Dustin

Year-end report

September 1, 2019 – August 31, 2020

Q4

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Interim Report September 2019 – August 2020

“Robust measures generate results in the short and long term”

Fourth quarter

- Net sales declined 5.0 per cent to SEK 2,874 million (3,026).
- Organic sales growth was a negative 2.3 per cent (pos: 11.2), of which SMB accounted for negative 2.6 per cent (pos: 2.3), LCP negative 1.5 per cent (pos: 20.8) and B2C negative 8.5 per cent (pos: 0.7).
- The gross margin amounted to 15.1 per cent (16.2).
- Adjusted EBITA amounted to SEK 101 million (120), corresponding to an adjusted EBITA margin of 3.5 per cent (4.0).
- EBIT totalled SEK 85 million (102), including items affecting comparability of SEK 9 million (3).
- Profit for the quarter was SEK 69 million (73).
- Earnings per share before dilution totalled SEK 0.77 (0.83).
- Cash flow from operating activities amounted to SEK 20 million (71).

September 2019 – August 2020

- Net sales rose 5.3 per cent to SEK 13,195 million (12,536).
- Organic sales growth was 2.3 per cent (9.9), of which SMB accounted for negative 1.4 per cent (pos: 4.0), LCP 6.1 per cent (16.5) and B2C negative 3.9 per cent (neg: 3.9).
- The gross margin amounted to 15.5 per cent (16.7).
- Adjusted EBITA declined to SEK 517 million (560), corresponding to an adjusted EBITA margin of 3.9 per cent (4.5).
- EBIT totalled SEK 387 million (489), including items affecting comparability of negative SEK 31 million (pos: 3.5).
- Profit for the period amounted to SEK 277 million (356).
- Earnings per share before dilution totalled SEK 3.13 (4.12).
- Cash flow from operating activities amounted to SEK 868 million (264).
- At the end of the period, net debt in relation to adjusted EBITDA in the past 12-month period, excluding the effects of the implementation of IFRS 16 Leases, was 2.6 (2.9 at the end of 2018/19). When calculated including these effects, the figure was 2.7 (–).
- The Board of Directors intends to submit a proposal for the distribution of profits in connection with the convening of the Annual General Meeting.

Financial key ratios

All amounts in SEK million, unless otherwise indicated	Q4 19/20	Q4 18/19	Full-year 19/20	Full-year 18/19
Net sales	2,873.8	3,025.7	13,195.4	12,535.7
Organic sales growth (%)	-2.3	11.2	2.3	9.9
Gross margin (%)	15.1	16.2	15.5	16.7
Adjusted EBITA	101.3	120.1	517.3	559.7
Adjusted EBITA margin (%)	3.5	4.0	3.9	4.5
EBIT	84.5	101.6	387.2	489.1
Profit for the period	68.5	73.4	277.3	356.2
Items affecting comparability*	8.9	3.2	-31.0	3.5
Earnings per share before dilution (SEK)	0.77	0.83	3.13	4.12
Cash flow from operating activities	20.1	70.8	867.7	264.0
Net debt/adjusted EBITDA (multiple) (excl. IFRS 16)	-	-	2.6	2.9
Net debt/adjusted EBITDA (multiple) (incl. IFRS 16)**	-	-	2.7	-
Return on equity (%)	-	-	11.3	14.5

For definitions, refer to page 27.

* Refer to Note 3 Items affecting comparability for more information.

** Refer to the section on alternative performance measures for the source of the calculation.

Robust measures generate results in the short and long term

The corona pandemic continued to affect us in the fourth quarter and the market remains difficult to assess in the short term. We can see a stable development in our online based core business, with a distinct recovery in demand from the smaller and medium-sized companies within the SMB segment. The limited access to customers' offices has naturally impacted our services and solutions operations. The change towards an increased share of online sales in our market is now accelerating. We have intensified our strategic work to further improve our core business online, our efficiency and reduce our costs. Our strategic initiatives, with the automation of the central warehouse, efficiency enhancements within the organisation for services and solutions as well as the consolidation of our data centres have laid a very solid foundation for higher profitability moving forward. In the short term, we adopted swift and robust measures to meet the general development, which had a positive impact on costs.

Visible improvement in profitability after robust measures
Net sales for the fourth quarter declined 5.0 per cent in total to SEK 2,874 million (3,026), of which negative 2.3 per cent was organic. We have seen a clear recovery in most of our geographic markets. Organic growth in the segments amounted to negative 2.6 percent for SME, negative 1.5 percent for LCP and negative 8.5 percent for B2C. We estimate that the market has shown a decline of about 10 per cent, which means that we continue to take market shares. Adjusted EBITA amounted to SEK 101 million (120) and the adjusted EBITA margin was 3.5 per cent (4.0). This is an improvement on the third quarter's adjusted EBITA margin of 3.2 per cent. The margin decline was mainly attributable to a changed sales mix and lower volumes, partly compensated for by both temporary and long-term sustainable cost reductions. EBIT totalled SEK 85 million (102), including items affecting comparability of SEK 9 million (3).

Strategic initiatives to support increasing profitability
We intensified our strategic efforts to increase efficiency and reduce costs in the long term. During the quarter, we successfully launched a new robot solution and automated our central warehouse, which will reduce costs by approximately SEK 10 million annually from the first quarter. We completed the first phase of the implementation of the accelerated strategy for standardised services and solutions, announced earlier in the quarter. The closure of smaller local offices and the reduction in the workforce are expected to result in annual savings of SEK 40 million, with full effect from the first quarter. The consolidation of our data centres has continued, and the transfer of customers is ongoing. The project is expected to be completed and put into operation in the autumn of 2020, with an expected annual cost saving of SEK 10 million, as of the third quarter of 2020/21.

Corporate responsibility ambitions move to new level
Five years ago, we set some of the industry's toughest corporate responsibility targets for the period up to 2020, in five focus areas. These have been pioneering and in many areas we are industry leaders. Supported by this knowledge and by positive results, along with the desire to influence the world around us, we are continuing our work by adopting a broader perspective. This is based on global challenges – climate change, use of resources and social inequality. By 2030, we will be climate-neutral across the value chain, our offering is to be entirely circular and we are also to have conducted 100 measurable initiatives to promote social equality.

Acquisition of Exato
Acquisitions are an important part of our growth strategy, and focus on companies that complement and strengthen our offering. After the end of the quarter, we acquired the Danish company Exato, which specialises in standardised services, including IT security and IT infrastructure. More than half of income is from subscription services, primarily from small and medium-sized businesses. The acquisition complements our portfolio while strengthening our capacity in managed services in the Danish market.

Summary
As I summarise the year and the quarter, the corona pandemic and its effects naturally dominate. It has been a challenge, both in our market and in society as a whole. However, we also demonstrated great strength with the speed at which all employees have adjusted to meet the new needs of our customers in the short-term and to the long-term behavioural change brought on by the increasing pace of digitisation. The pandemic has really made us, just like everyone else, also increase the pace of the changes we had planned. Despite the fact that the market in the short-term is difficult to assess, we see tendencies towards stabilisation and a gradual improvement moving forward.

We are correctly positioned with a unique digital relationship to hundreds of thousands of customers, an even more optimised e-commerce platform as well as the ongoing build-up of standardised service offerings to further increase our relevance and benefits for our customers. Combined with our strong financial position, this means we are well-equipped to face the opportunities and challenges presented by the business climate and our customers.

Nacka, October 2020

Thomas Ekman,
President and CEO

Dustin at glance

Dustin is a leading online IT partner serving the Nordic region and the Netherlands. We help our customers to stay at the forefront by providing them with the right IT solution at the right time and at the right price. With our high-level IT expertise, broad offering and pragmatic attitude, 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.

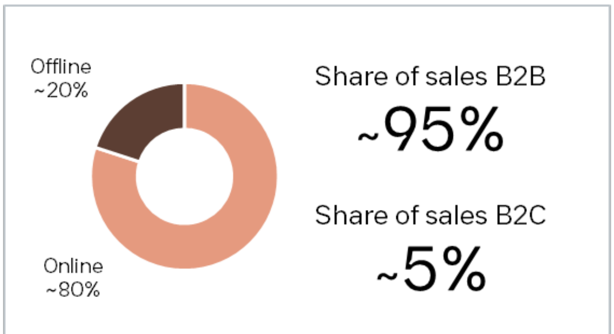
Focus on business customers
We have a total of three business segments: SMB (Small and Medium Sized Businesses) with a sales share of about 44 per cent, LCP (Large, Corporate and Public) with a sales share of about 51 per cent and B2C (Business to Consumer) with a sales share of about 5 per cent. Our sales are mainly made online and a complemented by consultative selling.

Growing service sales
The demand for standardised and managed services is increasing as the companies' needs for mobility and accessibility grow. We are broadening our already extensive product offering with services to help our customers with a large share of their IT needs.

