Dustin

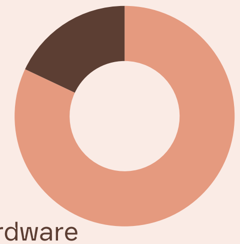
Q4 2022/23

October, 2023
dustingroup.com

Q4

Dustin at a glance

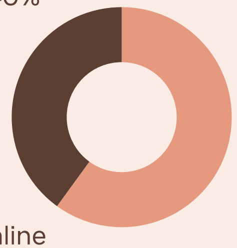
280,000 hardware and software products…

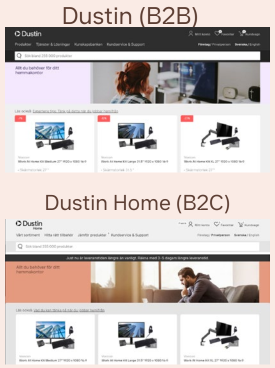


Hardware:	Clients	Servers
Software:	OS	SaaS
Services:	Financing	Cloud solutions

Refers to the financial year 2022/23

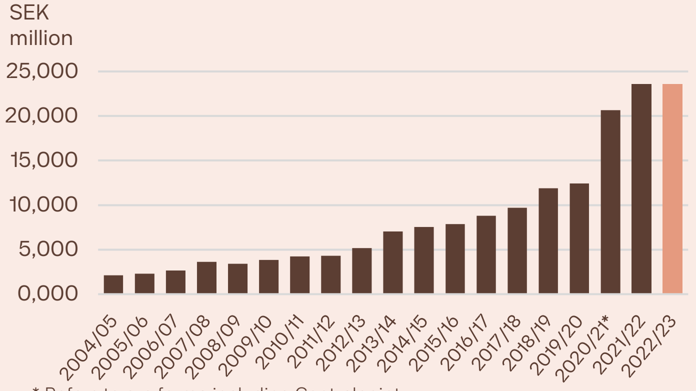
…primarily sold online…





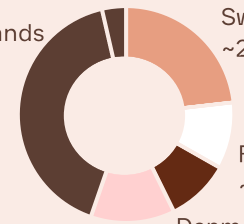
Refers to the financial year 2022/23

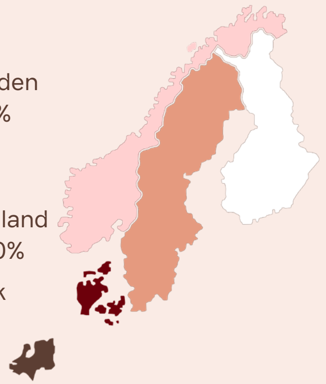
Net sales



* Refers to pro forma including Centralpoint

…across the Nordics and Benelux…





Refers to the financial year 2022/23

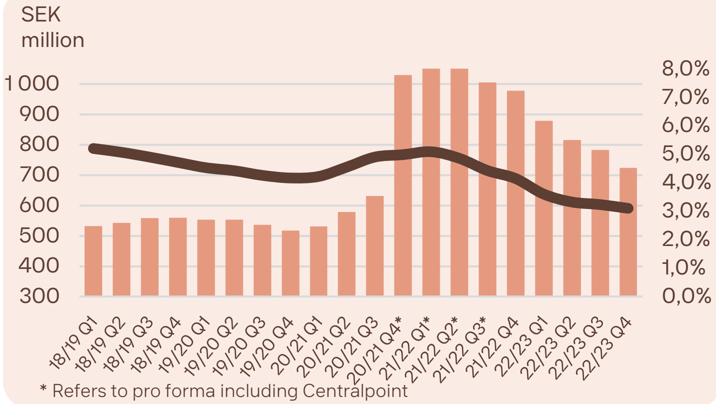
…to B2B customers

% 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

Rights issue to secure a flexible and optimised capital structure for continued profitable growth

Financial Highlights

Net sales was 5,088 (5,743) MSEK

- Reported net sales growth was -11.4%
- Sales growth burdened by approximately 8% due to expiry of the Danish SKI contract and a major contract where net accounting has now been applied
- Organic growth was -16.9%, of which SMB -11.8% and LCP -18.9%

Gross profit was 745 (818) MSEK

- Gross margin of 14.6 % (14.2 %)

Adjusted EBITA was 142 (202) MSEK

- Adjusted EBITA margin of 2.8% (3.5%)

Items affecting comparability of -20 (-12) MSEK

EBIT was 75 (147) MSEK

EPS before and after dilution amounted to SEK 0.03 (0.73)

Cash flow from operating activities of 23 (104) MSEK

Leverage of 5.0x in the past 12-month period (3.7x FY 21/22)

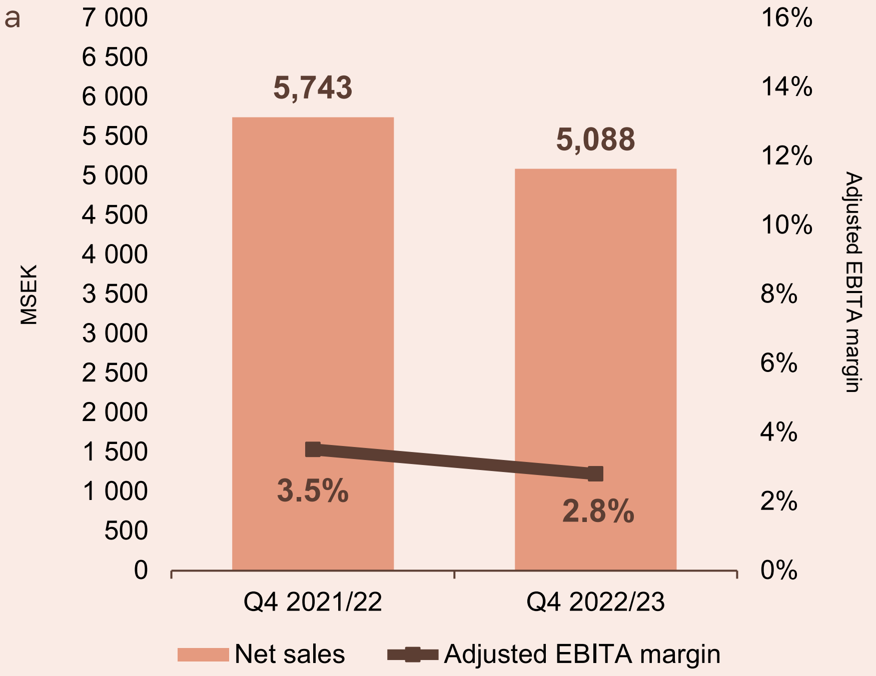
Operational highlights

Fully guaranteed rights issue of 1,750 MSEK brings leverage down to 3.2x in the past 12-month period

Existing credit facility extended until October 2025

Continued cost focus to compensate for slow market, currency effects and inflation

Net sales and adjusted EBITA margin



Dustin

Financial development – SMB

Stable margin development despite lower volumes

Net sales decline in SMB of 10.9% y/y

- Organic growth of -11.8%
- Pending and cautious market development due to general economic uncertainty

Segment result was 64 (77) MSEK

- Segment margin decreased slightly to 4.4% (4.7%)

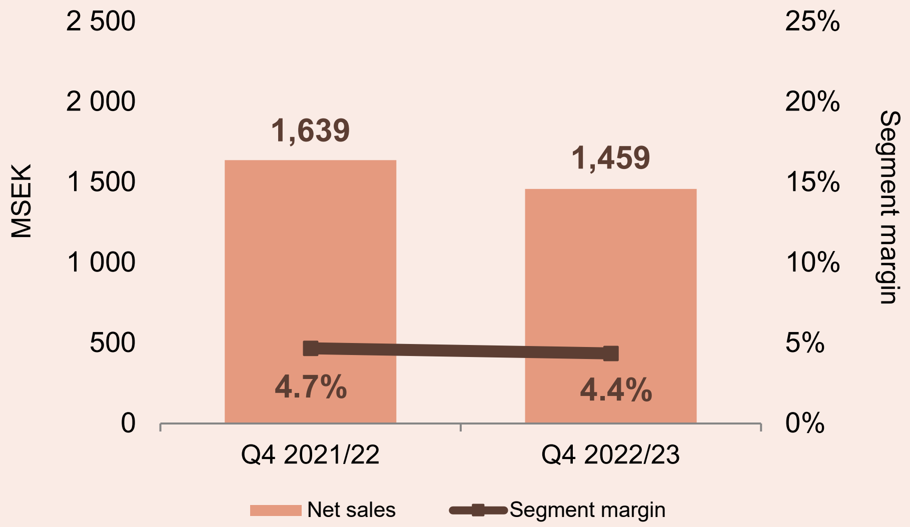
Cautious sales development

- 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
- Positive year-on-year organic growth in consumer sales
- The share of software and services sales increased to 13.3% (12.4%), mainly due to a healthy trend for contracted recurring services in the Nordics combined with weak hardware sales

