Q4

YEAR-END REPORT

SEPTEMBER 1, 2017 – AUGUST 31, 2018

Interim Report September 2017 – August 2018

”Higher service content strengthening profitability”

Fourth quarter

- Net sales rose 11.6 per cent to SEK 2,524 million (2,262). Organic growth was negative 4.7 per cent (pos: 12.2), of which SMB 8.0 per cent (11.3), LCP negative 13.4 per cent (pos: 15.5) and B2C 1.1 per cent (neg: 8.1).
- The gross margin rose to 16.5 per cent (14.3).
- Adjusted EBITA increased to SEK 119 million (92), corresponding to an adjusted EBITA margin of 4.7 per cent (4.1).
- EBIT totalled SEK 107 million (74) including items affecting comparability of SEK 4 million (neg: 1).
- Profit for the quarter amounted to SEK 71 million (48).
- Earnings per share before dilution totalled SEK 0.91 (0.64).
- Cash flow from operating activities amounted to SEK 59 million (neg: 14).

September 2017 – August 2018

- Net sales rose 10.7 per cent to SEK 10,300 million (9,306). The organic growth was 2.0 per cent (8.6) of which SMB 9.6 per cent (6.2), LCP negative 3.8 per cent (pos: 11.8) and B2C 7.9 per cent (neg: 2.7).
- The gross margin rose to 15.9 per cent (14.8).
- Adjusted EBITA increased to SEK 501 million (426) corresponding to an adjusted EBITA margin of 4.9 per cent (4.6).
- EBIT totalled SEK 444 million (349), including items affecting comparability of SEK 1 million (neg: 7).
- Profit for the period amounted to SEK 305 million (239).
- Earnings per share before dilution totalled SEK 3.99 (3.14).
- Cash flow from operating activities amounted to SEK 748 million (214).
- Net debt in relation to adjusted EBITDA in the period was 3.3 (2.3).
- The Board of Directors proposes a dividend of in total SEK 239 million (213), corresponding to SEK 3.10 (2.80) per outstanding share, before consideration of the outcome of the proposed rights issue.

Financial key ratios

All amounts in SEK million, unless otherwise indicated	Q4 17/18	Q4 16/17	Full-year 17/18	Full-year 16/17
Net sales	2,524.2	2,262.4	10,300.5	9,306.2
Organic sales growth (%)	-4.7	12.2	2.0	8.6
Gross margin (%)	16.5	14.3	15.9	14.8
Adjusted EBITA	118.8	91.9	500.6	426.1
Adjusted EBITA margin (%)	4.7	4.1	4.9	4.6
EBIT	107.3	73.7	443.8	349.5
Profit for the period	70.5	48.4	305.1	239.1
Items affecting comparability*	3.6	-0.8	1.0	-7.3
Earnings per share, including discontinued operations, before dilution, (SEK)	0.91	0.64	3.99	3.14
Cash flow from operating activities	59.1	-13.6	747.9	213.6
Net debt/adjusted EBITDA (multiple)*	-	-	3.3	2.3
Return on equity (%)	-	-	18.5	16.1

For definitions, refer to page 27.

*Refer to Note 4 Items affecting comparability for more information

Higher service content strengthening profitability

We can summarise an eventful fourth quarter in which we expanded our operations geographically to the Netherlands with the acquisition of Vincere and significantly increased our addressable market. Acquiring DAV Partner and ITaito also further strengthened our position in the Nordic market. We can report a robust improvement in profitability with a higher gross margin and an adjusted EBITA margin of 4.7 per cent (4.1). Net sales rose slightly more than 11 per cent, driven by completed acquisitions and a solid organic growth in the SMB (small and medium-sized businesses) segment.

Sales trend remains divided

Net sales for the quarter rose 11.6 per cent to SEK 2,524 million (2,262), corresponding to organic growth of a negative 4.7 per cent. The SMB segment demonstrated sharp growth of 38.9 per cent, of which 8.0 per cent was organic. The LCP (large corporate and public sector) segment reported negative total growth of 5.1 per cent, of which a negative 13.4 per cent was organic, with the strong growth in the Large Corporate customer group unable to fully compensate for the continued weak development in the Public Sector customer group.

Lower growth in the Public Sector customer group was mainly due to the company continuing to refrain from several large-scale procurements with low margins under certain framework agreements and a strong comparative quarter in the preceding year. Deliveries under the framework agreement with the Danish government, municipalities and regions (Staten og Kommunernes Indkøbsservice (SKI)) will commence in the first quarter of 2018/19, which is expected to generate a positive effect on growth moving forward. The B2C (business to consumer) segment continued to report growth for the quarter.

Sales mix supports stronger margins

The gross margin increased to 16.5 per cent (14.3) during the quarter while adjusted EBITA rose to SEK 119 million (92), resulting in a margin of 4.7 per cent (4.1). A significant part of the margin improvement was attributable to a more advantageous sales mix with an increased share of advanced products, services and solutions, and a relatively higher share of sales in the SMB segment, mainly due to earlier acquisitions. We continued to see a favourable trend for proprietary products, such as cables and adapters, which also made a positive contribution.

Geographic expansion through acquisitions

At the start of July, we acquired Dutch company Vincere, a leading player specialised in managed services with focus on cloud and security solutions. The Netherlands is a market that is similar to the Nordic, both in terms of structure and customer needs. As a result of the acquisition, our addressable market will increase from SEK 162 billion to SEK 262 billion. Vincere will help further strengthen our position for sustained strong growth and margin expansion.

We also strengthened our position in the SMB segment in Finland during the quarter with the acquisition of ITaito and in AV equipment with the acquisition of DAV Partner in Sweden.

Rights issue for financial flexibility

Following the acquisitions carried out in the fourth quarter, our net debt in relation to adjusted EBITDA was 3.3 (2.3) at the end of the year and currently exceeds our financial target for net debt of a 2.0–3.0 multiple.

We see increased transaction activity and considerable potential in continuously broadening and developing our offering of advanced services and solutions. At the same time, this increases the share of recurring revenues and strengthens both customer loyalty and our margins.

The Board decided in September to propose a rights issue of approximately SEK 700 million to an Extraordinary General Meeting on October 10 in order to increase our financial flexibility so that we can pursue our growth strategy in existing markets in the Nordic region and the Netherlands.

The Board’s dividend proposal

The Board of Directors proposes a total divided of SEK 239 million (213), which is in line with our dividend policy to distribute more than 70 per cent of net profit.

Strong market position

To summarise, Dustin performed well during the 2017/18 financial year and our positive view of our future stands firm. The expansion to the Netherlands through the acquisition of Vincere has increased our addressable market and provides us with a good platform for further growth. The combination of a more advantageous sales mix with a higher value content, through a larger proportion of more advanced products and services, and a more favorable sales balance between the SMB and LCP segments resulted in a significant strengthening of margins during the year. Our financial position remains strong and with the announced rights issue we are well positioned for continued profitable growth, both organically and via acquisitions.

Nacka, October 2018.

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 Group towards the end of the financial year provides us with a strong position in the Netherlands, primarily in advanced products and services.

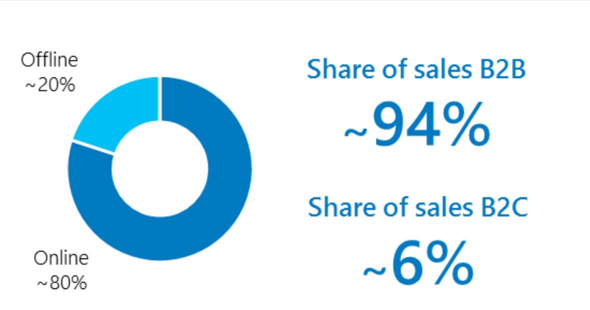
Dustin applies a multi-channel business model, where most sales are online, supplemented by relationship and consultative selling over the phone or through customer visits. Dustin conducts operations in Sweden, Denmark, Finland, Norway and the Netherlands through three business segments, SMB (Small and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

As the leading B2B e-retailer in the Nordic region and through our recently acquired operations in the Netherlands, Dustin has created a strong market position with our efficient online platform, 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.

