Q2

INTERIM REPORT

DECEMBER 1, 2018 – FEBRUARY 28, 2019

Dustin

Interim Report December 2018 – February 2019

“Sharp growth in LCP and SMB affected by temporary effects”

Second quarter

- Net sales rose 18.1 per cent to SEK 3,215 million (2,723).
- Organic growth was 7.8 per cent (1.7), of which SMB accounted for 0.1 per cent (10.9), LCP for 16.1 per cent (neg: 5.0) and B2C for a negative 13.5 per cent (pos: 10.8).
- The gross margin rose to 16.3 per cent (15.4).
- Adjusted EBITA increased to SEK 154 million (143), corresponding to an adjusted EBITA margin of 4.8 per cent (5.3).
- EBIT totalled SEK 160 million (131) including items affecting comparability of SEK 23.2 million (0.3).
- Profit for the quarter amounted to SEK 124 million (92).
- Earnings per share before dilution totalled SEK 1.41 (1.19).
- Cash flow from operating activities amounted to SEK 144 million (15).

September 2018-februari 2019

- Net sales rose 19.3 per cent to SEK 6,341 million (5 315).
- Organic growth was 6.9 per cent (5.1), of which SMB accounted for 3.9 per cent (10.2), LCP for 10.7 per cent (1.1) and B2C for a negative 5.4 per cent (pos: 9.6).
- The gross margin rose to 16.9 per cent (15.5).
- Adjusted EBITA increased to SEK 316 million (274), corresponding to an adjusted EBITA margin of 5.0 per cent (5.2).
- EBIT totalled SEK 309 million (239) including items affecting comparability of SEK 26 million (neg:3).
- Profit for the period amounted to SEK 235 million (168).
- Earnings per share before dilution totalled SEK 2.78 (2.16).
- Cash flow from operating activities amounted to SEK 92 million (468).
- Net debt in relation to adjusted EBITDA in the past 12-month period was 2.1 (3.3 at the end of 2017/18).

Financial key ratios

All amounts in SEK million, unless otherwise indicated	Q2 18/19	Q2 17/18	Q1- Q2 18/19	Q1-Q2 17/18	Rolling 12 months	Full-year 17/18
Net sales	3,214.7	2,722.9	6,341.4	5,314.6	11,327.2	10,300.5
Organic sales growth (%)	7.8	1.7	6.9	5.1	3.0	2.0
Gross margin (%)	16.3	15.4	16.9	15.5	16.6	15.9
Adjusted EBITA	153.5	143.1	315.8	274.0	542.5	500.6
Adjusted EBITA margin (%)	4.8	5.3	5.0	5.2	4.8	4.9
EBIT	160.0	130.5	309.2	239.0	514.1	443.8
Profit for the period	124.1	92.2	234.8	168.0	371.9	305.1
Items affecting comparability*	23.2	0.3	26.5	-3.2	30.7	1.0
Earnings per share, including discontinued operations, before dilution, (SEK)**	1.41	1.19	2.78	2.16	4.58	3.91
Cash flow from operating activities	143.8	14.6	92.4	467.7	372.6	747.9
Net debt/adjusted EBITDA (multiple)	-	-	-	-	2.1	3.3
Return on equity (%)***	-	-	-	-	16.0	18.5

For definitions, refer to page 26.

* Refer to Note 3 Items affecting comparability for more information

** 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.

*** Net profit for the year in relation to equity at the end of the period.

Sharp growth in LCP and SMB affected by temporary effects

For the second quarter of the financial year, we report generally strong sales growth with net sales rising 18 per cent, driven by recently completed acquisitions and strong organic growth in the LCP segment. Organic growth in the SMB segment was weak during the quarter, mainly as a result of low customer activity around the Christmas and New Year period. Furthermore, a limited supply of computers with Intel processors during the first half of the quarter, had a negative impact on sales. The gross margin improved year on year. The adjusted EBITA margin weakened as a result of the sales mix with a high proportion of newly signed public contracts within LCP and a lower proportion of project-related revenues within SMB. After the end of the quarter, we signed agreements to acquire the Danish company Inventio.IT, the Dutch company Norisk and the Finnish company Chilit, which contribute to further strengthening our customer offering in Denmark, the Netherlands and Finland.

Strong recovery in LCP segment

Net sales for the quarter rose 18.1 per cent to SEK 3,215 million (2,723), of which an organic growth of 7.8 per cent. The LCP segment reports growth of 19.0 per cent, of which 16.1 per cent was organic, which was primarily attributable to high activity and large volumes in the newly signed framework agreement in the Public Sector customer group in Denmark. The SMB segment demonstrated growth of 21.4 per cent, of which 0.1 per cent was organic. The weak organic growth was due to temporary negative effects of uncommonly long holidays around the Christmas and New Year period and limited access to computers with Intel processors. The B2C segment showed negative growth in the quarter and was impacted by generally weak Christmas shopping.

Sales mix impacts profitability

The gross margin improved to 16.3 per cent (15.4) in the second quarter, mainly due to a more favourable product mix resulting from previously completed acquisitions. Adjusted EBITA rose to SEK 154 million (143), equivalent to an adjusted EBITA margin of 4.8 per cent (5.3). The lower margin was attributable to the sales mix with a high proportion of newly signed public contracts with an initially lower margin within LCP combined with a low level of activity and a lower proportion of project-related revenues with a higher margin within SMB.

Acquisitions for continued profitable growth

In line with our growth strategy in the Nordic region and the Netherlands, we signed agreements after the end of the quarter concerning acquisitions of the Danish company Inventio.IT, the Dutch company Norisk and the Finnish company Chilit. Inventio.IT is a specialist in hosting, infrastructure and business systems as a service and contributes to broadening our SaaS portfolio and thus moving Dustin upwards in the value chain. Norisk has a broad portfolio of managed IT services, ranging from infrastructure to client management. With this acquisition, we secured additional market shares and also strengthened our presence in the northern part of the Netherlands. Chilit 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.

Popular Dustin Expo

At the end of March, the 18th Dustin Expo, the largest IT exhibition in the Nordic region, was arranged in the Ericsson Globe in Stockholm. Over a period of three days, presentations and demonstrations of products and services were sandwiched with inspirational lectures. The combination of several product and service launches from several of our exhibitors, topical seminars along with expert advice has made Dustin Expo the year's IT event in Sweden and the exhibition attracts around 10,000 visitors every year. This was further proof of our strong position, and an opportunity for us to meet and strengthen relationships with new and existing customers.

Summary of the quarter

To summarise, Dustin performed well overall during the second quarter and our positive view of the future stands firm. We foresee a continued stable trend in the underlying market following the temporary weakening in the beginning of the quarter. The acquisitions of Inventio, Norisk and Chilit complement and broaden our customer offering and give us opportunities to move higher up the value chain. Continued acquisitions and a more advantageous sales mix with a higher value content, in the form of a larger share of advanced products and services, enables a sustained strengthening of our margins over time. We are well positioned for continued profitable growth in a growing market, featuring trends such as an accelerating share of online spending and increased demand for mobility and cloud-based services.

Nacka, April 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.

