



Q2

INTERIM REPORT

DECEMBER 1, 2017 – FEBRUARY 28, 2018

Dustin

Interim Report December 2017 – February 2018

“Continued margin improvement and robust performance in SMB”

Second quarter

- Net sales rose 8.8 per cent to SEK 2,723 million (2,503). Organic growth was 1.7 per cent (8.7), of which SMB 10.9 per cent (5.6), LCP negative 5.0 per cent (pos: 13.4) and B2C 10.8 per cent (neg: 10.4).
- The gross margin rose to 15.4 per cent (14.9).
- Adjusted EBITA increased to SEK 143 million (124), corresponding to an adjusted EBITA margin of 5.3 per cent (5.0).
- EBIT totalled SEK 131 million (106), including items affecting comparability of SEK 0.3 million (-).
- Profit for the quarter amounted to SEK 92 million (75).
- Earnings per share before dilution totalled SEK 1.21 (0.99).
- Cash flow from operating activities amounted to SEK 15 million (neg: 55).

September 2017–February 2018

- Net sales rose 11.0 per cent to SEK 5,315 million (4,787). Organic growth was 5.1 per cent (6.6), of which SMB 10.2 per cent (4.6), LCP 1.1 per cent (8.5) and B2C 9.6 per cent (2.4).
- The gross margin rose to 15.5 per cent (14.9).
- Adjusted EBITA increased to SEK 274 million (240), corresponding to an adjusted EBITA margin of 5.2 per cent (5.0).
- EBIT totalled SEK 239 million (204), including items affecting comparability of a negative SEK 3 million (neg: 2).
- Profit for the period amounted to SEK 168 million (143).
- Earnings per share before dilution totalled SEK 2.20 (1.88).
- Cash flow from operating activities amounted to SEK 468 million (250).
- Net debt in relation to adjusted EBITDA in the past 12-month period was 2.5 (1.9).

Financial key ratios

All amounts in SEK million, unless otherwise indicated	Q2	Q2	Q1-Q2	Q1-Q2	Rolling	Full-year
	17/18	16/17	17/18	16/17	12 months	16/17
Net sales	2,722.9	2,502.9	5,314.6	4,786.5	9,834.4	9,306.2
Organic sales growth (%)	1.7	8.7	5.1	6.6	7.2	8.6
Gross margin (%)	15.4	14.9	15.5	14.9	15.1	14.8
Adjusted EBITA	143.1	124.1	274.0	239.9	460.2	426.1
Adjusted EBITA margin (%)	5.3	5.0	5.2	5.0	4.7	4.6
EBIT	130.5	106.3	239.0	203.8	384.7	349.5
Profit for the period	92.2	75.4	168.0	143.2	263.9	239.1
Items affecting comparability*	0.3	-	-3.2	-2.4	-8.1	-7.3
Earnings per share, before dilution, (SEK)	1.21	0.99	2.20	1.88	3.46	3.14
Cash flow from operating activities	14.6	-55.1	467.7	249.7	431.5	213.6
Net debt/adjusted EBITDA (multiple)	-	-	-	-	2.5	2.3
Return on equity (%)	-	-	-	-	18.0	16.1

For definitions, refer to page 27.

* Refer to Note 4 Items affecting comparability for more information.

Continued margin improvement and robust performance in SMB

Earnings for the second quarter were strong in terms of sales and margins, with net sales increasing to SEK 2,723 million (2,503) and the adjusted EBITA margin strengthening to 5.3 per cent (5.0). Robust sales growth was reported in the SMB segment, while we were negatively impacted by lower volumes in the LCP segment. A more advantageous product mix with a larger share of advanced products and services, was the reason behind much of the margin increase. Furthermore, a more favourable balance in sales between the SMB and LCP segments, combined with a higher share of sales of private label products, had a positive margin impact.

