwill is considered to be the most important asset for which impairment testing is deemed to be critical. The calculated recoverable amount of identified cash-generating units is based on a number of assessments and estimates based on managements best assessment. Changes to these could have a material effect on the recoverable amount. The most significant assumptions are outlined in Note 13 Intangible assets. The sensitivity analysis shows that reasonable changes in assumptions made would not result in a lower recoverable amount than the carrying amount of goodwill. The impairment tests for the current financial year did not indicate any need of impairment.

Performance-based contingent earn-out liability

Dustin has often applied a price model to acquisitions whereby the total purchase consideration partly comprises a performance-based earn-out liability. The total earn-out is initially assessed when the preliminary purchase price allocation is determined in direct connection with the acquisition. Changes in the earn-out liability are subsequently evaluated every quarter or when the need arises. The assessments on which the recognised liability is based comprise a number of critical assumptions with respect to, for example, growth and margins. Company management works actively on forecasts and follow-ups and ensuring that the assumptions forming the basis of recognised liabilities are deemed to be reasonable. For more information, refer to Note 23 Acquisition-related liabilities.

Note 3

Business segments and sales by geographic area

	Group	
Net sales	16/17	15/16
B2B	8,715.4	7,703.3
B2C	590.8	597.5
Total net sales	9,306.2	8,300.8
Segment result		
B2B, Segment results	732.9	660.3
B2B, Segment results, margin (%)	8.4	8.6
B2C, Segment results	24.6	22.4
B2C, Segment results, margin (%)	4.2	3.7
Cost for central functions	-331.3	-293.1
In relation to net sales (%)	-3.6	-3.5
Adjusted EBITA	426.1	389.6
Reconciliation with EBIT		
Items affecting comparability	-7.3	-5.0
Amortisation and impairment of intangible assets	-69.3	-60.6
Less: EBIT attributable to discontinued operations included in segment results for B2B	0.0	-0.4
EBIT, Group	349.5	323.5
Financial income and other similar income-statement items	1.2	1.4
Financial expenses and other similar income-statement items	-42.6	-38.2
Profit after financial items, Group	308.1	286.8

	Net sales		Non-current assets	
By geographic area	16/17	15/16	16/17	15/16
Sweden	4,796.9	4,531.1	1,752.2	1,661.6
Finland	1,571.6	1,458.8	267.4	271.1
Denmark	1,563.0	1,246.7	258.5	199.6
Norway	1,374.7	1,064.2	325.3	259.3
Total	9,306.2	8,300.8	2,603.4	2,391.6

Dustin's operations are divided into two business areas: B2B and B2C. Within B2B, customers are served through both the online platform and relationship selling. Dustin's sales model has been adapted to meet customer needs as efficiently as possible. In addition to the core B2B segment, Dustin also serves private customers in the B2C business

segment. In the B2C segment, customers are only served through the online platform. Through this customer segment, Dustin gains insight into trends and pricing as well as increased sales with limited additional costs.

These two business segments are supported by a number of Group-wide functions including product procurement, pricing, online, marketing, business support and people development. These Group-wide functions are referred to above as Costs for central functions. Dustin's central functions hold the key to delivery of the Group's offerings in all markets, the generation of economies of scale and the simplification of the integration of acquired operations.

Note 4

Expenses by type of cost

	16/17	15/16
Cost of goods and services sold	7,863.6	6,987.0
Personnel costs	702.9	644.1
Depreciation/amortisation	81.6	71.0
Other selling and administrative expenses including items affecting comparability	302.2	269.0
Total	8,950.3	7,971.2

The item Cost of goods and services sold above refers to direct costs for purchases of goods and direct costs related to the delivery of services.

Personnel costs are included in the Selling and administrative expenses and Cost of goods and services sold lines in the income statement and refer to payroll expenses including social security expenses.

Depreciation/amortisation encompasses intangible and tangible assets and is included in the line Selling and administrative expenses in the income statement.

Other selling and administrative expenses including items affecting comparability primarily refer to rent for premises, costs for temporary employees, marketing, IT and other personnel costs not related to salaries or social security contributions, in addition to the Items affecting comparability specified in Note 5.

Note 5

Items affecting comparability

	16/17	15/16
Acquisition and divestment-related expenses	-11.6	-5.0
Change in value of acquisition-related liabilities	22.3	-
Provision for repayment requirement	-18.0	-
Total	-7.3	-5.0

During the year, a provision of SEK 18 million was made for the repayment requirement attributable to the judgment in the Group's dispute with a Norwegian customer. A new assessment was also made of liabilities attributable to acquisition-related liabilities, which resulted in a positive

earnings effect of SEK 22 million. Costs attributable to acquisitions amounted to SEK 12 million during the year and mainly pertained to remuneration to consultants and attorneys for financial and legal advisory services in conjunction with acquisitions.

Note 6

Auditor's remuneration and expenses

	16/17	15/16
Ernst & Young AB		
Audit assignment	3.0	2.8
Audit activities other than audit assignment	0.9	0.5
Tax consultations	0.1	0.3
Other services	0.1	0.0
Total	4.1	3.6

Audit assignments are defined as the examination of the Annual Report and accounting records and of the Board of Directors' and CEO's administration of the company, other tasks incumbent on the auditor, as well as advice and other assistance occasioned by observations made in the course of such examinations or the performance of such other tasks.

Audit activities other than audit assignment primarily relate to the auditor's review of interim reports and review of the company's sustainability report.

For the 15/16 and 16/17 financial years, Ernst & Young AB was appointed the auditor of the Group.

Note 7

Number of employees, employee benefits expense and remuneration of senior executives

Average number of employees	16/17			15/16		
	Women	Men	Total	Women	Men	Total
Sweden	147	500	647	162	461	623
Norway	22	100	123	19	92	110
Finland	21	77	98	20	79	99
Denmark	20	90	110	16	96	112
Total in the Group	211	767	977	216	727	944

Distribution of Board members and senior executives at the balance-sheet date	16/17			15/16		
	Women	Men	Total	Women	Men	Total
Board members	4	4	8	2	5	7
Group Management, including CEO	3	7	10	1	8	9
Total	7	11	18	3	13	16

Note 7

Number of employees, employee benefits expense and remuneration of senior executives, cont'd.

Salaries and other remuneration of the CEO, Group Management and other employees	16/17			
	CEO and Group Management	of which, CEO Georgi Ganev	Other employees	Total
Salaries and other remuneration	28.1	9.0	514.1	542.2
of which, variable remuneration	9.0	3.5	17.9	26.9
Social security expenses	10.7	4.6	150.1	160.8
of which, pension costs	4.6	1.8	40.2	44.7
Total	38.8	13.6	664.2	702.9

Salaries and other remuneration of the CEO, Group Management and other employees	15/16			
	CEO and Group Management	of which, CEO Georgi Ganev	Other employees	Total
Salaries and other remuneration	26.9	6.7	469.0	496.0
of which, variable remuneration	8.3	2.4	14.9	23.2
Social security expenses	9.4	3.5	140.3	149.7
varav pensionskostnader	3,9	1,5	36,7	40,5
Summa	36,3	10,2	609,4	645,7

Remuneration of senior executives

Guidelines for remuneration of senior executives

Guidelines for the remuneration of senior executives are resolved by the shareholders at the Annual General Meeting. The Annual General Meeting, which is to be held on December 13, 2017, will take a decision about the guidelines for remuneration of senior executives.

The proposal ahead of the Annual General Meeting is that the guidelines for the next year remain unchanged compared with the established guidelines. The proposal is available at www.dustingroup.com.

Board members

Remuneration and fees that were approved for 2016/17 are described in the table "Board remuneration (annual fees in SEK)". No separate remuneration has been paid for committee work during the financial year.

CEO and other Group Management

Remuneration of the CEO comprises fixed salary, pension and other standard benefits, as well as variable remuneration. The CEO is entitled to a fixed annual salary of SEK 4,800,000 and annual variable remuneration of a maximum of 100 per cent of the fixed salary. The retirement age for the CEO is 65. Until the agreed retirement age, the company is to contribute a monthly amount corresponding to 30 per cent of the fixed salary in a pension.

Remuneration of other Group Management comprises fixed salary, pension and other standard benefits, as well as variable remuneration of a maximum of 60 per cent of the fixed salary.

Pension for other Group Management is paid as a percentage of the fixed salary or premium-based pension scheme. The CEO has 12 months' notice of termination from the company and six months' notice on his/her own initiative. In the event of termination of other Group Management by the company, the notice of termination is six to 12 months. In the event of termination of other senior executives on their own initiative, the notice of termination is six months. One member of other Group Management is entitled to severance pay in the form of a maximum variable salary to be paid upon termination by the company.