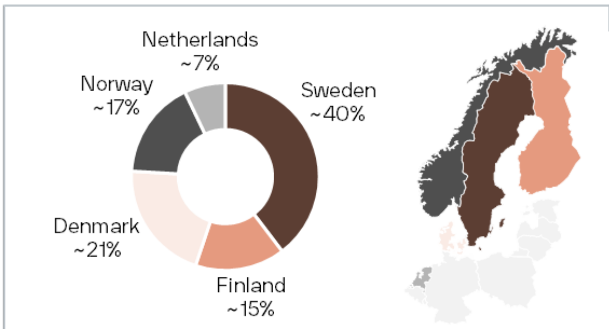
Leading online position
The share of products and services purchased online is growing. We have been online since 1995 and have built a strong position, making us the Nordic region's largest e-retailer for the B2B segment.

Focus on sustainability
The future is circular. Responsible business is a prerequisite for modern, sound and successful operations. For us, this entails that we assume responsibility across the value chain. This involves everything from how we compose our offering to how we make it possible for our customers to make more sustainable choices and move toward more circular business models.

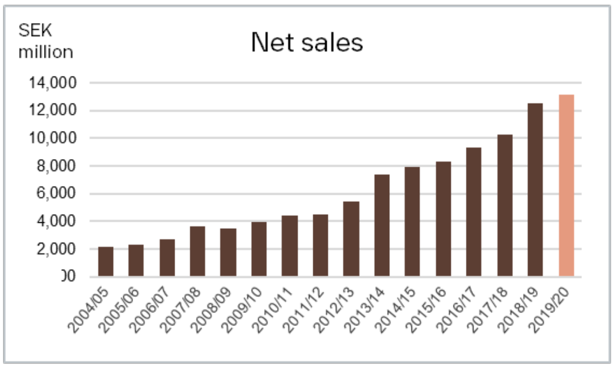
Dustin Group AB is a Swedish public limited company with its head office in Nacka Strand.
The share was listed on Nasdaq Stockholm's Mid Cap Index in 2015.

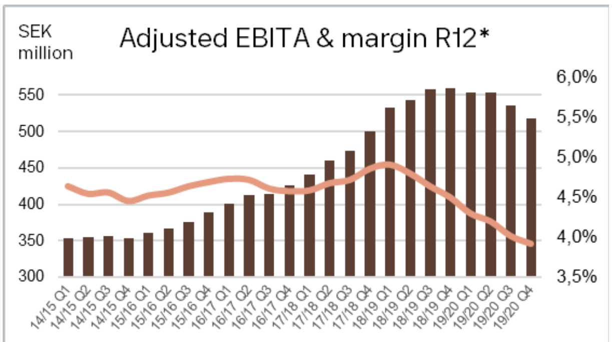


Distribution refers to integrated operations 2019/20.



Distribution refers to sales 2019/20.





**Refers to 12 month rolling*

Dustin

Vision

Our vision is to help our customers to be at the forefront. We achieve this by providing the right IT solution to the right customer and user. At the right time and the right price. That's why our promise to our customers is – "We keep things moving."

Our vision and our customer promise were updated in conjunction with our new profile and brand platform launched on March 3.

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 between 5 and 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 for the year. However, the Company's financial position, cash flow, acquisition opportunities and future prospects should be taken into consideration.

Corporate responsibility efforts

Dustin integrates sustainability 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
We have identified five focus areas that we continuously follow up and develop within the scope of our corporate responsibility programme: Reduced climate impact, Responsible use of resources, Responsible manufacturing, Diversity and equality as well as Business ethics and anti-corruption.

Results in the fourth quarter
As part of its Responsible manufacturing focus area, Dustin performs regular factory audits. In the fourth quarter, work intensified and 15 (7) audits were carried out. In the beginning of the quarter, several audits that had been planned for the third quarter were carried out as a consequence of the pandemic. This meant all of the year's planned inspections were completed.

Most of the deviations identified were of a minor nature, while one zero-tolerance non-compliance was observed relating to child labour. In order to protect the minor and ensure his or her safety and rights, we have followed the processes we have set up in case such a situation should arise. In addition, we have worked together with the supplier to identify the root cause and set a preventive action plan. Dustin has tried to find ways forward for continued cooperation with the factory but has not succeeded and has therefore decided to end the cooperation. We work continuously to ensure that new suppliers adopt our 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 had an interim target to collect 70,000 products during 2019/20. In the quarter, 13,935 products (36,030) products were collected, of which 12,928 could be reused and the remaining 1,007 were recycled. In 2019/20, 57,079 products (83,540) were collected, with the reduction due to the corona pandemic and correction of previously reported figures. At the end of the period, a total of 204,907 products were collected as end-of-life returns since 2014/15.**

	Q4 19/20	Q4 18/19	FY 19/20	FY 18/19
Share of suppliers* that have adopted the Code of Conduct	99.8%	99.6%	99.8%	99.6%
Share of suppliers* that have completed a risk assessment	97.9%	95.7%	98.0%	95.7%
Total number of end-of -life returns during the period**	13,935	36,030	57,079	83,540

* Refers to hardware suppliers with an annual purchase volume of over SEK 200,000. ** Refers to reported returns from external partners

New corporate responsibility strategy
In September, Dustin launched a new corporate responsibility strategy. This is based on three global challenges that society at large is now facing: climate change, unsustainable resource consumption and social inequalities. The strategy consists of three measurable goals, which state that by 2030 Dustin shall have:

- zero climate impact throughout the value chain.
- a 100 per cent circular offering.
- taken 100 actions for social equality.

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 June-August 2020.

Fourth quarter

Net sales

Net sales declined 5.0 per cent (19.9) during the quarter to SEK 2,874 million (3,026). Organic growth was a negative 2.3 per cent (pos: 11.2), of which SMB accounted for negative 2.6 per cent (pos: 2.3), LCP negative 1.5 per cent (pos: 20.8) and B2C negative 8.5 per cent (pos: 0.7). Acquisition-related growth was 0.0 percentage points (7.7) and exchange-rate differences had a negative impact of 2.7 percentage points (pos: 0.9).

Gross profit

During the quarter, gross profit declined SEK 55 million to SEK 434 million (489), corresponding to 11.3 per cent. The gross margin declined to 15.1 per cent (16.2), primarily due to a changed sales mix, with a higher share of computer hardware at a lower margin. The gross margin for hardware individually improved during the quarter. Furthermore, a strong decline in project-related income with higher margins had a negative impact on gross margin.

Adjusted EBITA

Adjusted EBITA amounted to SEK 101 million (120). The adjusted EBITA margin amounted to 3.5 per cent (4.0). The decline is largely due to the low gross margin, which was partly offset by cost savings. Adjusted EBITA excluded items affecting comparability of SEK 9 million (3) which, during the quarter, primarily pertained to the positive effect of a change in acquisition-related liabilities. For more information, refer to Note 3 Items affecting comparability. For a comparison of adjusted EBITA and EBIT, see Note 2 Segments.

EBIT

Operating profit amounted to SEK 85 million (102). Operating profit included items affecting comparability amounting to SEK 9 million (3).

Financial items

Financial expenses amounted to SEK 14 million (11). During the quarter, expenses mainly pertained to external financing costs of SEK 10 million (10). The financial expenses were also impacted by interest expenses related to leasing in an amount of SEK 4 million in accordance with the IFRS 16 accounting standard. The remeasurement of synthetic options was positively affected by SEK 1 million. Financial income amounted to SEK 0.3 million (0.2).

Tax

The tax expense for the quarter was SEK 2 million (17), corresponding to an effective tax rate of 2.9 per cent (19.0). The low effective tax rate for the quarter was mainly attributable to the remeasurement of Dutch deferred taxes due to reduced corporate income tax.

The effective tax for the quarter was also impacted by non-taxable income from the remeasurement of acquisition-related liabilities and a tax adjustment at the end of the year. The total tax effect of these events was a positive SEK 11 million.

Profit for the quarter

Profit for the quarter was SEK 69 million (73). Earnings per share amounted to SEK 0.77 (0.83) before dilution, and SEK 0.77 (0.83) after dilution.

Cash flow

Cash flow for the quarter was negative SEK 38 million (pos: 54).

Cash flow from operating activities amounted to SEK 20 million (71). Cash flow from changes in working capital was a negative SEK 90 million (neg: 22) for the quarter. A reduction in inventory made a positive contribution of SEK 51 million (pos: 9) to working capital. The increase in accounts receivable contributed a negative cash flow effect of SEK 22 million (1), which was offset by a reduction in tax assets of SEK 72 million. During the quarter, accounts payable declined SEK 326 million (33) and contributed to the negative cash flow effect. The decrease was mainly attributable to higher accounts payable at the end of the third quarter as a result of extended credit periods from a number of suppliers.

IFRS 16 entails a shift between cash flow from operating activities, which increased SEK 38 million, and cash flow from financing activities, which declined SEK 38 million. For further information regarding working capital, refer to the Net working capital section.

