

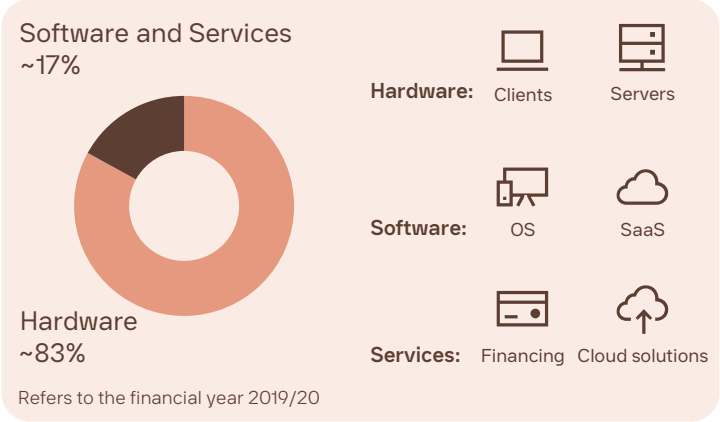
Q4 2019/20

October, 2020
dustingroup.com

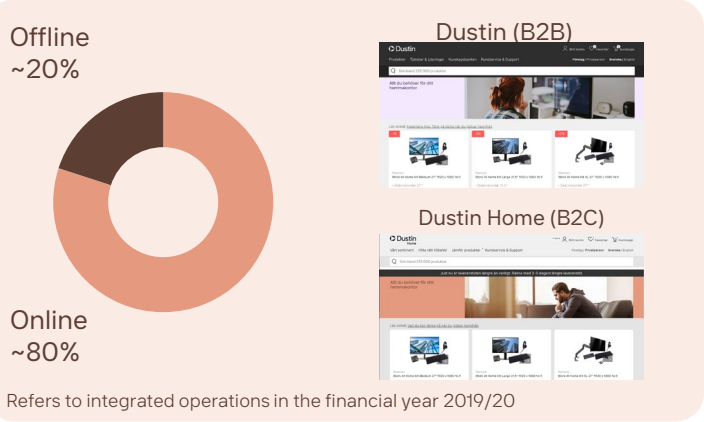
Q4

Dustin at a glance

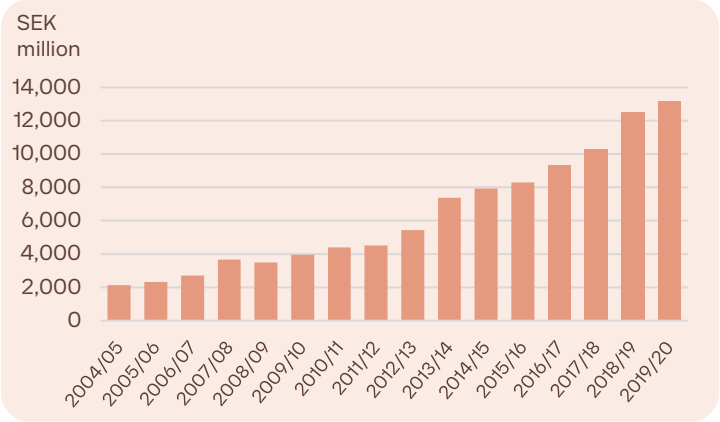
255,000 hardware and software products...



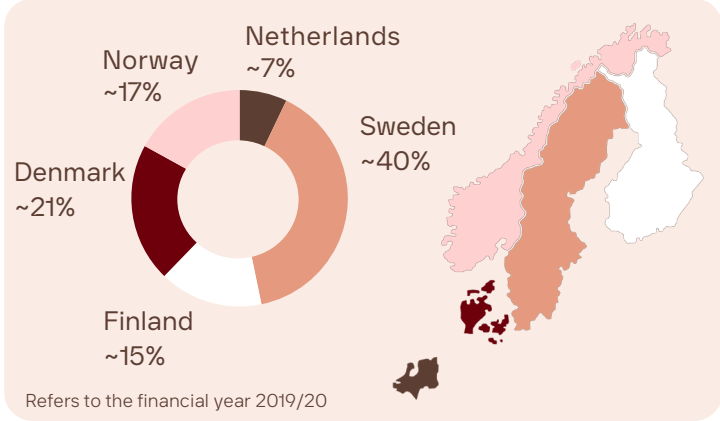
...sold online...



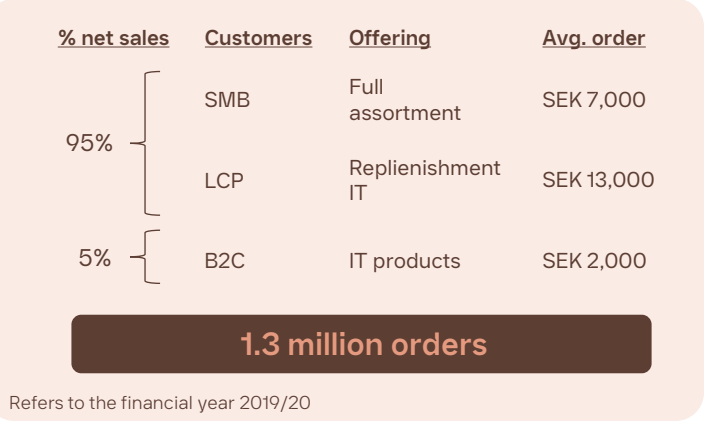
Net sales



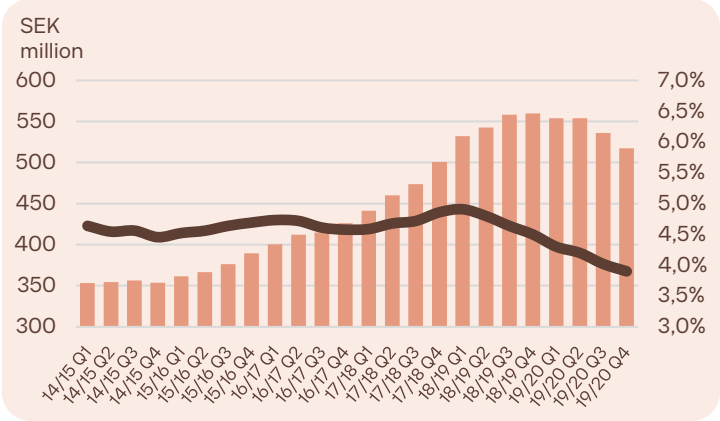
...across the Nordics and the Netherlands...



...to B2B customers



Adjusted EBITA and margin, R12*



* R12 refers to 12 month rolling

Robust measures generate results in the short and long term

Financial Highlights

Net sales was 2,874 (3,026) MSEK

- Reported net sales declined by 5.0 %
- Organic growth of -2.3%, of which SMB -2.6%, LCP -1.5% and B2C -8.5%

Gross profit was 434 (489) MSEK

- Gross margin of 15.1% (16.2%)

Adjusted EBITA was 101 (120) MSEK

- Adjusted EBITA margin of 3.5% (4.0%)
- Sequential margin improvement versus Q3 of 3.2%

Items affecting comparability of 8.9 (3.2) MSEK

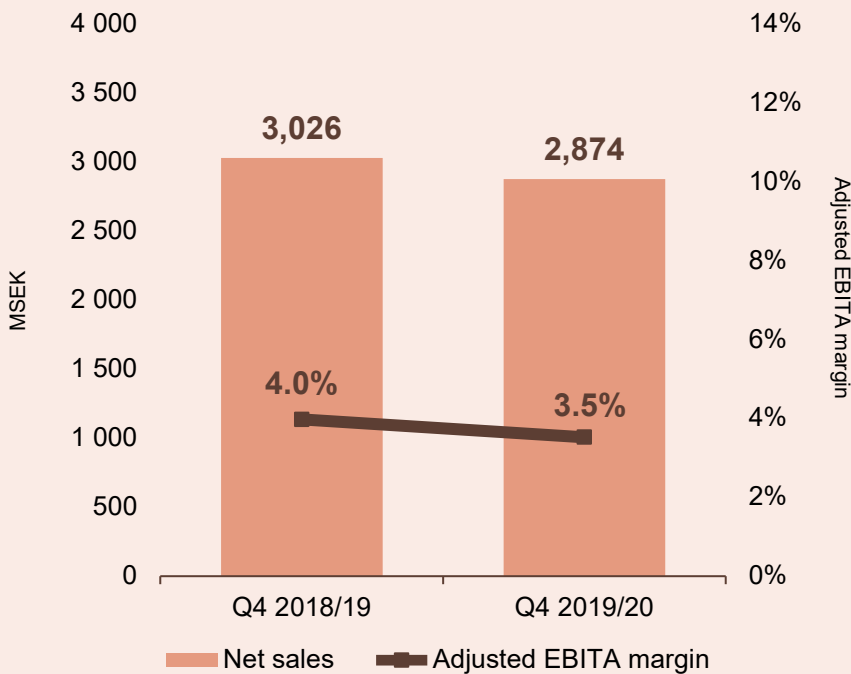
EBIT was 85 (102) MSEK

Earnings per share of 0.77 (0.83) SEK

Cash flow from operating activities of 20 (71) MSEK

Leverage of 2.6x (2.9x) in the past 12-month period (excluding effects from IFRS 16)