Fairly stable gross margin development

- Price discipline and product mix had a positive impact on gross margin
- Lower sales volumes and a cost base temporarily too high burdened margins
- Generally higher inflation-driven cost levels has had a negative impact
- Healthy sales trend in contracted recurring services

Net sales and segment margin



MSEK	Q4 2022/23	Q4 2021/22	Organic growth	Q4 y/y growth
Net sales	1,459	1,639	-11.8%	-10.9%
Segment result	64	77	–	-17.0%
Segment margin	*4.4%*	*4.7%*	–	–

Dustin

Financial development – LCP

Sales burdened by expiry of Danish contract and cautious market

Net sales growth in LCP of -11.6% y/y

- Sales growth burdened by approximately 11% due to expiry of the Danish SKI contract and a major contract where net accounting has now been applied
- Organic growth was -18.9%

Segment result was 104 (148) MSEK

- Segment margin decreased to 2.9% (3.6%)

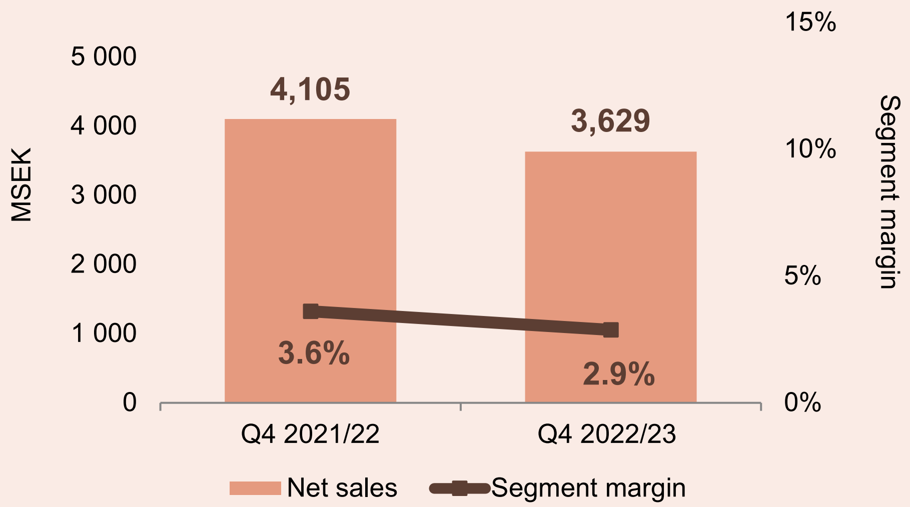
Slower organic growth

- Sales growth burdened by expiry of the Danish SKI contract and a major contract where net accounting has now been applied
- Stable demand among the public sector overall, while demand was somewhat cautious among larger companies
- Growth was positive in Finland, Norway and Belgium

Improved gross margin development

- Framework agreement with Danish SKI expired during the first quarter, which affected the gross margin positively
- Improved customer and product mix with an increased proportion of more advanced hardware and a lower proportion of standard hardware
- Robust increase in take-back in the Nordics and a healthy sales trend in private label products in mainly Benelux has had a positive effect
- Low volumes had a negative impact on the segment margin
- Generally higher inflation-driven cost level has had a negative impact

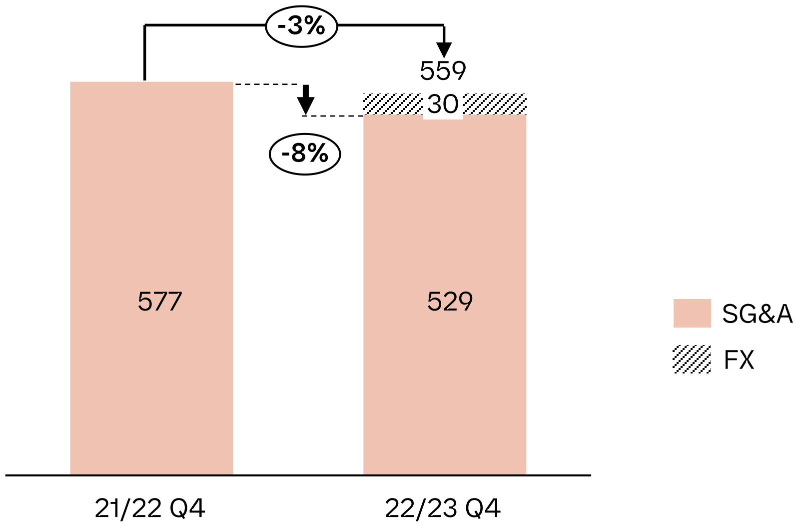
Net sales and segment margin



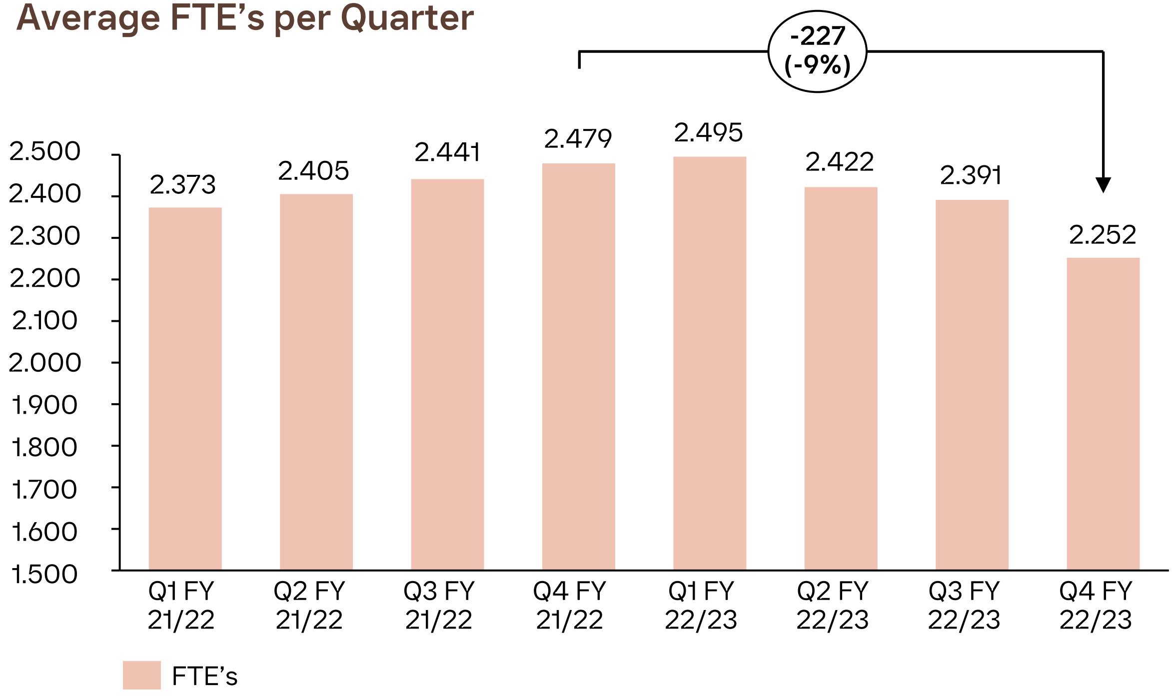
MSEK	Q4 2022/23	Q4 2021/22	Organic growth	Q4 y/y growth
Net sales	3,629	4,105	-18.9%	-11.6%
Segment result	104	148	–	-29.4%
Segment margin	*2.9%*	*3.6%*	–	–