Two-tier sales trend

Sales growth in the quarter was 8.8 per cent, of which 1.7 per cent was organic, and was primarily distinguished by robust growth of 22.0 per cent in the SMB segment. The Group's overall growth was slowed by a weak increase of 0.2 per cent in the LCP segment, where we were more selective in lower margin volume transactions under certain framework agreements, particularly in the Finnish and Danish markets. The B2C segment continued to display positive growth in the second quarter of the financial year.

Improved margins

Adjusted EBITA increased 15.3 per cent to SEK 143 million, corresponding to an adjusted operating margin of 5.3 per cent (5.0). The margin improvement was mainly driven by a more advantageous product mix with an increased share of advanced products, services and solutions, and a relatively higher share of sales in the SMB segment, primarily as a result of earlier acquisitions. A continued favourable sales trend for private label products, such as cables and adapters, also made a positive contribution.

Acquisitions and integration

The integration of the Danish company Norriq's business area for hosting and outsourcing IT services as well as Norwegian Core Services, a leading player in data center solutions, and Swedish JML-System, experts in professional meeting rooms, are all proceeding according to plan and made a positive contribution during the quarter. We intend to continue expanding our portfolio of advanced products, services and solutions by adding three to five acquisitions per year and are continuously seeking suitable acquisition candidates to strengthen our existing operations.

Popular Dustin Expo

At the end of March, the 17th Dustin Expo, the largest IT exhibition in the Nordic region for companies and consumers, was arranged in the Ericsson Globe in Stockholm. Over the course of three days, visitors had the opportunity to view and test new products from about 100 brands and listen to seminars on subjects ranging from AI and GDPR to cyber security and the future of e-sports. The event attracted nearly 10,000 visitors, which is further proof of our strong position, and an excellent opportunity for us to meet and strengthen relationships with new and existing customers.

Strong market position

We are well positioned in a growing market and are benefiting from underlying trends, such as an accelerating online market and strong growth in mobility, security and cloud-based services. Based on our acquisitions, combined with a higher share of sales of private label products and managed services, we will continue to improve profitability and further strengthen customer loyalty through a higher percentage of subscription services.

To summarise, Dustin performed well during the second quarter and our positive view of our future stands firm. The combination of a more favourable balance in sales between the SMB and LCP segments and a more advantageous product mix with a larger share of advanced products and services resulted in a significant strengthening of margins. We have a solid financial position and are well positioned for continued profitable expansion, both organically and via acquisitions. As the leading IT reseller to the B2B market in the Nordic region, we can further consolidate our position through the continued development of our product and service offering together with proactive sustainability efforts.