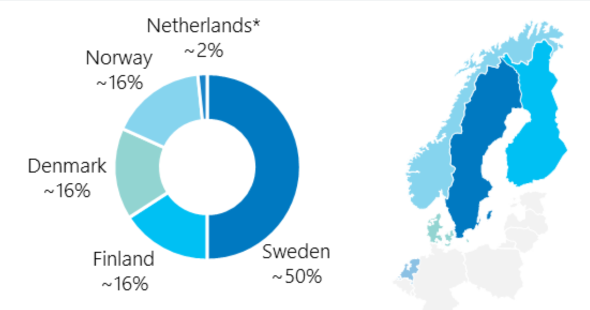
We see increasing demand for more advanced and managed services as demand on mobility and accessibility grow. By combining products and services into integrated solutions, and by adding more advanced services through acquisitions, we are continuously expanding our customer offering and our market. We 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 will now focus on making sustainable IT more accessible to our customers.

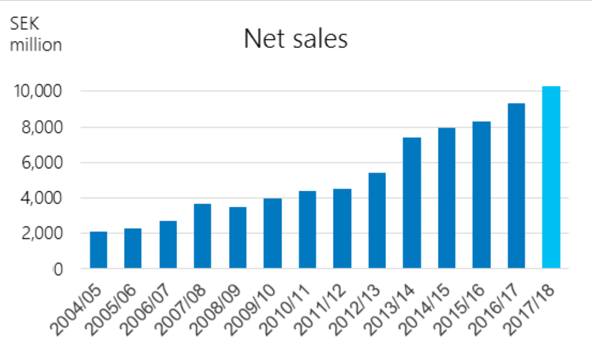
Dustin Group AB is a Swedish public limited company with its head office in Nacka Strand outside Stockholm. The share was listed on Nasdaq Stockholm's Mid Cap Index in 2015.

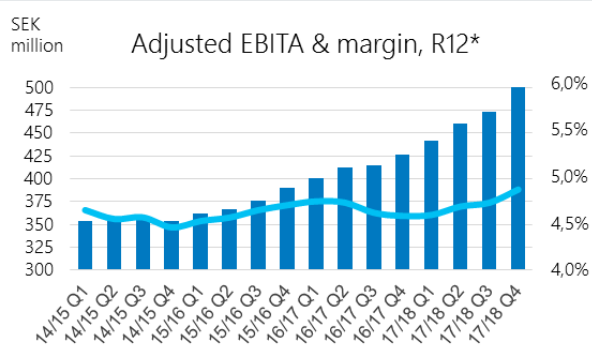


Distribution refers to integrated operations in the 2017/18 financial year.



Distribution refers to sales in the 2017/18 financial year.





** Consolidated as of July 4, 2018.*

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

Responsible business is a prerequisite for a healthy and successful company. By clarifying our view of sustainability and continuing to pursue our overall strategy, Dustin aims to promote responsible business and make sustainable IT more accessible to our customers. We made good progress during the quarter within the scope of Dustin's sustainability agenda.

For us, responsible business encompasses the entire Group's long-term impact on society and the environment, where our responsibility extends throughout the entire value chain. Our vision of efficient and sustainable IT is about how the products are manufactured and transported, how they are used and how they are reused and recycled. This also entails combining products with services and solutions that, in turn, can contribute to a reduced environmental footprint.

Five focus areas where we make a difference
Within the scope of our sustainability agenda, Dustin has identified five focus areas where we have intensified our efforts to establish long-term goals connected to our business:

Responsible manufacturing
Dustin will have completed 80 factory inspections before 2020.

Reduced climate impact
Dustin will reduce the company's climate impact by 40 per cent by 2020, compared with 2014/15.

Responsible use of resources
Dustin will have recovered 140,000 sold products by 2020.

Business ethics and anti-corruption
100 per cent of Dustin's business areas will undergo a risk assessment concerning business ethics and anti-corruption. 100 per cent of incidents reported will be followed up.

Equality and diversity
By 2020, each gender is to make up at least 40 per cent of the entire organisation.

Progress in the fourth quarter
Dustin performed four factory inspections in China during the quarter as part of the responsible manufacturing focus area. All of the audits were led by Dustin's Head of Corporate Responsibility together with local experts trained in our Supplier Code of Conduct. The audits identified 93 discrepancies, which were systematically corrected and followed up. Most of the non-conformance was minor, and no "zero tolerance" discrepancies were revealed as part of the audits.

In the responsible use of resources focus area, some 16,103 sold products were recovered during the fourth quarter. Of these, 15,597 were reused and 506 recycled. At the end of the fourth quarter, we are ahead of schedule and have recovered a total of 64,288 products since 2014/15. In recent years, Dustin has supplemented its end-of-life returns service by adding clauses in major agreements that ensure the recovery of a larger share of end-of-life hardware.

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 2018–August 2018.

Fourth quarter

Net sales

Net sales for the quarter increased 11.6 per cent to SEK 2,524 million (2,262). Organic growth amounted to a negative 4.7 per cent (pos: 12.2), of which SMB 8.0 per cent (11.3), LCP negative 13.4 per cent (pos: 15.5) and B2C 1.1 per cent (neg: 8.1). Acquired growth was 12.6 percentage points (2.7) and exchange-rate differences had a positive impact of 3.7 percentage points (1.0).

Gross profit

During the quarter, gross profit rose SEK 93 million, corresponding to 28.6 per cent, to SEK 417 million (325). The gross margin rose to 16.5 per cent (14.3), mainly attributable to a more advantageous sales mix with a higher share of services and solutions, primarily due to implemented acquisitions.

Adjusted EBITA

Adjusted EBITA for the quarter increased 29.3 per cent to SEK 119 million (92). The adjusted EBITA margin was 4.7 per cent (4.1). Adjusted EBITA excludes items affecting comparability of SEK 4 million (neg: 1), which are specified in Note 4 Items affecting comparability. For a comparison of adjusted EBITA and EBIT, see Note 2 Segments.

Operating profit

Operating profit amounted to SEK 107 million (74). Operating profit includes items affecting comparability of SEK 4 million (neg: 1), which for the quarter mainly comprised acquisition and divestment-related expenses of SEK 10 million and a positive effect from a change to an acquisition-related liability of SEK 14 million. For more information, refer to Note 4 Items affecting comparability.

Financial items

Financial expenses amounted to SEK 25 million (11). A new bank agreement was signed during the quarter and in connection with this borrowing expenses from previous bank agreements for a total of SEK 14 million were expensed. The remaining financial expenses for the quarter referred to standard external financing of SEK 8 million (10). Other financial expenses relate primarily to discounting of acquisition-related liabilities of SEK 1 million (0.4). Financial income amounted to SEK 0.2 million (0.3).

Tax

The tax expense for the quarter was SEK 12 million (15), corresponding to an effective tax rate of 15.0 per cent (23.1). The low effective tax rate was mainly attributable to the remeasurement of Swedish deferred taxes due to the decision of the Parliament on June 13 to lower corporate tax rates. The total tax effect for this change was positive at SEK 4 million. The effect tax for the quarter was also impacted by non-taxable income from the remeasurement of acquisition-related liabilities, recognised under items affecting comparability.

Profit for the quarter

Profit for the quarter amounted to SEK 71 million (48). Earnings per share amounted to SEK 0.91 (0.64) before dilution and SEK 0.91 (0.63) after dilution.

Cash flow

Cash flow for the quarter was a negative SEK 121 million (neg: 24).

Cash flow from operating activities amounted to SEK 59 million (neg: 14). The positive effect in relation to the preceding year was mainly due to higher operating profit for the quarter and a minor negative effect from the change in working capital in relation to the preceding year. The negative change in working capital of SEK 38 million (neg: 92) in the quarter was positively affected primarily by a higher level of accounts payable at the close of the quarter. For further information regarding working capital, refer to the Net working capital section.

