Q3

INTERIM REPORT

MARCH 1, 2019 – MAY 31, 2019

Interim Report March 2019 – May 2019

"Strong growth and continued investments"

Third quarter

- Net sales rose 28.7 per cent to SEK 3,169 million (2,462).
- Organic growth was 15.3 per cent (1.6), of which SMB accounted for 6.6 per cent (9.4), LCP for 25.0 per cent (neg: 5.0) and B2C for negative 5.0 per cent (10.9).
- The gross margin rose to 16.8 per cent (16.1).
- Adjusted EBITA increased to SEK 124 million (108), corresponding to an adjusted EBITA margin of 3.9 per cent (4.4).
- EBIT totalled SEK 78 million (98), including items affecting comparability of a negative SEK 26.2 million (neg: 0.6).
- Profit for the quarter amounted to SEK 48 million (67).
- Earnings per share before dilution totalled SEK 0.54 (0.87).
- Cash flow from operating activities amounted to SEK 101 million (221).

September 2018-May 2019

- Net sales rose 22.3 per cent to SEK 9,510 million (7,776).
- Organic growth was 9.5 per cent (4.1), of which SMB accounted for 4.6 per cent (9.9), LCP for 15.3 per cent (neg: 0.6) and B2C for negative 5.2 per cent (10.0).
- The gross margin rose to 16.8 per cent (15.7).
- Adjusted EBITA increased to SEK 440 million (382), corresponding to an adjusted EBITA margin of 4.6 per cent (4.9).
- EBIT totalled SEK 388 million (337), including items affecting comparability of SEK 0.2 million (-3).
- Profit for the period amounted to SEK 283 million (235).
- Earnings per share before dilution totalled SEK 3.30 (3.07).
- Cash flow from operating activities amounted to SEK 193 million (689).
- At the end of the period, net debt in relation to adjusted EBITDA in the past 12-month period was 2.9 (3.3 at the end of 2017/18).

Financial key ratios

All amounts in SEK million, unless otherwise indicated	Q3 18/19	Q3 17/18	Q1-Q3 18/19	Q1-Q3 17/18	Rolling 12 mån	Full Year 17/18
Net sales	3,168.5	2,461.7	9,509.9	7,776.3	12,034.1	10,300.5
Organic sales growth (%)	15.3	1.6	9.5	4.1	5.9	2.0
Gross margin (%)	16.8	16.1	16.8	15.7	16.8	15.9
Adjusted EBITA	123.8	107.9	439.5	381.9	558.3	500.6
Adjusted EBITA margin (%)	3.9	4.4	4.6	4.9	4.6	4.9
EBIT	78.3	97.5	387.5	336.5	494.8	443.8
Profit for the period	48.0	66.6	282.8	234.6	353.4	305.1
Items affecting comparability*	-26.2	0.6	0.2	-2.6	3.8	1.0
Earnings per share, including discontinued operations, before dilution, (SEK)**	0.54	0.87	3.30	3.07	4.21	3.91
Cash flow from operating activities	100.6	221.1	192.8	688.8	251.9	747.9
Net debt/adjusted EBITDA (multiple)*	-	-	-	-	2.9	3.3
Return on equity (%)***	-	-	-	-	14.8	18.5

For definitions, refer to page 28.

* Refer to note 4 Items affecting comparability for more information.

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

*** Reduction attributable to new share issue conducted in November 2018.

Strong growth and continued investments

We reported very strong sales growth in the third quarter, with net sales increasing by 29 per cent to SEK 3,169 million. A continued strong volume trend in LCP and an anticipated recovery in SMB, combined with new acquisitions, are driving our growth. Adjusted EBITA increased 15 per cent to SEK 124 million during the quarter. The adjusted EBITA margin continues to be impacted by a high percentage of sales deriving from public contracts with lower margins and costs in conjunction with our transformation toward service sales.

Very strong growth
Sales increased a total of 28.7 per cent in the third quarter, of which 15.3 per cent was organic. The LCP segment reported growth of 27.3 per cent, of which 25.0 per cent organic, primarily attributed to high volumes in the newly signed Danish framework agreement in the Public Sector customer group. The SMB segment displayed a strong increase of 35.0 per cent, of which 6.6 per cent was organic. Organic growth is driven mainly by strong base sales of hardware online. Segment B2C displayed negative growth for the quarter, due to a continued focus on margin ahead of growth.

Sales mix and investments impact profitability
Adjusted EBITA increased 15 per cent to SEK 124 million. The adjusted EBITA margin declined to 3.9 per cent (4.4) as a result of a changed sales mix with a higher proportion of sales under newly signed public agreements with lower margins in the LCP segment. Increased costs in the form of marketing and investments in the sales and supply organisation for services and solutions had a negative impact on the margin trend during the quarter.

Investments in enhanced efficiency
Our increased investments in the organisation comes as a direct result of the transformation that Dustin is now undergoing toward a higher proportion of service sales. We have a strong focus on constantly enhancing the efficiency of our processes and our way of working. During the summer, we will continue to work to optimise the structure of our small data centres and sites that accompanied earlier acquisitions, to enhance the efficiency of these over time, thereby reducing our costs. In addition, we have decided to invest in increased automation of our central warehouse.

High acquisition activity during the quarter
We completed three acquisitions during the quarter. Inventio.IT is a Danish company that specialises in hosting, infrastructure and business systems as a service. The Dutch company Norisk complements our existing operations geographically and offers a broad portfolio of managed IT services, from infrastructure to client management. Finnish company Chilit strengthens our offering to small and medium-sized businesses through a broad IT offering, combined with a strong sales team and a growing share of subscription services.

Integration generates economies of scale
To enable us to make full use of our acquired skills, continue to develop our offering and generate economies of scale in our service business, we intend to accelerate the pace of integrating the acquired businesses in Dustin.

Summary of the quarter
Dustin performed strongly during the third quarter and we take a confident view of the future. The acquisitions of Inventio, Norisk and Chilit complement and broaden our customer offering well and provide opportunities to move higher up the value chain. Continued acquisitions and integration of our acquired operations create an increasingly advantageous sales mix, with a higher value content, and enable continued strengthening of the margin over time. We are well positioned for continued profitable growth in an expanding market, which is characterized by growing online sales and increased demand for mobility and cloud-based services.

Nacka, July 2019

Thomas Ekman
President and CEO

Dustin in brief

Dustin is a leading online IT partner in the Nordic region, with a wide range of hardware, software and related services and solutions. Our centralised warehouse along with an efficient logistics and online platform ensure fast and reliable delivery. By adding high-level IT expertise we act as a strategic IT partner primarily for small and medium-sized businesses, but also for large-sized businesses, the public sector and consumers. The acquisition of Vincere at the end of the financial year 2017/18 provides us with a strong position in the Netherlands, primarily in advanced products and services.

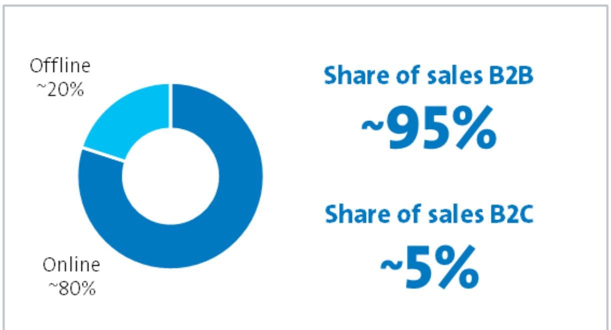
Dustin applies a multi-channel business model, where most sales are online, supplemented by relationship and consultative selling over the phone or through customer visits. Dustin conducts operations in Sweden, Denmark, Finland, Norway and the Netherlands through three business segments, SMB (Small and Medium-sized Businesses), LCP (Large Corporate and Public Sector) and B2C (Business to Consumer).

As the leading B2B e-retailer with our efficient online platform in the Nordic region and through our operations in the Netherlands, Dustin has created a strong market position, since more and more sales of both products and core services are now taking place online. The operations are supported by scalable and shared central functions, including the online platform, purchasing, warehousing and logistics, pricing, marketing, IT and HR.

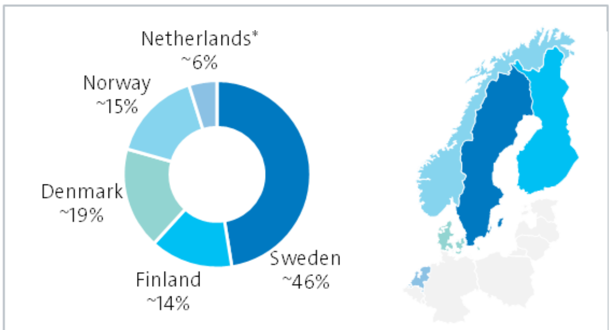
We see increasing demand for more advanced and managed services as demand on mobility and accessibility grow. By combining products and services into integrated solutions, and by adding more advanced services through acquisitions, we are continuously expanding our customer offering and our market. We are able to solve more and more of our customers' IT needs, which is in line with our vision.