Nacka, April 2018

Thomas Ekman
President and CEO

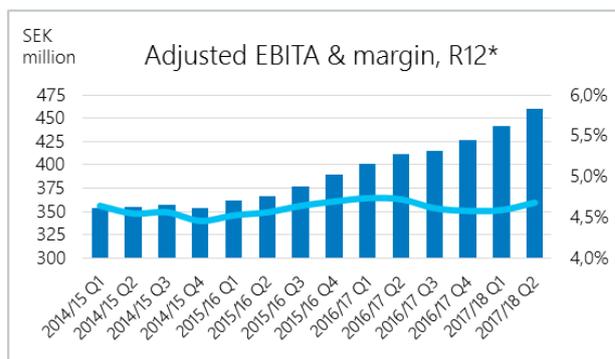
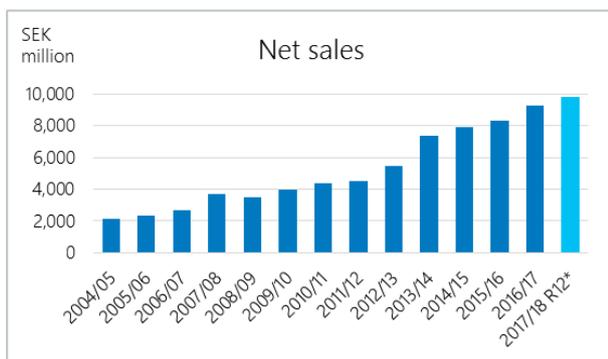
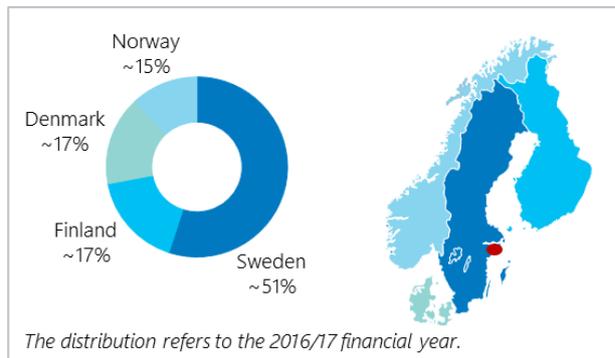
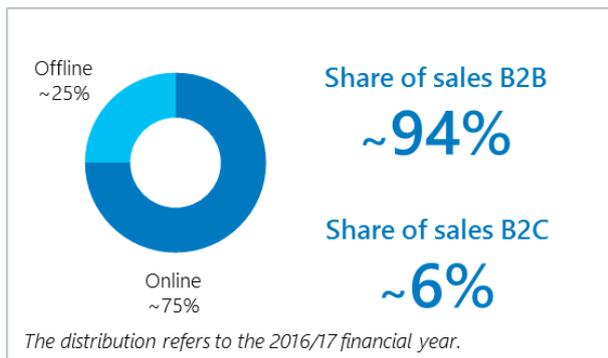
Dustin in brief

Dustin is a leading Nordic IT reseller, with a wide range of hardware, software and related services and solutions. Our centralised warehouse and efficient logistics platform ensure fast and reliable delivery. The addition of high-level IT expertise and competitive prices enables us to meet the needs of primarily small and medium-sized businesses, but also large corporates, the public sector and the B2C market.

Dustin employs a multichannel model where the majority of sales take place online, supplemented by relationship-based and consultative selling over the telephone or through customer visits. Dustin conducts operations in Sweden, Denmark, Finland and Norway through three business segments: SMB (small and medium-sized businesses), LCP (large corporate and public sector) and B2C (the business-to-consumer market). These segments are in turn supported by several scalable and shared central functions, including the online platform, purchasing, warehousing and logistics, pricing, marketing, IT and HR.

As one of the leading B2B e-retailer in the Nordic region, Dustin is well positioned in the market thanks to its efficient online platform, with more and more sales of both products and core services now taking place online. Our market position is also strengthened by our focus on the more agile and fast-growing customer category of small and medium-sized businesses. We see increasing demand for advanced services as requests for mobility and accessibility grow. By combining products and services into integrated solutions, and by adding advanced services through acquisitions, we are continuously expanding our customer offering. We are able to solve more and more of our customers' IT needs, which is in line with our vision. Our range of packaged services and solutions includes clients, licenses, network, data storage, security, IT operations, mobility and print.

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



* Refers to 12-Month Rolling Period.

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.

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 corporate responsibility 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 corporate 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 in high-risk countries 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 during the second quarter

Dustin performed five 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 52 discrepancies, which are systematically rectified and followed up. The majority of these were of minor character, and no "zero-tolerance" deviations were identified.

In the responsible use of resources focus area, some 8,094 sold products were recovered during the period. Of these, 7,562 were reused and 532 recycled. At the end of the quarter, we are ahead of schedule and have recovered a total of 43,162 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 December 2017 – February 2018.

Second quarter

Net sales

Net sales for the quarter rose 8.8 per cent to SEK 2,723 million (2,503). Organic growth amounted to 1.7 per cent (8.7), of which SMB 10.9 per cent (5.6), LCP negative 5.0 per cent (pos: 13.4) and B2C 10.8 per cent (neg: 10.4). Acquired growth was 6.6 per cent (neg: 0.9).