Cash flow from investing activities amounted to a negative SEK 19 million (neg: 17). During the period, earn-outs of SEK 3 million (–) were paid for acquisitions completed earlier. Cash flow from investments in tangible and intangible assets was a negative SEK 21 million (neg: 17), of which a negative SEK 6 million (neg: 7) pertained to investments in the IT platform and a negative SEK 15 million (neg: 10) mainly pertained to investments in hardware for data centres and investments in the warehouse robot in Rosersberg. The quarter was also positively impacted in an amount of SEK 5 million attributable to divestments. Investments in assets financed through leasing amounted to SEK 10 million (2) and were mainly attributable to IT equipment for service provision, such as servers and network solutions and vehicles.

Cash flow from financing activities amounted to a negative SEK 39 million (neg: 0.4) and mainly comprised the repayment of lease liabilities of SEK 39 million and was primarily attributable to the IFRS 16 accounting standard.

Significant events in the fourth quarter

Effects of the corona pandemic

The prevailing situation with the ongoing pandemic has resulted in a considerable increase in uncertainty and Dustin has taken several measures to mitigate the future effects on its operations.

During the period, an updated impairment testing of goodwill, non-financial assets and financial assets was established. The current financial situation was assessed in relation to the measurement. Alternative scenarios and sensitivity analyses were conducted to ensure that there was no impairment requirement at the end of the reporting period. The impairment testing has demonstrated sustained significant margins in the measurements. Dustin will continue to carefully monitor developments to assess any effects on the measurement of the assets.

The uncertain market situation contributed to a general increased risk of future credit losses. Dustin is keeping a close eye on the situation and reduced exposure to credit losses. It has therefore not been considered necessary to make further assessments or adjustment of the model applied for provisions for bad debt losses. Payment discipline among customers remains high and credit losses are at a stable, low level.

During the quarter, the temporary measures introduced in the third quarter have borne fruit, such as changed bonus structure, voluntary short-time working for employees and reduced travel. Travel restrictions and reduced marketing activity had a positive impact during the quarter. In total, these measures resulted in savings of approximately SEK 15 million during the quarter.

Changes to Dustin's Executive Management

Stephanie Forsblom is new EVP Marketing & Communication. This is a newly created role that combines the responsibility for all external and internal communication to further increase the focus on strengthening Dustin's position in the market. Martin Lindecrantz has assumed the position as new EVP HR. He most recently served as Acting Head of HR and a member of the Group Management of AFRY. He takes over from Morten Jakobi, who is now EVP Netherlands responsible for coordinating Dustin's operations in the Netherlands and commencing the integration of Vincere with Dustin. All of the above have begun in their new positions during the quarter and are members of Dustin's Executive Management.

September 1, 2019 – August 31, 2020

Net sales

During the year, net sales rose 5.3 per cent (21.7) to SEK 13,195 million (12,536). Organic growth was 2.3 per cent (9.9), of which SMB was negative 1.4 per cent (pos: 4.0), LCP 6.1 per cent (pos: 16.5) and B2C negative 3.9 per cent (neg: 3.9). Acquisition-related growth was 3.4 percentage points (pos: 9.9) and exchange-rate differences had a negative impact of 0.5 percentage points (pos: 1.9).

Gross profit

During the year, gross profit declined SEK 46 million to SEK 2,043 million (2,089), corresponding to 2.2 per cent. The gross margin declined to 15.5 per cent (16.7), primarily due to a changed sales mix, with a higher share of sales in public contracts and a higher share of computer hardware at a lower margin. Furthermore, a strong decline in project-related income with higher margins had a negative impact on gross margin.

Adjusted EBITA

During the year, adjusted EBITA declined 7.6 per cent to SEK 517 million (560). The adjusted EBITA margin declined to 3.9 per cent (4.5). A lower gross margin is the main explanation for the decline, which was partly offset by cost savings. Adjusted EBITA excludes items affecting comparability of negative SEK 31 million (pos: 4), which are specified in Note 3 Items affecting comparability. For a comparison of adjusted EBITA and EBIT, see Note 2 Segments.

EBIT

Operating profit amounted to SEK 387 million (489). Operating profit includes items affecting comparability of negative SEK 31 million (pos: 4), which during the year mainly comprised restructuring costs of SEK 27 million (–), a positive effect of SEK 20 million (48) from a change in acquisition-related liabilities and integration costs of SEK 16 million (–). SEK 8 million (18) pertained to costs for the development of the IT platform for online sales in the Netherlands, which was launched at the end of October 2019. For more information, refer to Note 3 Items affecting comparability.

Financial items

Financial expenses for the year amounted to SEK 53 million (45), and mainly pertained to borrowing costs of SEK 40 million (38) for external financing. The financial expenses were also impacted by interest expenses related to leasing in an amount of SEK 14 million in accordance with the IFRS 16 accounting standard. Financial income amounted to SEK 1 million (1).

Tax

Tax expense for the year was SEK 58 million (89), corresponding to an effective tax rate of 17.3 per cent (19.9). The low effective tax rate for the year was mainly attributable to the remeasurement of Dutch deferred taxes due to reduced corporate income tax. The effect tax for the year was also impacted by non-taxable income from the remeasurement of acquisition-related liabilities.

Profit for the period

Net profit for the year totalled SEK 277 million (356). Earnings per share amounted to SEK 3.13 (4.12) before dilution, and SEK 3.13 (4.11) after dilution.

Cash flow
Cash flow for the year was SEK 396 million (16). The year-on-year change was mainly attributable to cash flow from changes in working capital.

Cash flow from operating activities was SEK 868 million (264), with the year-on-year increase mainly attributable to changes in working capital. The period's impact from changes in working capital amounted to SEK 321 million (neg: 126), with the positive year-on-year change primarily due to a lower level of accounts receivable, combined with an increase in current liabilities. The period was impacted by a lower share of sales in the final month of the period and the lower share of accounts payable is mainly attributable to the decrease in business volume and was to a certain degree offset by extended credit periods to suppliers. For further information regarding working capital, refer to the Net working capital section.

Cash flow from investing activities amounted to a negative SEK 316 million (neg: 642). The change was mainly due to acquisitions made in the preceding year of SEK 536 million. During the year, earn-outs of a negative SEK 209 million (neg: 31) were paid that were attributable to acquisitions completed earlier. Investments in tangible and intangible assets amounted to a negative SEK 111 million (neg: 80), of which a negative SEK 38 million (neg: 32) pertained to the IT platform, and a negative SEK 74 million (neg: 47) mainly pertained to investments in hardware for data centres and in a new platform for customer and market information. The period was also positively impacted in an amount of SEK 5 million attributable to divestments. During the year, investments were also made in the launch of domains for e-commerce in the Netherlands and investments in the warehouse robot in Rosersberg. Investments in assets financed through leasing amounted to SEK 322 million (8) and were mainly attributable to extended leases, IT equipment for service provision, such as servers and network solutions, vehicles, and an investment in enhanced automation of the central warehouse in Rosersberg.

Cash flow from financing activities amounted to a negative SEK 156 million (pos: 393). The decrease was mainly attributable to the new share issue of SEK 681 million conducted during the preceding year. The year was positively impacted by a new bank loan raised corresponding to SEK 390 million, in combination with a repayment of SEK 134 million. The repayment of lease liabilities amounted to SEK 149 million and was mainly attributable to the IFRS 16 accounting standard. The year was also negatively impacted by a dividend to shareholders of SEK 266 million (neg: 239) and positively by SEK 4 million (29) attributable to cash flow effects from long-term incentive (LTI) programmes relating to the payment of warrants issued.

Net working capital
At year-end, net working capital amounted to a negative SEK 422 million (neg: 68). The year-on-year change in net working capital was mainly a result of tax liabilities and other current liabilities. Dustin exercised the tax credits offered in Sweden, Norway and Denmark, which increases current liabilities year-on-year by approximately SEK 240 million. The lower level of accounts payable is mainly attributable to the decrease in business volume and was also offset by extended credit periods to suppliers. The decline in accounts receivable was mainly attributable to lower sales in the final month of the period.

SEK million	Aug 31, 2020	Aug 31, 2019
Inventories	482.9	465.7
Accounts receivable	1,256.6	1,460.4
Tax assets and other current receivables	256.5	313.9
Accounts payable	-1,543.6	-1,712.3
Tax liabilities and other current liabilities	-874.2	-595.3
Net working capital	**-421.8**	**-67.6**

Net debt and cash and cash equivalents
At the end of the year, net debt amounted to SEK 1,940 million (1,736). The change was attributable to higher lease liabilities that were offset by higher cash and cash equivalents. The increased lease liability is attributable to the implementation of IFRS 16 Leases. In total, cash and cash equivalents amounted to SEK 730 million (281). The increase is mainly attributable to extended credit periods with suppliers and expanded tax credits. At the end of the year, there was also an unutilised overdraft facility of SEK 100 million (270) and an unutilised credit facility of EUR 5 million (5) in the Dutch operations.