Long-term incentive programme

At the Annual General Meeting on December 13, 2016, the shareholders resolved to adopt a long-term incentive programme (LTI 2017) for senior executives and other identified key individuals. The programme has the same structure as the previous year's incentive programme, and consists of warrants. Each warrant carries the entitlement to subscribe for one new share in the company. The programme includes a total of 1,159,996 warrants and carries the entitlement to subscribe for an equivalent number of shares. Of the total number of warrants, 92,271 comprise synthetic options, with each warrant entitling the holder to receive corresponding proceeds. The duration period for the warrants is 3.5 years. There are also two long-term incentive programmes from prior years (LTI 2015 and LTI2016) that encompass a total of 1,053,387 and 593,108 warrants, respectively, with a duration period of 3.5 years. Full exercise of the warrants would result in a dilution of approximately 3.6 per cent. The aim of the warrants programmes is to increase the proportion of ownership among Group Management, and to motivate them to remain at the company. In addition, the ownership is expected to increase long-term commitment to Dustin and its earnings performance.

Note 7

Number of employees, employee benefits expense and remuneration of senior executives, cont'd.

Programme	Period of utilisation	Outstanding warrants	Exercise price, SEK	Dilution on full exercise
LTI 2017	January 30, 2020–June 30, 2020	1,159,996	73.9	1.4%
LTI 2016	January 30, 2019–June 30, 2019	593,108	74,5*	0.8%
LTI 2015	January 30, 2018–June 30, 2018	1,053,387	59,5*	1.4%
Total		2,806,491		3.6%

* The exercise price is adjusted for dividend payments during its term.

Number of warrants to exercise per programme			
Participant	LTI 2017	LTI 2016	LTI 2015
Georgi Ganev	263,649	237,244	278,287
Other Group Management	421,822	355,864	775,100
Other participants	474,525	-	-
Total	1,159,996 *	593,108	1,053,387

* Of which 92,271 warrants are synthetic options.

Remuneration Committee

The main task of the Remuneration Committee is to prepare matters regarding remuneration and other employment terms for the CEO and other senior executives. This work comprises preparing proposals for guidelines on, for example, the distribution between fixed and variable remuneration and the relationship between performance and compensation, the principal terms and conditions for incentive schemes, the terms for other benefits, pensions, notice of termination and severance pay, and to prepare proposals for individual compensation packages for the CEO and other Group Management. Further, the Remuneration Committee is to monitor and evaluate the outcome of the variable remuneration and the company's compliance with the remuneration guidelines adopted by the Annual General Meeting. In 2016/17, the Board members Fredrik Cappelen (Chairman), Caroline Berg and Tomas Franzén were members of the Remuneration Committee. For 2017/18 financial year, the Committee will submit a proposal for remuneration of the CEO for the Board's approval. The Committee will also assist the CEO in approving remuneration of other Group Management.

Board members

Remuneration and fees that were approved for 2016/17 at the Annual General Meeting are described in the table below. No separate remuneration has been paid for committee work during the financial year. Remuneration to the Board is approved annually at the Annual General Meeting and relates to the period until the next Annual General Meeting. Board fees are paid by the Parent Company. No Board fees were paid to subsidiaries.

Board remuneration (annual fees in SEK)	16/17	15/16
Fredrik Cappelen	750,000	750,000
Caroline Berg	250,000	-
Mia Brunell Livfors	250,000	-
Gunnel Duveblad	250,000	250,000
Johan Fant	250,000	250,000
Tomas Franzén	250,000	250,000
Stefan Linder	-	250,000
Mattias Miksche	250,000	250,000
Maija Strandberg	250,000	250,000
Total	2,500,000	2,250,000

Note 8

Lease agreements

Operating lease agreements (Dustin as a lessee)

The Group's lease expense for the year amounted to SEK 77 million (71).

Future lease fees	16/17	15/16
Within 1 year	69.4	65.8
Year 2	52.9	54.9
Year 3	40.3	30.6
After 3 years	37.8	45.6
Total	200.4	196.9

The Dustin Group primarily leases premises, cars, trucks, IT equipment and office equipment under operating lease agreements. Maturity of the lease agreements is usually 24-60 months, with an option to renew. No lease agreements contain requirements for extension. There are index clauses in the lease agreements.

Financial lease agreements (Dustin as a lessee)

The Group leases assets under financial lease agreements. As per 31 August 2017, the Group had assets under financial lease agreement with a planned residual value of SEK 3 million (5). No financial lease agreements extend over a period that is longer than 36 months. No variable fees were reported in net profit for the year. The leased assets are attributable to Idenet AB and mainly consist of servers.

Future lease fees	16/17	15/16
Within one year	1.1	2.0
Between one and five years	0.1	0.8
Total	1.2	2.8

Note 9

Financial items

Interest income and similar income-statement items	16/17	15/16
Interest income	0.0	0.3
Other financial income	1.1	1.2
Total	1.2	1.4

Interest expenses and similar income-statement items	16/17	15/16
Borrowing costs on external financing	37.9	29.6
Currency differences on loans and other non-current liabilities	2.8	6.8
Other financial expenses	1.8	1.8
Total	42.6	38.2

The increase in borrowing costs on external financing compared with the preceding year is attributable to costs associated with extending financing agreements.

Note 10

Discontinued operations

During the preceding financial year, the operation previously reported as Financial Services was divested through a business transfer to an external party. This means the business is defined as a discontinued operation in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. As a result, this part of the operations has been recognised as discontinued operations in the income statement. No transactions took place during the year. For information on cash flow and the discontinued lease operations, refer to Note 26 Cash-flow statement.

Profit/loss from discontinued operations:	16/17	15/16
Financial Services		
Interest income	-	5.7
Interest expenses	0.0	-0.4
Net interest income	0.0	5.3
Selling and administrative expenses	-	-6.3
EBIT, Financial Services	0.0	-0.9
Capital gain from divestment of operations	-	1.3
Income tax	0.0	-0.2
Profit for the period from discontinued operations	0.0	0.2

Note 11

Tax

Recognised effective tax

Tax expense	16/17	15/16
The following components are included in the tax expense in the income statement:		
Tax due to changes in tax assessment	-0.1	-5.0
Current tax	-72.6	-61.3
Deferred tax	3.7	4.0
Recognised effective tax	-69.0	-62.3
Recognised effective tax rate	22.4%	21.7%
Recognised profit before tax	308.1	287.2
Reconciliation of effective tax rate		
Tax according to current tax rate	-67.8	-63.2
Tax effect of:		
Non-deductible expenses	-1.2	-1.3
Non-taxable income	-1.3	0.0
Standardised income attributable to tax allocation reserve	-0.2	-0.1
Adjustment of tax for previous years and others	0.7	-1.3
Difference in tax rate between Parent Company and subsidiaries	1.6	2.9
Changed tax rate	-0.9	0.7
Recognised effective tax	-69.0	-62.3

Note 12

Earnings per share

Earnings for continuing operations per share	16/17	15/16
Net profit for the year for continuing operations, SEK million	239.1	224.7
Weighted number of shares outstanding	76,173,115	76,173,115
Number of shares when calculating earnings per share	76,173,115	76,173,115
Earnings per share, continuing operations, SEK	3.14	2.95
Earnings for continuing operations per share after dilution	16/17	15/16
Net profit for the year for continuing operations, SEK million	239.1	224.7
Weighted number of shares outstanding	76,173,115	76,173,115
Adjustment for adopted dilution through incentive programme	165,672	-
Number of shares when calculating earnings per share	76,338,787	76,173,115
Earnings per share after dilution for continuing operations, SEK	3.13	2.95
Earnings per share, including discontinued operations	16/17	15/16
Net profit for the year including discontinued operations, SEK million	239.1	224.9
Weighted number of shares outstanding	76,173,115	76,173,115
Number of shares when calculating earnings per share	76,173,115	76,173,115
Earnings per share, including discontinued operations, SEK	3.14	2.95
Earnings per share, including discontinued operations after dilution	16/17	15/16
Net profit for the year including discontinued operations, SEK million	239.1	224.9
Weighted number of shares outstanding	76,173,115	76,173,115
Adjustment for adopted dilution through incentive programme	165,672	-
Number of shares when calculating earnings per share	76,338,787	76,173,115
Earnings per share after dilution including discontinued operations, SEK	3.13	2.95

Earnings per share before dilution

The calculation of earnings per share before dilution has been based on net profit for the year in relation to the weighted average number of shares outstanding according to the above.

Earnings per share after dilution

When calculating earnings per share after dilution, the weighted average number of shares outstanding according to the above is adjusted for a potential dilution effect of the warrants outstanding.

The goodwill in the Dustin Group is attributable to surplus values upon acquisitions of new entities. In conjunction with each acquisition, an analysis is carried out to allocate the surplus value arising in connection with the acquisition to intangible assets. Identified goodwill is primarily related to know-how and organisational structures, where acquisitions during the year were in areas with advanced products and services.

Goodwill is to be allocated to cash-generating units. In the financial year, goodwill was reallocated to new cash-generating units by applying relative values. These previously corresponded to a separate entity in the Dustin Group, but to adapt to Dustin's increasingly integrated organisation, where resources are used across the Nordic countries, the reallocation was carried out. The reallocation has been adapted in accordance with how the company's management governs and measures the operations. The cash-generating units are not larger than an operating segment.

Note 13

Intangible assets

Goodwill

Change in goodwill for the year	16/17	15/16
Opening cost	1,894.7	1,771.6
Acquisition of operations	224.8	120.2
Reallocation of surplus values from previous acquisitions*	-11.6	-
Exchange-rate differences	-2.2	2.9
Closing residual value according to plan	2,105.8	1,894.7

*Pertains to reallocation due to the confirmation of the final purchase price allocation.

