Q2 2023/24

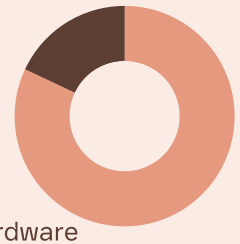
April, 2024
dustingroup.com

Q2

Dustin at a glance

280,000 hardware and software products…

Software and Services
~18%



Hardware
~82%

Hardware: Clients, Servers

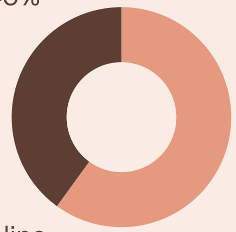
Software: OS, SaaS

Services: Financing, Cloud solutions

Refers to the financial year 2022/23

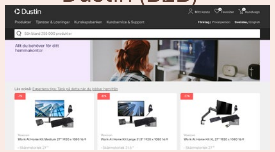
…primarily sold online…

Offline
~40%

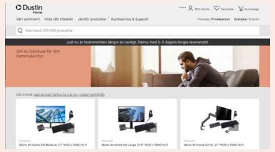


Online
~60%

Dustin (B2B)

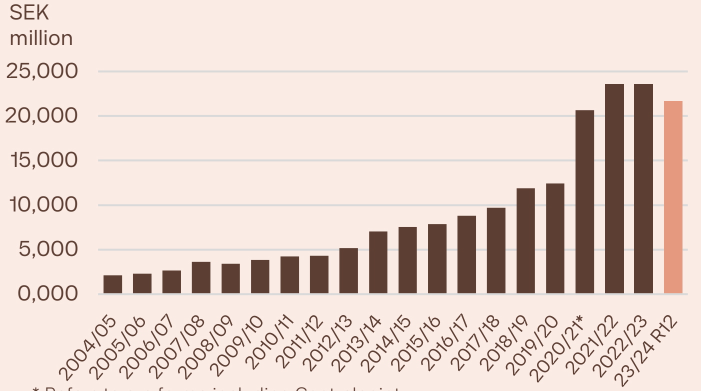


Dustin Home (B2C)



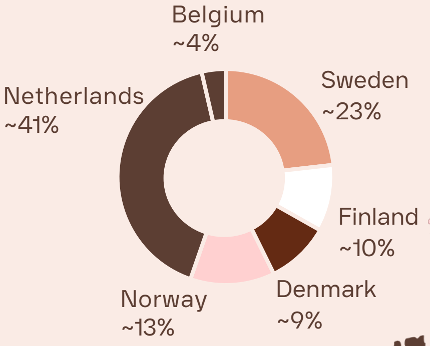
Refers to the financial year 2022/23

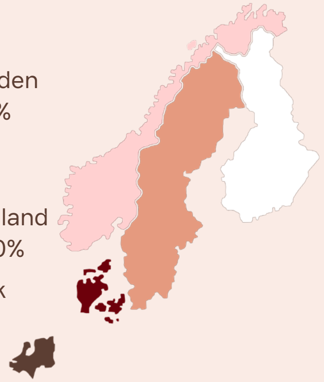
Net sales



* Refers to pro forma including Centralpoint

…across the Nordics and Benelux…





Refers to the financial year 2022/23

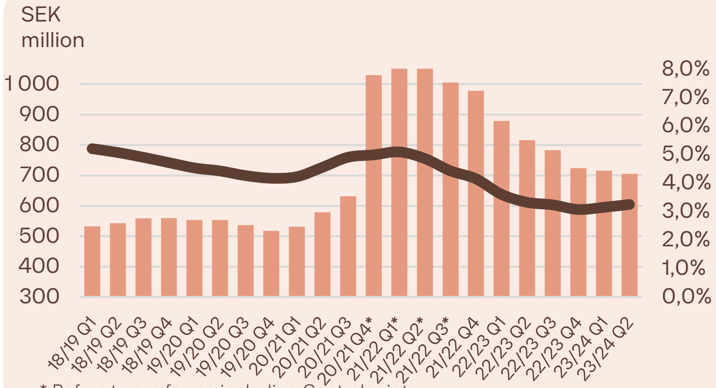
…to B2B customers

% net sales	Customers	Offering	Avg. order
98%	LCP	Large roll-outs, volume services, takeback	SEK 26,000
	SMB	Full assortment	SEK 9,000
2%	B2C	IT products	SEK 2,000

~ 2 million orders annually

Refers to the financial year 2022/23

Adjusted EBITA and margin, R12**



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** R12 refers to 12 month rolling

Dustin

Improved margins in a continued weak market

Financial Highlights

Net sales was 5,246 (6,272) MSEK

- Organic growth was -16.4%, of which SMB -12.2% and LCP -18.1%
- Reported net sales growth was -16.3%
- Sales growth burdened by approximately 5 percentage points attributable to an increased share of sales reported on a net basis according to IFRS 15

Gross profit was 856 (914) MSEK

- Gross margin improved to 16.3 % (14.6 %)

Adjusted EBITA was 201 (212) MSEK

- Adjusted EBITA margin rose to 3.8% (3.4%)

Items affecting comparability of -16 (-9) MSEK

EBIT was 142 (157) MSEK

EPS before and after dilution amounted to SEK 0.18 (0.72)*

Cash flow from operating activities of -202 (250) MSEK

Leverage of 3.1x in the past 12-month period (5.0x FY 22/23)

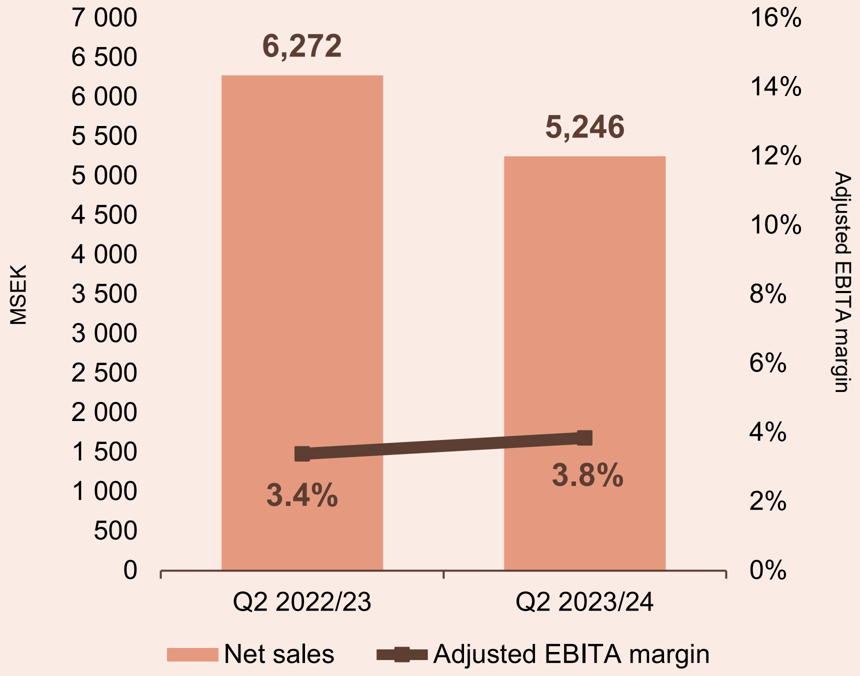
Operational highlights

Continued cost focus to compensate for slow market - integration process finalised

Selective investments in operations to promote growth and long-term increased profitability

Market analyst firms expect a recovery and some growth for Global PC market in 2024

Net sales and adjusted EBITA margin



* Based on an average of 411,454,009 shares (113,118,776)