Responsible business is a prerequisite for a sound and successful company. For us, responsible business encompasses the Group's 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 focus on making sustainable IT more accessible to our customers.

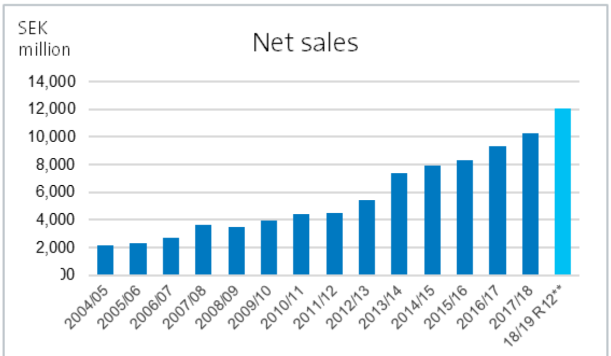
Dustin Group AB is a Swedish public limited company with its head office in Nacka Strand. The share was listed on Nasdaq Stockholm's Mid Cap Index in 2015.

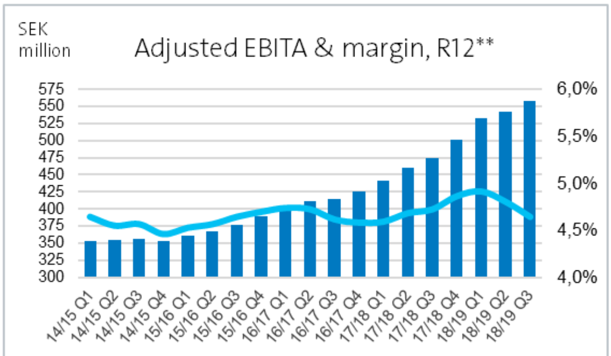


Distribution refers to integrated operations, 12 month rolling as of Q3 2018/19.



Distribution refers to sales, 12 month rolling as of Q3 2018/19.





**Vincere consolidated as of July 4, 2018 **Refers to 12 month rolling*

Vision and Mission

Vision
To be the customer's first choice and set the standard for efficient and sustainable IT.

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

Brand promise
Dustin solves your IT challenges.

Financial targets

Dustin's Board of Directors has established the following 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.

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

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.

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

Our corporate responsibility efforts

Dustin integrates corporate responsibility aspects as a natural part of all of its operations in order to promote responsible business and to help customers make more sustainable choices.

For us, responsible business encompasses the entire Group's long-term impact on society and the environment. Our responsibility extends throughout the value chain, from manufacturing and transportation to how the products are used, reused and recycled.

Five focus areas where we make a difference
Dustin has identified five focus areas that we continuously monitor and develop within the scope of our corporate responsibility programme: Responsible manufacturing, Reduced climate impact, Responsible use of resources, Business ethics and anti-corruption as well as Diversity and equality.

Progress in the third quarter
As part of the Responsible manufacturing focus area Dustin continuously performs factory inspections in China. During the third quarter, 8 (5) inspections were carried out. All of the audits were led by Dustin's corporate responsibility team together with local experts trained in our Supplier Code of Conduct. The audits identified findings, which are being systematically corrected and followed up. Most of the non-conformances were minor, and no "zero-tolerance" findings were revealed as part of the audits. We work continuously to ensure that new suppliers adopt Dustin's Supplier Code of Conduct and that they implement a risk assessment to evaluate their ability to comply with the Code.

For our Responsible use of resources focus area, we have an interim target to recover 38,000 products as end-of-life returns during the 2018/19 financial year. During the third quarter, we recovered 15,576 products (5,023), of which 14,365 could be reused and the remaining 1,211 were recycled. At the end of the third quarter, Dustin has already passed the annual target and recovered a total of 47,510 products during the current financial year and a total of 112,771 products since 2014/15.

	Q3 18/19	Q3 17/18	Full-year 17/18
Share of suppliers* that have adopted the Code of Conduct	99.7%	99.5%	99.8%
Share of suppliers* that have completed a risk assessment	96.0%	95.4%	96.0%
Number of end-of-life returns during the period	15,576	5,023	35,342

* Refers to hardware suppliers with an annual purchase volume of over SEK 200,000.

Financial overview

Income statement items and cash flows are compared with the year-earlier periods. Balance-sheet items pertain to the position at the end of the period and are compared with the corresponding year-earlier date. The quarter pertains to March – May 2019.

Third quarter

Net sales

Net sales for the quarter rose 28.7 per cent to SEK 3,169 million (2,462). Organic growth amounted to 15.3 per cent (1.6), of which SMB accounted for 6.6 per cent (9.4), LCP for 25.0 per cent (neg: 5.0) and B2C for a negative 5.0 per cent (pos: 10.9). Acquired growth was 12.3 percentage points (4.7) and exchange-rate differences had a positive impact of 1.1 percentage points (2.7).

Gross profit

During the quarter, gross profit rose SEK 135 million, corresponding to 34.1 per cent, to SEK 531 million (396). The gross margin rose to 16.8 per cent (16.1), mainly as a result of 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 higher share of sales in the LCP segment had an adverse impact on the margin compared with the preceding quarter.

Adjusted EBITA

Adjusted EBITA for the quarter increased 14.7 per cent to SEK 124 million (108). The adjusted EBITA margin declined to 3.9 per cent (4.4) as a result of a changed sales mix with a higher proportion of sales under newly signed public agreements with lower margins within the LCP segment. Increased costs in the form of marketing and investments in the sales and supply organisation for services and solutions put pressure on the margin. Adjusted EBITA excludes items affecting comparability. For a comparison of adjusted EBITA and EBIT, see Note 2 Segments.

EBIT

Operating profit totalled SEK 78 million (98). Operating profit includes items affecting comparability of negative SEK 26 million (pos: 0.6), which during the quarter mainly comprised acquisition costs of SEK 19 million (6) and SEK 7 million (-) pertaining to costs for the development of the IT platform to support online sales in the Netherlands. Online sales is expected to be launched at the end of 2019. For more information, refer to Note 4 Items affecting comparability.

Financial items

Financial expenses amounted to SEK 12 million (12), with expenses during the quarter primarily pertaining to costs of SEK 10 million (11) for external financing. Other financial expenses relate primarily to discounting of acquisition-related liabilities of SEK 1 million (1). Financial income amounted to SEK 0.3 million (0.3).

Tax

The tax expense for the quarter was SEK 19 million (19), corresponding to an effective tax rate of 28.1 per cent (22.3). The higher effective tax rate is mainly due to non-deductible expenses related to acquisitions made during the quarter.

Profit for the quarter

Profit for the quarter amounted to SEK 48 million (67). Earnings per share amounted to SEK 0.54 (0.87) before dilution and SEK 0.54 (0.87) after dilution.

Cash flow

Cash flow for the quarter was a negative SEK 504 million (pos: 251). The effect compared with the preceding year is mainly attributable to the three acquisitions made during the quarter, totalling negative SEK 536 million (-).

Cash flow from operating activities amounted to SEK 101 million (221). The year-on-year change was mainly due to cash flow from changes in working capital, with the quarter's effect amounting to SEK 35 million (155). There was a less positive effect from working capital for the current quarter due to a decline in accounts payable during the quarter. For further information regarding working capital, refer to the Net working capital section.

Cash flow from investing activities amounted to a negative SEK 559 million (neg: 12), primarily attributable to acquisitions of operations. The cash-flow effect of the acquisition of operations referred to Inventio.IT A/S, SEK 250 million, Chilit Oy, SEK 231 million, and Norisk Beheer B.V., SEK 55 million. Investments in tangible and intangible assets amounted to a negative SEK 22 million (neg: 12), of which a negative SEK 9 million (neg: 8) pertained to investments in the IT platform and a negative SEK 13 million (neg: 5) to investments, primarily in hardware for data centres, computers for internal use and cars.

Cash flow from financing activities amounted to negative SEK 45 million (pos: 42) and mainly comprised the positive effect of the LTI programme of SEK 16 million (43), as well as the repayment of the liability attributable to a bank loan in Chilit of a negative SEK 59 million (-), which was repaid in conjunction with the acquisition.

Significant events in the third quarter

Acquisition in the Netherlands

In March, Dustin acquired the Dutch company Norisk, which has a broad portfolio of managed IT services, ranging from infrastructure to client management. Norisk will be 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.

Acquisition in Denmark
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.

Acquisition in Finland
Finnish company Chilit was acquired in May. The company combines products with services for delivering intelligent IT solutions to small and medium-sized businesses. Norisk 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.

New share issue
The incentive programme for senior executives introduced at the Annual General Meeting on 19 January 2016 entitles participants, through the use of warrants, to subscribe for new shares in the company during the first half of 2019. During the quarter, a total of 237,239 shares were newly subscribed through the exercise of warrants received from this incentive programme. Dustin's share capital thus increased by SEK 1,186,195 to SEK 443,236,705. The number of shares rose by 237,239 to a total of 88,647,339.