Note 13

Cont'd. Intangible assets

The new cash-generating units to which goodwill has been allocated are:

B2C: Private customers

CEP: Business customers where the companies have more than 500 employees per group/contract point and public limited companies/organisations.

SMB: Other business customers

Goodwill relaterat till årets förvärv har allokerats till SMB.

Goodwill per cash-generating unit	16/17	15/16
B2C	7.7	-
CEP	722.9	-
SMB	1,375.2	-
Dustin Sweden	-	998.2
Dustin Denmark	-	259.0
Dustin Norway	-	159.6
Dustin Finland	-	265.3
IT-Hantverkarna	-	92.4
Commsec	-	20.7
Idenet	-	99.5
Total	2,105.8	1,894.7

Impairment testing is performed every year in the third quarter or when indications of a potential decline in value are identified. When calculating the value in use of the three cash-generating units, a discount rate of 8.2 per cent (8.2–8.7) before tax was used. The lower discount rate compared with the preceding year was mainly attributable to the use of a lower debt-free beta value and a lower risk-free interest rate in the calculation of the discount rate compared with the preceding year.

In this year's impairment test, the estimated value exceeded the carrying amount and no impairment was recognised. The calculation of the value of Dustin's cash-generating units is based on management's cash flow forecasts for a period of five years. Cash flow for the ensuing years has been extrapolated by applying a growth assumption of 2.5 per cent for CEP and SMB as well as 1.0 per cent for B2C. The main assumptions used by management in the calculation of forecasts of future cash flows are market growth, the cash-generating units' expected market shares, the trend in product margins and personnel costs. The estimated market was based on external industry estimates. The market share trend, product margin and personnel costs were determined based on previous experience.

A sensitivity analysis with respect to the discount rate and growth assumptions has been carried out. The analysis shows that if the discount rate increased 0.5 percentage points the recoverable amount decreased 8.1 per cent (8.0) and if the discount rate decreased 0.5 percentage points the recoverable amount increased 9.6 per cent (9.5). If the growth assumption decreased 0.5 percentage points the recoverable amount decreased 6.5 per cent (6.8) and an equivalent increase in the growth assumption would result in a 7.8-per-cent (8.1) increase in the recoverable amount. The analysis also included a simulation where the discount rate was increased by 5.5 percentage points (3.6) to 13.7 percent and a simulation, where the growth assumption was reduced by 5.5 percentage points (3.5) to between -3.0 and -4.5 percent. The sensitivity analysis did not result in any potential impairment requirement.

Other intangible assets attributable to acquisitions

	Customer contracts		Brands		Total Group	
	16/17	15/16	16/17	15/16	16/17	15/16
Opening accumulated cost	257.2	257.2	318.3	318.3	575.5	575.5
Acquisition of operations	39.4	-	-	-	39.4	-
Divestments and disposals	-	-0.7	-	-	-	-0.7
Exchange-rate differences	-0.6	0.6	-	-	-0.6	0.6
Closing accumulated cost	296.1	257.1	318.3	318.3	614.4	575.4
Opening accumulated amortisation	-205.4	-162.8	-5.6	-5.3	-211.0	-168.2
Acquisition of operations	-0.3	-	-	-	-0.3	-
Amortisation for the year according to plan	-45.9	-42.1	-0.3	-0.3	-46.2	-42.4
Divestments and disposals	-	0.7	-	-	-	0.7
Exchange-rate differences	1.1	-1.1	-	-	1.1	-1.1
Closing accumulated amortisation according to plan	-250.5	-205.4	-5.9	-5.6	-256.5	-211.0
Closing residual value according to plan	45.5	51.7	312.4	312.7	357.9	364.4

Note 13

Cont'd. Intangible assets

Brands refer to Dustin's brand of SEK 312 million and other acquired brands related to IT-Hantverkarna of SEK 0.4 million. The Dustin brand was acquired in 2006 and has been assigned an indefinite life given that the Dustin brand is well established and it is difficult to estimate when it will cease generating revenues. All intangible assets with indefinite useful lives are tested at least each

year to ensure that the value does not deviate negatively from the current carrying amount. Individual assets may be tested more frequently if there are indications of impairment. The recoverable amounts of the cash-generating units were determined by using the value in use. The brand is proportionally distributed over the two cash-generating units CEP and SMB, see also the note on goodwill.

Other intangible assets

	Capitalised IT development related to integrated IT platform		Other		Total	
	16/17	15/16	16/17	15/16	16/17	15/16
Opening cost	143.4	124.4	42.7	31.5	186.1	155.9
Purchases	16.9	19.1	1.2	13.1	18.1	32.1
Acquisition of operations	-	-	10.0	0.6	10.0	0.6
Reclassification	-	0.0	-	0.1	-	0.1
Divestments and disposals*	-	-	-0.3	-2.7	-0.3	-2.7
Exchange-rate differences	0.0	0.0	-0.3	0.0	-0.3	0.0
Closing accumulated cost	160.4	143.4	53.2	42.7	213.6	186.1
Opening amortisation	-22.2	-9.2	-28.1	-24.9	-50.3	-34.1
Amortisation for the year according to plan	-16.5	-13.0	-6.5	-5.6	-23.1	-18.5
Acquisition of operations	-	-	-2.0	0.0	-2.0	0.0
Reclassification	-	0.0	-	-0.1	-	-0.1
Divestments and disposals*	-	-	0.3	2.6	0.3	2.6
Exchange-rate differences	0.0	0.0	0.1	0.0	0.1	0.0
Closing accumulated amortisation according to plan	-38.7	-22.2	-36.1	-28.1	-74.8	-50.3
Opening impairment	-23.6	-23.6	-	-	-23.6	-23.6
Impairment for the year	-	-	-	-	-	-
Closing impairment	-23.6	-23.6	-	-	-23.6	-23.6
Closing residual value according to plan	98.0	97.6	17.1	14.6	115.1	112.2

*Of divestments for the year, SEK 0.3 million (2.7) relate to disposals.

Note 14

Tangible assets

	Cost of improvements on external properties		Equipment		Total	
	16/17	15/16	16/17	15/16	16/17	15/16
Opening accumulated cost	14.9	17.0	58.2	56.0	73.1	73.0
Purchases	1.6	0.6	7.7	3.3	9.3	3.8
Acquisition of operations	0.7	-	15.8	12.0	16.5	12.0
Reclassification	0.0	-	-	0.0	0.0	0.0
Divestments and disposals	-0.5	-2.7	-11.6	-13.2	-12.1	-15.9
Exchange-rate differences	0.0	0.0	-0.1	0.1	-0.1	0.1
Closing accumulated cost	16.8	14.9	69.9	58.2	86.7	73.1
Opening accumulated depreciation	-10.1	-9.8	-42.7	-42.1	-52.8	-51.9
Depreciation for the year according to plan	-2.3	-3.0	-10.0	-7.6	-12.3	-10.6
Acquisition of operations	-0.2	-	-8.9	-5.5	-9.1	-5.5
Reclassification	0.0	-	0.0	-0.1	0.0	-0.1
Divestments and disposals	0.5	2.7	11.6	12.9	12.1	15.6
Exchange-rate differences	0.0	0.0	0.0	-0.3	0.0	-0.3
Closing accumulated depreciation according to plan	-12.1	-10.1	-50.0	-42.7	-62.2	-52.8
Closing residual value according to plan	4.6	4.8	19.9	15.5	24.6	20.3

Note 15

Inventories

	16/17	15/16
Goods for resale	261.9	229.3
Total	261.9	229.3
Cost of goods sold	-7,790.1	-6,951.3

The obsolescence reserve amounted to SEK 9 million (11) at the end of the year. The cost of inventory impairment totalled SEK 2 million (5) for the period. In addition, SEK 3 million in earlier inventory impairment was reversed during the current financial year due to an increase in the estimated net realisable value.