SMB - Continued cautious market development

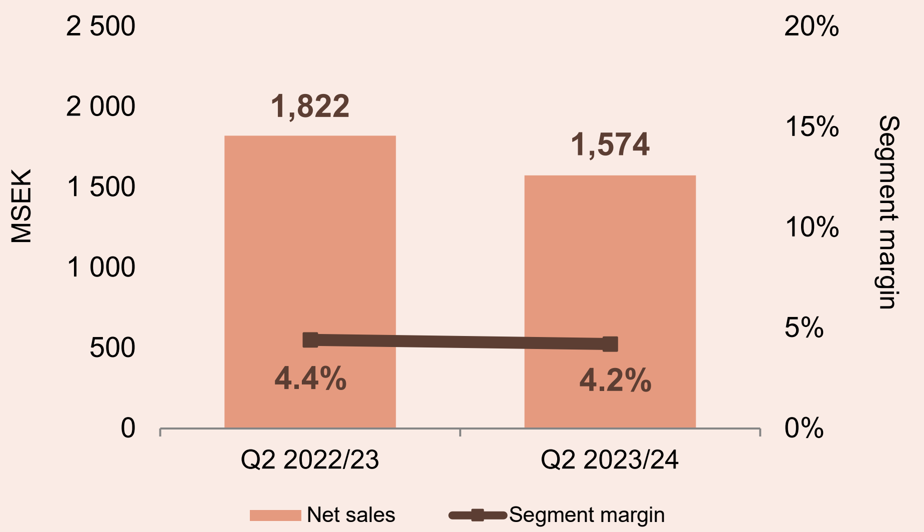
Net sales decline in SMB of 13.6% y/y
- Organic growth of -12.2%
- Continued cautious market development due to general economic uncertainty

Segment result was 66 (80) MSEK
- Segment margin decreased slightly to 4.2% (4.4%)

Cautious sales development
- Continued uncertainty surrounding the economic trend, affecting demand in all markets and within most customer groups
- Lower demand primarily related to computers and mobile phones
- The share of software and services sales increased to 13.6% (10.9%), due to a healthy trend for contracted recurring services in the Nordics combined with weak hardware sales

Improved gross margin development
- Improved product mix with a higher share of software and services sales and a lower share of computers with low margins
- Price discipline had a positive impact on gross margin but burdened sales development
- Lower sales volumes combined with a largely fixed cost base leading to negative operational leverage

Net sales and segment margin



MSEK	Q2 2023/24	Q2 2022/23	Organic growth	Q2 y/y growth
Net sales	1,574	1,822	-12.2%	-13.6%
Segment result	66	80	–	-17.4%
Segment margin	*4.2%*	*4.4%*	–	–

Dustin

LCP - Strong margin development

Net sales growth in LCP of -17.5% y/y

- Sales growth burdened by over 6 percentage points attributable to an increased share of sales reported on a net basis according to IFRS 15
- Organic growth was -18.1%

Segment result was 164 (173) MSEK

- Segment margin increased to 4.5% (3.9%)

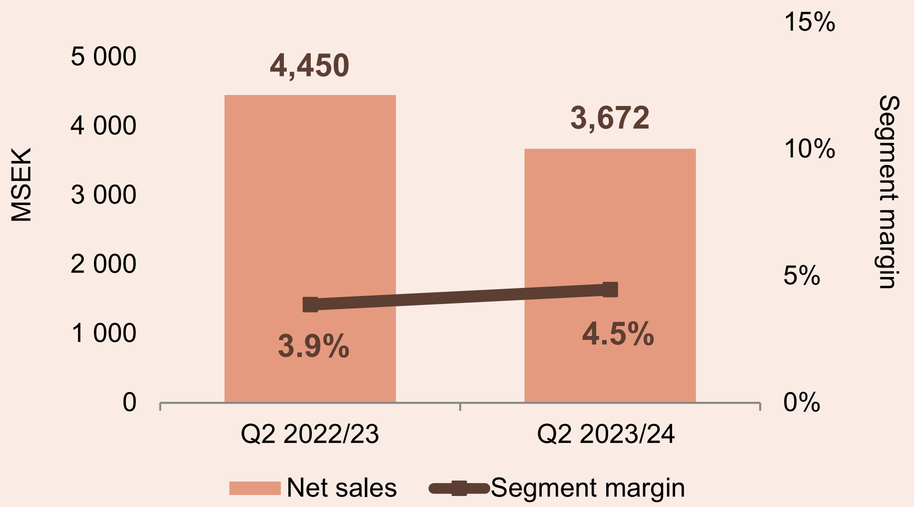
Sales development affected by volatility in order placements

- Public Sector customer group development impacted by strong comparables and volatility in order placements between quarters
- Stable development in the Large Corporate customer group adjusted for an increased share of sales reported on a net basis

Improved gross margin development

- Improved customer and product mix with a lower proportion of standard hardware sales, had a positive effect on gross margin
- Increased share of sales reported on a net basis had a positive impact on the gross margin
- Sharp increase in take-back had a positive margin impact

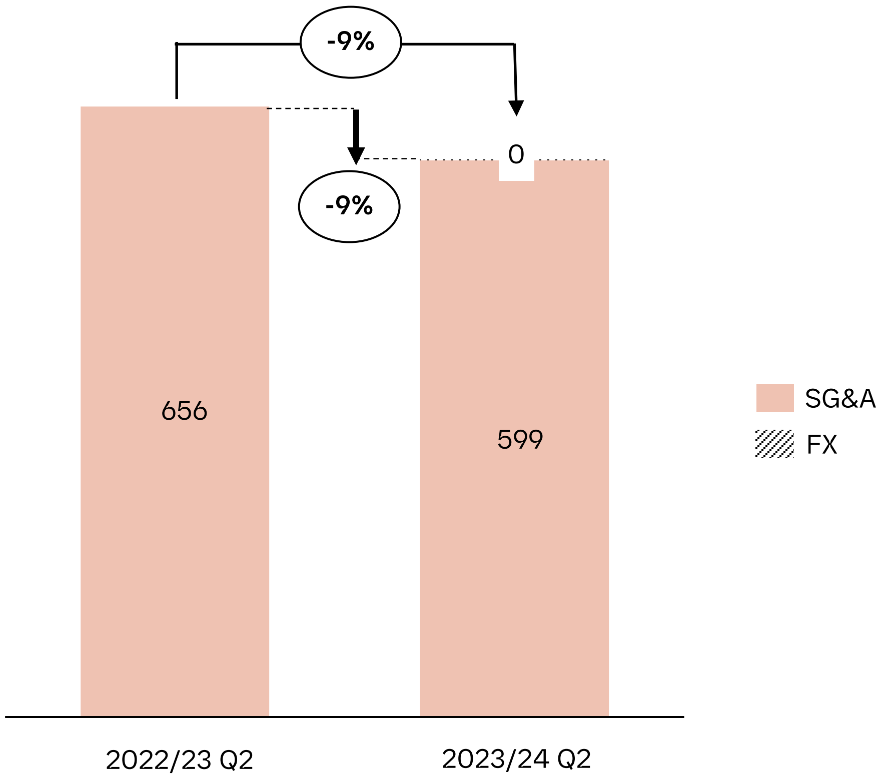
Net sales and segment margin



MSEK	Q2 2023/24	Q2 2022/23	Organic growth	Q2 y/y growth
Net sales	3,672	4,450	-18.1%	-17.5%
Segment result	164	173	–	-5.0%
Segment margin	*4.5%*	*3.9%*	–	–