September 1, 2018–May 31, 2019 period

Net sales
Net sales for the period increased by 22.3 per cent to SEK 9,510 million (7,776). Organic growth amounted to 9.5 per cent (4.1), of which SMB accounted for 4.6 per cent (9.9), LCP for 15.3 per cent (neg: 0.6) and B2C for a negative 5.2 per cent (pos: 10.0). Acquired growth was 10.6 percentage points (5.6) and exchange-rate differences had a positive impact of 2.2 percentage points (0.7).

Gross profit
During the period, gross profit rose SEK 381 million, corresponding to 31.2 per cent, to SEK 1,600 million (1,219). The gross margin rose to 16.8 per cent (15.7), mainly as a result of 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 higher share of sales in the LCP segment dampened the margin trend somewhat.

Adjusted EBITA
During the period, adjusted EBITA rose 15.1 per cent to SEK 440 million (382). The adjusted EBITA margin declined to 4.6 per cent (4.9). Adjusted EBITA excludes items affecting comparability of SEK 0.2 million (neg: 3), which are specified in Note 4 Items affecting comparability. For a comparison of adjusted EBITA and EBIT, see Note 2 Segments.

EBIT
Operating profit amounted to SEK 388 million (337). Operating profit includes items affecting comparability of SEK 0.2 million (neg: 3), which during the period mainly comprised a positive effect of SEK 35 million (10) from a change in acquisition-related liabilities, acquisition-related expenses of SEK 20 million (10) and costs for the development of the IT platform to support online sales in the Netherlands of SEK 14 million (-). For more information, refer to Note 4 Items affecting comparability.

Financial items
Financial expenses amounted to SEK 34 million (36), with expenses for the period primarily pertaining to costs of SEK 29 million (32) for external financing. Other financial expenses relate primarily to discounting of acquisition-related liabilities of SEK 3 million (2). Financial income amounted to SEK 1 million (1).

Tax
The tax expense for the period was SEK 72 million (67), corresponding to an effective tax rate of 20.2 per cent (22.2). The lower effective tax rate was mainly due to non-taxable profit effects from earn-outs adjustments during the period.

Profit for the period
Profit for the period amounted to SEK 283 million (235). Earnings per share amounted to SEK 3.30 (3.07) before dilution and SEK 3.28 (3.06) after dilution.

Cash flow
Cash flow for the period was a negative SEK 38 million (pos: 352).

Cash flow from operating activities amounted to SEK 193 million (689), with the year-on-year decline mainly attributable to changes in working capital. The period's impact from changes in working capital amounted to a negative SEK 104 million (pos: 423), with the negative year-on-year change primarily due to a higher level of accounts receivable and higher accounts payable, which are explained by increased business volumes and implemented acquisitions. For further information regarding working capital, refer to the Net working capital section.

Cash flow from investing activities amounted to a negative SEK 626 million (neg: 388). Purchase considerations attributable to completed acquisitions of SEK 536 million were paid during the period, of which SEK 55 million was attributable to Norisk, SEK 250 million to Inventio.IT and SEK 231 million to the acquisition of Chilit. 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 63 million (neg: 30), of which a negative SEK 26 million (neg: 18) related to investments in the IT platform and a negative SEK 37 million (neg: 12) related primarily to investments in hardware for data centres, purchases of computers for internal use and cars. During the period, acquisition-related earn-outs of SEK 5 million were received related to IT-Hantverkarna, which was divested in the preceding financial year.

Cash flow from financing activities amounted to SEK 394 million (52) and consists mainly of effects from the implemented new share issue of SEK 681 million (0) and dividends to shareholders of a negative SEK 239 million (neg: 213). During the period, the repayment was made of a liability to credit institutes of SEK 59 million in the acquired company Chilit and the utilised 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 long-term incentive (LTI) programmes.

Net working capital

Net working capital amounted to a negative SEK 104 million (neg: 237) at the end of the period. 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 implemented acquisitions. In addition, the inventory increased somewhat, which was attributable to a larger share of private label goods and completed acquisitions.

SEK million	May 31, 2019	May 31, 2018	Aug 31, 2018
Inventories	473.4	393.2	395.8
Accounts receivable	1,461.4	1,090.1	1,272.6
Tax assets and other current receivables	288.7	190.0	191.8
Accounts payable	-1,679.7	-1,436.0	-1,568.5
Tax liabilities and other current liabilities	-647.8	-474.2	-483.6
Net working capital	**-103.9**	**-236.9**	**-192.0**

Net debt and cash and cash equivalents

At the end of the period, net debt amounted to SEK 1,759 million (968). In total, cash and cash equivalents amounted to SEK 237 million (408), down SEK 171 million, mainly due to the acquisitions completed during the period. 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 (-) in the Dutch operations.

At the end of the period, net debt in relation to adjusted EBITDA in the past 12-month period was 2.9 (2.0).

SEK million	May 31, 2019	May 31, 2018	Aug 31, 2018
Non-current liabilities	1,983.1	1,366.1	1,984.8
Current liabilities to credit institutions	-	-	12.6
Finance lease liabilities	13.0	9.3	10.9
Cash and cash equivalents	-236.9	-407.9	-277.6
Net debt	**1,759.2**	**967.5**	**1,730.6**

Employees

The average number of full-time employees was 1,593 during the period, compared with 1,044 in the year-earlier period. The increase was primarily attributable to acquisitions in the Netherlands.

Parent Company

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

Net sales for the period amounted to SEK 0.3 million (0.3) and profit for the period to SEK 26 million (216). The profit was attributable to dividends of SEK 47 million (300) received from Group companies during the period and to the net currency position during the period amounting to SEK 2 million (neg: 49). The net currency position is attributable to the external financing. The Group applies hedge accounting, whereby the net currency position is recognised against equity.

Risks and uncertainties

Dustin has a structured and Group-wide process to identify, classify, manage and monitor a number of strategic, operative and external risks.

- Strategic risks are normally identified in conjunction with risk discussions connected to a strategic initiative. These risks include acquisition and integration projects and the preparation of profitable and attractive customer offerings.

- Operational risks arise in the business and are identified mainly through process reviews. These risks include the ability to attract and retain customers.
- External risks consist of risks that are outside the direct control of the Group. These risks comprise changes in regulations or altered market conditions.

For a detailed description of the risks that are expected to be particularly significant for the future development of the Group, refer to pages 58-63 of Dustin's 2017/18 Annual Report.

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 May 31, 2019, the price was SEK 81.35 per share (81.50), representing a total market capitalisation of SEK 7,711 million (6,294). At May 31, the company had a total of 6,461 shareholders (6,695). The company's three largest shareholders were Axel Johnson AB with 25.9 per cent, Swedbank Robur Fonder with 9.3 per cent and AMF Försäkring & Fonder with 8.5 per cent. Dustin's shareholder register with the largest shareholders is presented on the company's website.

During the quarter, portions of the long-term incentive plan, LTI 2016, were exercised, and the number of shares thus increased from 88,410,100 to 88,647,339. As a result, the share capital increased by SEK 1,186,195 and the share premium reserve by SEK 14,281,788.

2018/19 Annual General Meeting

Dustin's Annual General Meeting (AGM) will be held in Stockholm on December 11, 2019. Shareholders who wish to have matters considered should submit a written request to the Board by October 23, 2019 at the latest to ensure that the matter is included in the notice convening the AGM. Requests by mail should be addressed to: Dustin Group AB (publ), Att: Sara Edlund, Box 1194, SE-131 27 Nacka Strand or by e-mail to: sara.edlund@dustin.se.

2018/19 Nomination Committee

In accordance with Dustin's general meeting in December 2018, the following individuals were appointed as members of the nomination committee based on the ownership structure as of 31 March 2019:

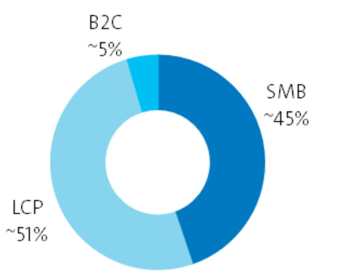
- Caroline Berg, Axel Johnson AB/Axmedia AB, Chairman of the Nomination Committee
- Lennart Francke, Swedbank Robur Fonder
- Tomas Risbecker, AMF Försäkring & Fonder
- Mia Brunell Livfors, Chairman of Dustin's Board of Directors (co-opted)

Shareholders wishing to submit proposals to the Nomination Committee can do so by mail at the following address: Dustin Group AB (publ), Attn: Sara Edlund, Box 1194, SE-131 27 Nacka Strand or by e-mail to: sara.edlund@dustin.se.

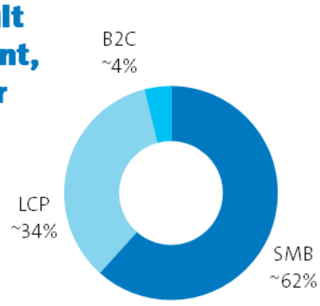
Review of business segments

Dustin operates in three business segments: SMB (Small and Medium-sized Businesses), LCP (Large Corporate and Public sector) and B2C (Business to Consumer). Within the SMB and LCP segments, customers are served through both the online platform and relationship selling. In the B2C segment, customers are served through the online platform.