Net sales and adjusted EBITA margin



Financial development – SMB

Cautious market affecting sales growth

Net sales growth in SMB of -6.5% y/y

- Organic growth of -2.6%

Segment result was 105 (135) MSEK

- Segment margin of 8.3% (10.0%)

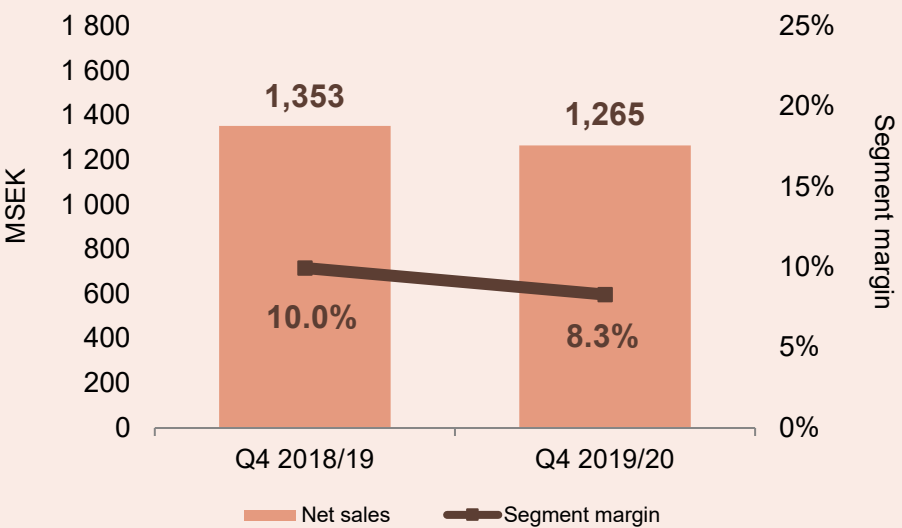
Stable development in online core business

- Continued stable development in hardware sales
- Distinct recovery in demand from smaller businesses
- Contractual recurring revenues from subscription-based services stable
- Positive sales development in Norway and the Netherlands
- Negative growth largely attributable to larger SMBs and a continued weak development for project related services and onboarding

Sequential margin improvement

- Temporary and long-term cost reductions generates visible profitability improvement
- Burdened by weaker sales mix, with a higher share of hardware
- Significantly lower share of high margin project-related income and advanced hardware
- Low utilization of production and delivery capacity in services and solutions
- Share of software and services sales declined to 27% (29%) for the segment

Net sales and segment margin



MSEK	Q4 2019/20	Q4 2018/19	Organic growth	Q4 y/y growth
Net sales	1,265	1,353	-2.6%	-6.5%
Segment result	105	135	-	-22.0%
Segment margin	8.3%	10.0%	-	-

Financial development – LCP

Stable development despite a cautious market

Net sales growth in LCP of -3.1% y/y

- Organic growth of -1.5%

Segment result increased to 90 (80) MSEK

- Segment margin increased to 6.1% (5.2%)

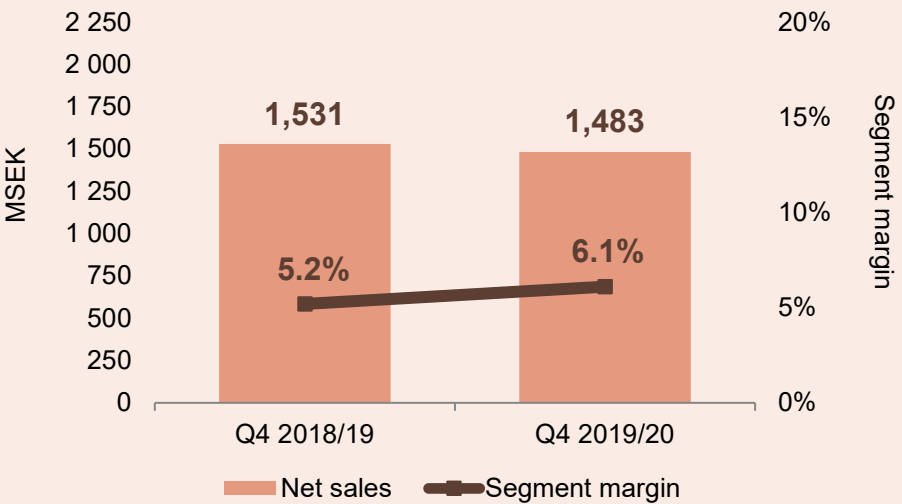
Stable public sector growth

- Sales to the public sector remained favourable
- Hesitant market for large corporates due to delayed investments, primarily regarding advanced hardware projects
- Positive sales development in Norway and Denmark

Maturing portfolio lift margins

- Improved margin within larger public sector framework agreements, as contract portfolio matures
- Good cost control
- Economies of scale due to higher volumes

Net sales and segment margin



MSEK	Q4 2019/20	Q4 2018/19	Organic growth	Q4 y/y growth
Net sales	1,483	1,531	-1.5%	-3.1%
Segment result	90	80	-	13.6%
Segment margin	6.1%	5.2%	-	-

Financial development – B2C

Slow summer period in the consumer segment

Net sales growth in B2C of -11.4% y/y

- Organic growth of -8.5%

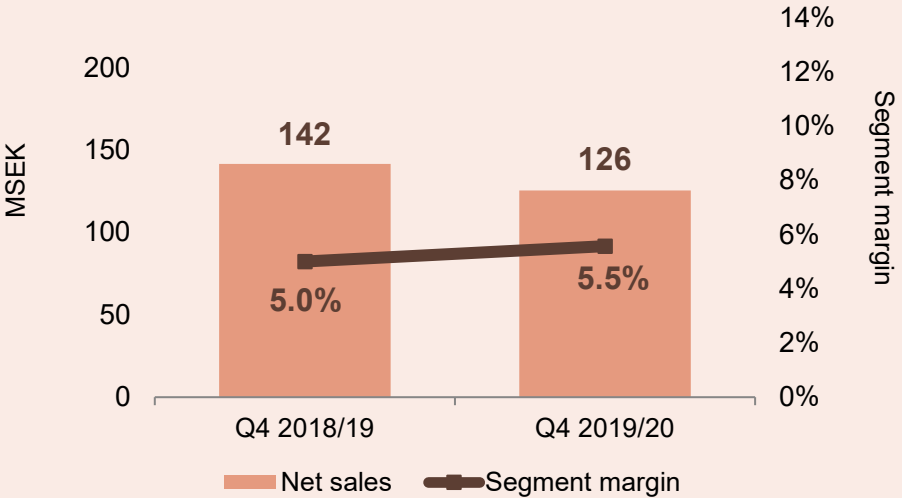
Segment result stable at 7.0 (7.1) MSEK

- Segment margin increased to 5.5% (5.0%)

Improved margin despite slower growth

- Lower demand for hardware and accessories for home offices following the peak in demand in the spring
- Stable sales in the Swedish market while other markets declined
- Continued focus on margin ahead of volume
- Pricing discipline and flexible cost base

Net sales and segment margin



MSEK	Q4 2019/20	Q4 2018/19	Organic growth	Q4 y/y growth
Net sales	126	142	-8.5%	-11.4%
Segment result	7.0	7.1	-	-1.8%
Segment margin	5.5%	5.0%	-	-