Lower cost level as a result of synergy extraction and continued cost focus

Total SG&A Q2



Significantly lower cost level year-on-year

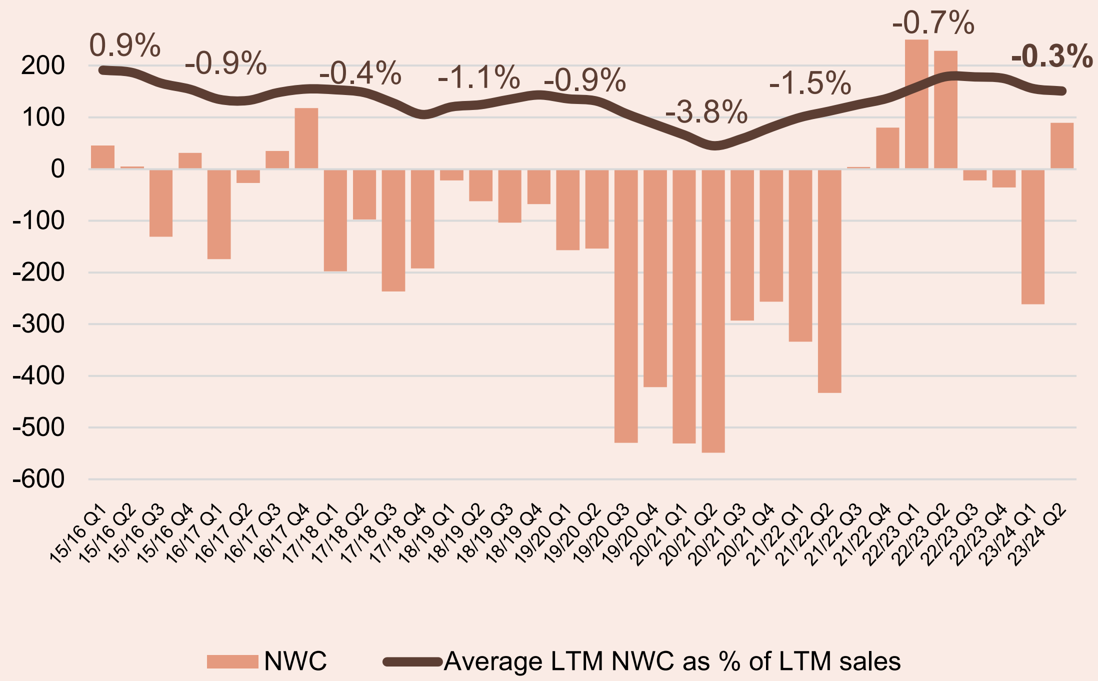
- Second quarter SG&A 9% lower year on year
- Currency fluctuations had no effect on cost level in the quarter
- Significant reduction in average number of FTE's over the past year
- Realised synergy effects from the largely completed integration work had a positive effect on cost level
- Remaining cost synergy potential related to ERP launch still to capture

Lower net working capital y/y

<u>Lower net working capital y/y due to reduced inventory</u>

- Net working capital was 90 MSEK (229), mainly due to lower inventory
- Inventory decreased by 325 MSEK to 895 MSEK (1,220), where the larger part of the decrease relates to customer-specific inventory
- Accounts receivable decreased by 101 MSEK compared to last year, mainly related to lower business volumes and a lower share of sales in the latter part of the period
- Lower accounts payable of 120 MSEK, mainly due to lower business volumes and reduction in inventory
- Tax liabilities and other current liabilities decreased by 203 MSEK
- The sequential increase in net working capital is mainly explained by lower accounts payable and higher accounts receivable, due to changed customer mix and the distribution of sales within the quarter
- Inventory is now at the desired level regarding the balance between tied-up capital and delivery capacity
- Long-term target level for net working capital of around -100 MSEK

<u>Net Working Capital</u>



Cash flow and Capex

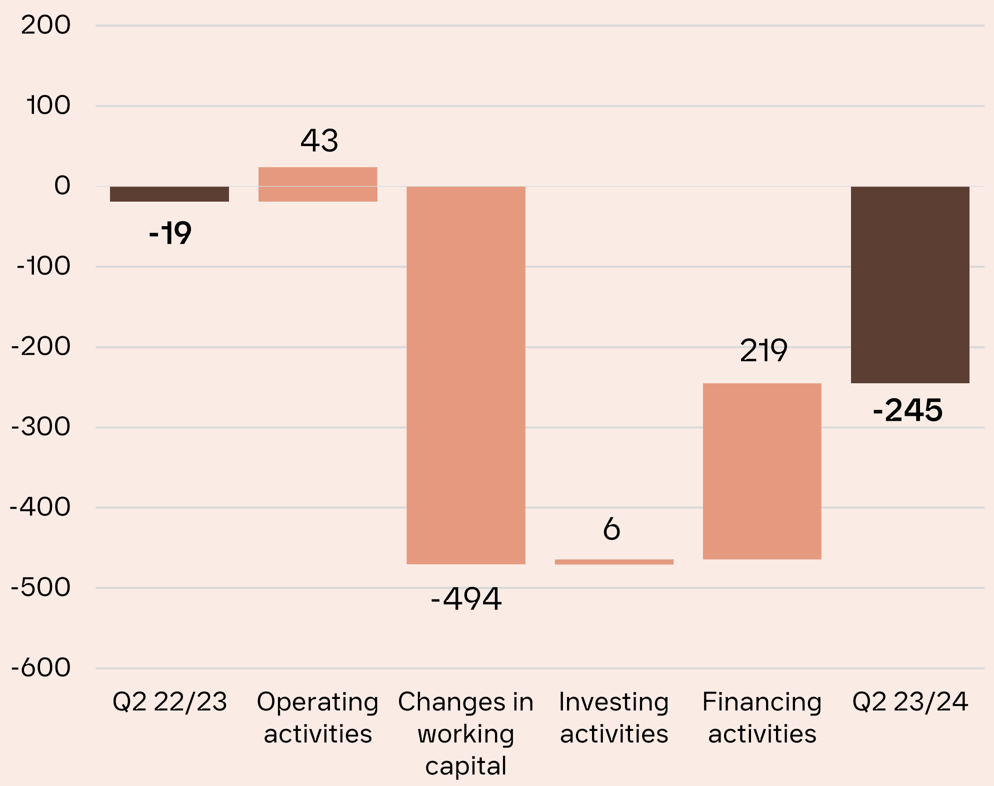
Cash flow from operating activities affected by changes in working capital

- Cash flow from operating activities, before changes in working capital, was 165 (122) MSEK, mainly due to lower interest and taxes paid
- Cash flow from changes in working capital was -367 (128) MSEK, affected by reduced current liabilities due to lower accounts payable
- Cash flow from operating activities, after changes in working capital, totalled -202 (250) MSEK
- Cash flow from investing activities was -58 (-64) MSEK
- Cash flow from financing activities was 14 (-205) MSEK, where the difference mainly relates to change in short term financing of SEK -152 MSEK in the comparable period and loan repayment of SEK 1,647 million and a new share issue of net SEK 1,730 million in the quarter
- Cash flow for the quarter was -245 (-19) MSEK