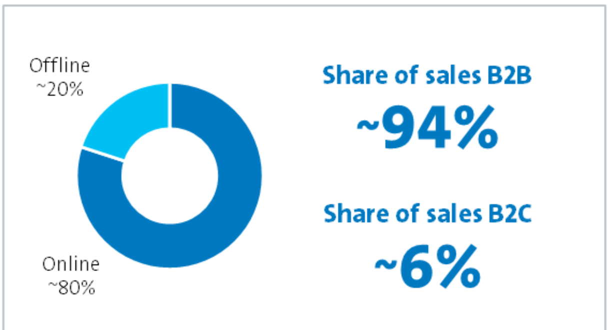
Dustin applies a multi-channel business model, where most sales are online, supplemented by relationship and consultative selling over the phone or through customer visits. Dustin conducts operations in Sweden, Denmark, Finland, Norway and the Netherlands through three business segments, SMB (Small and 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.

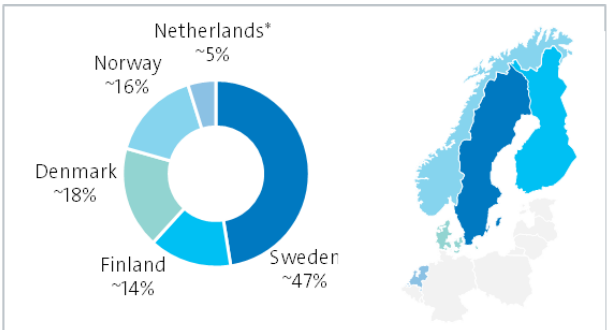
We see increasing demand for more advanced and managed services as demand on mobility and accessibility grow. By combining products and services into integrated solutions, and by adding more advanced services through acquisitions, we are continuously expanding our customer offering and our market. We 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.

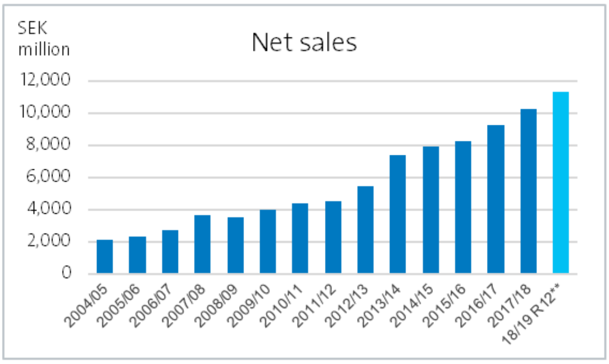
Dustin Group AB is a Swedish public limited company with its head office in Nacka Strand. The share was listed on Nasdaq Stockholm's Mid Cap Index in 2015.

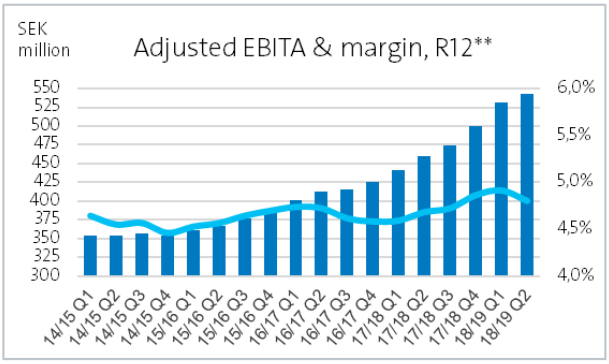


Distribution refers to integrated operations, 12 month rolling as of Q2 2018/19.



Distribution refers to sales, 12 month rolling as of Q2 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 second quarter
As part of the Responsible manufacturing focus area Dustin continuously performes factory inspections in China. During the second quarter, no (5) inspections were carried out when the Chinese New Year prevented this in time. The second quarter's planned six factory inspections were instead carried out in early March. 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 second quarter, we recovered 15,331 products (8,094), of which 14,575 could be reused and the remaining 756 were recycled. By the end of the second quarter, Dustin had recovered a total of 31,934 products during the current financial year as end-of-life returns and the total since 2014/15 is 96,222 products.

	Q2 18/19	Q2 17/18	Full-year 17/18
Share of suppliers* that have adopted the Code of Conduct	99.6%	98.3%	99.8%
Share of suppliers* that have completed a risk assessment	95.3%	85.2%	96.0%
Number of end-of-life returns during the period	15,331	8,094	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 refers to December 2018– February 2019.

Second quarter

Net sales

Net sales for the quarter rose 18.1 per cent to SEK 3,215 million (2,723). Organic growth amounted to 7.8 per cent (1.7), of which SMB accounted for 0.1 per cent (10.9), LCP for 16.1 per cent (neg: 5.0) and B2C for a negative 13.5 per cent (pos: 10.8). Acquired growth was 8.2 percentage points (6.6) and exchange-rate changes had a positive impact of 2.1 percentage points (0.5).

Gross profit

During the quarter, gross profit rose SEK 105 million, corresponding to 24.9 per cent, to SEK 524 million (420). The gross margin rose to 16.3 per cent (15.4), mainly attributable to a more advantageous sales mix with a higher share of services and solutions, primarily due to implemented acquisitions. 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 7.3 per cent to SEK 154 million (143). The adjusted EBITA margin declined to 4.8 per cent (5.3). Adjusted EBITA excludes items affecting comparability of SEK 23.2 million (neg: 0.3), which are specified in Note 3 Items affecting comparability. For a comparison between adjusted EBITA and EBIT, see Note 2 Segments.

Operating profit

Operating profit amounted to SEK 160 million (131). Operating profit includes items affecting comparability of SEK 23.2 million (0.3), which during the quarter mainly comprised positive effects of SEK 31 million (3) from a change in acquisition-related liabilities and a negative effect of SEK 7 million (-) pertaining to integration costs. The latter comprise costs for integrating the acquired companies into the Dustin platform and centralising shared functions. During the quarter, costs primarily consisted of development of the e-commerce platform to support online retail in the Netherlands. For more information, refer to Note 3 Items affecting comparability.

Financial items

Financial expenses amounted to SEK 12 million (13), with expenses during the quarter primarily pertaining to costs of SEK 10 million (11) for external financing. Other financial expenses related primarily to discounting of acquisition-related liabilities of SEK 1 million (1). Financial income amounted to SEK 0.2 million (0.3).

Tax

The tax expense for the quarter was SEK 24 million (26), corresponding to an effective tax rate of 16.3 per cent (22.1). The lower effective tax rate was mainly due to non-taxable profit effects from earn-out adjustments during the quarter.

Profit for the quarter

Profit for the quarter totalled SEK 124 million (92). Earnings per share amounted to SEK 1.41 (1.19) before dilution and SEK 1.41 (1.18) after dilution.

Cash flow

Cash flow for the quarter was a negative SEK 98 million (neg: 16).

Cash flow from operating activities was SEK 144 million (15). The year-on-year change was mainly due to cash flow from changes in working capital, with the quarter's effect amounting to a negative SEK 11 million (neg: 103). The main reason was higher business volume combined with an increased inventory level, together with a minor change in current liabilities. For further information regarding working capital, refer to the Net working capital section.

