

# 2018/19

## Annual and Corporate Responsibility Report

September 1, 2018 – August 31, 2019



**Dustin**

# Greetings

Dustin's Annual and Corporate Responsibility Report provides a summary of the financial results and the corporate responsibility work we have undertaken during the 2018/19 financial year.

The audited annual accounts, consolidated financial statements and the Corporate Responsibility Report Dustin Group AB can be found on pages 52-87 and 102-153. The Annual and Corporate Responsibility Report is published in Swedish and English. The Swedish publication is the original version.



<b>Introduction</b>	
Greetings	2
Dustin as an investment	4
The year in brief	7
Dustin in brief	8
Our history	9
<b>CEO comment</b>	
CEO comment	12
<b>Our strategic direction</b>	
Our market and operating environment	14
Our market position	16
Our strategy	20
Acquisitions for continued growth	26
Operational targets	28
<b>Our business model</b>	
Complete partner for successful businesses	30
Our customer offering	32
Efficient and responsible purchasing and logistics model	35
Our business segments	40
<b>Our values</b>	
Our culture	44
"Win as a team"	46
<b>The share and shareholders</b>	
Our share and shareholders	50
<b>Our corporate responsibility efforts</b>	
Statement from the Head of Corporate Responsibility	54
Responsible use of resources	56
Reduced climate impact	57
Responsible manufacturing	61
Diversity and equality	65
Business ethics and anti-corruption	67
<b>Governance and development</b>	
Financial overview	68
Risks and Risk Management	76
Corporate Governance Report	88
Board of Directors	98
Group Management	100
<b>Financial information</b>	
Consolidated financial statements	102
Parent Company financial statements	106
Notes	110
Corporate responsibility information	147
Accounting policies for corporate responsibility	150
The Board's signatures	153
Auditor's report	154
Auditor's Limited Assurance Report	160
<b>Other information</b>	
2018/19 Annual General Meeting	161
GRI Index	162
Multi-year overview	164
Source of alternative performance measures	165
Definitions	166
Glossary	168
Financial calendar	169

Director's report and accounts

# Dustin

## as an investment

Dustin endeavours to create a good return and long-term value for its shareholders. Historically, the company has proven stable across business cycles. Since the listing in 2015, the market capitalisation has risen by 88 per cent and the company has paid out a total of nearly SEK 800 million to its shareholders.

### Attractive market position in ongoing online shift

Dustin is a leading IT partner and a one-stop shop for the B2B market in general, and for small and medium-sized businesses in particular. The combination of a strong online presence, a well-known brand, a high level of IT expertise and an increasingly broad service offering gives us an attractive position on a market characterised by a rapidly growing share of sales online and increasing demand for mobility and subscription services.

**“ Through add-on acquisitions, we are continuously widening our range of advanced products and services.**

### Clear strategy for profitable growth – organic and via acquisitions

With our attractive customer offering, a broad and diversified customer base and a multi channel sales model, we see significant potential for continued and profitable organic growth combined with continuous efficiency improvements. Through add-on acquisitions, we are continuously widening our range of advanced products and services, which promotes continued growth, strengthens customer loyalty and increases shareholder value.

### Transformation towards increased service offerings enables margin expansion

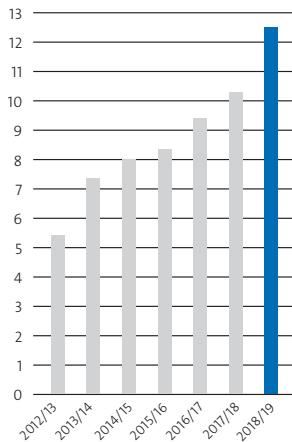
We have clear initiatives to improve both gross and operating margins over time. We are convinced that, through continued growth in the online channel, the acquisition of attractive niche players, an increased offering of private label products and further expansion of our offering with a higher service content focusing primarily on the SMB segment, over time we can achieve our target of an adjusted EBITA margin of between 5 and 6 per cent.

### Low capital requirements and strong cash flow

Our investment needs and working capital tied up are low owing to an efficient purchasing function with an effective collaboration with suppliers and a central warehouse and regional consolidation warehouses with efficient stockholding. Our operations generate strong cash flows, which allows for continued expansion in combination with an attractive dividend to our shareholders. Our aim is to complete three to five acquisitions a year and to pay dividends of more than 70 per cent of net profit.

### Driving forces for responsible business

We strive for integrity, transparency and responsible behaviour in everything we do. At present, Dustin commands a position that provides us with the possibility of setting requirements that make a difference throughout the value chain. We are active in the circular economy through end-of-life returns and reuse. This makes us an attractive supplier for businesses, and in conjunction with public procurements. Our corporate responsibility focus has resulted in increased interest among investors with a corporate responsibility profile and a high ranking in external corporate responsibility studies.

**Net sales****2018/19****12.5**  
**SEK billion****Cash flow from operating activities****SEK 264 million****Proposed dividend per share****SEK 3.00****Gross margin****16.7%****Adjusted EBITA****SEK 560 million****Adjusted EBITA margin****4.5%****EBIT****SEK 489 million****Earnings per share****SEK 4.12**

“ In line with our strategy, we acquired Danish Inventio.IT, Dutch Norisk and Finnish Chilit in 2018/19.



## The year in brief

# Q1

- Dustin strengthened its organisation to facilitate continued profitable growth by creating greater clarity within the segments and further increasing the scalability of support functions. The organisation was also adapted for expansion in the Netherlands.
- Dustin resolved on a rights issue of approximately SEK 695 million to continue the company's acquisition ambitions, thereby widening its customer offering with an increased element of advanced products, services and recurring revenues.

# Q2

- Alexandra Fürst was appointed new EVP IT & Digitalisation (CIO) and Jenny Ring was appointed new EVP Supply Chain and included in Dustin's Group Management.
- During the quarter, the integration of the Swedish subsidiary Idenet into Dustin Sweden was completed.

# Q3

- Dustin acquired the Danish company Inventio. IT, which specialises in hosting, infrastructure and business systems as a service.
- Dustin acquired the Dutch company Norisk, which has a broad portfolio of managed IT services, ranging from infrastructure to client management.
- Dustin acquired the Finnish company Chilit, which specialises in IT products, services and solutions, primarily for the SMB segment.
- The 18th Dustin Expo, the largest IT exhibition in the Nordic region, was arranged in collaboration with about 70 other exhibitors.

# Q4

- Dustin initiated optimisation of the structure of the company's small data centres and sites that accompanied earlier acquisitions, to gradually enhance their operational efficiency.
- Dustin decided to invest in increased automation of the central warehouse in Rosersberg.

# Dustin in brief

## Leading online IT partner

Dustin is a leading online IT partner serving the Nordic region and the Netherlands. Its offering consists of a wide range of hardware, software and related services and solutions. With our centralised warehouse and an efficient logistics and online platform, we ensure fast and reliable delivery to our customers. By adding high-level IT expertise we act as a strategic IT partner primarily for small and medium-sized businesses, but also for large companies, the public sector and consumers.

## Sales focusing on business customers

Dustin employs a multichannel model where the majority of sales take place online, supplemented by relationship-based and consultative selling over the telephone or through customer visits. We conduct our operations through three business segments: SMB (Small and Medium-sized Businesses) with a sales share of about 44 per cent, LCP (Large Corporate and Public Sector) with a sales share of about 51 per cent and B2C (Business to Consumer) with a sales share of about 5 per cent.

## Efficient online platform

We have created a strong market position through our efficient online platform, since more and more sales of both products and core services are now taking place online. At present, Dustin is the Nordic region's largest e-retailer for the B2B segment and recently launched online shopping in the Netherlands. The operations are

supported by scalable and shared central functions, including purchasing, warehousing and logistics, pricing, marketing, IT and HR.

## Increase in service sales

We see increasing demand for more advanced and managed services as requests for increased mobility and accessibility grow. We are continuously expanding our customer offering and our addressable market, by combining products and services into integrated solutions, and by adding more advanced services through acquisitions. This means we are able to solve more and more of our customers' IT needs.

## Clear focus on corporate responsibility

Responsible business is a prerequisite for sound and successful operations. For us, responsible business encompasses the Group's aggregate long-term impact on society and the environment, where our responsibility extends throughout the value chain. The size of our operations provides us with a key role and an opportunity to influence both suppliers and customers. Our clear ambition is to make sustainable IT more accessible to our customers.

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

## Financial key ratios

All amounts in SEK million, unless otherwise indicated	2018/19	2017/18
Net sales	12,536	10,300
Organic sales growth (%)	9.9	2.0
Gross margin (%)	16.7	15.9
Adjusted EBITA	560	501
Adjusted EBITA margin (%)	4.5	4.9
EBIT	489	444
Net profit for the year	356	305
Earnings per share, including discontinued operations, after dilution, SEK	4.12	3.91
Cash flow from operating activities	264	748
Net debt/adjusted EBITDA (multiple)	2.9	3.3
Return on equity (%)	14.5	18.5
Dividend per share, SEK	3.00*	2.71

\* The Board's proposal for the AGM.

# Our history

## Founded in 1984

Dustin was founded in 1984 by two entrepreneurs, Bo and Ulla Lundevall, as an 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 since 1995

Ten years later, the range was extended from products only to also include software licenses. Dustin introduced online sales as early as 1995. For the first 20 years, the offering was directed exclusively to the B2B market, but with the launch of Dustin Home in 2004 the offering was extended to the B2C market as well.

## Nordic expansion commenced in 2007

Altor became the new principal owner in 2006 and the operations were then expanded in the Nordic region. The Danish operations were established in 2007 through the acquisition of Computerstore, followed by a new e-commerce venture in Norway. The Norwegian business was supplemented in 2012 through the acquisition of Norsk Data Senter. In 2013, operations were established in Finland through the acquisition of Businessforum, which was supplemented with the acquisition of Resolute in 2015. E-commerce was also launched in the Finnish market the following year.

## IPO in 2015

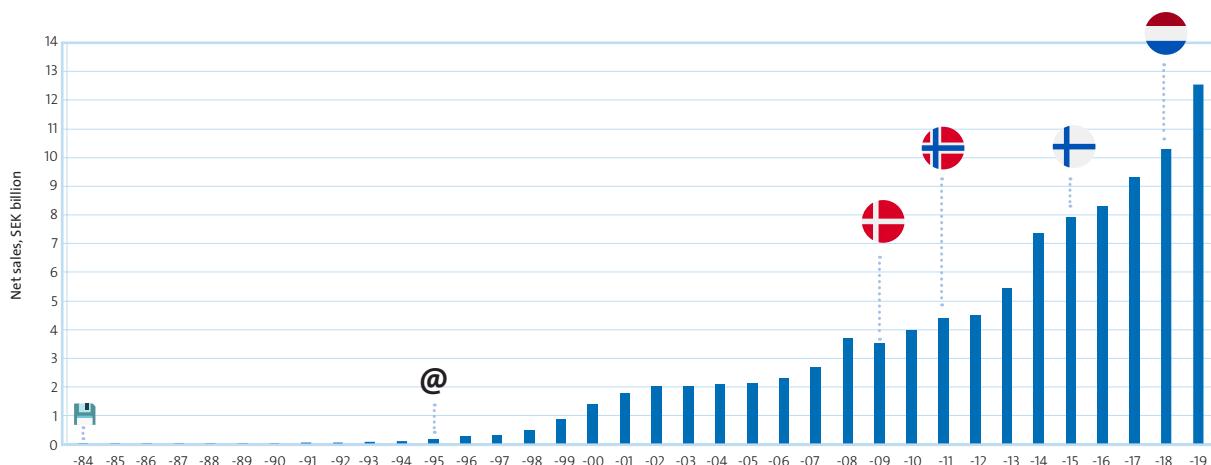
Dustin was listed on Nasdaq Stockholm on February 13, 2015 and received a new principal owner, Axel Johnson AB, through the subsidiary Axmedia AB. After the listing, Altor has gradually reduced its holding and sold its last shares in the company in spring 2017.

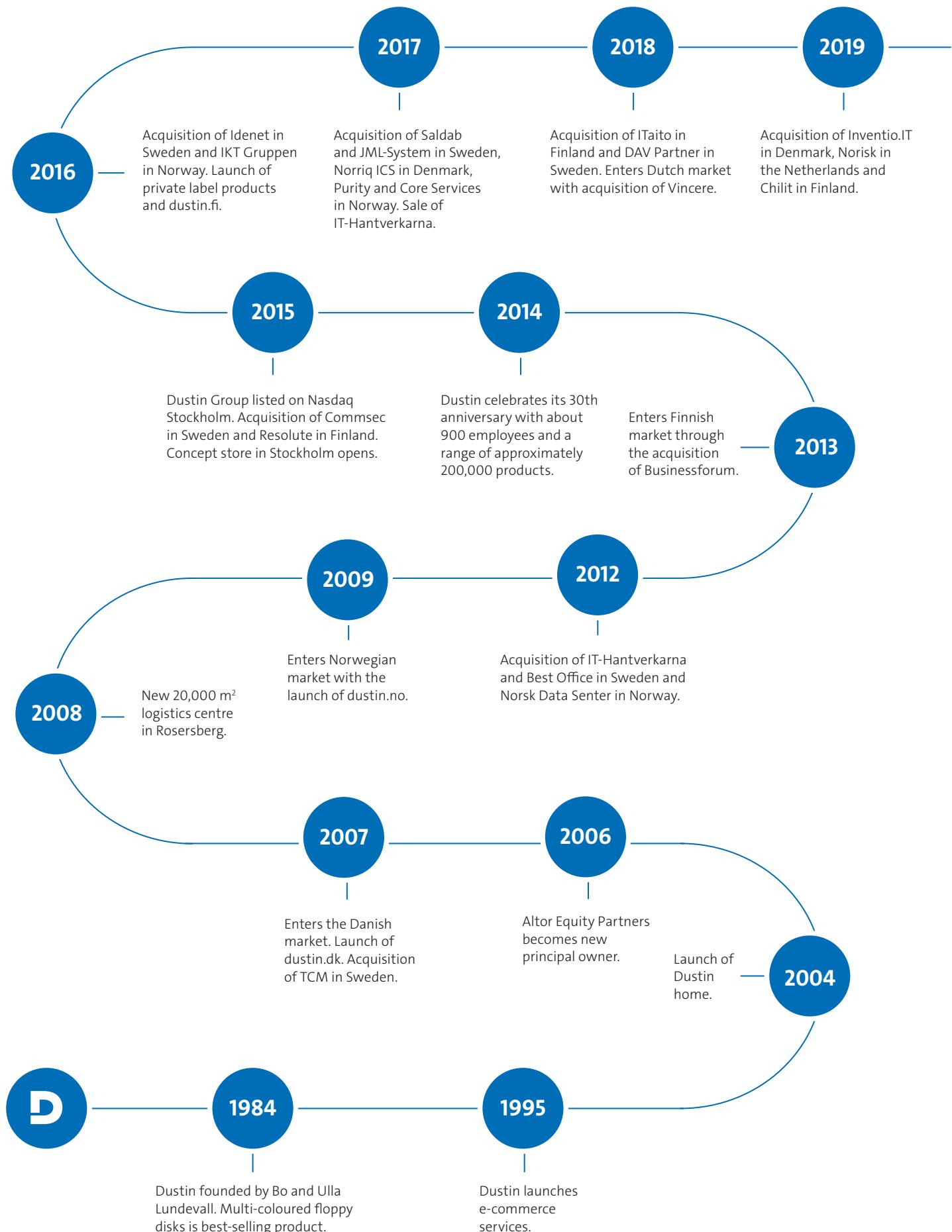
## Entering the Dutch market in 2018

In the summer of 2018, Dustin expanded its geographic footprint through the acquisition of Vincere in the Netherlands. Vincere is specialised in managed services primarily for small and medium-sized businesses. The acquisition substantially increased Dustin's addressable market and provided the company with a strong foundation for continued consolidation in the region. At the end of October in 2019, Dustin launched e-commerce in the Netherlands, which is an important step in the Group's continued expansion.

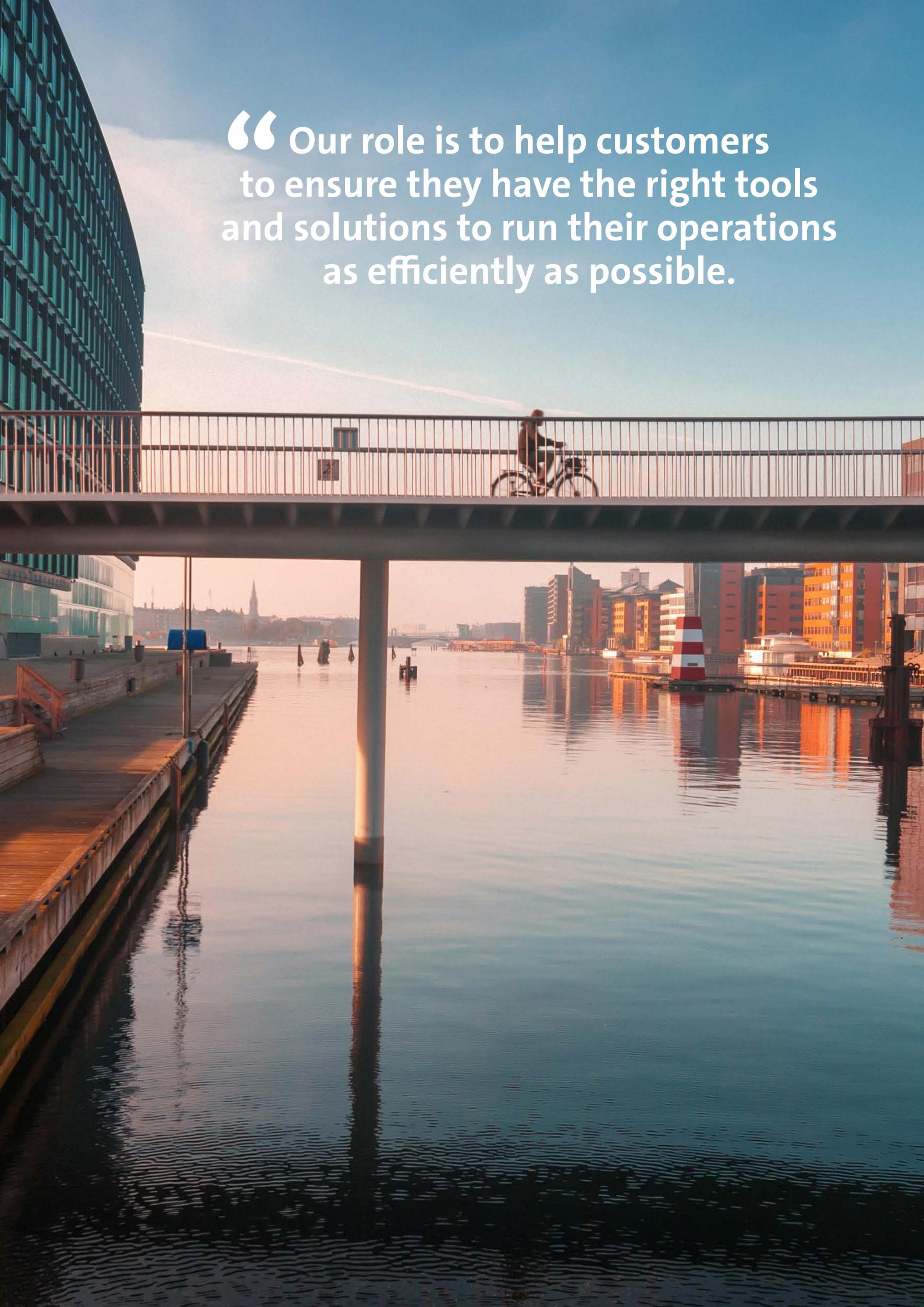
## A stronger and broader offering

A number of add-on acquisitions have been conducted in recent years to strengthen and broaden our offering of more advanced products and services. During the 2018/19 financial year, in line with our strategy, we acquired the Danish company Inventio.IT, the Dutch company Norisk and the Finnish company Chilit, which altogether have enabled us to widen our offering and further strengthen our position.





**“ Our role is to help customers to ensure they have the right tools and solutions to run their operations as efficiently as possible.**



## CEO comment

I feel proud to summarise a year during which we have continued our transformation from supplying only hardware toward providing a combination of hardware together with services and solutions. The needs of our customers are changing as IT becomes increasingly complex, and is changing from being used as a tool to becoming a critical part of their businesses. The IT environment must work without outages and disruptions, which is making increasing demands on us as partner. Our role is to help customers to ensure they have the right tools and solutions to run their operations as efficiently as possible.



During the year, we have continued to strengthen our service offering through the acquisition of Chilit (Finland), Inventio (Denmark) and Norisk (Netherlands). The three acquisitions will help us to broaden our offering and our customer base. The rights issue completed in autumn 2018 will provide us with the ability to strengthen our offering further through selective acquisitions. We have also accelerated

integration to achieve our full potential and realise economies of scale from the acquisitions we have already completed. In spring 2019, Swedish Idenet was integrated and after the end of the financial year Swedish Saldab. Work with the next integrations is in progress and our target is to conclude two during the first half of the year and five in total during the 2019/20 financial year.

## Investments for efficiency and growth

We are investing in our service organisation to enable the continued transformation toward a greater share of sales for services and solutions. In parallel, we are continuing to focus on streamlining our processes and during the year we decided to invest in increased automation of our central warehouse, to increase efficiency further. We also began consolidating our smaller data centres that we have obtained through our acquisitions, to make operations more efficient and to reduce costs.

Last year, we entered the Dutch market with the acquisition of Vincere Group. This year, we have been active in preparing to launch our online offering in the Netherlands. The launch took place in October 2019 and we now have a full-service offering in the Netherlands. We deliver hardware and software via **dustin.com** and services and solutions via Vincere.

## Focus on sustainability

We welcome the growing importance of sustainability issues in society as a whole. Rising expectations from the macro environment provide extra impetus to the work we are already performing. During the year, our return scheme for used and end-of-life products has been highly successful. The service enables our customers to give their old products new life by allowing them to be used by schools or organisations, and when this is not possible through recycling. We have already exceeded our target of taking back 140,000 products by 2020.

**“We have made investments in our service organisation to enable a continued transformation**

We are making progress in all of our five focus areas but due to our high growth rate and continuous acquisitions, we can also see that we will not fully reach our targets for reducing climate impact, and for diversity and equality by 2020. The rising number of premises and data centres has meant the reduction in our climate impact is not progressing as quickly as we had hoped. We have already reached our equality target for the Board of Directors and Group Management, and also expect to achieve our target at senior level by 2020. For the company as a whole, the transition is taking longer given the rapid growth in the number of

employees through our acquisitions. At the same time, we have noted a greater positive impact on society as a whole by successively introducing new processes and routines throughout the Dustin family.

## Sales growth

Sales for the year amounted to SEK 12.5 billion, which resulted in sales growth of 21.7 per cent. Organic growth, excluding acquisitions and exchange-rate differences, was 9.9 per cent. Our overall growth is driven by the SMB and LCP segments, while organic growth stems mainly from LCP through major public sector framework agreements. SMB posted slightly weaker organic growth, due to the more cautious market during the latter part of the year. In the early stages of a slowing market, the main impact is noted in the SMB segment, while SMB has historically recovered relatively quickly to more normal purchasing levels as the market can only postpone purchasing for a shorter period. The LCP segment is usually impacted in the longer term in a long-term weak market.

## Sales mix and profitability

The gross margin rose to 16.7 per cent compared with 15.9 per cent in the preceding year. Adjusted EBITA increased to SEK 560 million from SEK 501 million one year earlier. Profitability was positively impacted by acquisitions and a more advantageous sales mix with a higher share of advanced services and solutions. Investments in the sales and delivery organisation for services and solutions, together with a large number of new public sector framework agreements, had a negative impact on profitability. Public sector framework agreements always have lower margins at the start of the contract period, but then gradually improve as the contract progresses.

## Strong position

To summarise, Dustin performed well during the 2018/19 financial year and our long-term outlook is positive, despite a slightly cautious market in the near term. The strong performance during the year, our investments to grow service sales moving forward, changing customer needs and our strong and efficient organisation make us well-equipped for our continued transformation. Our financial position remains favourable and we are well positioned for continued profitable growth, both organically and through acquisitions. I would like to thank all of our employees who have enabled Dustin's constant development and who help our customers stay in the forefront!

Thomas Ekman  
President and CEO

# Our market and operating environment

In terms of geography, Dustin has operated in the Nordic region for many years and since the summer of 2018 in the Netherlands as well. We have a clear focus on the customer segment for small and medium-sized businesses and in the Nordic region we are positioned as a complete IT partner, with the majority of sales carried out online. We have a clear position in the market, and are benefiting from several strong market trends.

## The IT market

The geographic section of the IT market where we operate is highly fragmented, with few major players and a large number of minor, local IT resellers. These players can be described from two dimensions: cost efficiency and value content. IT service companies and system integrators generally provide a high level of value content and varying degrees of customised solutions, but with a low level of cost efficiency. These types of solutions mainly target large companies and the public sector. Online players have a relatively high degree of cost efficiency due to their efficient logistics resources, but generally have lower value content without specific product know-how or IT expertise. These players mainly target consumers and in many cases also offer other types of products in widely differing categories.

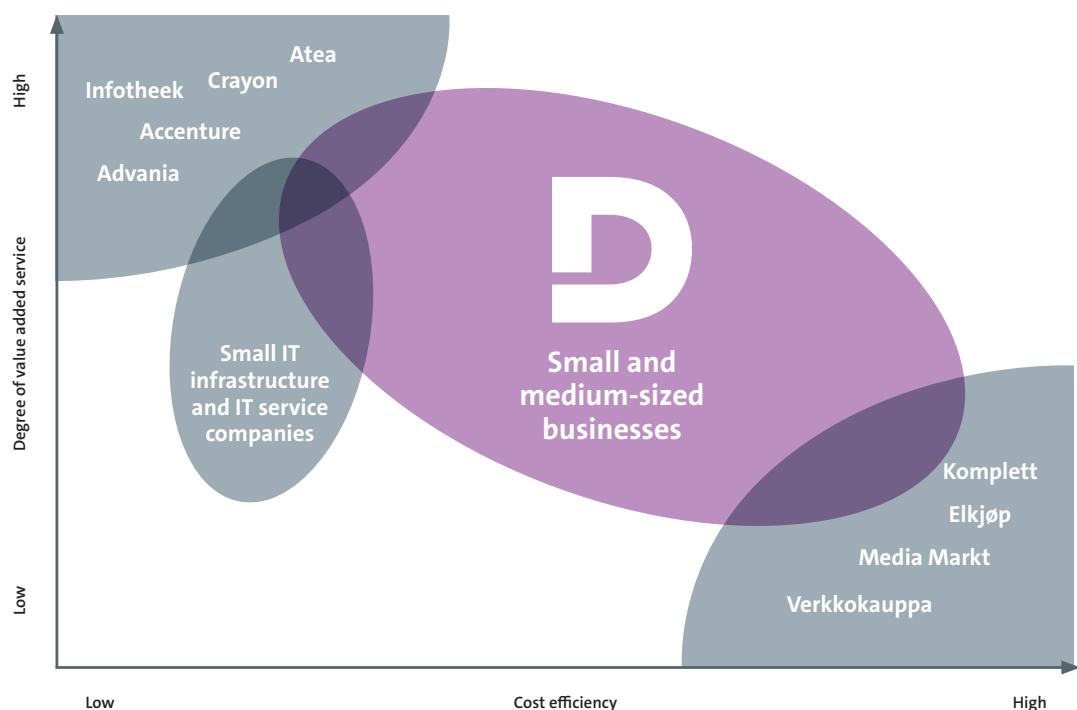


“ Dustin is a leading  
online IT partner serving  
the Nordic region and  
the Netherlands.

# Our market position

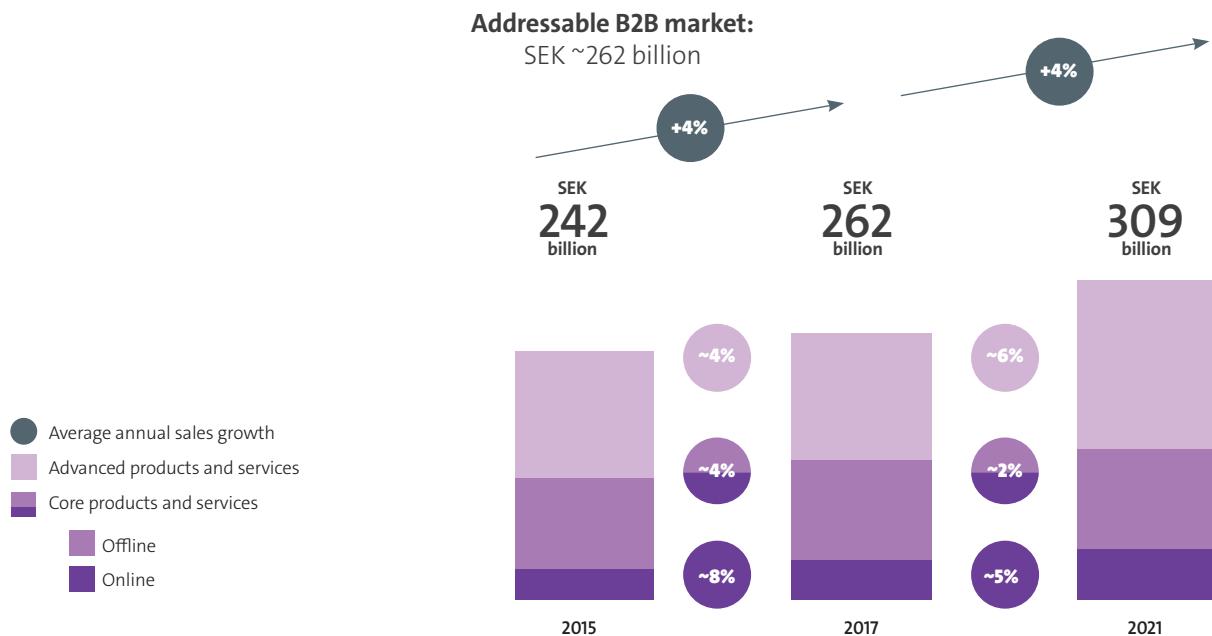
In the Nordic region, Dustin is positioned at the centre of these dimensions. We offer a combination of standardised and centrally produced cloud solutions, with a relatively high and over time increasing value content, as well as cost-efficient online sales of hardware and software. Our market position in the Netherlands is characterised by a relatively higher value content through an extensive offering of services and solutions, while cost efficiency to date is lower

than in our Nordic operations. With the launch of the online platform in the Netherlands and continued growth in the service business, we will improve our cost efficiency over time. We have a clear focus on the customer segment for small and medium-sized businesses in all our markets, and we mainly compete with minor, local IT resellers, which are finding it increasingly difficult to compete as the range of, and interest in, cloud-based services and solutions grows.



**“ We are a strategic IT partner primarily for small and medium-sized businesses, but can also efficiently manage larger order volumes for the large corporate and public sector.**

**Total IT market for B2B in the Nordic region and the Netherlands 2017:**  
SEK ~616 billion



### The B2B market

The total IT market for the private and public sector in the B2B segment in the Nordic region and the Netherlands comprises hardware, software and services. In 2017, its total value was estimated at approximately SEK 616 billion. Broken down by region, the market is estimated at about SEK 369 billion in the Nordic countries and at about SEK 247 billion in the Netherlands.

### Our addressable B2B market

Dustin's addressable B2B market in the Nordic region in 2017 was estimated at approximately SEK 262 billion. The market comprised core products and standardised services amounting to approximately SEK 121 billion, and advanced products and services amounting to about SEK 141 billion. Broken down by

region, our addressable market is estimated at about SEK 162 billion in the Nordic region and at about SEK 100 billion in the Netherlands. The size of our addressable market is increasing as we expand the range of services organically and through acquisitions and via geographic expansion into new markets.

### Market trends in the B2B market

We see three predominant trends that are expected to drive the underlying growth in our addressable B2B market and to create the conditions for more sustainable business:

1. Increased share of sales online
2. Increased interest in mobility and subscription services
3. Rising demand for sustainable IT

**Our addressable  
B2B market is  
estimated at  
about**

**SEK 262 billion**

## 1 Increased share of sales online

Online sales of IT products and services have increased in recent years and more B2B customers are now making an increasing share of their IT purchases on the Internet. This trend is mainly due to customer benefits offered by online retail, for example, a high degree of accessibility and convenience range and depth, detailed and comparable information, rapid deliveries, and competitive and comparable prices.

The share of online sales remains relatively small. For 2018, the share of online sales in the Nordic countries and the Netherlands was estimated at approximately 20–25 per cent. As a comparison, the equivalent share of sales in the US was closer to 40 per cent. The online shift in the B2B market has not progressed as far as the B2C market. This is partly because the digital maturity process is not as fast for companies as for consumers and partly because many business customers maintain close relationships with minor local resellers that do not have an online presence.

## 2 Increased interest in mobility and subscription services

Mobility via cloud solutions promotes a more flexible and sustainable IT environment, in terms of both cost and utilisation, and is expected to drive growth for several years to come. Today, there are cloud services for most types of operations, everything from basic Software as a Service (SaaS) configurations to services for storage and backup and the opportunity to transfer the entire business IT environment into the cloud. Moreover, we are seeing a strong trend and requests

to receive IT as a service, and thus a fixed monthly cost for IT. An increasing share of these subscription services will, in turn, accelerate and simplify investments in new technology and new solutions.

We believe these trends will influence the purchasing decisions of small and medium-sized businesses in particular. For large corporations, the transition from existing older and complex systems is often a major challenge while small and medium-sized businesses generally find it easier to transition and are more flexible in their IT purchasing.

## 3 Rising demand for sustainable IT

Demand for, and awareness about, sustainable IT has increased in recent years. Environmental, social and ethical aspects and requirements are often taken into account. These issues, for example, are an important component in nearly all public-sector procurements.

Moreover, circular thinking – which includes end-of-life returns of old products through re-use and recycling – has become increasingly widespread and is in demand to an ever greater extent among both small and medium-sized businesses, and large companies and the public sector. In combination with the UN's Sustainable Development Goals for 2030, these are strong driving forces.

### The B2C market

The B2C market consists of IT products and other consumer electronics, excluding white goods, that are offered to consumers and was estimated in the Nordic region at about SEK 54 billion in 2017.

### B2C market trends

The B2C market is more competitive and generally has a higher degree of price transparency and price pressure than the B2B market. Behaviour in the B2C market is characterised by a large number of

urchases with a lower average order value. 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 physical 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 shares from other sales channels.



“ Demand for, and awareness about, sustainable IT has increased in recent years.

# Our strategy

Our strong position online and increasingly broad portfolio of products, services and solutions, in combination with favourable market trends, provide us with good conditions for continued profitable growth. Our strategy is built on two pillars – growth and margin expansion – and is permeated by proactive corporate responsibility efforts with regard to our own and our customers' impact on society and the environment.

## Growth

Dustin currently has a strong position in the market for IT products and related services. Through our flexible sales model – primary sales online combined with a consultative and relationship selling organisation – we can benefit from the prevailing market trends. Our increasingly broad portfolio of advanced products,

services and solutions, combined with customers' increased interest in mobility and subscription services, provides us with good possibilities to grow faster than the market. Moreover, an increased share of subscription services provides us with stable income streams and stronger customer loyalty.

**“ Our strategy is built on two pillars – growth and margin expansion – and is permeated by proactive corporate responsibility efforts.**

## 1 A leading online position

With our efficient online platform, we are well-positioned to benefit from the ongoing shift in to an online market. This shift means customers are choosing to allocate more of their IT purchases to online channels, and also concentrate their purchases on fewer suppliers.

The online platform has proved successful as a first point of contact with new customers. This is based on high brand awareness, digital marketing, and attractive offers and campaigns. Through continued development of the platform, we can attract new customers and offer customers a comprehensive, integrated online experience. Altogether, this provides us with good possibilities to grow faster than the market.

## 2 Broader customer offering through increased service offering

We are continuously expanding and strengthening our offering, both organically and through acquisitions. Organically, we achieve this by combining products and services into complete solutions mainly tailored to the needs of small and medium-sized businesses. Our add-on acquisitions focus on specialised niche players, which gives us the opportunity to further broaden our service offering. We are a one-stop shop and a natural IT partner, primarily for small and medium-sized businesses.

We continuously evaluate potential acquisition candidates to support continued growth and increase shareholder value. 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.

These acquisitions also allow us to increase our addressable market, along with a progressively broader offering. Since the company was listed, we have increased our addressable market from approximately SEK 100 billion to just over SEK 260 billion through a combination of supplementary product offerings and expansion into the Netherlands as a new geographic market.

---

## 3 Increased sales to existing customers

In the B2B segment, there is a strong link between the duration of the customer relationship and sales per customer. Through our broad range of products, services and solutions combined with a high level of IT expertise, Dustin has built a large and diversified customer base with a high degree of customer loyalty. Using relationship selling to selected parts of our large customer base of small and medium-sized businesses, we can grow the share of sales to each customer and thereby further strengthen loyalty.

The growth of, and increased interest in, centrally produced cloud services provides us with an opportunity to offer services and solutions, which was not previously possible without a local presence. We see significant possibilities for additional sales in pace with our increasingly broad offering of advanced products, services and solutions. Services and solutions are being sold as subscription services to an increasing extent, which also increases the share of recurring revenues and strengthens customers' loyalty towards us.

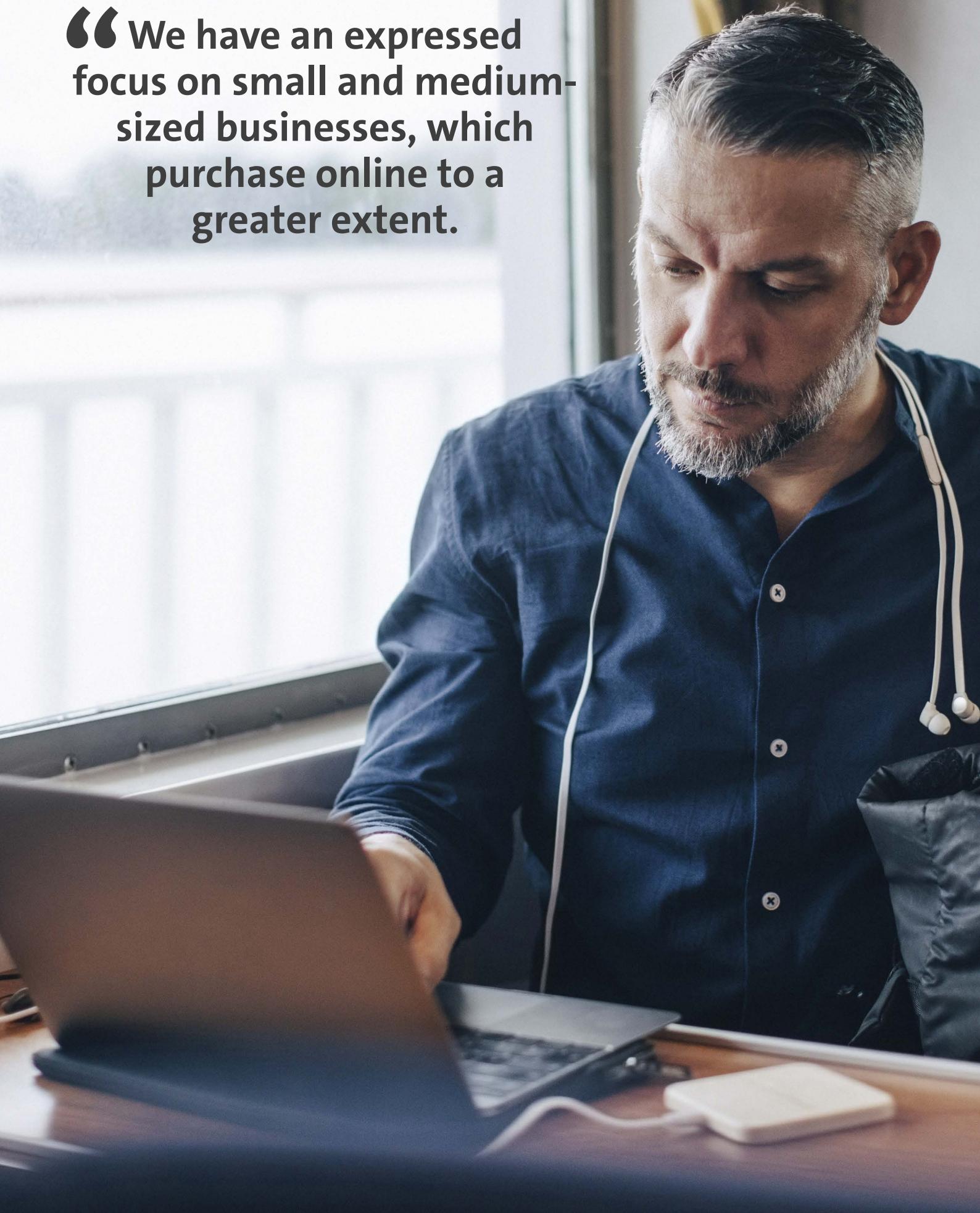
---

## 4 Introduction of the offering in all markets

Our acquisitions add expertise and strengthen our local presence in our existing markets. By spreading the entire product and service portfolio to all of our markets and customers, we can realise sales synergies, which

makes further growth possible. For example, we see major potential in the introduction of an organisation that performs relationship selling to SMB in Finland, and in online sales in the Netherlands.