Cash flow from investing activities was a negative SEK 739 million (neg: 10) and mainly pertained to acquisitions of operations, including a paid contingent earn-out. The cash-flow effect of the acquisition of operations referred to Vincere Netherlands B.V. SEK 655 million, ITaito Oy SEK 38 million and DAV Partner AB SEK 10 million. The paid earn-out of SEK 14 million pertains to Purity IT AS. Investments in tangible and intangible assets amounted to a negative SEK 22 million (neg: 5), of which a negative SEK 10 million (-) pertained to computer purchases for internal use and a negative SEK 5 (neg: 3) to IT development.

Cash flow from financing activities amounted to SEK 559 million (neg: 0.4) and mainly comprise a new bank agreement of SEK 1,938 million, repayment of previous financing of a negative SEK 1,384 million and borrowing expenses of a negative SEK 6 million (-).

Significant events in the fourth quarter

Dustin acquires Dutch Vincere

Dustin acquired Vincere Netherlands B.V., a Dutch IT partner with a focus on small and medium-sized companies and organisations. Vincere is specialised in managed services with focus on cloud and security solutions, along with IT solutions with associated value added hardware and consultancy services. The company was founded in 2013 and reported sales of EUR 67.1 million during the 2017 financial year. The company has about 370 employees and operations at eight locations in the Netherlands. The acquisition increases Dustin's addressable market from SEK 162 billion to SEK 262 billion. The company was consolidated on July 4, 2018.

New framework agreement in Denmark

Dustin won the award decision for a new framework agreement via the Danish government, municipalities and regions (Staten og Kommunernes Indkøbsservice (SKI)). The agreement will come into effect in September 2018 and extends over a two-year period, with the option for an additional two-year extension. The annual value is estimated at approximately DKK 500 million.

New agreement for advanced services and solutions in Norway
During the quarter, Dustin won a procurement of cloud-based services in the form of back-up and storage with Norwegian public service company NRK. The term of the agreement is three years, with the option for an additional total two-year extension and comprises 20 of NRK's data centres in Norway.

New Nomination Committee of Dustin
In accordance with Dustin's general meeting in December 2017, new members of the Nomination Committee have been appointed based on the ownership structure as of 31 March 2018. For more information about the Annual General Meeting, refer to page 9.

New tax rules
On June 13, the Swedish Parliament passed new tax rules for the corporate sector, including reduced corporate income tax and general interest deduction limitations. During the fourth quarter, Dustin evaluated its deferred tax liability and deferred tax assets based on new tax rates. The revaluation resulted in deferred tax in the balance sheet decreasing by approximately SEK 4 million, which had a corresponding positive effect in the income statement.

New financing structure
During the spring, Dustin negotiated a new bank agreement that came into force during the quarter. The new guaranteed credit volume amounts to approximately SEK 2,000 million with the option of additional lending of SEK 1,000 million. In connection with this, all former external loan agreements were repaid in their entirety. Under the new bank agreement, the company is, as previously, to report all established financial targets to the bank every quarter. When the new agreement came into force, SEK 14 million was expensed, pertaining to remaining borrowing expenses brought forward related to previous financing. The new bank agreement entails generally lower interest expenses.

September 1, 2017 – August 31, 2018 period

Net sales
Net sales for the year increased 10.7 per cent to SEK 10,300 million (9,306). Organic growth amounted to 2.0 per cent (8.6), of which SMB accounted for 9.6 per cent (6.2), LCP for negative 3.8 per cent (pos: 11.8) and B2C for 7.9 per cent (neg: 2.7). Acquired growth was 7.3 percentage points (1.7) and exchange-rate differences had a positive impact of 1.4 percentage points (1.8).

Gross profit
During the year, gross profit rose SEK 257 million, corresponding to 18.7 per cent, to SEK 1,637 million (1,380). The gross margin rose to 15.9 per cent (14.8), mainly attributable to a more advantageous sales mix with a higher share of advanced products, services and solutions, primarily due to acquisitions.

Adjusted EBITA
During the year, adjusted EBITA rose 17.5 per cent to SEK 501 million (426). The adjusted EBITA margin was 4.9 per cent (4.6). Adjusted EBITA excludes items affecting comparability of SEK 1 million (neg: 7), which are specified in Note 4 Items affecting comparability. For a comparison of adjusted EBITA and EBIT, see Note 2 Segments.

Operating profit
Operating profit amounted to SEK 444 million (349). Operating profit includes items affecting comparability of SEK 1 million (neg: 7), which mainly comprised acquisition and divestment-related expenses of SEK 20 million and a positive effect from a change to acquisition-related liabilities of SEK 24 million. See Note 4 Items affecting comparability.

Financial items
Financial expenses amounted to SEK 60 million (43), with the costs for the year primarily pertaining to borrowing costs of SEK 54 million (38) for external financing. Amortisation and impairment of borrowing expenses gave rise to expenses of SEK 21 million (8), of which SEK 14 million (-) pertains to impairment of borrowing expenses brought forward for raising loans in connection with the new bank agreement during the fourth quarter. Other financial expenses relate primarily to discounting of acquisition-related liabilities of SEK 4 million (0.9). Financial income amounted to SEK 1 million (1).

Tax
The tax expense for the year was SEK 79 million (69), corresponding to an effective tax rate of 20.7 per cent, compared with 22.4 per cent in the preceding year. The decline is mainly attributable to the remeasurement of deferred tax assets and deferred tax liabilities due to the decision of the Swedish Parliament on 13 June to lower the corporate tax rate. The total effect of the changed tax rate during the year amounted to SEK 4 million.

Net profit for the year
Net profit for the year amounted to SEK 305 million (239). Earnings per share amounted to SEK 3.99 (3.14) before dilution and SEK 3.97 (3.13) after dilution.

Cash flow
Cash flow for the year was SEK 231 million (neg: 174). During the year, dividends were paid to shareholders in the amount of negative SEK 213 million (neg: -183).

Cash flow from operating activities amounted to SEK 748 million (214), of which SEK 386 million (neg: 110) was attributable to changes in working capital. The positive change from working capital for the period was largely related to an increase in current liabilities of SEK 451 million (62), with the change primarily attributable to accounts payable. Accounts payable increased due to the temporary extension of credit terms among several suppliers. For further information regarding working capital, refer to the Net working capital section.

Cash flow from investing activities amounted to a negative SEK 1,127 million (neg: 201), primarily due to acquisitions of operations including a paid contingent earn-out. Acquisitions during the period are: Danish company Norriq's business area for hosting and outsourcing IT services SEK 141 million, Norwegian company Core Services AS SEK 104 million, Swedish company JML-System AB SEK 107 million, Finnish company ITaito Oy SEK 38 million, Swedish company DAV Partner AB SEK 10 million and Dutch company Vincere Netherlands B.V. SEK 655 million. Earn-outs paid pertain to Core Services AS SEK 31 million, Purity IT AS SEK 14 million and merged companies IKT Gruppen SEK 7 million and Commsec SEK 1 million. Investments in tangible and intangible assets amounted to a negative SEK 52 million (neg: 27), of which a negative SEK 23 million (neg: 17) pertained to IT development and a negative SEK 10 (-) to purchases for replacing the Group's computers.

Cash flow from financing activities totalled SEK 611 million (neg: 186) and mainly pertained to a new bank agreement of SEK 1,938 million and a repayment on previous loans amounting to negative SEK 1,384 million.

Net working capital

Net working capital amounted to a negative SEK 192 million (pos: 118) at year-end. The low level of working capital at the end of the period was attributable to higher accounts payable due to the temporary extension of credit terms. The effect of the temporary extension of credit terms was slightly higher than in prior periods, mainly due to the higher share or purchases with extended credit terms at the end of the period. The higher level of inventories and accounts receivable compared with the preceding year was mainly due to an increase in the scope of the operations.