Cash flow from investing activities amounted to a negative SEK 14 million (neg: 40). Investments in tangible and intangible assets amounted to a negative SEK 19 million (neg: 10), of which a negative SEK 8 million (neg: 6) pertained to IT development and a negative SEK 11 million (neg: 4) to investments, primarily in hardware for data centres, computers for internal use and cars. During the quarter, 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 a negative SEK 228 million (pos: 10), of which dividends to shareholders accounted for a negative SEK 239 million (neg: 213). The quarter was also positively impacted in an amount of SEK 13 million (11) by cash flow effects from long-term incentive (LTI) programmes.

Significant events in the second quarter

Introduction of long-term incentive programme

At the Annual General Meeting on 11 December 2018, the shareholders resolved to adopt a long-term incentive programme for 2019 that encompasses Group Management and other key individuals at Dustin. The programme consists of not more than 1,323,882 warrants which, after the three-year vesting period, will confer entitlement to the subscription of one share, as well as the issuance of not more than 588,392 synthetic options which, after the three-year vesting period, will confer entitlement to a cash payment. A total of 1,024,411 warrants and synthetic options were allotted to 24 individuals in Group Management and other key Dustin employees. Based on the existing number of shares and votes in the company, the incentive programme will, if all warrants are exercised, entail a full dilution corresponding to 0.88 per cent of the total number of shares and votes in the company. The aim of the incentive programme is to increase ownership among key employees, motivate them to remain at the company and to increase commitment to Dustin's earnings performance.

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 period, a total of 151,241 shares were newly subscribed through the exercise of warrants received from this incentive programme. Dustin's share capital thus increased by SEK 756,205 to SEK 441,294,305. The number of shares rose by 151,241 to a total of 88,410,100.

Merger of subsidiary

During the quarter, the Swedish subsidiary Idenet AB was merged with Dustin Sverige AB. The merger is a step in further integrating the businesses into the shared IT platform. The business will operate under the Dustin brand following the merger.

1 September 2018 – 28 February 2019 period

Net Sales

Net sales for the period rose 19.3 per cent to SEK 6,341 million (5,315). Organic growth amounted to 6.9 per cent (5.1), of which SMB accounted for 3.9 per cent (10.2), LCP for 10.7 per cent (1.1) and B2C for a negative 5.4 per cent (pos: 9.6). Acquired growth was 9.8 percentage points (6.0) and exchange-rate changes had a positive impact of 2.6 percentage points (neg: 0.1).

Gross Profit

During the period, gross profit rose SEK 245 million, corresponding to 29.8 per cent, to SEK 1,069 million (823). The gross margin rose to 16.9 per cent (15.5), mainly attributable to a more advantageous sales mix with a higher share of services and solutions, primarily due to implemented acquisitions. A higher share of sales in the LCP segment during the second quarter dampened the margin trend somewhat.

Adjusted EBITA

Adjusted EBITA for the quarter increased 15.3 per cent to SEK 316 million (274). The adjusted EBITA margin declined to 5.0 per cent (5.2). Adjusted EBITA excludes items affecting comparability of SEK 26 million (neg: 3), which are specified in Note 3 Items affecting comparability. For a reconciliation between adjusted EBITA and EBIT, see Note 2 Segments.

EBIT

EBIT amounted to SEK 309 million (239). EBIT includes items affecting comparability of SEK 26 million (neg: 3), which during the period mainly comprised positive effects of SEK 35 million (3) from a change in acquisition-related liabilities and integration costs of SEK 7 million (0). For more information, refer to Note 3 Items affecting comparability.

Financial items

Financial expenses amounted to SEK 22 million (24), with the costs for the period primarily pertaining to costs of SEK 19 million (21) for external financing. Other financial expenses related primarily to discounting of acquisition-related liabilities of SEK 2 million (2). Financial income amounted to SEK 0 million (1).

Tax

The tax expense for the period was SEK 53 million (48), corresponding to an effective tax rate of 18.3 per cent (22.1). The lower effective tax rate was mainly due to deductible issue costs that are recognised in equity and non-taxable profit effects from earn-out adjustments during the quarter.

Profit for the period

Profit for the period totalled SEK 235 million (168). Earnings per share amounted to SEK 2.78 (2.16) before dilution and SEK 2.77 (2.15) after dilution.

Cash flow

Cash flow for the period was SEK 465 million (101).

Cash flow from operating activities amounted to SEK 92 million (468), 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 169 million (pos: 269), with the negative year-on-year change primarily due to a higher level of trade receivables and higher inventories, 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 67 million (neg: 376). 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 41 million (neg: 18), of which a negative SEK 17 million (neg: 10) related to IT development and a negative SEK 24 million (neg: 8) 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 pertaining to IT-Hantverkarna, which was divested in the preceding financial year.

Cash flow from financing activities amounted to SEK 439 million (10) 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, a utilised credit facility of SEK 12 million was repaid. The period was also positively impacted in an amount of SEK 13 million (11) by cash flow effects from long-term incentive (LTI) programmes.

Net working capital

Net working capital amounted to a negative SEK 62 million (neg: 97) at the end of the period. The year-on-year change in net working capital mainly result from higher trade receivables due to increased business volumes and implemented acquisitions, in addition rises in both trade payables and inventories on account of a broader private label range and a customer-specific buffer stock.

SEK million	Feb 28, 2019	Feb 28, 2018	Aug 31, 2018
Inventories	530.8	313.5	395.8
Accounts receivable	1,374.7	1,114.6	1,272.6
Tax assets and other current receivables	283.5	205.0	191.8
Accounts payable	-1,723.0	-1,263.3	-1,568.5
Tax liabilities and other current liabilities	-527.9	-467.2	-483.6
Net working capital	**-61.9**	**-97.4**	**-192.0**

Net debt and cash and cash equivalents

At the end of the period, net debt amounted to SEK 1,230 million (1,186). In total, cash and cash equivalents amounted to SEK 746 million (160), up SEK 587 million, mainly due to the rights issue that was completed during the period, which increased cash and cash equivalents by SEK 695 million, before deductions for issue costs. 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 2.1 (2.5).

SEK million	Feb 28, 2019	Feb 28, 2018	Aug 31, 2018
Non-current liabilities	1,964.9	1,334.9	1,984.8
Current liabilities to credit institutions	-	-	12.6
Finance lease liabilities	10.8	10.5	10.9
Cash and cash equivalents	-746.2	-159.5	-277.6
Net debt	**1,229.5**	**1,185.9**	**1,730.6**

Employees

The average number of full-time employees was 1,557 during the period, compared with 1,041 in the year-earlier period. The increase was primarily attributable to acquisitions in the Netherlands.

Events after the balance-sheet date

Acquisition in Denmark

An agreement has been concluded for the acquisition of Inventio.IT, a Danish company that specialises in hosting, infrastructure and ERP solutions. Inventio.IT was founded in 2001 and had revenues of approximately DKK 106 million in 2018 and about 80 employees. The transaction is dependent on approval from the Danish competition authorities.

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 Groep, which was acquired in July 2018. Norisk was founded in 2005 and had revenues of about EUR 9.5 million in 2018 with office in Groningen and about 38 employees.