**“We have an expressed focus on small and medium-sized businesses, which purchase online to a greater extent.**



## Margin expansion

We have identified a number of areas to improve our profitability over time. With a focus on the SMB segment, an increased share of private label products, value-creating acquisitions and an increased offering of managed services, we can strengthen our margins in combination with continuous improvements. Moreover, sustained

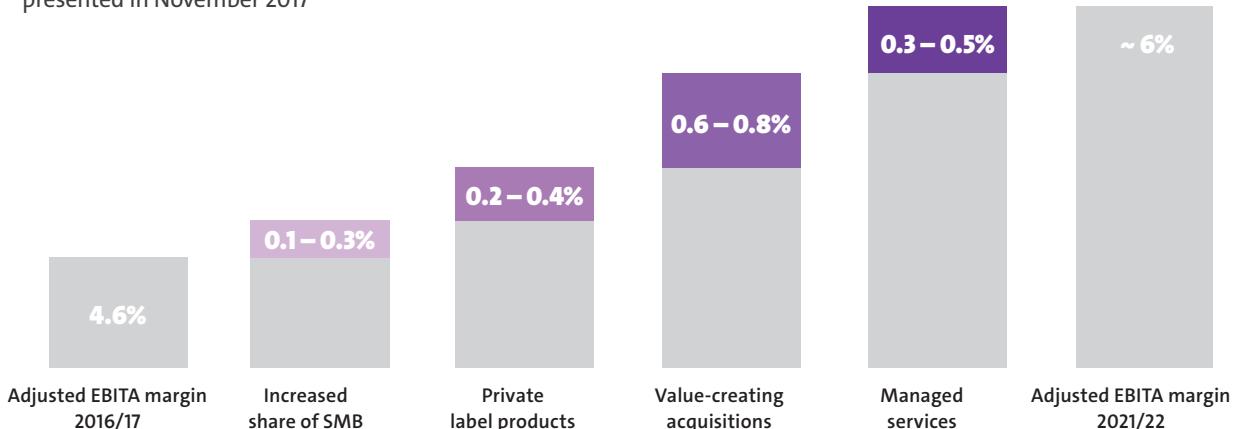
growth in existing markets creates the conditions for favourable profitability in the form of economies of scale in several areas. We have concentrated scalable units as central functions in order to serve the entire Group as efficiently as possible and work steadily to improve efficiency through continuous improvements.

### 1 Increased share of sales in SMB

We have an expressed focus on small and medium-sized businesses, which purchase online to a greater extent. We therefore particularly target our offerings to this customer group. Small and medium-sized businesses generally have limited or no personnel resources in IT and are therefore more often interested in our range of services and solutions. By increasing this customer group's share of our total sales we can improve our profitability, since this customer group has a higher margin compared with sales to the large corporate and public sector.

Over the past few years, we have increased the share of sales in SMB from approximately 36 per cent in the 2014/15 financial year to approximately 44 per cent in the 2018/19 financial year.

Five-year vision to improve profitability, presented in November 2017



## 3 Value-creating acquisitions

We can increase our profitability over time by continuously expanding, through acquisitions and organically, our range of advanced products, services and solutions. These ordinarily have higher margins compared with core products. Acquired operations therefore generally have higher profitability than Dustin's core business and make a positive contribution from the date of acquisition. When, in conjunction with integrating our acquired operations, we make products, services or solutions available to our entire customer base, we can create positive synergies in terms of both growth and profitability.

Three acquisitions were completed in the 2018/19 financial year: the Danish company Inventio.IT, the Dutch company Norisk and the Finnish company Chilit. We increased our focus and accelerated the tempo of our integration work, integrating three acquired companies during the financial year.

## 4 Managed services

Our online platform for cloud-based services provides opportunities for further margin expansion, as these services replace conventional hardware and software with lower margins. The platform is scalable and covers a broad portfolio of SaaS configurations and applications available to the B2B market. We can see major opportunities to capture a considerable share of this market over time.

Our total customer base for SaaS configurations increased to 76,417 users during the financial year, compared with 53,988 users at the end of the 2017/18 financial year.

**“ Acquired operations have higher profitability than our core business and make a positive contribution from the date of acquisition.**

### Corporate responsibility pervades our strategy

The implementation of our strategy is characterised by proactive corporate responsibility efforts, which includes business ethics, human rights, labour conditions, work environment, well-being, environmental considerations, diversity and equality. For us, responsible business involves our long-term impact on society and the environment, where our responsibility extends throughout the entire value chain. The size of our operations provides us with a key role and an opportunity to influence both suppliers and customers.

We are convinced that leading-edge corporate responsibility efforts will not only be a necessity, but will

also create strong business opportunities in the near future – a positive development for our shareholders.

Based on our strategy, we have in consultation with a selection of our key stakeholders identified and established long-term 2020 targets for five focus areas within corporate responsibility.

These focus areas are:

1. **responsible manufacturing**
2. **reduced climate impact**
3. **responsible use of resources**
4. **business ethics and anti-corruption**
5. **diversity and equality**



# Acquisitions for continued growth

Add-on acquisitions are an important element in our strategy for both growth and margin expansion and also increase our addressable market. In recent years, we have broadened our expertise and our offering through selective acquisitions of service companies, which has provided us with strong possibilities to continue to grow faster than the market and improve our margins.



**Alexandra Drevenlid**  
EVP Services & Solutions, Nordic region

## What is your position and strategy?

Dustin is in an exciting phase, in which we are building further on our origins in online hardware sales by strengthening our offering of services and solutions, both organically and through acquisitions.

## Why are you so active when it comes to acquiring new companies?

One of the growing trends in the IT market is more and more things being purchased as services. Through

these acquisitions, we are broadening our service portfolio and can continue to drive the trend of making it easier for small and medium-sized businesses to buy products and services online.

## What acquisitions have you carried out?

We have conducted a total of 15 add-on acquisitions since we were listed in the spring of 2015, in such segments as networks, hosting, security and disaster recovery. We now have a broad offering of standardised services and solutions, targeted primarily at small and medium-sized businesses.

## What kind of companies are you looking for?

We are interested in companies that excel at managed services, and companies that have an offering or a service we can export to all our markets. Quite simply, we're acquiring expertise targeted at services and solutions so that we can be a complete IT partner for small and medium-size companies.

## How important are the people behind the companies?

For us, it is fundamental that the employees in the companies we acquire have the same values we do, and that the corporate culture fits in with Dustin. We work to ensure that the employees in the acquired companies will have roles they can develop in and create value for Dustin.

## Integration – how important is it?

It's a very important part that we are focusing on, both to incorporate the expertise into Dustin and to achieve economies of scale and synergies in the sales and delivery organisation for services. Using increased internal expertise, we can continue to develop our offering.

Three acquisitions were carried out in the 2018/19 financial year: the Danish company Inventio.IT, the Dutch company Norisk and the Finnish company Chilit.

Since our listing on Nasdaq Stockholm, we have carried out a total of 15 acquisitions in the Nordic countries and the Netherlands.

## INVENTIO.IT

"We see significant potential in offering standardised services; to continue growing, we need to be part of a larger context. Dustin, which aims to be an IT partner focused on both products and services, provides us with the right conditions," says Thomas Klavsen, CEO of Inventio.IT.

<b>Specialisation:</b>	Hosting, infrastructure and business systems as a service
<b>Founded:</b>	2001
<b>Country:</b>	Denmark
<b>No. of employees:</b>	Around 80
<b>Sales in 2018:</b>	Approximately DKK 106 million

## NORISK

"Our offering fits well with Dustin's offering. For us, the acquisition means we can continue to grow and reach new customers," says Lammert Brouwer, CEO of Norisk.

<b>Specialisation:</b>	Broad portfolio of managed IT services, ranging from infrastructure to client management
<b>Founded:</b>	2005
<b>Country:</b>	The Netherlands
<b>No. of employees:</b>	Around 40
<b>Sales in 2018:</b>	Approximately EUR 9.5 million

## CHILIT

"As a part of Dustin, we have the right conditions to continue developing as a total supplier to SMBs, while benefiting from Dustin's experience in developing service offerings," says Markku Larkio, CEO of Chilit.

<b>Specialisation:</b>	A strong sales staff and a broad IT offering, primarily to the SMB segment
<b>Founded:</b>	2010
<b>Country:</b>	Finland
<b>No. of employees:</b>	Around 60
<b>Sales in 2018:</b>	Approximately EUR 33.7 million

### Integration of acquired companies

To enable us to make full use of acquired skills, continue to develop our offering and generate economies of scale in our service business, the operations acquired are being integrated. This is an important, and demanding, part of the transaction process owing to the diversity of solutions that are to be harmonised among the organisations.

During the year, we increased our focus on and resources for our integration activities.

Dustin's structured three-stage process for its integration activities ensures and facilitates a positive result.

- 1. Core integration** (for example, financial reporting and policies)
- 2. Analysis and preparations** (for example, review of systems and processes)
- 3. Full integration** (for example, systems integration and legal consolidation)

# Operational targets

Dustin's Board of Directors has established financial targets, corporate responsibility targets and a dividend policy for the Company's operations. Our operational targets aim to maintain and strengthen the Group's leading position as well as to create shareholder value through high total returns for Dustin's shareholders.

## FINANCIAL TARGETS

### Growth

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

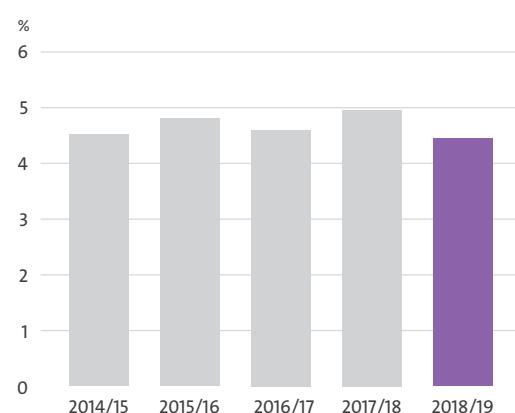
**Outcome 2018/19:** 9.9 per cent and CAGR (5 years) 6.1 per cent, respectively

### 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 2018/19:** 4.5 per cent

### Outcome EBITA margin 2018/19



## Outcome capital structure:

2.9

times adjusted EBITDA

### 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 2018/19:** 2.9 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 future prospects will be taken into consideration.

**Proposal by the Board 2018/19:** 75 per cent of the net profit for the year, corresponding to SEK 266 million.

## CORPORATE RESPONSIBILITY TARGETS

**Responsible use of resources**

**Target:** Starting in 2014/15, to recover 140,000 sold products by the end of 2020, of which 70,000 by the end of 2018/19.

**Outcome 2018/19:** During the year, we recovered a total of 83,540 products, of which 79,084 products for reuse and the remaining 4,456 were recycled. Since this target was adopted, we have taken back a total of 147,828 end-of-life units, representing 106 per cent of the 2020 target.

**End-of-life returns 14/15 - 18/19**

Target	<b>70,000</b>
Outcome	<b>147,828</b>

**Reduced climate impact**

**Target:** To reduce our climate impact, in the form of greenhouse gas emissions, by 40 per cent by the end of 2020, compared with 2014/15.

**Outcome 2018/19:** The total amount of greenhouse gases we release has increased with 15.2 per cent since 2017/18, while our organic growth totalled 9.9 per cent. If we include emissions savings relating to the reuse of end-of-life returns, the recycling of waste together with carbon offset from one of our logistics partners, the total amount of greenhouse gas emissions has been completely eliminated since 2014/15.

**Responsible manufacturing**

**Target:** Starting in 2015/16, to conduct 80 factory audits by the end of 2020, of which 57 inspections by the end of 2018/19.

**Outcome 2018/19:** We conducted 20 factory audits during the year and a total of 51 audits since the start of 2015/16.

**Diversity and equality**

**Target:** By 2020, each gender is to make up at least 40 per cent of the entire organisation. At the end of 2018/19, our interim target was to achieve a gender balance (women/men) of 36/64 at senior level and 37/63 within the entire organisation.

**Outcome 2018/19:** At the end of the financial year, our gender balance (women/men) at the senior level was 38/62 (36/64) and within the entire organisation 31/69 (30/70).

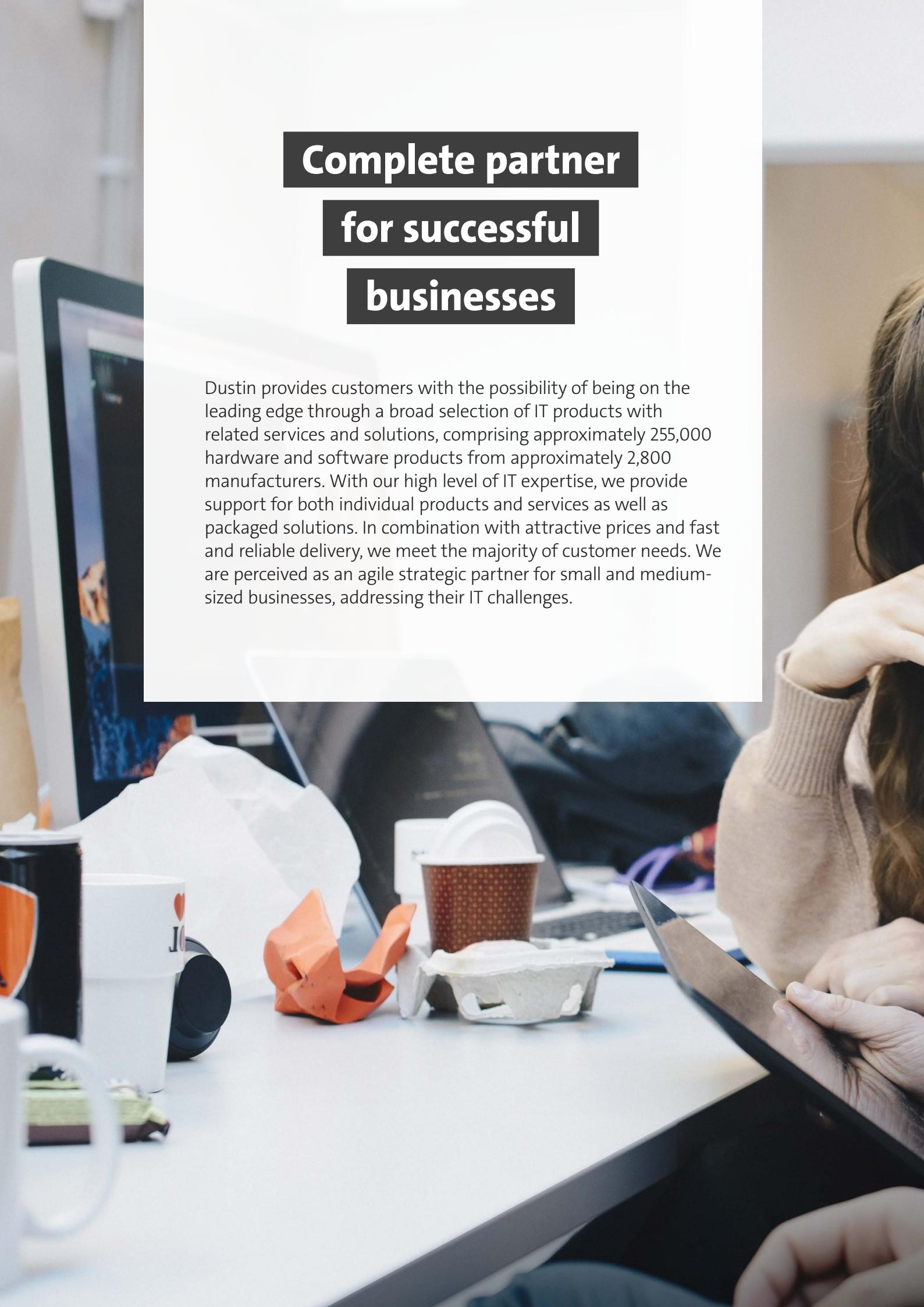
**Business ethics and anti-corruption**

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

**Outcome 2018/19:** 100 per cent of our business areas underwent a business ethics and anti-corruption risk assessment. One incident were reported in the whistle-blower function and investigated in 2018/19. No material shortcomings relating to business ethics or corruption were noted.

# Complete partner for successful businesses

Dustin provides customers with the possibility of being on the leading edge through a broad selection of IT products with related services and solutions, comprising approximately 255,000 hardware and software products from approximately 2,800 manufacturers. With our high level of IT expertise, we provide support for both individual products and services as well as packaged solutions. In combination with attractive prices and fast and reliable delivery, we meet the majority of customer needs. We are perceived as an agile strategic partner for small and medium-sized businesses, addressing their IT challenges.





“For us, Dustin is at the same time a sounding board, an extra resource and specialist expertise in one. To have access to this great palette of knowledge means a lot to us.

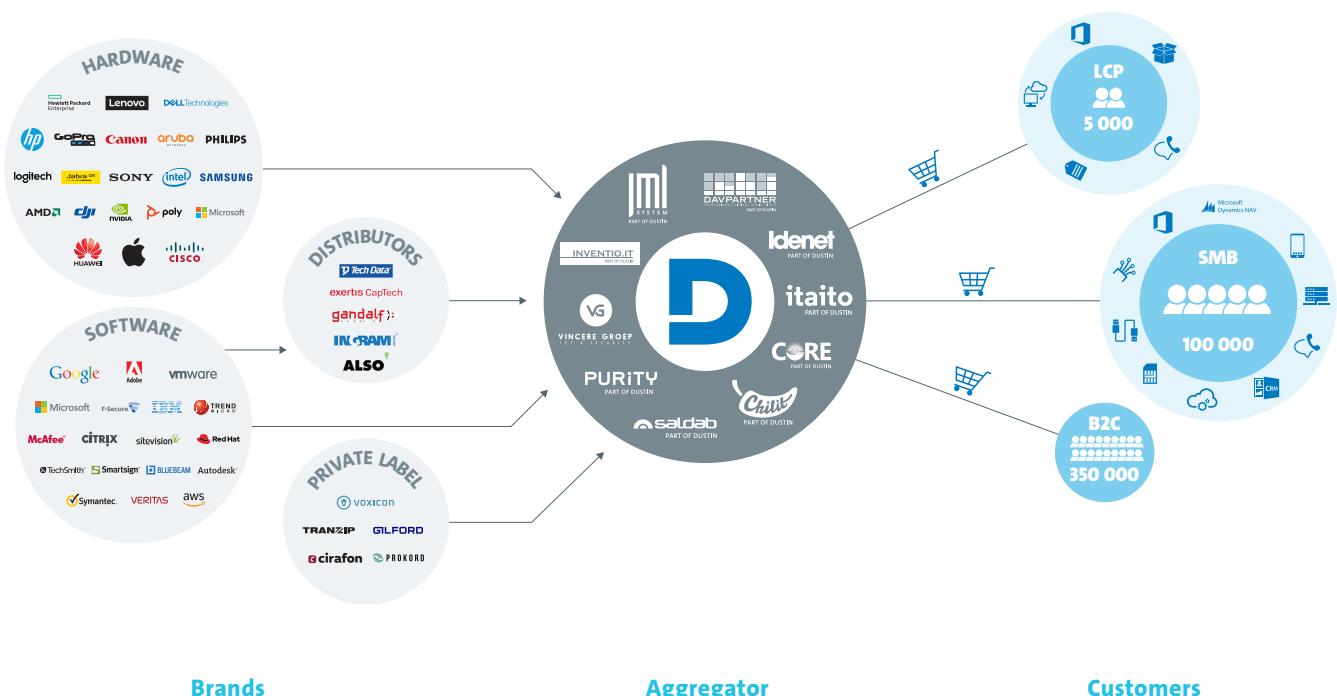
Ulf Andersson, IT Manager, Climat80-Gruppen

# Our customer offering

## 1 A broad product and service offering

Dustin has adopted a role as aggregator and offers a wide range of hardware and software products, and related services and solutions at competitive prices. We help our customers through the entire process, from needs analysis to delivery and support for products and services. For most customers, using IT equipment generates more value than owning it, so we also offer a range of financing solutions so that customers can

lease IT equipment rather than buy. Financing solutions are based on a circular business model that may include both repairs and end-of-life returns. The service offering is often designed as subscription services, which provide the customer with greater flexibility and cost control while strengthening loyalty to Dustin as a supplier.



## 2 Hardware

Hardware is the core of our offering. Dustin's comprehensive range of hardware products has mainly been selected to meet the needs of small and medium-sized businesses, but also caters to large corporates and the public sector. We work continuously to develop our offering, and follow product launches carefully to ensure that new products are offered to our customers as quickly as possible. We can offer our customers an attractive flow of campaigns, due to close and frequent dialogues with manufacturers and distributors.

### Private label products

Around three years ago, Dustin launched private label products in some core product categories, such as cables, USB flash drives and accessories for mobile phones and tablets. New products such as headphones, speakers and monitors have been successively launched. In this way, we can further

strengthen our customer offering with quality-assured products at an attractive price. This also enables us to increase our control throughout the value chain, and working conditions in manufacturing plants can be inspected by corporate responsibility managers at Dustin together with a team of local experts trained in our Code of Conduct.

### It's simpler to choose the eco-label

As part of our corporate responsibility efforts, we want to make it easier for customers to choose products that are better for the climate. Around 23 per cent of sales are eco-labelled IT products we have as part of our range (TCO Certified, EPEAT, Svanen, Energy Star, EU Ecolabel and Blå Ängeln). The various eco-labels show that the product meets predetermined requirements linked to such factors as energy savings, chemicals, recycling, recycled materials and working conditions.

**23%** of sales pertain to eco-labelled IT products

#### END-OF-LIFE RETURNS – TAKEBACK AS A SERVICE

We endeavour to extend product lifetimes by encouraging our customers to return them to us when they no longer need them. Firstly, we ensure that functional products are reused and sold as second hand and are thereby offered a new life as part of the circular economy. Takeback as a Service is an end-of-life returns service for reusing old IT products, which makes it easy for customers to help reduce the climate impact. Products that cannot be reused are recycled in a responsible manner.

## 3 Software, services and integrated solutions

Dustin offers a comprehensive portfolio of software, services and solutions for primarily small and medium-sized business, but also for large companies and the public sector. 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.

Today, a growing share of software is being sold packaged as a service, or SaaS. We have a broad offering of software and associated services, such as license management, to optimise license models and lower costs. Our service offering includes client management, ranging from product selection and configuration to

security, support and end-of-life returns to reduce environmental impact. As a complete IT partner, we offer data storage, network and security solutions that make it easy for small businesses to create a cost-efficient, functional and flexible IT environment focused on performance and reliability.

Our mobility services and solutions provide users with the flexibility to 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. In addition, we offer product-related services such as inventory management, unpacking, marking and configuration.

**“ Today, a growing share of software is being sold packaged as a service, or SaaS.**

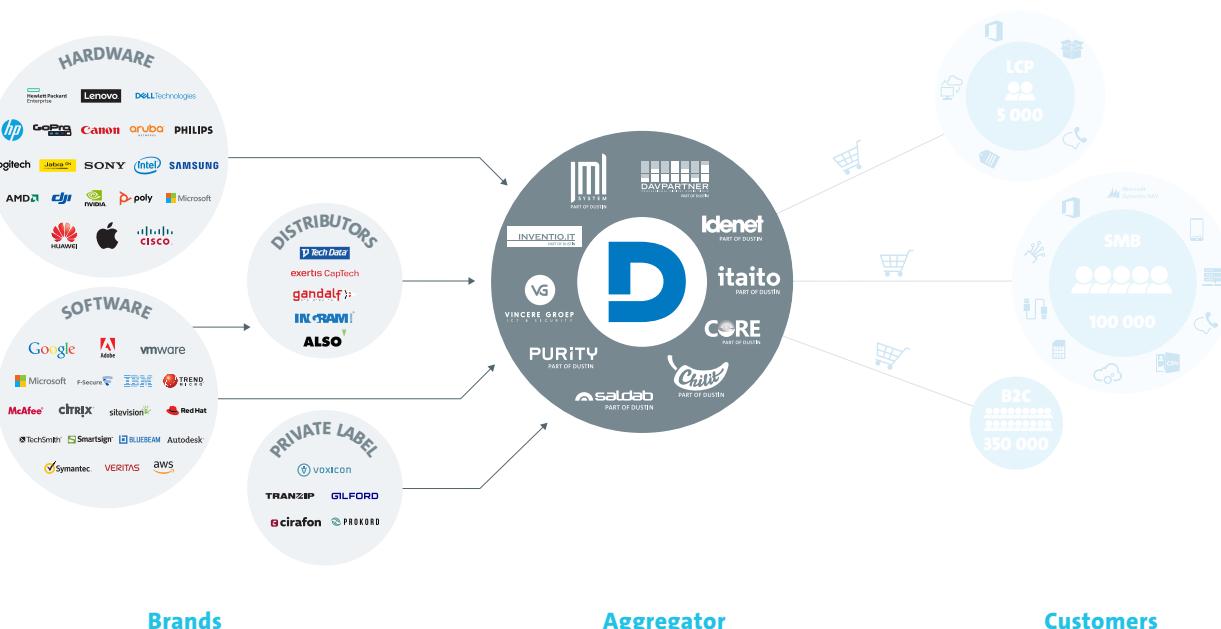
## 4 High level of IT expertise

Since the company's foundation more than 30 years ago in Sweden, Dustin has gathered a broad and deep level of IT expertise. Now we are adding further expertise in services and solutions through our acquisitions. We design our offering so that customers can easily find the information and support they need both before and after purchasing. It is a matter of providing support when choosing a product or solution and ensuring everything works. Contact occurs through our

customer service, either online or with the consultative or relationship selling organisation's guidance. Today, focus is on ensuring that the customer's IT is working effectively, and not only providing the right products. This is particularly the case for small and medium-sized businesses, which generally lack their own IT personnel. By using our IT expertise, we become a strategic partner that solves the customer's IT challenges and the problems that could arise.

# Efficient and responsible purchasing and logistics model

Purchasing from both manufacturers and distributors increases our ability to offer competitive prices and efficient stockholding. It is important for us to ensure that the suppliers we collaborate with act responsibly. Our Supplier Code of Conduct provides a basis for where we conduct our purchasing.



## Optimised model with sourcing from multiple suppliers

By sourcing from a large number of different suppliers, both from distributors and directly from manufacturers, we can offer our customers a broad range at competitive prices. Our flow-of-goods model allows us to have a low level of tied-up working capital and a strong cash flow, which creates the conditions for both growth and a dividend to our shareholders.

Our market position and high sales volumes offer us an advantageous position with our suppliers when it

comes to volume discounts, terms for product returns, price protection policies, marketing contributions and responsibility. At the same time, we are an important sales channel and partner in conjunction with campaigns and product launches.

In the 2018/19 financial year, about 77 per cent of hardware and software products were purchased from distributors. The largest distributor represented 22 per cent of our total purchases and together the three largest distributors accounted for 49 per cent.

**“Our ambition is to work systematically based on the entire life cycle and to integrate corporate responsibility aspects at each stage, both up and down the chain.**



## Follow-up and transparency in purchasing and manufacturing operations

Dustin's Supplier Code of Conduct is built on internationally recognised conventions on human rights, labour, environment and anti-corruption, and is a part of the purchase agreement for direct sourcing. For annual direct purchases exceeding SEK 200,000, we ensure that the supplier adopts the Code of Conduct. At the end of the 2018/19 financial year, 99.6 per cent of our hardware suppliers, from whom our total annual direct purchasing volume exceeds SEK 200,000 or equivalent, had adopted our Code of Conduct or had their own code of conduct that corresponds to our requirements (99.8 per cent in 2017/18).

Our ambition is to work systematically based on the entire life cycle and to integrate corporate responsibility aspects at each stage, both up and down the chain. This encompasses everything from how they are manufactured, the choice of products we purchase and the suppliers we choose to work with to how we work with existing suppliers and how we conclude business relations as well as how we recycle or reuse products through end-of-life returns.

During the year, we expanded the requirement regarding our Supplier Code of Conduct to also include the next level in the value chain. This level includes all manufacturers where our annual purchase volume exceeds SEK 2 million. At the end of the 2018/19 financial year, 88.8 per cent of these manufacturers had either adopted our Code of Conduct or had their own code of conduct that corresponds to our requirements. This means that our responsibility now covers a larger portion of the value chain, and that we reach a growing number of suppliers in our efforts to promote change.

Today, we carry out regular risk analyses and factory audits to ensure that manufacturing is conducted in accordance with our Supplier Code of Conduct. By being physically in place and leading factory audits, we can link the result to our purchasing operations and work in an integrated manner with corrective actions. At the end of the 2018/19 financial year, 95.7 per cent of our suppliers for direct purchases of hardware, from whom our total annual purchasing volume exceeds SEK 200,000, had been subject to a risk assessment (96.0 per cent in 2017/18). During the financial year, 20 factory audits were conducted (19 in 2017/18).

## Non-conformance management and follow-up

We have identified four levels of non-conformance that we use when we follow up how well a supplier lives up to the requirements of Dustin's Supplier Code of Conduct. Depending on the type of non-conformance and the severity level, the manufacturer has a certain number of days to correct the non-conformance. A root cause analysis is then carried out and preventive actions are prepared.

**Zero-tolerance non-conformance** – Unacceptable finding, with a significant impact that requires immediate corrective actions. This type of non-conformance applies to child or slave labour, immediate danger of injury, bribes and forgery. The non-conformance must be reported to Dustin's CEO within 24 hours and corrected within 48 hours.

**Critical non-conformance** – Full violation of the requirement, putting employee health, safety or rights, or the surrounding community at risk. Non-conformance must be corrected within 30 days.

**Major non-conformance** – Significant violation of the requirement. The finding indicates a systematic failure in the management system and a lack of control. The impact on employee safety, employee rights or the surrounding community is moderate. Non-conformance must be corrected within 60 days.

**Minor non-conformance** – A partial violation of the requirement. The finding can be regarded as an isolated case or a random incident. The impact on employee safety, employee rights or the surrounding community is low. Non-conformance must be corrected within 90 days.

In 2018/19, we identified a total of 708 cases of non-conformance (285), which were systematically corrected and followed up. The number of cases of non-conformance was higher than in the previous year, which is explained by a larger number of new manufacturers and a low level of maturity among them regarding corporate responsibility topics and requirements. Most of the non-conformance was minor, and no "zero-tolerance" discrepancies were revealed as part of the audits.

## Efficient and sustainable logistics model

Our logistics model is based on a central warehouse in Rosersberg, north of Stockholm, together with smaller consolidation warehouses in Denmark, Finland and Norway as well as a regional warehouse in the Netherlands. These are supplemented with direct deliveries from suppliers to end customers, which enables both fast and reliable delivery to our customers. The warehouse capacity of approximately 20,000 square metres is not yet being fully utilised, and can handle several more years of growth.

We have created an efficient warehousing process at the central warehouse, where we handle on average 18,000 products every day. During the 2018/19 financial year, 1.3 million orders were sent from the central

warehouse. About 96 per cent of all orders available for direct delivery were picked, packaged and delivered on the same day the order was placed. At the end of the fiscal year 2018/19, Dustin decided to invest in increased automation of the central warehouse.

We stock just under 10 per cent of products in our own warehouse and had a stock turnover ratio of about 24 during the 2018/19 financial year. Rapid stock turnover combined with price protection and the right of return with several of our suppliers produces a very low level of obsolescence.

Direct deliveries from selected manufacturers and distributors to end customers also contribute to the low level of obsolescence.

**“Our logistics work focuses on continuously optimising stock levels and transportation to enhance efficiency and reduce our environmental impact.**

Our logistics work focuses on continuously optimising stock levels and transportation to enhance efficiency and reduce our environmental impact. Customer deliveries currently constitute most of our environmental impact, measured as greenhouse gas emissions. It is therefore important for us to stock the right products in the right quantities and to choose the right mode of transportation, to reduce transport distances and to maximise filling factor by co-loading.

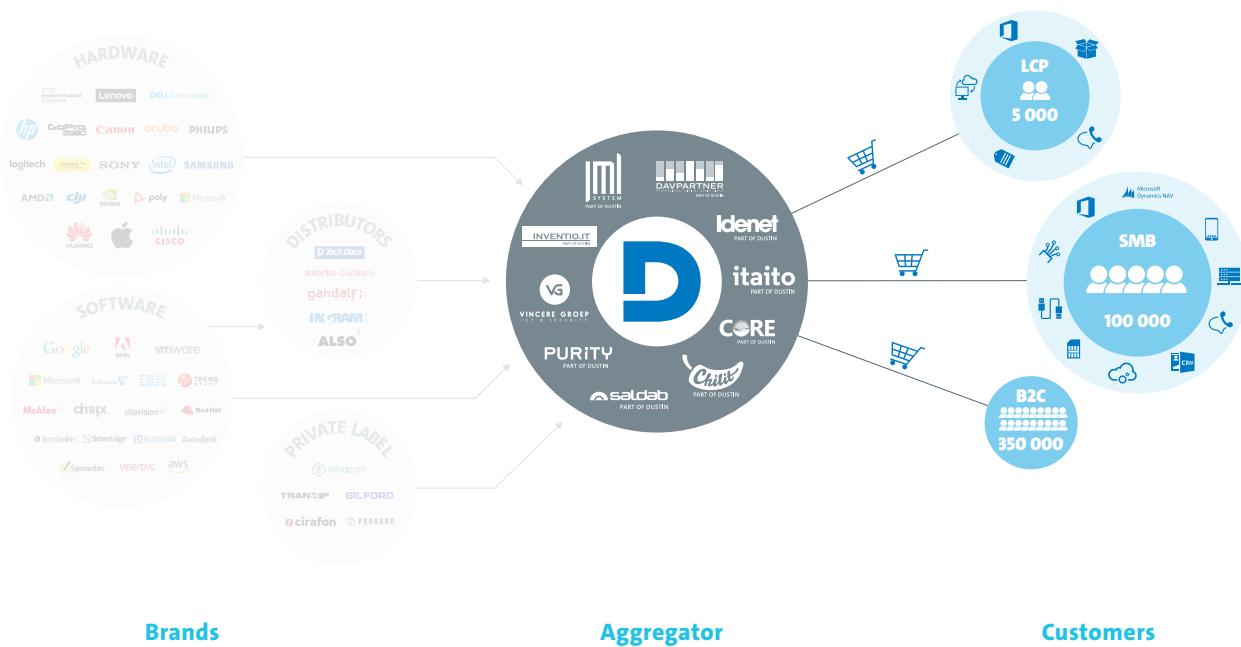
Our logistics flow also creates various types of waste. We sort the waste into multiple categories in order to maximise opportunities for recycling. We strive to reduce the total amount of waste we create, while at the same time increasing the quantity of products we can recover and that can be reused.



0-  
16 km

# Our business segments

We have divided our operations into three business segments, based on customer category: Small and Medium-sized Businesses (SMB), Large Corporate and Public Sector (LCP) and Business to Consumer (B2C). In the SMB and LCP segments, customers are served both through the online platform and through relationship and consultative selling. In the B2C segment, customers are only served through the online platform. In turn, the business segments are supported by scalable and shared central functions.



**Growth in the SMB segment  
in 2018/19 totalled**

**26.5%**

**“ Over the next few years, we look forward to increased efficiency in service sales and to consolidating our leading position in Sweden as well as further strengthening our SMB business in other markets.**

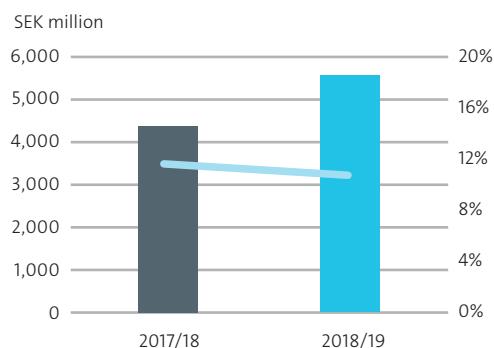
## SMB Small and medium-sized businesses

We define the SMB segment as small and medium-sized businesses with up to 500 employees. This is our main target group and the focus of our customer offering. Customers are served through the online platform and through relationship and consultative selling. We are a one-stop shop with a complete offering of products, services and solutions with related support.

### The past year and the future

The segment performed well in all markets in the 2018/19 financial year. Together with this year's acquisition of Inventio.IT, Norisk and Chilit, the previous year's acquisition of Vincere has been an important step in continuing to strengthen our financial position. The segment margin was negatively impacted by higher costs in conjunction with the transformation towards increased service sales. Over the next few years, we look forward to increased efficiency in service sales and to consolidating our leading position in Sweden as well as further strengthening our SMB business in other markets.

### SMB – Net sales and segment margin



### 2018/19

- **Percentage of total sales:** 44 per cent (43)
- **Percentage of segment results:** 60 per cent (58)
- **Sales growth:** 26.5 per cent (23.9), of which 4.0 per cent (9.6) organic
- **Segment margin:** 10.6 per cent (11.6)
- **Number of customers:** approx. 100,000
- **Average order value:** approx. SEK 8.000
- **Typical customer:** 1–49 employees
- **Purchasing behaviour:** Minor orders, replacement purchases, new employees
- **Geographical presence:** Sweden, Norway, Denmark, Finland and the Netherlands



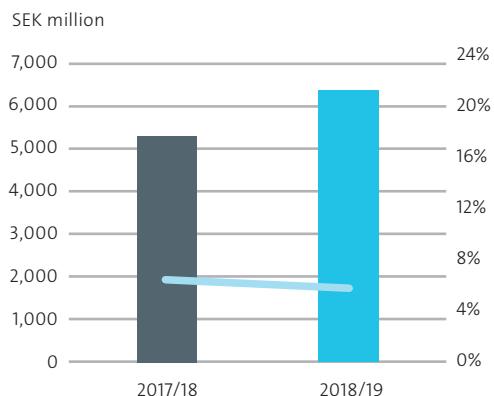
# LCP Large corporate and public sector

We define the LCP segment as larger companies and organisations with more than 500 employees and the public sector. Procurements and larger orders are mainly managed by the sales organisation, while repetitive and minor orders are handled using the online platform. We primarily offer these customers hardware and software as well as product-related services.

## The past year and the future

The 2018/19 financial year was marked by a strong volume trend in the Public Sector customer group, primarily as a result of the Danish framework agreement signed in the autumn of 2018. The segment margin was negatively impacted by a higher proportion of new agreements with lower margins, and a higher share of sales to the Public Sector customer group. More mature agreements and an increasing share of sales to the Large Corporate customer group over time will have a favourable impact on the margin trend.