At the end of the year, net debt in relation to adjusted EBITDA in the past 12-month period, excluding the effects of IFRS 16 Leases, was 2.6 (2.9), which is in the middle of the range for the financial target. When calculated including these effects, the net debt ratio would have amounted to 2.7. For calculation, see source of alternative performance measures.

SEK million	Aug 31, 2020	Aug 31, 2019
Liabilities to credit institutions	2,159.0	2,006.1
Lease liabilities	511.5	11.5
Cash and cash equivalents	-730.1	-281.3
Net debt	**1,940.4**	**1,736.4**

Employees
The average number of full-time employees during the period was 1,700, compared with 1,644 in the year-earlier period. The increase is mainly attributable to the acquisitions that were carried out the previous year and which were thus not taken into account during the entire previous year.

Events after the balance-sheet date

Acquisition in Denmark

The Danish company Exato A/S was acquired in September. The company specialises in standardised services, including IT security, where more than half of income comes from subscription services, primarily small and medium-sized businesses. The acquisition contributes to Dustin's strategy of increasing sales of services and complements Dustin's offering in Denmark. The company reported sales of approximately DKK 30 million during the latest financial year and has approximately 20 employees.

Corporate responsibility ambitions to a new level

Dustin is launching a new strategy for corporate and social responsibility. The strategy, which will extend until 2030, focuses on three areas: climate, circularity and social equality. For example, the company is the first e-retailer in the Nordic region to announce that it will be entirely climate-neutral by 2030.

Parent company

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

During the year, net sales amounted to SEK 0.4 million (0.4) and profit totalled SEK 254 million (166). The change is the result of the receipt of a dividend of SEK 106 million (47) from Group companies during the year and intra-Group interest income of SEK 44 million (1). The net currency position during the period was SEK 101 million (neg: 21) and was mainly attributable to the external financing. The Group applies hedge accounting, whereby the net currency position is recognised against equity.

Risks and uncertainties

The corona pandemic is having a long and short-term impact on our business. The company assesses that the risks have increased regarding changes in customer behaviour and potential disruptions to the supply chain.

Extra measures are being employed to continuously monitor developments and to manage any financial effects relating to the situation.

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

- The strategic risks are normally identified in conjunction with risk discussions linked 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 include regulatory changes or changed 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 76–87 of Dustin's 2018/19 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 August 31, 2020, the price was SEK 56.4 per share (80.9), representing a total market capitalisation of SEK 5,000 million (7,172). At August 31, the company had a total of 12,304 shareholders (7,191). The company's three largest shareholders were AxMedia AB (Axel Johnson Group) with 29.8 per cent, AMF Försäkring & Fonder with 9.9 per cent and Fidelity Investments with 6.1 per cent. Dustin's shareholder register with the largest shareholders is presented on the company's website.

2019/20 Annual General Meeting

Dustin's Annual General Meeting (AGM) will be held in Nacka on December 14, 2020. Shareholders who wish to have matters considered should submit a written request to the Board by October 26, 2020 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.

2019/20 Nomination Committee

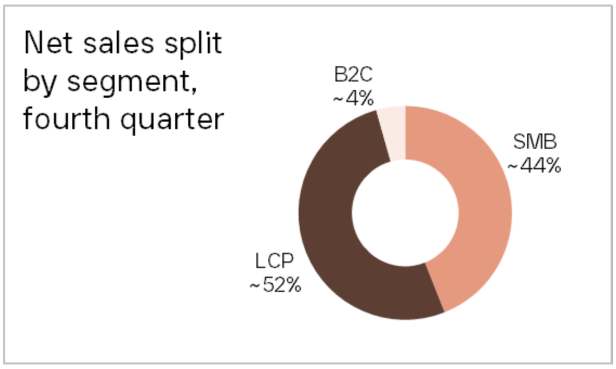
In accordance with Dustin's General Meeting in December 2019, the following individuals were appointed as members of the nomination committee based on the ownership structure as of March 31, 2020:

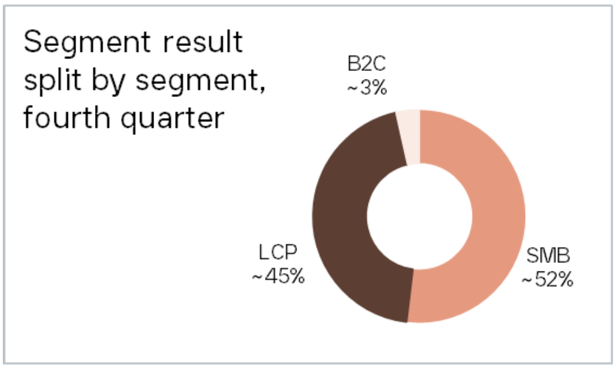
- Caroline Berg, Axel Johnson AB/Axmedia AB, Chairman of the Nomination Committee
- Tomas Risbecker, AMF Försäkring & Fonder
- Suzanne Sandler, Handelsbanken Fonder
- Lennart Francke, Swedbank Robur Fonder
- Mia Brunell Livfors, Chairman of Dustin's Board of Directors (co-opted)

Shareholders wishing to submit proposals to the Nomination Committee can do so by mail at the following address: Dustin Group AB (publ), Attn Sabina Kihlberg, Box 1194, SE-131 27 Nacka Strand or by e-mail to: sabina.kihlberg@dustin.se no later than October 23, 2020.

Review of business segments

Dustin operates through 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	Q4 19/20	Q4 18/19	Change %	Full-year 19/20	Full-year 18/19	Change %
Net sales	1,265.3	1,353.4	-6.5	5,717.4	5,532.9	3.3
Segment results	105.0	134.7	-22.0	510.6	584.4	-12.6
Segment margin (%)	8.3	10.0	-	8.9	10.6	-

Net sales
Net sales for the quarter declined 6.5 per cent to SEK 1,265 million (1,353) due to the continued cautious market situation. Organic growth was negative 2.6 per cent (pos: 2.3). Acquisition-related growth (including customer transfers between segments) accounted for a negative 1.9 percentage points while negative exchange-rate differences accounted for 2.0 percentage points.

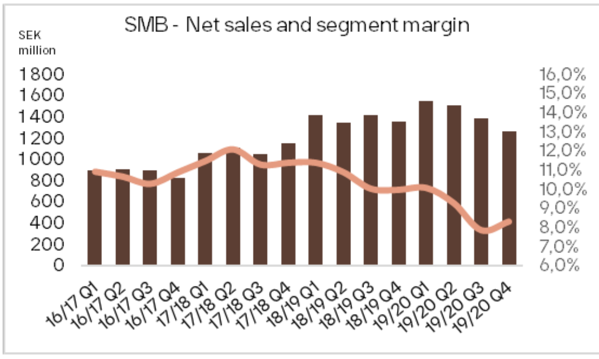
The business was characterised by a sustained, stable performance for hardware sales, primarily from small and medium-sized businesses. Contractual recurring revenues from subscription-based services were stable. The development of project-related services, such as customers signing up to new services and the installation of conference rooms and suchlike remained weak. Demand from larger companies in the segment continued to be cautious during the quarter. Geographically, sales developed positively in Norway and the Netherlands.

Segment results
Profit for the segment declined 22 per cent to SEK 105 million (135) and the segment margin declined to 8.3 per cent (10.0) compared with the year-earlier quarter.

The change was primarily attributable to:

- a cautious market climate due to the pandemic, mainly among the larger SMB companies
- changes in the sales mix, with a higher share of basic hardware at a lower margin
- a significantly lower share of project-related income and advanced hardware with a high margin

During the fourth quarter, software and services as a percentage of sales declined to 27 per cent (29) in the segment (see Note 2 Segments). At the end of the fourth quarter, the customer base for SaaS configurations in integrated operations had increased to a total of 186,000 users (76,417) in the Nordic region.



LCP - Large Corporate and Public sector

SEK million	Q4 19/20	Q4 18/19	Change %	Full-year 19/20	Full-year 18/19	Change %
Net sales	1,483.0	1,530.8	-3.1	6,880.9	6,376.8	7.9
Segment results	90.4	79.6	13.6	410.9	359.4	14.3
Segment margin (%)	6.1	5.2	-	6.0	5.6	-

Net sales

Net sales declined 3.1 per cent to SEK 1,483 million (1,531) for the quarter. Organic growth was negative 1.5 per cent (pos: 20.8) and is mainly attributable to weak demand from larger companies. Acquisition-related growth (including customer transfers between segments) accounted for 1.6 percentage points while negative exchange-rate differences accounted for 3.3 percentage points.

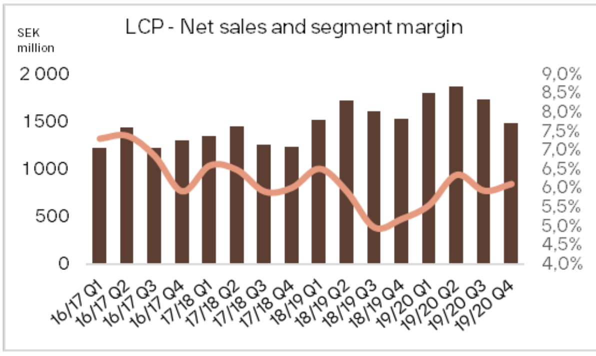
The trend for sales to the public sector remained stable and was less affected to date by the ongoing pandemic. The segment's sales developed positively, primarily in Norway and Denmark.