Gross profit

During the quarter, gross profit rose SEK 47 million, corresponding to 12.5 per cent, to SEK 420 million (373). The gross margin rose to 15.4 per cent (14.9), with the increase mainly attributable to a more advantageous product mix with a higher share of advanced products, services and solutions primarily as a result of earlier acquisitions.

Adjusted EBITA

Adjusted EBITA for the quarter increased 15.3 per cent to SEK 143 million (124). The adjusted EBITA margin was 5.3 per cent (5.0). Adjusted EBITA excludes items affecting comparability, which are specified in Note 4 Items affecting comparability. For a comparison of adjusted EBITA and EBIT, see Note 2 Segments.

EBIT

Operating profit was SEK 131 million (106) and included items affecting comparability of SEK 0.3 million (-), which for the quarter mainly comprised costs for the recruitment of senior executives in the amount of SEK 3 million, a positive effect from a change to an acquisition-related liability of SEK 3 million and a gain of SEK 1 million from the divestment of IT-Hantverkarna. For more information, refer to Note 4, Items affecting comparability.

Financial items

Financial expenses amounted to SEK 13 million (11), with the costs for the quarter primarily pertaining to total costs of SEK 11 million (9) for external financing. Other financial expenses relate primarily to discounting of non-current acquisition related liabilities. Financial income amounted to SEK 0.3 million (0.4).

Tax

The tax expense for the quarter was SEK 26 million (21) corresponding to an effective tax rate of 22.1 per cent, compared with 21.4 per cent in the year-earlier period.

Profit for the quarter

Profit for the quarter totaled SEK 92 million (75). Earnings per share amounted to SEK 1.21 (0.99) before dilution and 1.20 kronor (0.99) after dilution.

Cash flow

Cash flow for the quarter was SEK -16 million (-247).

Cash flow from operating activities amounted to SEK 15 million (neg: 55). The effect from changes in working capital during the quarter amounted to a negative SEK 103 million (neg: 170), with cash flow for the quarter mainly impacted by reduced current liabilities as a result of lower accounts payable. The reduction in accounts payable during the quarter is mainly attributable to high purchasing levels towards the end of the first quarter of the financial year. Furthermore, accounts receivable declined during the second quarter, thereby positively affecting cash flow from changes in working capital. For further information regarding working capital, refer to the Net working capital section.

Cash flow from investing activities amounted to a negative SEK 41 million (neg: 7) and was mainly attributable to the settlement of a preliminary purchase consideration for Core Services AS, where the total purchase consideration amounted to SEK 104 million, of which SEK 31 million was paid during the quarter. Investments in tangible and intangible assets amounted to a negative SEK 10 million (neg: 7), of which a negative SEK 6 million (neg: 4) pertained to IT development.

Cash flow from financing activities amounted to SEK 10 million (-185) and mainly comprised dividends to shareholders of a negative SEK 213 million (neg: 183) and newly raised loans of a positive SEK 215 million (-). The quarter was positively impacted in an amount of SEK 11 million (2) on account of cash flow effects from long-term incentive (LTI) programs.

Significant events during the first quarter

Pontus Willquist new VP SMB & B2C

Pontus Willquist becomes a new member of Dustin's group management team as VP SMB & B2C with responsibility for inter alia Dustin's online platform. He will replace Göran Lindö who leaves the company. Pontus most recent position was as Head of Pricing and Analytics at Dustin and before that, he was responsible for the company's online sales. He has worked at Dustin for almost eight years.

Divestment of IT-Hantverkarna

All shares in IT-Hantverkarna Sverige AB were divested during the quarter. Total sales for the divested operation were SEK 98 million for the 2016/17 financial year, with operating profit of SEK 1 million. At the date of divestment, IT-Hantverkarna had about 80 employees, all of whom were transferred to the new owner. The capital gain from the divestment amounted to about SEK 1 million and is presented in Note 4 Items affecting comparability.