Higher capex to capture further synergies

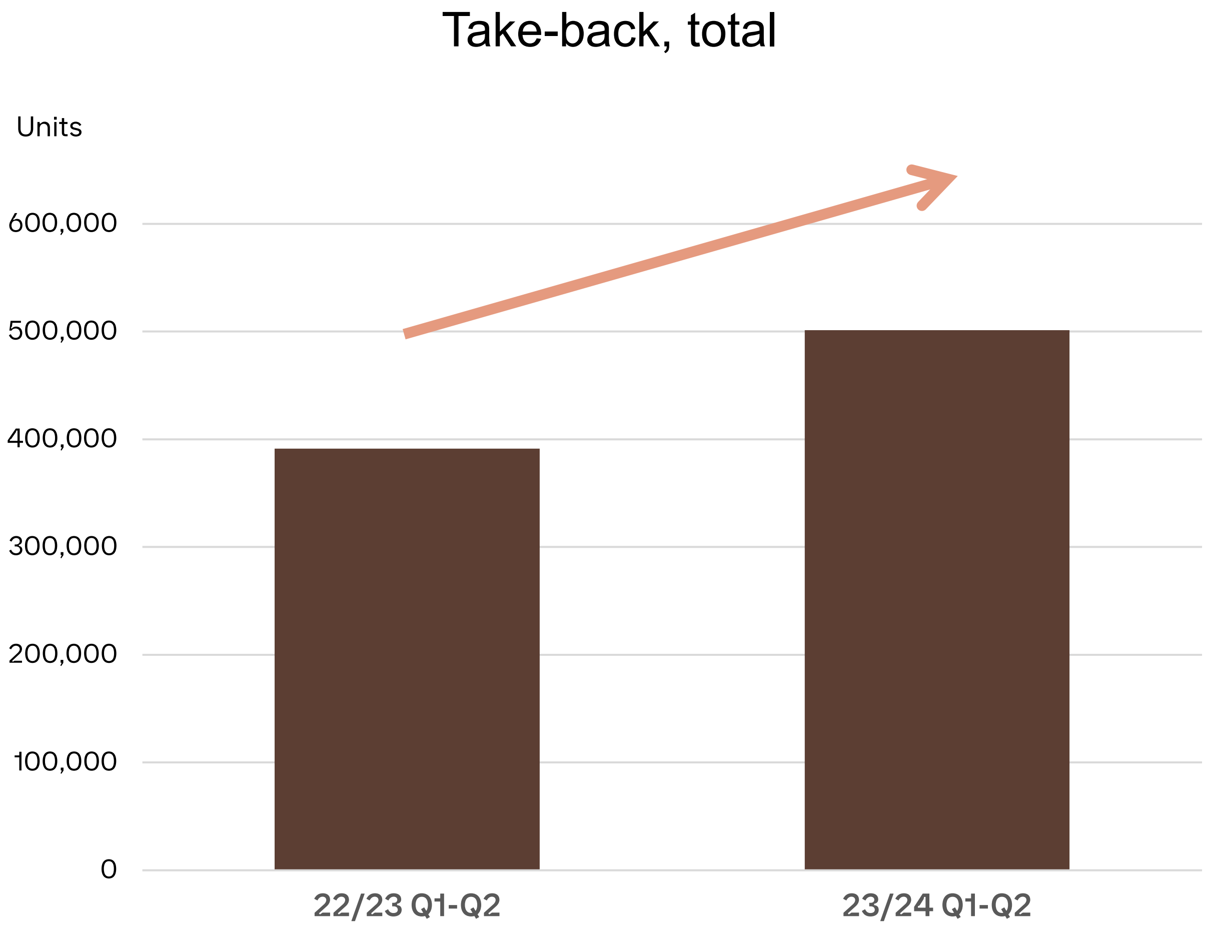
- Total investments amounted to 132 (79) MSEK, of which 58 (64) MSEK affecting cash flow
- Capex related to IT development, including the new IT platform, was 51 (53) MSEK, affecting cash flow. The new IT platform is a key lever for future operational efficiency including synergy potential
- Investments in tangible and intangible assets was 53 (15) MSEK, of which only 8 (10) MSEK affecting cash flow
- Investments in assets related to service provision, mainly related to data center capacity, was 29 (12) MSEK of which 0 (1) MSEK affecting cash flow,

Changes in Cash Flow Y/Y



Dustin

Strong development in take-back in 2023/24



Today

- In-house takeback operations in the Nordics and in Benelux
- Increased demand and greater efficiency in our take-back processes
- Advantage in tenders
- Current run rate of ~1 million units annually
- Positive operating margins in recent quarters
- Part of HP Approved Selection programme and certified within HP Amplify Impact

Potential

- Sell refurbished products online
- Offer circular options that add clear customer value
- LCP customer expectations driving change within SMB
- Scalable operations with strong margin improvement potential

Dustin

Focus on business operations and strategy to improve margins and growth

1 Deleverage

- Deleverage is of highest focus
- Strong cash-flow and net working capital development during the past quarters (Dustin model works)
- Inventory level well within target range
- Clear plan in place to improve business results

2 Margin

- Cost focus and synergy extractions according to plan
- Cost focus and synergy extraction from private label in Benelux, procurements, back office, processes, quality improvements and efficiency gains on track – with full effect expected at ERP launch
- Strong progress in take-back
- Strong gross margin as a result of internal discipline and price leadership

3 Growth

- Continued growth ambitions in line with financial targets
- Affected by challenging market environment as a combination of weaker demand and post-covid comparables
- Strengthen customer offerings, grow customer base and increase share of wallet
- We continue to invest in the future Dustin, transformative steps taken with one culture, one brand, one customer offering and one IT-platform

One culture | One way of working | **One Dustin** | One brand | One IT platform

Summary of the second quarter 2023/24

<u>Improved margins in a continued weak market</u>

Net sales declined 16.3%

- Continued cautious market
- Higher share of sales reported on a net basis

Gross margin increased to 16.3% (14.6%)

- More favorable sales mix and good price discipline
- Increased share of sales reported on a net basis

Adjusted EBITA margin of 3.8% (3.4%)

- Strengthened gross margin, realised synergy effects and cost reductions implemented

Cash flow generation burdened by higher net working capital

Continued cost focus to compensate for slow market - integration process finalised

Selective investments in operations to promote growth and long-term increased profitability

Market analyst firms expect a recovery and some growth for Global PC market in 2024

Dustin

Dustin at a glance

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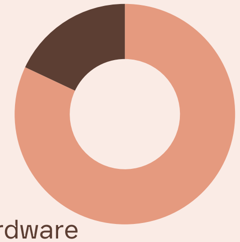

Hardware
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Hardware: Clients, Servers

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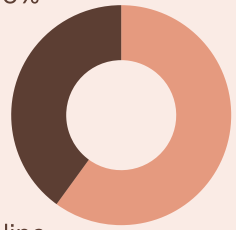
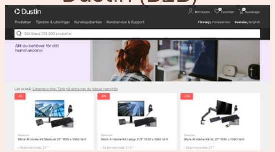
…primarily sold online…

Offline
~40%

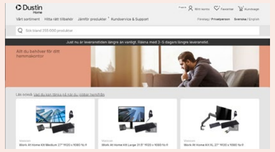


Online
~60%

Dustin (B2B)

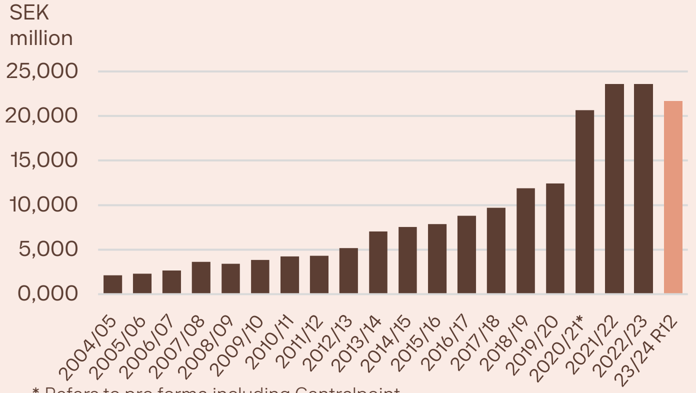


Dustin Home (B2C)