Acquisition in Finland

An agreement has been concluded about the acquisition of the Finnish company Chilit. The company combines products with services for delivering intelligent IT solutions to small and midsized businesses. Chilit was founded in 2010 and had revenues of approximately EUR 33.7 million in 2018 with offices in Helsinki and Turku and about 60 employees.

Dustin Expo

In March, the 18th Dustin Expo was arranged, the largest IT exhibition in the Nordic region, in collaboration with about 70 other exhibitors. The exhibition combines product news with inspiring seminars, and this year's event focused a great deal on Dustin's service offering. The total number of visitors was about 10,000.

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 0.2 million (0.2) and profit for the period to SEK 49 million (246). 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 20 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.

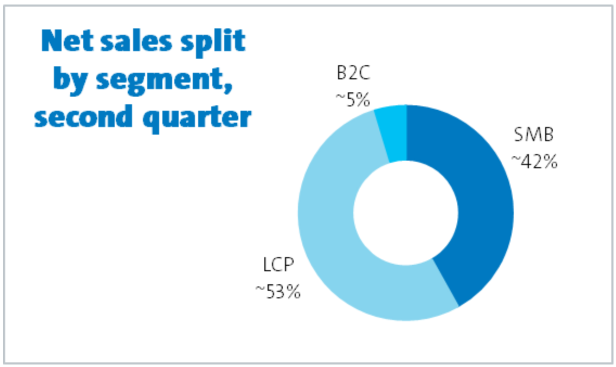
The share

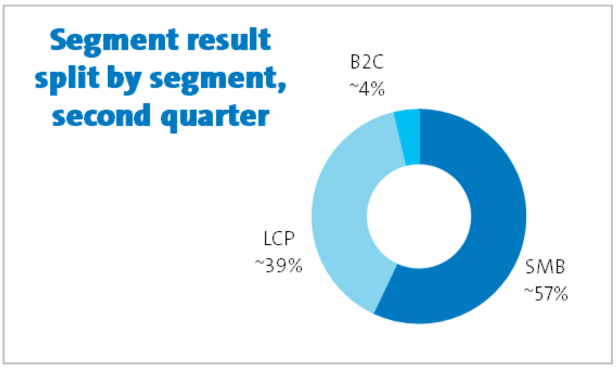
The Parent Company's share has been listed on Nasdaq Stockholm since February 13, 2015, and is included in the Mid Cap index. At February 28, 2019, the price was SEK 87.40 per share (78.20), representing a total market capitalisation of SEK 7,727 million (5,975). At February 28, the company had a total of 7,017 shareholders (6,461). The company's three largest shareholders were Axel Johnson AB with 26.0 per cent, Swedbank Robur Fonder with 10.9 per cent and Franklin Tempelton with 6.2 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 88,258,859 to 88,410,100. As a result, share capital increased by SEK 756,205 and the share premium reserve by SEK 9,104,708.

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.





SMB - Small and Medium-sized Businesses

SEK million	Q2 18/19	Q2 17/18	Change %	Q1-Q2 18/19	Q1-Q2 17/18	Change %	Rolling 12 months	Full-year 17/18	Change %
Net sales	1,346.5	1,109.6	21.4	2,759.9	2,169.4	27.2	4,965.6	4,375.1	13.5
Segment results	146.7	135.7	8.1	307.4	257.5	19.4	558.1	508.2	9.8
Segment margin (%)	10.9	12.2	-	11.1	11.9	-	11.2	11.6	-

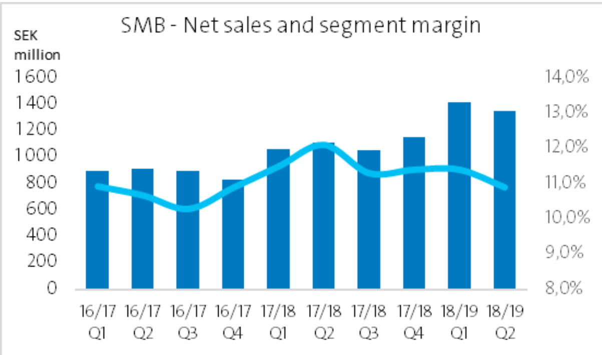
Net sales

Net sales rose 21.4 per cent during the quarter to SEK 1,347 million (1,110), with 20.2 percentage points of the increase compared with the year-earlier quarter attributable to completed acquisitions and divestments and 1.0 percentage points to exchange-rate differences. Organic growth amounted to 0.1 per cent during the quarter (10.9) and was attributable to temporary negative effects of long holidays around the Christmas and New Year period and limited access to computers with Intel processors during the first half of the quarter.

Segment results

During the quarter, profit for the segment rose 8.1 per cent to SEK 147 million (136). The higher earnings resulted from increased sales, largely due to acquisitions. The segment margin was 10.9 per cent (12.2), with the weakening attributable to low activity and a lower proportion of project-related revenues with a higher margin in December and the start of January, which had a negative impact on profitability during the quarter, and to acquired but not yet fully integrated companies.

Investments in advanced products and services continued, with software and services in relation to sales growing to 21 per cent (13) for the segment and the customer base for SaaS configurations via the cloud platform increasing to a total of 56,998 active customers (37,863) in the Nordic region at the end of the second quarter.

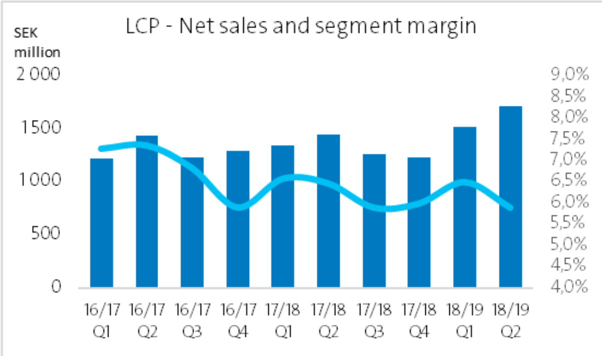


LCP - Large Corporate and Public sector

SEK million	Q2 18/19	Q2 17/18	Change %	Q1-Q2 18/19	Q1-Q2 17/18	Change %	Rolling 12 months	Full-year 17/18	Change %
Net sales	1,718.3	1,444.1	19.0	3,240.0	2,792.6	16.0	5,731.6	5,284.1	8.5
Segment results	100.9	93.4	8.0	200.0	182.2	9.8	348.4	330.5	5.4
Segment margin (%)	5.9	6.5	-	6.2	6.5	-	6.1	6.3	-

Net sales
Net sales for the quarter increased 19.0 per cent to SEK 1,718 million (1,444), positively impacted by exchange-rate changes of 2.9 percentage points. Organic growth amounted to 16.1 per cent (neg: 5.0) mainly attributable to high activity and large volumes in the new framework agreement in the Public Sector customer group in Denmark and to positive performance in Sweden and Norway. The challenging competitive situation within certain framework agreements in Finland persisted during the quarter, which dampened sales slightly as Dustin decided to prioritise profitability ahead of volume. The Large Corporate customer group continued to show positive growth but in common with the SMB segment was adversely impacted by temporary effects from uncommonly long holidays around the Christmas and New Year period and limited access to computers with Intel processors during the first half of the quarter.