Long-term incentive programme

At the Annual General Meeting on December 13, 2017, the shareholders resolved to adopt a long-term incentive programme for 2018 that encompasses Group Management and other key individuals at Dustin. The programme corresponds to LTI 2017 in all material respects. The programme comprises the issue of a maximum of 1,017,956 warrants, in one series, within the framework of the incentive programme. A total of 866,713 warrants were allocated to 24 individuals in Group Management and other key employees at Dustin. Each warrant entitles the holder to subscribe for one new share at a subscription price of SEK 88.90 during the period January 31, 2021 to June 30, 2021. Based on the existing number of shares and votes in the company, the incentive programme will, when all warrants are exercised, entail a full dilution corresponding to 1.13 per cent of the total number of shares and votes in the company. The aim of the incentive programme is to increase ownership among key employees, motivate them to remain at the company and increase commitment to Dustin's earnings performance.

New share issue

During the quarter, new shares were issued through the exercise of warrants received under LTI 2015 (refer to the 2016/17 Annual Report, page 40 for more information). In total, the number of shares increased by 231,313, corresponding to an increase in share capital of SEK 1 million, while SEK 11 million was recognised under the share premium reserve. The newly issued shares resulted in dilution of 0.3 percent. Following the issue during the quarter, 822,074 outstanding warrants now remain within LTI 2015 with an exercise period extending to June 30, 2018.

September 1, 2017 – February 28, 2018 period

Net Sales

Net sales for the period rose 11.0 percent to SEK 5,315 million (4,787), Organic growth amounted to 5.1 per cent (6.6), of which SMB 10.2 per cent (4.6), LCP 1.1 per cent (8.5) and B2C 9.6 per cent (2.4). Acquired growth was 6.0 per cent (1.0).

Gross Profit

During the quarter, gross profit rose SEK 109 million, corresponding to 15.3 per cent, to SEK 823 million (714). The gross margin rose to 15.5 percent (14.9), with the

increase mainly attributable to a more advantageous product mix with a higher share of advanced products, services and solutions primarily as a result of earlier acquisitions.

Adjusted EBITA

During the period, adjusted EBITA for the quarter increased 14.2 percent to SEK 274 million (240). The adjusted EBITA margin was 5.2 per cent (5.0). Adjusted EBITA excludes items affecting comparability, which are specified in Note 4 Items affecting comparability. For a comparison of adjusted EBITA and EBIT, see Note 2 Segments.

EBIT

EBIT amounted to SEK 239 million (204). EBIT includes items affecting comparability amounting to a negative SEK 3 million (neg: 2), see Note 4 Items affecting comparability.

Financial items

Financial expenses amounted to SEK 24 million (21) with the costs for the period primarily pertaining to costs totaling SEK 21 million (18) for external financing. Financial income amounted to SEK 1 million (1).

Tax

The tax expense for the period was SEK 48 million (40) corresponding to an effective tax rate of 22.1 per cent, compared with 21.9 per cent in the year-earlier period.

Profit for the period

Profit for the period totaled SEK 168 million (143). Earnings per share amounted to SEK 2.20 kronor (1.88) before dilution and SEK 2.20 kronor (1.88) after dilution.

Cash flow

Cash flow for the quarter was SEK 101 million (33). In the second quarter, dividends were paid to shareholders in the amount of SEK 213 million (183).

Cash flow from operating activities amounted to SEK 468 million (250) of which SEK 269 million (49) 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 302 million (351), with the change primarily attributable to accounts payable. As in prior periods, accounts payable were impacted by advantageous payment terms. These terms pertain to an agreement with a supplier and apply until further notice. For further information regarding working capital, refer to the Net working capital section.