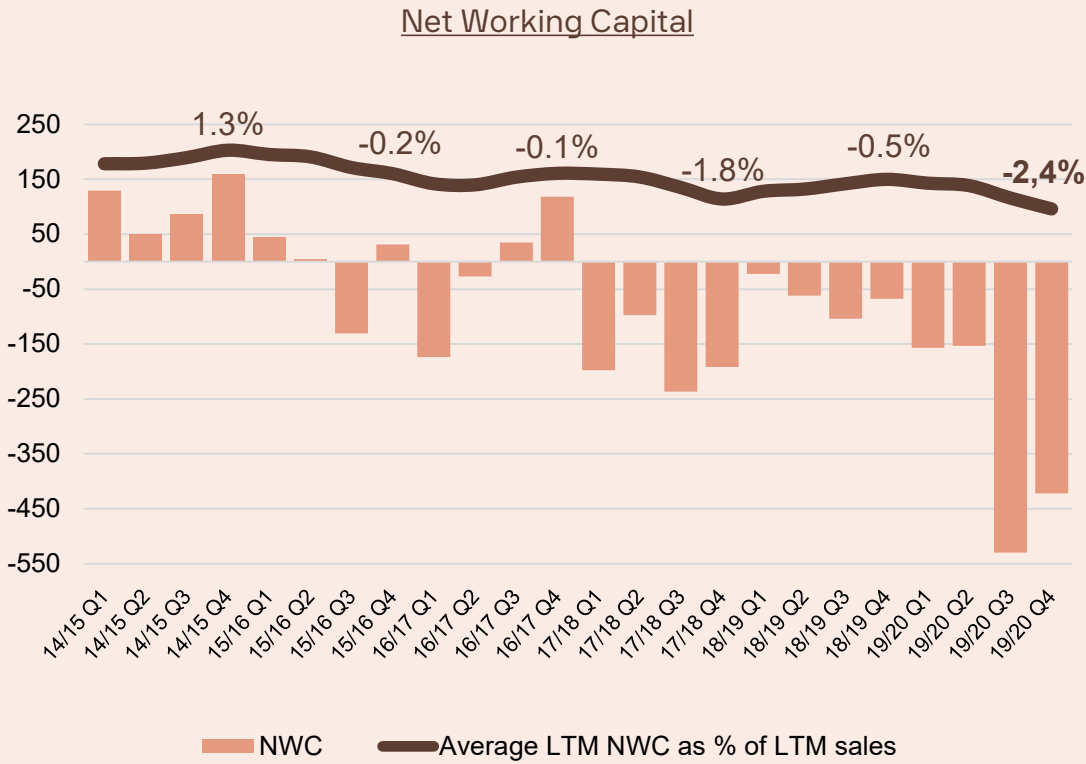
Net working capital and Leverage

Low net working capital

- Net working capital was -422 MSEK (-68)
- Inventory increased slightly y/y, due to higher level of private label products
- Accounts receivable lower than last year, mainly attributable to lower sales in the final month of the period continued and high payment discipline
- Accounts payable lower due to the decrease in business volume while offset by extended credit terms from all major distributors
- Robust business model – even tighter relationship in turbulent times

Leverage in the middle of the target range

- Net debt in relation to adjusted EBITDA in the past 12-month period (excluding effects from IFRS 16), was 2.6x (2.9x at the end of 2018/19)



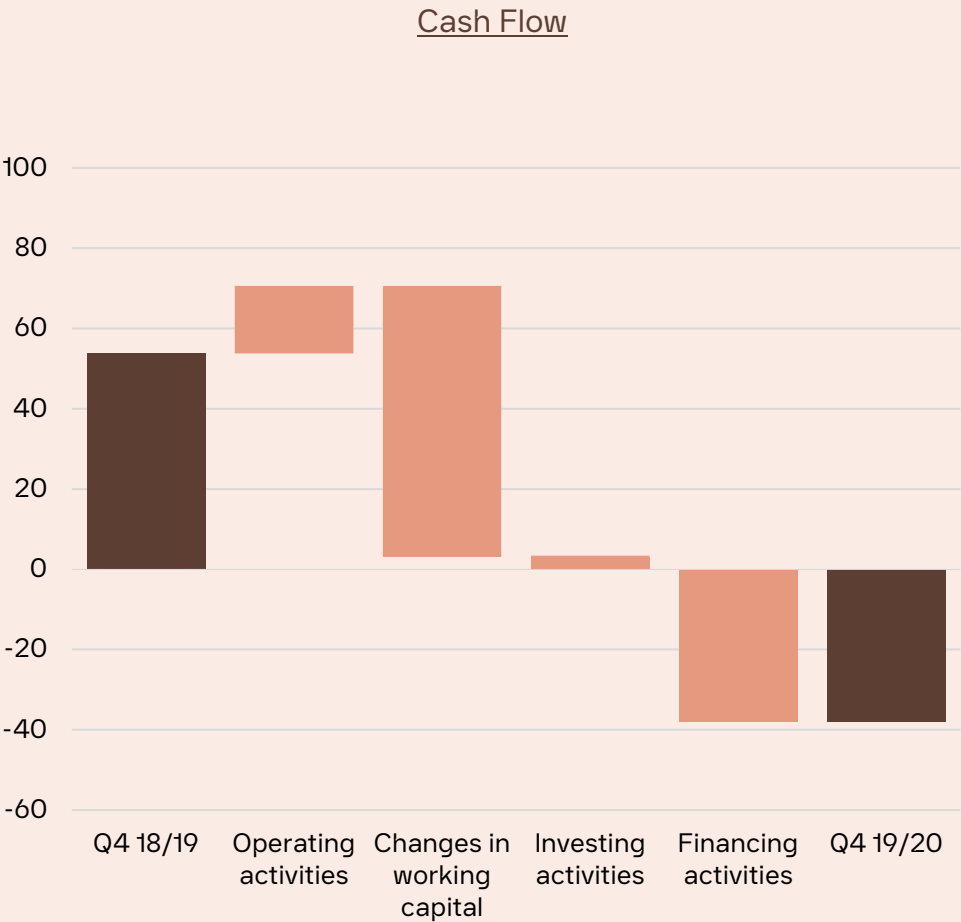
Cash flow and Investments

Strong underlying cash flow generation

- Cash flow for the quarter was -38 (54) MSEK
- Cash flow from operating activities, before changes in working capital, was 110 (93) MSEK
- Cash flow from changes in working capital was -90 (-22) MSEK, as a result of changes in accounts payable
- Cash flow from investing activities was -19 (-17) MSEK, where the slight change is due to earn-outs paid
- Cash flow from financing activities was -39 (0) MSEK, mainly comprised the repayment of lease liabilities primarily attributable to IFRS 16

Investments to support strategic journey

- Capex related to IT development stable at 6.1 (6.5) MSEK
- Other capex increased to 14.9 (10.2) MSEK, comprising investments in the customer and market information platform, hardware for data centers and property improvements
- Net investments in lease assets was 9.1 (-) MSEK, and relates to automation of the central warehouse and IT equipment related to production of managed services
- Earn-outs paid in the quarter amounted to 2.9 (-) MSEK



Acquisition and structural initiatives for long term profitability

Operational Highlights

Acquisition of Danish Exato

- Specialised in standardised services, such as security and infrastructure
- Roughly half of income is from subscription services, primarily from SMBs
- Complements our service portfolio and strengthens our capacity in managed services in the Danish market

Increased pace in implementation of strategy in services and solutions

- Closing of 14 smaller and local offices and reduced workforce by approximately 50 positions
- Expected to generate annual saving of SEK 40 million, as of the first quarter

Warehouse automation in operation

- Robot in operation as of June
- Expected to generate annual saving of SEK 10 million, with full effect as of the first quarter

Consolidation of Nordic data centre structure

- 2 out of 4 completed and operational, migration of customers is ongoing
- To be finalized in the autumn of 2020, expected to generate annual saving of SEK 10 million as of the third quarter 20/21



Well positioned for leap in digital transformation

Short term impact

- Stable hardware demand, primarily among smaller and medium-sized SMBs
- Stable revenues from subscription-based services
- Cautious demand among larger SMBs and corporations
- Continued stable demand in the public sector
- Weak development regarding project-related services, due to closed offices

Longer term opportunities

- Accelerated market trends with increased digitalisation and distinct changes in customer behaviour
- Higher share of sales online and increased demand for mobility and cloud services as well as for security and remote management
- Well positioned for the strong market trends in the long term
- Extensive experience of providing managed IT services and products to help customers take their necessary steps and use of tools to become more digital
- Ability to help customers take use of new technologies and tools with adoption services



Outcome for our 2020 sustainability targets
initiated in 2014/15

Responsible manufacturing:	80 Audits	✓
Reduced climate impact:	40%	✓
Responsible use of resources:	140,000	✓
Business ethics & anticorruption:	100%	✓
Diversity & equality:	40/60	✓

Our 2030 commitments

Our 2030 commitments are designed to redefine the impact of our business, how we behave and how we act. To find new radical ideas, innovations and solutions we promise to collaborate with those around us, work together and bring in different perspectives. An action to enable responsible, circular and climate neutral IT solutions in a collaborative and transparent manner. Making an impact at scale. A commitment to keep things moving.