Segment results
Segment profit amounted to SEK 101 million (93). which represents a year-on-year increase of 8.0 per cent. The segment margin deteriorated somewhat to 5.9 per cent (6.5), with a higher share of newly signed framework agreements with lower initial margins having an adverse impact.

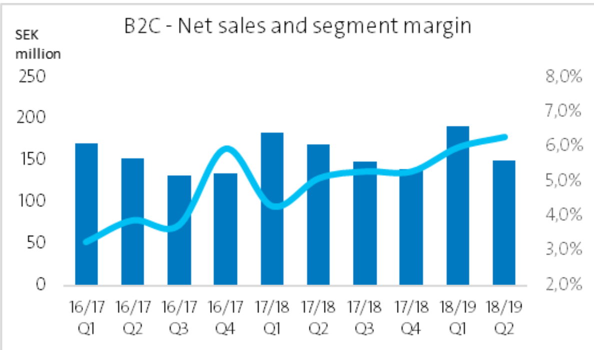


B2C – Business to Consumer

SEK million	Q2 18/19	Q2 17/18	Change %	Q1-Q2 18/19	Q1-Q2 17/18	Change %	Rolling 12 months	Full-year 17/18	Change %
Net sales	149.8	169.2	-11.4	341.5	352.7	-3.2	630.0	641.2	-1.8
Segment results	9.4	8.4	11.2	20.9	16.3	28.1	36.1	31.5	14.6
Segment margin (%)	6.3	5.0	-	6.1	4.6	-	5.7	4.9	-

Net sales
Net sales for the quarter declined 11.4 per cent to SEK 150 million (169). Organic growth was a negative 13.5 per cent (pos: 10.8). Performance during the quarter was negatively impacted by generally weak Christmas shopping, in part due to the shift in sales patterns resulting from attractive campaigns in conjunction with Black Friday in November.

Segment results
Profit for the segment for the quarter improved compared with the preceding year and amounted to SEK 9 million (8), while the segment margin rose to 6.3 per cent (5.0).



Central functions

SEK million	Q2 18/19	Q2 17/18	Change %	Q1-Q2 18/19	Q1-Q2 17/18	Change %	Rolling 12 months	Full-year 17/18	Change %
Costs for central functions	-103.5	-94.4	9.5	-212.5	-182.0	16.8	-400.0	-369.5	8.3
Costs for central functions in relation to net sales (%)	-3.2	-3.5	-	-3.4	-3.4	-	-3.5	-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 second quarter for central functions amounted to 3.2 (3.5) of sales. Costs for central functions amounted to SEK 103 million (94), 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 19, and to Segment information by quarter on page 25.

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, April 10, 2019

Mia Brunell Livfors
Chairman of the Board

Caroline Berg

Gunnel Duveblad

Johan Fant

Mattias Miksche

Morten Strand

Tomas Franzén

Thomas Ekman
President and CEO

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

Consolidated income statement

SEK million	Note	Q2 18/19	Q2 17/18	Q1-Q2 18/19	Q1-Q2 17/18	Rolling 12 months	Full-year 17/18
Net sales	2	3,214.7	2,722.9	6,341.4	5,314.6	11,327.2	10,300.5
Cost of goods and services sold		-2,690.3	-2,303.1	-5,272.4	-4,491.2	-9,444.9	-8,663.7
Gross profit		**524.3**	**419.8**	**1,068.9**	**823.4**	**1,882.3**	**1,636.8**
Selling and administrative expenses		-384.1	-286.6	-781.0	-575.2	-1,389.1	-1,183.3
Items affecting comparability	3	23.2	0.3	26.5	-3.2	30.7	1.0
Other operating income		1.8	1.7	3.6	2.6	7.8	6.8
Other operating expenses		-5.3	-4.7	-8.7	-8.6	-17.6	-17.5
EBIT	2	**160.0**	**130.5**	**309.2**	**239.0**	**514.1**	**443.8**
Financial income and other similar income-statement items		0.2	0.3	0.3	0.6	0.9	1.1
Financial expenses and other similar income-statement items		-11.8	-12.5	-22.1	-23.8	-58.6	-60.3
Profit after financial items		**148.3**	**118.3**	**287.5**	**215.8**	**456.3**	**384.6**
Tax attributable to continuing operations		-24.2	-26.1	-52.7	-47.8	-84.4	-79.4
Comprehensive income for the period is attributable in its entirety to Parent Company shareholders		**124.1**	**92.2**	**234.8**	**168.0**	**371.9**	**305.1**
Other comprehensive income (all items that will be transferred to the income statement)							
Translation differences		25.8	19.5	-21.4	43.1	50.7	115.3
Change in hedging reserves		-33.6	-20.3	19.6	-40.4	-68.5	-128.5
Tax attributable to change in hedging reserves		7.2	4.5	-4.5	8.9	14.8	28.2
Other comprehensive income		**-0.6**	**3.7**	**-6.4**	**11.6**	**-3.0**	**15.0**
Comprehensive income for the period is attributable in its entirety to Parent Company shareholders		**123.5**	**95.8**	**228.4**	**179.6**	**368.9**	**320.1**
Earnings for continuing operations per share (SEK)*		1.41	1.19	2.78	2.16	4.58	3.91
Earnings for continuing operations per share after dilution (SEK)*		1.41	1.18	2.77	2.15	4.56	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	Feb 28, 2019	Feb 28, 2018	Aug 31, 2018
ASSETS				
Non-current assets				
Goodwill		3,203.4	2,589.3	3,221.7
Other intangible assets attributable to acquisitions		551.3	385.0	572.0
Other intangible assets	4	131.9	112.1	127.0
Tangible assets	4	90.9	35.3	91.7
Divestment-related receivables	7	1.6	1.6	1.6
Deferred tax assets		3.7	4.4	2.1
Derivative instruments	7	0.8	-	2.0
Other non-current assets		16.3	5.0	16.2
Total non-current assets		**3,999.9**	**3,132.7**	**4,034.1**
Current assets				
Inventories		530.8	313.5	395.8
Accounts receivable		1,374.7	1,114.6	1,272.6
Derivative instruments	7	0.6	0.2	0.2
Tax assets		10.7	5.0	9.0
Other receivables		272.8	200.0	182.7
Divestment-related receivables	7	-	5.0	5.0
Cash and cash equivalents		746.2	159.5	277.6
Total current assets		**2,935.8**	**1,797.8**	**2,143.0**
TOTAL ASSETS		**6,935.7**	**4,930.4**	**6,177.1**
EQUITY AND LIABILITIES				
Equity				
Equity attributable to Parent Company shareholders		2,330.2	1,462.8	1,646.6
Total equity		**2,330.2**	**1,462.8**	**1,646.6**
Non-current liabilities				
Deferred tax and other long-term provisions		204.8	136.5	186.5
Liabilities to credit institutions		1,964.9	1,334.9	1,984.8
Acquisition-related liabilities	7	81.8	185.8	202.5
Derivative instruments	7	5.8	1.0	7.3
Total non-current liabilities		**2,257.3**	**1,658.1**	**2,381.1**
Current liabilities				
Liabilities to credit institutions		-	-	12.6
Accounts payable		1,723.0	1,263.3	1,568.5
Tax liabilities		2.0	46.5	20.0
Derivative instruments	7	0.8	-	0.1
Other current liabilities		516.3	431.2	474.5
Acquisition-related liabilities	7	106.1	68.5	73.9
Total current liabilities		**2,348.2**	**1,809.6**	**2,149.5**
TOTAL EQUITY AND LIABILITIES		**6,935.7**	**4,930.4**	**6,177.1**