SEK million	Aug 31, 2018	Aug 31, 2017
Inventories	395.8	261.9
Accounts receivable	1,272.6	1,047.1
Tax assets, other current receivables, as well as prepaid expenses and accrued income	191.8	173.7
Accounts payable	-1,568.5	-956.3
Tax liabilities, other current liabilities and accrued expenses and deferred income	-483.6	-408.2
Net working capital	-192.0	118.1

Net debt and cash and cash equivalents

At the end of the period, net debt amounted to SEK 1,731 million (998). In total, cash and cash equivalents amounted to SEK 278 million (71), up SEK 206 million. At the end of the financial year, there was also an unutilised overdraft facility of SEK 270 million (270). The Dutch subsidiary acquired during the quarter also had a credit facility of a maximum of EUR 5 million, of which EUR 1 million had been utilised at the end of the financial year.

Net debt in relation to adjusted EBITDA was 3.3 (2.3) at the end of the financial year.

SEK million	Aug 31, 2018	Aug 31, 2017
Non-current liabilities	1,984.8	1,068.6
Current liabilities to credit institutions	12.6	-
Finance lease liabilities	10.9	1.2
Cash and cash equivalents	-277.6	-71.5
Net debt	1,730.6	998.3

Employees

The average number of full-time employees during the period was 1,152, compared with 977 in the year-earlier period. The increase was primarily attributable to acquisitions.

Events after the balance-sheet date

Changes to Dustin's Group Management

Dustin announced changes to its organisation to create greater clarity within the segments and further increase the scalability of its support functions. The organisation is also to be adapted to the expansion in the Netherlands. As a result, changes are being made to Dustin's Group Management whereby new roles will be added while other functions will be removed. The changes were implemented as of 1 October 2018.

Rights issue

Dustin Group AB intends to carry out a rights issue to continue the company's acquisition ambitions in its existing markets in the Nordic region and the Netherlands. The Board of Directors of Dustin has resolved to, subject to the approval by an Extraordinary General Meeting, carry out a rights issue of approximately SEK 700 million. The rights issue will provide the company with greater flexibility and the ability to continue to pursue its existing growth strategy in existing markets in the Nordic region and the Netherlands, through acquisitions of companies with a large share of advanced products, services and recurring revenues.

Extraordinary General Meeting

The company gave notice of an Extraordinary General Meeting with respect to the announced rights issue. This Meeting will take place on 10 October 2018 at 1:00 p.m. at the office of Gernandt & Danielsson Advokatbyrå KB, Hamngatan 2, Stockholm, Sweden.

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 0.4 million (0.4) and profit for the period totalled SEK 366 million (138). The change is the result of the receipt of a dividend of SEK 300 million (10) from Group companies during the period and the fact that the net currency position amounted to a negative SEK 133 million (pos: 2). 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 50-53 of Dustin's 2016/17 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, 2018, the price was SEK 90.10 per share (66.75), representing a total market capitalisation of SEK 6,958 million (5,085). At August 31, the company had a total of 6,534 shareholders (5,129). The company's three largest shareholders were Axel Johnson AB with 24.7 per cent, Swedbank Robur Fonder with 11.0 per cent and Capital Group with 5.5 per cent. Dustin's shareholder register with the largest shareholders is presented on the company's website.

LTI 2015 was exercised during the period, and the number of shares thus increased from 76,173,115 to 77,226,502. As a result, the share capital increased by SEK 5 million and the share premium reserve by SEK 50 million.

Proposed dividend

The board proposes a dividend of in total SEK 239million (213). The dividend per share will depend on the outcome of the proposed rights issue. Based on the current number of outstanding shares, the dividend per share will amount to SEK 3.10 (2.80).

2017/18 Annual General Meeting

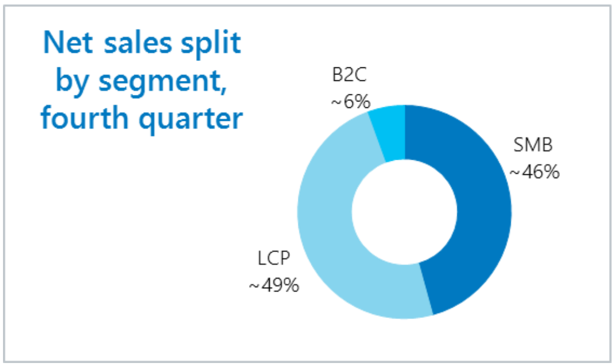
Dustin's Annual General Meeting (AGM) will be held in Stockholm on December 11, 2018. Shareholders who wish to have matters considered should submit a written request to the Board by October 25, 2018 at the latest to ensure that the matter is included in the notice convening the AGM. Requests by mail should be addressed to: Dustin Group AB (publ), Att: Sara Edlund, Box 1194, SE-131 27 Nacka Strand or by e-mail to: sara.edlund@dustin.se.

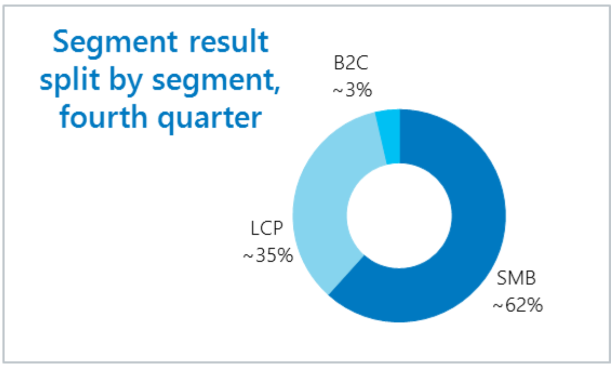
Nomination Committee ahead of the 2017/2018 AGM
The Nomination Committee ahead of the AGM on December 11, 2018 comprises the following members:

- Caroline Berg, Axel Johnson AB/Axmedia AB, Chairman of the Nomination Committee
- Lennart Francke, Swedbank Robur Fonder
- Jan Särlvik, Nordea Funds
- Mia Brunell Livfors, Chairman of Dustin's Board of Directors (co-opted)

Review of business segments

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





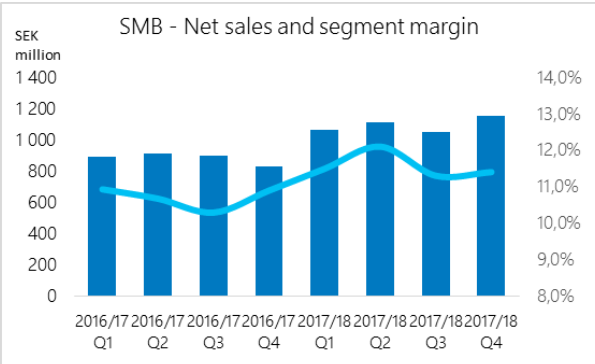
SMB - Small and Medium-sized Businesses

All amounts in SEK million, unless otherwise indicated SMB	Q4 17/18	Q4 16/17	Change %	Full-year 17/18	Full-year 16/17	Change %
Net sales	1,154.4	831.1	38.9	4,375.1	3,530.8	23.9
Segment results	131.7	90.6	45.5	508.2	377.5	34.6
Segment margin (%)	11.4	10.9	-	11.6	10.7	-

Net sales
Net sales rose 38.9 per cent in total during the quarter to SEK 1,154 million (832), with 28.3 percentage points of the increase compared with the year-earlier quarter attributable to acquisitions and divestments and 2.6 percentage points to exchange-rate differences. Organic sales amounted to SEK 8.0 per cent (11.3) during the quarter and were mainly attributable to strong sales in the mobile phone, computer and infrastructure product categories, predominantly in Sweden and Denmark. The acquisitions of ITaito, DAV Partner and Vincere during the quarter were fully consolidated with the SMB segment on 1 June, 2 July and 4 July, respectively.

Segment results
During the quarter, profit for the segment rose 45.5 per cent, corresponding to slightly more than SEK 40 million, to SEK 132 million (91). The improved earnings were the result of higher sales, a better product mix largely due to acquisitions and increased sales of own-branded goods. The segment margin strengthened to 11.4 per cent (10.9).