 <div>Climate impact Zero carbon emissions across the value chain</div>	0 CO ₂
 <div>Circularity A fully circular customer offering</div>	100%
 <div>Social Equality With our colleagues, customer, partners and suppliers</div>	100#

Summary of the financial year 2019/20

Robust measures generate results in the short and long term

Net sales grew 5.3% to 13,195 (12,536) MSEK

- Group organic net sales grew 2.3% in constant currency
- Organic growth in SMB of -1.4%, LCP of 6.1% and B2C of -3.9%

Gross margin lower at 15.5% (16.7%)

- Weaker due to negative mix effects with higher share of public sales and basic hardware as well as a decline in project-related income

Adjusted EBITA was 517 (560) MSEK

- Adjusted EBITA margin of 3.9% (4.5%)
- Margin negatively affected by the lower gross margin and investments in the services and solutions organisation

EBIT was 387 (489) MSEK

Earnings per share before dilution at SEK 3.13 (4.12)

Cash flow from operating activities of 868 (264) MSEK

Leverage of 2.6x (2.9x) in the past 12-month period (excl IFRS 16)

Increased pace in implementation of strategy in services and solutions

Warehouse automation in operation

Consolidation of Nordic data centre structure

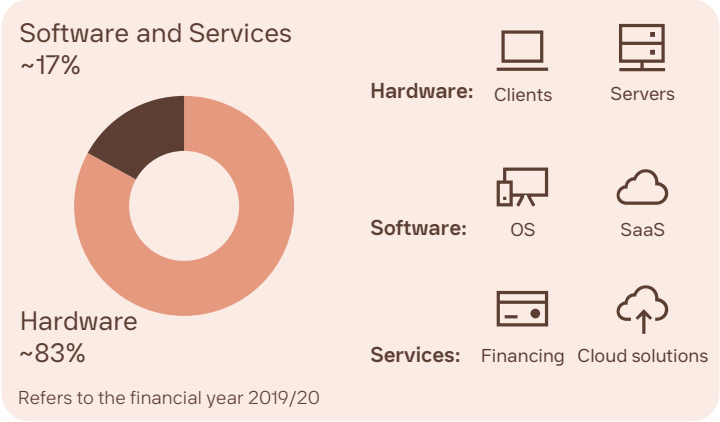
New brand position and visual identity



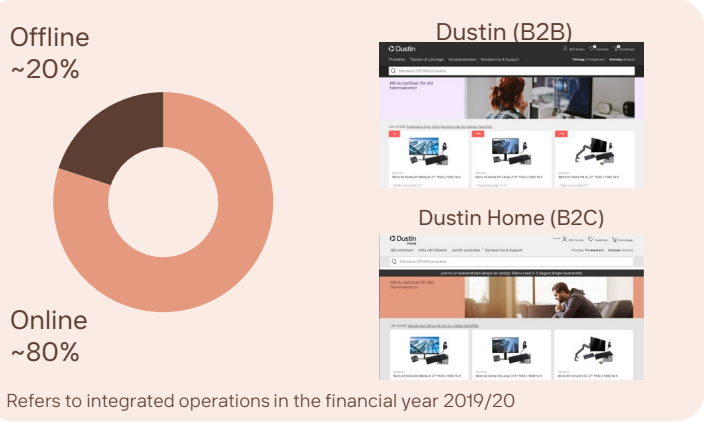
Corporate presentation

Dustin at a glance

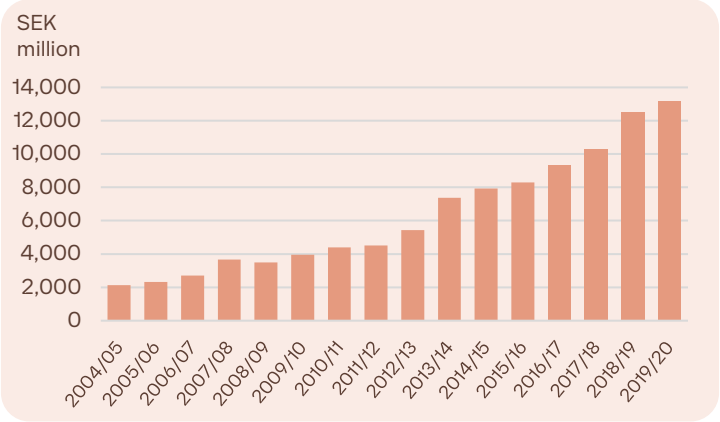
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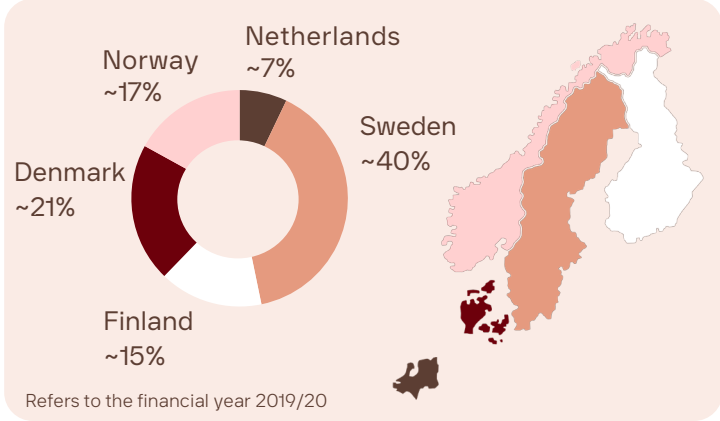
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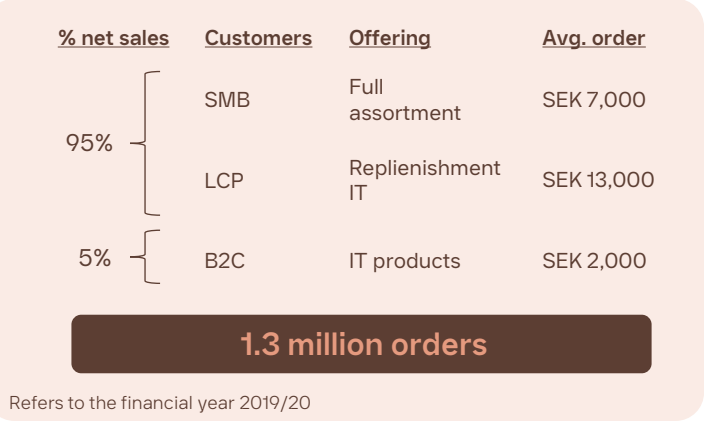
Net sales