Net sales split by segment, third quarter



Segment result split by segment, third quarter



SMB - Small and Medium-sized Businesses

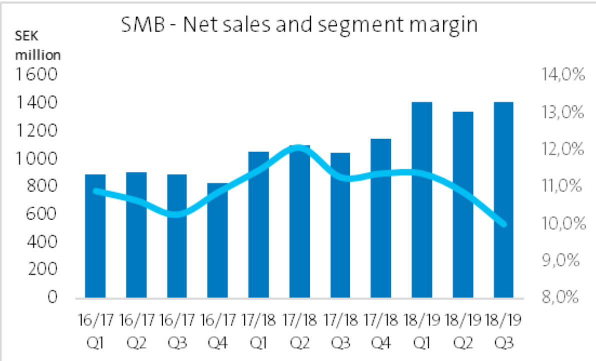
SEK million	Q3 18/19	Q3 17/18	Change %	Q1-Q3 18/19	Q1-Q3 17/18	Change %	Rolling 12 months	Full-year 17/18	Change %
Net sales	1,419.6	1,051.3	35.0	4,179.6	3,220.6	29.8	5,334.0	4,375.1	21.9
Segment results	142.4	118.9	19.7	449.8	376.0	19.6	582.0	508.2	14.5
Segment margin (%	10.0	11.3	-	10.8	11.7	-	10.9	11.6	-

Net sales

Net sales for the quarter rose 35.0 per cent to SEK 1,420 million (1,051), with 27.7 percentage points of the increase compared with the year-earlier quarter attributable to completed acquisitions and divestments and 0.8 percentage points to exchange-rate differences. The organic growth recovered after a weak second quarter and amounted to 6.6 per cent during the quarter (9.4).

Segment results

Profit for the segment rose 19.7 per cent to SEK 142 million (119). The improved earnings were the result of increased sales, largely due to acquisitions. The segment margin was 10.0 per cent (11.3), with the decline primarily attributable to increased costs in the form of marketing, combined with investments in the sales and delivery organisation for services and solutions. Acquired but not yet fully integrated companies had a negative impact on the segment margin. Investments in more advanced products and services continued, with software and services as a share of sales growing to 24 per cent (13) for the segment and the customer base for SaaS configurations via the cloud platform increasing to a total of 65,666 active customers (48,021) in the Nordic region at the end of the third quarter.

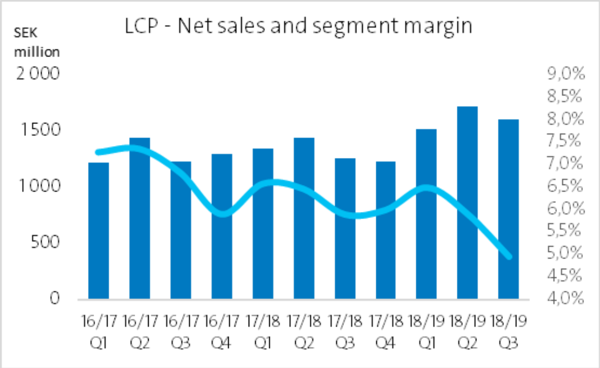


LCP - Large Corporate and Public sector

SEK million	Q3 18/19	Q3 17/18	Change %	Q1-Q3 18/19	Q1-Q3 17/18	Change %	Rolling 12 months	Full-year 17/18	Change %
Net sales	1,606.1	1,261.5	27.3	4,846.1	4,054.1	19.5	6,076.1	5,284.1	15.0
Segment results	79.6	74.3	7.1	279.6	257.2	8.7	352.9	330.5	6.8
Segment margin (%)	5.0	5.9	-	5.8	6.3	-	5.8	6.3	-

Net sales
Net sales for the quarter increased 27.3 per cent to SEK 1,606 million (1,262), positively impacted by exchange-rate differences of 1.4 percentage points. Organic growth amounted to 25.0 per cent (neg: 5.0) and was mainly attributable to high activity and large volumes in the new framework agreement in the Public Sector customer group in Denmark and to strong performance in Sweden and Norway. The Large Corporate customer group displayed continued positive growth, but at a slower pace compared with the preceding year.

Segment results
Profit for the segment was SEK 80 million (74), up 7.1 per cent compared with the corresponding quarter in the preceding year. The segment margin declined to 5.0 per cent (5.9), with a higher share of newly signed framework agreements with lower initial margins and a less advantageous product mix having an adverse impact.

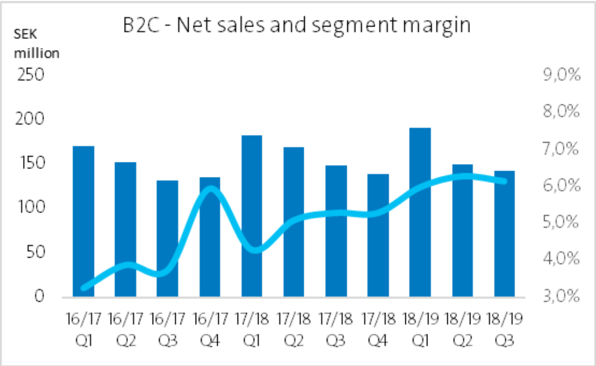


B2C – Business to Consumer

SEK million	Q3 18/19	Q3 17/18	Change %	Q1-Q3 18/19	Q1-Q3 17/18	Change %	Rolling 12 months	Full-year 17/18	Change %
Net sales	142.8	148.9	-4.1	484.3	501.6	-3.4	623.9	641.2	-2.7
Segment results	8.8	7.9	11.3	29.8	23.9	24.5	37.4	31.5	18.6
Segment margin (%)	6.2	5.3	-	6.1	4.8	-	6.0	4.9	-

Net sales
Net sales for the quarter declined 4.1 per cent to SEK 143 million (149). Organic growth was negative 5.0 per cent (pos: 10.9). The lower sales are mainly attributable to continued focus on margin over growth.

Segment results
Profit for the segment for the quarter improved compared with the preceding year and amounted to SEK 9 million (8). The segment margin increased to 6.2 per cent (5.3).



Centrala funktioner

SEK million	Q3 18/19	Q3 17/18	Change %	Q 1-Q3 18/19	Q1-Q3 17/18	Change %	Rolling 12 months	Full-year 17/18	Change %
Cost for central functions	-107.0	-93.2	14.8	-319.6	-275.2	16.1	-413.9	-369.5	12.0
Cost for central functions in relation to net sales (%)	-3.4	-3.8	-	-3.4	-3.5	-	-3.4	-3.6	-

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 third quarter for central functions amounted to 3.4 (3.8) of sales. Costs for central functions amounted to SEK 107 million (93), with the increase attributable to continued investments in the product and service offering and the integration of acquired businesses.

For additional financial data on the segments, refer to Note 2 Segments on page 20, and to Segment information by quarter on page 27.

The undersigned certify that this interim report gives a true and fair presentation of the Parent Company's and the Group's operations, financial position and profits and describes the material risks and uncertainties facing the Parent Company and the companies in the Group.

Nacka, July 3, 2019

Thomas Ekman, President and CEO
in accordance with authorisation by the Board of Directors

Auditors' review report

Auditors' review report for Dustin, Corp. Reg. No. 556703-3062

Introduction
We have reviewed the summary of the interim financial information of Dustin Group AB as per May 31, 2019 and the nine-month period that ended on that date. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review
We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and other generally accepted auditing practices.

The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

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

Stockholm, July 3, 2019

Ernst & Young AB

Jennifer Rock-Baley,
Authorised Public Accountant

Consolidated income statement

SEK million	Note	Q3 18/19	Q3 17/18	Q1-Q3 18/19	Q1-Q3 17/18	Rolling 12 months	Full-year 17/18
Net sales	2	3,168.5	2,461.7	9,509.9	7,776.3	12,034.1	10,300.5
Cost of goods and services sold		-2,637.6	-2,065.7	-7,910.0	-6,556.9	-10,016.7	-8,663.7
Gross profit		**531.0**	**395.9**	**1,599.9**	**1,219.4**	**2,017.3**	**1,636.8**
Selling and administrative expenses		-424.3	-296.6	-1,205.4	-871.8	-1,516.9	-1,183.3
Items affecting comparability	4	-26.2	0.6	0.2	-2.6	3.8	1.0
Other operating income		2.2	2.4	5.8	5.1	7.5	6.8
Other operating expenses		-4.3	-4.9	-13.0	-13.5	-16.9	-17.5
EBIT	2	**78.3**	**97.5**	**387.5**	**336.5**	**494.8**	**443.8**
Financial income and other similar income-statement items		0.3	0.3	0.6	0.8	0.9	1.1
Financial expenses and other similar income-statement items		-11.8	-12.0	-33.8	-35.8	-58.3	-60.3
Profit after financial items		**66.8**	**85.8**	**354.3**	**301.6**	**437.3**	**384.6**
Tax attributable to continuing operations		-18.7	-19.1	-71.5	-67.0	-84.0	-79.4
Comprehensive income for the period is attributable in its entirety to Parent Company shareholders		**48.0**	**66.6**	**282.8**	**234.6**	**353.4**	**305.1**
Other comprehensive income (all items that will be transferred to the income statement)							
Translation differences		16.6	20.9	-4.9	64.1	46.4	115.3
Change in hedging reserves		-24.8	-34.5	-5.2	-74.9	-58.8	-128.5
Tax attributable to change in hedging reserves		5.7	7.6	1.1	16.5	12.9	28.2
Other comprehensive income		**-2.5**	**-6.0**	**-8.9**	**5.6**	**0.4**	**15.0**
Comprehensive income for the period is attributable in its entirety to Parent Company shareholders		**45.5**	**60.6**	**273.9**	**240.2**	**353.8**	**320.1**
Earnings for continuing operations per share (SEK)*		0.54	0.87	3.30	3.07	4.21	3.91
Earnings for continuing operations per share after dilution (SEK)*		0.54	0.87	3.28	3.06	4.18	3.89

* 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.