Refers to the financial year 2022/23

Net sales



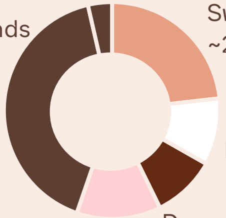
* Refers to pro forma including Centralpoint

…across the Nordics and Benelux…

Belgium
~4%

Sweden
~23%

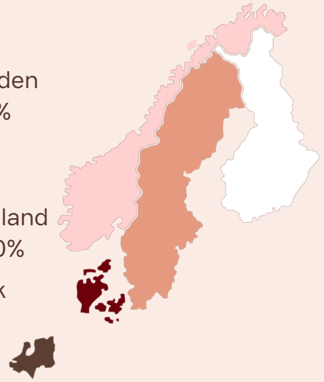
Netherlands
~41%



Finland
~10%

Norway
~13%

Denmark
~9%



Refers to the financial year 2022/23

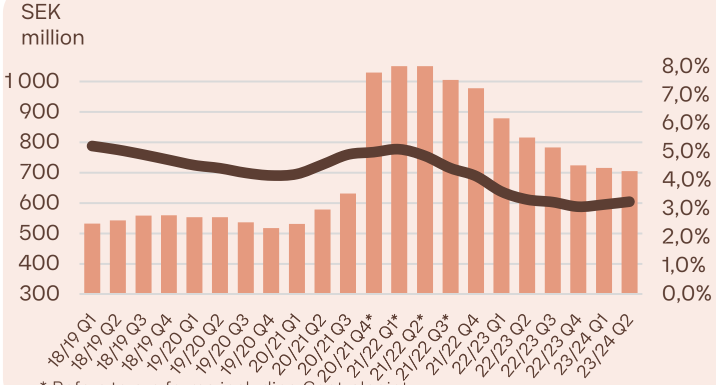
…to B2B customers

% net sales	Customers	Offering	Avg. order
98%	LCP	Large roll-outs, volume services, takeback	SEK 26,000
	SMB	Full assortment	SEK 9,000
2%	B2C	IT products	SEK 2,000

~ 2 million orders annually

Refers to the financial year 2022/23

Adjusted EBITA and margin, R12**



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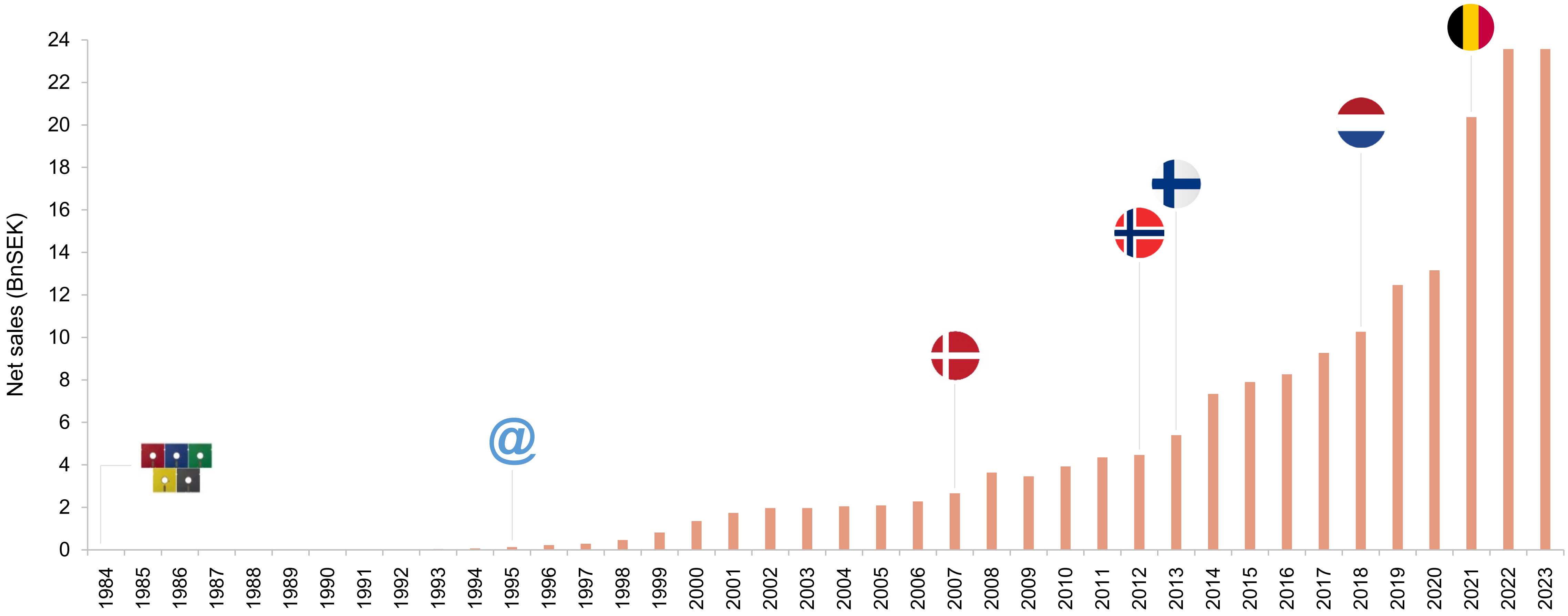
** R12 refers to 12 month rolling

Dustin

Long and strong history of profitable growth

1984 – 2006	2007 – 2014	2015 - 2020	2021 →
Founders phase - mail order sales of B2B hardware and development of online platform	Nordic expansion and additional services	IPO and Strategy for continued growth	European expansion



Dustin

Dustin – the aggregator and destination

Hardware, software & services

acer, Adobe, APC, aruba, ASUS, Cisco, Contour, Dell Technologies, EPSON, hp, Hewlett Packard Enterprise, Jabra, Lenovo, LG Electronics, logitech, Microsoft, ORACLE, Panasonic, PHILIPS, poly, SAMSUNG, SONY, UBIQUITI, vmware, ZEBRA, + 3.500

Dustin services

Distributors

ALSO, INGRAM MICRO, exertis, Gandalf (PART OF ELKO GROUP), TD SYNNEX

Dustin products

cirafon, GILFORD, TRANZIP, voxicon, PROKORD

LCP (Large Corporate and Public)

~10,000

SMB (Small and Medium Sized Businesses)

~100,000

B2C (Business to Consumer)