## LCP – Net sales and segment margin



## 2018/19

- Percentage of total sales: 51 per cent (51)
- Percentage of segment results: 37 per cent (38)
- Sales growth: 20.7 per cent (1.9), of which 16.5 per cent (-3.8) organic
- Segment margin: 5.6 per cent (6.3)
- Number of customers: approx. 5,000
- Average order value: approx. SEK 12,000
- Typical customer: 500–1,000 employees
- Purchasing behaviour: Larger orders, supplementary procurements, rollouts
- Geographical presence: Sweden, Norway, Denmark, Finland and the Netherlands

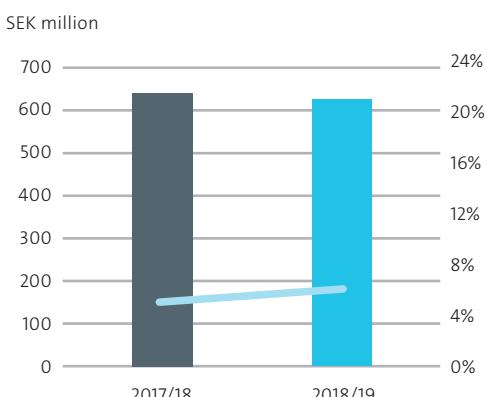
# B2C Business to Consumer

The B2C segment represents the B2C market and is served by the online platform only. We consider the B2C market as a complementary segment.

## The past year and the future

The consumer segment has reported relatively stable sales over time, but is affected by temporary offers and campaigns conducted by our competitors. In the 2018/19 financial year, sales weakened somewhat while profitability was strengthened. This was primarily as a result of our focus on margins over growth in the segment. We expect continued stable growth in the segment and see substantial potential in Finland, Norway and above all the Netherlands in conjunction with the launch of online shopping at the end of October 2019.

## B2C – Net sales and segment margin



## 2018/19

- Percentage of total sales: 5 per cent (6)
- Percentage of segment results: 4 per cent (4)
- Sales growth: -2.4 per cent (8.5), of which -3.9 per cent (7.9) organic
- Segment margin: 5.9 per cent (4.9)
- Number of customers: approx. 350,000
- Average order value: approx. SEK 2,000
- Typical customer: Consumers
- Purchasing behaviour: Minor orders
- Geographical presence: Sweden, Norway, Denmark, Finland and the Netherlands

## Our culture

The development of our corporate culture comes from developing the people who in turn shape our culture. Together, we build and maintain confidence among customers, employees, suppliers, the general public, shareholders and other stakeholders. Dustin's values lay the foundation for how we work and act as a company. We believe in an inclusive corporate culture with respect for each other based on attributes, experience and values.

We are a company in which our employees jointly contribute to developing our business, our culture and our targets. Our ambition is to help our customers be on the leading edge and to focus on their core operations. Our task is to define and standardise the offering for our customers based on their needs, and to reduce complexity. But it is not only about our customers; everyone who works at Dustin should have the opportunity to be on the leading edge through the tools we use. Together, we will build a culture full of ideas, talent and drive – a place where we work together to create new solutions and business.





**“ Dustin’s values lay the foundation for how we work and act as a company.**

## Win as a team

### Our values

Continuing our success while acting in an ethical and responsible manner throughout the entire value chain requires both commitment and cooperation, among our employees and suppliers, customers, and other stakeholders. We always work together to achieve success. We let our employees be a part of forming Dustin's future. When we grow, our employees grow. "Win as a team" is our core value, which is supplemented by four support values: live up to promises, strive to improve, challenge all costs, and keep it simple. Our work approach is characterised by our values. For us, this is about keeping our promises and trusting each other, remaining proactive and acting before problems arise at the same time as we use our resources efficiently and constantly strive to simplify and improve both processes and our customer offering.

### Diversity and equality

As one of the leading companies in the Nordic market, we have a responsibility and opportunity to promote greater diversity and equality in the IT industry. One of our focus areas since the 2014/15 financial year has been diversity and equality, with the aim of increasing the number of women in senior positions. In the past year, we further broadened our focus and worked actively with inclusion and diversity. One initiative as part of these efforts is the collaboration with Mitt Liv, which was initiated in spring 2018. Our active work with diversity gives us new perspectives and we can challenge ourselves and drive the business forward. We view diversity as a success factor and are convinced that employees who reflect society as a whole also help us respond better towards our customers.

WE WIN AS  
A TEAM

## FOUR FOCUS AREAS FOR GREATER DIVERSITY AND EQUALITY

We have chosen to work within four specific areas to increase diversity and equality within the company: recruitment, inclusion, governance and mentorship.

### RECRUITMENT

When we recruit, we always try to put together the best and most dedicated team. We endeavour to make all job advertisements available in both English and the local language and to have at least one man and one woman with equal competence among the final candidates as part of an executive recruitment.

### GOVERNANCE

It is important that our commitment to diversity is reflected at all levels in the organisation, from the Board of Directors and Group Management to our employees in all countries. We currently have an equality target for each gender to make up at least 40 per cent of the organisation. The current gender-balance between women and men on the Board is 43/57 and in Group Management 44/56.

### INCLUSION

An open and inclusive corporate culture is supported by both sound values and good examples within the company, by clear guidelines and by long-term targets. We believe an organisation that represents diversity is better at allowing employees to use their personal strengths and to express their needs. We disassociate ourselves from all forms of discrimination.

### MENTORSHIP

Since 2018, Dustin has been actively involved in "Mitt Livs Chans," which is a Mitt Livs mentorship programme. This has meant all Dustin employees are offered an opportunity to mentor an academic with a foreign background. These mentorships help us to expand our network when recruiting and we can help job seeking academics with a foreign background to enter the labour market. They also increase awareness and knowledge about inclusion and diversity in the organisation.

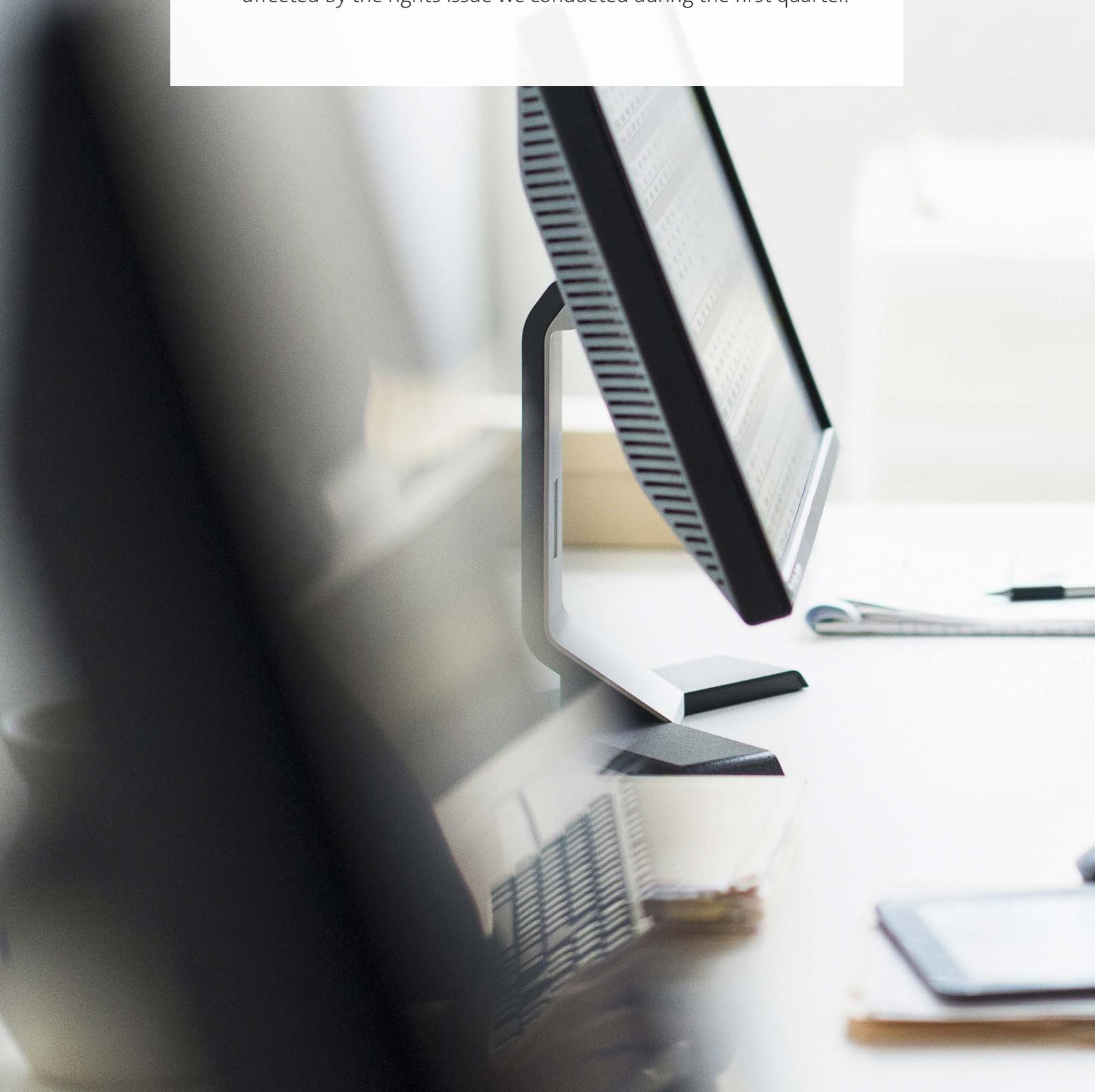
### Occupational health and safety

Our objective is to create a working environment where employees are motivated and thrive – physically, psychologically and socially. We wish to encourage leadership that promotes safety and creates an insight that accidents can be prevented with the right behaviour. Since 2016/17, occupational health and safety has been a part of Dustin's Code of Conduct and we also have a separate health and safety policy that covers the company at a Nordic level.

Our operations in Sweden are governed by work environment management systems as per the requirements of the OHSAS 18001 standard, and moving forward pursuant to the ISO 45001 standard, as well as the AFS 2001:1 provisions. The line organisation bears the responsibility. Managers coordinate and drive ongoing health and safety efforts, through participation and responsible involvement on the part of employees. All Dustin employees must have at least one professional development meeting with their manager every year.

# The share and shareholders

Dustin's share has been listed in the Mid Cap segment on Nasdaq Stockholm since February 13, 2015. At the end of the financial year, the market capitalisation was approximately SEK 7.2 billion (7.0), corresponding to an increase of 3.1 per cent. The share price at the end of August amounted to SEK 80.90 (90.10) per share and was affected by the rights issue we conducted during the first quarter.





# Our share and shareholders

## Market value and share price performance

Dustin's market capitalisation increased by 3.1 percent during the fiscal year to SEK 7,172 (6,958) million. As of August 31, 2019, the share price was SEK 80.90 (90.10) per share and has been affected by the rights issue the company performed during the first quarter. The change in share price during the financial year represents a decrease of 10.2 per cent compared with the year-earlier date. The OMX Sweden Mid Cap PI index increased 1.3 per cent during the same period.

## Turnover

Total turnover during the financial year was approximately 44.2 million shares (41.4) with a total value of nearly SEK 3.6 billion (3.3). The average daily turnover amounted to about 177,000 shares (164,000), corresponding to a daily value of approximately SEK 14.4 million (13.0).

## Rights issue

The number of shares and votes in Dustin Group AB has increased as a result of. Through the rights issue resolved at an Extraordinary General Meeting on October 10, 2018, the number of shares and votes increased by 11,032,357 in November 2018. At November 30, 2018, the total number of shares and votes in the Company amounted to 88,258,859.

## Shareholders

Shareholders	Shares	%
Axmedia AB (Axel Johnson AB)	22,940,565	25.9
AMF Försäkring & Fonder	8,705,064	9.8
Swedbank Robur Funds	8,028,442	9.1
Franklin Templeton	5,456,571	6.2
Capital Group	4,885,280	5.5
Allianz SE	4,661,728	5.3
ODIN Funds	2,931,417	3.3
Fidelity Investments (FMR)	2,519,137	2.8
Crux Asset Management	2,381,151	2.7
Highclere International Investors	1,942,283	2.2
<b>Total ten largest owners</b>	<b>64,451,638</b>	<b>72.7</b>
Other	24,195,701	27.3
<b>Total</b>	<b>88,647,339</b>	<b>100.0</b>

## Incentive programmes

The incentive programme for senior executives introduced at the Annual General Meeting on January 19, 2016 entitles participants, through the use of warrants, to subscribe for new shares in the company during the first half of 2019. The programme was fully subscribed, and the number of shares increased 388,480 in total to 88,647,339 shares.

## Dividends

In accordance with the dividend policy adopted by the Board of Directors, Dustin's target is to pay dividends of more than 70 per cent of net profit for the year. For the 2018/19 financial year, the Board of Directors proposes a dividend of SEK 3.00 (2.71) per share, corresponding to SEK 266 million (239) or 75 per cent (78) of net profit for the year.

## Ownership structure

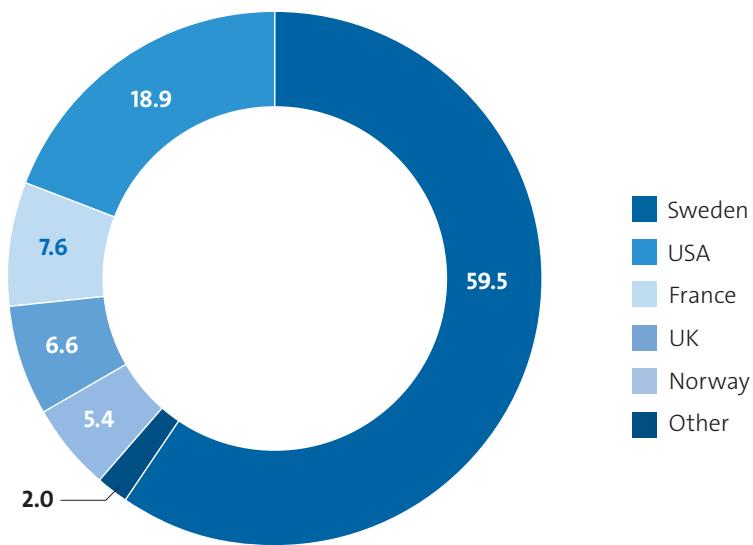
At the end of the period, the company had a total of 7,191 (6,534) shareholders, equivalent to an increase of 657. The table below shows the ten largest shareholders and their holdings at August 31, 2019. In October 2019, Axmedia AB (Axel Johnson AB) increased its holding to 29.8 percent.

## Analyst coverage

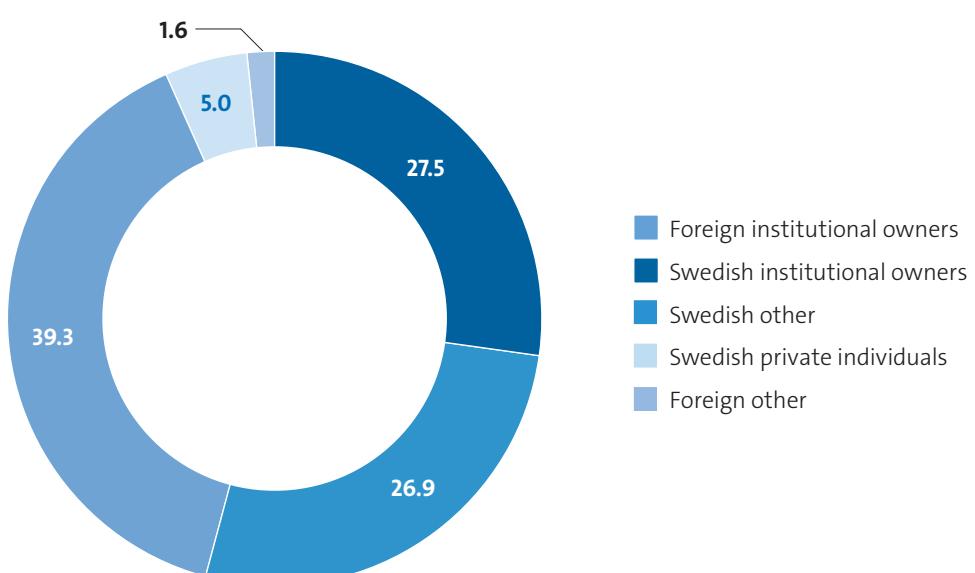
The following analysts cover Dustin:

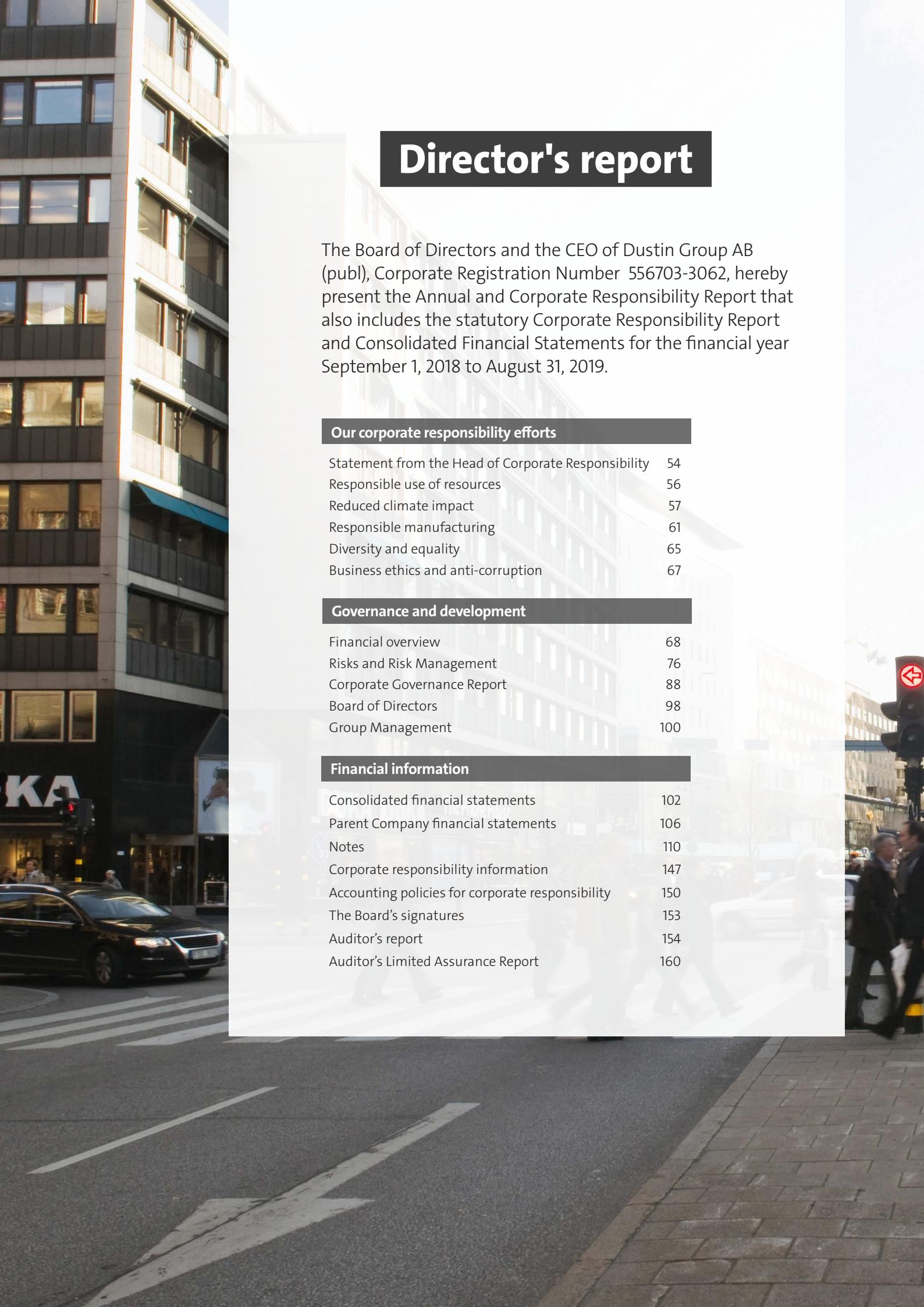
<b>ABG Sundal Collier</b>	Daniel Thorsson
<b>Carnegie Investment Bank AB</b>	Mikael Laséen
<b>Danske Bank</b>	Carolina Elvind
<b>Handelsbanken Capital Markets</b>	Erik Elander
<b>Kepler Cheuvreux</b>	Emil Johannessen
<b>Nordea Bank</b>	Erik Lindholm-Röjestål
<b>SEB</b>	Ramil Koria

## Owner per geography



## Owner per category





# Director's report

The Board of Directors and the CEO of Dustin Group AB (publ), Corporate Registration Number 556703-3062, hereby present the Annual and Corporate Responsibility Report that also includes the statutory Corporate Responsibility Report and Consolidated Financial Statements for the financial year September 1, 2018 to August 31, 2019.

## Our corporate responsibility efforts

Statement from the Head of Corporate Responsibility	54
Responsible use of resources	56
Reduced climate impact	57
Responsible manufacturing	61
Diversity and equality	65
Business ethics and anti-corruption	67

## Governance and development

Financial overview	68
Risks and Risk Management	76
Corporate Governance Report	88
Board of Directors	98
Group Management	100

## Financial information

Consolidated financial statements	102
Parent Company financial statements	106
Notes	110
Corporate responsibility information	147
Accounting policies for corporate responsibility	150
The Board's signatures	153
Auditor's report	154
Auditor's Limited Assurance Report	160



# Statement from the Head of Corporate Responsibility

We can state with pride, that it has been an eventful year as regards corporate responsibility, both for society as a whole and for Dustin in particular. Awareness of climate issues, and the desire for change, have never been greater. The debate is being broadened, and being raised by new players and in new contexts. This increases expectations that decision makers and companies will act stronger. For us, seeing the tangible effects of the debate – which has contributed to increasing reuse and recycling, as well as growing sales of sustainably labelled products – is inspiring. The circular economy entails tremendous possibilities as well as new challenges, and we are ready to meet both.

## Responsible use of resources

For us, the 2018/19 financial year was synonymous with a year in which the demand for our end-of-life returns service of used products picked up in earnest. We can state, with some pride, that this year we took back more used IT products than we did in the previous three years combined, and we have already reached our target for 2020. The positive effect that end-of-life returns have on the climate gives us a taste of the power in a circular economy. One indication of the potential in the responsible use of resources is that it requires approximately 1.8 tonnes\* of raw materials in their unprocessed form to manufacture a computer.

But increased circularity also brings new challenges to address. A rapid and robust increase in end-of-life returns could create a situation in which the offering of used products in the Nordic market is greater than demand over the short term. This could entail a risk that the products end up in developing countries instead, either immediately or in the next step. That is why this year, we entered a partnership with universities and businesses to increase the traceability of old electronics, thus finding solutions together to ensure that the products continue to be handled responsibly.

## Our climate impact

We can confirm that our underlying climate impact increased somewhat during the year as a result of strong organic growth combined with the acquisitions we carried out. Dustin's target is to reduce its climate impact by 40 per cent compared with 2014/15. Over the last few years, we have dedicated ourselves to reducing emissions for the areas we can directly impact, such as the transition to renewable energy use. As a next step, we have to establish cross-industry partnerships to further reduce emissions, especially in relation to transportation. This will mean we will face challenges in achieving our climate targets up through 2020, but we are convinced that establishing cross-industry partnerships will benefit society as a whole over the long term.

\* Source: Kick the habit UNEP 2008

## **Responsible manufacturing**

For us, increased awareness in society as a whole, and demands for companies to assume greater responsibility mean a continued focus on transparency and systematic work along the entire value chain. During the year, we conducted additional factory audits to ensure responsible working conditions in manufacturing, and expanded the requirements regarding our Supplier Code of Conduct. Now it also includes all hardware manufacturers where our annual purchasing volume exceeds SEK 2 million. We can point out, with some satisfaction, that our responsibility extends to the next level in the value chain and that we are working with a growing number of supplier levels, we are transparent as regards the shortcomings we discover and we are pursuing improvement efforts together with our partners.

## **Diversity and equality**

We have actively been working further on diversity and equality at Dustin – for example, our partnership with “Mitt lives chans” and their mentoring program. Together, we are promoting increased diversity in the job market for non-native Swedes with academic training. As regards equality, we note a positive trend among Group Management. Looking at the company as a whole, we are impacted by a rapid pace of acquisitions while pursuing positive change for the industry by acquiring more companies and integrating them into our equality initiatives.

And finally, we can point out that we take a positive view of more and more customers putting stricter corporate responsibility requirements on their IT partner. They want a responsible partner who is clearly pushing corporate responsibility efforts forward. It is highly gratifying to see that our work is appreciated among customers as well as both current and potential owners.



**Henrik Lampa**  
**Head of Corporate Responsibility**

# Responsible use of resources

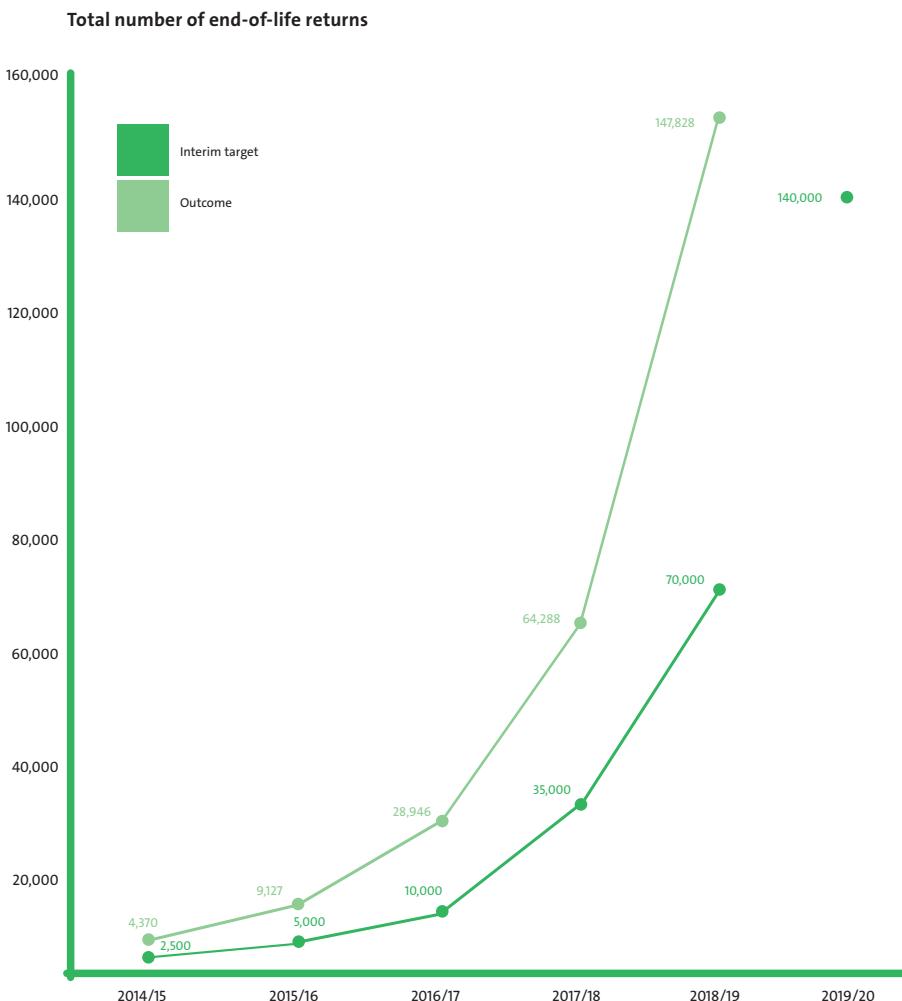
As an aggregator, Dustin has an important role in the value chain, which gives us both a responsibility and the potential to reuse and recycle end-of-life products. In our focus area regarding responsible use of resources, the demand for our end-of-life returns service of used products increased sharply during the year. We can conclude that we have already reached our target for 2020 of taking back a total of 140,000 products.

## Progress during the year

In 2018/19, 83,540 sold products were collected as end-of-life returns, which is more than double the amount compared with the preceding year (35,342). Of these products, 79,084 could be re-used (33,291) and the remainder – 4,456 products – were recycled (2,051). We have collected a total of 147,828 products as end-of-life returns since 2014/15, which means we have now

passed our target for 2020. One of the leading causes of this positive result is that today, we offer our end-of-life returns service in all the Nordic countries.

The products reused or recycled include the categories desktop computers, laptops, tablets, mobile phones, monitors, servers, networking equipment and printers.



# Reduced climate impact

Dustin's aim is to reduce its climate impact by 40 per cent in 2020 compared with the 2014/15 financial year. As a result of strong organic growth and several acquisitions, our emissions increased somewhat during the 2018/19 financial year.

## Progress during the year

At the end of the financial year, greenhouse gas emissions from operations amounted to 2,293 tonnes (1,991) of CO<sub>2</sub> equivalents (CO<sub>2</sub>e). The total includes Scope 1, Scope 2 and Scope 3 emissions. The largest amount of greenhouse gas emissions, 69 per cent (72), relates to transportation, followed by business travel and lease vehicles. The total amount of greenhouse gases we release has increased 15.2 per cent since 2017/18, while our organic growth totalled 9.9 per cent. Since the base year 2014/15, we have reduced our greenhouse gas emissions by 13.5 per cent, excluding emissions reductions in the value chain, and are behind

the target for 2020 of a 40 per cent reduction. Over the last few years, we have dedicated ourselves to reducing emissions for the areas we can directly impact, such as conversions to renewable energy use. A next step requires cross-industry partnerships to further reduce emissions, especially in transportation. We see a need in the transportation industry for a more rapid conversion of its vehicle fleets to fossil-free fuels. We also believe that our new service vehicle policy – replacing fossil-fuel vehicles with chargeable hybrids to an ever greater extent – will have a positive effect on our emissions in the next few years.

Greenhouse gas emissions, Dustin	2018/19	2017/18	2016/17	2015/16	2014/15
<b>GHG Scope 1</b> direct emissions from company-owned vehicles (kg CO <sub>2</sub> e)	23,390	19,889	10,709	18,805	14,216
<b>GHG Scope 2</b> indirect emissions from purchased electricity, heating and cooling (kg CO <sub>2</sub> e)	40,452	41,913	304,698	470,897	511,711
GHG Scope 2 – 'market-based'	1,208,403	1 610,894	1,401,262	1,253,799	1,236,881
<b>GHG Scope 3</b> (other indirect emissions)					
Emissions from outbound transport activities (kg CO <sub>2</sub> e)	1,574,236	1 443,196	1,434,518	1,632,937	1,790,398
Emissions from business travel (kg CO <sub>2</sub> e)	352,252	265,887	276,558	211,074	123,410
Emissions from off-premises data centres (kg CO <sub>2</sub> e)	27,811	1,142	-	-	-
Emissions from lease vehicles (kg CO <sub>2</sub> e)	275,194	219,214	277,439	273,783	212,418
<b>Total (Scope 1, Scope 2, Scope 3)</b>	<b>2,293,335</b>	<b>1,991,241</b>	<b>2,303,922</b>	<b>2,607,496</b>	<b>2,652,153</b>

If we include the climate impact from the acquisitions we carried out but have not yet integrated into our organisation, the total amount of greenhouse gas emissions is 2,897 tonnes of CO<sub>2</sub> equivalents (CO<sub>2</sub>e). In general, these companies have not come as far in their corporate responsibility efforts, while our total

number of offices, data centres and service vehicles has increased. Over time, we are confident of a reduction in the amount of emissions in the companies we have acquired through conversion to renewable energy and fossil-free lease vehicles, as well as data centre consolidation.

Greenhouse gas emissions, acquired companies	2018/19
<b>GHG Scope 1</b> direct emissions from company-owned vehicles (kg CO <sub>2</sub> e)	115,640
<b>GHG Scope 2</b> indirect emissions from purchased electricity, heating and cooling (kg CO <sub>2</sub> e)	153,423
GHG Scope 2 – 'market-based'	334,545
<b>GHG Scope 3</b> other indirect emissions such as data centers and lease vehicles (kg CO <sub>2</sub> e)	
<b>Total (Scope 1, Scope 2, Scope 3)</b>	<b>603,608</b>

We can state that as a result, it will be difficult for us to reach our target for 2020 without including the effects from end-of-life returns and re-use as well as climate compensation. If we include these, the total amount of greenhouse gases has been eliminated completely since

2014/15, excluding non-integrated acquired companies, and by 75.9 per cent if non-integrated companies are included. This is despite the conservative method of calculation we used for re-use.

Emissions reductions in the value chain	2018/19	2017/18	2016/17	2015/16	2014/15
<b>GHG Scope 3 (other indirect emissions)</b>					
Emissions offset from transport activities (kg CO <sub>2</sub> e)	-47,823	-51,416	-32,734	-43,620	-40,996
Prevented emissions by recycling old units (kg CO <sub>2</sub> e)	-2,038,516	-894,125	-368,815	-217,025	-112,899
Prevented emissions by recycling waste (kg CO <sub>2</sub> e)	-216,466	-201,221	-96,181	-42,260	-36,660
<b>Total prevented emissions (kg CO<sub>2</sub>e)</b>	<b>-2,302,805</b>	<b>-1,146,762</b>	<b>-497,730</b>	<b>-302,905</b>	<b>-190,555</b>

“ Over the last few years, we have dedicated ourselves to reducing emissions for the areas we can directly impact.

## Energy

Our energy consumption for the 2018/19 financial year was 4,819 MWh (4,894); the central warehouse was the single largest source. At the start of the 2019/20 financial year, work was initiated on optimising our data centre structure, which will result in fewer data centres in the Nordic region and thus a lower total energy use.

Despite efficiency enhancements, the consumption of energy has increased over the past few years. The cause of the increase is primarily acquisitions of companies, which result in an increased number of properties and data centres. Including acquired companies, the total energy consumption amounted to 6,790 MWh.

Energy	2018/19	2017/18	2016/17	2015/16	2014/15
Electricity consumption, total (kWh)	3,143 340	3,462,896	2,710,809	2,513,687	2,431,460
Heating, total (kWh)	1,511 781	1,335,080	1,481,056	1,212,204	1,234,280
Cooling, total (kWh)	164 115	95,532	64,831	82,850	91,608
<b>Total energy (kWh)</b>	<b>4,819,236</b>	<b>4,893,507</b>	<b>4,256,696</b>	<b>3,808,741</b>	<b>3,757,348</b>

## Waste

Dustin's business creates waste of various types. We sort the waste into several different categories in order to maximise opportunities for recycling. In 2018/19, we generated 589 tons of waste (580) at our central

warehouse and head office. The amount increased slightly compared with the preceding financial year, primarily as a result of a higher business volume.

Waste	2018/19	2017/18	2016/17	2015/16	2014/15
Recycling (kg)	167,471	145,884	108,129	104,163	121,344
Energy recovery (kg)	421,911	434,383	400,936	359,980	373,650
Landfill (kg)	0	0	70	0	1,000
<b>Total amount of waste (kg)</b>	<b>589,382</b>	<b>580,267</b>	<b>509,129</b>	<b>464,143</b>	<b>495,994</b>

For 2018/19, the volume of hazardous waste thus represents only the hazardous waste we have generated ourselves at our central warehouse and office – such as fluorescent lamps, batteries and end-of-life electronics equipment. No hazardous waste is sent to landfill.

Everything is reused, recycled, diverted towards energy recovery or handled in some other form. The “Other treatment method” in the table below related to the final disposal of hazardous waste in accordance with applicable laws and regulations, which differ depending on the type of waste.

Hazardous waste	2018/19	2017/18	2016/17	2015/16	2014/15
Recycling (kg)	159,312	10,801	204,893	273,893	79,283
Energy recovery (kg)	16,712	105	31,966	65,617	17,054
Landfill (kg)	0	0	0	0	0
Other treatment method	9,374	75	6,784	5,924	2,146
<b>Total amount of hazardous waste (kg)</b>	<b>185,398</b>	<b>10,981</b>	<b>243,643</b>	<b>345,434</b>	<b>98,483</b>

• **Waste** – The total amount of non-hazardous waste generated. This includes wood, cardboard, waste paper, plastic, combustible household waste, coloured and non-coloured glass, metal and aluminium cans.

• **Hazardous waste** – The total amount of hazardous waste generated. This waste includes batteries and fluorescent lamps, as well as electronics. Hazardous waste could, for example, be flammable or toxic to humans and the environment. Hazardous waste is sorted in accordance with local legislation. We recover waste consisting of electrical and electronic products as part of our producer responsibility, but this is not included in the reported figures for 2018/19.

**“ We strive to reduce the total amount of waste we create, while at the same time increasing the quantity of products we can recover. ”**



“During the year, we continued to carry out factory audits to ensure responsible working conditions in manufacturing.

# Responsible manufacturing

As a reseller, we have a responsibility for how the products we sell are manufactured. For us, it's a matter of being transparent in relation to our customers and working together with our suppliers for positive working conditions in manufacturing. By visiting sites ourselves and leading factory audits, we can link the results to our purchasing operations and work together with the factories on taking the measures required to correct any shortcomings. Our aim is to audit 80 selected factories by 2020.

## Progress during the year

During the year, Dustin took the next step regarding our responsibility in the supplier chain. We expanded our requirements regarding our Supplier Code of Conduct to also include the next stage in the supplier chain and thus all hardware manufacturers where our annual purchase volume exceeds SEK 2 million.

Among our hardware suppliers for direct purchasing where our total annual purchase volume exceeds SEK 200,000 in value, 99.6 per cent have adopted Dustin's Code of Conduct or have introduced their own code of conduct that corresponds to our requirements; this is

in line with previous years. As regards the next stage, 88.8 per cent of our hardware manufacturers where our annual purchase volume exceeds SEK 2 million have adopted the Code. By working with several stages in the value chain, we can gain insight early on into suppliers' ongoing activities, involvement and competence in order to ensure and improve working conditions in both warehouses and factories as well as earlier in the value chain. This provides us with an indication of which suppliers we need to work more actively with in order to reduce the risk of non-compliances.

**Target:** 100 per cent of Dustin's hardware suppliers, from whom our annual direct purchase volume exceeds SEK 200,000, will have adopted the commitments described in Dustin's Supplier Code of Conduct.

**Outcome:**

	2018/19	2017/18	2016/17	2015/16	2014/15
<b>Outcome:</b>	99.6%	99.8%	99.8%	97.0%	85.0%

**Target:** All of Dustin's new hardware suppliers, from whom our annual direct purchase volume exceeds SEK 200,000, will have adopted the commitments described in Dustin's Code of Conduct.

**Outcome:**

	2018/19	2017/18	2016/17	2015/16	2014/15
<b>Outcome:</b>	72.8%	92.9%	—	—	—

**Target:** 100 per cent of Dustin's hardware suppliers, from whom our annual direct purchase volume exceeds SEK 200,000, will carry out a risk assessment regarding their ability to check and comply with Dustin's Code of Conduct.

**Outcome:**

	2018/19	2017/18	2016/17	2015/16	2014/15
<b>Outcome:</b>	95.7%	96.0%	77.1%	—	—

**Target:** All of Dustin's new hardware suppliers, from whom our annual direct purchase volume exceeds SEK 200,000, will carry out a risk assessment regarding their ability to check and comply with Dustin's Code of Conduct.

**Outcome:**

	2018/19	2017/18	2016/17	2015/16	2014/15
<b>Outcome:</b>	18.0%	26.6%	—	—	—

## Results from this year's factory audits

During the 2018/19 financial year, we performed a total of 20 factory audits (19), zero of which were unannounced (0). This was also the first year we conducted follow-up inspections in factories we had visited previously. It is gratifying to be able to state that the factories have improved their results since our first inspections were conducted. At the end of the financial year, we had conducted a total of 51 factory audits since 2014/15, which is completely in line with our 2020 target of 80 factory audits in total.