Condensed consolidated balance sheet

SEK million	Note	May 31, 2019	May 31, 2018	Aug 31, 2018
ASSETS				
Non-current assets				
Goodwill		3,812.6	2,622.4	3,221.7
Other intangible assets attributable to acquisitions	3	649.5	381.8	572.0
Other intangible assets	5	134.5	114.5	127.0
Tangible assets	5	105.6	34.6	91.7
Divestment-related receivables	6	1.8	1.6	1.6
Deferred tax assets		5.3	3.5	2.1
Derivative instruments	6	0.4	-	2.0
Other non-current assets		17.7	4.8	16.2
Total non-current assets		**4,727.5**	**3,163.2**	**4,034.1**
Current assets				
Inventories		473.4	393.2	395.8
Accounts receivable		1,461.4	1,090.1	1,272.6
Derivative instruments	6	1.0	-	0.2
Tax assets		41.9	7.5	9.0
Other receivables		246.8	182.4	182.7
Divestment-related receivables	6	-	5.0	5.0
Cash and cash equivalents		236.9	407.9	277.6
Total current assets		**2,461.5**	**2,086.2**	**2,143.0**
TOTAL ASSETS		**7,189.1**	**5,249.4**	**6,177.1**
EQUITY AND LIABILITIES				
Equity				
Equity attributable to Parent Company shareholders		2,391.2	1,566.6	1,646.6
Total equity		**2,391.2**	**1,566.6**	**1,646.6**
Non-current liabilities				
Deferred tax and other long-term provisions		227.0	137.5	186.5
Liabilities to credit institutions		1,983.1	1,366.1	1,984.8
Acquisition-related liabilities	6	83.0	162.2	202.5
Derivative instruments	6	12.1	6.0	7.3
Total non-current liabilities		**2,305.2**	**1,671.8**	**2,381.1**
Current liabilities				
Liabilities to credit institutions		-	-	12.6
Accounts payable		1,679.7	1,436.0	1,568.5
Tax liabilities		18.9	34.5	20.0
Derivative instruments	6	1.0	-	0.1
Other current liabilities		621.0	449.0	474.5
Acquisition-related liabilities	6	172.1	91.4	73.9
Total current liabilities		**2,492.7**	**2,010.9**	**2,149.5**
TOTAL EQUITY AND LIABILITIES		**7,189.1**	**5,249.4**	**6,177.1**

Condensed consolidated statement of changes in equity

SEK million	May 31, 2019	May 31, 2018	Aug 31, 2018
Opening balance, September 1	**1,646.6**	**1,485.1**	**1,485.1**
Profit for the period	282.8	234.6	305.1
Other comprehensive income			
Translation differences	-4.9	64.1	115.3
Change in hedging reserves	-5.2	-74.9	-128.5
Tax attributable to change in hedging reserves	1.1	16.5	28.2
Total other comprehensive income	**-8.9**	**5.6**	**15.0**
Total comprehensive income	**273.9**	**240.2**	**320.1**
Dividends	-239.2	-213.3	-213.3
Holding of own warrants	0.0	-5.9	-5.9
New share issue	720.4	55.4	55.4
Issue costs	-13.8	-	-
Subscription with the support of warrants	3.3	5.1	5.1
Total transactions with shareholders	**470.7**	**-158.7**	**-158.7**
Closing equity as per the balance-sheet date, attributable to Parent Company shareholders in its entirety	**2,391.2**	**1,566.6**	**1,646.6**

Consolidated statement of cash flow

SEK million	Note	Q3 18/19	Q3 17/18	Q1-Q3 18/19	Q1-Q3 17/18	Full-year 17/18
Operating activities						
Profit before financial items		78.3	97.5	387.5	336.5	443.8
Adjustment for non-cash items		28.4	8.0	48.4	40.3	51.7
Interest received		0.3	0.3	0.6	0.8	1.1
Interest paid		-10.4	-8.8	-29.1	-26.1	-34.6
Income tax paid		-30.8	-30.6	-110.8	-86.0	-99.8
Cash flow from operating activities before changes in working capital		**65.7**	**66.4**	**296.6**	**265.6**	**362.3**
Decrease (+)/increase (-) in inventories		64.2	-78.0	-71.5	-119.5	-87.1
Decrease (+)/increase (-) in receivables		11.4	66.8	-188.1	74.5	21.8
Decrease (-)/increase (+) in current liabilities		-40.7	166.0	155.8	468.2	451.0
Cash flow from changes in working capital		**34.8**	**154.7**	**-103.8**	**423.3**	**385.7**
Cash flow from operating activities		**100.6**	**221.1**	**192.8**	**688.8**	**747.9**
Investing activities						
Acquisition of intangible assets	4	-10.5	-8.9	-29.6	-20.0	-27.2
Acquisition of tangible assets	4	-11.8	-3.2	-33.1	-9.9	-24.9
Acquisition of operations		-536.3	-	-536.3	-320.0	-1 023.0
Divestment of operations		-	-	5.0	1.5	1.5
Contingent consideration paid		-	-	-31.2	-39.9	-53.7
Cash flow from investing activities		**-558.6**	**-12.1**	**-625.3**	**-388.3**	**-1 127.4**
Financing activities						
New share issue		0.0	-	681.2	-	-
Cash flow from LTI program		-	43.2	28.7	54.6	54.6
Dividend		-	-	-239.2	-213.3	-213.3
New loans raised		-	-	-	215.2	2 165.0
Repayment of loans		-58.6	-	-72.0	-	-1 383.6
Paid bank arrangement fees		-0.6	-	-0.6	-1.9	-8.4
Change in financial leasing liability		-1.8	-1.2	-4.2	-2.9	-3.6
Cash flow from financing activities		**-45.4**	**42.0**	**394.0**	**51.7**	**610.8**
Cash flow for the period		**-503.5**	**251.0**	**-38.4**	**352.2**	**231.3**
Cash and cash equivalents at beginning of period		**746.2**	**159.5**	**277.6**	**71.5**	**71.5**
Cash flow for the period		-503.5	251.0	-38.4	352.2	231.3
Exchange-rate differences in cash and cash equivalents		-5.8	-2.5	-2.3	-15.8	-25.1
Cash and cash equivalents at the close of the period		**236.9**	**408.0**	**236.9**	**407.9**	**277.6**

Condensed Parent Company income statement

SEK million	Q3 18/19	Q3 17/18	Q1-Q3 18/19	Q1-Q3 17/18	Rolling 12 months	Full-year 17/18
Net sales	0.1	0.1	0.3	0.3	0.4	0.4
Selling and administrative expenses	-0.8	-2.2	-4.7	-9.7	-6.8	-11.8
Other operating expenses	0.0	0.0	0.0	-0.1	0.0	-0.1
EBIT	**-0.7**	**-2.1**	**-4.4**	**-9.4**	**-6.4**	**-11.5**
Financial income and other similar income-statement items	0.0	4.2	47.7	312.4	49.4	314.2
Financial expenses and other similar income-statement items	-28.8	-39.7	-27.1	-110.4	-104.3	-187.6
Profit/Loss after financial items	**-29.5**	**-37.6**	**16.2**	**192.6**	**-61.3**	**115.1**
Appropriations	-	-	-	-	269.4	269.4
Tax	6.5	8.3	9.8	23.6	-32.5	-18.7
Profit/Loss for the period	**-23.0**	**-29.4**	**26.0**	**216.2**	**175.6**	**365.9**

Parent Company statement of comprehensive income

SEK million	Q3 18/19	Q3 17/18	Q1-Q3 18/19	Q1-Q3 17/18	Rolling 12 months	Full-year 17/18
Profit/Loss for the period	-23.0	-29.4	26.0	216.2	175.6	365.9
Other comprehensive income	-	-	-	-	-	-
Comprehensive income for the period	**-23.0**	**-29.4**	**26.0**	**216.2**	**175.6**	**365.9**

Condensed Parent Company balance sheet

SEK million	May 31, 2019	May 31, 2018	Aug 31, 2018
ASSETS			
Non-current assets	1,211.6	1,211.6	1,211.6
Current assets	2,281.0	986.7	1,791.1
TOTAL ASSETS	**3,492.6**	**2,198.2**	**3,002.7**
EQUITY AND LIABILITES			
Restricted equity			
Share capital	443.2	386.1	386.1
Total restricted equity	**443.2**	**386.1**	**386.1**
Non-restricted equity			
Share premium reserve	1,087.3	438.3	438.3
Retained earnings	-192.0	-322.0	-322.0
Profit/Loss for the year	26.0	216.2	365.9
Total non-restricted equity	**921.3**	**332.5**	**482.1**
Total equity	**1,364.5**	**718.6**	**868.2**
Untaxed reserves	137.7	109.4	137.7
Non-current liabilities	1,983.1	1,366.1	1,984.8
Current liabilities	7.3	4.1	12.0
TOTAL EQUITY AND LIABILITIES	**3,492.6**	**2,198.2**	**3,002.7**

Note 1 Accounting policies

This report has been prepared by applying IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The accounting policies are consistent with those presented in the Group's Annual Report for the 2017/18 financial year, except for the new standards described below.