Condensed consolidated statement of changes in equity

SEK million	Feb 28, 2019	Feb 28, 2018	Aug 31, 2018
Opening balance, September 1	**1,646.6**	**1,485.1**	**1,485.1**
Profit for the period	234.8	168.0	305.1
Other comprehensive income			
Translation differences	-21.4	43.1	115.3
Change in hedging reserves	19.6	-40.4	-128.5
Tax attributable to change in hedging reserves	-4.5	8.9	28.2
Total other comprehensive income	**-6.4**	**11.6**	**15.0**
Total comprehensive income	**228.4**	**179.6**	**320.1**
Dividends	-239.2	-213.3	-213.3
Holding of own warrants	-	-5.9	-5.9
New share issue	704.9	12.2	55.4
Issue costs	-13.8	-	-
Subscription with the support of warrants	3.3	5.1	5.1
Total transactions with shareholders	**455.2**	**-201.9**	**-158.7**
Closing equity as per the balance-sheet date, attributable to Parent Company shareholders in its entirety	**2,330.2**	**1,462.8**	**1,646.6**

Consolidated statement of cash flow

SEK million	Note	Q2 18/19	Q2 17/18	Q1-Q2 18/19	Q1-Q2 17/18	Full-year 17/18
Operating activities						
Profit before financial items		160.0	130.5	309.2	239.0	443.8
Adjustment for non-cash items		28.9	9.1	50.8	32.3	51.7
Interest received		0.2	0.3	0.3	0.6	1.1
Interest paid		-10.5	-8.3	-18.7	-17.4	-34.6
Income tax paid		-23.3	-13.8	-80.0	-55.4	-99.8
Cash flow from operating activities before changes in working capital		**155.2**	**117.8**	**261.7**	**199.2**	**362.3**
Decrease (+)/increase (-) in inventories		-48.9	43.4	-135.7	-41.5	-87.1
Decrease (+)/increase (-) in receivables		43.6	108.8	-199.4	7.8	21.8
Decrease (-)/increase (+) in current liabilities		-6.2	-255.5	165.9	302.2	451.0
Cash flow from changes in working capital		**-11.4**	**-103.2**	**-169.3**	**268.5**	**385.7**
Cash flow from operating activities		**143.8**	**14.6**	**92.4**	**467.7**	**747.9**
Investing activities						
Acquisition of intangible assets	5	-8.8	-6.7	-19.1	-11.1	-27.2
Acquisition of tangible assets	5	-9.9	-3.5	-21.5	-6.7	-24.9
Acquisition of operations	3	-	-	-	-320.0	-1 023.0
Divestment of operations		5.0	1.5	5.0	1.5	1.5
Contingent consideration paid		-	-31.8	-31.2	-39.90	-53.7
Cash flow from investing activities		**-13.7**	**-40.5**	**-66.8**	**-376.2**	**-1 127.4**
Financing activities						
New share issue		-	-	681.2	-	-
Cash flow from LTI programme		13.2	11.3	13.2	11.3	54.6
Dividend		-239.2	-213.3	-239.2	-213.3	-213.3
New loans raised		-	215.2	0.0	215.2	2 165.0
Repayment of loans		-1.3	-	-13.4	-	-1 383.6
Paid bank arrangement fees		-	-1.9	0.0	-1.9	-8.4
Paid financial leasing liability		-1.2	-1.1	-2.4	-1.6	-3.6
Cash flow from financing activities		**-228.5**	**10.3**	**439.4**	**9.7**	**610.8**
Cash flow for the period		**-98.3**	**-15.7**	**465.0**	**101.2**	**231.3**
Cash and cash equivalents at beginning of period		**850.3**	**181.1**	**277.6**	**71.5**	**71.5**
Cash flow for the period		-98.3	-15.7	465.0	101.2	231.3
Exchange-rate differences in cash and cash equivalents		-5.7	-6.0	3.5	-13.2	-25.1
Cash and cash equivalents at the close of the period		**746.2**	**159.5**	**746.2**	**159.5**	**277.6**

Condensed Parent Company income statement

SEK million	Q2 18/19	Q2 17/18	Q1-Q2 18/19	Q1-Q2 17/18	Rolling 12 months	Full-year 17/18
Net sales	0.1	0.1	0.2	0.2	0.4	0.4
Selling and administrative expenses	-1.9	-5.6	-3.8	-7.4	-8.2	-11.8
Other operating expenses	0.0	0.0	0.0	-0.1	0.0	-0.1
EBIT	**-1.8**	**-5.5**	**-3.6**	**-7.3**	**-7.8**	**-11.5**
Financial income and other similar income-statement items	14.4	304.5	67.9	308.2	73.9	314.2
Financial expenses and other similar income-statement items	-10.0	-38.6	-18.6	-70.7	-135.5	-187.6
Profit/Loss after financial items	**2.6**	**260.4**	**45.7**	**230.3**	**-69.4**	**115.1**
Appropriations	-	-	-	-	269.4	269.4
Tax	9.8	8.7	3.3	15.3	-30.7	-18.7
Profit/Loss for the period	**12.4**	**269.2**	**49.0**	**245.6**	**169.3**	**365.9**

Parent Company statement of comprehensive income

SEK million	Q2 18/19	Q2 17/18	Q1-Q2 18/19	Q1-Q2 17/18	Rolling 12 mån	Full-year 17/18
Profit/Loss for the period	12,4	269,2	49,0	245,6	169,3	365,9
Other comprehensive income	-	-	-	-	-	-
Comprehensive income for the period	**12,4**	**269,2**	**49,0**	**245,6**	**169,3**	**365,9**

Condensed Parent Company balance sheet

SEK million	Feb 28, 2019	Feb 28, 2018	Aug 31, 2018
ASSETS			
Non-current assets	1,211.6	1,211.6	1,211.6
Current assets	2,270.2	939.7	1,791.1
TOTAL ASSETS	**3,481.8**	**2,151.3**	**3,002.7**
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	442.1	382.0	386.1
Total restricted equity	**442.1**	**382.0**	**386.1**
Non-restricted equity			
Share premium reserve	1,073.1	399.2	438.3
Retained earnings	-192.0	-322.0	-322.0
Profit/Loss for the year	49.0	245.6	365.9
Total non-restricted equity	**930.0**	**322.7**	**482.1**
Total equity	**1,372.1**	**704.7**	**868.2**
Untaxed reserves	137.7	109.4	137.7
Non-current liabilities	1,964.9	1,334.9	1,984.8
Current liabilities	7.1	2.3	12.0
TOTAL EQUITY AND LIABILITIES	**3,481.8**	**2,151.3**	**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).