Segment results

Profit for the segment increased to SEK 90 million (80) and the segment margin improved to 6.1 per cent (5.2) compared with the year-earlier quarter.

The change was primarily attributable to:

- improved margins in major framework agreements for the public sector as the contracts mature
- good cost control



B2C – Business to Consumer

SEK million	Q4 19/20	Q4 18/19	Change %	Full-year 19/20	Full-year 18/19	Change %
Net sales	125.5	141.6	-11.4	597.0	625.9	-4.6
Segment results	7.0	7.1	-1.8	37.1	36.7	1.1
Segment margin (%)	5.5	5.0	-	6.2	5.9	-

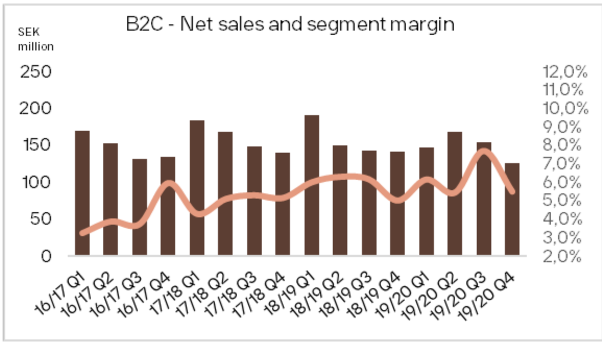
Net sales

Net sales for the quarter declined 11.4 per cent to SEK 126 million (142). Organic growth was negative 8.5 per cent (pos: 0.7). Negative exchange-rate differences accounted for 2.8 percentage points.

Negative growth was mainly attributable to weak PC sales following the peak in demand in the spring. The performance of the Swedish market remained stable while demand in other markets was lower.

Segment results

Profit for the segment for the quarter was on par with the year-earlier quarter and amounted to SEK 7 million (7). The segment margin increased to 5.5 per cent (5.0), as a result of continued focus on margin ahead of volume in the consumer business.



Dustin

Central functions

SEK million	Q4 19/20	Q4 18/19	Change %	Full-year 19/20	Full-year 18/19	Change %
Cost for central functions	-101.1	-101.3	-0.2	-441.3	-420.7	4.9
Costs for central functions in relation to net sales (%)	-3.5	-3.3	-	-3.3	-3.4	-

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. In the fourth quarter, costs for central functions amounted to 3.5 per cent (3.3) in relation to sales. The costs for the central functions were in line with the year-earlier quarter and amounted to SEK 101 million (101).

A positive earnings effect of IFRS 16 of SEK 2 million is included in the costs for central functions for the quarter. For additional financial data on the segments, refer to Note 2 Segments on page 20, and to Segment information by quarter on page 26.

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, October 7, 2020

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

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

Consolidated income statement

SEK million	Note	Q4 19/20	Q4 18/19	Full-year 19/20	Full-year 18/19
Net sales	2	2,873.8	3,025.7	13,195.4	12,535.7
Cost of goods and services sold		-2,439.7	-2,536.3	-11,152.0	-10,446.3
Gross profit		**434.1**	**489.4**	**2,043.3**	**2,089.3**
Selling and administrative expenses		-357.4	-388.9	-1,617.9	-1,594.3
Items affecting comparability	3	8.9	3.2	-31.0	3.5
Other operating income		3.6	1.9	14.5	7.6
Other operating expenses		-4.6	-4.1	-21.8	-17.1
EBIT	**2**	**84.5**	**101.6**	**387.2**	**489.1**
Financial income and other similar income statement items		0.3	0.2	1.3	0.8
Financial expenses and other similar income statement items		-14.3	-11.1	-53.3	-45.0
Profit after financial items		**70.5**	**90.6**	**335.2**	**444.9**
Tax		-2.0	-17.2	-57.9	-88.7
Profit for the period, attributable in its entirety to Parent Company shareholders		**68.5**	**73.4**	**277.3**	**356.2**
Other comprehensive income (all items will be transferred to the income statement)					
Translation differences		-29.0	-38.6	-95.5	-43.4
Cash-flow hedging		36.5	44.2	96.0	39.0
Tax attributable to cash-flow hedges		-7.8	-9.7	-20.6	-8.6
Other comprehensive income		**-0.3**	**-4.1**	**-20.0**	**-13.0**
Comprehensive income for the period is attributable in its entirety to Parent Company shareholders		**68.2**	**69.4**	**257.3**	**343.2**
Earnings per share before dilution (SEK)		0.77	0.83	3.13	4.12
Earnings per share after dilution (SEK)		0.77	0.83	3.13	4.11

Condensed consolidated balance sheet

SEK million	Note	Aug 31, 2020	Aug 31, 2019
ASSETS			
Non-current assets			
Goodwill		3,706.5	3,839.8
Other intangible assets attributable to acquisitions		583.8	641.5
Other intangible assets	4	140.1	133.0
Tangible assets	4	99.3	105.7
Right-of-use assets	4	502.2	-
Divestment-related receivables	5	-	1.6
Deferred tax assets		9.7	5.5
Derivative instruments	5	0.2	0.6
Other non-current assets		8.3	17.9
Total non-current assets		**5,050.0**	**4,745.6**
Current assets			
Inventories		482.9	465.7
Accounts receivable		1,256.6	1,460.4
Derivative instruments	5	-	1.4
Tax assets		9.5	45.8
Other receivables		247.0	268.1
Cash and cash equivalents		730.1	281.3
Total current assets		**2,726.1**	**2,522.7**
TOTAL ASSETS		**7,776.1**	**7,268.3**
EQUITY AND LIABILITIES			
Equity			
Equity attributable to Parent Company shareholders		2,455.6	2,460.3
Equity attributable to Parent Company shareholders		**2,455.6**	**2,460.3**
Non-current liabilities			
Deferred tax and other long-term provisions		241.5	235.6
Liabilities to credit institutions		2,159.0	2,006.1
Non-current lease liabilities		370.3	-
Acquisition-related liabilities	5	-	0.0
Derivative instruments	5	25.5	24.1
Total non-current liabilities		**2,796.3**	**2,265.8**
Current liabilities			
Current lease liabilities		141.3	-
Accounts payable		1,543.6	1,712.3
Accounts payable		46.2	10.2
Derivative instruments	5	1.7	0.7
Other current liabilities		791.5	574.2
Acquisition-related liabilities	5	-	244.8
Total current liabilities		**2,524.3**	**2,542.3**
TOTAL EQUITY AND LIABILITIES		**7,776.1**	**7,268.3**

Dustin

Condensed consolidated statement of changes in equity

SEK million	Aug 31, 2020	Aug 31, 2019
Balance as at September 1	2,460.3	1,646.6
Profit for the period	277.3	356.2
Other comprehensive income		
Translation difference	-95.5	-43.4
Cash-flow hedging	96.0	39.0
Tax attributable to cash-flow hedges	-20.6	-8.6
Total other comprehensive income	**-20.0**	**-13.0**
Total comprehensive income	**257.3**	**343.2**
Dividends	-265.9	-239.2
New share issue	-	720.4
Issue costs	-	-14.2
Subscription with the support of warrants	3.9	3.5
Total transactions with shareholders	-262.0	470.5
Closing equity as per the balance-sheet date, attributable to Parent Company shareholders in its entirety	**2,455.6**	**2,460.3**

Consolidated statement of cash flow

SEK million	Note	Q4 19/20	Q4 18/19	Full-year 19/20	Full-year 18/19
Operating activities					
EBIT		84.5	101.6	387.2	489.1
Adjustment for non-cash items		61.4	18.0	302.8	66.9
Interest received		0.3	0.2	1.3	0.8
Interest paid		-23.7	-9.7	-53.4	-38.8
Income tax paid		-12.4	-16.9	-90.8	-127.7
Cash flow from operating activities before changes in working capital		**110.0**	**93.2**	**547.1**	**390.2**
Decrease (+)/increase (-) in inventories		51.4	9.3	-23.6	-62.2
Decrease (+)/increase (-) in receivables		32.2	-11.4	238.3	-199.5
Decrease (-)/increase (+) in current liabilities		-173.4	-20.3	105.9	135.5
Cash flow from changes in working capital		**-89.9**	**-22.4**	**320.6**	**-126.2**
Cash flow from operating activities		**20.1**	**70.8**	**867.7**	**264.0**
Investing activities					
Acquisition of intangible assets	4	-10.2	-7.7	-68.5	-37.3
Acquisition of tangible assets	4	-10.9	-9.0	-42.8	-42.1
Acquisition of operations		-	0.2	-	-536.1
Divestment of operations		-	-	-	5.0
Divestment of intangible assets		4.7	-	4.7	-
Earn-out paid		-2.9	-	-209.0	-31.2
Cash flow from investing activities		**-19.3**	**-16.5**	**-315.6**	**-641.8**
Financing activities					
New share issue		-	-	-	680.8
Cash flow from LTI programme		-	0.2	4.2	28.9
Dividends		-	-	-265.9	-239.2
New loans raised		73.4	-	390.1	-
Repayment of loans		-73.0	-	-134.4	-71.9
Paid borrowing expenses		-	-	-1.5	-0.6
Repayment of lease liabilities		-39.2	-0.6	-148.7	-4.8
Cash flow from financing activities		**-38.9**	**-0.4**	**-156.1**	**393.2**
Cash flow for the period		**-38.1**	**53.8**	**395.9**	**15.5**
Cash and cash equivalents at beginning of period		**752.9**	**236.9**	**281.3**	**277.6**
Cash flow for the period		-38.1	53.9	395.9	15.5
Exchange-rate differences in cash and cash equivalents		15.3	-9.5	53.0	-11.8
Cash and cash equivalents at end of period		**730.1**	**281.3**	**730.1**	**281.3**