The Parent Company applies the Swedish Annual Accounts Act, and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

This report has been prepared in SEK million, unless otherwise stated. Rounding-off differences may occur in this report.

None of the amendments 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 or alternative performance measures.

New accounting policies 2018/19 and onward

IFRS 9 Financial instruments

The standard is effective for financial years beginning on or after January 1, 2018 (the 2018/19 financial year for Dustin) and replaces IAS 39 Financial Instruments: Recognition and Measurement. Applying the new standard has not implied any significant effects on the valuation of financial assets and liabilities. Accounts receivable and other receivables still meets the criteria to be accounted for as amortised costs. Dustin has utilised the exemption which means it will not restate comparable information for prior periods with respect to changes in classification and measurement. While the new standard entails a policy change for impairment of anticipated credit losses, the changed policy did not have any material impact on the financial statements. Furthermore, Dustin has deemed that the types of hedge relationships for hedge accounting fulfil the requirements of IFRS 9.

IFRS 15 Revenue from Contracts with Customers

The standard is being applied for the first time during the current financial year and replaces IAS 11 Construction Contracts and IAS 18 Revenue.

Dustin's assessment is that the Group's revenue recognition is in line with IFRS 15 and therefore the new standard will not have any material impact on the Group's financial statements aside from expanded disclosure requirements. For an overview of the various revenue flows, refer to the Annual Report for 2017/18.

In addition to segment reporting, Dustin has chosen to provide information regarding the Group's revenue on the basis of the following division: hardware; and software, services and solutions. The purpose of the division is to provide increased insight into the breakdown between Dustin's largest revenue stream, hardware, and other sales.

IFRS 16 Leases

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 financial statements will be affected by this standard. The present value of future leasing payments will be recognised as an asset and an interest-bearing liability in the balance sheet, and current lease expenses in the income statement will be replaced by depreciation and by interest expense in net financial items.

The contracts that will be recognised in Dustin's balance sheet relate mainly to buildings (offices and warehouses), transportation (vehicles and forklifts) and other equipment (e.g. IT and machinery).

The work to evaluate the effects for the Group is under way. It is assessed that the effect on earnings for the period is not expected to be material from a financial perspective. Key ratios that exclude amortisation will be primarily impacted, such as EBITDA and thus also net debt/EBITDA. Dustin has not yet finished the quantification of the actual effect, but the work will be completed during the fourth quarter of 2018/19.

The standard will not be applied prospectively.

Note 2 Segments

All amounts in SEK million, unless otherwise indicated	Q3 18/19	Q3 17/18	Q1-Q3 18/19	Q1-Q3 17/18	Rolling 12 months	Full-year 17/18
Net sales						
LCP	**1,606.1**	**1,261.5**	**4,846.1**	**4,054.1**	**6,076.1**	**5,284.1**
of which, hardware	1,485.9	1,089.9	4,343.1	3,576.3	**5,449.9**	4,683.1
of which, software and services	120.2	171.6	502.9	477.7	**626.2**	601.0
SMB	**1,419.6**	**1,051.3**	**4,179.6**	**3,220.6**	**5,334.0**	**4,375.1**
of which, hardware	1,078.4	909.8	3,264.4	2,778.0	**4,188.3**	3,701.8
of which, software and services	341.2	141.4	915.1	442.7	**1,145.7**	673.2
B2C	**142.8**	**148.9**	**484.3**	**501.6**	**623.9**	**641.2**
of which, hardware	142.1	147.7	481.2	496.8	**620.0**	635.6
of which, software and services	0.8	1.2	3.1	4.8	**4.0**	5.7
Total	**3,168.5**	**2,461.7**	**9,509.9**	**7,776.3**	**12,034.1**	**10,300.5**
of which, hardware	2,706.3	2,147.4	8,088.8	6,851.1	**10,258.2**	**9,020.5**
of which, software and services	462.2	314.2	1,421.1	925.2	**1,775.9**	**1,279.9**
Segment results						
LCP	79.6	74.3	279.6	257.2	352.9	330.5
SMB	142.4	118.9	449.8	376.0	582.0	508.2
B2C	8.8	7.9	29.8	23.9	37.4	31.5
Total	**230.8**	**201.1**	**759.1**	**657.1**	**972.2**	**870.2**
Central functions	-107.0	-93.2	-319.6	-275.2	-413.9	-369.5
Adjusted EBITA	**123.8**	**107.9**	**439.5**	**381.9**	**558.3**	**500.6**
Segment margin						
LCP, segment margin (%)	5.0	5.9	5.8	6.3	5.8	6.3
SMB, segment margin (%)	10.0	11.3	10.8	11.7	10.9	11.6
B2C, segment margin (%)	6.2	5.3	6.1	4.8	6.0	4.9
	7.3	8.2	8.0	8.5	8.1	8.4
Costs for central functions, excluding items affecting comparability in relation to net sales (%)	-3.4	-3.8	-3.4	-3.5	-3.4	-3.6
Reconciliation with profit after financial items						
Items affecting comparability	-26.2	0.6	0.2	-2.6	3.8	1.0
Amortisation and impairment of intangible assets	-19.3	-11.0	-52.3	-42.8	-67.3	-57.8
EBIT, Group	**78.3**	**97.5**	**387.5**	**336.5**	**494.8**	**443.8**
Financial income and other similar income-statement items	0.3	0.3	0.6	0.3	1.1	1.1
Financial expenses and other similar income-statement items	-11.8	-12.0	-33.8	-11.3	-60.8	-60.3
Profit after financial items, Group	**66.8**	**85.8**	**354.3**	**97.5**	**435.0**	**384.6**

Note 3 Acquisitions of businesses during the year

Acquisition of Norisk B.V.
In March, Dustin acquired all of the shares in the Dutch company Norisk B.V. and will be included in Vincere Group, which Dustin acquired in July 2018. Norisk has a broad portfolio of IT services, ranging from infrastructure to client management, and is strong in such areas as the health sector. As a result of this acquisition, Dustin's presence has been strengthened in the Netherlands and the company becomes market leading in the area. The acquired company was founded in 2005 and had sales of SEK 9.5 million in 2018, with 38 employees and an office in Groningen.

Acquisition of Inventio.IT A/S
In April, Dustin acquired all of the shares in Inventio.IT A/S, which is a Danish company that specialises in hosting, infrastructure and business systems as a service. Inventio.IT focuses on small and medium-sized businesses and subscription services represent a high proportion of 'revenue. Through this acquisition, Dustin has broadened its service portfolio and can continue to drive the development to make it easier for small and medium-sized businesses to buy products and services online. Inventio.IT was founded in 2001 and had revenues of approximately DKK 106 million in 2018, with about 80 employees and offices in Copenhagen, Aarhus and Odense.

Acquisition of Chilit Oy
In May, all of the shares were acquired in the Finnish company Chilit Oy. Chilit specialises in IT products, services and solutions, primarily for the SMB segment. The company has a broad IT offering that is combined with a strong sales force and a growing proportion of subscription services for small and medium-sized businesses. The company was founded in 2010, had sales of EUR 33.7 million for the 2018 financial year and has 60 employees at offices in Helsinki and Turku.