Investments in advanced products and services continued and, for example, the customer base for SaaS configurations via the cloud platform increased to 1,227 active customers (980), corresponding to 53,988 users (30,150) at the end of the fourth quarter).

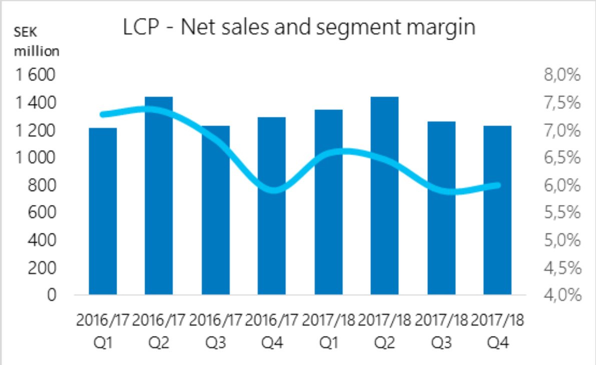


LCP - Large Corporate and Public sector

All amounts in SEK million, unless otherwise indicated LCP	Q4 17/18	Q4 16/17	Change %	Full-year 17/18	Full-year 16/17	Change %
Net sales	1,230.1	1,296.1	-5.1	5,284.1	5,184.6	1.9
Segment results	74.1	76.5	-3.2	330.5	355.4	-7.0
Segment margin (%)	6.0	5.9	-	6.3	6.9	-

Net sales
Net sales for the quarter declined 5.1 per cent to SEK 1,230 million (1,296), positively impacted by acquisitions corresponding to 3.8 percentage points and exchange-rate differences to 4.5 percentage points. Organic growth was a negative 13.4 per cent (pos: 15.5) and attributable in its entirety to the performance of the Public Sector customer group. The decline was partially due to Dustin's decision to refrain from a greater share of procurements with low margins under certain framework agreements, mainly in Finland, Denmark and Norway, and partially due to a very strong trend in the year-earlier quarter. The Large Corporate customer group, with a sales share of 34 per cent in this segment, performed strongly in all markets and reported total growth of slightly more than 26 per cent in the quarter.

Segment results
Profit for the segment was SEK 74 million (76), which was a decline compared with the corresponding period in the preceding year. The segment margin improved slightly to 6.0 per cent (5.9), mainly as a result of a more favourable sales balance between the large corporate and public sector customer groups.

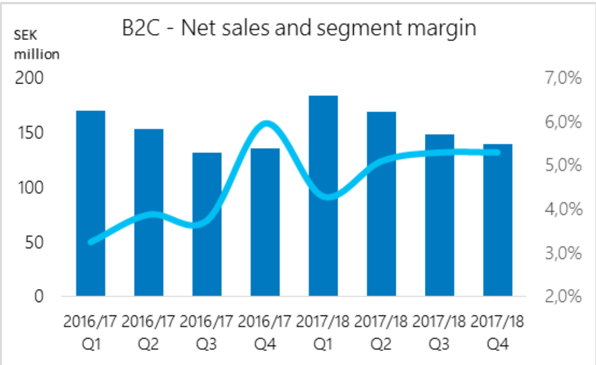


B2C – Business to Consumer

All amounts in SEK million, unless otherwise indicated B2C	Q4 17/18	Q4 16/17	Change %	Full-year 17/18	Full-year 16/17	Change %
Net sales	139.6	135.2	3.3	641.2	590.8	8.5
Segment results	7.2	8.1	-10.3	31.5	24.6	28.3
Segment margin (%)	5.2	6.0	-	4.9	4.2	-

Net sales
Net sales for the quarter increased 3.3 per cent to SEK 140 million (135). Organic growth was 1.1 per cent (neg: 8.1). The quarter was positively impacted by healthy sales growth in Denmark and Norway, particularly in the product categories of mobile phones and infrastructure.

Segment results
Profit for the segment for the quarter was in line with the preceding year at SEK 7 million (8), while the segment margin fell slightly to 5.2 per cent (6.0).



Central functions

All amounts in SEK million, unless otherwise indicated Central functions	Q4 17/18	Q4 16/17	Change %	Full-year 17/18	Full-year 16/17	Change %
Costs for central functions	-94.3	-83.3	13.2	-369.5	-331.3	11.5
Costs for central functions, excluding items affecting comparability in relation to net sales (%)	-3.7	-3.7	-	-3.6	-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 fourth quarter for central functions amounted to 3.7 per cent (3.7) of sales. Costs for central functions amounted to SEK 94 million (83), with the increase attributable to continued investments in the product and service offering and the integration of acquired businesses.

For additional financial data on the segments, refer to Note 2 Segments on page 20, and to Segment information by quarter on page 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 10, 2018

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 17/18	Q4 16/17	Full-year 17/18	Full-year 16/17
Continuing operations:					
Net sales	2	2,524.2	2,262.4	10,300.5	9,306.2
Cost of goods and services sold		-2,106.7	-1,937.8	-8,663.7	-7,926.7
Gross profit		417.4	324.6	1,636.8	1,379.5
Selling and administrative expenses		-311.5	-247.7	-1,183.3	-1,016.3
Items affecting comparability	4	3.6	-0.8	1.0	-7.3
Other operating income		1.7	1.3	6.8	5.9
Other operating expenses		-4.0	-3.8	-17.5	-12.3
EBIT	2	107.3	73.7	443.8	349.5
Financial income and other similar income-statement items		0.2	0.3	1.1	1.2
Financial expenses and other similar income-statement items		-24.5	-10.9	-60.3	-42.6
Profit after financial items		83.0	63.0	384.6	308.1
Tax attributable to continuing operations		-12.5	-14.6	-79.4	-69.0
Comprehensive income for the period is attributable in its entirety to Parent Company shareholders		70.5	48.4	305.1	239.1
Other comprehensive income (all items that will be transferred to the income statement)					
Translation differences		51.2	-19.8	115.3	-3.2
Change in hedging reserves		-53.6	21.1	-128.5	10.6
Tax attributable to change in hedging reserves		11.7	-4.6	28.2	-2.3
Other comprehensive income		9.4	-3.3	15.0	5.1
Comprehensive income for the period is attributable in its entirety to Parent Company shareholders		79.9	45.1	320.1	244.1
Earnings for continuing operations per share (SEK)		0.91	0.64	3.99	3.14
Earnings for continuing operations per share after dilution (SEK)		0.91	0.63	3.97	3.13

Condensed consolidated balance sheet

SEK million	Note	Aug 31, 2018	Aug 31, 2017
ASSETS			
Non-current assets			
Goodwill		3,221.7	2,105.8
Other intangible assets attributable to acquisitions		572.0	357.9
Other intangible assets	5	127.0	115.1
Derivative instruments		2.0	-
Tangible assets	5	91.7	24.6
Divestment-related receivables	8	1.6	-
Deferred tax assets		2.1	8.4
Other non-current assets		16.2	2.9
Total non-current assets		4,034.1	2,614.7
Current assets			
Inventories		395.8	261.9
Accounts receivable		1,272.6	1,047.1
Derivative instruments		0.2	-
Tax assets		9.0	7.6
Other receivables		14.4	7.7
Prepaid expenses and accrued income		168.3	158.5
Divestment-related receivables	8	5.0	-
Cash and cash equivalents		277.6	71.5
Total current assets		2,143.0	1,554.1
TOTAL ASSETS		6,177.1	4,168.8
EQUITY AND LIABILITIES			
Equity			
Equity attributable to Parent Company shareholders		1,646.6	1,485.1
Total equity		1,646.6	1,485.1
Non-current liabilities			
Deferred tax and other long-term provisions		186.5	133.3
Liabilities to credit institutions		1,984.8	1,068.6
Acquisition-related liabilities	8	202.5	78.3
Derivative instruments	8	7.3	6.5
Total non-current liabilities		2,381.1	1,286.6
Current liabilities			
Liabilities to credit institutions		12.6	-
Accounts payable		1,568.5	956.3
Tax liabilities		20.0	59.3
Derivative instruments	8	0.1	0.1
Other current liabilities		162.7	115.1
Acquisition-related liabilities	8	73.9	31.3
Accrued expenses and deferred income		311.8	235.0
Total current liabilities		2,149.5	1,397.1
TOTAL EQUITY AND LIABILITIES		6,177.1	4,168.8