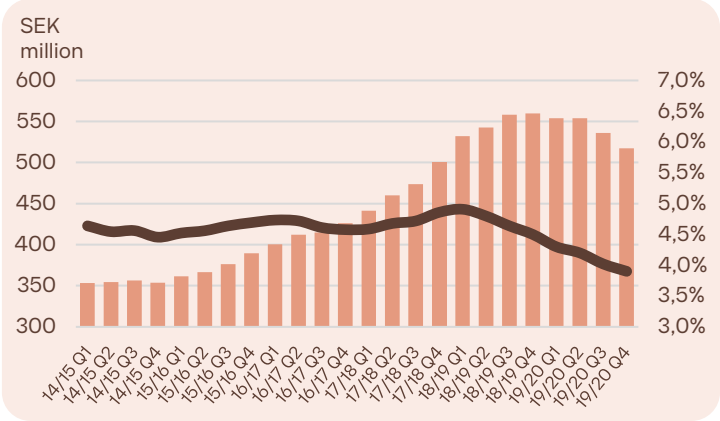
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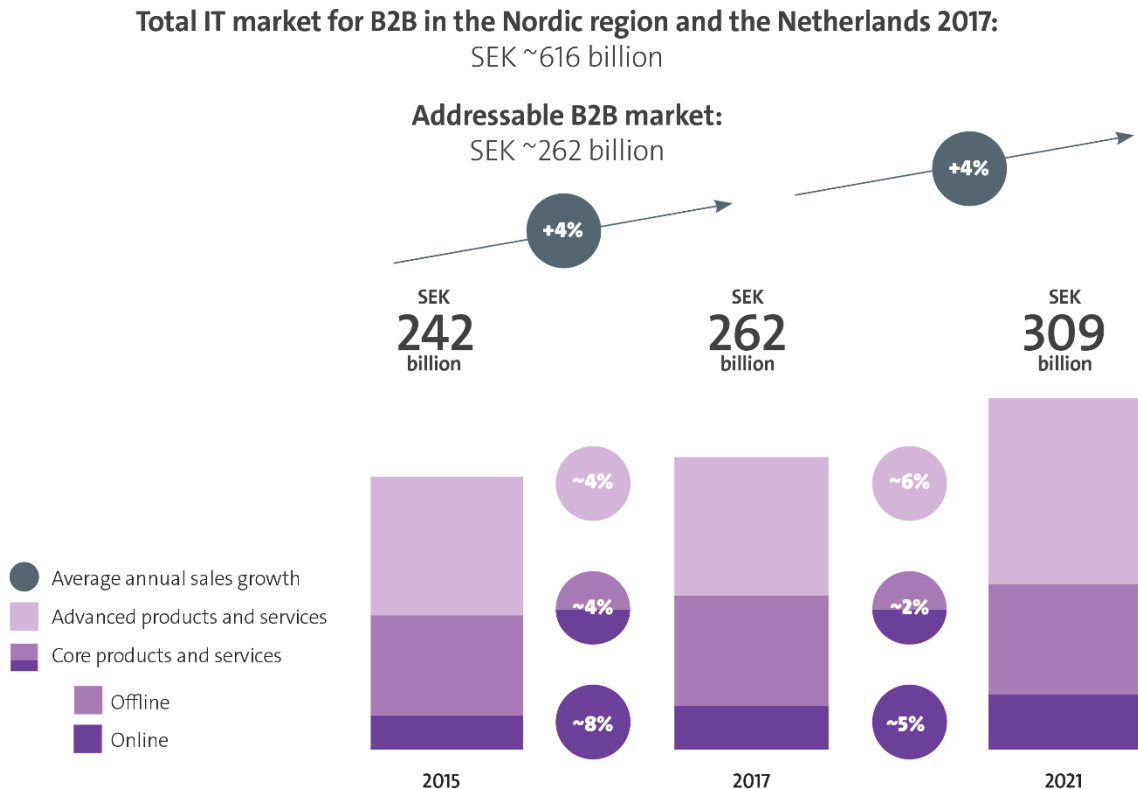
Adjusted EBITA and margin, R12*



* R12 refers to 12 month rolling

High growth position in a large market

Large and fragmented addressable market



Key market trends

- ✓ Increased share of sales online
- ✓ Increased demand in mobility, cloud and security
- ✓ Rising demand for sustainable IT
- ✓ Digitalisation increases importance of IT in organisations

Dustin share of addressable market

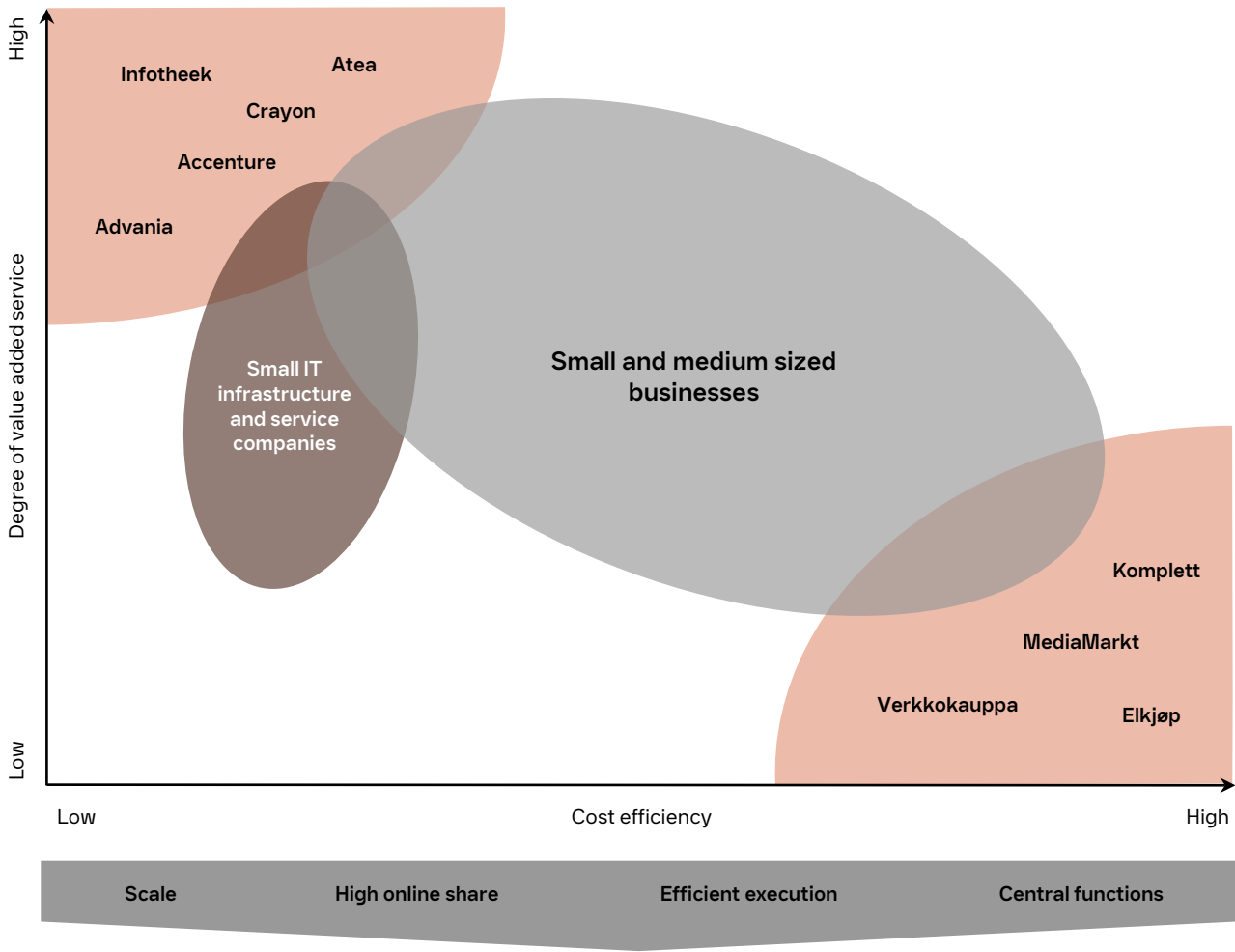
- ✓ Market share Nordics ~7%
- ✓ Market share Netherlands ~1%

*Compound Annual Growth Rate
Note: Market data based on calendar year. The addressable market refers to hardware sales to the B2B segment and selected parts of software and services to the customer group small and medium enterprises.
Source: Dustin's estimates based on market data from IDC and market analysis from a senior advisor.