The majority of the inspections were led by Dustin's Corporate Responsibility Team together with local experts trained in our Supplier Code of Conduct. Some 180 sub-demands from our Supplier Code of Conduct are reviewed during the inspection, including age, working hours, wages, freedom of speech, discrimination, machinery safety, chemicals management, living conditions and waste management. Talks are also held with employees, both in groups and individually. The inspection group also visits employee housing and eats in the staff canteen. Factory audits are conducted every quarter and measures are implemented continuously at factories where Dustin is actively involved.

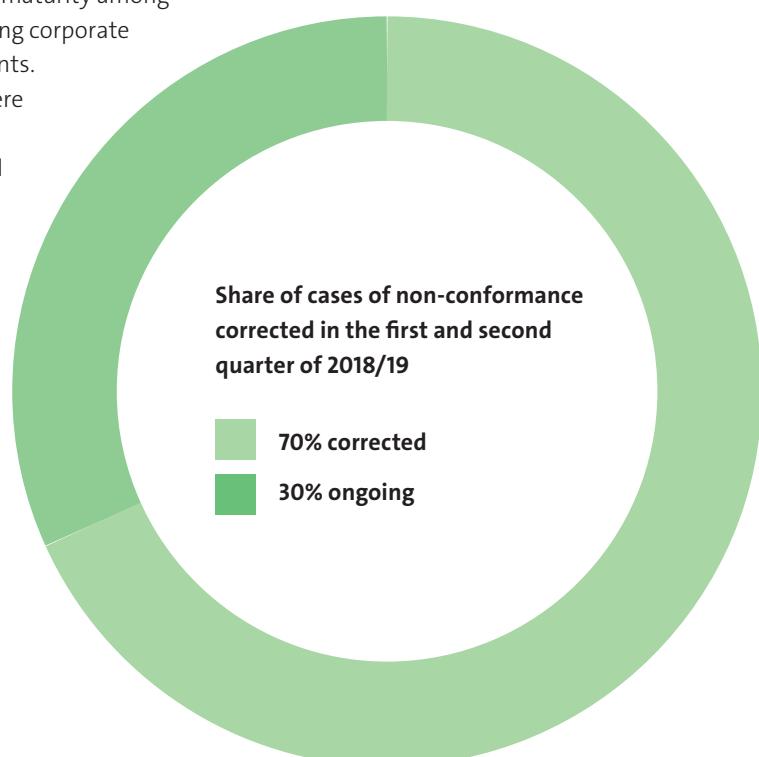
During the inspections, 708 cases of non-conformance (285) were identified. The number of cases of non-conformance was higher than in the previous year, which is explained by a low level of maturity among several of the new factories regarding corporate responsibility topics and requirements.

Most cases of non-conformance were minor, but serious and critical cases of non-conformance were observed at several factories. We were not made aware of any "zero-tolerance" non-conformances.

Around 70 per cent of the non-conformance cases were related to shortcomings in human rights and occupational health and safety, such as social insurance, working hours, chemicals handling and the lack of a well-functioning management system for the work environment.

We see a high level of involvement at the factories in pursuing improvements together with Dustin. Over 70 per cent of the cases of non-conformance identified in the first and second quarters of the financial year have been corrected, while correction of the non-conformance discovered in the third and fourth quarters is still ongoing. The main reason that rectifying the non-conformance has taken a long time is largely due to external factors, such as a lack of permits or certificates. None of the factory audits for this financial year led to our terminating our partnership with any of the factories.

Dustin's Supplier Code of Conduct also covers requirements concerning conflict minerals. In 2018/19, we performed risk assessments in the supply chain for our private label regarding minerals and their origins. Some of the products contain tin, tantalum, tungsten and/or gold – four minerals extracted in conflict zones and used in nearly all electronic products. At the end of the financial year, 99 per cent of our own-brand products (96) were free of conflict minerals. The minerals come from certified conflict-free smelters that have passed a review under the Responsible Minerals Initiative (RMI). A total of 102 smelters were reviewed (133), corresponding to 99 per cent of our suppliers; as for the remaining 1 per cent, we are awaiting certificates or are working on replacing the smelter. The ambition is for all of our private labels to be free from conflict materials.



## Total non-conformances, 2018/19

Area	Requirement	Number of non-conformances	Examples of non-conformance
Human rights and labour	Right to Freedom of Association and Collective Bargaining	19	Shortcomings in dialogue with factory management and employees
	Non-discrimination	15	Discovery of discrimination regarding age and gender
	Grievance Systems	2	Lack of complaint mechanism
	Fair Compensation	54	Lack of social insurance or correct remuneration for overtime work
	Decent Working Hours	43	Overly long working days and poor control of ensuring at least one day of rest per week
	Child Labour Avoidance	11	No child labor has been detected. Examples of non-conformances have been regarding lack of action plan if a child is found in the workplace
	Juvenile and Student Worker Protection	17	Poor control in preventing overtime for young employees
	Freely Chosen Employment	21	Lack of employment contract
	Inhumane Treatment	9	Shortcomings in training around humiliation
Health and safety	Health and Safety Management System	41	Shortcomings in management system for occupational health and safety
	Health And Safety Permits	8	Lack of occupational health and safety permits
	Emergency Preparedness	8	Lack of emergency preparedness plan
	Injury and Incident Management	18	Deficient documentation and follow-up of work-related injuries and accidents
	Physically Demanding Work	0	
	Machine Safety	29	Insufficient safety devices
	Chemical Safety	89	Deficiencies in knowledge and handling of chemicals
	Personal Protective Equipment (PPE)	41	Lack of, or incorrect, protective equipment in use
	Fire Protection	46	The workplace has not ensured that all employees have taken part in fire drills
	First Aid	22	Deficient knowledge of first aid
Environmental protection	Environmental Management System	45	Shortcomings in environmental management system
	Environmental Permits and Reporting	7	Lack of environmental permits
	Resource Reduction and Continuous Improvement	14	Lack of improvement targets
	Hazardous and Non-hazardous Waste Management	19	Deficiencies in control over amount of waste and hazardous waste generated
	Wastewater Management	3	
	Storm Water Management	0	
	Air Emissions	10	
	Materials Restrictions	10	Discovery of prohibited process chemicals
Housing conditions	Food and Water	25	Shortcomings in hygiene related to food handling
	Worker Dormitories	24	Shortcomings in fire safety for employee housing
Legal compliance and ethical business practice	Legal and Regulatory Compliance	43	Shortcomings in monitoring routines regarding legal requirements
	Anti-corruption	0	Lack of training for employees exposed to risks related to corruption and bribes
	Whistleblower Protection and Anonymous Complaints	4	Lack of opportunities for managing anonymous complaints
	Information Protection	0	
	Conflict Minerals	11	Lack of policy concerning risk assessment and use of conflict minerals



# Diversity and equality

Dustin strives continually for an even gender balance at all levels in the organisation. Our aim is to achieve a 40/60 per cent gender balance (women/men) by 2020. We have minor progress to report for the 2018/19 financial year, but counting acquired and non-integrated companies we have not actually reached our interim target.

## Progress during the year

In 2018/19, we did not fully reach the target we set for our equality efforts. This is due primarily to the companies we acquired not having come as far in their equality initiatives. At the end of the financial year, our gender balance (women/men) at the senior level has improved to 38/62 (36/64) year-on-year. It is gratifying to state that we have made some progress in Group Management, having achieved a gender balance of 44/56 (40/60), while the gender balance in the Board of Directors remained unchanged at 43/57 (43/57). Gender balance in the company as a whole at the end of the

financial year has improved slightly to 31/69 (30/70), excluding acquired and non-integrated companies. We have come a long way in our work, but we realise that given our rate of acquisition it will probably take longer than 2020 to convert our entire workforce and achieve our target of a 40/60 gender balance. We are taking lessons and inspiration from the successful work on the composition of the Board of Directors and Group Management, and among managers, in our efforts to achieve a more equitable gender balance in the company as a whole.

“ At Board and Group Management level, we have already reached our 2020 target, at the senior level the gender distribution is 38/62 (women/men).

Gender balance at Dustin	2018/19	2017/18	2016/17	2015/16	2014/15
Dustin total target	37/63	33/67	29/71	26/74	22/78
Dustin total outcome	31/69	30/70	29/71	27/73	22/78
Senior level target	36/64	32/68	28/72	24/76	20/80
Senior level outcome	38/62	36/64	31/69	31/69	20/80
Group Management target	36/64	28/72	21/79	15/85	9/91
Group Management outcome	44/56	40/60	30/70	11/89	9/91
Board target	36/64	31/69	26/74	22/78	17/83
Board outcome	43/57	43/57	50/50	29/71	17/83

## Gender balance at Dustin



Outcome 2017/18:  
Women **31%**  
Men **69%**

## Gender balance at senior level



Outcome 2017/18:  
Women **38%**  
Men **62%**

Employment	Total	Women	Men	Other*
Total	1,079 (865)	330 (250)	747 (615)	2
New employment	306 (219)	105 (67)	200 (152)	1
Employment terminated	193 (171)	55 (34)	138 (134)	-

Dustin's workforce, incl. acquisitions	Total	Women	Men	Other*
Dustin's workforce, incl. acquisitions	1,831 (1,144)	422 (273)	1,407 (871)	2
Full-time employees	1,727 (1,119)	389 (256)	1,336 (863)	2
Part-time employees	38 (25)	20 (17)	18 (8)	-

\* Refers to employees who classify themselves as non-binary, ie they are either between the sexes or beyond.

“ We have come a long way in our work, but we realise that given our rate of acquisition it will probably take longer than 2020 to convert our entire workforce and achieve our goal of a 40/60 gender balance.

# Business ethics and anti-corruption

We strive for integrity and compliance with the principles of business ethics throughout our entire business. Our work is intended to create an open and responsible business culture. We take a zero-tolerance approach to corruption and bribes. Continuous training, interactive discussions and risk assessments help us increase awareness and act responsibly.

Business ethics are one important aspect of responsible business for both Dustin and its stakeholders. We never accept bribes or other violations of our principles of business ethics. We make clear that violations of these principles may lead to the end of a partnership, and may also have consequences in labour law and criminal law for the individual. The purpose is to create a responsible corporate culture and awareness of risks, thus strengthening trust on the part of our stakeholders.

## Guidance and compliance

Our business ethics guidelines contain a clear framework for all employees to comply with. The guidelines are available in local languages and all employees are obligated to read and sign our business ethics guidelines. We apply the following principles in order to avoid the risk of bribery:

- Our employees may not offer or accept any types of gifts or benefits, directly or indirectly, to or from a third party if it is not considered to be within the boundaries of generally accepted business practices and applicable laws.
- In case of any doubt, our employees are expected to seek the advice of their immediate supervisor, Group Management or the company's chief corporation counsel.

All employees are encouraged and expected to report suspected violations to their immediate supervisor, Group Management or the company's chief corporation counsel. There is also a whistle-blower system that allows employees to anonymously report suspected violations. The whistle-blower function is based on a

secure web-based reporting system. The function is managed by the Chairman of the Audit Committee.

## Progress during the year

During the year, we launched a new web-based training initiative on our Code of Conduct, which all employees – including those in acquired companies – will undergo. The web-based training course is available in all the languages of the Nordic region, as well as Dutch and English. At the end of the financial year, 85.6 per cent (87.7) of our employees had undergone the web-based training in, and adopted, our Code of Conduct. We are also working continually on recurrent training in business ethics dilemmas for our workforce. During the year, we conducted training for Chillit in Finland and Saldab in Sweden concerning our corporate culture and how we handle anti-corruption work, representation, gifts and conflicts of interest.

Using open dialogue and training for our suppliers concerning Dustin's business ethics requirements, we intend to build good and responsible business relationships and work to prevent risks. During the year, we had an ongoing dialogue concerning business ethics with our seven largest suppliers in the Nordic region. The suppliers confirm their commitment to comply with our business ethics through our Supplier Code of Conduct.

During 2018/19, as with previous years, 100 per cent of our business areas underwent a risk assessment concerning business ethics and anti-corruption. One incident was reported in the whistle-blower function and investigated in 2018/19. The investigation in the case in question showed no gross improprieties and has been closed.

Total share of employees undergoing online training in our Code of Conduct

	2018/19	2017/18	2016/17	2014/15
<b>Outcome:</b>	85.6%	87.7%	94.1%	–

Share of business areas that underwent an annual business ethics and anti-corruption risk assessment

	2018/19	2017/16	2016/15	2015/14
<b>Outcome:</b>	100%	100%	100%	100%

# Financial overview

## Operations

Dustin Group AB ("Dustin") is a leading online IT partner serving the Nordic region and the Netherlands. The company offers IT products with related services and solutions to companies, the public sector and private individuals, with a primary focus on small and medium-sized businesses. 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 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, Norway and the Netherlands through the business segments: SMB (Small and Medium-sized Businesses), LCP (Large Corporate and Public sector) and B2C (Business to Consumer). 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 SMB and LCP segments amount to approximately 95 per cent of total sales.

## Net sales

**SEK 12,536**  
million

**Gross margin  
16.7 %**

**Proposed  
dividend  
per share  
SEK 3.00**

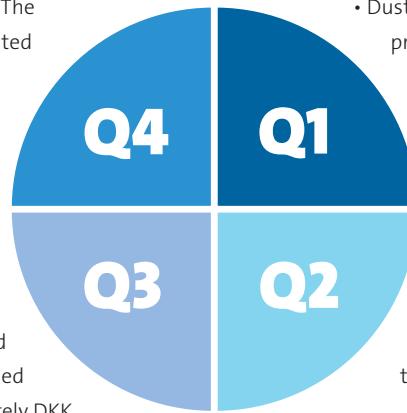
**Adjusted  
EBITA margin  
4.5 %**

**Organic  
sales  
growth  
9.9 %**

**EBIT  
SEK 489**  
million

## Significant events during the year

- Dustin began working to optimise the structure of the company's small data centres and sites that accompanied earlier acquisitions, to gradually enhance their operational efficiency.
- Dustin decided to invest in increased automation of the central warehouse in Rosersberg. The automation is expected to be implemented during the 2019/20 financial year.



- Dustin signed an agreement about the acquisition of Inventio.IT, which specialises in hosting, infrastructure and business systems. Inventio.IT was founded in 2001 and had revenues of approximately DKK 106 million in 2018.
- In March, Dustin acquired the Dutch company Norisk, which has a broad portfolio of managed IT services, ranging from infrastructure to client management. Norisk was founded in 2005 and had revenues of approximately EUR 9.5 million in 2018.
- An agreement was signed to acquire the Finnish company Chilit. The company combines products with services for delivering intelligent IT solutions to small and medium-sized businesses. Chilit was founded in 2010 and had revenues of approximately EUR 33.7 million in 2018.

- A rights issue of approximately SEK 695 million was carried out during the first quarter in order to increase our financial flexibility so that we can pursue our growth strategy in existing markets in the Nordic region and in the Netherlands.

- Dustin strengthened the organization for continued profitable growth by creating greater clarity within the segments and further increasing the scalability of the support functions. The organisation is also adapted to the expansion in the Netherlands.

- The Swedish subsidiary Idenet AB was merged into Dustin Sverige AB. The merger is a step in further integration of the businesses into the shared IT platform.

- Alexandra Fürst was appointed new EVP IT & Digitalisation (CIO) and Jenny Ring was appointed new EVP Supply Chain. Both are included in Dustin's Group Management.
- Dustin allotted management and other key individuals warrants in a new long-term incentive program, LTI 2019.

**“ Sales to the SMB and LCP segments amount to approximately 95 per cent of total sales.**

## Net sales and earnings

### Condensed income statement

SEK million	18/19	17/18	Change, %
Net sales	12,535.7	10,300.5	21.7
EBIT	489.1	443.8	10.2
Profit after net financial items	444.9	384.6	15.7
<b>Net profit for the year</b>	<b>356.2</b>	<b>305.1</b>	<b>16.7</b>

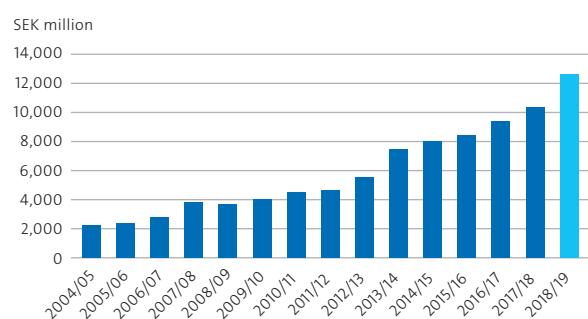
Net sales for the year increased 21.7 per cent to SEK 12,536 million (10,300). Organic growth amounted to 9.9 per cent (2.0), of which SMB accounted for 4.0 per cent (9.6), LCP for 16.5 per cent (neg: 3.8) and B2C for a negative 3.9 per cent (pos: 7.9). Acquired growth was 9.9 percentage points (7.3) and exchange-rate differences had a positive impact of 1.9 percentage points (1.4).

Net sales are distributed between the segments as follows:

SEK million	18/19	17/18	Change, %
SMB	5,532.9	4,375.1	26.5
LCP	6,376.8	5,284.2	20.7
B2C	625.9	641.2	-2.4
<b>Total</b>	<b>12,535.7</b>	<b>10,300.5</b>	<b>21.7</b>

Gross profit for the year rose SEK 452 million, corresponding to 27.6 per cent, to SEK 2,089 million (1,637) in relation to the preceding year. The gross margin rose to 16.7 per cent (15.9), mainly due to a more favourable sales mix with a higher proportion of services and solutions, primarily attributable to completed acquisitions and a positive sales trend for private label goods. A changed sales mix with a higher share of sales with lower profitability to the public sector slightly dampened the margin trend.

### Net sales



Operating profit amounted to SEK 489 million (444). Operating profit included items affecting comparability of SEK 4 million (1), which mainly comprised a positive effect of SEK 48 million (24) from a change in acquisition-related liabilities, acquisition-related expenses of SEK 26 million (20) and costs for the development of the IT platform to support online retail in the Netherlands of SEK 18 million (–). For more information, refer to Note 5 Items affecting comparability.

During the year, adjusted EBITA rose 11.8 per cent to SEK 560 million (501). The adjusted EBITA margin was 4.5 per cent (4.9). The weaker margin was attributable to the changed sales mix and a higher cost level due to investments in the sales and delivery organisation for services and solutions during the year. Adjusted EBITA excluded items affecting comparability of SEK 4 million (1), which are specified in Note 5 Items affecting comparability.

### Financial items

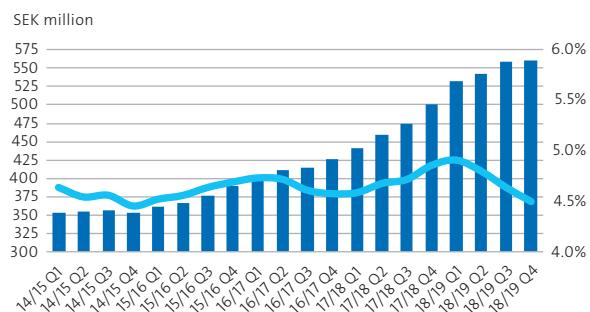
Financial expenses for the year amounted to SEK 45 million (60), and mainly pertained to borrowing costs of SEK 38 million (54) for external financing. Other financial expenses primarily related to the discounting of acquisition-related liabilities of SEK 4 million (4). Financial income amounted to SEK 1 million (1). The change compared with the previous year was due to borrowing expenses of SEK 14 million in the preceding year in connection with conclusion of a new bank agreement.

### Tax and net profit for the year

The tax expense for the year was SEK 89 million (79), corresponding to an effective tax rate of 19.9 per cent (20.7). The low effective tax rate was mainly due to non-taxable profit effects from earn-out adjustments during the period.

Net profit for the year totalled SEK 356 million (305). Earnings per share amounted to SEK 4.12 (3.91) before dilution and SEK 4.11 (3.89) after dilution.

### Adjusted EBITA & margin, rolling 12 months



## Net sales and SMB segment earnings

SEK million	18/19	17/18	Change, %
Net sales	5,532.9	4,375.1	26.5
Segment result	584.4	508.2	15.0
Segment margin (%)	10.6	11.6	–

### Net sales

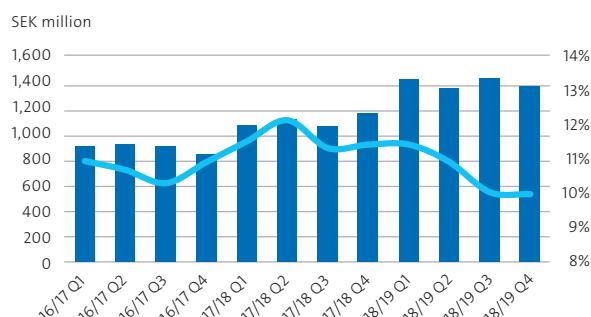
Net sales rose 26.5 per cent in total during the year to SEK 5,533 million (4,375), with 21.1 percentage points of the increase compared with the year earlier attributable to acquisitions and divestments and 1.3 percentage points to exchange-rate differences. Organic growth was slightly dampened at the end of the financial year by a cautious market climate and amounted to 4.0 per cent (9.6) during the year. Data from market intelligence firm IDC shows that the hardware market in the Nordic region contracted between 2 and 3 per cent in the second quarter of the 2019 calendar year.

### Segment results

Profit for the segment rose 15.0 per cent, corresponding to slightly more than SEK 76 million, to SEK 584 million (508). The improved earnings were the result of higher sales and a better product mix, largely due to acquisitions and increased sales of own-branded goods.

The segment margin declined to 10.6 per cent (11.6). The change was largely due to higher costs in the form of investments in the sales and delivery organisation for services and solutions, as well as a somewhat weaker market at the end of the financial year. Investments in advanced products and services have continued, and the proportion of software and services as a share of sales increased to 24 per cent (15) in the segment, of which half pertains to contractual recurring revenues. At the end of the financial year, the customer base for SaaS configurations in integrated operations had increased to a total of 76,417 users (53,988) in the Nordic region.

## SMB – Net sales and segment margin



## Net sales and LCP segment earnings

SEK million	18/19	17/18	Change, %
Net sales	6,376.8	5,284.2	20.7
Segment result	359.4	330.5	8.7
Segment margin (%)	5.6	6.3	–

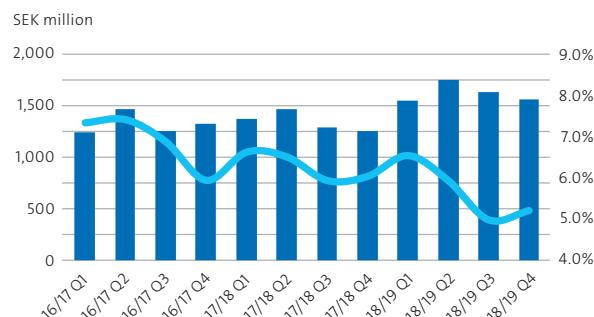
### Net sales

Net sales increased 20.7 per cent during the year to SEK 6,377 million (5,284), positively impacted by acquisitions corresponding to 1.8 percentage points and exchange-rate differences corresponding to 2.3 percentage points. Organic growth amounted to 16.5 per cent (neg: 3.8), and was mainly the result of high activity and large volumes under framework agreements in the Public Sector customer group, primarily in Denmark. The Large Corporate customer group posted continued positive growth, but at a slightly slower pace due to the slightly cautious market climate in the Nordic region, and a considerably weaker PC market in Finland in the latter half of the financial year.

### Segment results

Profit for the segment was SEK 359 million (330), which was an increase compared with the year-earlier period. The segment margin declined to 5.6 per cent (6.3). The decrease was mainly attributable to a higher share of recently signed contracts with a lower average margin and a higher share of clients with low margins.

## LCP – Net sales and segment margin



## Net sales and B2C segment earnings

SEK million	18/19	17/18	Change, %
Net sales	625.9	641.2	-2.4
Segment result	36.7	31.5	16.6
Segment margin (%)	5.9	4.9	—

During the year, net sales declined 2.4 per cent, amounting to SEK 626 million (641). Organic growth was negative 3.9 per cent (pos: 7.9). The segment continued to focus on margin over growth.

## Segment results

The segment result increased 16.6 per cent to SEK 37 million (32), while the segment margin grew to 5.9 per cent (4.9).

## 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. Costs in the financial year for central functions amounted to 3.4 per cent (3.6) of sales. Costs for central functions amounted to SEK 421 million (369), with the increase attributable in absolute terms to continued investments in the product and service offering and the integration of acquired businesses.

## Central functions

SEK million	18/19	17/18	Change, %
Cost for central functions	-420.7	-369.5	13.9
Costs in relation to net sales (%)	-3.4	-3.6	—

## Financial position

### Condensed consolidated balance sheet

SEK million	Aug 31, 2019	Aug 31, 2018
Non-current assets	4,745.6	4,034.1
Current assets	2,522.7	2,143.0
<b>Total assets</b>	<b>7,268.3</b>	<b>6,177.1</b>
Equity	2,460.3	1,646.6
Non-current liabilities	2,265.8	2,381.1
Current liabilities	2,542.3	2,149.5
<b>Total equity and liabilities</b>	<b>7,268.3</b>	<b>6,177.1</b>

## Net working capital

At year-end, net working capital amounted to a negative SEK 68 million (neg: 192). The change in net working capital compared with the preceding year is mainly the result of higher accounts receivable due to increased business volumes and completed acquisitions. In addition, the inventory increased slightly, mainly attributable to a higher proportion of private label goods, while accounts payable increased due to higher business volumes.

## Net working capital

SEK million	Aug 31, 2019	Aug 31, 2018
Inventories	465.7	395.8
Accounts receivable	1,460.4	1,272.6
Tax assets, other current receivables, as well as prepaid expenses and accrued income	313.9	191.8
Accounts payable	-1,712.3	-1,568.5
Tax liabilities, other current liabilities, accrued expenses and deferred income	-595.3	-483.6
<b>Net working capital</b>	<b>-67.6</b>	<b>-192.0</b>

## Net debt and cash and cash equivalents

At the end of the period, net debt amounted to SEK 1,736 million (1,731). In total, cash and cash equivalents amounted to SEK 281 million (278). At the end of the period, there was also an unutilised overdraft facility of SEK 270 million (270) and an unutilised credit facility of EUR 5 million (5) in the Dutch operations.

Net debt in relation to adjusted EBITDA was 2.9 (3.3) at the end of the financial year.

## Net debt and cash and cash equivalents

SEK million	Aug 31, 2019	Aug 31, 2018
Liabilities to credit institutions	2,006.1	1,984.8
Current liabilities to credit institutions	—	12.6
Financial leasing liabilities	11.5	10.9
Cash and cash equivalents	-281.3	-277.6
<b>Net debt</b>	<b>1,736.4</b>	<b>1,730.6</b>

## Investments in tangible and intangible assets

Investments made during the year mainly refer to capitalised costs for the integrated IT platform totalling SEK 87 million (56) and other investments in computer equipment and cars.

## Investments

SEK million	18/19	17/18
Capitalised expenditure for IT development (integrated IT platform and other long-term strategic IT systems)	32.3	22.9
Other investments in tangible and intangible assets	47.2	29.2
Investments in tangible assets through financial leasing	7.5	4.0
<b>Total</b>	<b>87.0</b>	<b>56.1</b>

## Acquisitions of businesses during the year

During the year, Dustin completed three acquisitions, all concluded during the third quarter of the financial year.

In March, Dustin acquired the Dutch company Norisk, which has a broad portfolio of managed IT services, ranging from infrastructure to client management. Norisk is part of Vincere Group, which was acquired in July 2018. Norisk was founded in 2005 and had revenues of approximately EUR 9.5 million in 2018 and about 38 employees at its office in Groningen.

In April, Danish company Inventio.IT was acquired, which specialises in hosting, infrastructure and business systems as a service. Inventio.IT was founded in 2001 and had revenues of approximately DKK 106 million in 2018 and about 80 employees.

Finnish company Chilit was acquired in May. The company combines products with services for delivering intelligent IT solutions to small and medium-sized businesses. Chilit was founded in 2010 and had revenues of approximately EUR 33.7 million in 2018 and about 60 employees at its offices in Helsinki and Turku.

## Cash flow

### Cash flow, condensed

SEK million	Aug 31, 2019	Aug 31, 2018
Cash flow from operating activities	264.0	747.9
Cash flow from investing activities	-641.8	-1,127.4
Cash flow for the period from financing activities	393.2	610.8
<b>Cash flow for the period</b>	<b>15.5</b>	<b>231.3</b>

Cash flow for the year was SEK 16 million (231). Cash flow from operating activities was SEK 264 million (748), with the year-on-year decline mainly attributable to changes in

working capital. During the period, the effect of changes in working capital was a negative SEK 126 million (pos: 386), with the negative year-on-year change primarily due to a major effect from an increase in accounts payable at the end of the preceding year. The cash flow was also adversely impacted by changes in working capital from a high proportion of accounts receivable at the end of the period, which was subsequently attributable to high sales in LCP at the end of the period.

Cash flow from investing activities was a negative SEK 642 million (neg: 1,127). Purchase considerations of SEK 536 million (1,023) attributable to completed acquisitions were paid during the period, of which SEK 55 million was attributable to Norisk B.V., SEK 250 million to Inventio.IT A/S and SEK 231 million to the acquisition of Chilit Oy. During the period, contingent earn-outs were paid relating to JML-System AB (SEK 20 million), Core Services AS (SEK 6 million) and IKT Gruppen AS (SEK 5 million). Investments in tangible and intangible assets amounted to a negative SEK 80 million (neg: 52), of which a negative SEK 32 million (neg: 23) pertained to investments in the IT platform and a negative SEK 47 million (neg: 29) was primarily related to investments in hardware for data centres, purchases of computers for internal use and vehicles.

Cash flow from financing activities amounted to SEK 393 million (611) and was mainly due to effects from the completed rights issue of net SEK 681 million (-) after issue costs of SEK 14 million and the distribution of shareholder dividends of SEK 239 million (213).

During the period, a liability to a credit institution of SEK 59 million in the acquired company Chilit Oy was repaid, as well as a drawn credit facility of SEK 12 million. The period was also positively impacted in an amount of SEK 29 million (55) by cash flow effects from the long-term incentive programme (LTI).

## 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 166 present how Dustin defines its performance measures and the purpose of each performance measure. The data presented on page 165 is supplementary information from which all performance measures can be derived.

## Market overview and outlook

In 2018/19, Dustin reported organic growth of 9.9 per cent (2.0), in which SMB totalled 4.0 per cent (9.6), LCP 16.5 per cent (neg: 3.8) and B2C negative 3.9 per cent (pos: 7.9). Growth for the SMB segment fell below our financial target, and is attributable to some extent to a hesitant market climate at the end of the financial year, while growth in the LCP segment exceeded the financial targets and was marked by a high level of activity and large volumes in framework agreements for the public sector.

During the year, Dustin continued to increase 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. The Danish company Inventio.IT, the Finnish company Chilit and the Dutch company Norisk were all acquired in the third quarter. In order to reach its full potential, the company built up an increased cost base during the year in the form of investments in the sales and supply organisation for services and solutions. Integration of acquired companies is an instrumental part of the transformation towards an expanded service offering. The company has therefore increased its focus on the integration work, to faster reach economies of scale and synergies in the sales and delivery organisation for services and solutions.

## Multi-year overview

All amounts in SEK million, unless otherwise indicated

	18/19	17/18	16/17	15/16
Net sales	12,535.7	10,300.5	9,306.2	8,300.8
Organic sales growth (%)	9.9	2.0	8.6	4.4
Gross margin (%)	16.7	15.9	14.8	15.0
Adjusted EBITA	559.7	500.6	426.1	389.6
Adjusted EBITA margin (%)	4.5	4.9	4.6	4.7
EBIT	489.1	443.8	349.5	323.5
Net profit for the year	356.2	305.1	239.1	224.9
Earnings per share before dilution (SEK)	4.12	3.91	3.08	2.89
Cash flow from operating activities	264.0	747.9	213.6	447.2
Net debt/adjusted EBITDA (multiple)	2.9	3.3	2.3	2.1
Return on equity (%)	14.5	18.5	16.1	15.8

Dustin benefits 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 current 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 December, and lower during the summer months when sales and marketing activities are less intense. Similar seasonal variations occur in all geographical markets.

## The share

The Parent Company's share has been listed on Nasdaq Stockholm since February 13, 2015, and is included in the Mid Cap index. At August 31, 2019, the price was SEK 80.90 per share (90.10), representing a total market capitalisation of SEK 7,172 million (6,958). At August 31, the company had a total of 7,191 shareholders (6,534). The company's three largest shareholders were Axel Johnson Gruppen with 25.9 per cent, AMF Försäkring & Fonder with 9.8 per cent and Swedbank Robur Fonder with 9.1 per cent. Dustin's shareholder register with the largest shareholders is presented on the company's website.

During the period, a rights issue was conducted and the long-term incentive programme LTI 2016 was exercised. As a result, the number of shares increased from 77,226,502 to 88,647,339, while the share capital increased by SEK 55 million and the share premium reserve by SEK 626 million. LTI 2016 represents an increase of SEK 2 million in the share capital, and SEK 23 million in the share premium reserve.

## Employees

The average number of full-time employees was 1,644, compared with 1,152 in the year-earlier period. The increase was primarily attributable to 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 11, 2019, will make a decision about the guidelines for remuneration of senior executives. Proposals ahead of the Annual General Meeting are available at [www.dustingroup.com](http://www.dustingroup.com).

## Significant events after the balance-sheet date

### Merger with Saldab IT AB

In September, the Swedish subsidiary Saldab IT AB was merged with Dustin Sverige AB. The merger is a step in further integration of the businesses into the shared IT platform. After the merger, the company will operate under the Dustin brand.

### Parent Company

Dustin Group AB (Corp. Reg. No. 556703-3062), which is domiciled in Nacka, Sweden, only conducts holding operations. Furthermore, external financing is gathered in the Parent Company.

Net sales for the period amounted to SEK 0.4 million (0.4) and profit for the period totalled SEK 166 million (366). The change was mainly attributable to the net currency position due to external financing, which amounted to negative SEK 21 million (neg: 133) during the period. The Group applies hedge accounting, whereby the net currency position is recognised against equity.

## Annual General Meeting

Information about this year's Annual General Meeting can be found on page 161.

## 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 future prospects will be taken into consideration. The Board of Directors proposes a dividend of SEK 3.00 (2.71) per share, totalling SEK 266 million (239).

## Proposed appropriation of earnings

The Board of Directors proposes that available earnings totalling SEK 1,061,085,412 be distributed at SEK 3.00 per share as an ordinary dividend. The proposal states that this amount be appropriated as follows:

### Appropriation of earnings

SEK	
Dividends	265,942,017
To be carried forward	795,143,395
<b>Total</b>	<b>1,061,085,412</b>

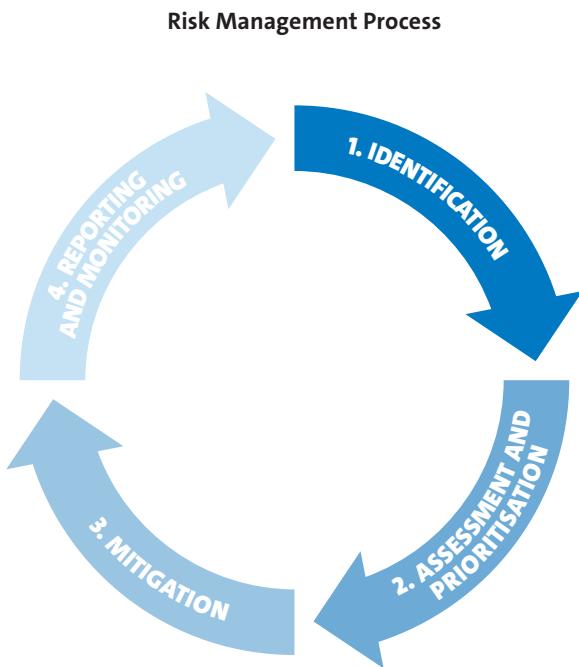
In its proposed appropriation of earnings, the Group has taken into consideration the company's operations, financial position and cash flow, as well as its financial targets and future prospects. The Board of Director's complete statement regarding the proposed dividend is available on the company's website, [www.dustingroup.com](http://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. Appropriate risk management is therefore fundamental to running and developing sustainable, profitable business operations. The aim of Dustin's risk management is to ensure proper control of the Group's collective risk exposure and to ensure cost-efficient, systematic management of risks and opportunities in the operations that will create value. This way, the Company will improve its decision-making processes and increase its opportunities to achieve its strategic, financial and operational targets while complying with laws and regulations.

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 2018/19 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 subsequently decided which risks and measures are to be monitored at the 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.

- Strategic risks are associated with the development of operations, and are normally identified during discussions linked to strategic plans or strategic initiatives. These risks are managed by measures that restrict the impact and probability of the risk occurring.
- Operational risks are associated with operational activities, and identified primarily in procedural reviews and follow-ups on business. Management of operational risks focuses primarily on limiting the probability of the risk occurring, for example, through internal controls as well as guidelines and instructions for internal procedures.
- External risks are associated with uncertainties outside the direct control of the Group, for example, changes to regulations or changed market conditions. These risks are managed through such measures as routine monitoring of changes in regulations and trends in the market.

## 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.

## Response and 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 time frame 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

## RISKS RELATED TO ACQUISITIONS AND INTEGRATION

### Description

An important part of Dustin's strategy is to support growth and margin trends through acquisitions. 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.

In addition, the efficient integration of acquisitions (including synergy effects on costs and revenue) and positive performance in the units acquired are expected to improve Dustin's short-and long-term results, but there is a risk this will not happen.

### Mitigation

Dustin continuously evaluates a number of companies to identify operations that could strengthen the Group's offering. Prior to a potential acquisition, the operations are evaluated in accordance with a structured procedure before decisions are made in order to assess possibilities and risks in the investment.

A structured integration programme is implemented in order to expand the possibilities into a positive earnings effect. The purpose of this is to secure the acquired company's relationships with customers and suppliers, as well as to attract and retain key personnel. Read more about Dustin's integration programme on page 27.

## REPUTATIONAL RISK

### Description

A good reputation is of great significance to Dustin's success, since one of Dustin's success factors is a strong brand. It is important for Dustin to continue being operated in accordance with the Company's values, which are characterised by a responsible entrepreneurial attitude.

If Dustin or any of the Group's suppliers, distributors, other partners or employees do not comply with Dustin's strong values, business principles, policies and guidelines, there is a risk that the Group's reputation and brand could be damaged.

### Mitigation

Dustin undertakes thorough work with a responsible entrepreneurial attitude in our areas of focus, as well as by providing continuous information and training concerning its values and business principles. Read more about Dustin's values on pages 44–47 and areas of focus on pages 54–67.

Moreover, correct, transparent and reliable communication can prevent the emergence of reputational risk and alleviate the consequences of any incidents.

## RISKS RELATED TO THE CUSTOMER OFFERING

### Description

Dustin operates in a dynamic market, and this could have an impact on its role in the market and the value chain.

Changes could 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 services, or greater focus on new sustainable offerings) and the development of new technology (including new storage technology where hardware-based storage systems move to cloud-based storage services).

An inability to create attractive and profitable customer offerings could have a negative impact on Dustin's earnings and market position.

### Mitigation

To adapt Dustin's strategy to this changeable market, Dustin's management closely monitors any changes in the market, customer expectations and technological developments.

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 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 our offering by acquiring companies in Denmark, Finland and the Netherlands. The work on further developing our business system in order to improve the management of our service offering for our customers also continued during the year.

# Operational risks

## IT-RELATED RISKS

### Description

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.

The inability to ensure a modern, secure and operationally adapted IT infrastructure and IT platform could have a considerable adverse effect on the Group's operations and earnings.

### Mitigation

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.

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.

## RISKS RELATED TO ATTRACTING, ENGAGING AND DEVELOPING EMPLOYEES

### Description

Dustin has enjoyed strong growth and business development over the past few years, which places great demands on our employees and executives.

Dustin's ability to attract, recruit, engage and develop the right employees is entirely crucial to achieving the targets we have set as well as to driving and developing our operations in accordance with the strategic plan. If the operations do not have access to the right skills at the right place at the right time, Dustin's operations and earnings could be negatively impacted.