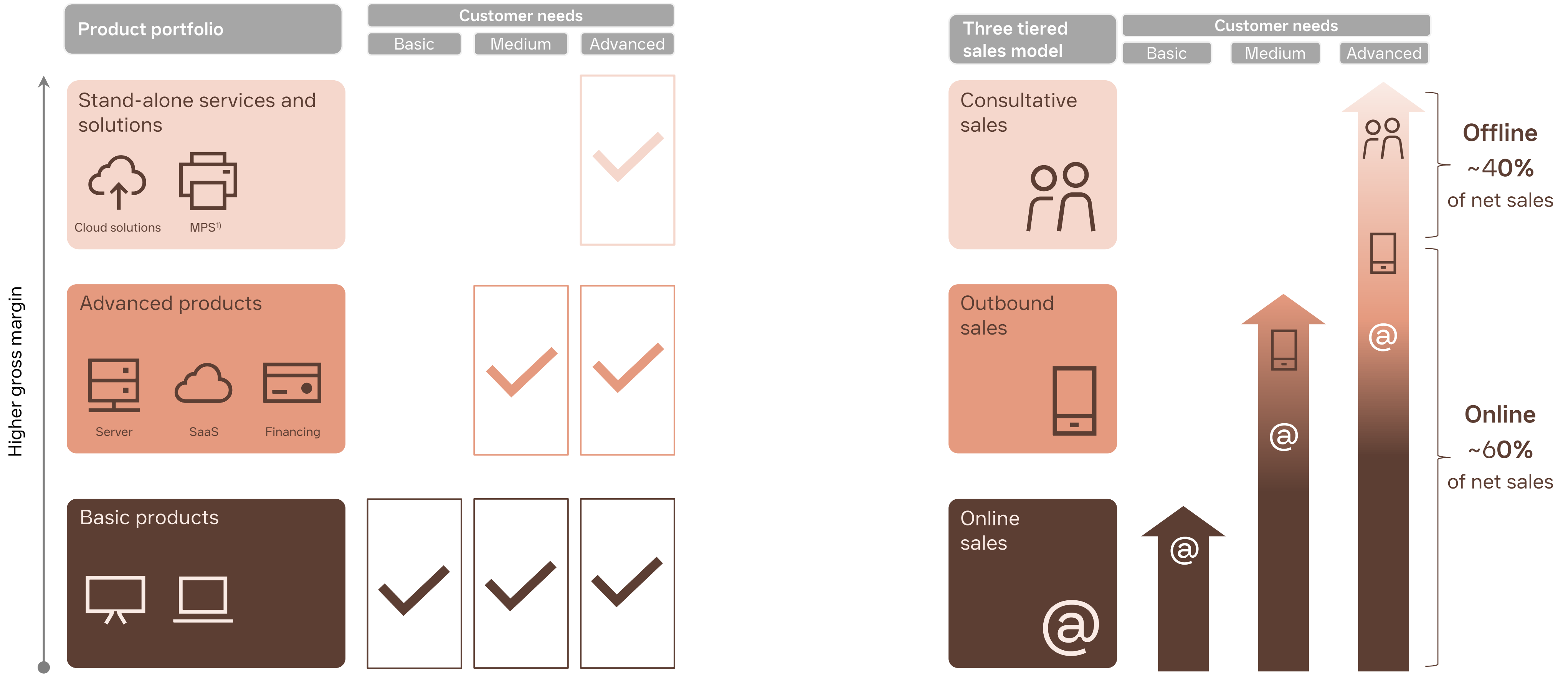
~250,000

A large number of suppliers…

needs an aggregator with a strong brand to interact with…

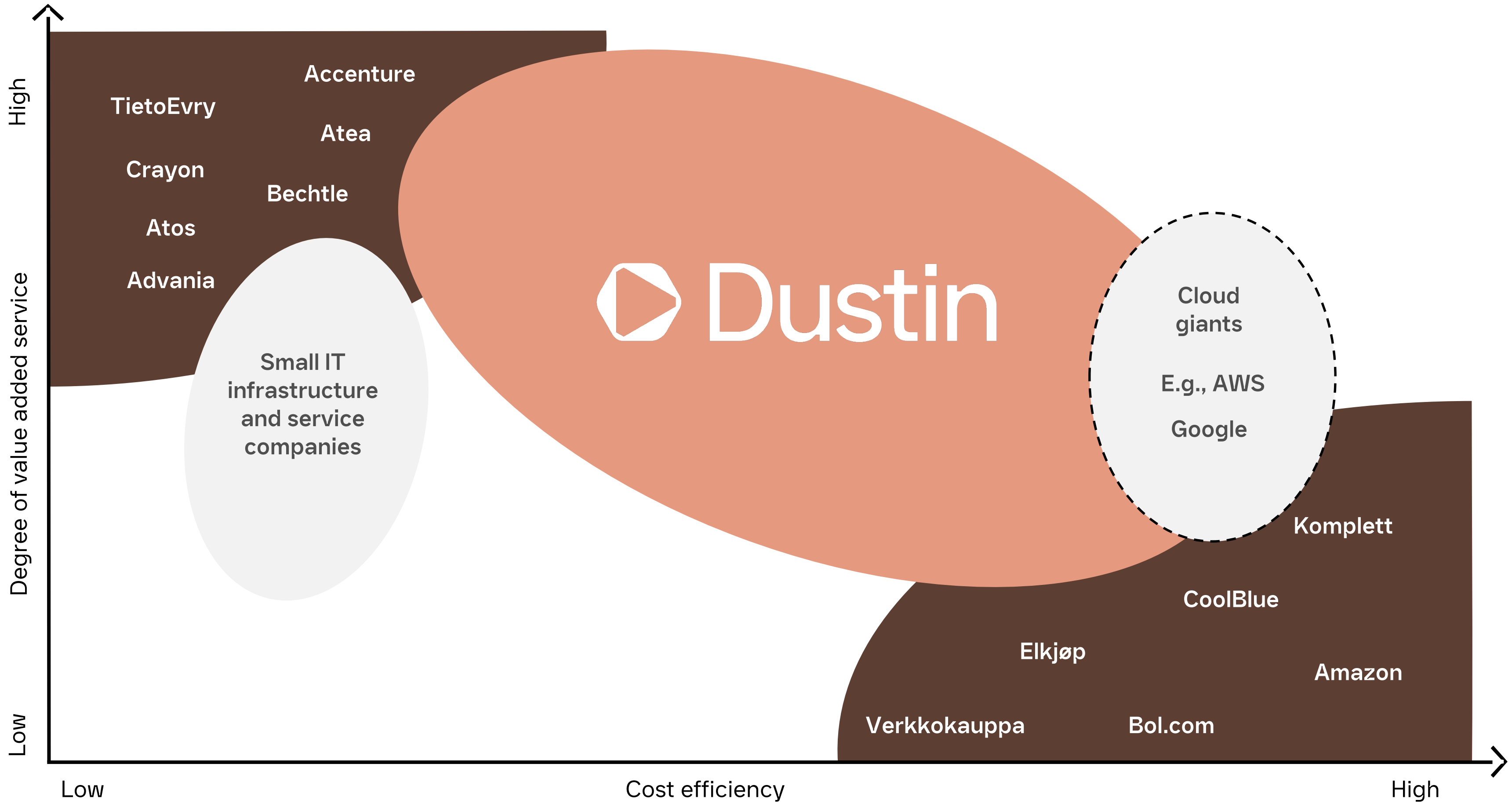
a large number of customers.