Continued cost focus to compensate for slow market, currency effects and inflation

Total SG&A Q4



Average FTE's per Quarter



Currency fluctuations affecting cost level

- Fourth quarter SG&A 8% lower year on year, adjusted for currency fluctuations
- Fourth quarter SG&A 3% lower year on year, including currency fluctuations corresponding to 5 percentage points

Adapting number of FTE's to market situation

- Average number of FTE's reduced by 9% over the past year
- Year-end number of employees was 2,214

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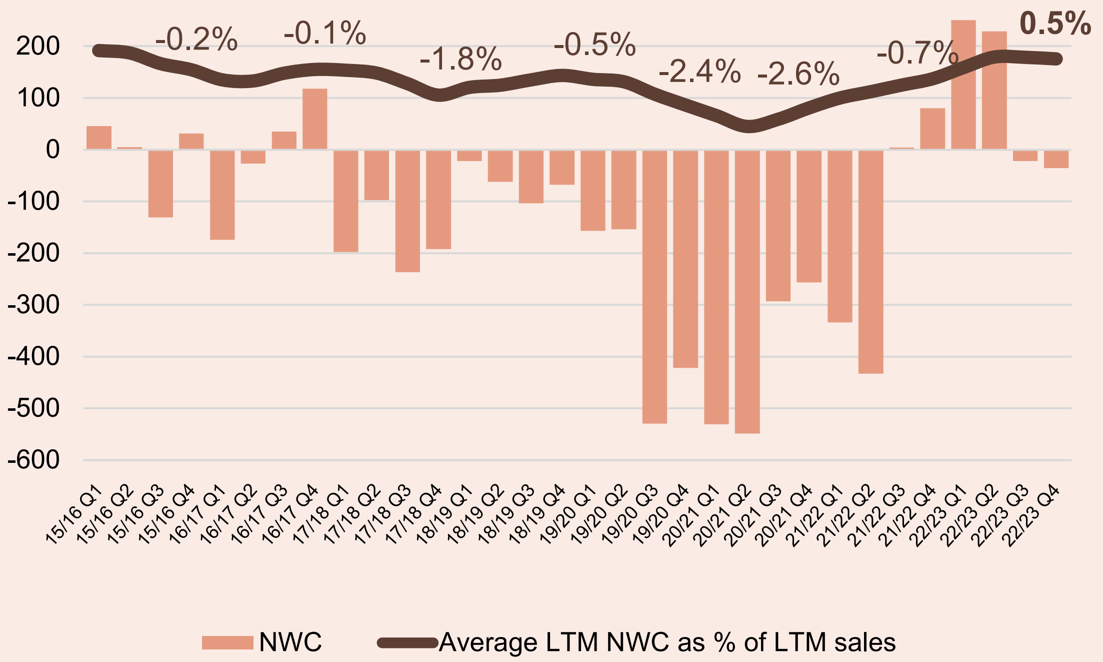
Improved net working capital towards target range

Improved net working capital due to reduced inventory

- Net working capital was -36 MSEK (80), mainly due to lower inventory
- Inventory decreased by 353 MSEK to 987 MSEK (1,340), where the larger part of the decrease relates to pre-ordered customer-specific inventory
- Accounts receivable decreased by 476 MSEK compared to last year, mainly related to lower business volumes at the end of the quarter
- Lower accounts payable of 718 MSEK, mainly due to lower business volumes and reduced inventory
- Tax liabilities and other current liabilities decreased slightly
- Working towards a normalised net working capital level of around -100 MSEK

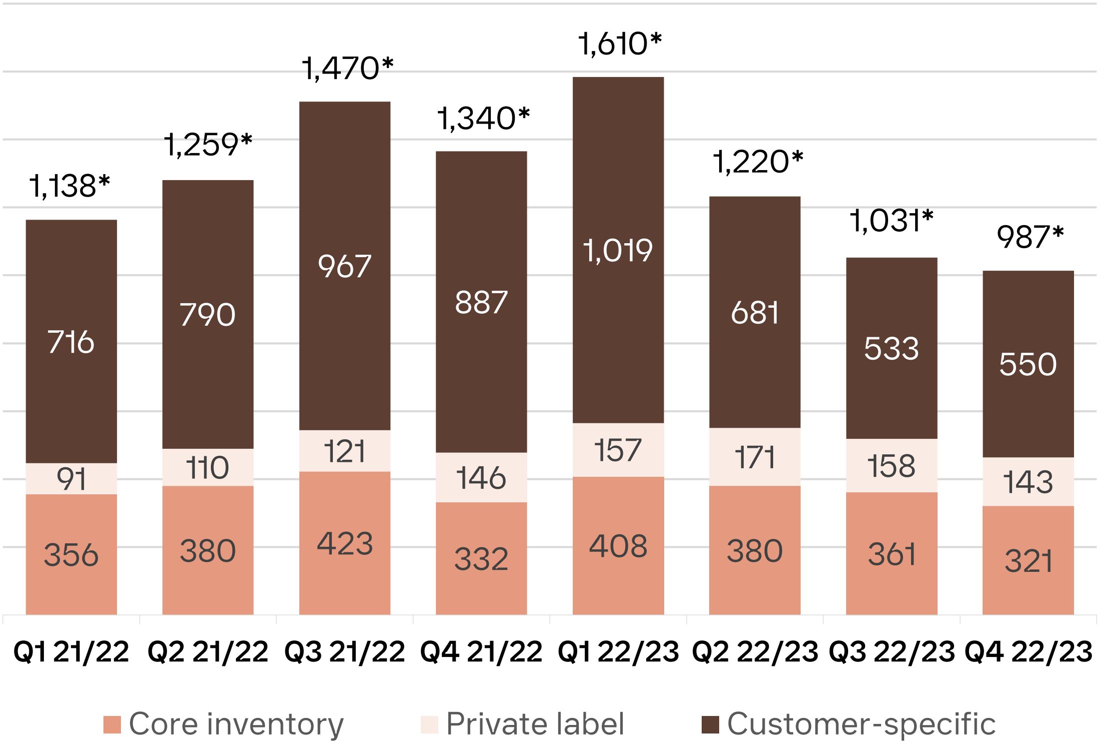
Net Working Capital



Dustin

Inventory level well ahead of target

Inventory split



Reduced customer-specific inventory

- Inventory decreased further in the fourth quarter, compared to the third quarter
- Total inventory well below the targeted level of 1,100 MSEK by year-end
- Core inventory decreased versus the third quarter and slightly compared year-end last year
- Inventory of private label products decreased slightly compared to the third quarter, but was unchanged year-on-year
- Customer-specific inventory increased slightly compared to the third quarter
- Achievement made possible by active collaboration with customers and partners through our strong position in the market, and by changes within procurement foremost in the Benelux region