Million SEK

Fair value of acquired assets and liabilities	Norisk B.V.	Inventio.IT A/S	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	0.0	4.2	**5.6**
Accounts receivables and other current assets	7.3	22.1	38.6	**68.1**
Cash and cash equivalents	2.2	23.5	39.7	**65.4**
Non-current liabilities to credit institutions	-	-	59.1	**59.1**
Other current liabilities	10.9	61.4	41.6	**113.8**
Total identifiable assets	**15.3**	**54.4**	**14.7**	**84.4**
Consolidated goodwill	42.4	289.4	256.0	587.9
Purchase consideration including estimated contingent earn-out	**57.8**	**343.8**	**270.7**	**672.3**
Less:				
Cash and cash equivalents	2.2	23.5	39.7	**65.4**
Estimated contingent earn-out	-	70.4	-	**70.4**
Net cash outflow	**55.6**	**249.9**	**231.0**	**536.3**

The maximum performance-based earn-out liability for acquisitions in the period totals SEK 70 million. These acquisitions are strategically important in terms of complementing Dustin's service offering with respect to advanced products and services. The total acquisition costs are presented in Note 4 Items affecting comparability. Acquired goodwill comprises new distribution channels, new sales channels for advanced products and services, and employee expertise. The fair value of the acquired receivables is expected to be fully regulated. The contracted gross amounts essentially correspond to the fair values of the receivables.

Note 4 Items affecting comparability

Items affecting comparability amounted to SEK 26 million (0.6) for the quarter and mainly comprised acquisition-related expenses of SEK 19 million (6) and expenses of SEK 7 million (-) for the development of the IT platform to support online sales in the Netherlands. Costs for acquisitions and divestments primarily pertained to payments to consultants and attorneys for financial and legal advisory services and transaction tax for acquisitions in Finland in conjunction with acquisitions.

SEK million	Q3 18/19	Q3 17/18	Q1-Q3 18/19	Q1-Q3 17/18	Rolling 12 months	Fyll-year 17/18
Acquisition and divestment-related expenses	-18.5	-5.8	-20.1	-10.2	-30.1	-20.2
Change in value of acquisition-related liabilities	-0.5	7.3	34.7	10.1	48.3	23.7
Costs related to online launch	-7.2	-	-14.4	-	-14.4	-
Other	-	-0.9	-	-2.5	-	-2.5
Total	**-26.2**	**0.6**	**0.2**	**-2.6**	**3.8**	**1.0**

Note 5 Investments

SEK million	Q3 18/19	Q3 17/18	Q1-Q3 18/19	Q1-Q3 17/18	Rolling 12 months	Full-year 17/18
Capitalised expenditure for IT development (integrated IT-platform and other long term strategic IT-systems)	9.1	7.9	25.8	17.8	30.9	22.9
Other investments in tangible and intangible assets	13.2	4.1	37.0	12.1	54.1	29.2
Investments in financial lease assets	2.9	0.1	5.4	4.0	5.4	4.0
Total	**25.2**	**12.1**	**68.1**	**33.9**	**90.4**	**56.1**

Note 6 Financial instruments

Financial instruments measured at fair value consist of derivative instruments and acquisition and divestment-related assets and liabilities. As regards other financial items, these essentially match fair value and book value.

Derivative instruments
Derivative instruments measured at fair value consist of interest-rate derivatives and currency futures. Derivative instruments have been structured as hedges for variable interest on external bank loans. Currency futures pertain to hedging for USD purchases from China and hedging investment of foreign subsidiaries. The Group applies hedge accounting for derivatives and currency futures, and the fair value measurement is Level 2, according to the definition in IFRS 13. The valuation level is unchanged compared with August 31, 2018.

At May 31, 2019, the fair value of liabilities for derivative instruments was SEK 12 million (1).

Acquisition-related liabilities
Acquisition-related liabilities pertain to contingent earn-outs. Measurement 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. Divestment-related receivables pertain to contingent earn-outs for the divestment of IT-Hantverkarna i Sweden AB. 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 agreement. These parameters are usually linked to the outcome of performance measures taken for up to three years from the date of acquisition. Changes to the balance sheet item are shown in the table below.

The disbursements during the period pertain to the previous acquisitions of JML-System AB, Core Services AS and IKT Gruppen AS.

Acquisition and divestment-related assets and liabilities

Change in acquisition-related liabilities measured at fair value based on inputs that are not based on observative market date (Level 3)	**May 31, 2019**	**May 31, 2018**	**Aug 31, 2018**
Opening balance	**276.3**	**109.6**	**109.6**
Remeasurements recognised in profit or loss:			
Unrealised remeasurement of contingent earn-out recognised under items affecting comparability	-56.9	-10.1	-23.7
Discount of contingent earn-out recognised under Financial expenses and other similar income-statement items	3.2	3.1	4.3
Remeasurements recognised under other comprehensive income:			
Unrealised exchange-rate differences recognised under Translation differences	-0.7	8.9	12.2
Changes recognised via the balance sheet:			
Payments attributable to previous acquisitions	-37.3	-39.9	-53.7
Acquisitions	-	182.0	227.7
Closing balance	**255.1**	**253.6**	**276.3**

Change in acquisition-related liabilities measured at fair value based on inputs that are not based on observative market date (Level 3)	**May 31, 2019**	**May 31, 2018**	**Aug 31, 2018**
Opening balance	**6.6**	**-**	**-**
Remeasurements recognized in profit or loss:			
Settlement of receivable for previously divested operations	-5.0		0
Estimated purchase consideration, divestment of subsidiary, long and short term	-	6.6	6.6
Closing balance	**1.6**	**-**	6.6

Note 7 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.

Note 8 Related-party transactions

There were no significant related-party transactions during the current period or comparative period.

Key ratios

All amounts in SEK million, unless otherwise indicated	Q3 18/19	Q3 17/18	Q1-Q3 18/19	Q1-Q3 17/18	Rolling 12 months	Full-year 17/18
Income statement						
Organic sales growth (%)	15.3	1.6	9.5	4.1	5.9	2.0
Gross margin (%)	16.8	16.1	16.8	15.7	16.8	15.9
EBIT	78.3	97.5	387.5	336.5	494.8	443.8
Adjusted EBITDA	134.6	112.3	470.0	393.9	597.3	521.2
Adjusted EBITA	123.8	107.9	439.5	381.9	558.3	500.6
Adjusted EBITA margin (%)	3.9	4.4	4.6	4.9	4.6	4.9
Return on equity (%)	-	-	-	-	14.8	18.5
Balance sheet						
Net working capital	-103.9	-236.9	-103.9	-236.9	-103.9	-192.0
Capital employed	161.5	-77.9	161.5	-77.9	161.5	48.5
Net debt	1,759.2	967.5	1,759.2	967.5	1,759.2	1,730.6
Net debt/adjusted EBITDA (multiple)	-	-	-	-	2.9	3.3
Maintenance investments	-22.4	-12.1	-62.8	-29.8	-85.0	-52.1
Equity/assets ratio (%)	-	-	-	-	33.4	26.7
Cash flow						
Operating cash flow	147.1	255.0	303.4	787.3	370.9	854.8
Cash flow from operating activities	100.6	221.1	192.8	688.8	251.9	747.9
Data per share						
Earnings per share, including discontinued operations before dilution (SEK)*	0.54	0.87	3.30	3.07	4.21	3.91
Earnings per share, including discontinued operations after dilution (SEK)*	0.54	0.87	3.28	3.06	4.18	3.89
Equity per share before dilution (SEK)	26.97	20.29	26.97	20.29	26.97	21.32
Cash flow from operating activities per share before dilution (SEK)*	1.14	2.89	2.25	9.03	3.00	9.58
Cash flow from operating activities per share after dilution (SEK)*	1.13	2.88	2.24	8.98	2.98	9.53
Average number of shares*	88,506,769	76,569,451	85,739,736	76,319,388	83,983,241	78,078,991
Average number of shares after dilution*	88,975,531	76,852,529	86,144,999	76,672,180	84,461,622	78,449,771
Number of shares issued at end of period	88,647,339	77,226,502	88,647,339	77,226,502	88,647,339	77,226,502

* 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.

Source of alternative performance measures

Dustin applies financial measures that are not defined under IFRS. Dustin believes that these financial measures provide the reader of the report 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 28 present how Dustin defines its performance measures and the purpose of each performance measure. The data presented below is supplementary information from which all performance measures can be derived. The sources of Net working capital and Net debt are described on page 8.