Condensed Parent Company income statement

SEK million	Q4 19/20	Q4 18/19	Full-year 19/20	Full-year 18/19
Net sales	0.1	0.1	0.4	0.4
Selling and administrative expenses	-1.8	-2.0	-6.7	-6.7
Other operating expenses	0.0	0.0	0.0	0.0
EBIT	**-1.7**	**-1.9**	**-6.3**	**-6.3**
Financial income and other similar income-statement items	48.0	0.0	251.2	47.7
Financial expenses and other similar income-statement items	-9.7	-32.5	-37.2	-59.5
Profit/loss after financial items	**36.6**	**-34.3**	**207.6**	**-18.1**
Appropriations	87.0	213.5	87.0	213.5
Tax	-26.7	-39.6	-40.6	-29.8
Profit/loss for the period	**97.0**	**139.6**	**254.0**	**165.6**

Parent Company statement of comprehensive income

SEK million	Q4 19/20	Q4 18/19	Full-year 19/20	Full-year 18/19
Profit for the period	97.0	139.6	254.0	165.6
Other comprehensive income	-	-	-	-
Comprehensive income for the period	**97.0**	**139.6**	**254.0**	**165.6**

Condensed Parent Company balance sheet

SEK million	Aug 31, 2020	Aug 31, 2019
ASSETS		
Non-current assets	1,211.6	1,211.6
Current assets	2,713.6	2,490.4
TOTAL ASSETS	**3,925.1**	**3,702.0**
EQUITY AND LIABILITIES		
Restricted equity		
Share capital	443.2	443.2
Total restricted equity	**443.2**	**443.2**
Non-restricted equity		
Share premium reserve	1,087.3	1,087.3
Retained earnings	-288.3	-191.8
Profit for the period	254.0	165.6
Total non-restricted equity	**1,053.1**	**1,061.1**
Total equity	**1,496.4**	**1,504.3**
Untaxed reserves	244.8	182.8
Non-current liabilities	2,159.0	2,006.1
Current liabilities	24.9	8.7
TOTAL EQUITY AND LIABILITIES	**3,925.1**	**3,702.0**

Dustin

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 2018/19 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.

New accounting policies 2019/20 and onward
IFRS 16 Leases
The Group has applied IFRS 16 Leases as of September 1, 2019. The standard entails that all leases for which Dustin is the lessee recognise a right-of-use asset that represents a right to use the underlying asset and a lease liability that represents an obligation to pay lease fees. Leases of low value and with a term of not more than 12 months are not included in the right-of-use assets or lease liabilities.

The Group applied the modified retrospective transition method. That means that the cumulative effect of adopting IFRS 16 is recognised in the opening balance on September 1, 2019 with no restatement of comparative figures, corresponding to a value of SEK 341 million. The lease liability was measured at the present value of the remaining lease fees and rights-of-use at an amount corresponding to the lease liability, adjusted for any prepaid or accrued lease fees. Identified leases under IFRS 16 mainly relate to buildings (offices and warehouses), transportation (vehicles and forklifts) and IT equipment. The interest rate applied is set by currency and in respect of each agreement's lease period.

Quarter impacts, IFRS 16
Operating leases were formerly recognised as operating expenses under EBITA. As an effect of the introduction of IFRS 16, operating expenses declined SEK 42 million and were offset by depreciation of SEK 40 million, generating a positive effect on EBITA of SEK 2 million. Financial expenses increased SEK 4 million attributable to interest expenses for leases and the quarter's earnings were negatively impacted by SEK 3 million. Dustin has chosen not to allocate the earnings effect of the new standard per segment, meaning the segment result is unchanged as a result of IFRS 16.

Consolidated income statement	Incl. IFRS 16 Q4 19/20	Effect IFRS 16 Q4 19/20	Excl. IFRS 16 Q4 19/20
Cost of goods and services sold	-2,439.7	0.2	-2,439.9
Selling and administrative expenses	-357.4	1.2	-358.6
EBITA	**84.5**	**1.5**	**83.0**
Financial expenses and other similar income statement items	-14.3	-4.0	-10.3
Profit/loss after financial items	**70.5**	**-2.5**	**73.1**
Tax	-2.0	-	-2.0
Profit/loss for the period	**68.5**	**-2.5**	**71.0**

Consolidated balance sheet	Incl. IFRS 16 Aug 31, 2020	Effect IFRS 16 Aug 31, 2020	Excl. IFRS 16 Aug 31, 2020
Right-of-use assets	502.2	502.2	-
Non-current assets	**5,050.0**	**502.2**	**4,547.8**
Prepaid expenses, accrued income	231.3	-6.1	237.4
Current assets	**2,726.1**	**-6.1**	**2,732.2**
Retained earnings	277.3	-7.2	284.5
Equity	**2,455.6**	**-7.2**	**2,462.7**
Lease liabilities, non-current	370.3	370.3	-
Non-current liabilities	**2,796.6**	**370.3**	**2,426.4**
Lease liabilities, current	141.3	133.2	8.1
Current liabilities	**2,523.9**	**133.2**	**2,390.7**

Annual impacts, IFRS 16
The lease liability at August 31, 2020 amounted to SEK 512 million, of which SEK 503 million is attributable to the introduction of IFRS 16.

Cash flow for the year was not affected, the effects of IFRS 16 only entailed a reclassification between cash flow from operating activities, which increases as a result of the repayment of lease liabilities, and financing activities. Dustin's financial covenants related to external financing were not impacted by the introduction of the standard.

The effect on the year after the introduction of IFRS 16 entailed that operating expenses declined SEK 160 million and were offset by depreciation of SEK 155 million, generating a positive net effect on EBITA of SEK 6 million. Financial expenses increased SEK 13 million and the period's earnings were negatively impacted by SEK 7 million.

Consolidated income statement	Incl. IFRS 16 Full-year 19/20	Effect IFRS 16 Full-year 19/20	Excl. IFRS 16 Full-year 19/20
Cost of goods and services sold	-11,152.0	0.9	-11,152.9
Selling and administrative expenses	-1,617.9	5.3	-1,623.2
EBITA	**387.2**	**6.2**	**381.0**
Financial expenses and other similar income-statement items	-53.3	-13.4	-39.9
Profit/loss after financial items	**335.2**	**-7.2**	**342.4**
Tax	-57.9	-	-57.9
Profit/loss for the period	**277.3**	**-7.2**	**284.5**

Government grants

During the year, two of the Dutch units in the Dustin Group applied for support for the payment of salary-related costs. In accordance with IAS 20, government grants are recognised in the income statement when there is reasonable assurance that the company will comply with the conditions attached to them and the grants will be received. The government grants were recognised as a reduction in selling and administrative expenses and increased interim receivables. Total remuneration amounts to SEK 3 million.