*Including Group eliminations

Cash flow and Investments

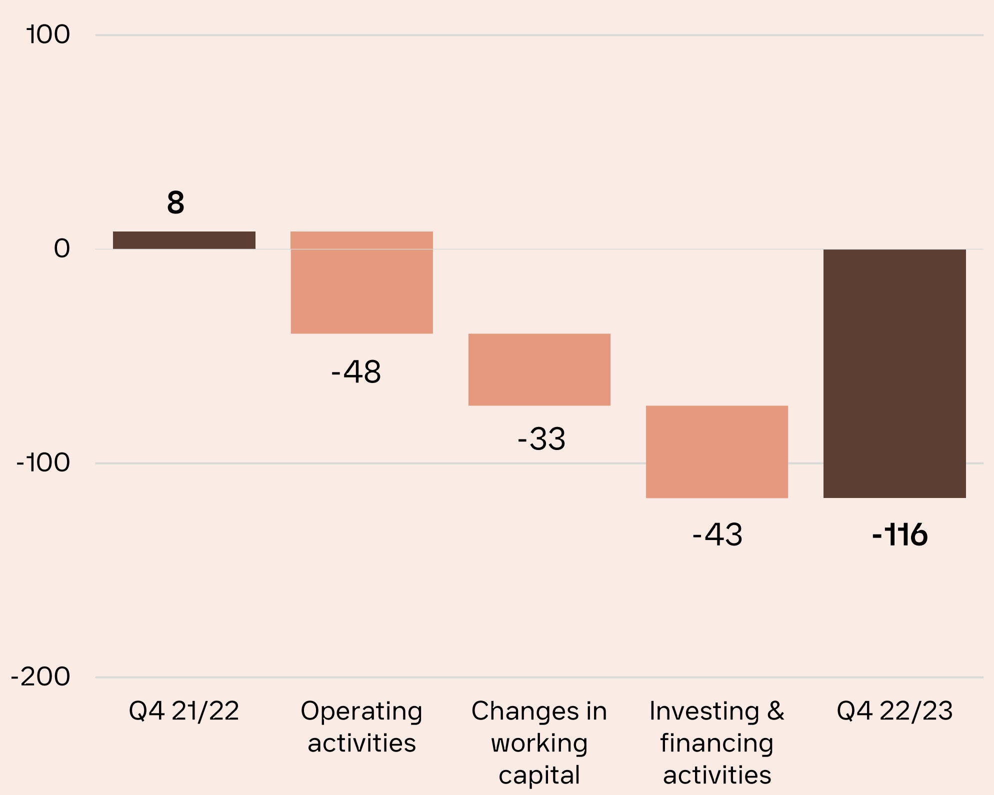
Positive cash flow from operating activities

- Cash flow from operating activities, before changes in working capital, was 164 (212) MSEK, due to lower EBIT and higher paid interest
- Cash flow from changes in working capital was -141 (-108) MSEK, mainly affected by reduced inventory and accounts receivable, offset by reduced accounts payable
- Cash flow from investing activities was -68 (-45) MSEK, where the difference mainly relates to investments in the IT platform
- Cash flow from financing activities was -71 (-51) MSEK, mainly attributable to repayment of lease liabilities and borrowing expenses
- Cash flow for the quarter was -116 (8) MSEK

Investments to capture further synergies

- Total investments amounted to 91 (66) MSEK, of which 68 (45) MSEK affecting cash flow
- Capex related to IT development increased to 54 (35) MSEK
- Investments in tangible and intangible assets was 26 (20) MSEK, of which 14 (5) MSEK affecting cash flow
- Investments in assets related to service provision was 11 (11) MSEK, of which 0 (6) MSEK affecting cash flow

Changes in Cash Flow Y/Y



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Overview of rights issue

Summary

- Fully guaranteed rights issue with preferential rights for existing shareholders
- Size: approximately SEK 1,750m
- The rights issue is fully secured by the subscription commitment and the guarantee undertaking
- The complete terms and conditions, including the subscription price and the number of new ordinary shares, will be announced no later than 7 November 2023

Preliminary timetable

7 November 2023	Announcement of complete terms and conditions
10 November 2023	Extraordinary General Meeting to resolve to amend the Articles of Association and to approve the Board of Directors' resolution
10 November 2023	Last day of trading in shares including the right to receive subscription rights in the rights issue
13 November 2023	First day of trading in shares excluding the right to receive subscription rights in the rights issue
14 November 2023	Record date
16 November 2023 – 27 November 2023	Trading in subscription rights
16 November 2023 –30 November 2023	Subscription period
16 November 2023 – 6 December 2023	Trading with BTA
1 December 2023	Announcement of outcome

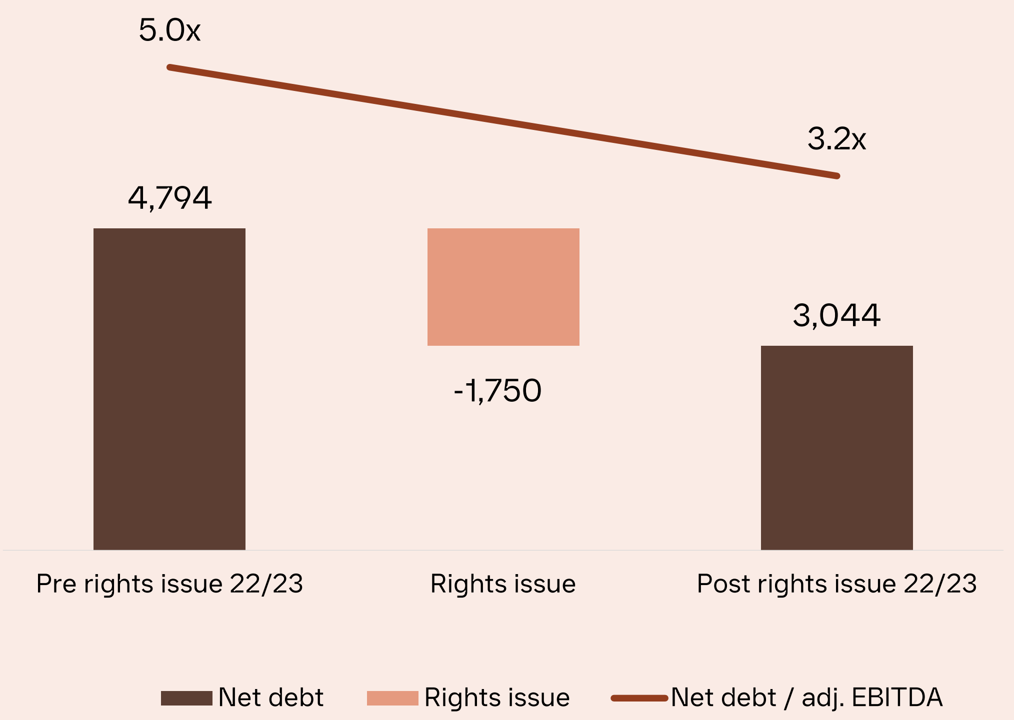
Dustin

Rights issue to secure a flexible and optimised capital structure for continued profitable growth

<u>Use of proceeds</u>

- The purpose of the Rights Issue is to ensure a flexible and optimised capital structure and strengthen the balance sheet by reducing the net debt and thereby support continued profitable growth
- Rights issue further provides improved conditions to accelerate synergy effects, enable investments in several growth initiatives such as further improving the customer offering and over time carry out add-on acquisitions and continue the expansion in Europe in line with previously communicated strategy
- Rights issue will decrease current leverage from 5.0x as at year-end 22/23 to approximately 3.2x post rights issue*
- Continue to work towards a leverage within our financial target range of 2.0-3.0x through our strong operating cash flow

<u>Change in leverage post rights issue</u>



* before deduction of issue costs

Dustin

Re-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 year (Dustin model works)
- Inventory level year end well ahead of target
- 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 seen in take-back and private label
- Strong and stable gross margin as a result of internal discipline and price leadership

3 Growth

- Continued growth ambitions in line with financial targets
- Strengthen customer offerings, grow customer base and increase share of wallet
- Affected by challenging market environment as a combination of weaker demand and post-covid comparables
- 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 financial year 2022/23

<u>Cautious market impeding growth and margin trend</u>

Net sales declined 0.1% to 23,577 (23,601) MSEK

- Group organic net sales growth of -5.0% in constant currency
- Organic growth in SMB of -10.5% and in LCP of -2.6%

Gross profit of 3,409 (3,458) MSEK and gross margin at 14.5% (14.7%)

- Margin decline primarily due to a changed product mix with a higher share of revenue within the LCP segment

Adjusted EBITA was 724 (979) MSEK

- Adjusted EBITA margin of 3.1% (4.1%), mainly affected by lower volumes and a generally higher inflation-driven cost level

EBIT was 467 (758) MSEK

EPS before and after dilution amounted to SEK 1.54 (4.22)

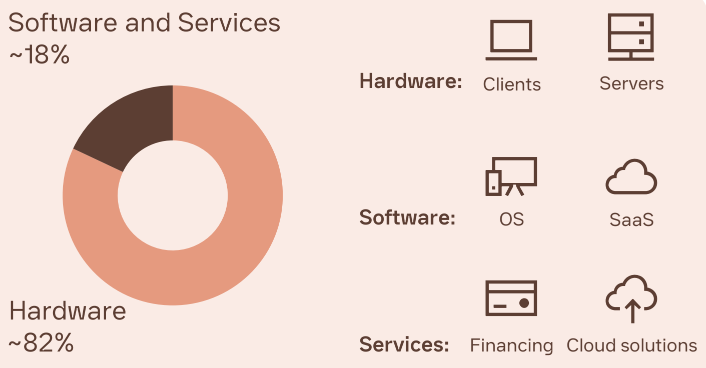
Cash flow from operating activities of 619 (584) MSEK