Multi-channel approach to drive growth and margins



Dustin

We are well positioned to cater for both SMB and LCP customers



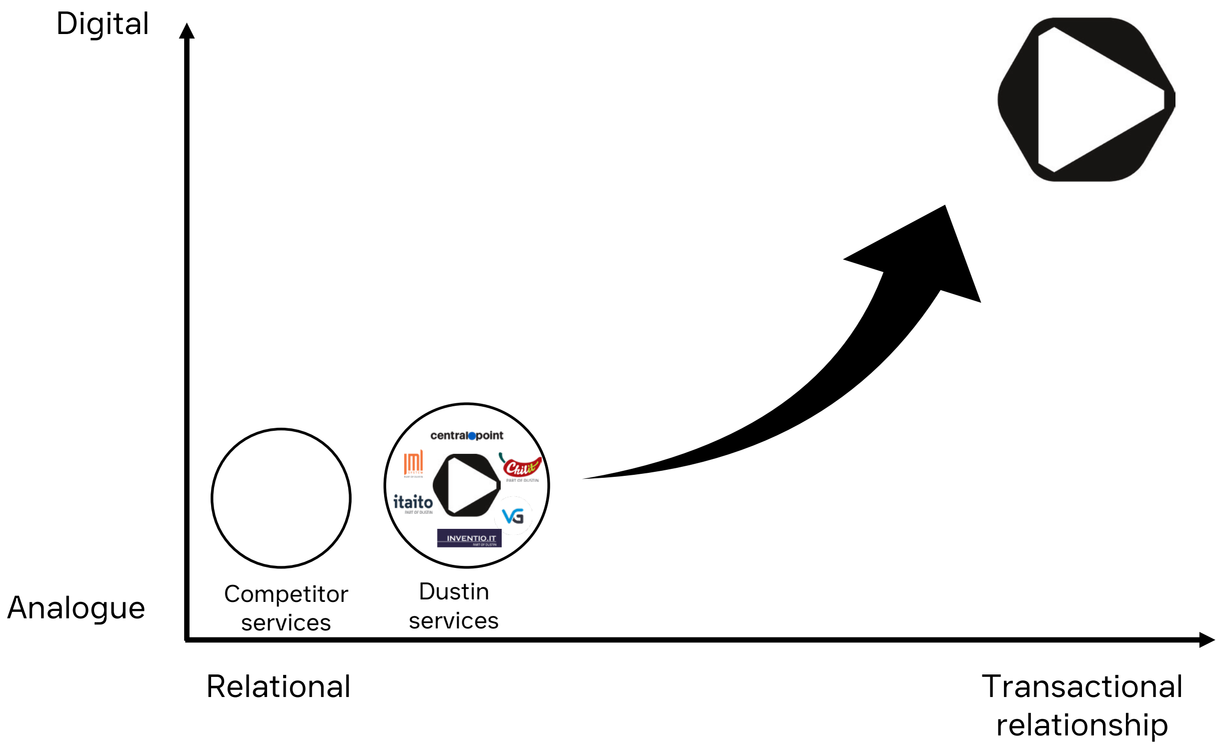
Comments

- Starting from hardware box moving to adding services as customer expectations move to want more around HW
- Low cost / efficient backbone and origin
- IT focused with high competence and high touch where needed
- European and standardised but local presence

Our opportunity in services

Opportunities and strengths

- Services are primarily sold in a relational, analogue, non-standardised and non-scalable way
- Strong demand in access anytime and anywhere is pushing digital and online behaviour - accelerated by rapid change in behaviour due to the coronavirus
- Opportunity to utilise our strong digital and low cost sales model to sell and deliver services online
- Trusted partner with strong reputation and strong online presence
- A unique - digital - relationship to 100,000+ customers

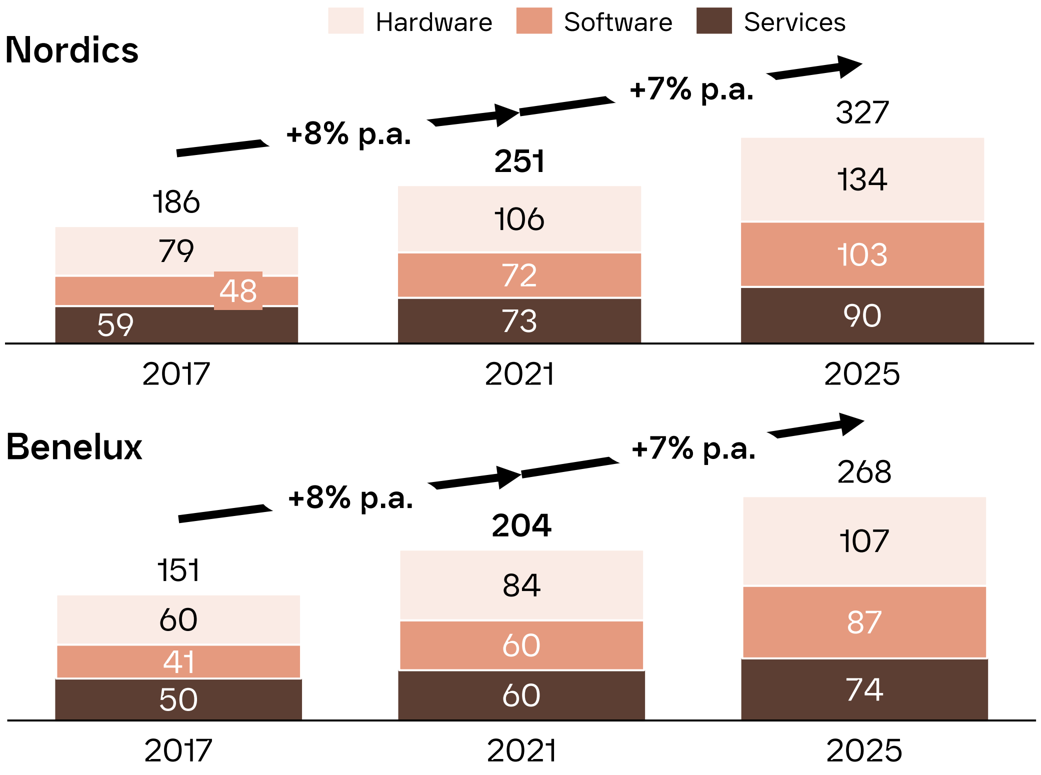


Our way forward

- The standardisation of our service offering creates an opportunity for economies of scale through central and efficient production, distribution, operation and monitoring and support as volumes increase
- Integration of acquired companies enable cross-selling opportunities through Dustin sales force and customer base
- Recurring revenues will exceed growth in ordinary business due to market dynamics and low market penetration
- Services enables long term customer relationship, and the recurring and scalable nature allows strong focus on winning new business

High growth position in a large market

B2B addressable market size by segment, bnSEK



Dustin share of addressable market

~ 6% Nordics

~ 5% Benelux

Market trends that define how we work

- Increasing online sales
- Growth of mobility and cloud services
- Demand for predictable IT costs
- Focus on security and integrity
- Sustainability

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.

Dustin

Updated financial targets

EPS Growth

>10%

3-year average annual growth rate

Leverage

2.0-3.0 Net debt/EBITDA

Unchanged

CO_2 emission

25% reduction

in CO_2e/MSEK Net Sales in the coming 3-year period.

Towards the unchanged 2030 commitment of being fully climate neutral*

Dividend Policy

>70%

Dividend policy pay out of net profit depending on the financial position

Unchanged

Supporting targets for EPS growth

Organic net sales growth

SMB: 8% 3-year avg
LCP: 5% 3-year avg

Segment margin

SMB >6.5% FY25/26
LCP >4.5% FY25/26

*Describing one of Dustin's three 2030 commitments – the others are Fully Circular and Social Equality

Synergies drive SMB margin development

Average FY19/20-21/22

Segment margin

~6.0%

Strong performance boosted by COVID – normalised segment margin

General scalability and efficiency

~0.3% p.p. of margin expansion

Secure cost synergies from scale/growth

Leverage automation and promote more self-service

Increase efficiency in managed service operations - scalable, standardised and remotely managed services

Strengthen sales mix

~0.3 p.p. of margin expansion

Leverage share of wallet potential (e.g., infrastructure in Benelux, managed services across)

Continue private label, product near and take back expansion

Pricing excellence & global procurement

~0.2% p.p. of margin expansion

Improve data driven proprietary pricing

Global procurement scaling on higher purchasing volumes and better certification levels on top vendors

Invest in growth

Negative impact of ~-0.3 p.p.