Cash flow from investing activities amounted to a negative SEK 376 million (-32) primarily attributable to acquisitions of operations. The purchase consideration paid in the period for Danish company Norriq's business area for hosting and outsourcing IT services amounted to SEK 141 million, for the Norwegian company Core Services AS SEK 104 million and for JML-System AB SEK 107 million.

Investments in tangible and intangible assets amounted to a negative SEK 18 million (neg: 12), of which a negative SEK 10 million (neg: 9) pertained to IT development.

Cash flow from financing activities amounted to SEK 10 million (-185) and relates primarily to dividends to shareholders of a negative SEK 213 million (neg: 183), newly raised loans of SEK 215 million (-), the cash flow effect from the LTI program of SEK 11 million (2) and costs for raising loans of a negative SEK 2 million (neg: 3).

Net working capital

Net working capital amounted to a negative SEK 97 million (neg: 27) at the end of the period. The low level of working capital at the end of the period was attributable to the same reason as in the year-earlier period – higher accounts payable due to more favorable payment terms. Other changes in net working capital are mainly attributable to increased business volumes and a higher share of advance payments in operations from acquisitions completed earlier.

SEK million	Feb 28, 2018	Feb 28, 2017	Aug 31, 2017
Inventories	313.5	301.1	261.9
Accounts receivable	1,114.6	1,082.1	1,047.1
Tax assets, other current receivables, as well as prepaid expenses and accrued income	205.0	184.9	173.7
Accounts payable	-1,263.3	-1,256.7	-956.3
Tax liabilities, other current liabilities and accrued expenses and deferred income	-467.2	-338.0	-408.2
Net working capital	-97.4	-26.7	118.1

Net debt and cash and cash equivalents

Net debt amounted to SEK 1,186 million (812) at the end of the quarter. In total, cash and cash equivalents amounted to SEK 160 million (274), a decrease by SEK 114 million. At the end of the quarter, there was also an unutilized overdraft facility of SEK 270 million (270) and a credit facility of SEK 179 million (-).

Net debt in relation to adjusted EBITDA was 2.5 (1.9) measured over the most recent 12-month period.

SEK million	Feb 28, 2018	Feb 28, 2017	Aug 31, 2017
Non-current liabilities	1,334.9	1,084.1	1,068.6
Finance lease liabilities	10.5	2.0	1.2
Cash and cash equivalents	-159.5	-274.0	-71.5
Net debt	1 185,9	812,2	998,3

Employees

The average number of full-time employees was 1,041 during the period, compared with 932 in the year-earlier period. The increase is attributable to this year's acquisitions.

Events after the balance-sheet date

Merger of subsidiary

At the beginning of the third quarter, the Swedish subsidiary, Commsec (Communication and Security i Mälardalen AB), was merged with Dustin Sverige AB. The merger is a step in the company's efforts to further integrate the Swedish businesses into the shared platform. The business will operate under the Dustin brand following the merger.

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 quarter amounted to SEK 0.2 million (0.2) and profit for the period totaled SEK 246 (loss: 29). 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 49 million (neg: 17). The net currency position is attributable to the external financing. The Group applies hedge accounting, whereby the net currency position is recognized 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 February 28, 2018, the price was SEK 78.20 per share (67.00), representing a total market capitalization of SEK 5,975 million (5,104).