Condensed consolidated statement of changes in equity

SEK million	Aug 31, 2018	Aug 31, 2017
Opening balance, September 1	1,485.1	1,422.2
Profit for the period	305.1	239.1
Other comprehensive income		
Translation differences	115.3	-3.2
Change in hedging reserves	-128.5	10.6
Tax attributable to change in hedging reserves	28.2	-2.3
Total other comprehensive income	15.0	5.1
Total comprehensive income	320.1	244.1
Dividends	-213.3	-182.8
Holdings of own warrants	-5.9	-
New share issue	55.4	-
Subscription with the support of warrants	5.1	1.6
Total transactions with shareholders	-158.7	-181.2
Closing equity as per the balance-sheet date, attributable to Parent Company shareholders in its entirety	1,646.6	1,485.1

Consolidated statement of cash flow

SEK million	Note	Q4 17/18	Q4 16/17	Full-year 17/18	Full-year 16/17
Operating activities					
Profit before financial items including operating profit from discontinued operations		107.3	73.7	443.8	349.5
Adjustment for non-cash items		11.4	18.5	51.7	58.1
Interest received		0.2	0.3	1.1	1.2
Interest paid		-8.4	-1.8	-34.6	-27.4
Income tax paid		-13.8	-12.0	-99.8	-57.9
Cash flow from operating activities before changes in working capital		96.7	78.7	362.3	323.4
Decrease (+)/increase (-) in inventories		32.4	34.3	-87.1	-28.5
Decrease (+)/increase (-) in receivables		-52.8	4.5	21.8	-143.8
Decrease (-)/increase (+) in current liabilities		-17.2	-131.0	451.0	62.5
Cash flow from changes in working capital		-37.6	-92.3	385.7	-109.9
Cash flow from operating activities		59.1	-13.6	747.9	213.6
Investing activities					
Acquisition of intangible assets	5	-7.2	-3.6	-27.2	-18.1
Acquisition of tangible assets	5	-15.1	-1.9	-24.9	-9.2
Acquisition of operations	3	-703.0	-4.4	-1,023	-147.2
Divestment of operations		-	-	1.5	0.0
Contingent consideration paid		-13.8	-	-53.7	-26.6
Cash flow from investing activities		-739.1	-9.9	-1,127.4	-201.0
Financing activities					
Cash flow from LTI program		-	-	54.6	1.6
Dividend		-	-	-213.3	-182.8
New loans raised		1,949.8	-	2,165.0	-
Repayment of loans		-1,383.6	-	-1,383.6	-
Paid bank arrangement fees		-6.5	-	-8.4	-3.3
Change in financial leasing liability		-0.7	-0.4	-3.6	-1.6
Cash flow from financing activities		559.1	-0.4	610.8	-186.1
Cash flow for the period		-120.9	-23.8	231.3	-173.6
Cash and cash equivalents at beginning of period		408.0	90.8	71.5	242.9
Cash flow for the period		-120.9	-23.8	231.3	-173.6
Exchange-rate differences in cash and cash equivalents		-9.4	4.5	-25.1	2.2
Cash and cash equivalents at the close of the period		277.6	71.5	277.6	71.5

Condensed Parent Company income statement

SEK million	Q4 17/18	Q4 16/17	Full-year 17/18	Full-year 16/17
Net sales	0.1	0.1	0.4	0.4
Selling and administrative expenses	-2.1	-1.5	-11.8	-10.4
Other operating expenses	0.0	0.0	-0.1	0.0
EBIT	-2.0	-1.5	-11.5	-10.0
Financial income and other similar income-statement items	1.7	2.5	314.2	20.0
Financial expenses and other similar income-statement items	-77.2	8.3	-187.6	-45.9
Profit/Loss after financial items	-77.5	9.4	115.1	-35.9
Appropriations	269.4	212.4	269.4	212.4
Tax	-42.3	-48.9	-18.7	-38.8
Profit/Loss for the period	149.6	172.9	365.9	137.6

Parent Company statement of comprehensive income

SEK million	Q4 17/18	Q4 16/17	Full-year 17/18	Full-year 16/17
Profit/Loss for the period	149.6	172.9	365.9	137.6
Other comprehensive income	-	-	-	-
Comprehensive income for the period	149.6	172.9	365.9	137.6

Parent Company balance sheet

SEK million	Aug 31, 2018	Aug 31, 2017
ASSETS		
Non-current assets		
Participations in Group companies	1,211.6	1,211.6
Total non-current assets	1,211.6	1,211.6
Current assets		
Receivables from Group companies	1,245.6	619.9
Tax assets	-	0.6
Prepaid expenses and accrued income	0.8	6.3
Other receivables	297.7	0.2
Cash and bank balances	247.0	42.9
Total current assets	1,791.1	669.8
TOTAL ASSETS	3,002.7	1,881.4
EQUITY AND LIABILITIES		
Restricted equity		
Share capital	386.1	380.9
Total restricted equity	386.1	380.9
Non-restricted equity		
Share premium reserve	438.3	388.1
Retained earnings	-322.0	-251.5
Profit/Loss for the year	365.9	137.6
Total non-restricted equity	482.1	274.3
Total equity	868.2	655.2
Untaxed reserves	137.7	109.4
Non-current liabilities		
Non-current liabilities to credit institutions	1,984.8	1,068.6
Total non-current liabilities	1,984.8	1,068.6
Current liabilities		
Accounts payable	0.0	0.2
Tax liabilities	6.6	45.1
Other current liabilities	0.4	0.3
Accrued expenses and deferred income	5.0	2.6
Total current liabilities	12.0	48.2
TOTAL EQUITY AND LIABILITIES	3,002.7	1,881.4

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 2016/17 financial year, except for the information provided about segment reporting on page 73 in the Annual Report's description of significant accounting policies. New segment reporting was presented in the first quarter entailing that B2B is divided into two segments: SMB and LCP.

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, 2017 had any material impact on the financial statements for the Group or the Parent Company or alternative performance measures.

A number of new standards, amendments and interpretations of standards are effective for financial years beginning after January 1, 2018. These have not been applied in the preparation of this report. The following amendments are expected to impact Dustin's future financial statements:

IFRS 9 Financial instruments
The standard replaces IAS 39 Financial Instruments: Recognition and Measurement. It contains rules for classification and measurement of financial assets and liabilities, impairment of financial instruments and hedge accounting. The assessment is that this standard will impact disclosures and categorisation in Dustin's financial statements. The standard is effective for financial years beginning on or after January 1, 2018, which for Dustin means the financial year beginning September 1, 2018.

IFRS 15 Revenue from Contracts with Customers
The standard deals with the recognition of revenue from contracts with customers and the sale of certain non-financial assets. The new standard replaces IAS 11 Construction Contracts and IAS 18 Revenue and related interpretations. The standard became effective for financial years beginning on or after January 1, 2018, which for Dustin means the financial year beginning September 1, 2018. In addition to what is described below, the standard entails more informative disclosures in the company's external reporting.

Sales of products

Sales of products comprise the largest share of the Group's total income. Income is to be recognised at the point in time that control of the product is passed to the buyer, instead of the current policy whereby income is recognised when the material risks and benefits are transferred to the buyer. Dustin believes that the company's current income recognition is essentially consistent with the new standard.

Sales of licences
Dustin is the reseller of licences and does not sell its own licences to customers. When another party is involved in providing goods or services to a customer, IFRS 15 requires that Dustin is to determine whether its promise is a performance obligation to provide the specified goods and services itself (meaning that the company is the principal) or is to ensure that the other party provides these goods or services (meaning that the company is the agent). Depending on the type of software licence sold, Dustin has identified customer contracts in which Dustin is both the principal and the agent. Dustin believes that the company's current income recognition is essentially consistent with the new standard.