Note 16

Financial assets and liabilities

Aug 31, 2017	Note	Accounts receivable and loans receivable	Financial assets and liabilities measured at fair value via profit or loss	Other financial assets and liabilities	Derivatives used in hedge accounting	Total carrying amount	Fair value
Assets							
Accounts receivable and other receivables	17	1,054.7	-	-	-	1,054.7	1,054.7
Accrued income	17	122.5	-	-	-	122.5	122.5
Cash and cash equivalents	18	71.5	-	-	-	71.5	71.5
Total assets		1,248.7	-	-	-	1,248.7	1,248.7
Liabilities							
Liabilities to credit institutions	21	-	-	1,068.6	-	1,068.6	1,068.6
Derivative instruments (Level 2)	24	-	-	-	6.6	6.6	6.6
Tax liabilities	11, 20	-	-	59.3	-	59.3	59.3
Accounts payable	21	-	-	956.3	-	956.3	956.3
Acquisition-related liabilities (Level 3)	23	-	109.6	-	-	109.6	109.6
Other current liabilities		-	-	115.1	-	115.1	115.1
Accrued expenses	25	-	-	206.4	-	206.4	206.4
Total liabilities		-	109.6	2,405.7	6.6	2,521.8	2,521.8

Aug 31, 2016	Note	Accounts receivable and loans receivable	Financial assets and liabilities measured at fair value via profit or loss	Other financial assets and liabilities	Derivatives used in hedge accounting	Total carrying amount	Fair value
Assets							
Accounts receivable and other receivables	17	881.7	-	-	-	881.7	881.7
Accrued income	17	98.0	-	-	-	98.0	98.0
Cash and cash equivalents	18	242.9	-	-	-	242.9	242.9
Total assets		1,222.5	-	-	-	1,222.5	1,222.5
Liabilities							
Liabilities to credit institutions	21	-	-	1,066.4	-	1,066.4	1,066.4
Derivative instruments (Level 2)	24	-	-	-	9.0	9.0	9.0
Tax liabilities	11, 20	-	-	35.9	-	35.9	35.9
Accounts payable	21	-	-	912.8	-	912.8	912.8
Acquisition-related liabilities (Level 3)	23	-	52.6	-	-	52.6	52.6
Other current liabilities		-	-	68.3	-	68.3	68.3
Accrued expenses	25	-	-	201.7	-	201.7	201.7
Total liabilities		-	52.6	2,285.2	9.0	2,346.8	2,346.8

Note 17

Accounts receivable and other current assets

Accounts receivable

Maturity structure of outstanding accounts receivable	16/17	15/16
0-30	963.4	835.8
31-90	53.4	24.0
91-	36.2	20.5
Impairment due to doubtful accounts receivable	-6.0	-2.6
Total	1,047.1	877.7

Changes in the provision for doubtful accounts receivable	16/17	15/16
Opening balance	2.6	8.3
Acquisition of operations	0.8	-
Provision for possible bad debt losses	6.8	3.8
Confirmed bad debt losses	-4.0	-8.7
Reversed bad debt losses	-0.1	-0.8
Exchange-rate differences	0.0	0.0
Closing balance	6.0	2.6

Due to the short-term nature of accounts receivable, the effect of discounting is not deemed to be material and the carrying amount is considered to be consistent with the fair value. This is thus the maximum exposure. The Group's risk exposure in foreign currencies is deemed to be low.

The provision due to doubtful accounts receivable was SEK 6 million (3) and amounted to 0.6 per cent (0.3) in relation to accounts receivable. Historically, Dustin has had low bad debt losses. The company continuously obtains credit information for all corporate customers and does not offer any credit itself to private customers.

discounts from suppliers relate to payments from suppliers for which there is no obligation to the supplier.

Accrued lease income is attributable to the Norwegian business.

Prepaid expenses and accrued income

	16/17	15/16
Prepaid expenses for suppliers	30.1	23.5
Accrued marketing subsidies	22.6	20.4
Accrued discounts from suppliers	62.6	60.2
Accrued lease income	14.9	14.5
Accrued income attributable to delivered but not invoiced	22.4	2.9
Other prepaid expenses and accrued income	5.8	16.5
Total	158.5	138.0

Accrued marketing subsidies relate to payments that Dustin is waiting to receive from suppliers on the basis that Dustin has fulfilled an obligation to carry out marketing activities on behalf of a supplier. Accrued

Note 18

Cash and cash equivalents

	16/17	15/16
Cash and cash equivalents	71.5	242.9
Closing balance	71.5	242.9

The utilised overdraft facility amounted to SEK - million (-) at the end of the financial year. The unutilised overdraft facility amounted to SEK 270 million (270) at the end of the financial year. There was also an unutilised credit facility totalling SEK 400 million (-).

The Group has a global cash pool with Nordea AB (publ). The Parent Company is the main account holder for the Group account, which enables subsidiaries to utilise cash and cash equivalents deposited with the bank in one or more currencies. The purpose of this is to enhance the efficiency of liquidity management with daily payments in different currencies and countries in operating activities. The Group account enables these transactions without needing the necessary funds to be allocated in each currency, on condition that equivalent funds are available in the Group account.

Note 19

Equity

Share capital

There is only one class of share in the Dustin Group and, accordingly, all shares carry the same number of votes per share. The share capital was unchanged in the financial year. As of August 31, 2017, the number of shares amounted to 76,173,115 (76,173,115).

Other contributed capital

This item pertains to equity that has been contributed by the owners. During the year, other contributed capital increased by SEK 2 million on account of warrants. The increase in the preceding year related to warrants amounting to SEK 4 million.

Translation reserve

The translation reserve pertains to all exchange-rate differences arising on the translation of foreign operations that have prepared their financial statements in a currency other than SEK.

Hedge reserve

The hedge reserve includes the effective portion of the fair value measurement of derivatives that were entered into to hedge the variable interest rate on external bank loans.

Retained earnings

Retained earnings include net profit for the year and profit earned in the preceding year in the Parent Company and the Group's subsidiaries.

Note 20

Deferred tax

	Other non- current assets	Appropri- ations	Financial instru- ments	Total deferred tax liabilities	Other non- current assets	Loss carry- forwards	Total deferred tax assets
Opening balance, September 1, 2016	80.9	45.0	-4.0	121.9	4.6	1.9	6.5
Recognised in net profit for the year	-11.4	9.6	-	-1.8	3.9	-2.0	1.9
Recognised in statement of financial position	11.1	-0.3	-	10.9	-0.2	-	-0.2
Recognised in other comprehensive income	0.0	-	1.9	1.9	0.0	0.1	0.1
Closing balance, August 31, 2017	80.7	54.2	-2.1	132.9	8.4	0.0	8.4
Opening balance, September 1, 2015	93.1	41.1	-2.8	131.4	8.2	3.0	11.2
Recognised in net profit for the year	-12.0	3.0	-	-9.0	-3.6	-1.4	-5.0
Recognised in statement of financial position	-	0.9	-	0.9	-	-	-
Recognised in other comprehensive income	-0.1	-	-1.2	-1.3	-	0.3	0.3
Closing balance, August 31, 2016	80.9	45.0	-4.0	121.9	4.6	1.9	6.5

Dustin has loss-carryforwards amounting to SEK - million (8) in the Group. There are no unrecognised deferred tax assets in the Group. Deferred tax recognised as a receivable is expected to be utilised within one to three years.

Note 21

Loans

Maturity structure of borrowing

The table below shows the maturity structure for Dustin's contractual financial liabilities. The figures are for non-discounted future cash flow and thus may differ from reported figures.

	Total borrowing	Maturity Within one year	Maturity Longer than one year but within two years	Maturity Longer than one year but within five years	Maturity Longer than five years
Aug 31, 2017					
Liabilities to credit institutions including future interest payments	1,143.8	16.5	16.5	1,110.7	-
Accounts payable	956.3	956.3	-	-	-
Tax liabilities	59.3	59.3	-	-	-
Derivative instruments	6.6	0.1	-	6.5	-
Other current liabilities	115.1	115.1	-	-	-
Acquisition-related liabilities	109.6	31.3	78.3	-	-
Accrued expenses	206.4	206.4	-	-	-
Total	2,597.0	1,385.0	94.8	1,117.2	-

	Total borrowing	Maturity Within one year	Maturity Longer than one year but within two years	Maturity Longer than two years but within five years	Maturity Longer than five years
Aug 31, 2016					
Liabilities to credit institutions including future interest payments	1,112.8	16.6	1,096.2	-	-
Accounts payable	912.8	912.8	-	-	-
Tax liabilities	35.9	35.9	-	-	-
Derivative instruments	9.0	-	0.7	1.7	6.6
Other current liabilities	68.3	68.3	-	-	-
Acquisition-related liabilities	52.6	26.6	26.0	-	-
Accrued expenses	201.7	201.7	-	-	-
Total	2,393.3	1,262.0	1,122.9	1.7	6.6

Note 21

Cont'd. Loans

Summary of cash flow from financing activities pertaining to external loans

Change in liabilities to credit institutions for the year	16/17	15/16
Opening balance	1,066.4	1,277.4
Change in financial cash flow		
Paid bank arrangement fees	-3.3	-
Repayment of debt	-	-220.6
Total change in financial cash flow	-3.3	-220.6
Other changes		
Changes via the effective interest rate method	7.6	6.6
Exchange-rate differences, NOK, DDK and EUR	-2.0	2.9
Total other changes	5.6	9.5
Closing balance	1,068.6	1,066.4

Current loans are exempt from amortisation. Amortisation for the comparative year pertains to the repayment of a utilised overdraft facility of SEK 41 million and the repayment of a loan facility in connection with the divestment of lease operations amounting to SEK 180 million.

Fair value of external loans

The fair value of external loans is deemed to correspond to the carrying amount. The interest rate for bank loans is variable and the credit risk is not considered to have changed significantly since entering into the loans.

Group and Parent Company, Aug 31, 2017	Liabilities to		Interest period
	credit institutions	Interest terms	
Bank loan SEK	280.2	Stibor + interest margin 1.15–1.80%	3 + 2 years
Bank loan EUR	27.0	Euribor + interest margin 1.15–1.80%	3 + 2 years
Bank loan NOK	240.0	Nibor + interest margin 1.15–1.80%	3 + 2 years
Bank loan DKK	240.0	Cibor + interest margin 1.15–1.80%	3 + 2 years

There was no change in the loan or currency structure during the year. The interest terms are also unchanged.