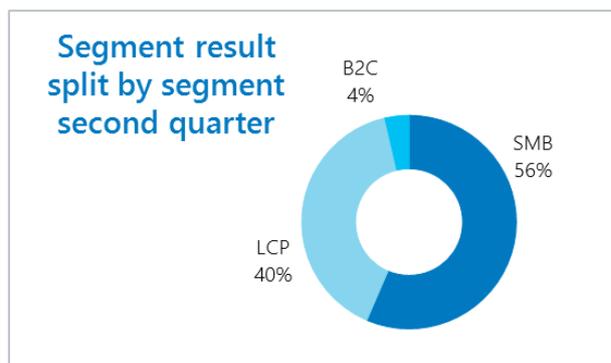
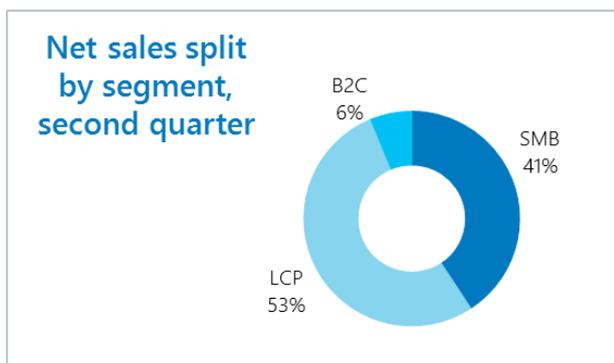
At the end of the quarter, the company had a total of 6,461 shareholders (6,233). The company's three largest shareholders were Axel Johnson AB with 24.9 per cent, Swedbank Robur Fonder with 11.3 per cent and Capital

Group with 5.5 percent as of February 28, 2018. Dustin's shareholder register with the largest shareholders is presented on the company's website.

During the quarter, portions of LTI 2015 were exercised, and the number of shares thus increased from 76,173,115 to 76,404,428. As a result, the share capital increased by SEK 1 million and the share premium reserve by SEK 11 million.

Review of business segments

Dustin's operations are now 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. Within the B2C segment, customers are served through only the online platform and through this customer segment, Dustin gains insight into trends and pricing as well as increased sales with limited additional costs.



SMB - Small and Medium-sized Businesses

SEK million	Q2 17/18	Q2 16/17	Change %	Q1-Q2 17/18	Q1-Q2 16/17	Change %	Rolling 12 months	Full year 16/17	Change %
Net sales	1,109.6	909.2	22.0	2,169.4	1,802.4	20.4	3,897.8	3,530.8	10.4
Segment results	135.7	97.0	39.8	257.5	194.6	32.3	440.4	377.5	16.7
Segment margin (%)	12.2	10.7	-	11.9	10.8	-	11.3	10.7	-

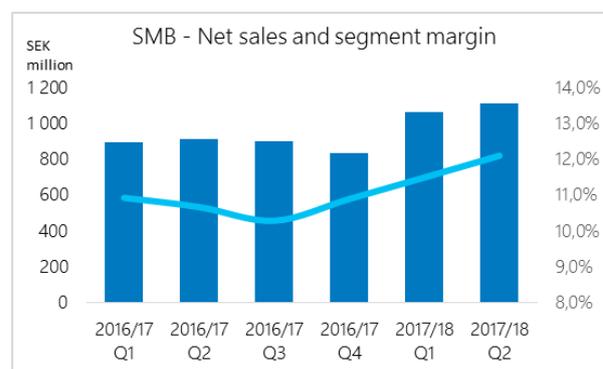
Net sales

Organic sales amounted to SEK 10.9 per cent (5.6) and were mainly attributable to strong sales in the clients and infrastructure product categories, predominantly in Sweden and Denmark. Net sales rose 22.0 per cent in total during the quarter to SEK 1,110 million (909), with the increase compared with the year-earlier period mainly attributable to acquisitions carried out in the second half of 2016/17 and the first quarter of 2017/18. The divestment of IT-Hantverkarna had a negative effect on net sales.

Segment results

During the quarter, profit for the segment rose 39.8 per cent, corresponding to SEK 39 million, to SEK 136 million (97). The improved earnings were mainly the result of higher sales, a better product mix mainly due to acquisitions and increased sales of private label products. The segment margin was 12.2 per cent (10.7). Our investments in advanced products and services continued

and, for example, the customer base for SaaS configurations via the cloud platform increased to 1,180 active customers (670), corresponding to 37,863 users (16,427) at the end of the quarter.