Growth in new market requires initial investment to get traction

FY25/26

Segment margin

>6.5%

Including the synergies such as SMB Benelux expansion

LCP margin development drivers

Average FY19/20-21/22

Segment margin

~4.0%

High volume in basic HW boosted by COVID disrupted mix

General scalability and efficiency

~0.2 p.p. of margin expansion

Utilising standard building blocks for services

Optimising cost of sales by pushing online purchasing platforms

API connections to enhance value and secure customer stickiness

Implementing “best practices” across all countries

Contract optimisation

~0.2 p.p.of margin expansion

Prioritise contracts where we contribute with more value and thereby receive a higher margin over the contract period

Mix of sales

~0.1 p.p. of margin expansion

Increase customer margin through:

Cross sell / upsell with Private label focus

Increase takeback and other LCS services

Unlock Share of Wallet potential (e.g. AV)

Increase share of SW

Utilising inhouse capabilities

Global procurement

~0.1 p.p. of margin expansion

Global procurement scaling on higher purchasing volumes and better certification levels on top vendors

FY25/26

Segment margin

>4.5%

Including synergies such as LCP Tender

One IT Platform enables cost synergies and is key for building the European IT powerhouse

One IT Platform

One Dynamics	One Web Experience	One Service Management	One Data Platform
ERP & CRM	Portals & Open Web	ConnectWise & Service Management	Business Intelligence & Data Innovation

Our future platform is:

- Geographically scalable
- Aligning our ways of working
- Leveraging from standard processes
- Digitalising our customer journey
- Catering for efficiency and automation

We will be able to:

- Be more efficient in many of our core processes
- Increase our level of automation
- Reduce integration time of acquired companies
- Quicker implement new functions thanks to one development process
- Communicate internally and externally as One Dustin

Continued investments of 100-150 MSEK annually related to the IT transformation, enabling synergies of 60-90 MSEK annually

Our 2030 commitments

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.

Climate impact
Zero carbon emissions across the value chain

0 CO_2

Circularity
To be fully circular

100%

Social Equality
With our colleagues, customer, partners and suppliers

100#

Committed to long-term sustainable growth

Trends

- Climate reduction increasingly important in procurement
- Demand for circular products and solutions
- Responsibility and transparency in supply chain management

Sustainability is becoming an integral part of buying IT

Today

- Launch of in-house takeback
- Advantage in tenders
- Sustainability linked loan connected to two KPIs: CO_2e per shipment and number of takebacks. Discount of -2,5 bps on margin if the two KPIs are reached
- Full value chain approach, including Scope 3
- Compliant with TCFD
- External integrated reporting, same level for sustainability as financial auditing

Strong ambitions with tangible steps towards the 2030 commitments

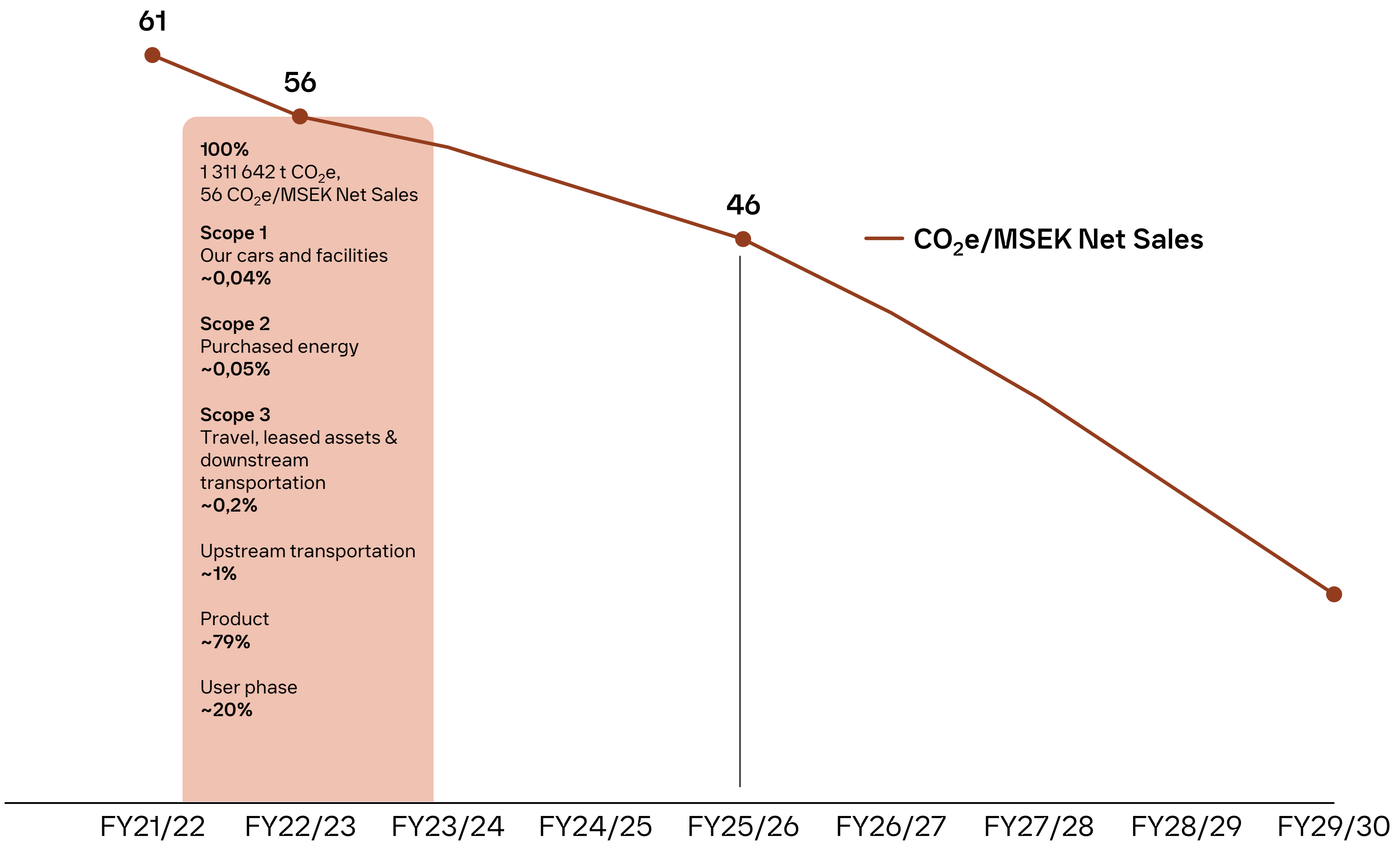
Potential

- Sell refurbished products online
- Use data to help customers make sustainable choices
- Offer circular options that add clear customer value
- LCP customer expectations driving change within SMB
- Given our position and size in our market we can have a positive impact in the entire value chain

Making sustainable IT easy for our customers and contributing to margin development

Our path to decrease our CO2 impact

25% reduction in CO_2e/ MSEK Net Sales until FY25/26



Our main levers – share of total improvement

Expanding services such as managed services and takeback.

~25%

Promoting solutions and products with lower negative environmental impact to actively support customers reduction.

~20%

Co-operate with committed vendors to reduce CO_2e.

~25%

Partnering with stakeholders towards climate action.

~10%

Carbon neutral in own operations.

~5%

Residual - Certified off-setting.

~15%

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Our mission, vision, guiding direction and promise

Mission	To provide the right IT solution, to the right customer and user. At the right time. At the right price.
Vision	To help our customers stay in the forefront
Guiding direction	Enabling the circularity movement
Promise	We keep things moving

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Thank you

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