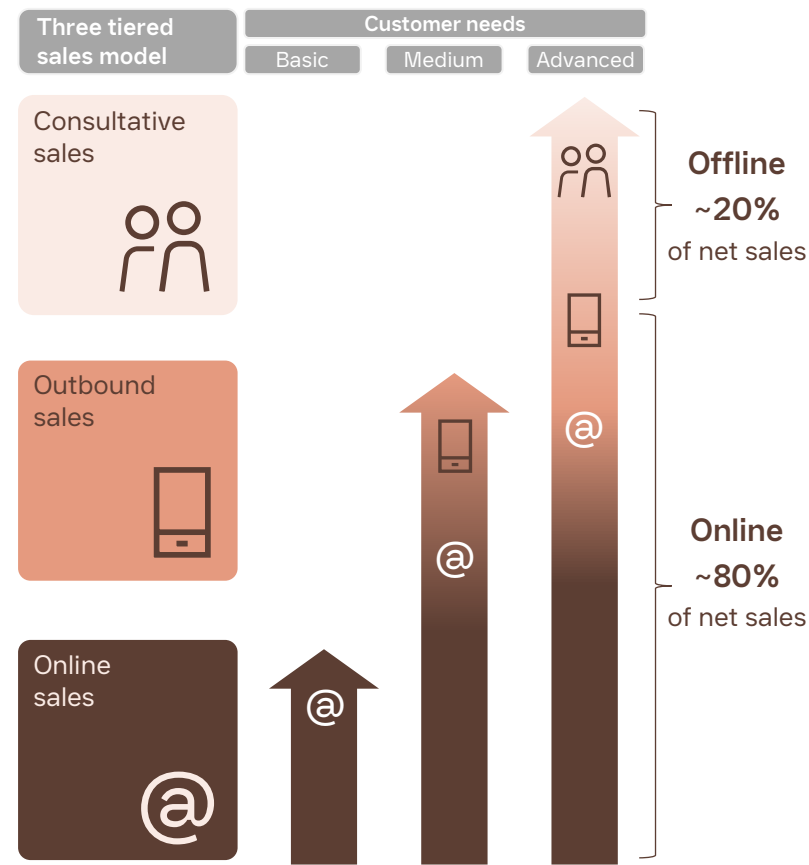
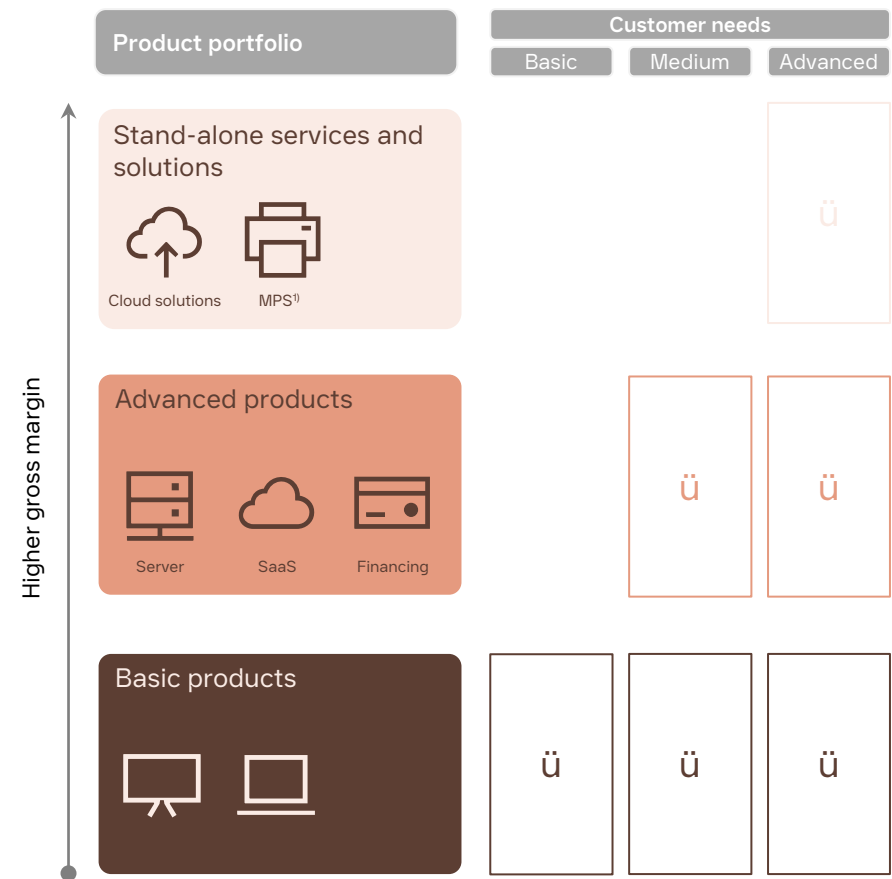
A unique position in the SMB segment



- ☐ Dustin's focus areas
- ☐ Non SMB related services

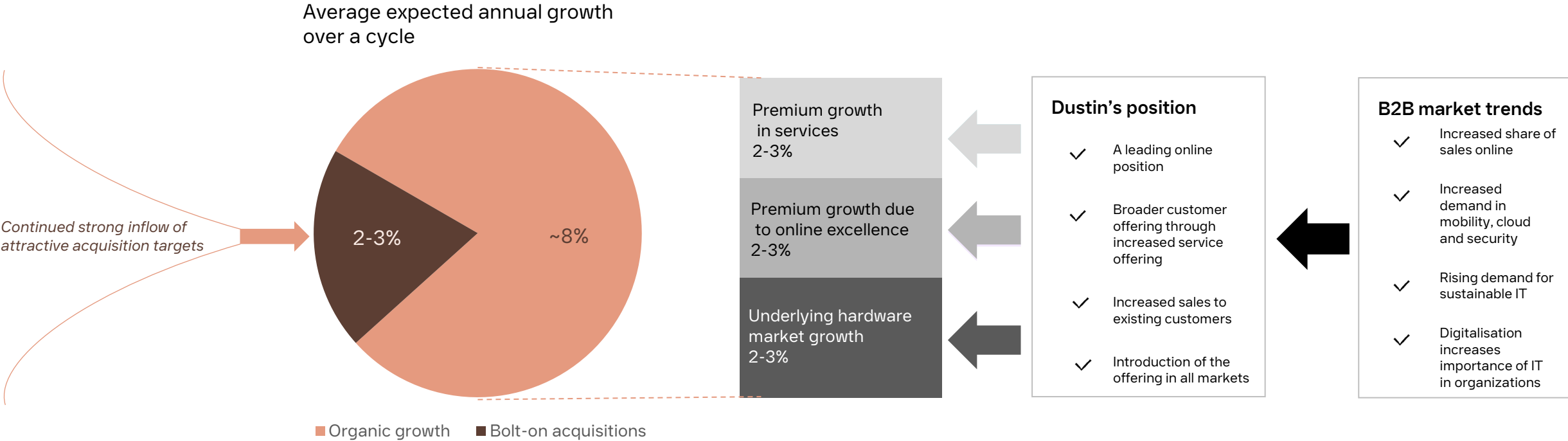


Multi-channel approach to drive growth and margins



Positioned to outgrow the market supported by strong market trends

Total growth over a cycle of ~10% of which organic ~8% and bolt-on acquisitions 2-3%