Overdraft facility

The company had an unutilised overdraft facility of SEK 270 million (270) as per the balance-sheet date. The overdraft facility was also unutilised on the same date for the comparative year.

Furthermore, an agreement was signed during the year to provide an opportunity for additional external financing

of a total SEK 400 million. This opportunity to expand borrowing will primarily be used to finance any future acquisitions. The terms and conditions of the new agreement are in all material respects in line with previous bank agreements.

Covenants

The current financing for the Group is based on external bank loans, which are subject to covenants that are reported to the banks each quarter. All conditions were fulfilled as per August 31, 2017.

Note 22

Acquisition of businesses

Acquisitions 2016/17

On October 1, 2016, all the shares in IKT Gruppen AS, Corp. Reg. No. 983930-999, were acquired through the subsidiary Dustin Norway AS. IKT Gruppen AS is specialised in sales and operations of standardised IT services for small and medium-sized businesses. The purchase consideration amounted to SEK 52 million, of which SEK 28 million pertained to a contingent earn-out.

On March 1, 2017, Dustin acquired all of the outstanding shares in the Norway-based company Purity IT AS, Corp. Reg. No. 915291-694, through the subsidiary Dustin Norway AS. Purity is a Norwegian company specialising in cloud-based services for backup, storage and disaster recovery. The purchase consideration amounted to SEK 108 million, of which SEK 56 million pertained to an expected earn-out.

On April 1, 2017, Dustin acquired all of the shares in the Sweden-based company Saldab IT AB, Corp. Reg. No. 556645-4210. Saldab offers IT solutions for small and medium-sized businesses. The purchase consideration amounted to SEK 110 million, of which SEK 24 million pertained to an expected earn-out.

The effects of the acquisitions on the Group's financial position are specified below. The purchase price allocations are preliminary and the final analyses of acquired assets will take place within one year from the acquisition date. The difference between the purchase consideration and identified assets and liabilities has provisionally been allocated to goodwill and customer contracts. A definitive allocation will be made before the end of the valuation period.

Acquisition-related costs amounted to SEK 11 million (5).

Preliminary purchase price allocations

Fair value of acquired assets and liabilities	IKT Gruppen AS			
	including IKT Gruppen AS	Purity IT AS	Saldab IT AB	Total
Intangible assets (excl. goodwill)	4.4	19.0	9.0	32.5
Tangible assets	0.1	5.3	1.9	7.4
Inventories	0.9	1.9	1.7	4.6
Other current assets	3.0	16.3	33.4	52.7
Cash and cash equivalents	4.3	11.6	3.6	19.4
Other current liabilities	6.6	33.4	30.9	70.9
Total identified assets and liabilities	6.2	20.8	18.7	45.6
Consolidated goodwill	46.2	87.1	91.6	224.8
Purchase consideration including estimated contingent earn-out	52.3	107.9	110.2	270.5
Less:				
Cash balances (acquired)	4.3	11.6	3.6	19.4
Estimated contingent earn-out	28.0	55.9	24.2	108.0
Net cash outflow	20.1	40.5	82.5	143.0

Income and earnings attributable to acquired companies

The acquisitions during the financial year of IKT-Gruppen, Purity IT and Saldab contributed a total of SEK 101 million to the Group's income and SEK 5 million to the Group's operating profit.

Goodwill

In the preliminary purchase price allocations, acquired surplus values have been allocated in part to goodwill.

Goodwill is deemed to be attributable to employee know-how and expected synergies. Goodwill is not deemed to be tax deductible.

Acquisition-related liabilities

Acquisition-related liabilities pertain to contingent earn-outs. For further information on contingent earn-outs, refer to Note 23 Acquisition-related liabilities.

Note 22

Cont'd. Acquisition of businesses

Acquisitions 2015/16

On October 1, 2015, all the shares in Communication & Security i Mälardal AB (Commsec), Corp. Reg. No. 556693-6869, were acquired through the subsidiary Dustin Sverige AB. Commsec is a small Swedish company that supplies network and security solutions. The purchase consideration amounted to SEK 27 million, of which SEK 1 million was a contingent earn-out.

On May 2, 2016, all the shares in Idenet AB, Corp. Reg. No. 556443-9072, were acquired through the subsidiary Dustin Sverige AB. Idenet is a Swedish company that specialises in cloud hosting and application management. The purchase consideration amounted to SEK 110 million, of which SEK 25 million was a contingent earn-out.

In 2016/17, the final purchase price allocation was confirmed for acquisitions in 2015/16 as specified below:

Final purchase price allocation

Fair value of acquired assets and liabilities	Communication & Security i		Total
	Mälardalen AB	Idenet AB	
Intangible assets (excl. goodwill)	-	21.2	21.2
Tangible assets	-	0.6	0.6
Inventories	-	0.0	0.0
Other current assets	7.3	15.0	22.3
Cash and cash equivalents	2.3	8.5	10.9
Other current liabilities	3.6	13.7	17.3
Total identifiable net assets	6.0	31.7	37.7
Consolidated goodwill	20.7	87.9	108.6
Purchase consideration including estimated contingent earn-out	26.7	119.6	146.2
Less:			
Cash and cash equivalents	2.3	8.5	10.9
Estimated contingent earn-out	1.0	25.0	26.0
Net cash outflow	23.3	86.1	109.4

Note 23

Acquisition-related liabilities

Acquisition-related liabilities

Acquisition-related liabilities pertain to contingent earn-outs and SEK 28 million of the year's changes in liabilities is attributable to the acquisition of IKT-Gruppen, SEK 56 million to the acquisition of Purity IT and SEK 24 million to the acquisition of Saldab IT. Changes for the year were also impacted by the payment of the earn-out pertaining to

the Finnish company Resolute, which was acquired in 2015, and the revaluation of a contingent earn-out pertaining to Idenet, acquired during the previous financial year. The agreed contingent consideration for acquisitions during the year is attributable to the earnings trend for the period of one to three years following the acquisition.

Change in acquisition-related liabilities	16/17	15/16
Opening balance	52.6	66.4
Revaluations recognised in profit or loss:		
Unrealised revaluation of contingent earn-out recognised under Items affecting comparability	-22.3	-
Discount of contingent earn-out recognised under Financial expenses and other similar income-statement items	0.9	-
Revaluations recognised under other comprehensive income:		
Unrealised exchange-rate differences recognised under Translation differences	-3.1	-1.0
Changes recognised via the balance sheet:		
Payment attributable to previous acquisitions	-26.6	-38.8
Acquisitions	108.0	26.0
Closing balance	109.6	52.6

Fair value

The measurement of acquisition-related liabilities is carried out on a continuous basis at fair value and the liability is settled as required via profit or loss. If a change in value occurs prior to the preparation of the purchase price allocation and is not the result of events following the acquisition date, measurement is carried out via the balance sheet. Of SEK 110 million, SEK 106 million is related to preliminary purchase price allocations. The fair value is calculated as defined for Level 3 in IFRS 7, meaning according to inputs that are not based on observable market data.

The calculation of the contingent earn-out liability is based on the parameters of each acquisition agreement. These parameters are usually linked to the outcome of performance measures taken for up to three years from the date of acquisition.

For this financial year, an earn-out liability of SEK 108 million for the acquisition of IKT Gruppen, Purity and Saldab was recognised, with the assessment that the maximum earn-out liability will be paid. Of the earn-out liabilities of SEK 53 million recognised in the preceding year, SEK 27 million was settled in the current year. A new assessment was also made of liabilities, which resulted in an impairment of acquisition-related liabilities of SEK 22 million. The remaining portion is estimated to fall due for payment within one year.

Note 24

Derivative instruments and hedge accounting

Derivative instruments measured at fair value consist of interest-rate derivatives and currency futures. Interest-rate derivatives are intended as hedges for variable interest on external bank loans. Currency futures pertain to hedging for USD purchases from China. The Group applies hedge accounting on derivatives and the fair value is measured as defined for Level 2 in IFRS 7. The valuation level is unchanged compared with August 31, 2016. Changes in fair

value are recognised in other comprehensive income and accumulated in the hedge reserve in shareholders' equity and are reversed to profit or loss when the hedged items are recognised in profit or loss. No profit or loss was recorded in the income statement due to inefficient hedging during the financial year and all hedged items as of August 31, 2017 qualify for continued hedge accounting.

Current liabilities	Aug 31, 2017	Aug 31, 2016
Interest-rate swaps	-	-
Currency futures	0.1	-
Total	0.1	-
Non-current liabilities	16/17	15/16
Interest-rate swaps	6.5	9.0
Currency futures	-	-
Total	6.5	9.0

Interest-rate derivatives	Nominal amount		Interest at fixed exchange rate		Maturity swap	
	Aug 31, 2017	Aug 31, 2016	Aug 31, 2017	Aug 31, 2016	Aug 31, 2017	Aug 31, 2016
SWAP SEK*	140,000,000	140,000,000	0.565%	0.57%	April 29, 2022	April 29, 2022
SWAP SEK*	70,000,000	70,000,000	0.165%	0.165%	April 29, 2020	April 29, 2020
SWAP EUR*	12,500,000	12,500,000	0.049%	0.049%	April 29, 2022	April 29, 2022
SWAP EUR*	7,000,000	7,000,000	-0.114%	-0.114%	April 29, 2020	April 29, 2020
SWAP NOK	160,000,000	180,000,000	1.545%	1.308%	October 29, 2021	January 29, 2018
SWAP DDK*	100,000,000	-	0.298%	-	October 29, 2021	-

* Swaps with a floating leg consisting of an interest-rate floor of 0 per cent until 2018.