Leverage of 5.0x in the past 12-month period (3.7x FY 21/22)

Fully guaranteed rights issue of 1,750 MSEK brings leverage down to 3.2x in the past 12-month period

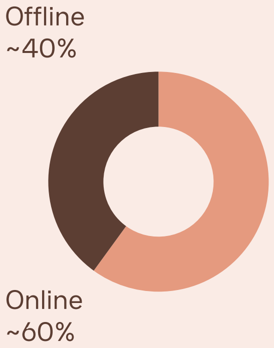
Dustin at a glance

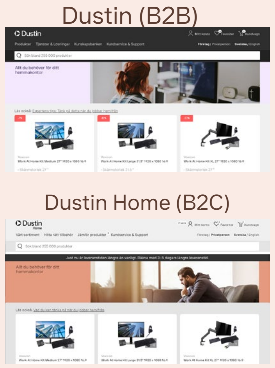
280,000 hardware and software products…



Refers to the financial year 2022/23

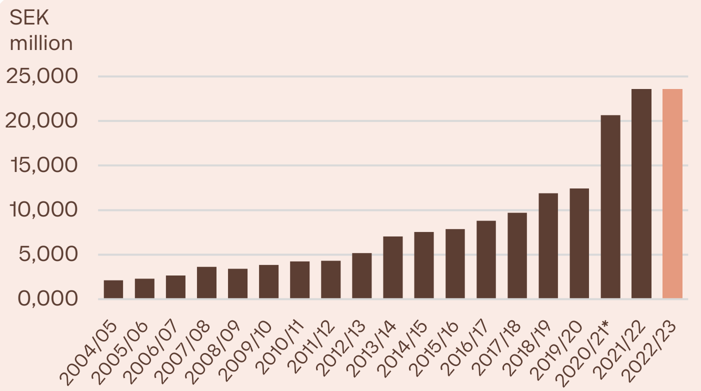
…primarily sold online…





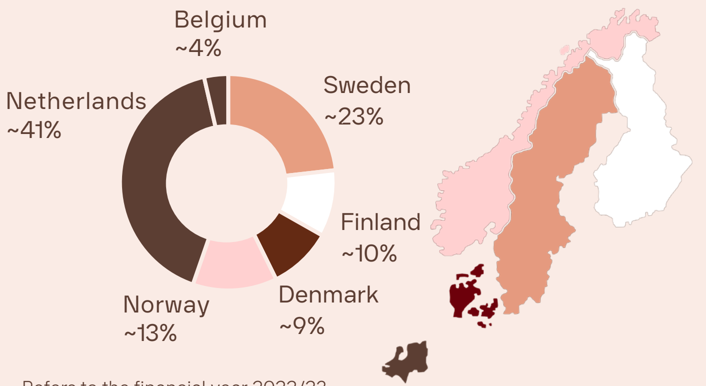
Refers to the financial year 2022/23

Net sales



* Refers to pro forma including Centralpoint

…across the Nordics and Benelux…



Refers to the financial year 2022/23

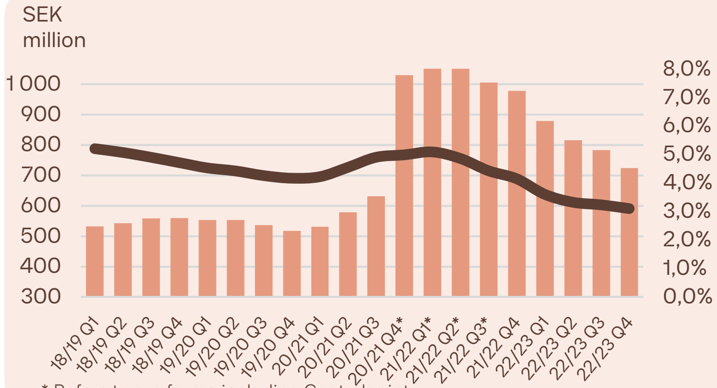
…to B2B customers

% 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

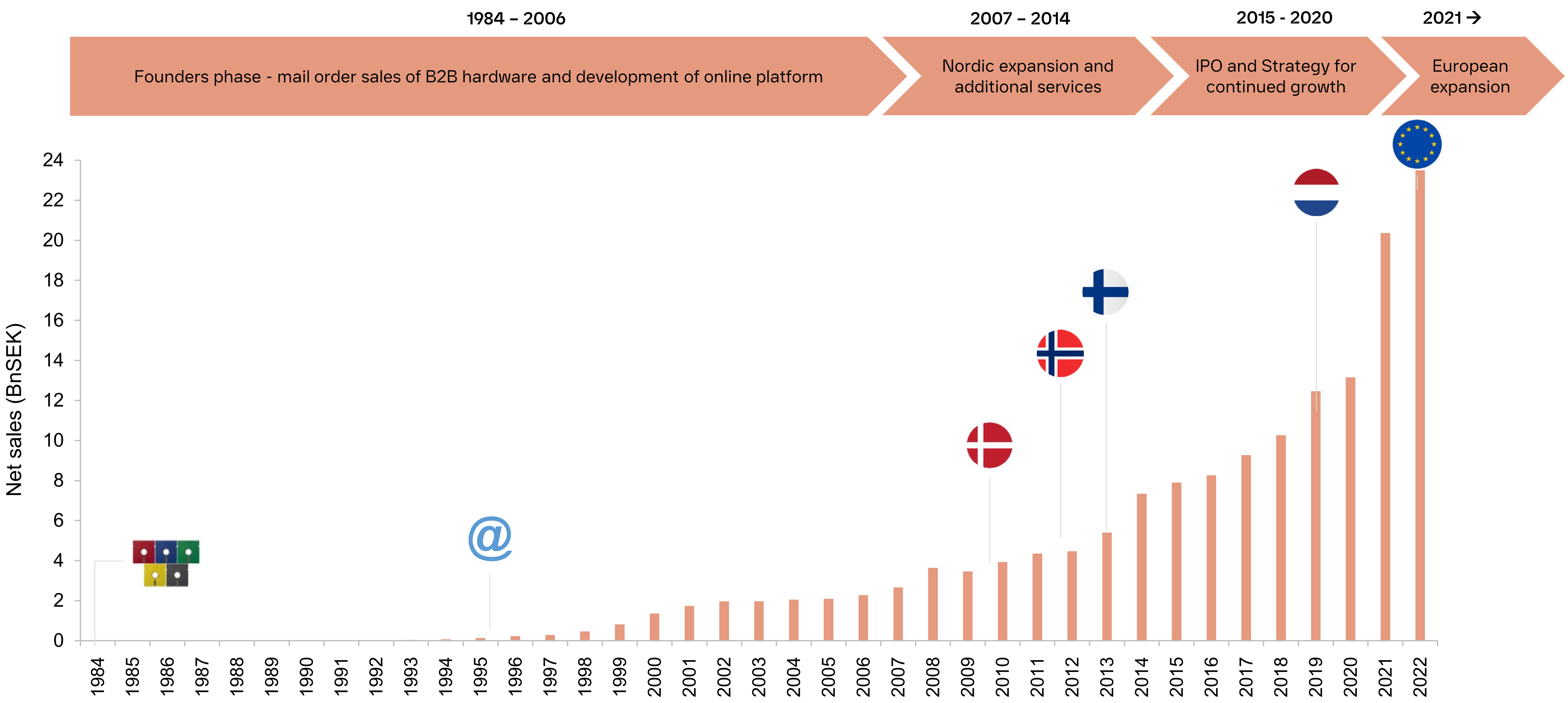
Adjusted EBITA and margin, R12**



* Refers to pro forma including Centralpoint

** R12 refers to 12 month rolling

Long and strong history of profitable growth



Dustin

Dustin – the aggregator and destination

Hardware, software & services

Autodesk, aws, hp, NVIDIA, SONY, DELL Technologies, Canon, Lenovo, McAfee, SAMSUNG, CITRIX, PHILIPS, logitech, aruba, cisco, intel, Adobe, Microsoft, Hewlett Packard Enterprise, F-Secure, AMD, IBM, sitevision, BLUEBEAM, vmware, Google