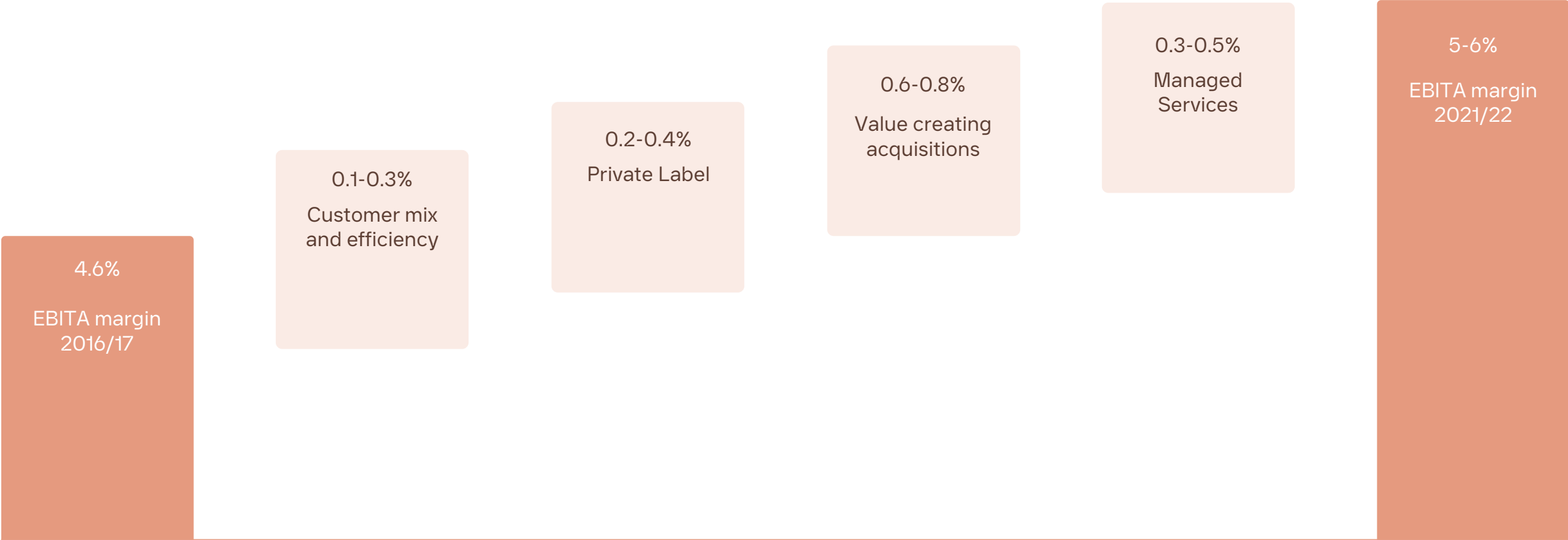


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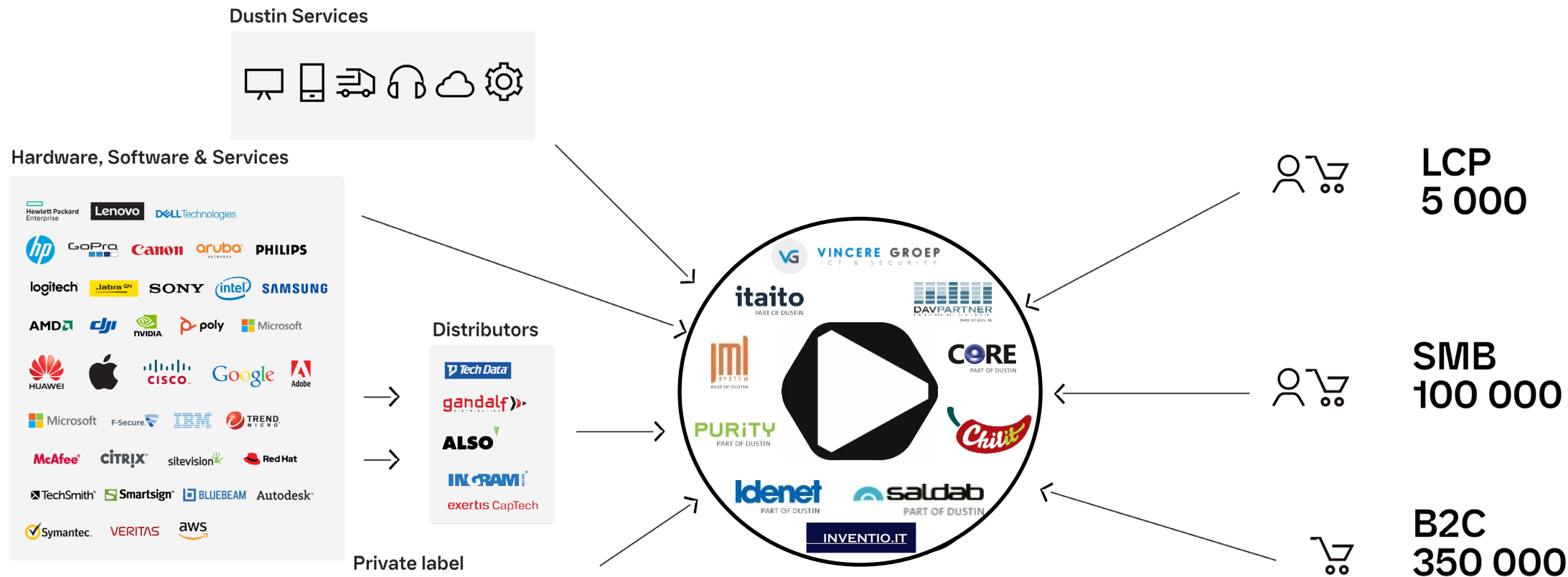
Our five-year plan to increase growth



Our five-year plan for margin expansion

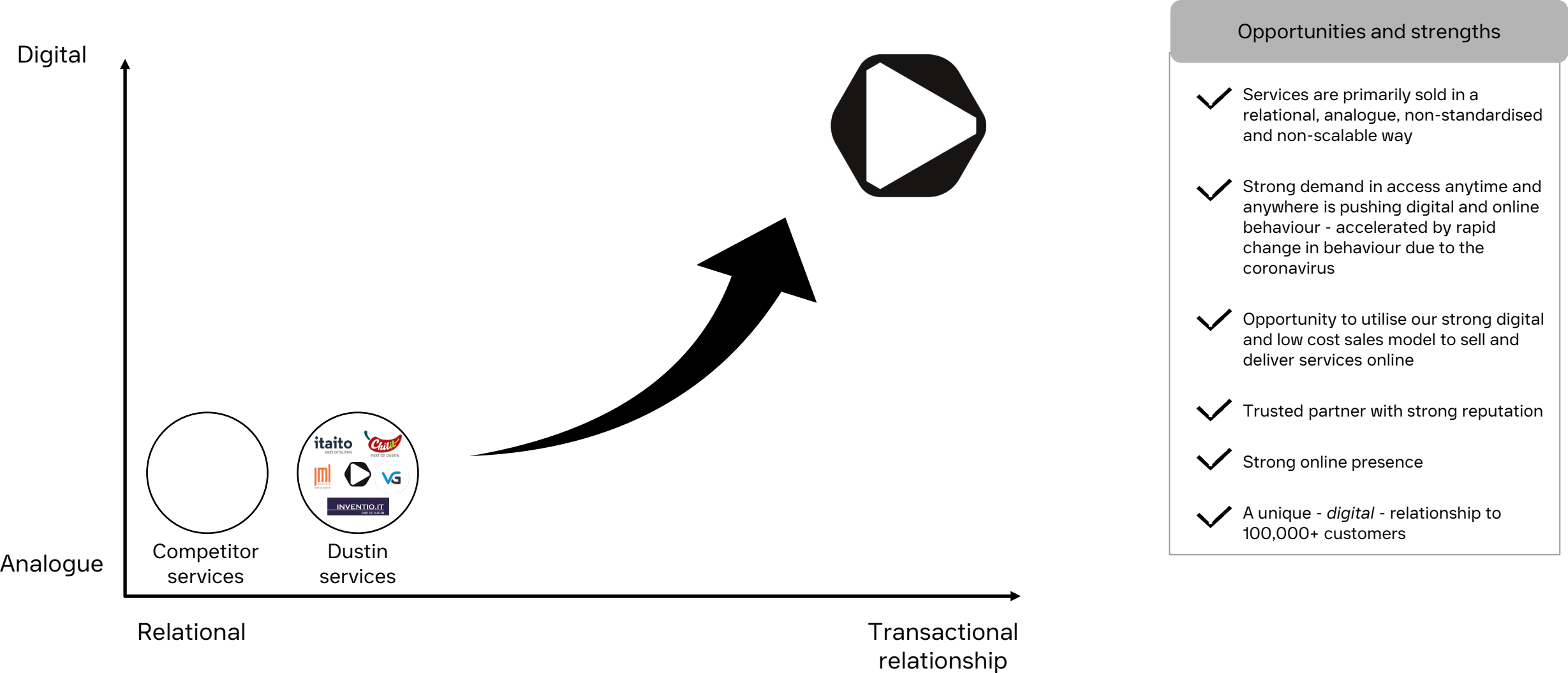


Our position in the value chain



A large number of suppliers ... > ... need an aggregator to interact with ... < ... a large number of customers