Total	Q3 18/19	Q3 17/18	Q1-Q3 18/19	Q1-Q3 17/18	Rolling 12 months	Full-year 17/18
Organisk tillväxt						
Sales growth (%)	28.7	9.0	22.3	10.4	19.9	10.7
Acquired growth (%)	-12.3	-4.7	-10.6	-5.6	-11.1	-7.3
Currency effects in sales growth (%)	-1.1	-2.7	-2.2	-0.7	-2.9	-1.4
Organic sales growth (%)	**15.3**	**1.6**	**9.5**	**4.1**	**5.9**	**2.0**

SMB	Q3 18/19	Q3 17/18	Q1-Q3 18/19	Q1-Q3 17/18	Rolling 12 months	Full-year 17/18
Organic growth						
Sales growth (%)	35.0	17.2	29.8	19.1	30.8	23.9
Acquired growth (%)	-27.7	-5.8	-23.6	-8.7	-24.5	-13.3
Currency effects in sales growth (%)	-0.8	-2.0	-1.5	-0.5	-1.8	-1.0
Organic sales growth (%)	**6.6**	**9.4**	**4.6**	**9.9**	**4.5**	**9.6**

LCP	Q3 18/19	Q3 17/18	Q1-Q3 18/19	Q1-Q3 17/18	Rolling 12 months	Full-year 17/18
Organic growth						
Sales growth (%)	27.3	2.7	19.5	4.4	14.2	1.9
Acquired growth (%)	-0.9	-4.4	-1.6	-4.1	-2.1	-4.0
Currency effects in sales growth (%)	-1.4	-3.4	-2.7	-0.9	-3.1	-1.7
Organic sales growth (%)	**25.0**	**-5.0**	**15.3**	**-0.6**	**8.9**	**-3.8**

B2C	Q3 18/19	Q3 17/18	Q1-Q3 18/19	Q1-Q3 17/18	Rolling 12 months	Full-year 17/18
Organic growth						
Sales growth (%)	-4.1	12.8	-3.4	10.2	-2.1	8.6
Currency effects in sales growth (%)	-1.0	-1.9	-1.8	-0.2	-1.9	-0.7
Organic sales growth (%)	**-5.0**	**10.9**	**-5.2**	**10.0**	**-4.0**	**7.9**

Adjusted EBITA	Q3 18/19	Q3 17/18	Q1-Q3 18/19	Q1-Q3 17/18	Rolling 12 months	Full-year 17/18
Operating profit	78.3	97.5	387.5	336.5	494.8	443.8
Amortisation and impairment of intangible assets	19.3	11.0	52.3	42.8	67.3	57.8
Items affecting comparability	26.2	-0.6	-0.2	2.6	-3.8	-1.0
Adjusted EBITA	**123.8**	**107.9**	**439.6**	**381.9**	**558.4**	**500.7**

Adjusted EBITDA	Q3 18/19	Q3 17/18	Q1-Q3 18/19	Q1-Q3 17/18	Rolling 12 months	Full-year 17/18
Operating profit	78.3	97.5	387.5	336.5	494.8	443.8
Depreciation and impairment of tangible assets	10.9	4.4	30.4	12.0	38.9	20.5
Amortisation and impairment of intangible assets	19.3	11.0	52.3	42.8	67.3	57.8
Items affecting comparability	26.2	-0.6	-0.2	2.6	-3.8	-1.0
Adjusted EBITDA	**134.6**	**112.3**	**470.0**	**393.9**	**597.3**	**521.2**

Segment information by quarter

All amounts in SEK million, unless otherwise indicated	Q3 18/19	Q2 18/19	Q1 18/19	Q4 17/18	Q3 17/18	Q2 17/18	Q1 17/18	Q4 16/17	Q3 16/17	Q2 16/17
Net sales	3,168.5	3,214.7	3,126.7	2,524.2	2,461.7	2,722.9	2,591.8	2,262.4	2,257.4	2,502.9
Organic sales growth (%)	15.3	7.8	5.9	-4.7	1.6	1.7	8.8	12.2	9.2	8.7
Gross margin (%)	16.8	16.3	17.4	16.5	16.1	15.4	15.6	14.3	15.1	14.9
Adjusted EBITA	123.8	153.5	162.3	118.8	107.9	143.1	130.9	91.9	94.3	124.1
Adjusted EBITA margin (%)	3.9	4.8	5.2	4.7	4.4	5.3	5.1	4.1	4.2	5.0
Net sales per segment:										
LCP	1,606.1	1,718.3	1,521.7	1,230.1	1,261.5	1,444.1	1,348.4	1,296.1	1,228.0	1,440.7
SMB	1,419.6	1,346.5	1,413.4	1,154.4	1051.3	1109.6	1059.8	831.1	897.2	909.2
B2C	142.8	149.8	191.7	139.6	148.9	169.2	183.5	135.2	132.0	153.0
Segment results:										
LCP	79.6	100.9	99.3	74.1	74.3	93.4	88.8	76.5	83.9	106.1
SMB	142.4	146.7	160.5	131.7	118.9	135.7	121.8	90.6	92.3	97.0
B2C	8.8	9.4	11.5	7.2	7.9	8.4	7.9	8.1	4.9	5.9
Segment margin (%)										
LCP	5.0	5.9	6.5	6.0	5.9	6.5	6.6	5.9	6.8	7.4
SMB	10.0	10.9	11.4	11.4	11.3	12.2	11.5	10.9	10.3	10.7
B2C	6.2	6.3	6.0	5.2	5.3	5.0	4.3	6.0	3.7	3.9
Central functions										
Central functions	-107.0	-103.5	-109.0	-94.3	-93.2	-94.4	-87.5	-83.3	-86.8	-84.9
Percentage of net sales	-3.4	-3.2	-3.5	-3.7	-3.8	-3.5	-3.4	-3.7	-3.8	-3.4

Definitions

IFRS measures:	Definition/Calculation
Earnings per share	Net profit/loss in SEK in relation to average number of shares, according to IAS 33.

Alternative performance measures:	Definition/Calculation	Purpose
Acquired growth	Net sales for the relevant period attributable to acquired and divested companies in relation to net sales for the comparable period.	Acquired growth is eliminated in the calculation of organic growth.
Adjusted EBITA	EBIT according to the income statement before items affecting comparability and amortisation and impairment of intangible assets.	Dustin believes that this performance measure shows the underlying earnings capacity and facilitates comparisons between quarters.
Adjusted EBITA margin	Adjusted EBITA in relation to net sales.	This performance measure is used to measure the profitability level of the operations.
Adjusted EBITDA	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.
Capital employed	Working capital plus total assets, excluding goodwill and other intangible assets attributable to acquisitions, and interest-bearing receivables pertaining to finance leasing, at the end of the period.	Capital employed measures utilisation of capital and efficiency.
Cash flow from operating activities	Cash flow from operating activities, after changes in working capital.	Used to show the amount of cash flow generated from operating activities.
Cash flow from operating activities per share	Cash flow from operating activities as a percentage of the average number of shares outstanding.	Used to show the amount of cash flow generated from operating activities per share.
Currency effects	The difference between net sales in SEK for the comparative period and net sales in local currencies for the comparative period converted to SEK using the average exchange rate for the relevant period.	Currency effects are eliminated in the calculation of organic growth.
EBIT	EBIT is a measurement of the company's earnings before income tax and financial items.	This measure shows Dustin's profitability from operations.

Equity per share	Equity at the end of the period in relation to the number of shares at the end of the period.	Shows Dustin's equity per share.
Equity/assets ratio	Equity at the end of the period in relation to total assets at the end of the period.	Dustin believes that this measure provides an accurate view of the company's long-term solvency.
Gross margin	Gross profit in relation to net sales.	Used to measure product and service profitability.
Items affecting comparability	Items affecting comparability relate to material income and expense items recognised separately due to the significance of their nature and amounts.	Dustin believes that separate recognition of items affecting comparability increases comparability of EBIT over time.
Maintenance investments	Investments required to maintain current operations excluding financial leasing.	Used to calculate operating cash flow.
Net debt	Current and non-current interest-bearing liabilities, excluding acquisition-related liabilities and shareholder loans, less cash and cash equivalents and receivables from finance leasing, at the end of the period.	This performance measure shows Dustin's total liabilities adjusted for cash and cash equivalents.
Net debt/EBITDA	Net debt in relation to EBITDA.	This performance measure shows the company's ability to pay its debt.
Net working capital	Total current assets less cash and cash equivalents, current financial lease assets and current non-interest-bearing liabilities, at the end of the period.	This performance measure shows Dustin's efficiency and capital tied up.
Operating cash flow	Adjusted EBITDA less maintenance investments plus cash flow from changes in working capital.	Used to show the amount of cash flow generated from operating activities and available for payments in connection with dividends, interest and tax.
Organic growth	Growth in net sales for the relevant period adjusted for acquired and divested growth and currency effects.	Provides a measure of the growth achieved by Dustin in its own right.
Return on equity	Net profit for the year in relation to equity at the end of the period.	Dustin believes that this performance measure shows how profitable the company is for its shareholders.
Sales growth	Net sales for the relevant period in relation to net sales for the comparable period.	Used to show the development of net sales.
Segment results	The segment's operating profit excluding amortisation/depreciation and items affecting comparability.	Dustin believes that this performance measure shows the earnings capacity of the segment.

Glossary

Word/Term	Definition/Calculation
B2B	Pertains to all sales to companies and organisations.
B2C	Pertains to all sales to consumers.
Central functions	Includes all non-allocated central expenses, including amortisation and depreciation, and excluding items affecting comparability.
Clients	Umbrella term for the product categories computers, mobile phones and tablets.
Integration costs	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.
Launch costs	Launch costs consist of costs related to the launch of the online platform in the Netherlands.
LCP	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.
LTI	Long-term incentive programme that includes Group management and other key employees within Dustin.
SaaS	Software as a service (SaaS) is a type of cloud service that provides software over the Internet.
SMB	Pertains to all sales to small and medium-sized businesses.

Financial calendar

October 9, 2019
Year-end report
September 1, 2018 – August 31, 2019

November 14, 2019
2018/19 Annual Report

December 11, 2019
2018/19 Annual General Meeting

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