Dustin services

Distributors

ALSO, INGRAM MICRO, exertis CapTech, gandalf, Tech Data

Dustin products

cirafon, GILFORD, TRANZIP, voxicon, PROKORD

LCP (Large Corporate and Public)

~10,000

SMB (Small and Medium Sized Businesses)

~120,000

B2C (Business to Consumer)

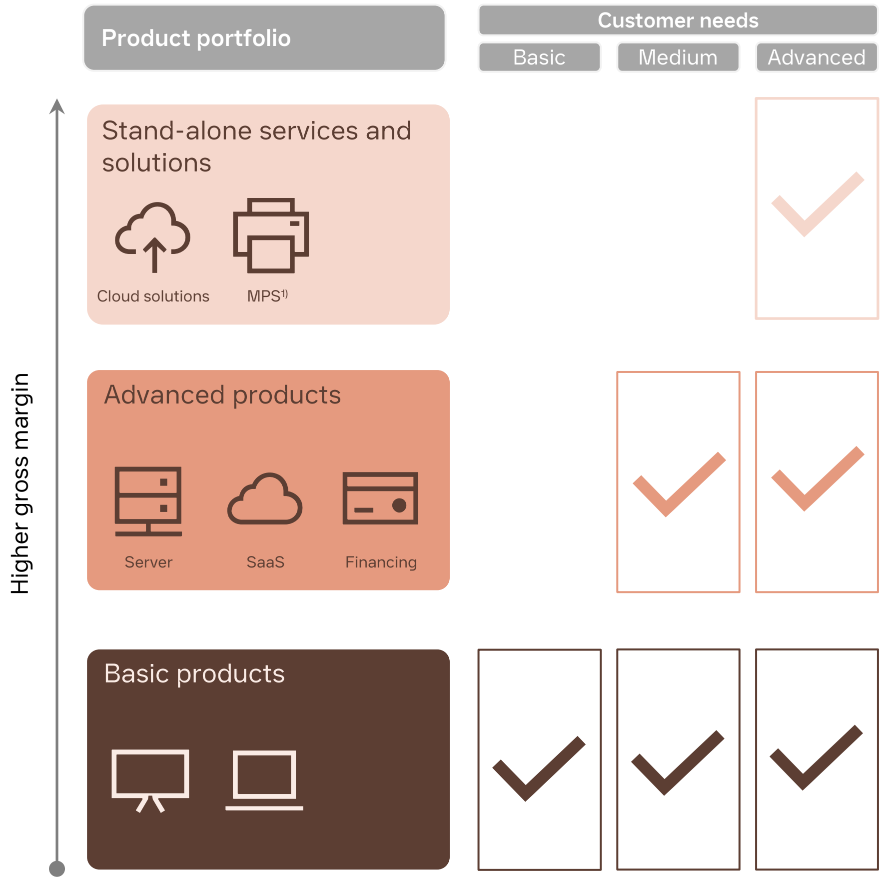
~350,000

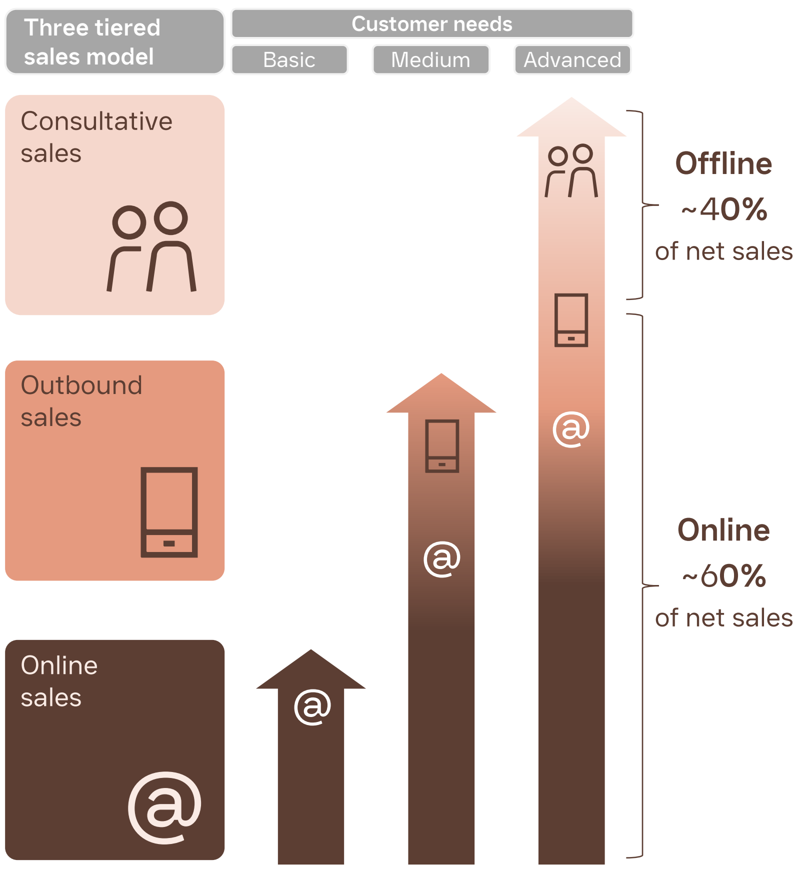
A large number of suppliers...

needs an aggregator with a strong brand to interact with...

a large number of customers.