Our position

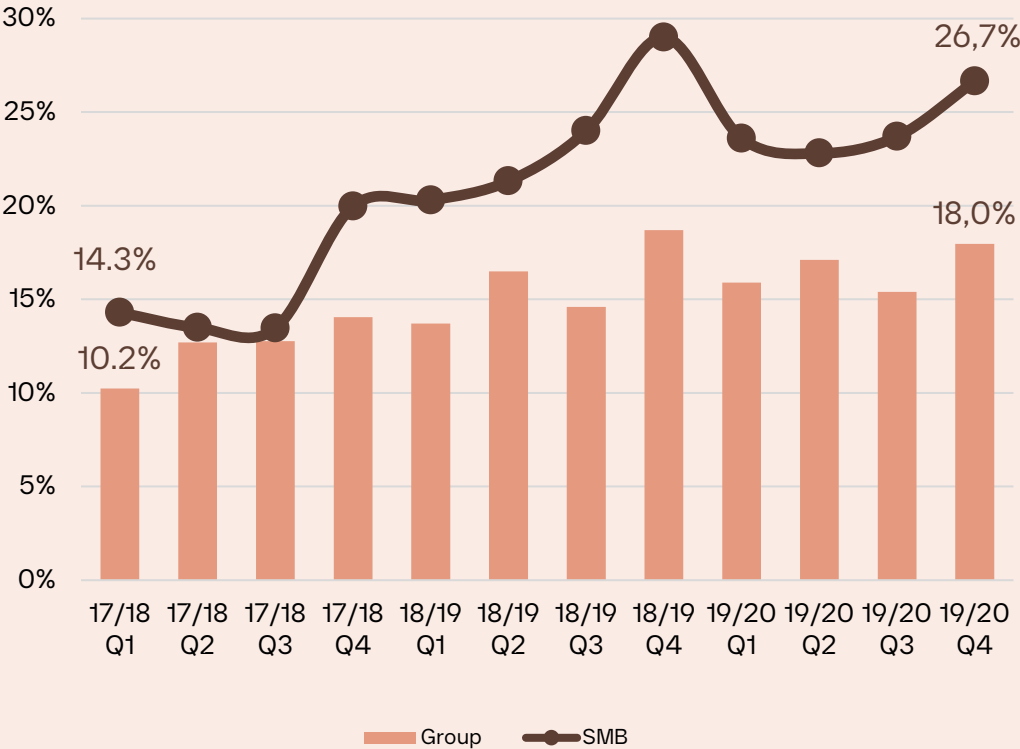


Services sales drives margin shift

Higher share services drives margin

- Services sales generates a higher gross margin, compared to hardware sales
- However, sales and delivery costs related to services sales are higher compared to online hardware sales
- Overall increased share of services sales improves EBITA margins compared to hardware only sales
- Further acquisitions and organic growth in services sales will scale over time and further improve EBITA margins

Share of software and services sales

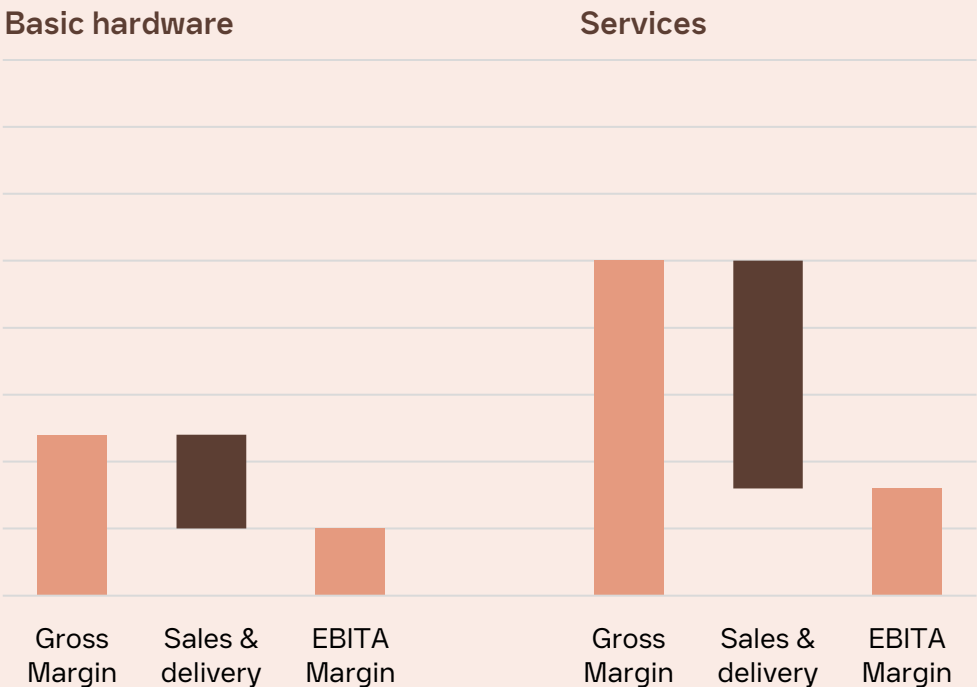


Positive development in product mix change

Higher share of software and services sales

- Software and services share of Group sales decreased to 18.0% in the fourth quarter (18.7%)
- Software and services share of SMB sales decreased to 26.7% in the fourth quarter (29.0%)
- Product mix improvements driven by acquisitions and organic growth in software, services and solutions sales
- Sales of software, services and solutions drives further growth in hardware sales and enables Dustin to further grow share of wallet with its customers

Product mix effects on margins*



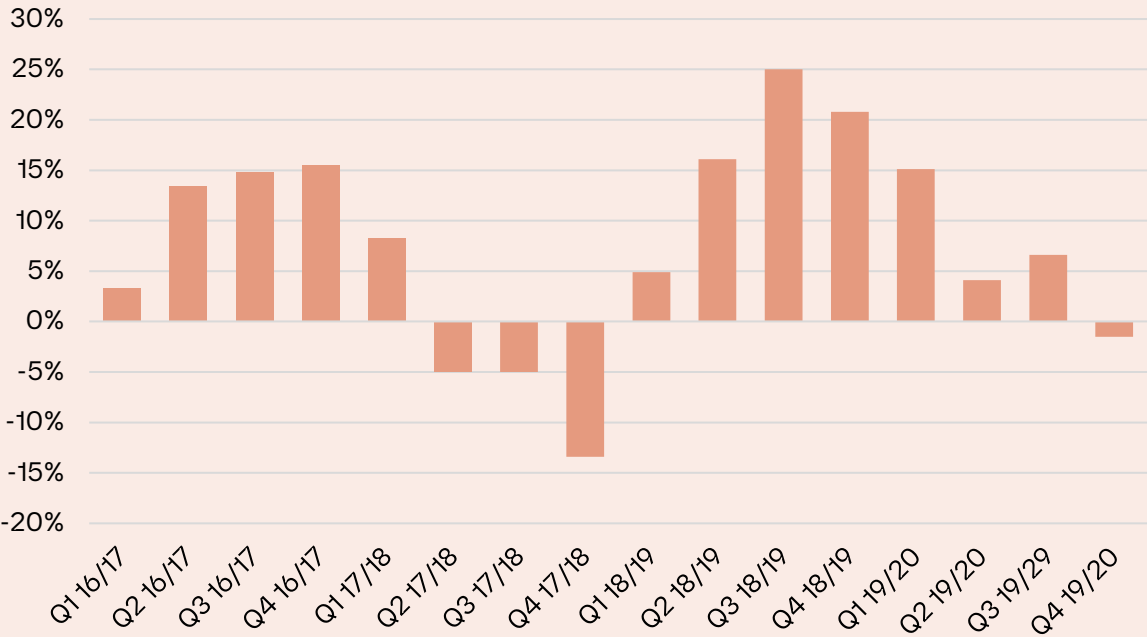
* Illustrative graph to visualize margin differences between product groups, not based on actual numbers

Quarterly fluctuations in public sector contracts within LCP

Business volatility in public sector

- Quarterly fluctuations within public sector frame agreements when number of available and relevant tenders to attend varies over time and between quarters
- Weak development in Large Corporate sales during the third quarter
- Public sector framework agreement in Denmark drove growth in LCP segment during the 2018/19 financial year
- Intention to equalize share of Large Corporate (~1/3 of sales) and Public sector (~2/3 of sales) to mitigate fluctuations
- Hesitant to drive volume over margin, selective tender strategy

LCP – organic quarterly growth



Financial targets

Growth

Dustin's target is an average annual organic growth rate of 8 per cent over a business cycle. In addition to this, Dustin intends to grow 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 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.

Updated brand platform

Our promise

We keep things
moving

Our vision

To help our
customers stay in
the forefront

Our mission

To provide the right
IT solution, to the
right customer and
user.

At the right time.
At the right price

Our guiding direction

Enabling the
circularity
movement

Products and standardised services provided
on our strong online platform



Thank you

 Dustin