Currency futures

In total, the market value of outstanding futures was SEK 0.1 million (-) as per the balance-sheet date.

Note 25**Accrued expenses and deferred income**

	16/17	15/16
Accrued personnel costs	112.0	101.5
Accrued expenses for suppliers	52.8	73.5
Accrued discounts to customers	2.1	3.2
Deferred lease income	-	2.7
Deferred marketing subsidies	7.7	3.1
Advance invoicing	20.9	1.7
Provision for legal dispute	22.2	-
Other accrued expenses and deferred income	17.3	23.6
Total	235.0	209.3

Deferred marketing subsidies relate to payments that Dustin has received from suppliers on the basis that Dustin has an obligation to carry out marketing activities.

Note 26**Cash-flow statement**

Adjustment for non-cash items	16/17	15/16
Depreciation of tangible assets	12.3	10.6
Amortisation of intangible assets	69.3	60.5
Unrealised revaluation of contingent earn-out recognised under Items affecting comparability	-22.3	-
Exchange-rate differences	-0.3	0.5
Other information	-0.9	-
Total	58.1	71.6

Cash flow from lease portfolio, Financial Services	16/17	15/16
Investments		
Acquisitions of lease assets	-	-22.0
Depreciation/amortisation	-	37.1
Total	-	15.1
Financing		
Loans raised	-	43.0
Repayment of debt	-	-222.6
Total	-	-179.7

Note 27**Pledged assets and contingent liabilities**

	16/17	15/16
For loans and bank overdrafts		
Floating mortgages	85.3	82.8
Total	85.3	82.8

Dustin has not pledged any assets for its obligations under the current loan agreement.

Note 28**Related-party transactions****Transactions with related suppliers and customers**

Dustin has transactions with suppliers and customers that have been defined as related parties. These transactions are normal business transactions and the amounts have not been deemed to be material to the Group and thus are not presented. All Group companies referred to in Note P7 are considered related. Transactions between Group companies are eliminated on consolidation. With respect to salaries and remuneration of Board members and senior executives, refer to Note 7 Number of employees, employee benefits expense and remuneration of senior executives.

Note 29**Significant events after the balance-sheet date****Acquisition in Denmark**

Dustin signed an agreement to acquire the Denmark-based Norriq's business area for hosting and outsourcing of IT services. In connection with the acquisition, Dustin and Norriq entered into a strategic cooperation that will broaden the customer offering for both companies. Dustin is strengthening its offering of advanced services and solutions in the Danish market and expanding its customer base in the core small and medium-sized business segment. Norriq is given an opportunity to offer its ERP solutions to Dustin's customer base. Norriq's business area for hosting and outsourcing of IT services has 28 employees and reported sales of about DKK 57 million in 2016. The acquisition is expected to have a marginal impact on Dustin's earnings per share during the current financial year.

Acquisition in Norway

Dustin signed an agreement to acquire Core Services in Norway, which is one of the leading players in the new generation of data centre solutions, Software Defined Data Centre. The acquisition will broaden Dustin's offering in more advanced products and services and strengthen Dustin's position as a total supplier of IT infrastructure. Core Services specialises in products and solutions for data rooms, and complements Dustin's acquisition of Purity IT, which supplies services in backup and storage. Core Services was founded in 2010 and reported sales of NOK 236 million in 2016. The company has 20 employees and was acquired from an ownership group consisting of 11 of the company's employees. The acquisition is expected to have a marginal impact on Dustin's earnings per share during the current financial year.

Thomas Ekman new President and CEO of Dustin

Dustin's Board of Directors has appointed Thomas Ekman as new President and CEO. He will assume his new position on January 1, 2018. Thomas Ekman's most recent position was as CEO of Cabonline Group and before that he was CEO of Tele2 Sweden and he is currently a Board member at Com Hem. He will replace Georgi Kanev, who is stepping down at the end of the year, as previously communicated.

Acquisition of Swedish expert in professional meeting rooms

Dustin acquired Swedish JML-System in November, which offers installation and service of audio / video solutions for meeting rooms and conferences. JML-System has 55 employees and sales of approximately SEK 160 million during the financial year 2016/17. The acquisition is expected to have a marginal impact on Dustin's earnings per share during the current fiscal year.

Mia Brunell Livfors nominated as new Chairman of the Board

Dustin's Chairman of the Board Fredrik Cappelen has announced that he will not be available for re-election at the Annual General Meeting 2016/17. The Nomination Committee nominates Mia Brunell Livfors as new Chairman of the Board. Mia Brunell Livfors is currently member of the board of Dustin and CEO of Axel Johnson, Dustin's largest shareholder.

Parent Company Notes

Note P1

Information on income and expenses within the Parent Company

	16/17	15/16
Income	100%	100%
Expenses	0%	0%

Note P2

Number of employees, employee benefits expense and remuneration of senior executives

Number of FTEs and gender distribution

	16/17			15/16		
Distribution of Board members and senior executives at the balance-sheet date	Women	Men	Total	Women	Men	Total
Board members	4	4	8	2	5	7
Other members of Executive Management, including CEO	-	-	-	-	-	-
Total	4	4	8	2	5	7

The Parent Company has no employees. Information about the remuneration of the company's Board of Directors is outlined in Note 7 for the Group.

Note P3

Auditor's remuneration and expenses

	16/17	15/16
Ernst & Young AB		
Audit assignment	0.9	1.0
Audit activities other than audit assignment	0.1	0.2
Total	1.0	1.2

Audit assignments are defined as the examination of the Annual Report and accounting records and of the Board of Directors' and CEO's administration of the Company, other tasks incumbent on the auditor, as well as advice and other assistance occasioned by observations made in the course of such examinations or the performance of such other tasks.

Audit activities other than audit assignment primarily relate to the auditor's review of interim reports and review of the company's sustainability report.

Note P4

Financial items

Interest income and similar income-statement items	16/17	15/16
Interest income	0.0	0.3
Dividends	10.4	46.1
Other financial income	9.6	2.2
Total	20.0	48.7
Interest expense and similar income-statement items	16/17	15/16
Borrowing costs on external financing	37.7	26.6
Currency differences on loans and other non-current liabilities	-1.9	10.7
Other financial expenses	0.1	3.6
Impairment of shares in subsidiaries	10.0	-
Total	45.9	41.0

Note P5

Appropriations

	16/17	15/16
Group contributions received	271.2	247.1
Change in tax allocation reserve	-58.8	-50.6
Total	212.4	196.5

Note P6

Tax

Recognised effective tax

Tax expense	16/17	15/16
The following components are included in the tax expense in the income statement:		
Tax due to changes in tax assessment	0.0	-4.9
Current tax	-38.8	-33.4
Recognised effective tax	-38.8	-38.3
Recognised effective tax rate	22.0%	19.4%
Recognised profit before tax	176.4	198.0
Reconciliation of effective tax rate		
Tax according to current tax rate	-38.8	-43.6
Tax effect of:		
Non-deductible expenses	-2.2	0.0
Non-taxable income	2.3	10.2
Adjustment of tax for previous years and others	0.0	-4.9
Recognised effective tax	-38.8	-38.3
Current tax		
	16/17	15/16
Current tax liabilities	45.1	22.2
Total	45.1	22.2

The Parent Company has no recognised or unrecognised deferred tax assets or liabilities.

Note P7

Participations in Group companies

Parent Company's holdings in Group companies

Company name	Corp. Reg. No.	Domicile	Number of shares	Partici- pation	Equity	Net profit for the year	Carrying amount	
							16/17	15/16
Dustin Aktiebolag	556237-8785	Stockholm	25,000,000	100%	548.8	72.8	1,211.6	1,211.6
Dustin Financial Services AB	556740-9726	Stockholm	1,000	100%	-	-	-	10.1
Total							1,211.6	1,221.7

Note P7

Cont'd. Participations in Group companies

The following companies are included in the Group in addition to the Parent Company's direct holdings:

Company name	Corp. Reg. No.	16/17 Participating interest	15/16 Participating interest
Dustin Sverige AB	556666-1012	100%	100%
Dustin Norway AS	939483969	100%	100%
Dustin A/S	26092183	100%	100%
Dustin Finland Oy (previously Businessforum Oy)	0935141-3	100%	100%
Communication and Security i Mälardalen AB	556693-6869	100%	100%
Idenet AB	556443-9072	100%	100%
IKT Gruppen AS	983930999	100%	-
IT Gruppen AS	999544452	100%	-
IT-Hantverkarna Sverige AB	556653-7311	100%	100%
Purity IT AS	915291783	100%	-
Saldab IT AB	556645-4210	100%	-

Note P8

Prepaid expenses and accrued income

	16/17	15/16
Prepaid expenses for suppliers	1.6	0.5
Pre-paid interest-rate swaps	2.8	9.0
Other prepaid expenses and accrued income	1.9	0.4
Total	6.3	10.0

During the previous financial year, an interest-rate swap was repaid early to ensure a wider maturity spread. The cost of the swap is recognised on an accrual basis over the remaining period from the exercise date.