Multi-channel approach to drive growth and margins





Dustin

A unique space

ERP implementation

Strategic IT consultancy

Integrated solutions

On-site services

Product-near services

High IT knowledge

Fast and reliable delivery

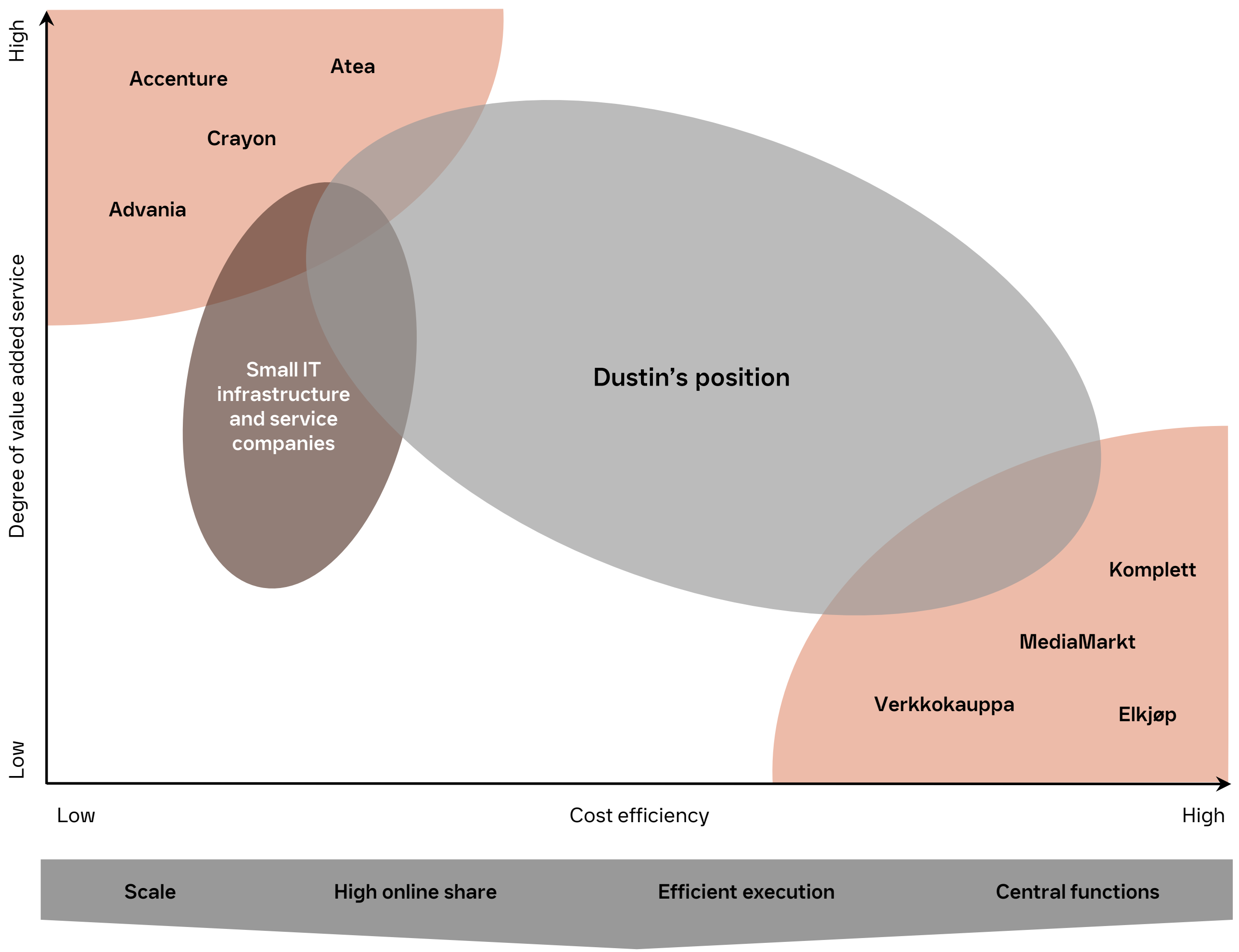
Wide offering of ~255k IT products

Strong brand name

Non-IT related consumer products

Dustin's focus areas

Non SMB related services

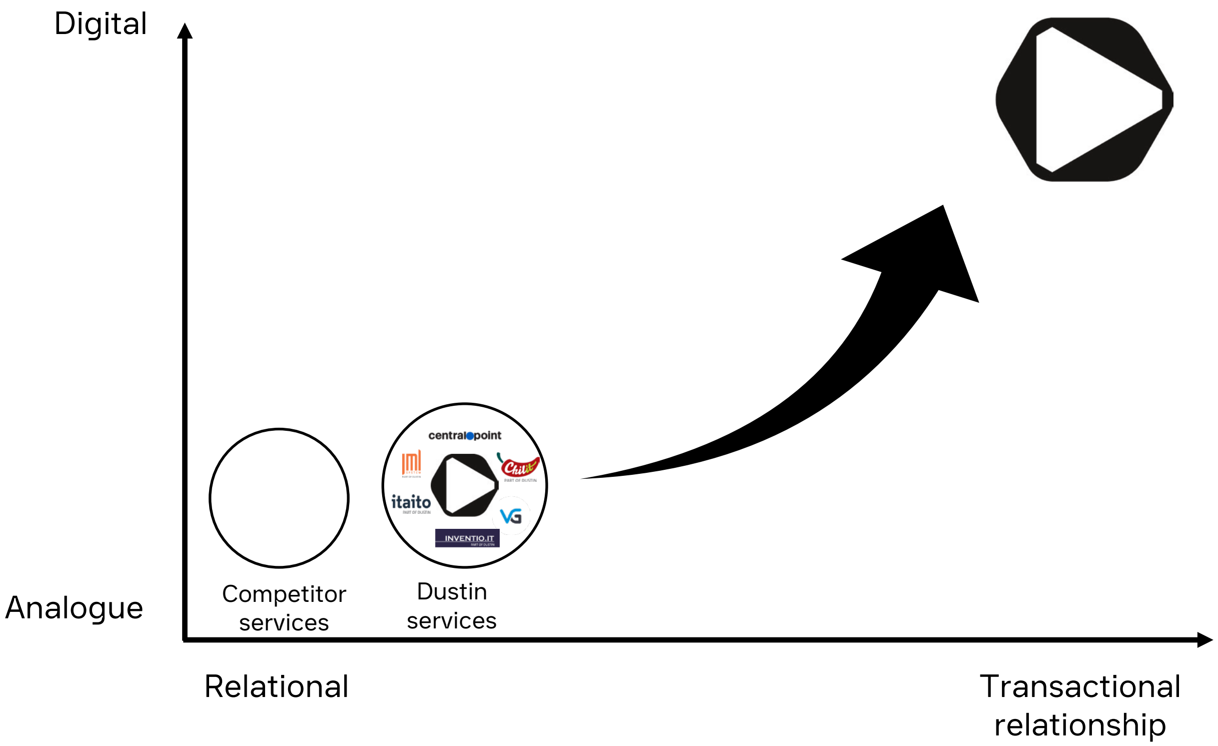


Dustin

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

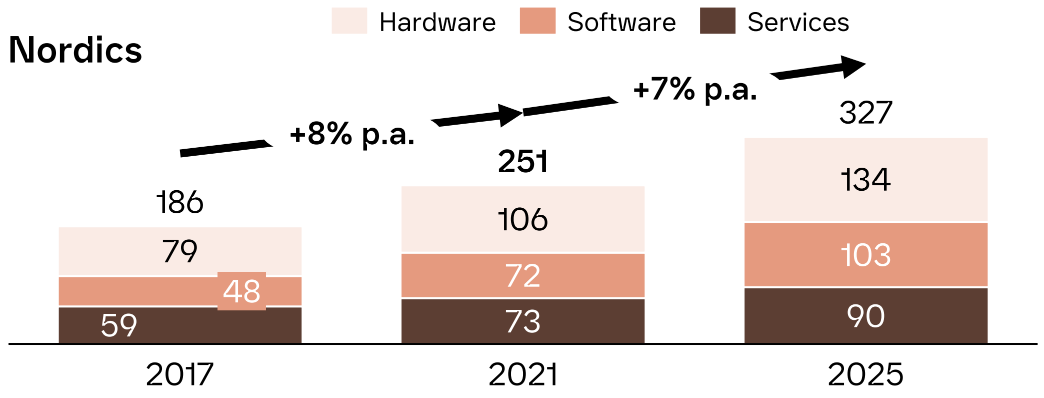


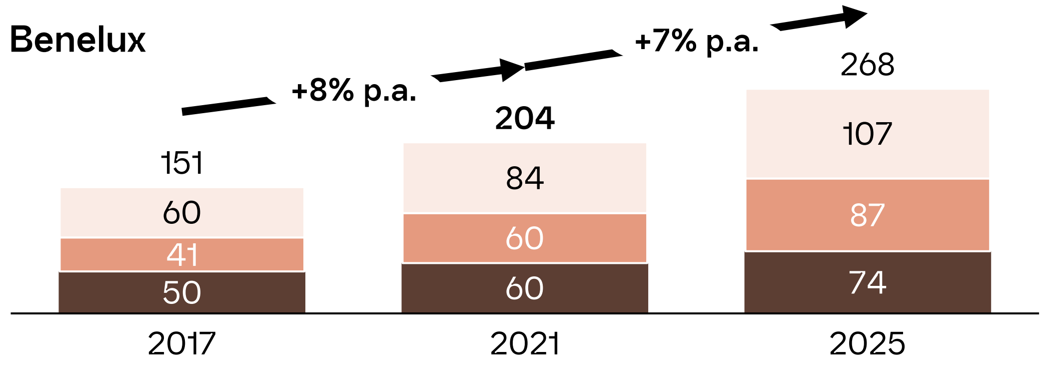
Our way forward

- 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

Integration and synergy extraction on track with full effect expected in FY23/24

		Executed	Current status: Activities	Current status: Financial	Plan	Expected financial status	
Revenue Synergies	SMB Benelux (EBITA 40-60 MSEK)	One way of working Launch of Dustin web store			Online excellence and branding Hassle free customer journey		~70 MSEK/Year Sales synergies
	LCP Tender (EBITA 15-35 MSEK)	Best practices shared x-regions Pilots in Swedish customer cases			Scaling across the Nordics European offering		
			~3 M				
Cost Synergies	Private Label Benelux (EBITA 30-50 MSEK)	Strong demand ramp up in LCP FY run rate ~25MSEK			Broaden offering Increase availability		~150 MSEK/Year Cost synergies
	Procurement (EBITA 10-30 MSEK)	Nordics renegotiated ~17MSEK Benelux renegotiated ~13MSEK			Renegotiate payment terms		
	Back office (EBITA 10-20 MSEK)	Integration of companies in progress			Wow harmonisation enabled by integration of companies		
	Processes, Quality Improvements & Efficiency Gains (EBITA 50-70 MSEK)	Run rate savings from global org and one IT platform of ~35 MSEK			Capture further synergies from scale and consolidation		
			~90 M				