### Mitigation

Dustin works continuously on skills development with the aim of developing operations and achieving set targets. 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.

To identify focus areas expected to increase employee satisfaction, the company regularly carries out employee surveys.

## RISKS RELATED TO CUSTOMER SATISFACTION

### Description

Dustin's ability to retain customers could decline if Dustin cannot provide satisfactory customer service, or if there are deficiencies in its ability to respond to competitors' offerings in the market.

The inability to retain and attract new customers could have a significantly adverse impact on the Group's operations and earnings.

### Mitigation

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. 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.

## THE RISK OF IMPROPER BENEFITS IN CONNECTION WITH PURCHASES

### Description

One of the largest business ethics risks for Dustin is in the purchasing process and is related to the risk that employees receive improper benefits in connection with purchases.

### Mitigation

During the year, we worked continuously to reduce the risk of bribes and other improper benefits by increasing awareness internally about how responsible collaboration with suppliers, customers and other partners should be conducted.

The purchasing organisation has been given in-depth training in how they can work together with our partners on activities, within the framework of our business ethics guidelines. Moreover, we were in continual dialogue with strategically important suppliers during the year regarding our requirements and expectations for ethically correct behaviour.

During the year, new employees in the Dustin Group were given induction training in our Code of Conduct, and separate sessions on ethics were held with the units in which risks had been identified. Dilemma discussions were also held at recently acquired companies.

## RISKS RELATED TO INFORMATION SECURITY AND CUSTOMER PRIVACY

### Description

Dustin processes large amounts of data, and strives to ensure privacy and data security as well as to protect its customers' personal data. As a result of increased digitalisation, cloud-based services, data transfer across borders, heightened expectations and tightened legislation, the mitigation of risks associated with customer privacy has become increasingly important.

In addition, there are stringent requirements for security and privacy in the IT products and services Dustin sells. The inability to comply with legal requirements and customers' requirements for security could result in a high level of financial penalties, loss of consumer confidence in Dustin and significant negative impact on Dustin's brand.

### Mitigation

Our work is governed by established guidelines for handling of personal data, which specify principles for collecting, processing and storing personal data as well as security and consumer rights.

Dustin's data protection programme is managed by an inter-function steering group that is responsible for safeguarding risk management, making strategic decisions and ensuring that our actions comply with laws and internal requirements. The administrative organisation works actively to improve systems and procedures, update security and ensure thorough incident management in order to guarantee that our customers' personal data is processed and protected responsibly.

We have also designated an external data protection officer whose duties include monitoring Dustin's compliance with GDPR. Using such documents as the framework for internal controls in their data protection efforts, our data protection officer regularly submits reports to the steering group and the Board of Directors.

## RISKS RELATED TO DUSTIN'S STRATEGIC CLIMATE IMPACT

### Description

As the result of an increased number of business purchases in 2017/18 that were integrated into Dustin's environmental reporting for 2018/19, our climate impact has increased compared to the preceding year. The acquisition of the Vincere Group in the Dutch market added six new companies in 2017/18 in addition to the five acquisitions we completed in the Nordic market during the same financial year. In general, these companies have not come as far in their corporate responsibility efforts, while the total number of offices, data centres and service vehicles has increased. Despite the positive effects these acquisitions have on operations as a whole, especially through an increase in the service offering, we are seeing a short-term risk that we will not fully achieve our environmental target for 2020, with a total reduction in emissions of 40 per cent since 2014/15.

### Mitigation

Over the next few years, we will be working on reducing our climate impact in the companies acquired through a switch to renewable energy and fossil fuel-free lease vehicles, as well as the consolidation of data centres. Over time, we are confident in a reduction in the amount of emissions once the companies are fully integrated and have been adapted to the Group's environmental guidelines and routines.

# External risks

## MARKET RISKS

### Description

Dustin's operations are impacted by the general economic climate, structural changes, as well as procurement and distribution costs, primarily in the Nordic region.

The market has experienced continual growth over the last few years, but there is a risk that the market will not continue to grow, which will lead to reduced demands for Dustin's products and services.

### Mitigation

By continuously monitoring market trends, Dustin strives to adapt its prices, range, quality and service to match customers' demands, the pace of investment and cost base.

## RISKS RELATED TO REGULATIONS

### Description

Dustin's possibilities for efficiently adapting its operations to new or amended laws, regulations or decisions by public authorities (e.g. GDPR) could have a significant impact on its operations and competitive situation in the market.

### Mitigation

Dustin continually monitors trends regarding regulations in the markets where it conducts its operations in order to proactively manage changes.

## FINANCIAL RISKS

### Description

Financial concerns and major changes in, among other things, exchange rates and interest rates can have negative effects. The ability to secure the Group's financing and ensure that the financial exposure is in line with policies and guidelines is essential to fulfilling Dustin's objectives.

### Mitigation

Financial risks such as foreign exchange risk, credit and counterparty risk, liquidity risk and interest rate risk are managed by Dustin's central finance function in accordance with the policy that is adopted annually by the Board of Directors. For a more detailed description of financial risks and their management, see below.



## Financial risks

Dustin's operations are linked to various financial risks, such as foreign exchange risk, credit risk, liquidity risk and interest rate risk. 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.

### FOREIGN EXCHANGE RISK

#### Description

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, Norway and the Netherlands.

#### Mitigation

In accordance with the adopted financial policy, transactions with a net exposure exceeding SEK 50 million must be hedged. The CFO has the right to hedge transactions with suppliers based on assessed risk under the financial policy. However, transaction exposure is limited since the Group primarily operates in the Nordic and Dutch markets, where purchases and sales are chiefly conducted in the local currency. Outstanding currency hedging on the balance-sheet date is presented in Note 16, Derivative instruments and hedge accounting.

The financial policy states that currency hedging must be conducted in foreign subsidiaries and is mainly offset by raising external bank loans corresponding to the currency and primarily at the same level as the net investment. The Group CFO has the right to deviate from this hedge level for up to SEK 100 million in net exposure per currency. Loans raised in the respective currency (DDK, NOK and EUR) are specified in the supplementary disclosures. The current hedge level is on par with the level stipulated above.

## CREDIT AND COUNTERPARTY RISK

### Description

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.

### Mitigation

The Group has established procedures to ensure that sales are only made with customers with a good payment history. The Group's credit instruction 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.

Counterparty risk is specified in the Group's financial policy and manages risk levels for the counterparty, maturities and amounts. Counterparties mainly refer to Scandinavian banks, authorities and municipalities. During the financial year, counterparty risks were very limited and the financial policy was complied with.

## LIQUIDITY RISK

### Description

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.

### Mitigation

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 during the year. The short and long-term borrowing is specified in the supplementary disclosures under Note 22 Borrowing.

## INTEREST RATE RISK

### Description

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.

### Mitigation

In accordance with the Group's financial policy, interest rate risk must be minimised by structuring the maturities of financial instruments to hedge the variable interest rate against the fixed interest rate. Maturities for financial instruments must not mean that more than 50 per cent of the total interest period falls due within 12 months and that the maturities must be between one and four years. Fixed-income futures are permitted as hedging instruments for interest rates. At the end of the financial year, the Group had partly hedged the variable interest rates using fixed-income futures. The Group applies hedge accounting, which is described in the accounting policies. The Group's external loans in each currency are specified in the supplementary disclosures.

If market interest rates increase one percentage point, profit before tax would be reduced by about SEK 4.5 million based on the balance-sheet date's loan structure, fixed-income futures and the distribution of currencies.

# Corporate Governance Report

Good corporate governance is about ensuring that Dustin is managed in a sustainable, responsible and efficient manner. Governance supports the company's long-term strategies and objectives and forms the foundation for continued profitable and sustainable growth. The overall aim is to increase the value for shareholders, while at the same time maintaining confidence among shareholders and other key stakeholders.

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 Auditor's Report.

## Swedish Corporate Governance Code

Dustin applies the Swedish Corporate Governance Code (the "Code"). In the 2018/19 financial year, Dustin deviated from the Code on one item:

### Deviation

According to Rule 2.4 of the Code, a Board member may not act as Chairman of the Nomination Committee.

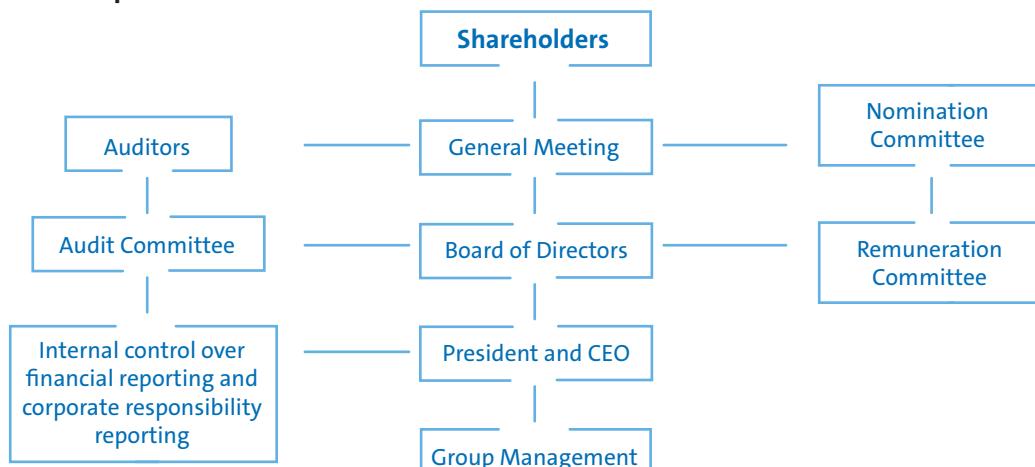
### Explanation

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



### Significant external rules and regulations

- Swedish Companies Act
- Swedish Annual Accounts Act
- Nasdaq Stockholm's Rule Book for Issuers
- Swedish Corporate Governance Code
- Global Reporting Initiatives (GRI)
- International Financial Reporting Standards (IFRS)
- Applicable EU regulations

### Significant internal steering policies

- Articles of Association
- Rules of Procedure for the Board of Directors
- Instructions to the CEO, Board Committees, etc.
- Vision, mission and business plan
- Dustin's policies, instructions and procedures
- Dustin's values

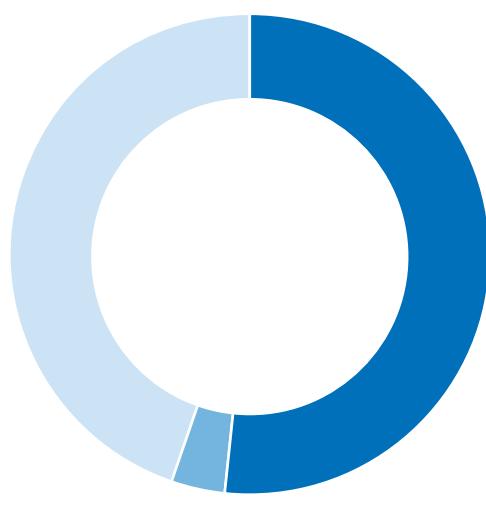
## Shareholders and General Meeting

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 principles for 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 7,191 (6,534) at the end of the financial year. The company's largest shareholder, representing at least 10 per cent of the share capital, was Axmedia AB (Axel Johnson AB) with 25.9 per cent as of August 31, 2019.

### Ownership in percentage terms (voting rights and capital)



Source: Euroclear

### 2017/18 Annual General Meeting

Dustin's Annual General Meeting for the 2017/18 financial year was held on December 11, 2018. 119 shareholders were represented at the meeting, corresponding to 60.7 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 key resolutions were taken at the Annual General Meeting:

- Re-election of Caroline Berg, Mia Brunell Livfors, Gunnar Duveblad, Johan Fant, Tomas Franzén, Mattias Miksche and Morten Strand as Board members. Mia Brunell Livfors 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.
- Adoption of 2017/18 Annual Report and resolution to distribute a dividend of SEK 2.71 per share. The record date for the dividend was set for December 13, 2018. The dividend was distributed to shareholders on December 18, 2018.
- Granting of discharge from liability for the Board members and CEO.
- Approval of fees to Board members and the auditor.
- Approval of guidelines for remuneration of senior executives.
- Resolution on Dustin's share-related long-term incentive programme for 2019, encompassing up to 1,323,882 warrants and at most 25 people.

The minutes of the Annual General Meeting can be found at [www.dustingroup.com](http://www.dustingroup.com).

### Extraordinary General Meeting 2018

Dustin Group AB held an extraordinary general meeting (EGM) on October 10, 2018, when a resolution was passed to approve the rights issue previously adopted by the Board of Directors. The terms and conditions of the rights issue meant that every seven (7) subscription rights entitled the holder to subscribe for one (1) new share at a price of SEK 63 per new share. Following the rights issue, the number of shares amounted to 88,258,859 and the total equity increased to SEK 695,038,518, of which SEK 55,161,786 pertained to share capital. The rights issue provided the company with greater flexibility and the ability to continue to broaden its customer offering through the acquisition of companies with a high level of advanced products, services and recurring revenues.

The minutes of the EGM can be found at [www.dustingroup.com](http://www.dustingroup.com).

### 2018/19 Annual General Meeting

Dustin's Annual General Meeting for the 2018/19 financial year will be held in Stockholm on December 11, 2019. For more information about the next Annual General Meeting, see page 161 and Dustin's website, [www.dustingroup.com](http://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 competence.*

The Annual General Meeting resolved that, ahead of the 2018/19 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, 2019 as well as the Chairman of the Board. Ahead of the 2018/19 Annual General Meeting, the Nomination Committee comprises three members and the Chairman of the Board, in view of the restrictions in the instruction. The instruction entails that no more than the eight largest shareholders need to be asked, unless this would result in the Nomination Committee consisting of less than its minimum of three members appointed by shareholders.

The Committee's mandate period extends until such time as a new Committee has been appointed.

Ahead of the 2018/19 Annual General Meeting, Dustin's Nomination Committee comprises the following members:

- Caroline Berg, Axel Johnson/Axmedia, Chairman of the Nomination Committee
- Lennart Francke, Swedbank Robur Fonder
- Tomas Risbecker, AMF Försäkring & Fonder
- Mia Brunell Livfors, Chairman of Dustin's Board of Directors (co-opted to the Nomination Committee)

The composition of the Nomination Committee fulfils the requirements of Rule 2.4 of the Code, with the exception of the deviation stated above.

The Nomination Committee has held two meetings to date. 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 its 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,

though the Nomination Committee is entitled to remuneration for certain expenses.

The Nomination Committee's proposal and motivation for the proposal to the Board of Directors can be found at [www.dustingroup.com](http://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 targets, 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 seven members: Mia Brunell Livfors (Chairman), Caroline Berg, Gunnel Duveblad, Johan Fant, Tomas Franzén, Mattias Micksche and Morten Strand. During the 2018/19 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 2018/19 financial year" on the next page.

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 a Code of Conduct. All policies are evaluated when necessary and at least once per year.

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.

## Board of Directors during the 2018/19 financial year

Board members	Attendance at meetings						Dependent**
	Elected	Board of Directors	Audit Committee	Remuneration Committee	Director fees (SEK)*		
Mia Brunell Livfors (Chairman)	2016	18/19		3/3	680,000	<span style="color: blue;">█</span>	
Caroline Berg	2016	18/19		3/3	340,000	<span style="color: blue;">█</span>	
Gunnel Duveblad	2016	19/19	6/6		360,000		
Johan Fant	2016	19/19	6/6		410,000	<span style="color: blue;">█</span>	
Tomas Franzén	2013	19/19		2/3	340,000	<span style="color: blue;">█</span>	
Mattias Miksche	2006	19/19			310,000		
Morten Strand	2017	19/19	6/6		360,000		
<b>Total</b>					<b>2,800,000</b>		

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

\* Director fees include remuneration for committee work, as adopted by the 2017/18 Annual General Meeting.

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

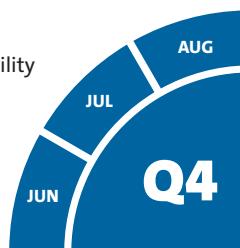
## Evaluation of the Board's work

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 2018/19 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.

## The Board's annual calendar

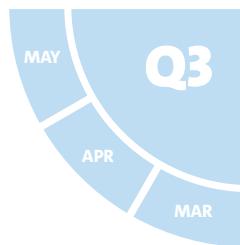
- Monitoring of strategy and risks
- Follow-up of corporate responsibility
- Q3 Interim Report\*
- Budget and financial outlook
- Evaluation of the Board's work



- Q4 Interim Report\*
- Annual and Corporate Responsibility Report



- Q2 Interim Report\*
- Strategy Day



- Inaugural Board meeting
- Q1 Interim Report\*
- Significant instructions and policies

\*The interim reports also include corporate responsibility information.

In line with the results of previous years' evaluations, the Board's work is deemed to be progressing very 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 perceived to be positive.

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

### Corporate responsibility issues on the Board

The Board of Directors is responsible for and approves the Group's business strategy, which also includes corporate responsibility activities. The Board regularly addresses relevant corporate responsibility matters at its meetings. In 2018/19, areas addressed included the outcome of corporate responsibility efforts connected to the company's focus areas, and ideas for future corporate responsibility efforts after 2020.

### Audit Committee

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

The Committee currently comprises three members: Johan Fant (Chairman), Gunnel Duveblad and Morten Strand. During the 2018/19 financial year, the Committee held six meetings, which were recorded in

minutes. The company's CEO, 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 statements, examination of company risks, examination and updating of internal control and the follow-up of reported whistle-blowing 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.

### 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: Mia Brunell Livfors (Chairman), Caroline Berg and Tomas Franzén. During the 2018/19 financial year, the Committee held three meetings and work pertained primarily to remuneration of the CEO and senior executives (including the long-term incentive programme for 2020), the structure for target formulation, financial goals and the performance management model.

## Board Committees

### Audit Committee

#### Main tasks

- Monitor the quality of financial reporting, corporate responsibility reporting and risk management
- Monitor the effectiveness of internal control and compliance

#### Members

- Johan Fant (Chairman)
- Gunnel Duveblad
- Morten Strand

#### 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

- Mia Brunell Livfors (Chairman)
- Caroline Berg
- Tomas Franzén

#### Meetings

Three meetings were held during the financial year

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 or the CFO.

## CEO and Group Management

*The CEO is responsible for Dustin's day-to-day management and daily operations. The division of work between the Board and the CEO is set out 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 the 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 projections, 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

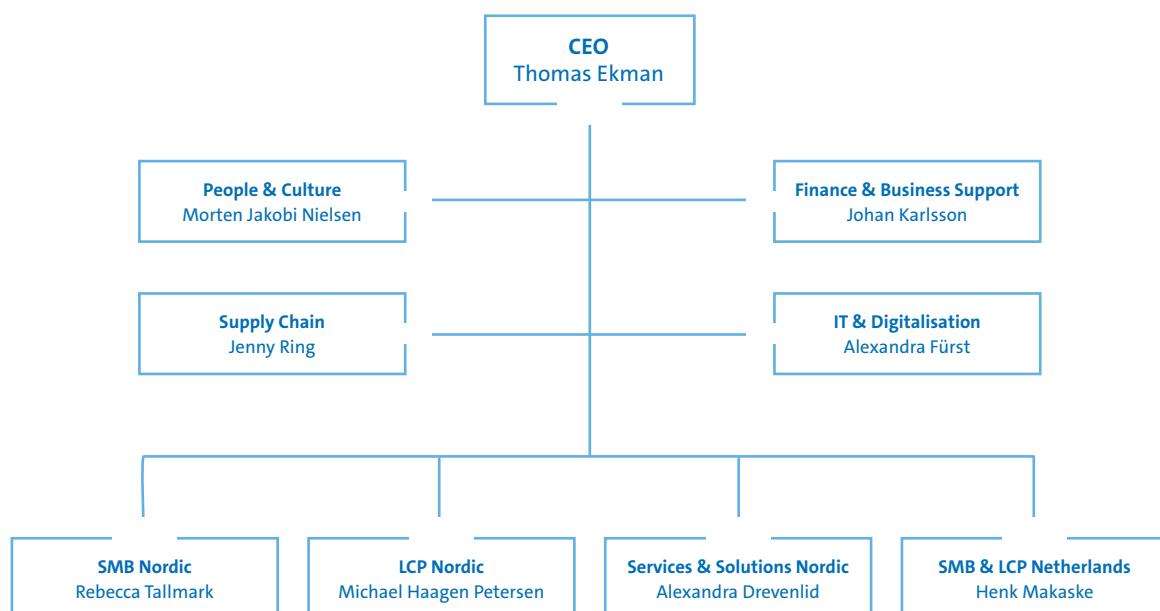
and development, as well as performance follow-up. In addition to these meetings, there is close daily collaboration within management. The presentation of the members of Group Management is available under the section "Group Management" on page 100.

## Auditors

*The auditor reviews the Annual and Corporate Responsibility Report 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 and Corporate Responsibility Report and the review of the Corporate Governance Report, which are presented to the Annual General Meeting.*

At the 2017/18 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 companies including DeLaval International AB, Recipharm AB (publ), HKScan 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 2018/19 financial year can be found in Note 6, Auditor's remuneration and expenses.



## Internal governance for responsible business

*Dustin's Code of Conduct is our Group-wide policy for company actions governed by core values and responsibility. The Code is based on our values, voluntary commitments and business that is consistently conducted in accordance with prevailing laws and regulations. The Code of Conduct has been adopted by Dustin's Board of Directors.*

In addition to Dustin's Code of Conduct, policies and guidelines clarify and exemplify expectations and requirements in the Code of Conduct linked to Dustin's corporate responsibility efforts:

- Dustin's Supplier Code of Conduct
- Business ethics guidelines
- Conflict minerals policy
- Environment, work environment and quality policy
- Guidelines for processing personal data
- Guidelines for equality

## Compliance

All employees are personally responsible for following the company's external and internal regulations, which means acting in compliance with Dustin's policies, instructions and procedures.

A new online course on Dustin's Code of Conduct was launched during the financial year. The course is targeted at all employees; in conjunction with the

course, employees confirm that they undertake to follow the Code. At the end of the financial year, 85.6 per cent of active employees had completed the course.

Employees are encouraged to report suspected violations to their immediate supervisor, safety representative, Group Management or the company's chief corporation counsel. There is also a whistle-blower system that provides employees with anonymous access to the Chairman of the Audit Committee. It is a secure web-based reporting system. The function is managed by the Chairman of the Audit Committee. One case was recorded in 2018/19.

## Internal control of the financial reporting

*Internal control of the financial reporting is a central component in Dustin's corporate governance. The internal control process is based on the framework for internal control published by COSO, and has been adapted for Dustin's operations. The framework consists of five components: control environment, risk assessment, control activities, information and communication, and monitoring activities.*

The Board has overall responsibility for the financial reporting and the corporate responsibility reporting. The Audit Committee assists the Board of Directors in tasks such as monitoring the efficiency of Dustin's internal control and risk management.

## OUR COMMITMENTS

Dustin has committed to the Universal Declaration of Human Rights, and the ILO conventions and core labour standards. We have also endorsed the UN Global Compact's Ten Principles taking into account the fundamental responsibilities of business in the areas of human rights, labour, environment and anti-corruption. Furthermore, we have committed to the OECD Guidelines for Multinational Enterprises. These voluntary commitments are incorporated into Dustin's Code of Conduct and Dustin's Supplier Code of Conduct, and apply to all companies in the Group.



Dustin has an internal control function aimed at supporting the Audit Committee and management in providing a strong internal control environment. The function reports to the Audit Committee.

## Control environment

The control environment forms the basis of the internal control. One important part is that decision-making paths, authorisations and responsibilities are clearly defined and communicated in the Group. Dustin's Board of Directors has adopted fundamental internal policy documents such as rules of procedure for the Board and Committees as well as instructions to the CEO. In addition, there is a Group-wide delegation order that sets out the responsibilities and authorities for different levels and functions within the Group. Another important part is maintaining a high ethical standard through establishing values and governing documents in the form of policies, instructions and procedures.

The internal control function works on developing, improving and safeguarding the Group's framework for the internal control environment. The intent is to maintain a framework that is appropriate and effective, and to enable reliable financial statements and corporate responsibility reports.

## Risk assessment

Risk assessment entail identifying and evaluating the most substantial risks that impact internal control in the Group. The assessment forms the basis for how risks are to be managed through various controls. The risk assessment is updated regularly, and the results are reported to the Audit Committee.

## Control activities

The control activities are defined in a Group-wide framework for internal control, divided into the Group's most important processes related to financial reporting and corporate responsibility reporting. The most substantial risks from the risk assessment are managed through the control activities. The controls are to ensure both effectiveness in the Group's procedures and proper internal control.

Every control has an assigned control owner who routinely evaluates whether the control covers the risk identified, as well as the performance of the control.

Examples of control activities are authorised approval of business transactions, accounts reconciliation, analysis of income statement items and control of

the allocation of responsibility in decision-making procedures.

## Information and communication

The internal control documents are available on Dustin's intranet. Control documents relevant to accounting and financial reporting are available to the employees concerned in newly acquired companies in an electronic handbook. The control documents are reviewed at least once annually.

The internal control function reports on the results of the work on internal control during Audit Committee meetings. The results of the Audit Committee's work in the form of observations, recommendations and actions are routinely reported to the Board of Directors. The minutes from the Audit Committee are provided to the Board of Directors, and the Chairman of the Audit Committee reports on its work at the following Board meeting.

External financial reporting takes place in accordance with the relevant external and internal control instruments such as the Group's communication policy.

## Monitoring activities

The internal control function routinely monitors the effectiveness of the internal control environment through self-evaluations. Any deviations are reported to the control owner responsible for correcting the shortcomings noted.

Internal control developments are reported on a continuous basis to the Audit Committee. Furthermore, the company's auditors report their assessment of the internal control environment to the Audit Committee.

## Focus areas during the year

During the year, there was a great deal of focus on integrating the internal control environments of the acquired companies into Dustin's framework. The work included subsidiaries in the Netherlands, Denmark and Finland. As a result of Dustin's reorganisation during the year, the Group-wide delegation order was updated and communicated. Over the last two financial years, Dustin has also focused on GDPR and data privacy issues. In this connection, management has developed an internal framework for managing the internal controls in the data privacy field. The framework is maintained by Dustin's legal department and controlled by Dustin's Data Protection Officer, who in turn reports to Dustin's Board of Directors.

#### **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.

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 2017/18 Annual General Meeting and the attendance of Board members at meetings during the 2018/19 financial year are described in the table “Board of Directors during the 2018/19 financial year” on page 91 and in Note 7 Number of employees, employee benefits expense and remuneration of senior executives.

Remuneration for committee work was paid in line with the resolution of the 2017/18 Annual General Meeting (SEK 100,000 to the Chairman of the Audit Committee and SEK 50,000 to each of the other two members of the Audit Committee, and SEK 60,000 to the Chairman of the Remuneration Committee and SEK 30,000 to each of the other members of the Remuneration Committee). Board members are not entitled to any benefits after their assignments as Board members have come to an end.

#### **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 recommendations from the Remuneration Committee.

#### **Remuneration of Group Management**

During the 2018/19 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 is linked to established, individual and measurable financial targets.

During the 2018/19 financial year, the total remuneration of Group Management amounted to SEK 42.5 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 2017, LTI 2018 and LTI 2019. None of these programmes include the Board.

The Annual General Meeting on December 11, 2018 resolved to introduce a new incentive programme for senior executives (LTI 2019). The programme encompasses a total of not more than 1,323,882 warrants, of which 1,054,411 were acquired at a market value of around SEK 4.6 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.

#### **Guidelines for remuneration**

The 2017/18 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/en/guidelines-remuneration](http://www.dustingroup.com/en/guidelines-remuneration).

The 2018/19 Annual General Meeting will decide on the guidelines for remuneration of senior executives. The Board proposes guidelines whose content is essentially unchanged.

#### **Deviations from guidelines adopted by the 2017/18 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 11, 2018, have been followed and all approved remuneration was within the stipulated range.



# Board of Directors

Dustin's Board of Directors comprises seven ordinary members, including the Chairman of the Board, with no deputy members, who are elected for the period until the end of the 2018/19 Annual General Meeting.



**MIA BRUNELL LIVFORS**

Chairman of the Board since 2017. Board member since 2016.

**Born:** 1965

**Education:** Business at Stockholm University.

**Key competence:** 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, Chairman of the Board of i.a. Axel Johnson International, Axfood, Kicks and Åhléns. Board member of Martin & Servera, Stena, Svensk Handel and Efva Attling Stockholm.

**Previous assignments (in recent years):** CEO of Kinnevik.

**Shareholding\*:** -





### JOHAN FANT

Board member since 2016.

**Born:** 1959

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

**Key competence:** Johan Fant provides broad experience of retail, business operations and comprehensive knowledge of financing through his previous roles as CFO of Axel Johnson and Boliden, among other positions.

**Other current assignments:** CEO of AltoCumulus, Chairman of the Board of Perlavita. Board member of i.a. AltoCumulus Asset Management, AxFast and Novax.

**Previous assignments (in recent years):** CFO of Axel Johnson.

**Shareholding\*:** -



### MATTIAS MIKSCHE

Board member since 2006.

**Born:** 1968

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

**Key competence:** Mattias Miksche contributes extensive experience within digital enterprise though i.a. his previous role as CEO and founder of Stardoll and his current roles as board member of i.a. Avanza Bank Holding, Bubbleroom and Stratsys.

**Other current assignments:** Chairman of the board of Hem Design Studio Sweden. Board member of Avanza Bank Holding, EuroFlorist Intressenter, Bubbleroom and Stratsys. Advisor to Altor Funds.

**Previous assignments (in recent years):** Board member of Pricerunner Group and Sportamore.

**Shareholding\*:** 56,628



### CAROLINE BERG

Board member since 2016.

**Born:** 1968

**Education:** BA in Media and Psychology at Middlebury College, USA.

**Key competence:** Caroline Berg has extensive Board experience from both listed and unlisted companies in the retail and service sectors. She is also deeply knowledgeable in the areas of 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, Martin & Servera, Erik and Göran Ennerfelts fund and The Global Village Foundation. Vice chairman of the board of Nordstjernan. Board member of i.a. Axfood, Axfast, Axel and Margaret Ax:son Johnson's Foundation and Future Work Forum.

**Previous assignments (in recent years):** Director of Human Development and Communications and member of the management team of the Axel Johnson group.

**Shareholding\*:** -



### GUNNEL DUVEBLAD

Board member since 2016.

**Born:** 1955

**Education:** Systems Scientist, Umeå University.

**Key competence:** 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, Global Scanning A/S, the Ruter Dam Foundation and HiQ International. Board member positions including Sweco and Kindred Group plc.

**Previous assignments (in recent years):** Board member of i.a. PostNord, Anoto Group and Aditro Holding.

**Shareholding\*:** 2,285



### MORTEN STRAND

Board member since 2017.

**Born:** 1965

**Education:** Graduate in Business and Information Management, University of San Francisco, USA.

**Key competence:** Morten Strand contributes technical expertise, experience of the northern European SMB market and operational experience of IT, service development and sales through positions at Cint and Visma Software.

**Other current assignments:** CEO of ABAX Group, Senior Industry Advisor at Nordic Capital. Chairman of the board of EMHA Holding. Board member of ABAX AS, Teamleader BV and Dapresy.

**Previous assignments (in recent years):** CEO of Cint and COO of Visma Software International AS.

**Shareholding\*:** -



### TOMAS FRANZÉN

Board member since 2013.

**Born:** 1962

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

**Key competence:** Through his previous roles as i.a. CEO of Bonnier and Com Hem, Tomas Franzén has extensive and wide-ranging experience of leading major companies as well as solid financial knowledge.

**Other current assignments:** Chairman of the board of i.a. Bonnier Broadcasting, Bonnier News Group and Adlibris. Board member of i.a. Axel Johnson and Tieto Oy.

**Previous assignments (in recent years):** CEO of Bonnier, Com Hem, Eniro and Song Networks Holding.

**Shareholding\*:** 57,686

\* Own or related legal and/or natural persons' holdings as of August 31, 2019.

# Group Management

Dustin's Group Management includes the CEO Thomas Ekman and an additional eight senior executives with various areas of responsibility.

THOMAS EKMAN



THOMAS EKMAN

President and CEO. Employed at Dustin since 2018.

**Born:** 1969

**Education:** Master of Business Administration from Stockholm University.

**Previous assignments:** CEO of Cabonline Group, CEO of Tele2 Sweden and Board member of Com Hem.

**Other assignments:** Board member of Sportamore.

**Shareholding\*\*:** 33,500

**Warrants:** 433,591

ALEXANDRA FÜRST



JOHAN KARLSSON



MICHAEL HAAGEN PETERSEN



JENNY RING



MORTEN JAKOB



REBECCA TALLMARK



HENK MAKASKE



ALEXANDRA DREVENLID





### ALEXANDRA FÜRST

EVP IT & Digitalisation.  
Employed at Dustin since 2019.  
**Born:** 1973

**Education:** Education in Industrial Engineering and Management, Linköping University.

**Previous assignments:** EVP Business Development & IT at Wasa Kredit, VP Financial Services Sweden at Tieto.

**Shareholding\*\*:** -

**Warrants:** 30,000



### JOHAN KARLSSON

CFO & EVP Business Support. Employed at 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.

**Shareholding\*\*:** 324,903

**Teckningsoptioner:** 303,171



### MICHAEL HAAGEN PETERSEN

EVP Large Corporate & Public Nordic.  
Employed at 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 and Market Manager at Logica A/S.

**Shareholding\*\*:** 180,281

**Warrants:** 168,055



### JENNY RING

EVP Supply Chain. Employed at Dustin since 2015.  
**Born:** 1978

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

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

**Shareholding\*\*:** 2,285

**Warrants:** 77,047



### MORTEN JAKOBI

EVP People & Culture. Employed at Dustin since 2004.  
**Born:** 1975

**Education:** BA in History and Social Science from Aarhus University.

**Previous assignments:** Executive Assistant at Dustin A/S. Senior Team Manager at Computerstore A/S.

**Other assignments:** Board member of Langebjerggaard ApS, 2people A/S and Dansk HR.

**Shareholding\*\*:** 14,492

**Warrants:** 32,953



### HENK MAKASKE

EVP Large Corporate Public & SMB Netherlands. Employed at Dustin since 2018  
**Born:** 1961

**Education:** MBA from University of Groningen.

**Previous assignments:** CEO of Triade Holding and Vincere Groep bv. Board member of Tech Data Europe.

**Shareholding\*\*:** -

**Warrants:** 54,801



### REBECCA TALLMARK

EVP SMB Nordic. Employed at Dustin since 2017.  
**Born:** 1976

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

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

**Other assignments:** Board member of Giving Wings Foundation.

**Shareholding\*\*:** 64,531

**Warrants:** 154,955



### ALEXANDRA DREVENLID

EVP Services & Solutions Nordic. Employed at Dustin since 2018.  
**Born:** 1967

**Education:** KTH Royal Institute of Technology, Road and Water Department

**Previous assignments:** Chief Digital Officer at Tieto, Chief Technology Information Officer at Tele2.

**Shareholding\*\*:** -

**Warrants:** 54,801

\*\* Own or related legal and/or natural persons' holdings as of August 31, 2019.