Note P10

Equity

Share capital

See Note 19 for the Group for information about the Parent Company's share capital and other contributed capital.

Retained earnings

Retained earnings include net profit for the year and profit earned in the preceding year.

Dividends

During the financial year, a total of SEK 183 million was paid in dividends in line with the resolution by the Annual General Meeting on December 13, 2016. For the current financial year, the proposed dividend is SEK 213 million, which corresponds to about 89 per cent of net profit for the year (82).

Note P9

Cash and bank balances

	16/17	15/16
Cash and cash equivalents	42.9	147.4
Closing balance	42.9	147.4

The Parent Company is the main account holder for the Group account with Nordea AB (publ). For more information about the cash pool and overdraft facility and credit facility, see the Group Note 18, Cash and cash equivalents.

Note P11

Untaxed reserves

	16/17	15/16
Tax allocation reserve 2017	109.4	50.6
Total	109.4	50.6

Note P12

Loans

The Group's external financing is with the Parent Company. Total external loans amount to SEK 1,069 million (1,067). For more information about loans, refer to the Group Note 21.

Maturity structure of borrowing

The table below shows the maturity structure for the Parent Company's contractual financial liabilities. The figures are for non-discounted future cash flow and thus may differ from reported figures.

Aug 31, 2017	Total borrowing	Maturity Within one year	Maturity Longer than one year but within two years	Maturity Longer than one year but within five years	Maturity Longer than five years
Liabilities to credit institutions including future interest payments	1,143.8	16.5	16.5	1,110.7	-
Accounts payable	0.2	0.2	-	-	-
Tax liabilities	45.1	45.1	-	-	-
Other current liabilities	0.3	0.3	-	-	-
Accrued expenses	2.6	2.6	-	-	-
Total	1,192.0	64.8	16.5	1,110.7	-

Aug 31, 2016	Total borrowing	Maturity Within one year	Maturity Longer than one year but within two years	Maturity Longer than two years but within five years	Maturity Longer than five years
Liabilities to credit institutions including future interest payments	1,112.8	16.6	1,096.2	-	-
Accounts payable	0.1	0.1	-	-	-
Tax liabilities	22.2	22.2	-	-	-
Other current liabilities	0.2	0.2	-	-	-
Accrued expenses	1.6	1.6	-	-	-
Total	1,136.9	40.7	1,096.2	-	-

Note P13

Accrued expenses and deferred income

	16/17	15/16
Accrued personnel costs	0.8	0.0
Accrued expenses for suppliers	0.4	0.6
Other accrued expenses and deferred income	1.4	0.9
Total	2.6	1.6

Note P14

Cash-flow statement

Adjustment for non-cash items	16/17	15/16
Outstanding Group contributions	271.2	247.1
Total	271.2	247.1

Note P15

Related-party transactions

Transactions with subsidiaries

For information about direct and indirect shareholdings in subsidiaries, refer to Note P7 for the Parent Company.

Transactions with subsidiaries	16/17	15/16
Purchases	-	-
Sales	0.4	0.4
Receivables as of August 31	619.9	460.9
Liabilities as of August 31	-	-

The consolidated income statement and balance sheet will be put before the Annual General Meeting on December 13, 2017 for adoption. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and present a true and fair view of the Group's financial position and earnings. The Annual Report was prepared in accordance with generally accepted accounting principles and presents a true and fair view of the Parent Company's financial position and earnings. The Directors' Report for the Group and the Parent Company presents a fair review of the Group's and the Parent Company's operations, financial position and earnings and describes the material risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, November 16, 2017

Fredrik Cappelen
Chairman of the Board

Caroline Berg

Mia Brunell Livfors

Gunnel Duveblad

Johan Fant

Tomas Franzén

Mattias Miksche

Maija Strandberg

Georgi Ganev
CEO

Our audit report was submitted on November 16, 2017
Ernst & Young AB

Jennifer Rock-Baley
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of Dustin Group AB, corporate identity number 556703-3062.

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Dustin Group AB (publ) for the financial year 2016-09-01 – 2017-08-31. The annual accounts and consolidated accounts of the company are included on pages 44-104 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of August 31, 2017 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of August 31, 2017 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act.

A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts, and the corporate governance statement is in accordance with the Annual Accounts Act.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under

those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of goodwill and other intangible assets with indefinite useful life

Goodwill and other intangible assets with an indefinite life represents a significant portion of Dustin Group AB's total assets, totaling SEK 2 328 million as of August 31, 2017. That equals 56% of the group's total assets and 157% of the group's Equity. Goodwill and intangible assets with indefinite life are recorded at historical acquisition value and are annually tested for impairment. An impairment is recorded if the recoverable value of an asset is lower than its carrying value.

The recoverable value of the assets was based on the Company's value in use from future potential and ability to generate cash flows. The Company's assessment of the recoverable value was therefore per August 31, 2017 based on the Company's forecast of future cash flows. The assessment also considers the discount rate to be

used and the annual growth rate after the initial five-year period.

During 2017, the Company has re-allocated goodwill to better reflect the integration of acquired business and the way management monitors the business. A re-allocation of goodwill is based on the relative size of the recoverable values of the previously used cash generating units and therefore requires an estimation of the recoverable values.

As the value of goodwill and other intangible assets with indefinite life in proportion to the total assets are substantial this is a focus area for our audit. In combination with the re-allocation of goodwill which was made during the year and the uncertainty normally present with estimating recoverable values we have assessed valuation of goodwill and other intangible assets with indefinite life as a key audit matter.

Our audit procedures included assessing the Company's process for preparing the impairment test. We evaluated the forecast of future cash flow which the Company base their impairment test on. The forecast was evaluated for reasonability in comparison to our knowledge of the Company's business and historical information as well as the Company's past accuracy in developing forecasts. We have in our audit included our internal valuation specialists for the evaluation of the interest rate and valuation model used. The reasonability of the used rates and long term growth for the individual cash generating units was compared to similar companies. We have also evaluated the method used for re-allocating goodwill to the new allocation of cash generating units and the valuation models the allocation was based on.

Refer to note 1 for accounting principles related to valuation of goodwill and intangible assets with an indefinite life and to note 2 and 13 for the company's description of assumptions used for preparing the impairment test. We have assessed if the disclosed information is suited for the purpose.

Valuation of contingent consideration and purchase price allocation

During the financial year of 2016/2017, Dustin has completed three acquisitions. All acquisitions include an earn-out which is based on future financial performance of the acquired businesses. In accordance with IFRS 3 the total earn-out combined with the initial price of purchase is reported at fair value per the acquisition date. The estimated total purchase price has a direct impact on the Company's purchase price allocation and the allocation to goodwill. As of August 31, 2017 the total debt related to earn-outs for acquisitions amounted to SEK 109.6 million.

The earn-out is calculated as a multiple based on future financial performance of the acquisitions and Dustin has therefore estimated future earnings of the acquired company. In order to calculate the fair value of the estimated future earn-outs the net present value has been calculated using a discount rate reflecting the related risks. As part of the purchase price allocation the Company has allocated the purchase price to acquired assets including goodwill. This has been done by identifying acquired assets and valuing them at fair value based on applicable valuation methods. The remaining value after allocation to identified assets has been allocated to goodwill.

When estimating the fair value of an earn-out and the fair value of the identifiable acquired assets there is normally a certain degree of uncertainty present. That in combination with the significant financial impact that the estimate has we have assessed the valuation of earn-outs and purchase price allocation to be a key audit matter in our audit.

We have evaluated the Company's forecast of future financial performance of the acquired businesses used by the Company to estimate the fair value. The forecast has been assessed for reasonability by taking in to account previous financial performance of the acquired businesses, the forecast used when calculating the enterprise value, the Company's future plans for developing the acquired business and Dustin's previous ability to prepare accurate forecasts. We have used our valuation specialists to evaluate the Company's discount rate.

Refer to note 1 for the accounting principles regarding valuation of earn-outs and notes 2, 22 and 23 for the Company's description of the assessments made in connection with the valuation of earn-outs and purchase price allocations. We have assessed if the disclosed information is suited for the purpose.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-43 and 110-118. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material

if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Dusting Group AB (publ) for the period 2016-09-01 – 2017-08-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the

Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Ernst & Young AB, Box 7850, 103 99 Stockholm with Jennifer Rock-Baley as auditor-in-charge, was appointed auditor of Dustin Group AB by the general meeting of the shareholders on December 13, 2016 and has been the company's auditor since February 13, 2015 (Ernst & Young AB has been appointed auditors since October 2, 2006). Dustin Group AB (publ) has been a company of public interest since February 13, 2015.