Dustin has commenced a project to address IFRS 16 Leases and system implementation is in progress. The standard will not be applied prospectively. A project to evaluate the effects is in progress and Dustin has not yet completed its quantification of the impact of the new standard on the consolidated financial statements.

Note 2 Segments

SEK million	Q2 18/19	Q2 17/18	Q1-Q2 18/19	Q1-Q2 17/18	Rolling 12 mån	Full-year 17/18
Net sales						
LCP	**1,718.3**	**1,444.1**	**3,240.0**	**2,792.6**	**5,731.6**	**5,284.1**
of which, hardware	1,475.9	1,249.8	2,857.3	2,486.4	5,054.0	4,683.1
of which, software and services	242.4	194.3	382.7	306.2	677.5	601.0
SMB	**1,346.5**	**1,109.6**	**2,759.9**	**2,169.4**	**4,965.6**	**4,375.1**
of which, hardware	1,059.5	959.9	2,186.0	1,868.1	4,019.7	3,701.8
of which, software and services	287.0	149.7	573.9	301.3	945.9	673.2
B2C	**149.8**	**169.2**	**341.5**	**352.7**	**630.0**	**641.2**
of which, hardware	148.8	167.4	339.2	349.1	625.6	635.6
of which, software and services	1.0	1.8	2.3	3.6	4.5	5.7
Total	**3,214.7**	**2,722.9**	**6,341.4**	**5,314.6**	**11,327.2**	**10,300.5**
of which, hardware	2,684.2	2,377.1	5,382.5	4,703.7	9,699.3	9,020.5
of which, software and services	530.4	345.8	958.9	611.0	1 627.9	1 279.9
Segment results						
LCP	100.9	93.4	200.0	182.2	348.4	330.5
SMB	146.7	135.7	307.4	257.5	558.1	508.2
B2C	9.4	8.4	20.9	16.3	36.1	31.5
Total	**257.0**	**237.5**	**528.3**	**456.0**	**942.6**	**870.2**
Central functions	-103.5	-94.4	-212.5	-182.0	-400.0	-369.5
Adjusted EBITA	**153.5**	**143.1**	**315.8**	**274.0**	**542.5**	**500.7**
Segment margin						
LCP, segment margin (%)	5.9	6.5	6.2	6.5	6.1	6.3
SMB, segment margin (%)	10.9	12.2	11.1	11.9	11.2	11.6
B2C, segment margin (%)	6.3	5.0	6.1	4.6	5.7	4.9
Total, segment margin (%)	8.0	8.7	8.3	8.6	8.3	8.4
Costs for central functions, excluding items affecting comparability in relation to net sales (%)	-3.2	-3.5	-3.4	-3.4	-3.5	-3.6
Reconciliation with profit after financial items						
Items affecting comparability	23.2	0.3	26.5	-3.2	30.7	1.0
Amortisation and impairment of intangible assets	-16.8	-12.8	-33.0	-31.7	-59.1	-57.8
EBIT	**160.0**	**130.5**	**309.2**	**239.0**	**514.1**	**443.8**
Financial income and other similar income-statement items	0.2	0.3	0.3	0.6	0.9	1.1
Financial expenses and other similar income-statement items	-11.8	-12.5	-22.1	-23.8	-58.6	-60.3
Profit after financial items	**148.3**	**118.3**	**287.5**	**215.8**	**456.3**	**384.6**

Note 3 Items affecting comparability

Items affecting comparability for the quarter amounted to SEK 23 million (0) and mainly comprised positive effects of SEK 31 million (3) from adjustments of performance-based earn-outs and integration costs of SEK 7 million (0). 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 change in value of acquisition-related liabilities during the quarter was due to the previously completed acquisition of Purity AS, and to Core Services AS.

SEK million	Q2 18/19	Q2 17/18	Q1-Q2 18/19	Q1-Q2 17/18	Rolling 12 months	Full-year 17/18
Acquisition and divestment-related expenses	-0.2	-0.8	-1.6	-4.3	-17.4	-20.2
Recruitment costs, senior executives	-	-2.9	-	-2.9	-	-2.9
Change in value of acquisition-related liabilities	30.6	2.7	35.2	2.7	56.2	23.7
Integration costs	-7.2	-	-7.2	-	-7.2	-
Gain attributable to divestment of operations	-	1.3	-	1.3	-0.9	0.4
Total	**23.2**	**0.3**	**26.5**	**-3.2**	**30.7**	**1.0**

Note 4 Investments

SEK million	Q2 18/19	Q2 17/18	Q1-Q2 18/19	Q1-Q2 17/18	Rolling 12 months	Full-year 17/18
Capitalised expenditure for IT development (integrated IT-platform and other long term strategic IT-systems)	7,7	6,0	16,6	9,8	29,7	22,9
Other investments in tangible and intangible assets	11,0	4,1	24,0	7,9	45,2	29,2
Investments in financial lease assets	1,9	3,2	2,5	4,0	2,6	4,0
Total	**20,6**	**13,3**	**43,1**	**21,7**	**77,5**	**56,1**

Note 5 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 6 Related-party transactions

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

Note 7 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 February 28, 2019, the fair value of liabilities for derivative instruments was SEK 5 million (1).

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)	Feb 28, 2019	Feb 28, 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	-57.4	-2.7	-23.7
Discount of contingent earn-out recognised under Financial expenses and other similar income-statement items	2.4	1.9	4.3
Remeasurements recognised under other comprehensive income:			
Unrealised exchange-rate differences recognised under Translation differences	-2.7	3.5	12.2
Changes recognised via the balance sheet:			
Payments attributable to previous acquisitions	-30.8	-39.9	-53.7
Acquisitions	-	182.0	227.7
Closing balance	**187.9**	**254.3**	**276.3**

Change in acquisition-related liabilities measured at fair value based on inputs that are not based on observative market date (Level 3)	Feb 28, 2019	Feb 28, 2018	Aug 31, 2018
Opening balance	**6.6**	**6.6**	**-**
Changes recognised via the balance sheet:			
Settlement of receivable for previously divested operations	-5.0	-	-
Estimated purchase consideration, divestment of subsidiary, long and short term	-	-	6.6
Closing balance	**1.6**	**6.6**	**6.6**