Income from bundled services
To recognise income for various bundled services, an assessment is made of whether the service and hardware is to be deemed a component and recognised over time or whether the service and the hardware are to be separated with income from hardware recognised on delivery and the service over time. An analysis of current income recognition revealed that no material changes exist.

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, partly as a result of the current value of the future leasing payments being recognised as an asset and interest-bearing liability in the balance sheet, and by the fact that the current lease expenses in the income statement will be replaced by the recognition of depreciation and an 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). 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

All amounts in SEK million, unless otherwise indicated	Q4 17/18	Q4 16/17	Full-year 17/18	Full-year 16/17
Net sales				
LCP	1,230.1	1,296.1	5,284.1	5,184.6
SMB	1,154.4	831.1	4,375.1	3,530.8
B2C	139.6	135.2	641.2	590.8
Total	2,524.2	2,262.4	10,300.5	9,306.2
Segment results				
LCP	74.1	76.5	330.5	355.4
SMB	131.7	90.6	508.2	377.5
B2C	7.2	8.1	31.5	24.6
Total	213.1	175.1	870.2	757.4
Central functions	-94.3	-83.3	-369.5	-331.3
Adjusted EBITA	118.8	91.9	500.6	426.1
Segment margin				
LCP, segment margin (%)	6.0	5.9	6.3	6.9
SMB, segment margin (%)	11.4	10.9	11.6	10.7
B2C, segment margin (%)	5.2	6.0	4.9	4.2
Costs for central functions, excluding items affecting comparability in relation to net sales (%)	-3.7	-3.7	-3.6	-3.6
Reconciliation with profit after financial items				
Items affecting comparability	3.6	-0.8	1.0	-7.3
Amortisation and impairment of intangible assets	-15.1	-17.4	-57.8	-69.3
EBIT, Group	107.3	73.7	443.8	349.5
Financial income and other similar income-statement items	0.2	0.3	1.1	1.2
Financial expenses and other similar income-statement items	-24.5	-10.9	-60.3	-42.6
Profit after financial items, Group	83.0	63.0	384.6	308.1

Note 3 Acquisitions of businesses during the year

Acquisitions during the year

During the period, Dustin completed six acquisitions, three of which were finalised in the first quarter of the financial year. In September, the Denmark-based Norriq's business area for hosting and outsourcing IT services was acquired on the basis of an asset transfer. In October, Dustin acquired all of the shares outstanding in the Norwegian company Core Services AS, which is one of the leading players in the new generation of data centre solutions, known as software defined data centres. In November, Dustin acquired all of the shares in the Swedish company JML-System AB, which offers installation and service of AV equipment for meeting rooms and conferences.

In the third quarter, agreements were signed for two acquisitions and closed during the fourth quarter. In June, ITaito Oy, a Finnish supplier of IT services, focusing on small and medium-sized businesses, was acquired. In July, DAV Partner AB, a company specialised in audio/video solutions, with focus on the public sector, was acquired. In the fourth quarter, Vincere Netherlands B.V., was also acquired, a Dutch company focusing on cloud solutions, safety and IT solutions with associated hardware and consultancy services. Acquisition-related liabilities for Core Services AS were corrected in the amount of SEK 12 million during the quarter.

Preliminary purchase price allocations

Fair value of acquired assets and liabilities	Q1-Q3 17/18	ITaito Oy	DAV Partner AB	Vincere Netherlands B.V	Core Services AS	Q1-Q4 17/18
Intangible assets (excl. goodwill)	47.2	5.8	0.0	203.0	-	**256.0**
Tangible assets	8.4	5.3	0.1	42.8	-	**56.6**
Financial assets	0.1	-	-	-	-	**0.1**
Inventories	7.0	0.5	7.2	25.5	-	**40.2**
Accounts receivables and other current assets	92.4	6.7	23.0	83.8	-	**206.0**
Cash and cash equivalents	35.7	8.8	4.9	-	-	**49.4**
Other current liabilities	85.5	10.2	23.3	170.2	-	**289.2**
Total identifiable net assets	**105.4**	**16.9**	**11.9**	**184.9**	**-**	**319.1**
Consolidated goodwill	432.3	55.3	3.3	469.7	11.7	**972.4**
Purchase consideration including estimated contingent earn-out	**537.7**	**72.2**	**15.3**	**654.6**	**11.7**	**1,291.4**
Less:						
Cash and cash equivalents	35.7	8.8	4.9	-	-	**49.4**
Estimated contingent earn-out	182.0	25.4	-	-	11.7	**219.1**
Net cash out flow	**320.0**	**38.0**	**10.4**	**654.6**	**0.0**	**1,023.0**

The maximum performance-based earn-out liability for acquisitions in the period totals SEK 239 million. These acquisitions are strategically important in terms of complementing Dustin's service offering with respect to advanced products and services. The total acquisition costs are presented in Note 4 Items affecting comparability.

Acquired goodwill comprises new distribution channels, new sales channels for advanced products and services, and employee expertise. The fair value of the acquired receivables is expected to be fully regulated. The contracted gross amounts essentially correspond to the fair values of the receivables.

Note 4 Items affecting comparability

Items affecting comparability for the full-year amounted to SEK 1 million (neg: 7) and mainly comprised acquisition costs of SEK 20 million (12) for acquisitions implemented during the year and positive effects from the impairment of performance-based earn-outs of SEK 24 million (22). Costs for acquisitions and divestments primarily pertained to remuneration to consultants and attorneys for financial and legal advisory services in conjunction with acquisitions and divestments.

The change in value of acquisition-related liabilities for the period is related to the previous acquisition of IDENET AB and impairment of liabilities for the earn-out attributable to the now merged company IKT AS and Core Services AS. The gain attributable to the divestment of operations relates to the sale of IT-Hantverkarna Sverige AB.

SEK million	Q4 17/18	Q4 16/17	Full-year 17/18	Full-year 16/17
Acquisition and divestment-related expenses	-10.0	-0.8	-20.2	-11.6
Recruitment costs, senior executives	-	-	-2.9	-
Change in value of acquisition-related liabilities	13.6	-	23.7	22.3
Gain attributable to divestment of operations	-	-	0.4	-
Provision for repayment requirement	-	-	0.0	-18.0
Total	3.6	-0.8	1.0	-7.3

Note 5 Investments

SEK million	Q4 17/18	Q4 16/17	Full-year 17/18	Full-year 16/17
Capitalised expenditure for IT development (integrated IT-platform and other long term strategic IT-systems)	5.1	3.1	22.9	16.9
Other investments in tangible and intangible assets	17.1	2.3	29.2	10.3
Investments in financial lease assets	0.0	-	4.0	-
Total	22.3	5.5	56.1	27.3

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.

Note 8 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, 2017.

At August 31, 2018, the fair value of liabilities for derivative instruments was SEK 6 million (7).

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. Acquisitions during the period refer to the Danish company Norriq's business area for hosting and outsourcing IT services (SEK 75 million), the Norwegian company Core Services (SEK 73 million), the Swedish acquisition of JML-System (SEK 34 million), the Finnish acquisition of ITaito (SEK 26 million) and the acquisition of the Dutch company Vincere Netherlands B.V. (SEK 7 million).