Note 2 Segments

All amounts in SEK million, unless otherwise indicated	Q4 19/20	Q4 18/19	Full-year 19/20	Full-year 18/19
Net sales				
LCP	**1,483.0**	**1,530.8**	**6,880.9**	**6,376.8**
of which, hardware	1,304.6	1,356.1	6,079.8	5,699.2
of which, software and services	178.4	174.7	801.1	677.6
SMB	**1,265.3**	**1,353.4**	**5,717.4**	**5,532.9**
of which, hardware	928.0	961.5	4,340.1	4,225.9
of which, software and services	337.3	391.9	1,377.4	1,307.0
B2C	**125.5**	**141.6**	**597.0**	**625.9**
of which, hardware	125.0	141.1	593.7	622.3
of which, software and services	0.5	0.5	3.3	3.6
Total	**2,873.8**	**3,025.7**	**13,195.4**	**12,535.7**
of which, hardware	2,357.7	2,458.6	11,013.6	10,547.4
of which, software and services	516.1	567.1	2,181.7	1,988.2
Segment results				
LCP	90.4	79.6	410.9	359.4
SMB	105.0	134.7	510.6	584.4
B2C	7.0	7.1	37.1	36.7
Total	**202.4**	**221.4**	**958.6**	**980.5**
Central functions	-101.1	-101.3	-441.3	-420.7
Of which, effects related to IFRS 16	1.5	-	6.2	-
Adjusted EBITA	**101.3**	**120.1**	**517.3**	**559.7**
Segment margin				
LCP, segment margin (%)	6.1	5.2	6.0	5.6
SMB, segment margin (%)	8.3	10.0	8.9	10.6
B2C, segment margin (%)	5.5	5.0	6.2	5.9
Segment margin	**7.0**	**7.3**	**7.3**	**7.8**
Costs for central functions, excluding items affecting comparability in relation to net sales (%)	-3.5	-3.3	-3.3	-3.4
Reconciliation with profit after financial items				
Items affecting comparability	8.9	3.2	-31.0	3.5
Amortisation and impairment of intangible assets	-25.7	-21.8	-99.1	-74.1
EBIT, Group	**84.5**	**101.6**	**387.2**	**489.1**
Financial income and other similar income statement items	0.3	0.2	1.3	0.8
Financial expenses related to IFRS 16	-4.0	-	-13.4	-
Financial expenses and other similar income statement items	-10.3	-11.1	-39.9	-45.0
Profit after financial items, Group	**70.5**	**90.6**	**335.2**	**445.0**

Note 3 Items affecting comparability

Items affecting comparability amounted to negative SEK 31 million (pos: 4) for the full year and pertained to a restructuring reserve of SEK 27 million (–), related to the consolidation of smaller offices and a reduction in the workforce, and integration costs of SEK 16 million (–). The final settlement of acquisition-related liabilities pertaining to acquisitions made earlier had a positive effect of SEK 20 million (48). SEK 8 million (18) pertained to costs for the development of the IT platform for online sales in the Netherlands, which was launched at the end of October 2019.

SEK million	Q4 19/20	Q4 18/19	Full-year 19/20	Full-year 18/19
Acquisition and divestment-related expenses	-	-6.1	-0.4	-26.2
Integration costs	-0.3	-	-15.9	-
Restructuring reserve	-	-	-26.9	-
Change in value of acquisition-related liabilities	9.2	13.4	20.1	48.1
Costs for launch of online sales	-	-4.0	-7.9	-18.4
Total	**8.9**	**3.2**	**-31.0**	**3.5**

Note 4 Investments

SEK million	Q4 19/20	Q4 18/19	Full-year 19/20	Full-year 18/19
Capitalised expenditure for IT development (integrated IT platform and other long-term strategic IT systems)	6.1	6.5	37.5	32.3
Other investments in tangible and intangible assets	14.9	10.2	73.8	47.2
Cash flow from acquisitions and divestment of operations/fixed assets	-1.8	0.2	204.3	499.5
Cash flow from investing activities	**19.3**	**16.9**	**315.6**	**579.0**
Net investment in finance lease assets	0.4	2.2	3.1	7.5
Net investment in lease assets	9.1	-	318.8	-
Total	**28.8**	**19.1**	**637.5**	**586.5**

Right-of-use assets

On September 1, 2019, the Group recognised right-of-use assets of SEK 350 million. At August 31, 2020, the assets amounted to SEK 502 million. Dustin's right-of-use assets mainly relate to buildings and IT equipment.

During the quarter, new agreements totalling SEK 9 million were added, mainly attributable to IT equipment for service provision, such as servers and network solutions and vehicles.

SEK million	Aug 31, 2020	Sept 1, 2019
Buildings	270.8	182.4
Vehicles	58.3	45.0
IT equipment for internal use	103.9	66.8
IT equipment related to service provision	68.4	54.7
Other items	0.8	1.6
Right-of-use assets	**502.2**	**350.5**

Note 5 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 measurement level remains unchanged compared with August 31, 2019.

At Aug 31, 2020, the fair value of derivative instruments amounted to SEK 27 million (23).

Acquisition-related liabilities
Acquisition-related liabilities pertain to contingent earn-outs. Measurement is carried out on a continuous basis at fair value through the income statement. However, if a change in value occurs before the acquisition analysis has been determined and is not the result of events after 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 Sverige AB. The calculation of the contingent earn-out liability is based on the parameters of each acquisition agreement. These parameters are usually linked to the outcome of performance measures taken for up to three years from the date of acquisition. Changes to the balance sheet item are shown in the table below.

The disbursements during the period pertain to the previous acquisitions of Inventio A/S, Saldab AB, Norriq A/S, JML AB, Core Services AS, IKT Gruppen AS and Itaito Oy.

Acquisition and divestment-related assets and liabilities

Change in acquisition-related liabilities measured at fair value based on inputs that are not based on observable market data (Level 3)	**Aug 31, 2020**	**Aug 31, 2019**
Opening balance	244.8	276.3
Remeasurements recognised in profit or loss:		
Unrealised revaluation of contingent earn-out recognised under Items affecting comparability	-20.1	-70.2
Discount of contingent earn-out recognised under Financial expenses and other similar income-statement items	0.3	3.9
Remeasurements recognised under other comprehensive income:		
Unrealised exchange-rate differences recognised under Translation differences	-5.6	1.7
Changes recognised via the balance sheet:		
Payment of deposit related to contingent earn-out	-10.5	-
Payments attributable to previous acquisitions	-209.0	-37.3
Acquisitions	-	70.4
Closing balance	**-**	**244.8**

Change in divestment-related receivables measured at fair value based on inputs that are not based on observable market data (Level 3)	**Aug 31, 2020**	**Aug 31, 2019**
Opening balance	1.6	6.6
Changes recognised via the balance sheet:		
Settlement of receivable for previously divested operations	-1.6	-5.0
Closing balance	**-**	**1.6**

Note 6 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 7 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	Q4 19/20	Q4 18/19	Full-year 19/20	Full-year 18/19
Income statement				
Organic sales growth (%)	-2.3	11.2	2.3	9.9
Gross margin (%)	15.1	16.2	15.5	16.7
EBIT	84.5	101.6	387.2	489.1
Adjusted EBITDA (excl. IFRS 16)	110.9	131.1	554.2	601.1
Adjusted EBITDA (incl. IFRS 16)	152.6	-	715.0	-
Adjusted EBITA	101.3	120.1	517.3	559.7
Adjusted EBITA margin (%)	3.5	4.0	3.9	4.5
Return on equity (%)	-	-	11.3	14.5
Balance sheet				
Net working capital	-421.8	-67.6	-421.8	-67.6
Capital employed	338.0	196.6	338.0	196.6
Net debt	1,940.4	1,736.4	1,940.4	1,736.4
Net debt/adjusted EBITDA (multiple) (excl. IFRS 16)	-	-	2.6	2.9
Net debt/adjusted EBITDA (multiple) (incl. IFRS 16)	-	-	2.7	-
Maintenance investments	-21.1	-16.7	-111.3	-79.5
Equity/assets ratio (%)	-	-	31.6	33.8
Cash flow				
Operating cash flow	21.5	92.0	904.1	395.5
Cash flow from operating activities	20.1	70.8	867.7	264.0
Data per share				
Earnings per share before dilution (SEK)	0.77	0.83	3.13	4.12
Earnings per share after dilution (SEK)	0.77	0.83	3.13	4.11
Equity per share before dilution (SEK)	27.70	27.75	27.70	27.75
Cash flow from operating activities per share before dilution (SEK)	0.23	0.81	9.79	3.05
Cash flow from operating activities per share after dilution (SEK)	0.23	0.81	9.79	3.04
Average number of shares	88,647,339	88,647,339	88,647,339	86,472,611
Average number of shares after dilution	88,647,339	88,794,603	88,647,339	86,766,793
Number of shares issued at end of period	88,647,339	88,647,339	88,647,339	88,647,339

Dustin

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 27 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	Q4 19/20	Q4 18/19	Full-year 19/20	Full-year 18/19
Organic growth				
Sales growth (%)	-5.0	19.9	5.3	21.7
Acquired growth (%)	0.0	-7.7	-3.4	-9.9
Currency effects in sales growth (%)	2.7	-0.9	0.5	-1.9
Organic sales growth (%)	**-2.3**	**11.2**	**2.3**	**9.9**

SMB	Q4 19/20	Q4 18/19	Full-year 19/20	Full-year 18/19
Organic growth				
Sales growth (%)	-6.5	17.2	3.3	26.5
Acquired growth (%)	1.9	-14.0	-4.8	-21.1
Currency effects in sales growth (%)	2.0	-0.9	0.1	-1.3
Organic sales growth (%)	**-2.6**	**2.3**	**-1.4**	**4.0**

LCP	Q4 19/20	Q4 18/19	Full-year 19/20	Full-year 18/19
Organic growth				
Sales growth (%)	-3.1	24.4	7.9	20.7
Acquired growth (%)	-1.6	-2.7	-2.6	-1.8
Currency effects in sales growth (%)	3.3	-1.0	0.7	-2.3
Organic sales growth (%)	**-1.5**	**20.8**	**6.1**	**16.5**