Key ratios

All amounts in SEK million, unless otherwise indicated	Q2 18/19	Q2 17/18	Q1-Q2 18/19	Q1-Q2 17/18	Rolling 12 months	Full-year 17/18
Income statement						
Organic sales growth (%)	7.8	1.7	6.9	5.1	3.0	2.0
Gross margin (%)	16.3	14.9	16.9	15.5	16.6	15.9
EBIT	160.0	130.5	309.2	239.0	514.1	443.8
Adjusted EBITDA	163.0	147.2	335.4	281.6	575.0	521.2
Adjusted EBITA	153.5	124.1	315.8	274.0	542.5	500.6
Adjusted EBITA margin (%)	4.8	5.0	5.0	5.2	4.8	4.9
Return on equity (%)	-	-	-	-	16.0	18.5
Balance sheet						
Net working capital	-61.9	-97.4	-61.9	-97.4	-61.9	-192.0
Capital employed	183.3	61.0	183.3	61.0	183.3	48.5
Net debt	1,229.5	1,185.9	1,229.5	1,185.9	1,229.5	1,730.6
Net debt/adjusted EBITDA (multiple)	-	-	-	-	2.1	3.3
Maintenance investments	-18.7	-10.2	-40.6	-17.8	-74.9	-52.1
Equity/assets ratio (%)	-	-	-	-	33.6	26.7
Cash flow						
Operating cash flow	132.8	-50.4	125.5	532.3	448.0	854.8
Cash flow from operating activities	143.8	14.6	92.4	467.7	372.6	747.9
Data per share						
Earnings per share before dilution (SEK)*	1.41	1.19	2.78	2.16	4.58	3.91
Earnings per share after dilution (SEK)*	1.41	1.18	2.77	2.15	4.56	3.89
Equity per share before dilution (SEK)	26.36	19.14	26.36	19.14	26.36	21.32
Cash flow from operating activities per share before dilution (SEK)*	1.63	0.19	1.10	6.02	4.58	9.58
Cash flow from operating activities per share after dilution (SEK)*	1.63	0.19	1.09	6.00	4.56	9.53
Average number of shares*	88,270,622	77,735,901	84,333,288	77,716,130	81,360,376	78,078,991
Average number of shares after dilution*	88,454,371	78,157,637	84,706,469	78,006,446	81,743,555	78,449,771
Number of shares issued at end of period	88,410,100	76,404,428	88,410,100	76,404,428	88,410,100	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 26 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	Q2 18/19	Q2 17/18	Q1-Q2 18/19	Q1-Q2 17/18	Rolling 12 months	Full-year 17/18
Organic growth						
Sales growth (%)	18.1	8.8	19.3	11.0	15.2	10.7
Acquired growth (%)	-8.2	-6.6	-9.8	-6.0	-9.3	-7.3
Currency effects in sales growth (%)	-2.1	-0.5	-2.6	0.1	-2.9	-1.4
Organic sales growth (%)	**7.8**	**1.7**	**6.9**	**5.1**	**3.0**	**2.0**

SMB	Q2 18/19	Q2 17/18	Q1-Q2 18/19	Q1-Q2 17/18	Rolling 12 months	Full-year 17/18
Organic growth						
Sales growth (%)	21.4	22.0	27.2	20.4	25.4	23.9
Acquired growth (%)	-20.2	-10.8	-21.8	-10.2	-19.2	-13.3
Currency effects in sales growth (%)	-1.0	-0.3	-1.5	0.1	-2.1	-1.0
Organic sales growth (%)	**0.1**	**10.9**	**3.9**	**10.2**	**4.1**	**9.6**

LCP	Q2 18/19	Q2 17/18	Q1-Q2 18/19	Q1-Q2 17/18	Rolling 12 months	Fyll-year 17/18
Organic growth						
Sales growth (%)	19.0	0.2	16.0	5.0	9.1	1.9
Acquired growth (%)	-	-4.6	-1.8	-3.9	-3.0	-4.0
Currency effects in sales growth (%)	-2.9	-0.7	-3.5	0.1	-3.5	-1.7
Organic sales growth (%)	**16.1**	**-5.0**	**10.7**	**1.1**	**2.6**	**-3.8**

B2C	Q2 18/19	Q2 17/18	Q1-Q2 18/19	Q1-Q2 17/18	Rolling 12 months	Full-year 17/18
Organic growth						
Sales growth (%)	-11.4	10.6	-3.2	9.1	1.5	8.6
Acquired growth (%)	-	-	-	-	-	-
Currency effects in sales growth (%)	-2.0	0.3	-2.3	0.6	-2.2	-0.7
Organic sales growth (%)	**-13.5**	**10.8**	**-5.4**	**9.6**	**-0.6**	**7.9**

Adjusted EBITA	Q2 18/19	Q2 17/18	Q1-Q2 18/19	Q1-Q2 17/18	Rolling 12 months	Full-year 17/18
Operating profit	160.0	130.5	309.2	239.0	514.1	443.8
Amortisation and impairment of intangible assets	16.8	12.8	33.0	32	59.1	57.8
Items affecting comparability	-23.2	-0.3	-26.5	3.2	-30.7	-1.0
Adjusted EBITA	**153.5**	**143.1**	**315.8**	**274.0**	**542.5**	**500.7**

Adjusted EBITDA	Q2 18/19	Q2 17/18	Q1-Q2 18/19	Q1-Q2 17/18	Rolling 12 months	Full-year 17/18
Operating profit	160.0	130.5	309.2	239.0	514.1	443.8
Depreciation and impairment of tangible assets	9.4	4.1	19.6	7.6	32.5	20.5
Amortisation and impairment of intangible assets	16.8	12.8	33.0	31.7	59.1	57.8
Items affecting comparability	-23.2	-0.3	-26.5	3.2	-30.7	-1.0
Adjusted EBITDA	**163.0**	**147.2**	**335.4**	**281.6**	**575.0**	**521.2**

Segment information by quarter

All amounts in SEK million, unless otherwise indicated	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	Q1 16/17
Net sales	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	2,283.6
Organic sales growth (%)	7.8	5.9	-4.7	1.6	1.7	8.8	12.2	9.2	8.7	4.4
Gross margin (%)	16.3	17.4	16.5	16.1	15.4	15.6	14.3	15.1	14.9	14.9
Adjusted EBITA	153.5	162.3	118.8	107.9	143.1	130.9	91.9	94.3	124.1	115.8
Adjusted EBITA margin (%)	4.8	5.2	4.7	4.4	5.3	5.1	4.1	4.2	5.0	5.1
Net sales per segment										
LCP	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	1,219.8
SMB	1,346.5	1,413.4	1,154.4	1,051.3	1,109.6	1,059.8	831.1	897.2	909.2	893.2
B2C	149.8	191.7	139.6	148.9	169.2	183.5	135.2	132.0	153.0	170.6
Segment results										
LCP	100.9	99.3	74.1	74.3	93.4	88.8	76.5	83.9	106.1	88.9
SMB	146.7	160.5	131.7	118.9	135.7	121.8	90.6	92.3	97.0	97.6
B2C	9.4	11.5	7.2	7.9	8.4	7.9	8.1	4.9	5.9	5.5
Segment margin (%)										
LCP	5.9	6.5	6.0	5.9	6.5	6.6	5.9	6.8	7.4	7.3
SMB	10.9	11.4	11.4	11.3	12.2	11.5	10.9	10.3	10.7	10.9
B2C	6.3	6.0	5.2	5.3	5.0	4.3	6.0	3.7	3.9	3.3
Central functions										
Central functions	-103.5	-109.0	-94.3	-93.2	-94.4	-87.5	-83.3	-86.8	-84.9	-76.2
Percentage of net sales	-3.2	-3.5	-3.7	-3.8	-3.5	-3.4	-3.7	-3.8	-3.4	-3.3

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.
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

July 3, 2019
Interim report for the third quarter
March 1, 2019 – May 31, 2019

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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This information is information that Dustin Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication at 8:00 a.m. CET on April 10, 2019.