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)	Aug 31, 2018	Aug 31, 2017
Opening balance	109.6	52.6
Remeasurements recognised in profit or loss:		
Unrealised remeasurement of contingent earn-out recognised under items affecting comparability	-23.7	-22.3
Discount of contingent earn-out recognised under Financial expenses and other similar income-statement items	4.3	0.9
Remeasurements recognised under other comprehensive income:		
Unrealised exchange-rate differences recognised under Translation differences	12.2	-3.1
Changes recognised via the balance sheet:		
Payments attributable to previous acquisitions	-53.7	-26.6
Acquisitions	227.7	108.0
Closing balance	276.3	109.6

Change in acquisition-related liabilities measured at fair value based on inputs that are not based on observative market date (Level 3)	Aug 31. 2018	Aug 31. 2017
Opening balance	-	-
Remeasurements recognized in profit or loss:		
Estimated purchase consideration, divestment of subsidiary, long and short term	6.6	-
Closing balance	6.6	-

Key ratios

All amounts in SEK million, unless otherwise indicated	Q4 17/18	Q4 16/17	Full-year 17/18	Full-year 16/17
Income statement				
Organic sales growth (%)	-4.7	12.2	2.0	8.6
Gross margin (%)	16.5	14.3	15.9	14.8
EBIT	107.3	73.7	443.8	349.5
Adjusted EBITDA	127.3	95.6	521.2	438.4
Adjusted EBITA	118.8	91.9	500.6	426.1
Adjusted EBITA margin (%)	4.7	4.1	4.9	4.6
Return on equity (%)	-	-	18.5	16.1
Balance sheet				
Net working capital	-192.0	118.1	-192.0	118.1
Capital employed	48.5	269.1	48.5	269.1
Net debt	1,730.6	998.3	1,730.6	998.3
Net debt/adjusted EBITDA (multiple)	-	-	3.3	2.3
Maintenance investments	-22.2	-5.5	-52.1	-27.3
Equity/assets ratio (%)	-	-	26.7	35.6
Cash flow				
Operating cash flow	67.5	-2.1	854.8	301.2
Cash flow from operating activities	59.1	-13.6	747.9	213.6
Data per share				
Earnings per share, including discontinued operations before dilution (SEK)	0.91	0.64	3.99	3.14
Earnings per share, including discontinued operations after dilution (SEK)	0.91	0.63	3.97	3.13
Equity per share (SEK)	21.32	19.50	21.32	19.50
Cash flow from operating activities per share before dilution (SEK)	0.77	-0.18	9.77	2.80
Cash flow from operating activities per share after dilution (SEK)	0.76	-0.18	9.72	2.80
Average number of shares	77,226,502	76,173,115	76,548,031	76,173,115
Average number of shares after dilution	77,532,207	76,366,919	76,918,811	76,338,787
Number of shares issued at end of period	77,226,502	76,173,115	77,226,502	76,173,115

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.

All amounts in SEK million, unless otherwise indicated	Q4 17/18	Q4 16/17	Full-year 17/18	Full-year 16/17
Organic growth				
Sales growth (%)	11.6	15.9	10.7	12.1
Acquired growth (%)	-12.6	-2.7	-7.3	-1.7
Currency effects in sales growth (%)	-3.7	-1.0	-1.4	-1.8
Organic sales growth (%)	-4.7	12.2	2.0	8.6

SMB	Q4 17/18	Q4 16/17	Full-year 17/18	Full-year 16/17
Organic growth				
Sales growth (%)	38.9	19.6	23.9	11.9
Acquired growth (%)	-28.3	-7.6	-13.3	-4.4
Currency effects in sales growth (%)	-2.6	-0.7	-1.0	-1.3
Organic sales growth (%)	8.0	11.3	9.6	6.2

LCP	Q4 17/18	Q4 16/17	Full-year 17/18	Full-year 16/17
Organic growth				
Sales growth (%)	-5.1	16.7	1.9	14.0
Acquired growth (%)	-3.8	0.0	-4.0	-0.1
Currency effects in sales growth (%)	-4.5	-1.2	-1.7	-2.1
Organic sales growth (%)	-13.4	15.5	-3.8	11.8

B2C	Q4 17/18	Q4 16/17	Full-year 17/18	Full-year 16/17
Organic growth				
Sales growth (%)	3.6	-7.4	8.6	-1.2
Acquired growth (%)	-	-	-	-
Currency effects in sales growth (%)	-2.5	-0.7	-0.7	-1.5
Organic sales growth (%)	1.1	-8.1	7.9	-2.7

EBITA	Q4 17/18	Q4 16/17	Full-year 17/18	Full-year 16/17
Operating profit	107.3	73.7	443.8	349.5
Depreciation and impairment of intangible assets	15.1	17.4	57.8	69.3
Items affecting comparability	-3.6	0.8	-1.0	7.3
EBITA	118.8	91.9	500.6	426.1

EBITDA	Q4 17/18	Q4 16/17	Full-year 17/18	Full-year 16/17
Operating profit	107.3	73.7	443.8	349.5
Depreciation and impairment of tangible assets	8.5	3.8	20.5	12.3
Amortisation and impairment of intangible assets	15.1	17.4	57.8	69.3
Items affecting comparability	-3.6	0.8	-1.0	7.3
EBITDA	127.3	95.6	521.2	438.4

Segment information by quarter

All amounts in SEK million, unless otherwise indicated	Q4 17/18	Q3 17/18	Q2 17/18	Q1 17/18	Q4 16/17	Q3 16/17	Q2 16/17	Q1 16/17	Q4 15/16
Net sales	2,524.2	2,461.7	2,722.9	2,591.8	2,262.4	2,257.4	2,502.9	2,283.6	1,951.8
Organic sales growth (%)	-4.7	1.6	1.7	8.8	12.2	9.2	8.7	4.4	10.2
Gross margin (%)	16.5	16.1	15.4	15.6	14.3	15.1	14.9	14.9	15.3
Adjusted EBITA	118.8	107.9	143.1	130.9	91.9	94.3	124.1	115.8	80.7
Adjusted EBITA margin (%)	4.7	4.4	5.3	5.1	4.1	4.2	5.0	5.1	4.1
Net sales per segment									
LCP*	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*	1,154.4	1,051.3	1,109.6	1,059.8	831.1	897.2	909.2	893.2	-
B2B	2,384.5	2,312.7	2,553.7	2,408.2	2,127.2	2,125.3	2,349.9	2,113.0	1,806.2
B2C	139.6	148.9	169.2	183.5	135.2	132.0	153.0	170.6	145.6
Segment results									
LCP*	74.1	74.3	93.4	88.8	76.5	83.9	106.1	88.9	-
SMB*	131.7	118.9	135.7	121.8	90.6	92.3	97.0	97.6	-
B2B	205.8	193.2	229.1	210.6	167.1	176.2	203.1	186.5	150.3
B2C	7.2	7.9	8.4	7.9	8.1	4.9	5.9	5.5	5.6
Segment margin (%)									
LCP*	6.0	5.9	6.5	6.6	5.9	6.8	7.4	7.3	-
SMB*	11.4	11.3	12.2	11.5	10.9	10.3	10.7	10.9	-
B2B	8.6	8.4	9.0	8.7	7.9	8.3	8.6	8.8	8.3
B2C	5.2	5.3	5.0	4.3	6.0	3.7	3.9	3.3	3.8
Central functions									
Central functions	-94.3	-93.2	-94.4	-87.5	-83.3	-86.8	-84.9	-76.2	-75.2
Percentage of net sales	-3.7	-3.8	-3.5	-3.4	-3.7	-3.8	-3.4	-3.3	-3.9

* Comparative figures for the 2015/16 quarters have not been restated

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 utilization 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 recognized 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 amortization/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 organizations.
B2C	Pertains to all sales to consumers.
Central functions	Includes all non-allocated central expenses, including amortization and depreciation, and excluding items affecting comparability.
Clients	Umbrella term for the product categories computers, mobile phones and tablets.
LCP	Pertains to all sales to large corporate and public sector. As a general rule, this segment is defined as companies and organizations with more than 500 employees or public sector operations.
LTI	Long-term incentive program that includes Group management and other key employees within Dustin.
SaaS	Software as a service (SaaS) is a type of cloud service that provides software over the Internet.
SMB	Pertains to all sales to small and medium-sized businesses.

Financial calendar

October 10, 2018
Extraordinary General Meeting in Stockholm

November 15, 2018
Annual Report for the period September 1, 2017–August 31, 2018

December 11, 2018
Annual General Meeting in Stockholm

January 9, 2019
Interim report for the first quarter
September 1, 2018 – November 30, 2018

April 10, 2019
Interim report for the second quarter
December 1, 2018 – February 28, 2019

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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