B2C	Q4 19/20	Q4 18/19	Full-year 19/20	Full-year 18/19
Organic growth				
Sales growth (%)	-11.4	1.4	-4.6	-2.4
Currency effects in sales growth (%)	2.8	-0.7	0.8	-1.6
Organic sales growth (%)	**-8.5**	**0.7**	**-3.9**	**-3.9**

Adjusted EBITA	Q4 19/20	Q4 18/19	Full-year 19/20	Full-year 18/19
EBIT	84.5	101.6	387.2	489.1
Amortisation and impairment of intangible assets	25.7	21.8	99.1	74.1
Items affecting comparability	-8.9	-3.2	31.0	-3.5
Adjusted EBITA	**101.3**	**120.1**	**517.3**	**559.7**

Dustin

Adjusted EBITDA (excl. IFRS 16)	Q4 19/20	Q4 18/19	Full-year 19/20	Full-year 18/19
EBIT	83.0	101.6	381.0	489.1
Depreciation and impairment of tangible assets	11.0	11.0	43.1	41.5
Amortisation and impairment of intangible assets	25.7	21.8	99.1	74.1
Items affecting comparability	-8.9	-3.2	31.0	-3.5
Adjusted EBITDA (excl. IFRS 16)	**110.9**	**131.1**	**554.2**	**601.1**

Adjusted EBITDA (incl. IFRS 16)	Q4 19/20	Q4 18/19	Full-year 19/20	Full-year 18/19
EBIT	84.5	101.6	387.2	489.1
Depreciation and impairment of tangible assets	51.2	11.0	197.7	41.5
Amortisation and impairment of intangible assets	25.7	21.8	99.1	74.1
Items affecting comparability	-8.9	-3.2	31.0	-3.5
Adjusted EBITDA (incl. IFRS 16)	**152.6**	**131.1**	**715.0**	**601.1**

Segment information by quarter

All amounts in SEK million, unless otherwise indicated	Q4 19/20	Q3 19/20	Q2 19/20	Q1 19/20	Q4 18/19	Q3 18/19	Q2 18/19	Q1 18/19	Q4 17/18
Net sales	2,873.8	3,270.6	3,542.8	3,508.3	3,025.7	3,168.5	3,214.7	3,126.7	2,524.2
Organic sales growth (%)	-2.3	1.3	4.0	6.1	11.2	15.3	7.8	5.9	-4.7
Gross margin (%)	15.1	15.1	15.7	16.0	16.2	16.8	16.3	17.4	16.5
Adjusted EBITA	101.3	106.0	153.5	156.4	120.1	123.8	153.5	162.3	118.8
Adjusted EBITA margin (%)	3.5	3.2	4.3	4.5	4.0	3.9	4.8	5.2	4.7
Net sales per segment:									
LCP	1,483.0	1,729.4	1,863.1	1,805.5	1,530.8	1,606.1	1,718.3	1,521.7	1,230.1
SMB	1,265.3	1,386.6	1,510.7	1,554.9	1,353.4	1,419.6	1,346.5	1,413.4	1,154.4
B2C	125.5	154.6	169.0	147.9	141.6	142.8	149.8	191.7	139.6
Segment results:									
LCP	90.4	102.4	118.1	100.1	79.6	79.6	100.9	99.3	74.1
SMB	105.0	108.8	140.1	156.7	134.7	142.4	146.7	160.5	131.7
B2C	7.0	11.9	9.2	9.1	7.1	8.8	9.4	11.5	7.2
Segment margin (%):									
LCP	6.1	5.9	6.3	5.5	5.2	5.0	5.9	6.5	6.0
SMB	8.3	7.8	9.3	10.1	10.0	10.0	10.9	11.4	11.4
B2C	5.5	7.7	5.4	6.2	5.0	6.2	6.3	6.0	5.2
Central functions									
Central functions	-101.1	-117.0	-113.8	-109.4	-101.3	-107.0	-103.5	-109.0	-94.3
Percentage of net sales	-3.5	-3.6	-3.2	-3.1	-3.3	-3.4	-3.2	-3.5	-3.7

Definitions

IFRS measures:	Definition/Calculation
Earnings per share	Net profit/loss in SEK in relation to average number of shares, according to IAS 33.
Net debt/net receivable, excl. IFRS 16	Interest-bearing non-current and current receivables and liabilities, excluding lease liabilities, including cash and cash equivalents and the interest-bearing portion of financial assets.

Alternative performance measures:	Definition/Calculation	Purpose
Return on equity	Net profit for the year in relation to equity at the end of the period.	Dustin believes that this performance measure shows how profitable the Company is for its shareholders.
Gross margin	Gross profit in relation to net sales.	Used to measure product and service profitability.
Equity per share	Equity at the end of the period in relation to the number of shares at the end of the period.	Shows Dustin's equity per share.
Acquired growth	Net sales for the relevant period attributable to acquired and divested companies as well as internal customer transfers in conjunction with integration, in relation to net sales for the comparative 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 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.
Adjusted EBITA margin	Adjusted EBITA in relation to net sales.	This performance measure is used to measure the profitability level of the operations.
Items affecting comparability	Items affecting comparability relate to material income and expense items recognised separately due to the significance of their nature and amounts.	Dustin believes that separate recognition of items affecting comparability increases comparability of EBIT over time.
Cash flow from operating activities	Cash flow from operating activities, after changes in working capital.	Used to show the amount of cash flow generated from operating activities.

Cash flow from operating activities per share	Cash flow from operating activities as a percentage of the average number of shares outstanding.	Used to show the amount of cash flow generated from operating activities per share.
Net working capital	Total current assets less cash and cash equivalents, current financial lease assets and current non-interest-bearing liabilities, at the end of the period.	This performance measure shows Dustin's efficiency and capital tied up.
Net debt	Non-current and current interest-bearing liabilities, excluding acquisition-related liabilities, less cash and cash equivalents at the end of the period.	This performance measure shows Dustin's total liabilities adjusted for cash and cash equivalents.
Net debt/EBITDA	Net debt in relation to EBITDA.	This performance measure shows the Company's ability to pay its debt.
Organic growth	Growth in net sales for the relevant period adjusted for acquired and divested growth, customer transfers between segments, and currency effects.	Provides a measure of the growth achieved by Dustin in its own right.
Sales growth	Net sales for the relevant period in relation to net sales for the comparative period.	Used to show the development of net sales.
Operating cash flow	Adjusted EBITDA less maintenance investments plus cash flow from changes in working capital.	Used to show the amount of cash flow generated from operating activities and available for payments in connection with dividends, interest and tax.
EBIT	EBIT is a measurement of the company's earnings before income tax and financial items.	This measure shows Dustin's profitability from operations.
Equity/assets ratio	Equity at the end of the period in relation to total assets at the end of the period.	Dustin believes that this measure provides an accurate view of the company's long-term solvency.
Segment results	The segment's operating profit excluding amortisation/depreciation and items affecting comparability.	Dustin believes that this performance measure shows the earnings capacity of the segment.
Capital employed	Working capital plus total assets, excluding goodwill and other intangible assets attributable to acquisitions, and interest-bearing receivables pertaining to finance leasing, at the end of the period.	Capital employed measures utilisation of capital and efficiency.
Maintenance investments	Investments required to maintain current operations excluding financial leasing.	Used to calculate operating cash flow.
Currency effects	The difference between net sales in SEK for the comparative period and net sales in local currencies for the comparative period converted to SEK using the average exchange rate for the relevant period.	Currency effects are eliminated in the calculation of organic growth.

Glossary

Word/Term	Definition/Calculation
B2B	Pertains to sales to companies and organisations, divided into LCP and SMB according to the definition below.
B2C	Pertains to all sales to consumers.
Central functions	Includes all non-allocated central expenses, including amortisation and depreciation, and excluding items affecting comparability.
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.
IDC	International Data Corporation
Clients	Umbrella term for the product categories computers, mobile phones and tablets.
Contractual recurring revenues	Recurring revenues, such as subscriptions, that are likely to have a duration of several years.
Launch costs	Launch costs comprise the costs for the launch of online retail 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 encompasses Group Management and other key individuals at Dustin.
LTM	Last twelve months, also known as rolling 12 months. Refers to going back 12 months regardless of financial year.
Onboarding	Refers to the process of integrating a customer into the Company's products or services.
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 7, 2020
Year-end report,
September 1, 2019 – August 31, 2020

November 17, 2020
2019/20 Annual Report

December 14, 2020
2019/20 Annual General Meeting

January 12, 2021
Interim report for the first quarter,
September 1, 2020-November 30, 2020

April 13, 2021
Interim report for the second quarter,
December 1, 2020-February 29, 2021

June 30, 2021
Interim report for the third quarter,
March 1, 2021-May 31, 2021

October 6, 2021
Year-end report,
September 1, 2020-August 31, 2021

November 17, 2021
2020/21 Annual Report

December 15, 2021
2020/21 Annual General Meeting

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