# Consolidated income statement

SEK million	Note	18/19	17/18
<b>Continuing operations:</b>			
Net sales	3	12,535.7	10,300.5
Cost of goods and services sold	4	-10,446.3	-8,663.7
<b>Gross profit</b>		<b>2,089.3</b>	<b>1,636.8</b>
Selling and administrative expenses	4, 6, 7, 8	-1,594.3	-1,183.3
Items affecting comparability	5	3.5	1.0
Other operating income		7.6	6.8
Other operating expenses		-17.1	-17.5
<b>EBIT</b>		<b>489.1</b>	<b>443.8</b>
Financial income and other similar income-statement items	9	0.8	1.1
Financial expenses and other similar income-statement items	9	-45.0	-60.3
<b>Profit after financial items</b>		<b>444.9</b>	<b>384.6</b>
Tax	10	-88.7	-79.4
<b>Net profit for the year attributable in its entirety to Parent Company shareholders</b>		<b>356.2</b>	<b>305.1</b>
<b>Other comprehensive income (all items will be transferred to the income statement)</b>			
Translation differences		-43.4	115.3
Cash-flow hedging		39.0	-128.5
Tax		-8.6	28.2
<b>Other comprehensive income</b>		<b>-13.0</b>	<b>15.0</b>
<b>Comprehensive income for the year attributable in its entirety to Parent Company shareholders</b>			
Earnings per share before dilution (SEK)	11	4.12	3.91
Earnings per share after dilution (SEK)	11	4.11	3.89

# Consolidated balance sheet

SEK million	Note	Aug 31, 2019	Aug 31, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	12	3,839.8	3,221.7
Other intangible assets attributable to acquisitions	12	641.5	572.0
Other intangible assets	12	133.0	127.0
Tangible assets	13	105.7	91.7
Divestment-related receivables	14, 19	1.6	1.6
Deferred tax assets	15	5.5	2.1
Derivative instruments	16, 19	0.6	2.0
Other non-current assets		17.9	16.2
<b>Total non-current assets</b>		<b>4,745.6</b>	<b>4,034.1</b>
<b>Current assets</b>			
Inventories	17	465.7	395.8
Accounts receivable	18, 19	1,460.4	1,272.6
Derivative instruments	16, 19	1.4	0.2
Tax assets		45.8	9.0
Other receivables	19	31.3	14.4
Prepaid expenses and accrued income	18	236.8	168.3
Divestment-related receivables	14, 19	—	5.0
Cash and cash equivalents	20	281.3	277.6
<b>Total current assets</b>		<b>2,522.7</b>	<b>2,143.0</b>
<b>TOTAL ASSETS</b>		<b>7,268.3</b>	<b>6,177.1</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	21	443.2	386.1
Other contributed capital		1,095.6	443.0
Reserves		8.2	21.2
Retained earnings including net profit for the year		913.2	796.2
<b>Total equity (attributable to Parent Company shareholders in its entirety)</b>		<b>2,460.3</b>	<b>1,646.6</b>
<b>Non-current liabilities</b>			
Deferred tax and other long-term provisions	15	235.6	186.5
Liabilities to credit institutions	19, 22	2,006.1	1,984.8
Acquisition-related liabilities	14, 19, 23	—	202.5
Derivative instruments	16, 19	24.1	7.3
<b>Total non-current liabilities</b>		<b>2,265.8</b>	<b>2,381.1</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	19, 22	—	12.6
Accounts payable	19, 22	1,712.3	1,568.5
Tax liabilities	15, 19	10.2	20.0
Derivative instruments	16, 19	0.7	0.1
Other current liabilities	19, 22	214.2	162.7
Acquisition-related liabilities	14, 19, 23	244.8	73.9
Accrued expenses and deferred income	24	360.0	311.8
<b>Total current liabilities</b>		<b>2,542.3</b>	<b>2,149.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,268.3</b>	<b>6,177.1</b>

# Consolidated statement of changes in equity

SEK million	Equity attributable to Parent Company shareholders					
	Share capital	Contributed capital	Translation reserve	Hedge reserve	Retained earnings	Total equity
						Other
<b>Opening balance, Sep 1, 2018</b>	<b>386.1</b>	<b>443.0</b>	<b>127.3</b>	<b>-106.1</b>	<b>796.2</b>	<b>1,646.6</b>
Net profit for the year	—	—	—	—	356.2	356.2
<b>Other comprehensive income</b>						
Translation differences	—	—	-43.4	—	—	-43.4
Cash-flow hedging, changes in fair value	—	—	—	39.0	—	39.0
Tax attributable to cash-flow hedges	—	—	—	-8.6	—	-8.6
<b>Total other comprehensive income</b>	<b>—</b>	<b>—</b>	<b>-43.4</b>	<b>30.4</b>	<b>—</b>	<b>-13.0</b>
<b>Total comprehensive income</b>	<b>—</b>	<b>—</b>	<b>-43.4</b>	<b>30.4</b>	<b>356.2</b>	<b>343.2</b>
Dividends to shareholders	—	—	—	—	-239.2	-239.2
Holdings of own warrants	—	—	—	—	—	—
New share issue	57.1	663.3	—	—	—	720.4
Issue costs	—	-14.2	—	—	—	-14.2
Subscription with the support of warrants	—	3.5	—	—	—	3.5
<b>Total transactions with shareholders</b>	<b>57.1</b>	<b>652.6</b>	<b>—</b>	<b>—</b>	<b>-239.2</b>	<b>470.5</b>
<b>Closing balance, Aug 31, 2019</b>	<b>443.2</b>	<b>1,095.6</b>	<b>83.9</b>	<b>-75.6</b>	<b>913.2</b>	<b>2,460.3</b>

SEK million	Equity attributable to Parent Company shareholders					
	Share capital	Contributed capital	Translation reserve	Hedge reserve	Retained earnings	Total equity
						Other
<b>Opening balance, Sep 1, 2017</b>	<b>380.9</b>	<b>393.7</b>	<b>12.0</b>	<b>-5.8</b>	<b>704.3</b>	<b>1,485.1</b>
Net profit for the year	—	—	—	—	305.1	305.1
<b>Other comprehensive income</b>						
Translation differences	—	—	115.3	—	—	115.3
Cash-flow hedging, changes in fair value	—	—	—	-128.5	—	-128.5
Tax	—	—	—	28.2	—	28.2
<b>Total other comprehensive income</b>	<b>—</b>	<b>—</b>	<b>115.3</b>	<b>-100.3</b>	<b>—</b>	<b>15.0</b>
<b>Total comprehensive income</b>	<b>—</b>	<b>—</b>	<b>115.3</b>	<b>-100.3</b>	<b>305.1</b>	<b>320.1</b>
Dividends to shareholders	—	—	—	—	-213.3	-213.3
Holdings of own warrants	—	-5.9	—	—	—	-5.9
New share issue	5.3	50.1	—	—	—	55.4
Subscription with the support of warrants	—	5.1	—	—	—	5.1
<b>Total transactions with shareholders</b>	<b>5.3</b>	<b>49.3</b>	<b>—</b>	<b>—</b>	<b>-213.3</b>	<b>-158.7</b>
<b>Closing balance, Aug 31, 2018</b>	<b>386.1</b>	<b>443.0</b>	<b>127.3</b>	<b>-106.1</b>	<b>796.2</b>	<b>1,646.6</b>

# Consolidated statement of cash flow

SEK million	Note	18/19	17/18
<b>Operating activities</b>			
EBIT		489.1	443.8
Adjustment for non-cash items	25	66.9	51.7
Interest received		0.8	1.1
Interest paid		-38.8	-34.6
Income tax paid		-127.7	-99.8
<b>Cash flow from operating activities before changes in working capital</b>		<b>390.2</b>	<b>362.3</b>
Decrease (+)/increase (-) in inventories		-62.2	-87.1
Decrease (+)/increase (-) in receivables		-199.5	21.8
Decrease (-)/increase (+) in current liabilities		135.5	451.0
<b>Cash flow from changes in working capital</b>		<b>-126.2</b>	<b>385.7</b>
<b>Cash flow from operating activities</b>		<b>264.0</b>	<b>747.9</b>
<b>Investing activities</b>			
Acquisition of intangible assets		-37.3	-27.2
Acquisition of tangible assets		-42.1	-24.9
Acquisition of operations	23	-536.1	-1,023.0
Divestment of operations		5.0	1.5
Contingent earn-out paid	23	-31.2	-53.7
<b>Cash flow from investing activities</b>		<b>-641.8</b>	<b>-1,127.4</b>
<b>Financing activities</b>			
New share issue		680.8	—
Cash flow from LTI programme		28.9	54.6
New loans raised		—	2,165.0
Repayment of loans		-71.9	-1,383.6
Paid liabilities start-up costs		-0.6	-8.4
Dividends		-239.2	-213.3
Change in financial leasing liabilities		-4.8	-3.6
<b>Cash flow from financing activities</b>		<b>393.2</b>	<b>610.8</b>
<b>Cash flow for the year</b>		<b>15.5</b>	<b>231.3</b>
<b>Cash and cash equivalents at the start of the year</b>		<b>277.6</b>	<b>71.5</b>
Cash flow for the year		15.5	231.3
Exchange-rate differences in cash and cash equivalents		-11.8	-25.1
<b>Cash and cash equivalents at the end of the year</b>		<b>281.3</b>	<b>277.6</b>

# Parent Company income statement

SEK million	Note	18/19	17/18
Net sales		0.4	0.4
<b>Net sales</b>	P1	<b>0.4</b>	<b>0.4</b>
<b>Operating expenses</b>	P1		
Selling and administrative expenses	P2, P3	-6.7	-11.8
Other operating expenses		0.0	-0.1
<b>EBIT</b>		<b>-6.3</b>	<b>-11.5</b>
Financial income and other similar income-statement items	P4	47.7	314.2
Financial expenses and other similar income-statement items	P4	-59.5	-187.6
<b>Profit after financial items</b>		<b>-18.1</b>	<b>115.1</b>
Appropriations	P5	213.5	269.4
Tax	P6	-29.8	-18.7
<b>Net profit for the year</b>		<b>165.6</b>	<b>365.9</b>

# Parent Company statement of comprehensive income

SEK million	18/19	17/18
Net profit for the year	165.6	365.9
Other comprehensive income	—	—
<b>Comprehensive income for the year</b>	<b>165.6</b>	<b>365.9</b>

# Parent Company balance sheet

SEK million	Note	Aug 31, 2019	Aug 31, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Participations in Group companies	P7	1,211.6	1,211.6
<b>Total non-current assets</b>		<b>1,211.6</b>	<b>1,211.6</b>
<b>Current assets</b>			
Receivables from Group companies	P15	2,254.3	1,543.3
Tax assets		32.8	—
Prepaid expenses and accrued income	P8	2.2	0.8
Cash and bank balances	P9	201.2	247.0
<b>Total current assets</b>		<b>2,490.4</b>	<b>1,791.1</b>
<b>TOTAL ASSETS</b>		<b>3,702.0</b>	<b>3,002.7</b>
<b>Equity and liabilities</b>			
<b>Restricted equity</b>	P10		
Share capital		443.2	386.1
<b>Total restricted equity</b>		<b>443.2</b>	<b>386.1</b>
<b>Non-restricted equity</b>	P10		
Share premium reserve		1,087.3	438.3
Retained earnings		-191.8	-322.0
Net profit for the year		165.6	365.9
<b>Total non-restricted equity</b>		<b>1,061.1</b>	<b>482.1</b>
<b>Total equity</b>		<b>1,504.3</b>	<b>868.2</b>
Untaxed reserves	P11	182.8	137.7
<b>Non-current liabilities</b>			
Liabilities to credit institutions	P12	2,006.1	1,984.8
<b>Total non-current liabilities</b>		<b>2,006.1</b>	<b>1,984.8</b>
<b>Current liabilities</b>			
Accounts payable	P12	0.0	0.0
Tax liabilities	P12	—	6.6
Other current liabilities	P12	0.3	0.4
Accrued expenses and deferred income	P13	8.3	5.0
<b>Total current liabilities</b>		<b>8.7</b>	<b>12.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,702.0</b>	<b>3,002.7</b>

# Parent company statement of changes in equity

SEK million	Equity attributable to Parent Company shareholders			Total equity
	Share capital	Share premium reserve	Retained earnings	
<b>Opening balance, Sep 1, 2018</b>	<b>386.1</b>	<b>438.3</b>	<b>43.8</b>	<b>868.2</b>
Net profit for the year	–	–	165.6	165.6
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>165.6</b>	<b>165.6</b>
Dividends	–	–	-239.2	-239.2
New share issue	57.1	663.3	–	720.4
Issue costs	–	–	-14.2	-14.2
Subscription with the support of warrants	–	–	3.5	3.5
<b>Total transactions with shareholders</b>	<b>57.1</b>	<b>663.3</b>	<b>-84.3</b>	<b>636.1</b>
<b>Closing balance, Aug 31, 2019</b>	<b>443.2</b>	<b>1,101.5</b>	<b>-40.5</b>	<b>1,504.3</b>

SEK million	Equity attributable to Parent Company shareholders			Total equity
	Share capital	Share premium reserve	Retained earnings	
<b>Opening balance, Sep 1, 2017</b>	<b>380.9</b>	<b>388.1</b>	<b>-113.8</b>	<b>655.2</b>
Net profit for the year	–	–	365.9	365.9
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>365.9</b>	<b>365.9</b>
Dividends	–	–	-213.3	-213.3
New share issue	5.3	50.1	–	55.4
Issue costs	–	–	–	–
Subscription with the support of warrants	–	–	5.1	5.1
<b>Total transactions with shareholders</b>	<b>5.3</b>	<b>50.1</b>	<b>157.6</b>	<b>213.0</b>
<b>Closing balance, Aug 31, 2018</b>	<b>386.1</b>	<b>438.3</b>	<b>43.8</b>	<b>868.2</b>

# Parent Company statement of cash flow

SEK million	Note	18/19	17/18
<b>Operating activities</b>			
EBIT		-6.3	-11.5
Adjustment for non-cash items	P14	258.7	297.7
Interest received		0.9	14.2
Interest paid		-37.4	-29.8
Income tax paid		-69.2	-56.6
<b>Cash flow from operating activities before changes in working capital</b>		<b>146.7</b>	<b>214.0</b>
Decrease (+)/increase (-) in receivables		-712.5	-920.6
Decrease (-)/increase (+) in current liabilities		3.3	2.3
<b>Cash flow from changes in working capital</b>		<b>-709.2</b>	<b>-918.3</b>
<b>Cash flow from operating activities</b>		<b>-562.5</b>	<b>-704.3</b>
<b>Financing activities</b>			
New share issue		680.8	—
Cash flow from LTI programme		28.9	60.5
New loans raised		—	2,153.2
Repayment of loans		—	-1,383.6
Paid liabilities start-up costs	P12	-0.6	-8.4
Dividends received		46.8	300.0
Dividends		-239.2	-213.3
<b>Cash flow from financing activities</b>		<b>516.7</b>	<b>908.4</b>
<b>Cash flow for the year</b>		<b>-45.8</b>	<b>204.1</b>
<b>Cash and cash equivalents at the start of the year</b>		<b>247.0</b>	<b>42.9</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>201.2</b>	<b>247.0</b>

## Note 1 Significant accounting policies

*The consolidated financial statements for Dustin have been prepared in accordance with the Swedish Annual Accounts Act and International Financial Reporting Standards (IFRS) as adopted by the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups is applied in respect of Swedish conditions. 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 14, 2019. The consolidated and Parent Company income statements and balance sheets will be adopted by the Annual General Meeting on December 11, 2019.*

### Valuation basis in the preparation of the financial statements

Assets and liabilities are recognised at historical cost, except for certain financial assets and liabilities that are measured at fair value. Financial assets and liabilities measured at fair value consist of derivative instruments and acquisition-related earn-outs.

### Functional currency and presentation currency

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.

### Classification of current and non-current items

Assets and liabilities are allocated as current or non-current. Non-current assets and liabilities consist primarily of assets and liabilities that are expected to fall due for payment more than 12 months after the balance-sheet date. Current receivables and liabilities consist primarily of assets and liabilities that are expected to fall due for payment more than 12 months after the balance-sheet date.

### Estimates and assessments in the financial statements

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 and are regularly reviewed. The actual outcome may differ from these estimates and assumptions, but not significantly. 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, 2018 had any material impact on the financial statements for the Group or the Parent Company.

### IFRS 15 Revenue from Contracts with Customers

The standard deals with the recognition of revenue from contracts with customers. The new standard replaces IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations. The standard became effective for financial years beginning on or after January 1, 2018, which for Dustin means the Group applied IFRS 15 for the first time as of the financial year that began on September 1, 2018.

Dustin has chosen to apply the standard with full retrospective application, which means the cumulative effect when transitioning to IFRS 15 was recognised in retained earnings at September 1, 2017 and comparative figures have been restated.

The introduction of IFRS 15 has not resulted in any changes to the timing of the recognition of Dustin's revenue, as Dustin's earlier principles for revenue recognition in all material respects comply with the new standard. No items in the income statement or balance sheet were impacted.

Practical solutions have been used with retrospective application in accordance with IFRS 15. These are:

- The Group does not state the amount of the transaction price given to the remaining performance obligation and an explanation of when Dustin expects to recognise the amount as income in the income statement for the previous financial year (17/18).
- Subsequent expenditure to obtain a contract has been recognised by the Group as an expense when this arises if the depreciation period for the asset that Dustin would otherwise have recognised is less than one year.
- The Group has not adjusted the promised transaction price for the effects of a significant financing component when Dustin expects, when entering into the agreement, that the period between the date of the transfer of the promised good or service to a customer and the date when the customer pays for the good or service is one year or less.

### IFRS 9 Financial Instruments

The standard replaces IAS 39 Financial Instruments: Recognition and Measurement, became effective for financial years beginning on or after January 1, 2018, which for Dustin means the financial year that began on September 1, 2018.

The standard contains rules for classification and measurement of financial assets and liabilities, impairment of financial instruments and hedge accounting. Dustin has elected to apply the exemption, which means that comparable information for prior periods will not be restated with respect to changes in classification and measurement.

IFRS 9 contains three classification categories for financial assets: Measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss. The earlier IAS 39 categories – held-to-maturity investments, loans and receivables, and available-for-sale financial assets – are no longer used. Dustin's measurement of financial assets has not changed as a result of the introduction of IFRS 9 as the measurement basis was already amortised cost or fair value.

The new standard entails changes in the principle for impairment of expected credit losses. Dustin has

calculated and is of the opinion that the effect of the changes in principle will not have any material impact on the financial statements.

Furthermore, Dustin deems the types of hedge relationship for hedge accounting fulfil the requirements of IFRS 9 and are thus not expected to have any impact on the financial statements.

### IFRS 16 Leases

IFRS 16 Leases is a new standard regarding recognition of leases, that replaced the existing standard IAS 17. This standard, which encompasses the recognition of lease agreements, comes into effect on January 1, 2019, which for Dustin means the financial year beginning September 1, 2019. The classification model as stated in IAS 17 Leases whereby assets and liabilities for all leases are recognised in the balance sheet, disappears for lessees.

The Group will apply the modified retrospective transition method. That means that the cumulative effect of adopting IFRS 16 will be recognised in the opening balance on September 1, 2019 with no restatement of comparative figures. Identified leases under IFRS 16 mainly relate to buildings (offices and warehouse), transportation (vehicles and forklifts) and other equipment (such as IT and machinery). Leases of low value and with a term of not more than 12 months are not included in the right-of-use assets or lease liabilities. The present value of the future operating lease fees, discounted using the marginal loan interest rate at September 1, 2019, will be recognised as an interest-bearing liability with a corresponding use-of-right asset.

Marginal loan interest rates are decided on the basis of country and class of asset and taking into account each period of contract. The lease term is established as the non-cancellable lease term. In material contracts, account will also be taken of options for renewal or termination, in cases where it is reasonably certain that this option will be used.

The opening balance as of September 1, 2019 regarding utilization rights and lease liabilities amounts to SEK 342 million. Dustin's financial statements will be impacted by this standard. EBITDA is expected to rise as lease expenses will partly be recognised as depreciation. Net debt will increase considerably due to the increase in lease liabilities. Cash flow from operating activities will increase and cash flow from financing activities will decrease.

## 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's operations are divided into three business segments: SMB (Small and Medium-sized Businesses), LCP (Large Corporate and Public Sector) and B2C (Business to Consumer). 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.

## 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. 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 prepared 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 as revenue in the income statement. Transaction costs directly attributable to the acquisition are expensed continuously and are recognised under items affecting comparability. Any contingent earn-out to be paid after the acquisition date is recognised as a liability at fair value. Measurement is subsequently 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. For more information on items affecting comparability, refer to the section on items affecting comparability below.

### 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.

Exchange-rate differences attributable to operating assets and liabilities are recognised in profit or loss under Other operating income or Other operating expenses.

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 117.

### **Net sales**

Net sales include income measured at the transaction price that has been or is expected to be received for sold goods and services, excluding VAT after eliminating intra-Group sales and after taking into account variable remuneration such as the expected value of volume discounts. The expected value of volume discounts is based on historical data and is recognised as a liability and as a reduction in revenue.

Dustin believes the use of the right of return has had a marginal impact on revenue historically and accordingly no loss allowance for the impact of returns has been made and separate information relating to returns is deemed unnecessary.

Dustin's sales include the sale of IT products and advanced products and services to businesses (B2B) in the SMB (Small and Medium-sized Businesses) segment, and LCP (Large Corporate and Public Sector) as well as consumers (B2C).

Income is recognised in profit or loss when Dustin fulfils a performance obligation by transferring a good or service to a customer. Invoicing takes place in conjunction with the delivery and the normal payment period is 20-30 days.

Guarantees offered as optional extras for a product where Dustin is the reseller entail no extra performance obligation as guarantees are provided by other suppliers.

Dustin primarily recognises income from the following income streams:

#### ***Sales of hardware***

Sales of hardware comprise the largest share of the Group's total income. Income is recognised at the point in time that control of the product is passed to the customer. This occurs when the product is delivered to the carrier if the customer is a company (B2B) and when the product is delivered by the carrier if the customer is a consumer (B2C).

#### ***Sales of licenses***

Dustin is the reseller of licenses and does not sell its own licenses to customers. Depending on the type of software license sold, Dustin has identified customer contracts in which Dustin is the principal, but acts as agent in other contracts.

When Dustin is the principal, the performance obligation is considered to be fulfilled at the point

in time that control of the license is passed to the customer, which is typically upon delivery.

When Dustin acts as agent, the performance obligation consists of Dustin's mediation of the sale between the supplier and the customer and Dustin receives commission income. Commission income is recognised when the obligation to mediate the sale is met, which is typically when the license is delivered to the customer.

#### ***Consulting services***

Dustin has consultants who perform services on cost-plus contracts or at fixed prices.

For consulting services on cost-plus contracts, the performance obligation can be considered fulfilled as the customer receives and uses the benefits provided. This takes place when Dustin fulfils the obligations specified in the contract, which is normally when the consulting hours have been delivered.

For fixed prices services, income is typically recognised when the assignment stipulated in the contract is completed.

#### ***Income from bundled services***

To recognise income for various bundled services, an assessment is made of whether a service and hardware/license is to be deemed a performance obligation or if the service and hardware/license is to be recognised separately. The assessment is based on whether the customer can benefit from the hardware/license separately from the service and if it is possible to separate the service from the hardware/license in the contract with the customer.

The main part of bundled services comprises separate performance obligations where the service and hardware are recognised separately. Income from the hardware is recognised when control is passed to the customer, meaning upon delivery of the hardware, and the service is recognised over time as the customer benefits from the service. The transaction price is allocated to each performance obligation based on the specification in the contract.

Dustin also has certain contracts with customers where the service and hardware/license is considered to be a performance obligation and is recognised on a continuous basis over the contract period pertaining to the performance obligation.

### **Cost of goods and services sold**

The cost of goods and services sold includes the purchase price, customs, other taxes, distribution costs, 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.

Dustin has utilised the practical solution available in IFRS 15 that allows a company to recognise subsequent expenditure to obtain a contract as an expense when this arises if the period of amortisation for the asset that Dustin would otherwise have recognised is not more than one year.

### **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.

### **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 financial liabilities.

### **Operating leases**

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

### **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.

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.

### **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 and 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 and whenever there is an indication of a decline in value per cash-generating unit. 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 as an expense and is never reversed.

Cash-generating units coincide with the business segments:

- B2C: Business to Consumer
- LCP: Large Corporate and Public Sector
- SMB: Small and Medium-sized Businesses

The cash-generating units to which goodwill has been allocated are impairment tested by comparing the carrying amount of the unit, including goodwill, with the unit's recoverable amount of operating capital including goodwill. Operating capital is defined as the net of joint 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.

The valuation is based on Dustin's 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 value (the difference between the recoverable amount and the carrying amount) is sufficient.

#### **Other intangible assets**

Other intangible assets consist of acquired customer relationships and capitalised IT expenditure 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 expenditure for the integrated IT platform (refer to definitions) is only applied to systems that Dustin considers strategic long-term systems. Expenditure for other systems are expensed immediately. Capitalised IT expenditures consist of:

- System development and upgrades that improve system functionality. These activities include functional and technical design, upgrades, development/configuration, deployment, migration and project management of said activities within the framework of the architecture principles.
- Costs to develop the use of the IT platforms in new parts of the organisation.

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:

#### ***Attributable to acquisitions:***

Customer relationships	3–10 years
Technology	3–5 years

#### ***IT platforms:***

ERP platform	3–15 years
Web platform	3–6 years
Other technology	2–4 years

#### ***Other items:***

Licenses	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 when control has been transferred to the purchaser.

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

### 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. 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 averaging approach is considered to yield a safe 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.

### Receivables

Contract assets and accounts receivable are recognised at the transaction price on initial recognition while other receivables are measured at fair value plus directly attributable transaction costs. Contract assets, other receivables and accounts receivable are subsequently recognised at amortised cost less any impairment. As of the current financial year, impairment losses are based on expected credit losses and recognised in profit or loss under administrative expenses. For accounts receivable and contract assets,

Dustin applies the simplified approach under IFRS 9 that entails the measurement of the loss allowance to an amount corresponding to the expected credit losses for the remaining time to maturity regardless of whether or not the credit is credit-impaired. Receivables are included in the balance sheet when Dustin has fulfilled an obligation and when the right to remuneration is unconditional but has not been received. 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. Cash and cash equivalents are measured at amortised cost. 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. For more information about equity, refer to Note 21 Equity.

### 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

#### Pension plans

The Group only has defined-contribution pension plans, meaning 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 on a continuous basis as expenses for employee benefits. 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. When the hedge is realised, the realised portion is reversed to profit or loss for interest-rate derivatives and to the carrying amount of the purchased balance-sheet item for hedged purchases of foreign currency.

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.

Under IFRS 9, hedge accounting is 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 Financial 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.

In accordance with Article 403, Book 2 of the Civil Code of the Netherlands, the Company has guaranteed the liabilities of a certain Dutch majority-owned subsidiary. Separate financial statements of this subsidiary are therefore not filed at the Trade Register of the Chamber of Commerce in the Netherlands. At August 31, 2019, a 403-statement has been issued for the following company: Switch IT Solutions B.V.

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

### Amended and new accounting policies

The new standard IFRS 15 Revenue from Contracts with Customers has no impact on the Parent Company's recognition of income. IFRS 9 Financial instruments,

which replaces IAS 39, has not been applied by the Parent Company except for the requirements found in RFR2. The Parent Company has current receivables from Group companies that are subject to the new rules concerning impairment in IFRS 9. As these receivables are intra-Group and will be settled shortly after the balance-sheet date, no provision has been recognised for expected credit losses in the Parent Company.

In the Parent Company, Dustin has also chosen to apply the exemption available in RFR2 from applying IFRS 16 in a legal entity.

### Financial instruments

The Parent Company does not apply IFRS 9 Financial Instruments. Financial instruments are recognised at cost in accordance with the Annual Accounts Act. Unlike the Group, the Parent Company does not apply hedge accounting to net investments in foreign subsidiaries. This means the Parent Company's income statement recognises the exchange-rate effect of loans in foreign currency. In accordance with Dustin's Financial 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.

Shares in subsidiaries are recognised according to the cost method. The Parent Company's carrying amounts for subsidiaries are tested when there is an indication of a decline in value.

### 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 management's established financial plan. Changes to these could have a material effect on the recoverable amount. The most significant assumption are outlined in Note 12 Intangible assets and Note 23 Acquisition of businesses. 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 estimated 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 of businesses.

**Note 3 Business segments and sales by geographic area**

<b>Net sales</b>	<b>18/19</b>	<b>17/18</b>	<b>By geographic area</b>	<b>Net sales</b>		<b>Assets*</b>	
				<b>18/19</b>	<b>17/18</b>	<b>Aug 31 2019</b>	<b>Aug 31 2018</b>
LCP	6,376.8	5,284.1	Sweden	5,514.5	5,152.8	1,878.6	1,876.5
SMB	5,532.9	4,375.1	Finland	1,771.0	1,631.0	660.3	366.8
B2C	625.9	641.2	Denmark	2,507.3	1,638.5	907.6	538.3
<b>Total net sales</b>	<b>12,535.7</b>	<b>10,300.5</b>	The Netherlands	869.1	167.6	796.2	738.5
<b>Segment results</b>			Norway	1,873.8	1,710.5	477.4	492.2
LCP	359.4	330.5	<b>Total</b>	<b>12,535.7</b>	<b>10,300.5</b>	<b>4,720.1</b>	<b>4,012.3</b>
SMB	584.4	508.2					
B2C	36.7	31.5					
<b>Segment results</b>	<b>980.5</b>	<b>870.2</b>					
Central functions	-420.7	-369.5					
<b>Adjusted EBITA</b>	<b>559.7</b>	<b>500.7</b>					
<b>Segment margin</b>							
LCP, segment margin (%)	5.6	6.3					
SMB, segment margin (%)	10.6	11.6					
B2C, segment margin (%)	5.9	4.9					
Costs for central functions, excluding items affecting comparability in relation to net sales (%)	-3.4	-3.6					
<b>Reconciliation with EBIT</b>							
Items affecting comparability	3.5	1.0					
Amortisation and impairment of intangible assets	-74.1	-57.8					
<b>EBIT, Group</b>	<b>489.1</b>	<b>443.8</b>					
Financial income and other similar income-statement items	0.8	1.1					
Financial expenses and other similar income-statement items	-45.0	-60.3					
<b>Profit after financial items, Group</b>	<b>445.0</b>	<b>384.6</b>					

\* Assets excluding divestment-related receivables, deferred tax assets, derivative instruments and other assets. Operations in the Netherlands were acquired in the final quarter of 17/18 thereof the marked increase in net sales compared with the full-year 18/19. The increase in Denmark is attributable to a growth in sales in the LCP segment.

Dustin's operations were previously divided into two business segments: B2B and B2C, but since the 17/18 financial year a decision was taken to divide B2B into two segments: LCP (Large Corporate and Public Sector) and SMB (Small and Medium-sized Businesses) and to retain B2C. Within LCP and SMB, 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 LCP and SMB segments, 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 three 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**

	<b>18/19</b>	<b>17/18</b>
Cost of goods and services sold from suppliers	10,174.6	8,604.1
Personnel costs included in cost of goods and services sold	271.7	59.5
<b>Cost of goods and services sold</b>	<b>10,446.3</b>	<b>8,663.7</b>
Personnel costs	1,017.9	870.7
Amortisation/depreciation of tangible and intangible assets	115.5	78.4
Other selling and administrative expenses including items affecting comparability	457.4	233.2
<b>Selling and administrative expenses including items affecting comparability</b>	<b>1,590.8</b>	<b>1,182.3</b>
<b>Total</b>	<b>12,037.1</b>	<b>9,845.9</b>

The item cost of goods and services sold from suppliers above refers to direct costs for purchases of goods and direct costs related to the delivery of services. Personnel costs included in cost of goods and services sold refers to personnel costs that are directly attributable to the provision of a service. Personnel costs that are not directly related to the provision of a service are included in the item Selling and administrative expenses 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**

	<b>18/19</b>	<b>17/18</b>
Acquisition and divestment-related expenses	-26.2	-20.2
Recruitment costs, senior executives	-	-2.9
Change in value of acquisition-related liabilities	48.1	23.7
Costs for launch of online retail	-18.4	-
Gain attributable to divestment of operations	-	0.4
<b>Total</b>	<b>3.5</b>	<b>1.0</b>

Items affecting comparability for the year amounted to SEK 4 million (1) and mainly comprised costs of SEK 26 million (20) for acquisitions implemented during the year and positive effects from the adjustments to performance-based earn-outs of SEK 48 million (24). Costs for the development of the IT platform to support online retail in the Netherlands amounted to SEK 18 million (-).

Costs for acquisitions and divestments primarily pertained to payments to consultants and attorneys for financial and legal advisory services in conjunction with acquisitions and divestments. The value change for the year in acquisition-related liabilities is attributable to previously completed acquisitions. The change mainly concerns the acquisition of Core and Norriq, where the liability for the earn-out to Core has been revalued to a higher value of SEK 17 million at the same time as a write-down was recognised regarding Norriq of SEK 63 million. For more information on acquisition-related liabilities, refer to Note 14 Acquisition and divestment-related assets and liabilities.

**Note 6 Auditor's remuneration and expenses**

	18/19	17/18
<b>Ernst &amp; Young AB</b>		
Audit assignment	3.6	3.0
Audit activities other than audit assignment	1.3	1.4
Tax consultations	0.0	0.1
Other services	0.2	–
<b>Total</b>	<b>5.0</b>	<b>4.5</b>
<b>Other auditing firms</b>		
Audit assignment	–	0.2
<b>Total</b>	<b>5.0</b>	<b>4.7</b>

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 audit of the company's Corporate Responsibility Report.

For the 17/18 and 18/19 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	18/19			17/18		
	Women	Men	Total	Women	Men	Total
<b>Subsidiaries</b>						
Sweden	205	570	<b>776</b>	169	540	<b>709</b>
Norway	29	134	<b>163</b>	27	126	<b>153</b>
Finland	37	126	<b>163</b>	26	82	<b>108</b>
Denmark	27	144	<b>171</b>	20	105	<b>125</b>
The Netherlands	45	327	<b>371</b>	8	49	<b>57</b>
<b>Total in the Group</b>	<b>343</b>	<b>1,301</b>	<b>1,644</b>	<b>250</b>	<b>902</b>	<b>1,152</b>

**Distribution of Board members and senior executives at the balance-sheet date**

	18/19			17/18		
	Women	Men	Total	Women	Men	Total
Board members	3	4	<b>7</b>	3	4	<b>7</b>
Group Management, including CEO	4	5	<b>9</b>	4	6	<b>10</b>
<b>Total</b>	<b>7</b>	<b>9</b>	<b>16</b>	<b>7</b>	<b>10</b>	<b>17</b>

## 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	CEO and Group Management*	18/19		
		of which, CEO Thomas Ekman	Other employees	Total
Salaries and other remuneration	29.4	7.1	961.4	<b>990.8</b>
of which, variable remuneration	7.4	2.0	53.6	<b>61.0</b>
Social security expenses	13.1	3.7	285.7	<b>298.8</b>
of which, pension costs	5.9	1.5	86.9	<b>92.8</b>
<b>Total</b>	<b>42.5</b>	<b>10.8</b>	<b>1,247.1</b>	<b>1,289.6</b>

\*Remuneration of the senior executive in the Netherlands is paid through invoicing from a self-owned company.

Salaries and other remuneration of the CEO, Group Management and other employees	CEO and Group Management	17/18		
		of which, CEO Thomas Ekman from Jan 1, 2018	of which, CEO Georgi Ganev until Dec 31, 2017	Other employees
Salaries and other remuneration	28.2	5.8	3.3	673.7
of which, variable remuneration	9.5	2.5	1.4	26.1
Social security expenses	12.4	2.8	1.4	215.9
of which, pension costs	4.8	1.0	0.4	63.7
<b>Total</b>	<b>40.6</b>	<b>8.6</b>	<b>4.7</b>	<b>889.6</b>
				<b>930.2</b>

## 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 11, 2019, 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](http://www.dustingroup.com).

### Board members

Remuneration and fees that were approved for 2018/19 are described in the table "Board remuneration". During the 2018/19 financial year, separate remuneration was paid for committee work, as resolved by the Annual General Meeting on December 11, 2018.

### CEO and other Group Management

Remuneration of the CEO Thomas Ekman comprises fixed salary, pension and other standard benefits, as

well as variable remuneration. The CEO is entitled to a fixed annual salary of SEK 5,280,000 and annual variable remuneration of a maximum of 60 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. The CEO has 12 months' notice of termination from the company and six months' notice on his/her own initiative.

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. In the event of termination of other Group Management by the company, the notice of termination is a maximum of 12 months. In the event of termination of other senior executives on their own initiative, the notice of termination is six months.

## Note 7

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

**Long-term incentive programme**

At the Annual General Meeting on December 11, 2018, the shareholders resolved to adopt a long-term incentive programme (LTI 2019) 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 1,054,411 warrants and also includes synthetic options. The duration period for the warrants is 3.5 years. There are also two long-term incentive programmes from prior years (LTI 2017 and LTI 2018) that encompass a total of 1,159,996 and 866,713 warrants, respectively, with a duration period of 3.5 years. Full exercise of the

warrants would result in a dilution of approximately 3.1 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.

The long-term incentive programme LTI 2016 was exercised in full by participants during the financial year, and the number of shares thus increased 388,480. The exercise price per warrant was SEK 65.20 and as a result, the share capital increased by SEK 2 million and the share premium reserve by SEK 23 million.

Programme	Period of utilisation	Outstanding warrants*	Exercise price, SEK**	Dilution on full exercise
LTI 2019	Jan 30, 2022–Jun 30, 2022	1,054,411	96.7	0.9%
LTI 2018	Jan 30, 2021–Jun 30, 2021	866,713	87.1	1.0%
LTI 2017	Jan 30, 2020–Jun 30, 2020	1,159,996	72.4	1.2%
<b>Total</b>		<b>3,081,120</b>		<b>3.1%</b>

\* The number of shares that each warrant entitles to subscribe for has been adjusted by factor 1.02 regarding LTI 2017 and LTI 2018 after the rights issue completed in 2018.

\*\* The exercise price for the LTI 2017 and LTI 2018 programmes have been adjusted for the rights issue during its term.

Participant	Number of warrants to exercise per programme		
	LTI 2019	LTI 2018	LTI 2017
CEO Thomas Ekman	219,204	189,387	25,000
Other Group Management	383,806	201,969	290,008
Other participants	451,401	475,357	606,339
Holdings of own warrants through Dustin Aktiebolag	0	0	238,649
<b>Total</b>	<b>1,054,411*</b>	<b>866,713</b>	<b>1,159,996**</b>

\* Of which 246,603 warrants are synthetic options.

\*\* Of which 94,116 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 programmes, 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 2018/19, the Board members Mia Brunell Livfors (Chairman), Caroline Berg and Tomas Franzén were members of the Remuneration Committee. For 2018/19 financial year, the Committee

**Note 7****Number of employees, employee benefits expense and remuneration of senior executives, cont'd.**

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.

**Audit Committee**

The task of the Audit Committee is to monitor financial reporting, risk management and efficiency in the company's internal control and regulatory compliance. In 2018/19, the Board members Johan Fant (Chairman), Morten Strand and Gunnar Duveblad were members of the Audit Committee.

**Board members**

Remuneration and fees that were approved for 2018/19 at the Annual General Meeting are described in the table below. The Annual General Meeting resolved that remuneration should be paid for committee work, in contrast to previous years. Remuneration for committee work is described in the table below in the column Other remuneration. Remuneration of 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 subsidiaries. No Board fees were paid to subsidiaries.

<b>Board remuneration (annual fees in SEK)</b>	<b>18/19</b>		<b>17/18</b>	
	<b>Board fee</b>	<b>Committee fee</b>	<b>Board fee</b>	<b>Committee fee</b>
Mia Brunell Livfors (Chair)	620,000	60,000	600,000	60,000
Caroline Berg	310,000	30,000	300,000	30,000
Gunnel Duveblad	310,000	50,000	300,000	50,000
Johan Fant	310,000	100,000	300,000	100,000
Tomas Franzén	310,000	30,000	300,000	30,000
Morten Strand	310,000	50,000	300,000	50,000
Mattias Miksche	310,000	—	300,000	—
<b>Total</b>	<b>2,480,000</b>	<b>320,000</b>	<b>2,400,000</b>	<b>320,000</b>

**Note 8****Lease agreements****Operating lease agreements (Dustin as a lessee)**

The Group's lease expense for the year amounted to SEK 142 million (82).

<b>Future lease fees amount to:</b>	<b>18/19</b>	<b>17/18</b>
Within 1 year	136.6	96.1
Year 2	109.3	84.3
Year 3	66.7	79.6
After 3 years	59.5	74.0
<b>Total</b>	<b>372.1</b>	<b>333.9</b>

The Dustin Group primarily leases premises, cars, trucks, IT equipment and office equipment in accordance with the definition of 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.

## Note 8 Cont'd. Lease agreements

**Financial lease agreements (Dustin as a lessee)**

The Group leases assets under financial lease agreements. 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 Dustin A/S, Idenet AB, JML-Services and Vincere and mainly consist of hardware and vehicles.

Future minimum lease fees amount to:	18/19			17/18		
	Minimum lease fees	Interest	Present value	Minimum lease fees	Interest	Present value
Within one year	2.9	0.3	3.2	4.4	0.3	4.7
Between one and five years	5.4	0.4	5.8	2.2	0.2	2.4
<b>Total</b>	<b>8.3</b>	<b>0.7</b>	<b>9.0</b>	<b>6.6</b>	<b>0.6</b>	<b>7.1</b>

**Financial lease assets**

Financial lease assets recognised as tangible assets comprise:

	18/19	17/18
Cost		
Vehicles	15.4	11.1
IT hardware	7.7	10.5
Closing balance	23.1	21.6
Accumulated depreciation		
Vehicles	-6.4	-3.8
IT hardware	-4.0	-5.9
Closing balance	-10.4	-9.6
<b>Carrying amount</b>	<b>12.7</b>	<b>12.0</b>

## Note 9 Financial items

Interest income and similar income-statement items	18/19	17/18
Interest income	0.8	1.1
<b>Total</b>	<b>0.8</b>	<b>1.1</b>

Interest expenses and similar income-statement items	18/19	17/18
Borrowing costs for external financing	38.5	54.7
Discount on contingent earn-out	3.9	4.3
Other financial expenses	2.6	1.3
<b>Total</b>	<b>45.0</b>	<b>60.3</b>

The reduction in borrowing costs was due to borrowing expenses of SEK 14 million in the preceding year pertaining to remaining borrowing expenses brought

forward in connection with the conclusion of a new bank agreement.

**Note 10** Tax**Recognised effective tax**

<b>Tax expense</b>	<b>18/19</b>	<b>17/18</b>
<b>The following components are included in the tax expense in the income statement:</b>		
Current tax	-78.6	-73.1
Deferred tax	-8.2	-6.1
Adjustments of current tax attributable to prior periods	-1.9	-0.3
<b>Recognised effective tax</b>	<b>-88.7</b>	<b>-79.4</b>
Recognised effective tax rate	19.9%	20.7%
Recognised profit before tax	444.9	384.6
<b>Reconciliation of effective tax rate</b>		
Tax according to current tax rate for the Parent Company	-97.9	-84.6
Tax effect of:		
Non-deductible expenses	-5.3	-3.8
Non-taxable income	13.6	4.8
Standardised income attributable to tax allocation reserve	-0.2	-0.1
Adjustment of tax for previous years and others	-0.2	-0.3
Difference in tax rate between Parent Company and subsidiaries	0.4	0.1
Changed tax rate	0.8	4.5
<b>Recognised effective tax</b>	<b>-88.7</b>	<b>-79.4</b>

**Note 11** Earnings per share

<b>Earnings per share before dilution</b>	<b>18/19</b>	<b>17/18</b>
Net profit for the year, SEK million	356.2	305.1
Weighted number of shares outstanding	86,472,611	78,078,991
Number of shares when calculating earnings per share	86,472,611	78,078,991
<b>Earnings per share before dilution, SEK</b>		
	<b>4.12</b>	<b>3.91**</b>
<b>Earnings per share after dilution</b>	<b>18/19</b>	<b>17/18</b>
Net profit for the year, SEK million	356.2	305.1
Weighted number of shares outstanding	86,472,611	78,078,991
Adjustment for adopted dilution through incentive programme*	294,182	370,780
Number of shares when calculating earnings per share	86,766,793	78,449,771
<b>Earnings per share after dilution, SEK</b>		
	<b>4.11</b>	<b>3.89**</b>

\* For more information about the incentive programme, refer to Note 7.