Stockholm, November 16, 2017

Ernst & Young AB

Jennifer Rock-Baley

Authorized Public Accountant

2016/17 Annual General Meeting

Dustin's Annual General Meeting will be held on Wednesday, December 13, 2017 at 2:00 p.m. at the Playhouse Teater, Drottninggatan 71A in Stockholm, Sweden. Registration will begin from 1:00 p.m.

Participation

Shareholders wishing to participate at the Annual General Meeting must:

- be entered in the share register maintained by Euroclear AB no later than Thursday, December 7, 2017.
- notify the company of their attendance via e-mail: gm@dustingroup.com or by post to Dustin Group AB (publ), Att: Bolagsstämma, Box 1194, SE-131 27 Nacka Strand, Sweden, no later than Thursday, December 7, 2017.

Notification

In their notification to the company, shareholders must state their name, personal identity number or corporate registration number, address and telephone number, registered shareholdings and, where applicable, information regarding proxies and assistants.

If participation is to take place based on a power of attorney, such power of attorney must be dated and signed. The original power of attorney must be sent to Dustin Group AB at the address above well in advance of the Annual General Meeting.

The power of attorney registration form is available in both Swedish and English on the Group's website: <http://www.dustingroup.com/en/annual-general-meeting>. Representatives of legal entities must present a certified copy of the registration certificate or equivalent documents of authorisation.

Shareholders are to present identification when registering their arrival at the Meeting.

The notice and other information will be available at <http://www.dustingroup.com/en/annual-general-meeting> no later than four weeks prior to the Annual General Meeting.

Trustee-registered shares

To be entitled to participate in the Meeting, shareholders who have their shares registered with a trustee must temporarily re-register the shares in their own name in the share register (known as voting rights registration), in addition to their notification of participation in the Meeting. To ensure this registration is completed by December 7, 2017, shareholders should contact their trustee or bank well in advance of this date.

Dividends

The Board of Directors proposes a dividend of SEK 2.80 per share in 2016/17, corresponding to a total payout of SEK 213 million. The proposed dividend represents approximately 89 per cent of the profit for the year. Friday, December 15, 2017 is proposed as the record date for the dividend. The estimated payment date for the dividend is Wednesday, December 20, 2017.

Financial calendar

2016/17 Annual General Meeting	December 13, 2017
Interim Report, Sept - Nov	January 10, 2018
Interim Report, Dec - Feb	April 11, 2018
Interim Report, Mar - May	July 4, 2018
Year-End Report Sept - Aug	October 17, 2018

Multi-year overview

All amounts in SEK million, unless otherwise indicated

	Full-year 16/17	Full-year 15/16	Full-year 14/15	Full-year 13/14
Income statement				
Organic sales growth (%)	8.6	4.4	5.7	21.0
Gross margin (%)	14.8	15.0	14.1	14.4
EBIT	349.5	323.5	218.0	301.0
Adjusted EBITDA	438.4	400.2	364.1	361.9
Adjusted EBITA	426.1	389.6	353.5	353.5
Adjusted EBITA margin (%)	4.6	4.7	4.5	4.8
Return on equity (%)	16.1	15.8	9.4	22.0
Balance sheet				
Net working capital	118.1	31.6	158.3	7.1
Capital employed	269.1	173.3	292.6	145.1
Net debt*	998.3	826.3	936.9	1,076.7
Net debt/adjusted EBITDA (multiple)*	2.3	2.1	2.6	3.0
Maintenance investments	-27.3	-4.7	-8.9	-8.0
Equity/assets ratio (%)	35.6	36.5	34.4	20.4
Cash flow				
Operating cash flow	301.2	500.7	217.2	458.9
Cash flow from operating activities	213.6	447.2	58.6	255.7
Data per share				
Earnings per share, including discontinued operations before dilution (SEK)	3.14	2.95	1.75	2.48
Earnings per share, including discontinued operations after dilution (SEK)	3.13	2.95	1.75	2.48
Equity per share before dilution (SEK)	19.50	18.67	17.38	11.24
Equity per share after dilution (SEK)	19.50	18.67	17.38	11.24
Cash flow from operating activities per share before dilution (SEK)	2.80	5.87	0.82	3.87
Cash flow from operating activities per share after dilution (SEK)	2.80	5.87	0.82	3.87
Average number of shares	76,173,115	76,173,115	71,545,731	66,095,090
Average number of shares after dilution	76,338,787	76,173,115	71,552,025	66,095,090
Number of shares issued at end of period	76,173,115	76,173,115	76,173,115	66,095,090
Dividend per share	2.80*	2.40	1.70	-

* Proposed dividend for current year

Source of alternative performance measures

All amounts in SEK million, unless otherwise indicated	Full-year 16/17	Full-year 15/16	Full-year 14/15	Full-year 13/14
Organic growth				
Sales growth (%)	12.1	4.6	7.6	35.5
Acquired growth (%)	-1.7	-1.2	-0.6	-14.3
Currency effects in sales growth (%)	-1.8	1.0	-1.3	-0.2
Organic sales growth (%)	8.6	4.4	5.7	21.0
Earnings before financial items including EBIT from discontinued operations				
EBIT from continuing operations	349.5	323.5	218.0	294.9
EBIT from discontinued operations	0.0	0.4	8.5	6.1
Total	349.5	323.9	226.5	301.0

Definitions

IFRS measures:	Definition/Calculation	
Earnings per share	Net profit/loss in SEK in relation to average number of shares, according to IAS 34.	
Alternative performance measures:	Definition/Calculation	Purpose
Return on equity	Net profit for the year in relation to equity at the end of the period.	Dustin believes that this performance measure shows how profitable the company is for its shareholders.
Gross margin	Gross profit in relation to net sales.	Used to measure product and service profitability.
Equity per share	Equity at the end of the period in relation to the number of shares at the end of the period.	Shows Dustin's equity per share.
Acquired growth	Net sales for the relevant period attributable to acquired companies in relation to net sales for the comparable period.	Acquired growth is eliminated in the calculation of organic growth.
Adjusted EBITA	EBIT according to the income statement and EBIT for Financial Services, which is recognised under discontinued operations, before items affecting comparability and amortisation and impairment of intangible assets.	Dustin believes that this performance measure shows the underlying earnings capacity and facilitates comparisons between quarters.
Adjusted EBITDA	EBIT according to the income statement and EBIT for Financial Services, which is recognised under discontinued operations, before items affecting comparability and amortisation/depreciation and impairment of tangible and intangible assets.	Dustin believes that this performance measure shows the underlying earnings capacity and facilitates comparisons between quarters.
Adjusted EBITA margin	Adjusted EBITA in relation to net sales.	This performance measure is used to measure the profitability level of the operations.
Items affecting comparability	Items affecting comparability relate to material income and expense items recognised separately due to the significance of their nature and amounts.	Dustin believes that separate recognition of items affecting comparability increases comparability of EBIT over time.
Cash flow from operating activities	Cash flow from operating activities, after changes in working capital.	Used to show the amount of cash flow generated from operating activities.
Cash flow from operating activities per share	Cash flow from operating activities as a percentage of the average number of shares outstanding.	Used to show the amount of cash flow generated from operating activities per share.

Net working capital	Total current assets less cash and cash equivalents, current financial lease assets and current non-interest-bearing liabilities, at the end of the period.	This performance measure shows Dustin's efficiency and capital tied up.
Net debt	Current and non-current interest-bearing liabilities, excluding acquisition-related liabilities and shareholder loans, less cash and cash equivalents and receivables from finance leasing, at the end of the period.	This performance measure shows Dustin's total liabilities adjusted for cash and cash equivalents.
Net debt/EBITDA	Net debt in relation to EBITDA.	This performance measure shows the company's ability to pay its debt.
Organic growth	Growth in net sales for the relevant period adjusted for acquired growth and currency effects.	Provides a measure of the growth achieved by Dustin in its own right.
Sales growth	Net sales for the relevant period in relation to net sales for the comparable period.	Used to show the development of net sales.
Operating cash flow	Adjusted EBITDA less maintenance investments plus cash flow from changes in working capital.	Used to show the amount of cash flow generated from operating activities and available for payments in connection with dividends, interest and tax.
EBIT	Is a measurement of the company's earnings before income tax and financial items.	This measure shows Dustin's profitability from operations.
Equity/assets ratio	Equity at the end of the period in relation to total assets at the end of the period.	Dustin believes that this measure provides accurate view of the company's long-term solvency.
Segment results	The segment's operating profit excluding amortisation/depreciation and items affecting comparability.	Dustin believes that this performance measure shows the earnings capacity of the segment.
Capital employed	Working capital plus total assets, excluding goodwill and other intangible assets attributable to acquisitions, and interest-bearing receivables pertaining to finance leasing, at the end of the period.	Capital employed measures utilisation of capital and efficiency.
Maintenance investments	Investments required to maintain current operations.	Used to calculate operating cash flow.
Currency effects	The difference between net sales in SEK for the comparative period and net sales in local currencies for the comparative period converted to SEK using the average exchange rate for the relevant period.	Currency effects are eliminated in the calculation of organic growth.

Glossary

Word/Term	Definition/Calculation
B2B	Pertains to all sales to companies and organisations.
B2C	Pertains to all sales to consumers.
Central functions	Includes all non-allocated central expenses, including amortisation and depreciation, and excluding items affecting comparability.