FY21/22 › FY22/23 › FY23/24

Platform investments in IT and organisational changes enabling synergy capture

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

Reducing NWC to between -100 and -200

Actions to reduce NWC will lead to…

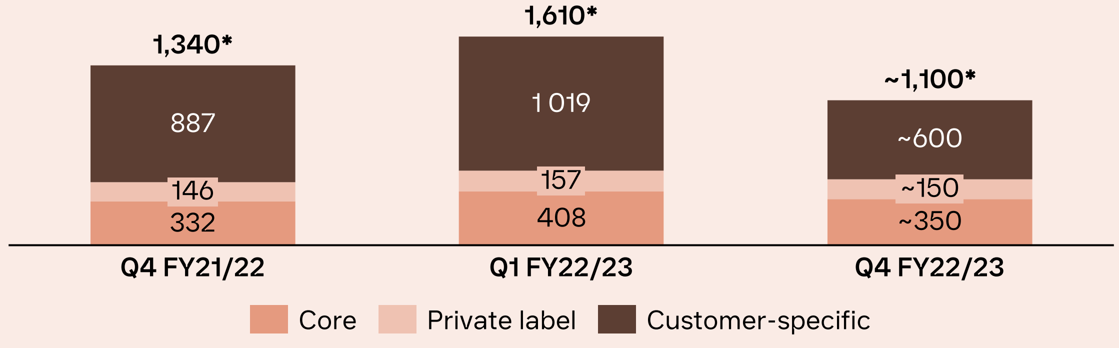
What

- Leveraging on our new organizational structure and combined size
- Moving from old way of procuring towards “just-in-time” procurement
- Structured reduction of inventory in all regions
  - Reducing customer-specific inventory by ~400 MSEK
  - And core inventory by ~60 MSEK
- Increasing payment days towards major Distributors
  - Net Working Capital effect of ~250 MSEK

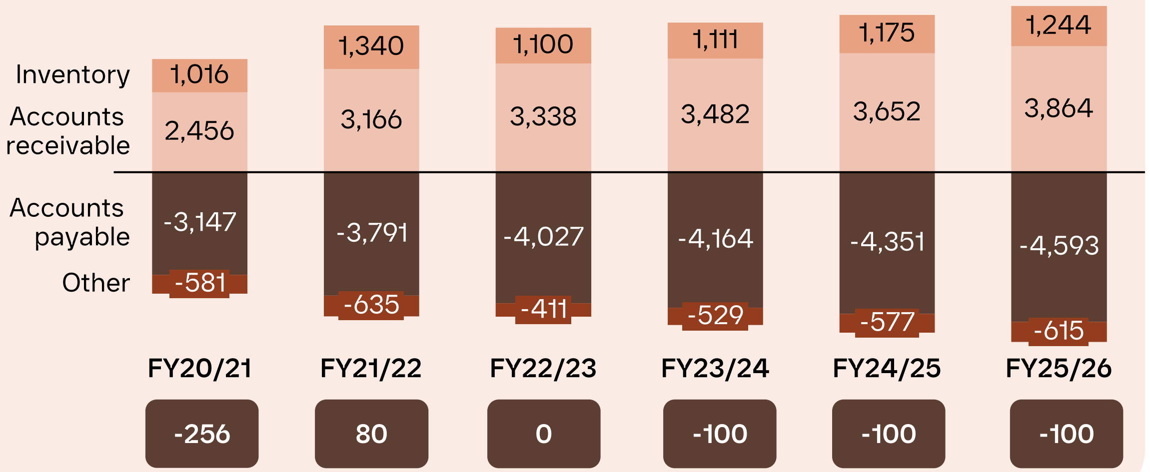
Why

- To facilitate an asset light business model

… reduced inventory levels and…



… getting NWC back to negative levels



*Including Group eliminations

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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#

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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

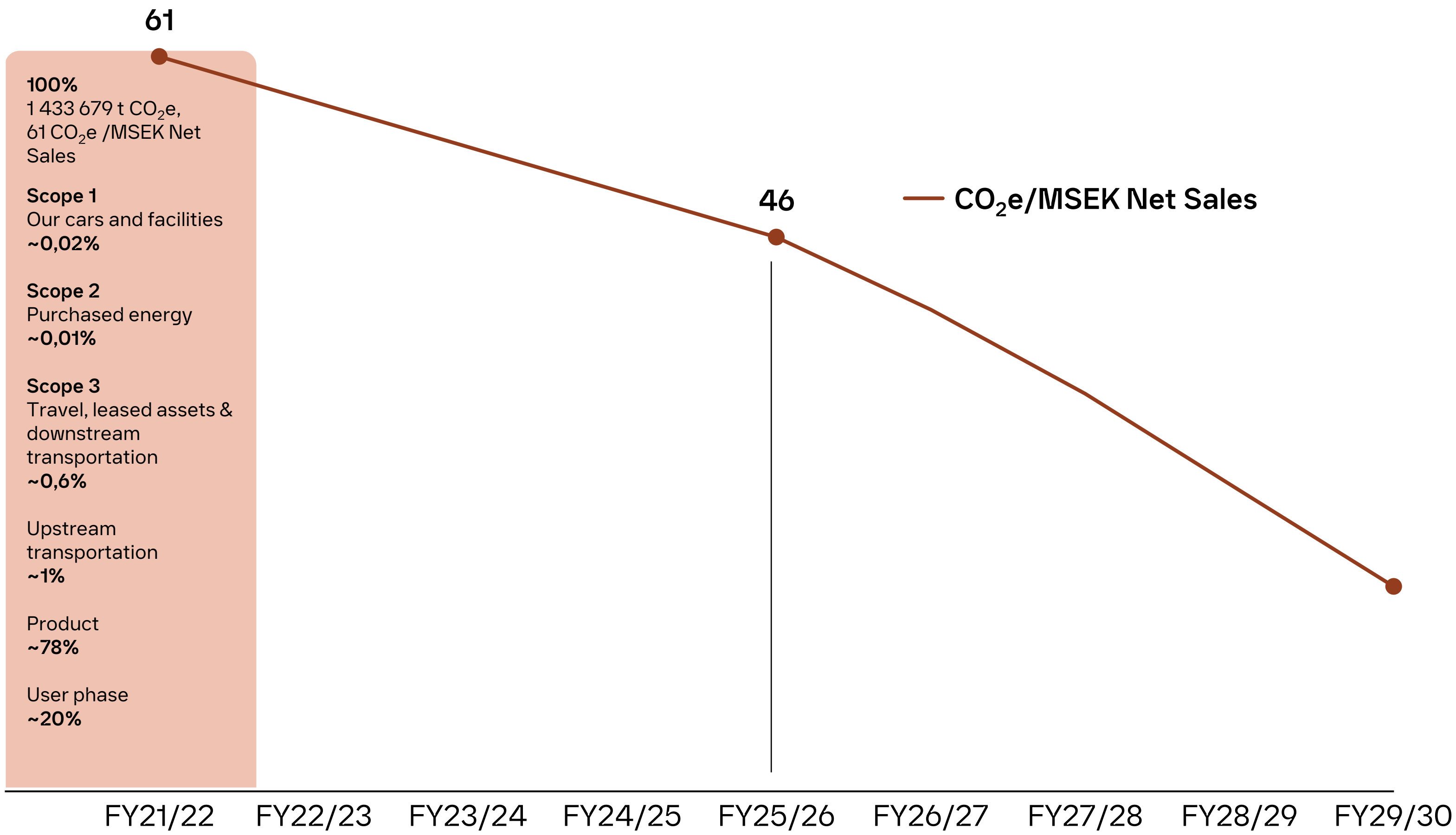
Potential

- 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

Thank you

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