\*\* Key ratios have been restated in comparative periods to take into account the terms and conditions of the new share issue carried out in November 2018.

**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.

**Note 12** **Intangible assets**
**Goodwill**

<b>Change in goodwill for the year</b>	<b>Aug 31, 2019</b>	<b>Aug 31, 2018</b>	<b>Goodwill per segment</b>	<b>Aug 31, 2019</b>	<b>Aug 31, 2018</b>
	<b>Opening cost</b>	<b>3,221.7</b>		<b>2,105.8</b>	<b>7.4</b>
Acquisition of operations	591.7	981.8	LCP	987.0	883.5
Reallocation of surplus values from preliminary purchase price allocations	—	1.6	SMB	2,845.5	2,330.5
Exchange-rate differences	26.4	132.5	<b>Total</b>	<b>3,839.8</b>	<b>3,221.7</b>
<b>Closing residual value according to plan</b>	<b>3,839.8</b>	<b>3,221.7</b>			

Goodwill 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.

**Other intangible assets attributable to acquisitions**

	<b>Customer contracts</b>		<b>Other intangible assets</b>				<b>Total</b>	
	<b>Aug 31, 2019</b>	<b>Aug 31, 2018</b>	<b>Aug 31, 2019</b>	<b>Aug 31, 2018</b>	<b>Aug 31, 2019</b>	<b>Aug 31, 2018</b>	<b>Aug 31, 2019</b>	<b>Aug 31, 2018</b>
<b>Opening accumulated cost</b>	<b>498.5</b>	<b>296.1</b>	<b>312.0</b>	<b>318.3</b>	<b>2.4</b>	<b>—</b>	<b>812.9</b>	<b>614.4</b>
Acquisition of operations	107.5	231.4	—	—	—	2.3	<b>107.5</b>	<b>233.6</b>
Divestments and disposals	-2.3	-51.2	—	-6.3	0.0	—	<b>-2.2</b>	<b>-57.5</b>
Exchange-rate differences	2.0	22.3	—	—	—	0.9	<b>2.0</b>	<b>22.3</b>
<b>Closing accumulated cost</b>	<b>605.8</b>	<b>498.5</b>	<b>312.0</b>	<b>312.0</b>	<b>2.4</b>	<b>2.4</b>	<b>920.2</b>	<b>812.9</b>
<b>Opening accumulated amortisation</b>	<b>-240.8</b>	<b>-250.5</b>	<b>0.0</b>	<b>-5.9</b>	<b>-0.1</b>	<b>—</b>	<b>-240.9</b>	<b>-256.5</b>
Acquisition of operations	—	—	—	—	—	—	—	—
Amortisation for the year according to plan	-41.0	-29.7	—	-0.4	-0.5	-0.1	<b>-41.5</b>	<b>-30.1</b>
Divestments and disposals	—	—	—	6.3	—	—	<b>2.3</b>	<b>57.5</b>
Exchange-rate differences	1.5	-11.8	—	—	0.0	0.0	<b>1.4</b>	<b>-11.8</b>
<b>Closing accumulated Amortisation</b>	<b>-278.2</b>	<b>-240.8</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.6</b>	<b>-0.1</b>	<b>-278.7</b>	<b>-240.9</b>
<b>Closing residual value according to plan</b>	<b>327.7</b>	<b>257.7</b>	<b>312.0</b>	<b>312.0</b>	<b>1.9</b>	<b>2.3</b>	<b>641.5</b>	<b>572.0</b>

Brands refer to Dustin's brand of SEK 312 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 LCP and SMB, see also the note on goodwill.

**Note 12 Cont'd. Intangible assets**
**Other intangible assets**

	IT platform		Other		Total	
	Aug 31, 2019	Aug 31, 2018	Aug 31, 2019	Aug 31, 2018	Aug 31, 2019	Aug 31, 2018
<b>Opening cost</b>	<b>183.4</b>	<b>160.4</b>	<b>74.4</b>	<b>53.2</b>	<b>257.8</b>	<b>213.6</b>
Purchases	32.3	22.9	4.9	4.3	<b>37.2</b>	<b>27.2</b>
Acquisition of operations	–	–	0.0	21.8	<b>0.0</b>	<b>21.8</b>
Reclassification	–	–	–	–	–	–
Divestments and disposals*	–	–	-22.0	-7.2	<b>-22.0</b>	<b>-7.2</b>
Exchange-rate differences	0.0	0.1	0.1	2.3	<b>0.1</b>	<b>2.4</b>
<b>Closing accumulated cost</b>	<b>215.6</b>	<b>183.4</b>	<b>58.8</b>	<b>74.4</b>	<b>274.4</b>	<b>257.8</b>
<b>Opening amortisation</b>	<b>-58.3</b>	<b>-38.7</b>	<b>-48.9</b>	<b>-36.1</b>	<b>-107.2</b>	<b>-74.8</b>
Amortisation for the year according to plan	-25.4	-19.5	-7.2	-8.2	<b>-32.6</b>	<b>-27.7</b>
Acquisition of operations	–	–	0.0	-9.7	<b>0.0</b>	<b>-9.7</b>
Reclassification	–	–	–	–	–	–
Divestments and disposals*	–	–	22.0	6.3	<b>22.0</b>	<b>6.3</b>
Exchange-rate differences	0.0	-0.1	-0.1	-1.1	<b>-0.1</b>	<b>-1.2</b>
<b>Closing accumulated amortisation according to plan</b>	<b>-83.6</b>	<b>-58.3</b>	<b>-34.2</b>	<b>-48.9</b>	<b>-117.8</b>	<b>-107.2</b>
<b>Opening impairment</b>	<b>-23.6</b>	<b>-23.6</b>	–	–	<b>-23.6</b>	<b>-23.6</b>
Impairment for the year	–	–	–	–	–	–
<b>Closing impairment</b>	<b>-23.6</b>	<b>-23.6</b>	–	–	<b>-23.6</b>	<b>-23.6</b>
<b>Closing residual value according to plan</b>	<b>108.3</b>	<b>101.5</b>	<b>24.6</b>	<b>25.5</b>	<b>133.0</b>	<b>127.0</b>

\*Of divestments for the year, SEK 22.0 million (–) relate to disposals.

**Impairment testing of intangible assets**

Impairment testing is conducted based on the cash-generating units' value in use and these units are on an equal footing with the Group's reporting segments. 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 LCP 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.

When calculating the value in use of the three cash-generating units, a discount rate of 8.2 per cent (8.2) before tax was used. The main assumptions used pertain primarily to a risk-free interest rate of 1.7 per cent (2.0), stock market premium of 5.8 per cent (5.2), share beta of 1.08 per cent (1.08) and an expected credit margin of 0.85 per cent (1.5). The calculation shows that the weighted cost of capital could have been reduced by 0.1 percentage points (0.5) but adjustments have not been made in order to create stability in the calculations of value in use.

In impairment tests for the past two years, the estimated value exceeded the carrying amount for all units and no impairment was required.

A sensitivity analysis with respect to growth assumptions and the discount rate has been carried out. The analysis shows that if the discount rate

**Note 12** **Cont'd. Intangible assets**

increased 0.5 percentage points the recoverable amount decreased 8.0 per cent (7.6). If the discount rate decreased 0.5 percentage points the recoverable amount decreased 6.5 per cent (6.5). The analysis also

included a calculation involving a 5-percentage point increase in the discount rate (5) without any indication of an impairment requirement. The sensitivity analysis revealed the risk of impairment is low.

**Note 13** **Tangible assets**

	Cost of improvements on external properties		Equipment		Total	
	Aug 31, 2019	Aug 31, 2018	Aug 31, 2019	Aug 31, 2018	Aug 31, 2019	Aug 31, 2018
<b>Opening accumulated cost</b>	<b>25.7</b>	<b>16.8</b>	<b>220.3</b>	<b>69.9</b>	<b>246.0</b>	<b>86.7</b>
Purchases	4.6	1.0	45.2	27.9	<b>49.7</b>	<b>28.9</b>
Acquisition of operations	–	7.9	36.2	118.1	<b>36.2</b>	<b>126.0</b>
Reclassification	-2.1	–	0.1	–	<b>-1.9</b>	–
Divestments and disposals	-6.1	-0.3	-60.2	-2.3	<b>-66.3</b>	<b>-2.6</b>
Exchange-rate differences	0.0	0.3	7.3	6.6	<b>7.4</b>	<b>7.0</b>
<b>Closing accumulated cost</b>	<b>22.2</b>	<b>25.7</b>	<b>248.9</b>	<b>220.3</b>	<b>271.0</b>	<b>246.0</b>
<b>Opening accumulated depreciation</b>	<b>-21.8</b>	<b>-12.1</b>	<b>-132.6</b>	<b>-50.0</b>	<b>-154.4</b>	<b>-62.2</b>
Depreciation for the year according to plan	-1.7	-2.8	-39.8	-17.7	<b>-41.5</b>	<b>-20.5</b>
Acquisition of operations	–	-6.6	-25.8	-62.7	<b>-25.8</b>	<b>-69.4</b>
Reclassification	1.8	–	-1.9	–	<b>-0.1</b>	–
Divestments and disposals	6.1	0.1	56.6	1.5	<b>62.7</b>	<b>1.6</b>
Exchange-rate differences	0.0	-0.3	-6.2	-3.6	<b>-6.2</b>	<b>-3.9</b>
<b>Closing accumulated depreciation according to plan</b>	<b>-15.6</b>	<b>-21.8</b>	<b>-149.7</b>	<b>-132.6</b>	<b>-165.3</b>	<b>-154.4</b>
<b>Closing residual value according to plan</b>	<b>6.6</b>	<b>3.9</b>	<b>99.2</b>	<b>87.7</b>	<b>105.7</b>	<b>91.7</b>

**Note 14 Acquisition and divestment-related assets and liabilities**

<b>Change in acquisition-related liabilities measured at fair value based on inputs that are not based on observable market data (Level 3)</b>	<b>18/19</b>	<b>17/18</b>
<b>Opening balance</b>	<b>276.3</b>	<b>109.6</b>
<b>Remeasurements recognised in profit or loss:</b>		
Unrealised revaluation of contingent earn-out recognised under Items affecting comparability	-48.1	-23.7
Discount of contingent earn-out recognised under Financial expenses and other similar income-statement items	3.9	4.3
<b>Remeasurements recognised under other comprehensive income:</b>		
Unrealised exchange-rate differences recognised under Translation differences	1.7	12.2
<b>Changes recognised via the balance sheet:</b>		
Payments attributable to previous acquisitions*	-37.3	-53.7
Acquisitions	70.4	227.7
Reclassification	-22.1	—
<b>Closing balance</b>	<b>244.8</b>	<b>276.3</b>

<b>Change in divestment-related receivables measured at fair value based on inputs that are not based on observable market data (Level 3)</b>	<b>18/19</b>	<b>17/18</b>
<b>Opening balance</b>	<b>6.6</b>	—
<b>Changes recognised via the balance sheet:</b>		
Settlement of receivable for previously divested operations	-5.0	—
Estimated purchase consideration, divestment of subsidiary, long and short term	—	6.6
<b>Closing balance</b>	<b>1.6</b>	6.6

\*The discrepancy on the line Acquisition of operations in the consolidated statement of cash flow consists of the settlement of acquisition-related liabilities attributable to liabilities for the acquisition of subsidiaries carried out before Dustin's acquisition of Vincere.

**Fair value**

The measurement of acquisition-related liabilities and divestment-related assets 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 245 million (276), SEK 73 million (186) 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. For further information regarding purchase price allocation, see Note 23 Acquisition of businesses.

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 70 million (228) for new acquisitions was recognised, attributable to the acquisition of Inventio with the assessment that the maximum earn-out will be paid. Of the earn-out liabilities of SEK 276 million recognised in the preceding year, SEK 37 million was settled in the current year. New assessments were also conducted of liabilities to Core and Norriq, where the liability for the earn-out to Core has been revalued to a higher value of SEK 17 million at the same time as a write-down was recognised regarding Norriq of SEK 63 million. The maximum performance-based earn-out liability for acquisitions during the year totals SEK 70 million (341). For maturity structure of acquisition-related liabilities, refer to Note 22 Borrowing.

**Note 15 Deferred tax**

	Other non- current assets	Appro- priations	Financial instru- ments	deferred tax liabilities	Total	Other non- current assets	Loss carry- forwards	Total deferred tax assets
<b>Opening balance, September 1, 2018</b>	<b>131.0</b>	<b>56.6</b>	<b>-1.1</b>	<b>186.5</b>	<b>2.1</b>		—	<b>2.1</b>
Recognised in net profit for the year	-0.5	8.2	—	7.8	1.2	—	—	1.2
Recognised in statement of financial position	21.8	—	—	21.8	—	—	—	—
Recognised in other comprehensive income	1.0	—	-3.8	-2.9	2.2	—	—	2.2
<b>Closing balance, August 31, 2019</b>	<b>153.3</b>	<b>64.8</b>	<b>-4.9</b>	<b>213.1</b>	<b>5.5</b>		—	<b>5.5</b>
<b>Opening balance, September 1, 2017</b>	<b>80.7</b>	<b>54.2</b>	<b>-2.1</b>	<b>132.9</b>	<b>8.4</b>		—	<b>8.4</b>
Recognised in net profit for the year	-2.0	1.8	—	-0.2	-6.3	—	—	-6.3
Recognised in statement of financial position	52.3	0.5	—	52.8	—	—	—	—
Recognised in other comprehensive income	—	—	1.0	1.0	—	—	—	—
<b>Closing balance, August 31, 2018</b>	<b>131.0</b>	<b>56.6</b>	<b>-1.1</b>	<b>186.5</b>	<b>2.1</b>		—	<b>2.1</b>

There are no unrecognised deferred tax assets or tax liabilities in the Group at the end of accounting period or in the corresponding period of the previous year.

**Note 16 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 measurement level remains unchanged compared with August 31, 2018. 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, 2019 qualify for continued hedge accounting.

Current assets	Aug 31, 2019	Aug 31, 2018
Interest-rate swaps	0.9	0.1
Currency futures	0.5	0.1
<b>Total</b>	<b>1.4</b>	<b>0.2</b>
Non-current assets	Aug 31, 2019	Aug 31, 2018
Interest-rate swaps	0.6	2.0
Currency futures	—	—
<b>Total</b>	<b>0.6</b>	<b>2.0</b>
Current liabilities	Aug 31, 2019	Aug 31, 2018
Interest-rate swaps	0.7	0.1
Currency futures	—	—
<b>Total</b>	<b>0.7</b>	<b>0.1</b>
Non-current liabilities	Aug 31, 2019	Aug 31, 2018
Interest-rate swaps	24.1	7.3
Currency futures	—	—
<b>Total</b>	<b>24.1</b>	<b>7.3</b>

**Note 16** **Cont'd. Derivative instruments and hedge accounting**

Interest-rate derivatives	Nominal amount		Interest at fixed exchange rate		Maturity swap	
	Aug 31, 2019	Aug 31, 2018	Aug 31, 2019	Aug 31, 2018	Aug 31, 2019	Aug 31, 2018
SWAP SEK*		140,000,000		0.565%		Apr 29, 2022
SWAP SEK*	140,000,000		0.315%		Jan 31, 2020	
SWAP EUR*		12,500,000		0.049%		Apr 29, 2022
SWAP EUR*	12,500,000		0.405%		Feb 26, 2026	
SWAP EUR	40,000,000	40,000,000	-0.075%	-0.075%	Jul 16, 2021	Jul 16, 2021
SWAP NOK		160,000,000		1.545%		Oct 29, 2021
SWAP NOK**	70,000,000	70,000,000	1.950%	1.950%	Jan 31, 2023	Jan 31, 2023
SWAP DKK***	100,000,000	100,000,000	0.298%	0.298%	Oct 29, 2021	Oct 29, 2021

\* Swaps with a floating leg consisting of an interest-rate floor of 0.00 per cent.

\*\* Swaps with a floating leg consisting of an interest-rate ceiling of 1.75 per cent.

\*\*\* Swaps with a floating leg consisting of an interest-rate floor of 0.00 per cent and an interest-rate ceiling of a nominal DKK 40,000,000 of 0.50 per cent.

**Currency futures**

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

**Note 17** **Inventories**

	Aug 31, 2019	Aug 31, 2018
Goods for resale	465.7	395.8
<b>Total</b>	<b>465.7</b>	<b>395.8</b>
Cost of goods sold	-10,174.6	-8,604.1

The obsolescence reserve amounted to SEK 10 million (16) at the end of the year. The cost of inventory impairment totalled SEK 13 million (5) for the period.

**Note 18 Accounts receivable and other current assets****Accounts receivable**

<b>Maturity structure of outstanding accounts receivable</b>	<b>Aug 31, 2019</b>	<b>Aug 31, 2018</b>
0–30 days	1,381.2	1,207.9
31–90 days	70.0	50.1
>90 days	13.0	16.6
Impairment due to doubtful accounts receivable	-3.9	-2.0
<b>Total</b>	<b>1,460.4</b>	<b>1,272.6</b>

<b>Changes in the provision for doubtful accounts receivable</b>	<b>Aug 31, 2019</b>	<b>Aug 31, 2018</b>
<b>Opening balance</b>	<b>2.0</b>	<b>6.0</b>
Acquisition of operations	0.1	0.5
Provision for possible bad debt losses	3.6	2.8
Confirmed bad debt losses	-1.1	-6.9
Reversed bad debt losses	-0.6	-0.6
Exchange-rate differences	-0.3	0.3
<b>Closing balance</b>	<b>3.9</b>	<b>2.0</b>

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 4 million (2) and amounted to 0.3 per cent (0.2) in relation to accounts receivable. Dustin has historically low bad debt losses. The company continuously obtains credit information for all corporate customers and does not offer any credit itself to private customers.

**Prepaid expenses and accrued income**

	<b>Aug 31, 2019</b>	<b>Aug 31, 2018</b>
Prepaid expenses for suppliers	54.1	31.9
Accrued marketing subsidies	23.8	15.6
Accrued discounts from suppliers	71.2	52.7
Accrued lease income	0.6	0.8
Accrued income attributable to delivered but not invoiced	25.5	42.4
Other prepaid expenses and accrued income	61.6	25.0
<b>Total</b>	<b>236.8</b>	<b>168.3</b>

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 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.

Contract assets corresponds to Accrued income attributable to delivered but not invoiced

**Note 19** **Financial assets and liabilities**

Aug 31, 2019	Items measured		Financial	Derivatives	Total	Fair
	Loans and	at fair value	assets and	used in		
	receivables	through	liabilities at	hedge	carrying	value
<b>Assets</b>						
Derivative instruments (Level 2)	–	–	–	2.0	<b>2.0</b>	2.0
Accounts receivable and other receivables	1,491.7	–	–	–	<b>1,491.7</b>	1,491.7
Accrued income	–	–	121.0	–	<b>121.0</b>	121.0
Divestment-related receivables (Level 3)	–	1.6	–	–	<b>1.6</b>	1.6
Cash and cash equivalents	281.3	–	–	–	<b>281.3</b>	281.3
<b>Total assets</b>	<b>1,772.9</b>	<b>1.6</b>	<b>121.0</b>	<b>2.0</b>	<b>1,897.5</b>	<b>1,897.5</b>
<b>Liabilities</b>						
Liabilities to credit institutions	–	–	2,006.1	–	<b>2,006.1</b>	2,006.1
Derivative instruments (Level 2)	–	–	–	24.8	<b>24.8</b>	24.8
Accounts payable	–	–	1,712.3	–	<b>1,712.3</b>	1,712.3
Acquisition-related liabilities (Level 3)	–	244.8	–	–	<b>244.8</b>	244.8
Other current liabilities	–	–	214.2	–	<b>214.2</b>	214.2
Accrued expenses	–	–	346.2	–	<b>346.2</b>	346.2
<b>Total liabilities</b>	<b>–</b>	<b>244.8</b>	<b>4,278.8</b>	<b>24.8</b>	<b>4,548.4</b>	<b>4,548.4</b>

Aug 31, 2018	Accounts	Items measured	Other	Derivatives	Total	Fair
	receivable	at fair value	financial	used in		
	and loans	through	assets and	hedge	carrying	value
	receivable	profit or loss	liabilities	accounting	amount	
<b>Assets</b>						
Derivative instruments (Level 2)		–	–	2.2	<b>2.2</b>	2.2
Accounts receivable and other receivables	1,287.0	–	–	–	<b>1,287.0</b>	1,287.0
Accrued income	111.5	–	–	–	<b>111.5</b>	111.5
Divestment-related receivables (Level 3)	–	6.6	–	–	<b>6.6</b>	6.6
Cash and cash equivalents	277.6	–	–	–	<b>277.6</b>	277.6
<b>Total assets</b>	<b>1,676.2</b>	<b>6.6</b>	<b>–</b>	<b>2.2</b>	<b>1,684.9</b>	<b>1,684.9</b>
<b>Liabilities</b>						
Liabilities to credit institutions	–	–	1,997.4	–	<b>1,997.4</b>	1,997.4
Derivative instruments (Level 2)	–	–	–	7.4	<b>7.4</b>	7.4
Accounts payable	–	–	1,568.5	–	<b>1,568.5</b>	1,568.5
Acquisition-related liabilities (Level 3)	–	276.3	–	–	<b>276.3</b>	276.3
Other current liabilities	–	–	162.7	–	<b>162.7</b>	162.7
Accrued expenses	–	–	280.5	–	<b>280.5</b>	280.5
<b>Total liabilities</b>	<b>–</b>	<b>276.3</b>	<b>4,009.1</b>	<b>7.4</b>	<b>4,292.8</b>	<b>4,292.8</b>

**Note 20 Cash and cash equivalents**

	<b>Aug 31, 2019</b>	<b>Aug 31, 2018</b>
Cash and cash equivalents	281.3	277.6
<b>Closing balance</b>	<b>281.3</b>	<b>277.6</b>

Cash and cash equivalents comprise bank balances. The unutilised overdraft facility amounted to SEK 270 million (270) at the end of the financial year. The acquired Dutch subsidiary also had an unutilised overdraft facility of EUR 5 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 21 Equity****Share capital**

There is only one class of shares in the Dustin Group and, accordingly, all shares carry the same number of votes per share. During the financial year, the share capital increased by 11,420,837 shares following the completed rights issue and the dissolution of the warrants programme. As of August 31, 2019, the number of shares amounted to 88,647,339 (77,226,502). Due to the new share issue, the share capital increased SEK 55 million (5) and as a result of the warrant programme, the share capital increased SEK 2 million (5).

**Other contributed capital**

This item pertains to equity that has been contributed by the owners. During the year, other contributed capital increased SEK 653 million (49), of which SEK 663 million (50) on account of the new share issue and SEK -14 million was attributable to issue costs. Subscription with the support of warrants represents an increase of SEK 4 million (5).

**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.

**Capital management**

Dustin's financial strategy is based on a capital structure with a high degree of financial flexibility and provides scope for, among other factors, acquisitions. The company's net debt target is a 2.0–3.0 multiple of adjusted EBITDA for the past 12-month period. In addition to the Group's equity, there is external bank financing of approximately SEK 2 billion (2) with financial covenants. In the current and preceding year, Dustin has fulfilled all reported covenant requirements.

**Note 22 Borrowing**
**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 two years but within five years		Maturity longer than five years	
<b>Aug 31, 2019</b>									
Liabilities to credit institutions including future interest payments	2,112.6	25.2		25.2		50.4		2,011.7	
Accounts payable	1,712.3	1,712.3		—		—		—	
Tax liabilities	10.2	10.2		—		—		—	
Derivative instruments	24.8	0.7		0.5		4.9		18.7	
Other current liabilities	214.2	214.2		—		—		—	
Acquisition-related liabilities	244.8	244.8		—		—		—	
Accrued expenses	360.0	360.0		—		—		—	
<b>Total</b>	<b>4,678.9</b>	<b>2,567.5</b>		<b>25.7</b>		<b>55.3</b>		<b>2,030.5</b>	
<b>Aug 31, 2018</b>									
Liabilities to credit institutions including future interest payments	2,103.7	32.5		20.0		59.9		1,991.4	
Accounts payable	1,568.5	1,568.5		—		—		—	
Tax liabilities	20.0	20.0		—		—		—	
Derivative instruments	7.4	0.1		1.8		5.6		—	
Other current liabilities	162.7	162.7		—		—		—	
Acquisition-related liabilities	276.3	73.9		202.5		—		—	
Accrued expenses	280.5	280.5		—		—		—	
<b>Total</b>	<b>4,419.2</b>	<b>2,138.2</b>		<b>224.2</b>		<b>65.4</b>		<b>1,991.4</b>	

## Note 22 Cont'd. Borrowing

## Summary of cash flow from financing activities pertaining to external loans

Change in liabilities to credit institutions for the year	18/19	17/18
<b>Opening balance</b>	<b>1,997.4</b>	<b>1,068.6</b>
<b>Change in financial cash flow</b>		
New loans raised	–	2,165.0
Paid liabilities start-up costs	-0.6	-8.4
Repayment of debt	-71.9	-1,383.6
Other changes in financial cash flow	–	–
<b>Total change in financial cash flow</b>	<b>-72.5</b>	<b>773.1</b>
<b>Other changes</b>		
New loans raised through acquisitions during the year	59.1	–
Amortisation/impairment capitalised liabilities start-up costs	1.7	20.9
Exchange-rate differences, NOK, DKK and EUR	20.4	134.8
<b>Total other changes</b>	<b>81.2</b>	<b>155.7</b>
<b>Closing balance</b>	<b>2,006.1</b>	<b>1,997.4</b>

## Loans

During the fourth quarter of the previous financial year, Dustin entered into a new bank agreement for a credit volume amounting to approximately SEK 2,000 million with the option of additional lending of SEK 1,000 million. All former external loan agreements were repaid in full whereupon the borrowing expenses relating to the former financing agreements were written down in full, which explains the decrease in the amortisation/impairment item for capitalised liabilities start-up costs. The interest terms for bank loans utilised are described in the table below. The bank agreement extends for three years with the option of an extension

of up to two years, by one year at a time. The loan is free from amortisation during the term of the loan. New loans of SEK 59 million raised through acquisitions during the year pertain to loans in the acquisition of Chilit Oy, which was acquired in the third quarter of the current financial year. The loan was settled in its entirety before the end of the financial year.

## 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, 2019	Liabilities to credit institutions	Interest terms	Interest period*
Bank loan SEK	106.5	Stibor + interest margin 0.65–1.45%	3 + 1 + 1 years
Bank loan EUR	110.8	Euribor + interest margin 0.65–1.45%	3 + 1 + 1 years
Bank loan NOK	280.0	Nibor + interest margin 0.65–1.45%	3 + 1 + 1 years
Bank loan DKK	280.0	Cibor + interest margin 0.65–1.45%	3 + 1 + 1 years

\* New bank loans came into effect in July 2018 with an interest period of 3+1+1. At the end of the 18/19 financial year, the remaining period is 2+1+1 years.

## 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, 2019.

## Note 23 Acquisition of businesses

### Acquisitions 2018/19

In 2018/19, Dustin conducted a total of three acquisitions. All of the acquisitions were in the advanced products and services category.

In March 2019, the Dutch subsidiary Vincere Netherlands, Corp. Reg. No. 71903968 acquired all of the shares in the company Norisk Beheer B.V., Corp. Reg. No. 04039918. Norisk has a broad portfolio of managed IT services, ranging from infrastructure to client management. The purchase consideration amounted to SEK 58 million.

In April 2019, all the shares outstanding in the Danish company Inventio.IT A/S, Corp. Reg. No. 26112001, were acquired through the subsidiary Dustin Denmark A/S. Inventio specialises in hosting, infrastructure and business systems as a service. The purchase consideration amounted to SEK 344 million, of which SEK 70 million pertained to an expected earn-out.

In May 2019, the Finnish subsidiary acquired all of the shares in the Finnish company Chilit Group Oy, Corp. Reg. No. 2768847-4. Chilit combines products with services for delivering intelligent IT solutions to small and medium-sized businesses. The purchase consideration amounted to SEK 231 million.

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 purchase price allocations are preliminary to ensure high quality in internal processes and procedures for the acquired companies before the preliminary analyses are concluded and finalised.

Acquisition-related costs amounted to SEK 26 million (20).

### Preliminary purchase price allocations

Fair value of acquired assets and liabilities	Norisk B.V.	Inventio.IT AS	Chilit Oy	Total
Intangible assets (excl. goodwill)	13.1	63.7	31.1	107.9
Tangible assets	2.2	6.5	1.7	10.4
Inventories	1.4	—	4.2	5.6
Other current assets	7.3	22.1	38.6	68.1
Cash and cash equivalents	2.2	23.5	39.7	65.4
Liabilities to credit institutions	—	—	59.1	59.1
Other current liabilities	10.9	61.4	41.6	113.8
<b>Total identified assets and liabilities</b>	<b>15.3</b>	<b>54.4</b>	<b>14.7</b>	<b>84.4</b>
Consolidated goodwill	42.3	289.4	255.8	587.5
<b>Purchase consideration including estimated contingent earn-out</b>	<b>57.6</b>	<b>343.8</b>	<b>270.5</b>	<b>671.9</b>
Less:				
Cash balances (acquired)	2.2	23.5	39.7	65.4
Estimated contingent earn-out	—	70.4	—	70.4
<b>Net cash outflow</b>	<b>55.5</b>	<b>249.9</b>	<b>230.8</b>	<b>536.1</b>

### Income and earnings attributable to acquired companies

The acquisitions during the financial year of Norisk, Inventio and Chilit contributed a total of SEK 202 million to the Group's income during the year and SEK 19 million to the Group's EBITA.

### 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.

**Note 23** **Cont'd. Acquisition of businesses**
**Acquisition-related liabilities**

Acquisition-related liabilities pertain to contingent earn-outs. For further information on contingent earn-outs, refer to Note 14 Acquisition and divestment-related assets and liabilities.

**Acquisitions 2017/18**

Six acquisitions were completed during the previous financial year. The total purchase consideration including estimated contingent earn-out amounted to SEK 1,291 million, of which the total net cash outflow was SEK 1,054 million. In 2018/19, the final purchase price allocations were confirmed for acquisitions in 2017/18 as specified below and consequently the total previously recognised surplus value increased SEK 2 million.

<b>Fair value of acquired assets and liabilities</b>	<b>Norriq</b>						
	<b>Infrastructure &amp; Cloud Services</b>	<b>Core Services</b>	<b>JML-System</b>	<b>DAV Partner</b>	<b>ITaito Oy</b>	<b>Vincere etherlands</b>	<b>Total</b>
Intangible assets (excl. goodwill)	32.8	7.0	7.4	—	5.8	203.0	<b>256.0</b>
Tangible assets	1.3	0.0	7.1	0.1	5.3	42.8	<b>56.6</b>
Financial assets	—	—	0.1	—	—	—	<b>0.1</b>
Inventories	0.1	—	6.9	7.2	0.5	24.8	<b>39.5</b>
Other current assets	—	41.2	51.2	23.0	6.7	83.6	<b>205.7</b>
Cash and cash equivalents	—	39.9	-4.2	4.9	8.8	—	<b>49.4</b>
Other current liabilities	11.8	30.1	43.6	23.3	10.2	171.4	<b>290.4</b>
<b>Total identified assets and liabilities</b>	<b>22.4</b>	<b>58.1</b>	<b>24.8</b>	<b>11.9</b>	<b>16.9</b>	<b>182.7</b>	<b>316.8</b>
Consolidated surplus value	193.3	139.6	111.1	3.8	55.3	472.0	<b>975.1</b>
<b>Purchase consideration including estimated contingent earn-out</b>	<b>215.8</b>	<b>197.7</b>	<b>135.9</b>	<b>15.7</b>	<b>72.2</b>	<b>654.6</b>	<b>1,291.9</b>

**Note 24** **Accrued expenses and deferred income**

	<b>18/19</b>	<b>17/18</b>
Accrued personnel costs	198.2	142.1
Accrued expenses for suppliers	100.9	89.2
Accrued discounts to customers	3.4	7.6
Deferred marketing subsidies	5.7	4.1
Advance invoicing	30.5	27.2
Other accrued expenses and deferred income	21.3	41.6
<b>Total</b>	<b>360.0</b>	<b>311.8</b>

**Note 25 Cash-flow statement**

<b>Adjustment for non-cash items</b>	<b>Aug 31, 2019</b>	<b>Aug 31, 2018</b>
Depreciation of tangible assets	41.5	20.5
Amortisation of intangible assets	74.1	57.8
Unrealised revaluation of contingent earn-out recognised under Items affecting comparability	-48.1	-23.7
Capital gain	-1.4	-2.3
Exchange-rate differences	-0.4	—
Other items	1.3	-0.6
<b>Total</b>	<b>66.9</b>	<b>51.7</b>

**Note 26 Pledged assets and contingent liabilities**

	<b>Aug 31, 2019</b>	<b>Aug 31, 2018</b>
<b>For loans and bank overdrafts</b>		
Floating mortgages	93.3	98.3
<b>Total</b>	<b>93.3</b>	<b>98.3</b>

The decrease in floating mortgages is related to mortgages in companies merged during the year. Dustin has not pledged any assets for its obligations under the current loan agreement.

**Note 27 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 Proposed appropriation of the Company's profit**

The Board of Directors proposes that available earnings totalling SEK 1,061,085,412 be distributed at SEK 3.00 per share as an ordinary dividend. The proposal states that this amount be appropriated as follows:

**Appropriation of earnings**

<b>SEK</b>	
Dividends	265,942,017
To be carried forward	795,143,395
<b>Total</b>	<b>1,061,085,412</b>

In its proposed appropriation of earnings, the Group has taken into consideration the company's operations, need for consolidation, liquidity and financial position in general.

The Board of Director's complete statement regarding the proposed dividend is available on the company's website, [www.dustingroup.com](http://www.dustingroup.com).

**Note 28 Significant events after the balance-sheet date**

In September, the Swedish subsidiary Saldab IT AB was merged into Dustin Sverige AB. The merger is part of the continuous integration of acquired operations into the common IT platform. After the merger, the business will operate under the Dustin brand.

# Parent Company notes

## Note P1 Information on income and expenses within the Group

	18/19	17/18
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

Distribution of Board members and senior executives at the balance-sheet date	18/19			17/18		
	Women	Men	Total	Women	Men	Total
	3	4	7	3	4	7
<b>Total</b>	<b>3</b>	<b>4</b>	<b>7</b>	<b>3</b>	<b>4</b>	<b>7</b>

The Parent Company has no employees. Information about the remuneration of the company's Board of Directors is outlined in Note 7 on page 122 for the Group. Number of employees, personnel costs and remuneration of senior executives on page 96.

## Note P3 Auditor's remuneration and expenses

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 audit of the company's Corporate Responsibility Report.

Costs for the Parent Company audit are paid by the subsidiary Dustin Aktiebolag.

## Note P4 Financial items

Interest income and similar income- statement items	18/19	17/18
Interest income	0.9	14.2
Dividends	46.8	300.0
<b>Total</b>	<b>47.7</b>	<b>314.2</b>

Interest expenses and similar income-statement items	18/19	17/18
Borrowing costs on external financing	37.7	54.5
Exchange-rate differences on liabilities to credit institutions	21.2	132.5
Other financial expenses	0.6	0.6
Impairment of shares in subsidiaries	—	—
<b>Total</b>	<b>59.5</b>	<b>187.6</b>

**Note P5 Appropriations**

	<b>18/19</b>	<b>17/18</b>
Group contributions received	258.7	297.7
Change in tax allocation reserve	-45.2	-28.3
<b>Total</b>	<b>213.5</b>	<b>269.4</b>

**Note P6 Tax**
**Recognised effective tax**

<b>Tax expense</b>	<b>18/19</b>	<b>17/18</b>
<b>The following components are included in the tax expense in the income statement:</b>		
Current tax	-29.7	-18.7
Adjustments of current tax attributable to prior periods	-0.1	0.0
<b>Recognised effective tax</b>		
Recognised effective tax rate	15.3%	4.9%
Recognised profit before tax	195.4	384.6
<b>Reconciliation of effective tax rate</b>		
Tax according to current tax rate	-43.0	-84.6
Tax effect of:		
Non-deductible expenses	-0.3	-0.1
Non-taxable income	13.4	66.0
Adjustment of tax for previous years and others	0.0	0.0
<b>Recognised effective tax</b>	<b>-29.8</b>	<b>-18.7</b>

<b>Current tax</b>	<b>18/19</b>	<b>17/18</b>
Current tax liabilities	-	6.6
Current tax assets	32.8	-
<b>Total</b>	<b>32.8</b>	<b>6.6</b>

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		Equity	Net profit for the year	Carrying amount	
			of shares	Participation			Aug 31, 2019	Aug 31, 2018
Dustin AB	556237-8785	Stockholm	25,000,000	100%	330.7	86.3	1,211.6	1,211.6
<b>Total</b>							<b>1,211.6</b>	<b>1,211.6</b>

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

Company name	Corp. Reg. No.	Aug 31, 2019		Aug 31, 2018	
		Participating interest	Participating interest	Participating interest	Participating interest
ComPromise Domino B.V.	04062532	100%	100%	100%	100%
Core Services AS	995962292	100%	100%	100%	100%
Chilit Group Oy	2768847-4	100%	—	—	—
Chilit Oy	2768846-6	100%	—	—	—
DAV Partner AB *	556609-4842	—	100%	100%	100%
Dustin A/S	26092183	100%	100%	100%	100%
Dustin Finland Oy	0935141-3	100%	100%	100%	100%
Dustin Netherlands B.V.	06088974	100%	—	—	—
Dustin Norway AS	939483969	100%	100%	100%	100%
Dustin Supply Chain Netherlands B.V. ***	73864994	100%	100%	100%	100%
Dustin Sverige AB	556666-1012	100%	100%	100%	100%
Idenet AB **	556443-9072	—	100%	100%	100%
Issys ICT B.V.	37104253	100%	100%	100%	100%
Inventio IT A/S	26112001	100%	—	—	—
ITaito Oy	2201996-8	100%	100%	100%	100%
JML-System AB	556643-2802	100%	100%	100%	100%
NORISK Beheer B.V.	04039918	100%	—	—	—
NORISK IT Groep B.V.	04073648	100%	—	—	—
NORISK Facilitair B.V.	56499248	100%	—	—	—
NORISK Visionair B.B	58806687	40%	—	—	—
Purity IT AS	915291783	100%	100%	100%	100%
Saldab IT AB	556645-4210	100%	100%	100%	100%
Sincerus B.V.	51450976	100%	100%	100%	100%
Sincerus Consultancy B.V.	08142104	100%	100%	100%	100%
Switch IT Solutions B.V.	06070240	100%	100%	100%	100%
Top Crowd B.V.	08142105	100%	100%	100%	100%
Unilogic B.V.	14053559	100%	100%	100%	100%
Unilogic Networks 2 B.V.	68329210	100%	100%	100%	100%
Vincere Group B.V.	06070239	100%	100%	100%	100%
Vincere Netherlands B.V.	71903968	100%	100%	100%	100%
Xcellent Automatisering B.V.	32119865	100%	100%	100%	100%

\* During the financial year, DAV Partner AB merged with JML-System AB

\*\* During the financial year, Idenet AB merged with Dustin Sverige AB

\*\*\* During the financial year, Webnamen B.V. changed name to Dustin Supply Chain Netherlands B.V.

**Note P8 Prepaid expenses and accrued income**

	Aug 31, 2019	Aug 31, 2018
Pre-paid interest-rate swaps	0.9	–
Other prepaid expenses and accrued income	1.3	0.8
<b>Total</b>	<b>2.2</b>	<b>0.8</b>

During the 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 P9 Cash and bank balances**

	Aug 31, 2019	Aug 31, 2018
Cash and cash equivalents	201.2	247.0
<b>Closing balance</b>	<b>201.2</b>	<b>247.0</b>

The Parent Company is the main account holder for the Group account with Nordea (publ). For more information about the cash pool and overdraft facility

and credit facility, see the Group Note 20, Cash and cash equivalents.

**Note P10 Equity****Share capital**

See Note 21 for the Group for information about the Parent Company's share capital and other contributed capital.

Annual General Meeting on December 11, 2018. For the current financial year, the proposed dividend is SEK 264 million (239), which corresponds to about 74 per cent of net profit for the year (78).

**Retained earnings**

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

**Share premium reserve**

During the year, other contributed capital increased SEK 653 million (49), of which SEK 663 million on account of the new share issue (50) and SEK -14 million was attributable to issue costs. Subscription with the support of warrants represents an increase of SEK 4 million (5).

**Dividends**

During the financial year, a total dividend of SEK 239 million was distributed in line with the resolution by the

**Note P11 Untaxed reserves**

	Aug 31, 2019	Aug 31, 2018
Tax allocation reserve	182.8	137.7
<b>Total</b>	<b>182.8</b>	<b>137.7</b>

**Note P12 Borrowing**

The Group's external financing is with the Parent Company. Total external loans amount to SEK 2,006 million (1,985). For more information about loans, refer to the Group Note 22.

**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, 2019	Total borrowing	Maturity		Maturity	
		within one year	longer than one year but within two years	longer than two years but within five years	longer than five years
Liabilities to credit institutions including future interest payments	<b>2,112.6</b>	25.2	25.2	50.4	2,011.7
Accounts payable	0.0	0.0	—	—	—
Tax liabilities	0.0	0.0	—	—	—
Other current liabilities	0.3	0.3	—	—	—
Accrued expenses	8.3	8.3	—	—	—
<b>Total</b>	<b>2,121.3</b>	<b>33.9</b>	<b>25.2</b>	<b>50.4</b>	<b>2,011.7</b>

Aug 31, 2018	Total borrowing	Maturity		Maturity	
		within one year	longer than one year but within two years	longer than two years but within five years	longer than five years
Liabilities to credit institutions including future interest payments	<b>2,091.1</b>	20.0	20.0	59.9	1,991.4
Accounts payable	0.0	0.0	—	—	—
Tax liabilities	6.6	6.6	—	—	—
Other current liabilities	0.4	0.4	—	—	—
Accrued expenses	5.0	5.0	—	—	—
<b>Total</b>	<b>2,103.1</b>	<b>31.9</b>	<b>20.0</b>	<b>59.9</b>	<b>1,991.4</b>

**Note P13 Accrued expenses and deferred income**

	Aug 31, 2019	Aug 31, 2018
Accrued expenses for suppliers		—
Other accrued expenses and deferred income	8.3	5.0
<b>Total</b>	<b>8.3</b>	<b>5.0</b>

**Note P15 Related-party transactions**

Transactions with subsidiaries	18/19	17/18
Purchases	—	—
Sales	0.4	0.4
Receivables as of August 31	2,254.3	1,543.3
Liabilities as of August 31	—	—

**Note P14 Cash-flow statement**

Adjustment for non-cash items	18/19	17/18
Outstanding Group contributions	258.7	297.7
<b>Total</b>	<b>258.7</b>	<b>297.7</b>

# Corporate responsibility information

## About this report

Dustin's Annual and Corporate Responsibility Report provides a summary of the financial results and the corporate responsibility efforts we have carried out during the 2018/19 financial year. This is the second time we are presenting financial information and corporate responsibility information in a joint report. Dustin has used the Global Reporting Initiative's (GRI) guidelines in its reporting since 2014/15. For 2018/19, Dustin is following the GRI standards and reporting at "Core" level. This means Dustin has identified the aspects that are material for the company and has reported at least one indicator per aspect.

This report encompasses the Group's corporate responsibility efforts during the financial year from September 1, 2018 to August 31, 2019. Dustin presents corporate responsibility data every year, and the report for the preceding year was published on November 15, 2018.

If you have any questions, please contact Henrik Lampa, Head of Corporate Responsibility.

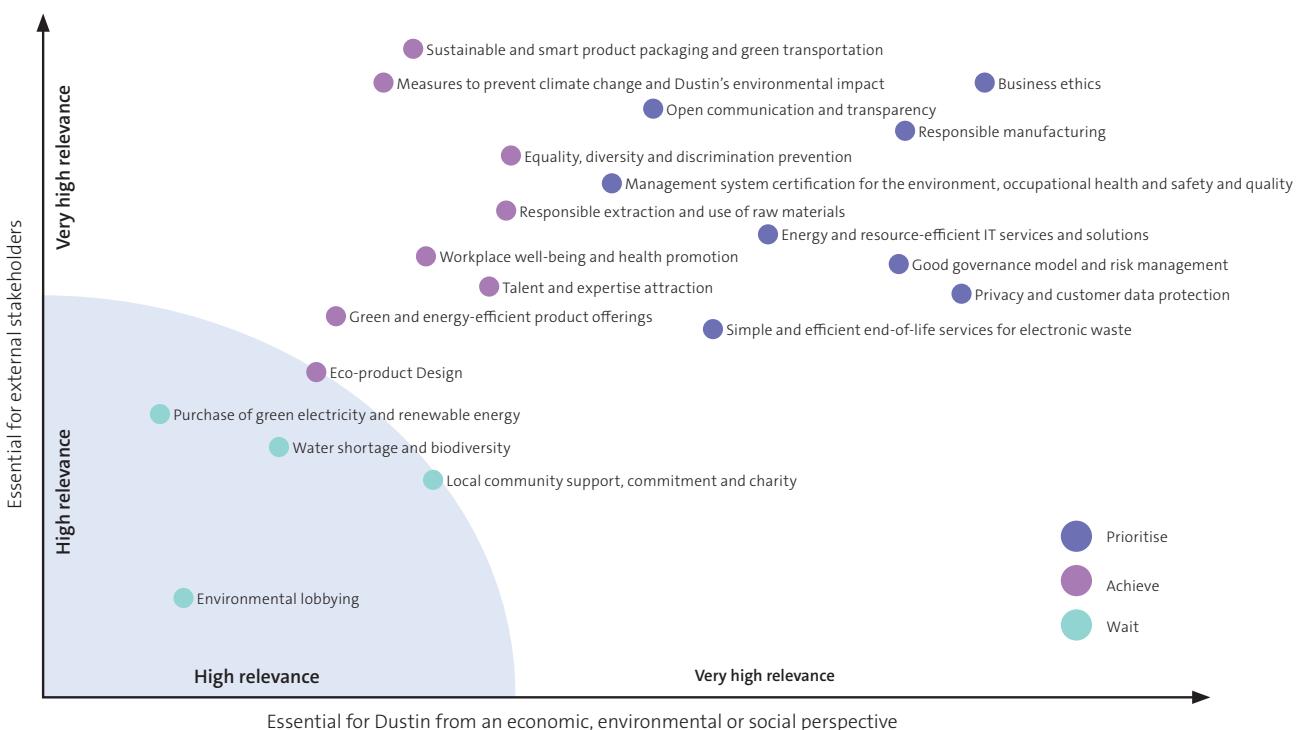
## Materiality assessment

The 2015/16 materiality assessment was the most comprehensive corporate responsibility assessment ever performed by Dustin. A total of 77 stakeholders took part, including manufacturers, distributors, customers, business partners, employees, the Board, Group Management, investors, non-governmental organisations and other partners. The aim was to identify the aspects that our stakeholders considered material.

Dustin has used the results of the materiality assessment and our five focus areas to define the corporate responsibility areas described in this year's Corporate Responsibility Report. The areas of corporate responsibility are considered material for the entire organisation, as well as our external stakeholder groups.

Because our corporate responsibility targets are long-term – until 2020 – we have decided to conduct a materiality assessment at least once every third year. In the event of significant changes to the company's strategy or operational activities, such as geographic expansion or the launch of new product categories, more frequent materiality assessments may be required. In 2018/19, we began conducting a new materiality assessment that will form the basis of our new corporate responsibility strategy for 2020 and beyond.

## Materiality assessment



## Stakeholder overview

Dialogue with our stakeholders is conducted on an ongoing basis. Below is a presentation of the stakeholders we have identified as most significant for our corporate responsibility efforts, the dialogue channels and important issues during the year.

Stakeholders	Dialogue channels	Key issues
<b>Customer</b>	<ul style="list-style-type: none"> <li>Customer contact and customer meetings</li> <li>Concept store</li> <li>Customer magazine and IT trade fair (Dustin Expo)</li> <li>Information on website, customer service and social media</li> <li>Customer surveys and brand tracker</li> </ul>	<ul style="list-style-type: none"> <li>Conflict minerals</li> <li>Certified management system</li> <li>Code of Conduct and compliance</li> <li>Factory audits</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>Individual investor meetings</li> <li>Webcasts/telephone conferences for interim reports</li> <li>Presentations for investor lunches seminar and other meetings</li> <li>Board of Directors and AGM</li> </ul>	<ul style="list-style-type: none"> <li>Risk analysis of value chain and factory audits</li> <li>Environmental targets</li> <li>Code of Conduct and Business ethics</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Daily meetings and interaction</li> <li>All-staff meetings</li> <li>Training, classroom and e-courses</li> <li>Annual employee surveys</li> <li>Annual appraisals</li> </ul>	<ul style="list-style-type: none"> <li>Our Code of Conduct and business ethics</li> <li>Work on Dustin's five focus areas</li> <li>Relationship with the environment</li> <li>End-of-life returns</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Separate meetings in purchasing process</li> <li>Supplier assessments under framework of Dustin's Code of Conduct</li> <li>Seminars and panel discussions</li> <li>Factory audits</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with the Code of Conduct</li> <li>Healthy working conditions and promoting human rights</li> <li>Occupational health and safety</li> <li>Environmental protection</li> <li>Anti-corruption and bribery</li> <li>Country of origin and traceability</li> </ul>
<b>Voluntary organisations and partners</b>	<ul style="list-style-type: none"> <li>Individual meetings</li> <li>Conferences, training courses and panel discussions</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable IT and eco-labelling</li> <li>Environmental targets</li> <li>Country of origin and traceability</li> <li>End-of-life returns</li> </ul>

## Employees

A more detailed presentation is given below of age distribution among new employees and employees leaving the company as well as the distribution between countries, in addition to the employee data reported on pages 64–66. Dustin has few part-time employees and the age distribution at Dustin is comparable with the age distribution at medium-sized companies in the IT industry.

At the end of the 2018/19 financial year, the gender balance at Dustin was 31/69 per cent. If we include employees at our acquired companies, we see a more uneven gender balance of 23/77 per cent. The main reason for this is the large number of men working at the acquired companies. If we compare the gender balance between countries, then Sweden is at the forefront with a gender balance of 33/67 per cent while Denmark is lagging behind with a gender balance of 17/83 per cent.

Age distribution employees	Aged <29	Aged 30–49	Aged >50
New employees (number)	122 (70)	154 (116)	30 (14)
New employees (%)	40% (35%)	50% (58%)	10% (7%)
Employees leaving (number)	74 (62)	100 (107)	18 (23)
Employees leaving (%)	39% (32%)	52% (56%)	9% (12%)

Employees	Total	Sweden	Norway	Denmark	Finland
New employees (number)	306 (200)	217 (136)	26 (8)	31 (41)	32 (15)
New employees (%)		71% (68%)	9% (4%)	10% (21%)	10% (7%)
Employees leaving (number)	193 (192)	142 (130)	10 (16)	20 (28)	21 (18)
Employees leaving (%)		74% (68%)	5% (8%)	10% (15%)	11% (9%)

Gender balance at Dustin	Total	Sweden	Norway	Denmark	Finland
Gender balance at Dustin	31/69 (30/70)	35/65 (35/65)	24/76 (23/77)	17/83 (16/84)	30/70 (29/71)
Gender balance including acquisitions	23/77 (26/74)				
Gender balance at the managerial level	38/62 (36/64)	42/58 (40/60)	35/65 (38/62)	18/82 (16/84)	46/64 (44/65)
Gender balance at managerial level incl. acquired companies	31/69*(34/66)				

\* Excluding Vincere

## Age distribution

### Group Management and Board of Directors

Directors	Aged <29	Aged 30–49	Aged >50
Total	0% (24%)	38% (64%)	62% (12%)
Group Management	0% (0%)	67% (70%)	33% (30%)
Board of Directors	0% (0%)	0% (0%)	100% (100%)

The collective bargaining agreement for employees in Finland is generally binding. Since the spring of 2017, the majority of employees in Sweden are also covered by collective bargaining agreements. No employees in Denmark and Norway are covered by collective bargaining agreements.

# Accounting policies for corporate responsibility

## Data collection and measurement

Environmental data, energy and emissions are collected through the Group's environmental reporting process. Group-wide definitions are used for all environmental parameters in order to increase quality. The consolidation principles used for environmental data include all companies within the Group. Acquired companies are included in reporting for environmental data within twelve months of the acquisition date. All data has been collected in accordance with Dustin's reporting period September 1 to August 31 for 2014/15, 2015/16, 2016/17 and 2017/18 as well as 2018/19. The collection of data related to emissions and energy uses the reporting period August 1 to July 31.

Employee data is collected in a separate HR system, which is also used for other HR purposes. Consolidation principles for employee data include all majority-owned companies within the Group, including Dustin's acquisitions. Internal consultants, meaning consultants with their own e-mail address from Dustin, are also included.

During the 2016/17 financial year, IKT Gruppen became an operational part of Dustin and Commsec was integrated in 2017/18. Idenet and Norriq were integrated into Dustin during the 2018/19 financial year. DAV Partners was also merged with JML Systems. This means employee data reported for Dustin also includes IKT Gruppen, Commsec, Idenet and Norriq, while JML Systems (including DAV Partners), Saldab, Purity IT, Core Services, Vincere Group and iTaito are reported under acquisitions. Dustin IT-Hantverkarna was divested during the 2017/18 financial year.

## Greenhouse gas emissions

Climate data produced by companies are often associated with uncertainty. This is because of scientific uncertainty about measurement methods but also uncertainty about the data used in the measurement methods. The total amount of greenhouse gas emissions is reported in kg CO<sub>2</sub> equivalents (CO<sub>2</sub>e), and primarily includes CO<sub>2</sub> greenhouse gases. Biogenic emissions are insignificant and have not been reported.

The reporting is performed in accordance with the GHG Protocol, and includes Scope 1, Scope 2 and Scope 3 emissions. We chose the "operational control" approach for consolidating greenhouse gas emissions. This means that we calculate units based on whether we can introduce policies and operating measures, rather than on the basis of financial control and economic interest. For this reason, the following emission sources are used:

- Trips with vehicles owned by Dustin (Scope 1)
- Electricity consumption, heating and cooling of Dustin's offices in Sweden, Norway, Denmark and Finland with more than 15 employees. The Dustin Concept Store in Sweden, Dustin's central warehouse in Sweden and smaller consolidation warehouses in Finland are also included (Scope 2)
- Outbound shipments from warehouses to customers. This includes shipments from Dustin's central warehouse in Sweden, consolidation warehouses in Finland and Norway together with direct deliveries from distributors to customers (Scope 3)
- Dustin's off-premises data centres (Scope 3)
- Leasing vehicles for staff (Scope 3)
- Business travel by train and air (Scope 3)
- Recycling and energy recovery of waste from the head office and central warehouse (Scope 3)
- Specific emission factors have been used to calculate all Scope 1, Scope 2 and Scope 3 emissions, in accordance with the "location-based" method. For the calculation of Scope 2 emissions in accordance with the "market-based" method, the Nordic Residual Mix for 2018, which amounts to 250.76 g CO<sub>2</sub>/kWh, is used. By comparison, the Nordic Residual Mix for 2017 amounted to 329.19 g CO<sub>2</sub> / kWh.
- CO<sub>2</sub> savings through re-use in connection with end-of-life returns have been calculated using the same method for all end-of-life returns partners. This is also the same method used in previous years. The method is based on a useful life model from the Berlin Institute of Technology (Energie- und CO<sub>2</sub>-Bilanz von PCs – Relevanz für ReUse-Strategien, 2005) and the EuP preparatory study TREND/D1/40-2005, Lot 3,

2007), in which half the savings, rounded downward, is taken as Dustin's contribution to the savings. The values for energy savings have been updated for telephones since the method was developed, with data for the following models. iPhone 5S, iPhone 5, iPhone 4S, iPhone 4, iPhone 3G, Sony Experia Arc, Sony Ericsson W890, Samsung Galaxy Note 2 (British LCA), Samsung Galaxy Note 2 (Japan LCA), Blackberry Torch 9810.

This yields a savings of 13 kg CO<sub>2</sub> per mobile phone and tablet, 20 kg CO<sub>2</sub> per monitor, 34 kg CO<sub>2</sub> per laptop and 54 kg CO<sub>2</sub> per desktop computer.

### Energy

The total quantity of energy consumed is reported in kilowatt hours and includes electricity consumption, heating and cooling. The calculations encompass all of Dustin's office properties with more than 15 employees, the central warehouse, small consolidation warehouses in Finland and the Dustin Concept Store in Sweden. The boundary is in accordance with the calculations of Scope 2 emissions. Moreover, consumption includes electricity and cooling at off-premises data centres.

The office properties in Sweden, Norway, Denmark and Finland are used only partly by Dustin, and their heat consumption is allocated based on space. The same applies to the consolidation warehouse in Norway as well as the Dustin Concept Store. For the data centres, consumption is measured using PUE (Power Usage Effectiveness) values.

### Waste

The total reported quantity of waste encompasses Dustin's waste from its head office and central warehouse. Other properties or warehouse space are not included. In the "Waste" table the "Waste for energy reclamation" for the 2017/18 financial year also includes the 287,093 kg of waste designated as "Other processing method" in the preceding year's report.

### Hazardous waste

The total reported quantity of hazardous waste only encompasses hazardous waste from the central warehouse and electronics waste that we as a producer are responsible to accept. Dustin does not currently have an accepted method to measure the quantity of waste from our other properties that is sent for recycling.

Between 2016/17 and 2017/18, legislation was changed concerning the reporting of means of recovery for collected electrical and electronic products. During these years, most of the hazardous waste generated by Dustin was linked to the collected electronic waste we are responsible for handling as producer. In 2017/18, the collection system did not provide companies with data pertaining to recycling method, which was amended again in 2018/19; thus, 2018/19 also includes waste generated at Dustin associated with the collected electronic waste that we as a producer are responsible for handling in addition to the volume of hazardous waste we generated ourselves at our central warehouse and office – such as old fluorescent tubes, batteries and end-of-life electronics equipment.

### End-of-life returns of electronics products

The quantity of returned products includes the categories of desktop computers, laptops, tablets, mobile phones, monitors, servers, networking equipment and printers. Categories not included are computer mice, keyboards, cables, laptop docking stations, external hard drives, removable hard drives, CDs and removable computer components. Carbon savings are only calculated on the four product categories that have key service life metrics in relation to "Carbon savings in connection with reuse." Having previously come only from one of the end-of-life returns partners, who collects approximately one quarter of the total number of products, the scope for calculating carbon savings has expanded to cover all four end-of-life returns partners.

### Employees

Active employees refers to all employees at Dustin and acquired companies, including internal consultants with their own e-mail address at Dustin. Individuals on parental leave or on long-term sick leave are not included. Active employees are reported in connection with the proportion of employees who have completed the online course on Dustin's Code of Conduct. Certain GRI indicators concerning our employees have not been broken out by age group and country, when the difference between the ages was not considered important.

### Changed information compared with preceding Corporate Responsibility Report

In 2018/19, Dustin chose to include CO<sub>2</sub>e savings for all products collected as end-of-life returns and reused. This means that carbon savings due to re-use of end-of-life products has been adjusted from 33,035 kg CO<sub>2</sub>e to 112,899 for 2014/15, from 122,891 kg CO<sub>2</sub>e to 217,025 for 2015/16, from 129,688 kg CO<sub>2</sub>e to 368,815 for 2016/17 and from 172,018 CO<sub>2</sub>e to 894,151 for 2017/18. The scope of the adjustment is due to CO<sub>2</sub> savings previously having represented only around 30 per cent of re-used end-of-life products.

### Significant changes concerning scope and boundaries

The decision to include all acquisitions in the environmental report for energy and emissions within 12 months of the acquisition date has entailed an increase in the number of data centres and properties included in the report. Based on this principle, Vincere Group, Saldab, JML Systems (including DAV Partners), Itaito, Purity and Core Services are included in energy and emissions reporting, while Idenet, Norriq, Commsec and IKT Gruppen are already an operational part of Dustin. Chilit, Inventio and Norisk have not been included for 2018/19, however, as twelve months have not yet passed from the date of the acquisitions at the end of the financial year.

### Precautionary principle

The precautionary principle is one of the fundamental principles for sound accounting standards applied by Dustin. The precautionary principle is currently being applied to corporate responsibility as needed, for issues such as estimated emissions from leasing vehicles. The principle is defined in the company's Code of Conduct.

### Statutory Corporate Responsibility Report

Dustin is subject to the requirements for statutory corporate responsibility reporting in accordance with requirements in the Annual Accounts Act. The statutory Corporate Responsibility Report is available in the Annual and Corporate Responsibility Report under the following headings and encompasses reporting requirements including the environment, social responsibility, personnel, human rights and anti-corruption:

- Targets and key performance indicators on pages 28–29
- Business model and value creation on pages 18–24
- Privacy and risk management on pages 67, 76–87 and 94
- Internal governance on pages 88–94
- Materiality assessment and stakeholders on pages 147–148
- Responsible purchasing on pages 35–37 and 61–63
- Human rights on pages 35–37 and 61–63
- Environment on pages 37 and 56–59
- Personnel on pages 44–47, 65–66 and 149

### External assurance

Corporate responsibility information in the Annual and Corporate Responsibility Report for 2018/19 has been audited by Dustin's auditors, Ernst & Young. In addition, it has been approved by Dustin's Board of Directors.

The consolidated income statement and balance sheet which includes sustainability information will be put before the Annual General Meeting on December 11, 2019 for adoption. The Annual Report and 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. The statutory Corporate Responsibility Report for Dustin Group AB (publ), the content of which is presented in the Directors' Report, was approved for publication by the Board of Directors.

Mia Brunell Livfors,  
Chairman of the Board

Caroline Berg

Gunnel Duveblad

Johan Fant

Tomas Franzén

Mattias Miksche

Morten Strand

Thomas Ekman  
CEO

Stockholm, November 14, 2019

Our auditor's report was submitted on November 14, 2019  
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) except for the corporate governance statement on pages 88-96 for the year 2018-09-01 – 2019-08-31. The annual accounts and consolidated accounts of the company are included on pages 52-153 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, 2019 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, 2019 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. Our opinions do not cover the corporate governance statement on pages 88-96. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

### 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. For each matter below, our description of how our audit addressed the matter is provided in that context. We have fulfilled the responsibilities described in the

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.

Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements. For each matter below, our description of how our audit addressed the matter is provided in that context.

### **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 3,840 million as of August 31, 2019. That equals 53% of the group's total assets and 156% 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, 2019 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.

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 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 evaluated the company's identification of cash generating units and the allocation of Goodwill that has been allocated to these units during the year.

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 2018/2019, Dustin has completed three acquisitions of which one includes 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, 2019 the total debt related to earn-outs for acquisitions amounted to SEK 245 million.

The earn-outs are calculated as a multiples based on future financial performance of the acquisitions and Dustin has therefore estimated future earnings of the acquired companies. 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 allocations 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. However, the outstanding earn-outs open in the 2019 financial statements are short-term, which reduces the uncertainty that normally exists regarding the assessment of the fair value.

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.

Refer to note 1 for the accounting principles regarding valuation of earn-outs and notes 2, 14 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.

Refer to note 1 for the accounting principles regarding valuation of earn-outs and notes 2, 14 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 1-51 and 160-169. 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 scepticism 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 DUSTIN GROUP AB (publ) for the period 2018-09-01 – 2019-08-31 and the proposed appropriations of the company's profit.

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 scepticism 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.

## The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 88-96 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 *The auditor's examination of the corporate governance statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

**The auditor's opinion regarding the statutory  
Corporate Responsibility Report**

The Board of Directors is responsible for the statutory Corporate Responsibility Report that has been defined on page 152, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12. The auditor's opinion regarding the statutory Corporate Responsibility Report. This means that our examination of the statutory Corporate Responsibility Report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory Corporate Responsibility Report has been prepared.

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, 2018 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 14, 2019

Ernst & Young AB

Jennifer Rock-Baley  
Authorized Public Accountant

# Auditor's Limited Assurance Report on Dustin Group AB's voluntary corporate responsibility Report in accordance with GRI

To Dustin Group AB (publ), Corp. id. 556703-3062

## Introduction

We have been engaged by the Board of Directors of Dustin Group AB to undertake a limited assurance engagement of Dustin Group AB's Corporate Responsibility Report for the year 1 September 2018 – 31 August 2019. The company has defined the scope of the Corporate Responsibility Report to the areas referred to in the GRI Index on pages 162-163.

## Responsibilities of the Board of Directors and the Executive Management for the Corporate Responsibility Report

The Board of Directors and the Executive Management are responsible for the preparation of the Corporate Responsibility Report in accordance with the applicable criteria, as explained on the pages 162-163, and are the parts of the corporate responsibility Reporting Guidelines published by GRI (Global Reporting Initiative) that are applicable to the Corporate Responsibility Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Corporate Responsibility Report that is free from material misstatements, whether due to fraud or error.

## Responsibilities of the Auditor

Our responsibility is to express a conclusion on the Corporate Responsibility Report based on the limited assurance procedures we have performed.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of historical financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Corporate Responsibility Report, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in scope than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of Dustin Group AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The procedures performed, consequently, do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Corporate Responsibility Report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

## Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Corporate Responsibility Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

Stockholm, November 14, 2019  
Ernst & Young AB

Jennifer Rock-Baley  
Authorized Public Accountant

# 2018/19 Annual General Meeting

Dustin's Annual General Meeting will be held on Wednesday, December 11, 2019 at 3:00 p.m. at Westmanska Palatset, Holländargatan 17 in Stockholm, Sweden. Registration will begin from 2:00 p.m.

## Participation

Shareholders wishing to participate at the Annual General Meeting must:

- be entered in the shareholders' register maintained by Euroclear Sweden no later than Thursday, December 5, 2019; and
- notify the company of their attendance via e-mail: gm@dustingroup.com, by telephone on +46 8 553 44 000 or by post to Dustin Group AB (publ), Att: Bolagsstämma, Box 1194, SE-131 27 Nacka Strand, Sweden, no later than Thursday, December 5, 2019.

## Notification

In their notification to the company, shareholders must state their name, personal identity number or corporate registration number, address and telephone number and, where applicable, information regarding proxies and assistants (not more than two assistants).

If participation is to take place based on a power of attorney, such power of attorney must be dated and signed. The 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/agm-18-19>.

Representatives of legal entities must present a certified copy of the registration certificate or equivalent documents of authorisation.

For information on the processing of personal data, refer to the Privacy Policy available on Euroclear Sweden's website <https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>.

The notice and other information will be available at <http://www.dustingroup.com/en/agm-18-19> 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 shareholders' register (known as voting rights registration), in addition to their notification of participation in the Meeting. To ensure this registration is completed by December 5, 2019, shareholders should contact their trustee or bank well in advance of this date.

## Dividends

The Board of Directors proposes a total dividend of approximately SEK 266 million in 2018/19, corresponding to SEK 3.00 per share. The proposed dividend represents approximately 75 per cent of the net profit for the year. Friday, December 13, 2019 is proposed as the record date for the dividend. The estimated payment date for the dividend is Tuesday, December 17, 2019.

## Financial calendar

2018/19 Annual General Meeting	December 11, 2019
Interim Report Sep–Nov	January 8, 2020
Interim Report, Dec–Feb	April 1, 2020
Interim Report Mar–May	July 1, 2020
Year-End Report Sep–Aug	October 7, 2020

# GRI index

GRI Standard	Description/disclosures	Page	Outstanding information
<b>GRI 102: General disclosures 2016</b>			
102-1	Name of the organisation	53	
102-2	Products, services and brands	8	
102-3	Location of headquarters	68	
102-4	Location of operations	68	
102-5	Ownership and legal form	68	
102-6	Markets served	8	
102-7	Scale of the organisation	8, 66 & 70–72	
102-8	Information on employees and other workers	66 & 151	
102-9	Supply chain	35–38	
102-10	Significant changes to the organisation and its supply chain	7 & 16–18	
102-11	Precautionary principle or approach	152	
102-12	External initiatives	94	
102-13	Membership of associations		Confederation of Swedish Enterprise, Responsible Business Alliance (RBA) & Womentor
<b>Strategy</b>			
102-14	Statement from senior decision-maker	12–13 & 54–55	
<b>Ethics and integrity</b>			
102-16	Values, principles, standards, and norms of behaviour	46–47, 67 & 88–96	
<b>Governance</b>			
102-16	Governance structure	88–101	
<b>Stakeholder engagement</b>			
102-40	List of stakeholder groups	148	
102-41	Collective bargaining agreements	149	
102-42	Identifying and selecting stakeholders	147	
102-43	Approach to stakeholder engagement	148	
102-44	Key topics and concerns raised	147–148	
<b>Reporting practice</b>			
102-45	Entities included in the consolidated financial statements	144	
102-46	Defining report content and topic boundaries	147	
102-47	List of material topics	147	
102-48	Restatements of information	150–152	
102-49	Changes in reporting	152	
102-50	Reporting period	150	

GRI Standard	Description / disclosure	Page	Outstanding information
<b>Cont'd. Reporting practice</b>			
102-51	Date of most recent report	147	
102-52	Reporting cycle	150	
102-53	Contact point for questions regarding the report	147	
102-54	Claims of reporting in accordance with the GRI Standards	147	
102-55	GRI index	162–163	
102-56	External assurance	152–159	
<b>GRI 205: Anti-corruption 2016</b>			
103-1/2/3	Management Approach 205	67–94	
205-1	Operations assessed for risks related to corruption	67	
205-3	Confirmed incidents of corruption and actions taken	67	
<b>GRI: 301: Materials 2016</b>			
103-1/2/3	Management Approach 301	33 & 34	
301-3	Share of reused and recycled products	56	Focus on the number as it is key for Dustin's 2020 target
<b>GRI 302: Energy 2016</b>			
103-1/2/3	Management Approach 302	58	
302-1	Energy consumption within the organisation	58	
<b>GRI 305: Emissions 2016</b>			
103-1/2/3	Management Approach 305	57	
305-1	Direct (Scope 1) GHG emissions	57	
305-2	Energy indirect (Scope 2) GHG emissions	57	
305-3	Other indirect (Scope 3) GHG emissions	57	
305-5	Reduction of GHG emissions	58	
<b>GRI 308: Supplier Environmental Assessment 2016</b>			
103-1/2/3	Management Approach 308	35–38	
308-1	New suppliers that were screened using environmental criteria	61–63	
<b>GRI 401: Employment</b>			
103-1/2/3	Management Approach 401	44–47, 66 & 149–151	
401-1	New employee hires and employee turnover	66 & 149	
<b>GRI 405: Diversity and Equal Opportunity 2016</b>			
103-1/2/3	Management Approach 405	44–47	
	Diversity of governance bodies and employees	66 & 149	
<b>GRI 414: Supplier Social Assessment 2016</b>			
103-1/2/3	Management Approach 414	35–38	
414-1	New suppliers that were screened using social criteria	61–63	

# Multi-year overview

All amounts in SEK million, unless otherwise indicated	18/19	17/18	16/17	15/16	14/15
<b>Income statement</b>					
Organic sales growth (%)	9.9	2.0	8.6	4.4	5.7
Gross margin (%)	16.7	15.9	14.8	15.0	14.1
EBIT	489.1	443.8	349.5	323.5	218.0
Adjusted EBITDA	601.1	521.2	438.4	400.2	364.1
Adjusted EBITA	559.7	500.6	426.1	389.6	353.5
Adjusted EBITA margin (%)	4.5	4.9	4.6	4.7	4.5
Return on equity (%)	14.5	18.5	16.1	15.8	9.4
<b>Balance sheet</b>					
Net working capital	-67.6	-192.0	118.1	31.6	158.3
Capital employed	196.6	48.5	269.1	173.3	292.6
Net debt	1736.4	1730.6	998.3	826.3	936.9
Net debt/adjusted EBITDA (multiple)	2.9	3.3	2.3	2.1	2.6
Maintenance investments	-79.5	-52.1	-27.3	-4.7	-8.9
Equity/assets ratio (%)	33.8	26.7	35.6	36.5	34.4
<b>Cash flow</b>					
Operating cash flow	395.5	854.8	301.2	500.7	217.2
Cash flow from operating activities	264.0	747.9	213.6	447.2	58.6
<b>Data per share</b>					
Earnings per share, including discontinued operations before dilution (SEK)*	4.12	3.91	3.08	2.89	1.71
Earnings per share, including discontinued operations after dilution (SEK)*	4.11	3.89	3.07	2.89	1.71
Equity per share before dilution (SEK)	27.75	21.32	19.50	18.67	17.38
Cash flow from operating activities per share before dilution (SEK)*	3.05	9.58	2.75	5.76	0.80
Cash flow from operating activities per share after dilution (SEK)*	3.04	9.53	2.74	5.76	0.80
Average number of shares*	86,472,611	78,078,991	77,696,577	77,696,577	72,976,646
Average number of shares after dilution*	86,766,793	78,449,771	77,862,249	77,696,577	72,982,940
Number of shares issued at end of period	88,647,339	77,226,502	76,173,115	76,173,115	76,173,115
Dividend per share	3.0**	2.71	2.80	2.40	1.70

\* Key ratios have been restated in comparative periods to take into account the terms and conditions of the new share issue carried out in November 2018.

\*\* Proposed dividend for current year

# Source of alternative performance measures

All amounts in SEK million, unless otherwise indicated	18/19	17/18	16/17	15/16	14/15
<b>Organic growth</b>					
Sales growth (%)	21.7	10.7	12.1	4.6	7.6
Acquired growth (%)	-9.9	-7.3	-1.7	-1.2	-0.6
Currency effects in sales growth (%)	-1.9	-1.4	-1.8	1.0	-1.3
<b>Organic sales growth (%)</b>	<b>9.9</b>	<b>2.0</b>	<b>8.6</b>	<b>4.4</b>	<b>5.7</b>
<b>Earnings before financial items including EBIT from discontinued operations</b>					
EBIT from continuing operations	489.1	443.8	349.5	323.5	218.0
EBIT from discontinued operations	–	–	0.0	0.4	8.5
<b>Total</b>	<b>489.1</b>	<b>443.8</b>	<b>349.5</b>	<b>323.9</b>	<b>226.5</b>
Adjusted EBITA	18/19	17/18	16/17	15/16	14/15
EBIT including discontinued operations	489.1	443.8	349.5	323.9	226.5
Amortisation and impairment of intangible assets	74.1	57.8	69.3	60.6	58.3
Items affecting comparability	-3.5	-1.0	7.3	5.0	68.7
<b>Adjusted EBITA</b>	<b>559.7</b>	<b>500.6</b>	<b>426.1</b>	<b>389.6</b>	<b>353.5</b>
Adjusted EBITDA	18/19	17/18	16/17	15/16	14/15
EBIT including discontinued operations	489.1	443.8	349.5	323.9	226.5
Depreciation and impairment of tangible assets	41.5	20.5	12.3	10.6	10.6
Amortisation and impairment of intangible assets	74.1	57.8	69.3	60.6	58.3
Items affecting comparability	-3.5	-1.0	7.3	5.0	68.7
<b>Adjusted EBITDA</b>	<b>601.1</b>	<b>521.2</b>	<b>438.4</b>	<b>400.2</b>	<b>364.1</b>

# Definitions

IFRS measures:	Definition/Calculation	
<b>Earnings per share</b>	Net profit/loss in SEK in relation to average number of shares, according to IAS 33.	
Alternative performance measures:	Definition/Calculation	Purpose
<b>Return on equity</b>	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.
<b>Gross margin</b>	Gross profit in relation to net sales.	Used to measure product and service profitability.
<b>Equity per share</b>	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.
<b>Acquired growth</b>	Net sales for the relevant period attributable to acquired and divested companies in relation to net sales for the comparative period.	Acquired growth is eliminated in the calculation of organic growth.
<b>Adjusted EBITA</b>	EBIT according to the income statement 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.
<b>Adjusted EBITDA</b>	EBIT according to the income statement before items affecting comparability and amortisation/depreciation and impairment of intangible and tangible assets.	Dustin believes that this performance measure shows the underlying earnings capacity and facilitates comparisons between quarters.
<b>Adjusted EBITA margin</b>	Adjusted EBITA in relation to net sales.	This performance measure is used to measure the profitability level of the operations.
<b>Items affecting comparability</b>	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.
<b>Cash flow from operating activities</b>	Cash flow from operating activities, after changes in working capital.	Used to show the amount of cash flow generated from operating activities.
<b>Cash flow from operating activities per share</b>	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.

<b>Net working capital</b>	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.
<b>Net debt</b>	Non-current and current interest-bearing liabilities, excluding acquisition-related liabilities, less cash and cash equivalents at the end of the period.	This performance measure shows Dustin's total liabilities adjusted for cash and cash equivalents.
<b>Net debt/EBITDA</b>	Net debt in relation to adjusted EBITDA.	This performance measure shows the Company's ability to pay its debt.
<b>Organic growth</b>	Growth in net sales for the relevant period adjusted for acquisitions, divestments and currency effects.	Provides a measure of the growth achieved by Dustin in its own right.
<b>Sales growth</b>	Net sales for the relevant period in relation to net sales for the comparative period.	Used to show the development of net sales.
<b>Operating cash flow</b>	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.
<b>EBIT</b>	EBIT is a measurement of the company's earnings before income tax and financial items.	This measure shows Dustin's profitability from operations.
<b>Equity/assets ratio</b>	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.
<b>Segment results</b>	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.
<b>Capital employed</b>	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.
<b>Maintenance investments</b>	Investments required to maintain current operations excluding financial leasing.	Used to calculate operating cash flow.
<b>Currency effects</b>	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
<b>B2B</b>	Pertains to sales to companies and organisations, divided into LCP and SMB according to the definition below.
<b>B2C</b>	Pertains to all sales to consumers.
<b>Central functions</b>	Includes all non-allocated central expenses, including amortisation and depreciation, and excluding items affecting comparability.
<b>Integration costs</b>	Integration costs comprise costs for integrating acquired companies into the Dustin platform. The Dustin platform is defined as integration of e-commerce into the IT platform combined with organisational integration.
<b>IDC</b>	International Data Corporation
<b>Clients</b>	Generic name for the product categories computers, mobile phones and tablets.
<b>Contractual recurring revenues</b>	Recurring revenues, such as subscriptions, that are likely to have a duration of several years.
<b>LCP</b>	Pertains to all sales to large corporate and public sector. As a general rule, this segment is defined as companies and organisations with more than 500 employees or public sector operations.
<b>LTI</b>	Long-term incentive programme that encompasses Group Management and other key individuals at Dustin.
<b>LTM</b>	Last twelve months, also known as rolling 12 months. Refers to going back 12 months regardless of financial year.
<b>SaaS</b>	Software as a service (SaaS) is a type of cloud service that provides software over the Internet.
<b>SMB</b>	Pertains to all sales to small and medium-sized businesses.

# Financial calendar

## December 11, 2019

Annual General Meeting in Stockholm

## January 8, 2020

Interim report for the first quarter,  
September 1, 2019–November 30, 2019

## April 1, 2020

Interim report for the second quarter,  
December 1, 2019–February 29, 2020

## July 1, 2020

Interim report for the third quarter,  
March 1, 2020–May 31, 2020

## October 7, 2020

Year-end report,  
September 1, 2019–August 31, 2020

## November 17, 2020

2019/20 Annual Report

## December 14, 2020

2019/20 Annual General Meeting

## For more information, please contact:

### Dustin Group AB

Johan Karlsson, CFO  
johan.karlsson@dustin.se  
+46 708 67 79 97

Fredrik Sätterström, Head of Investor Relations  
fredrik.satterstrom@dustin.se

+46 705 10 10 22

**Dustin**