LCP - Large Corporate and Public sector

SEK million	Q2 17/18	Q2 16/17	Change %	Q1-Q2 17/18	Q1-Q2 16/17	Change %	Rolling 12 months	Full-year 16/17	Change %
Net sales	1,444.1	1,440.7	0.2	2,792.6	2,660.5	5.0	5,316.7	5,184.6	2.5
Segment results	93.4	106.1	-12.0	182.2	195.0	-6.6	342.6	355.4	-3.6
Segment margin, %	6.5	7.4	-	6.5	7.3	-	6.4	6.9	-

Net sales

Net sales for the quarter rose 0.2 per cent to SEK 1,444 million (1,441) Organic growth was negative at 5.0 per cent (pos: 13.4) and was partially attributable to a very strong trend in the corresponding quarter in the preceding year and to a more selective approach to procurements with lower margin under certain framework agreements for the public sector in Finland and Denmark. The quarter was also characterized by continued strong sales to the public sector in Norway and a positive trend for large companies in all markets.

Segment results

The segment results for the quarter was SEK 93 million (106), which was a decline compared with the corresponding period in the preceding year. The segment margin was 6.5 per cent (7.4), with the decrease mainly attributable to a higher share of new sales with a lower average margin.

Acquisitions carried out earlier had a neutral effect on the segment margin during the quarter.



B2C - Business to Consumer

SEK million	Q2 17/18	Q2 16/17	Change %	Q1-Q2 17/18	Q1-Q2 16/17	Change %	Rolling 12 months	Full-year 16/17	Change %
Net sales	169.2	153.0	10.6	352.7	323.6	9.0	619.9	590.8	4.9
Segment results	8.4	5.9	42.2	16.3	11.5	42.1	29.4	24.6	19.7
Segment margin, %	5.0	3.9	-	4.6	3.5	-	4.7	4.2	-

Net sales

Net sales for the quarter increased 10.6 per cent to SEK 169 million (153). Organic growth was 10.8 per cent (-10.4). The quarter was positively impacted by increased sales in both Finland and Denmark, primarily in the consumer electronics and client accessories product categories.

Segment results

The segment results for the quarter increased to SEK 8 million (6) and the segment margin rose to 5.0 per cent (3.9).



Central functions

SEK Million	Q2 17/18	Q2 16/17	Change %	Q1-Q2 17/18	Q1-Q2 16/17	Change %	Rolling 12 months	Full-year 16/17	Change %
Costs for central functions	-94,4	-84,9	11,2	-182,0	-161,2	12,9	-352,1	-331,3	6,3
Costs in relation to net sales (%)	-3,5	-3,4	-	-3,4	-3,4	-	-3,6	-3,6	-

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 second quarter for central functions amounted to 3.5 per cent (3.4) of sales. Costs for central functions amounted to SEK

95 million (85), with the increase attributable to continued investments in the product and service offering.

For additional financial data on the segments, refer to Note 2 Segments, and to Segment information by quarter on page 26.

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, April 11, 2018

Mia Brunell Livfors
Chairman of the Board

Caroline Berg

Gunnel Duveblad

Johan Fant

Mattias Miksche

Morten Strand

Tomas Franzén

Thomas Ekman
President and CEO

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

Consolidated income statement

SEK million	Note	Q2 17/18	Q2 16/17	Q1-Q2 17/18	Q1-Q2 16/17	Rolling 12 months	Full-year 16/17
Net sales	2	2,722.9	2,502.9	5,314.6	4,786.5	9,834.4	9,306.2
Cost of goods and services sold		-2,303.1	-2,129.6	-4,491.2	-4,072.3	-8,345.6	-7,926.7
Gross profit		419.8	373.3	823.4	714.2	1,488.8	1,379.5
Selling and administrative expenses		-286.6	-265.4	-575.2	-505.8	-1,085.8	-1,016.3
Items affecting comparability	4	0.3	-	-3.2	-2.4	-8.1	-7.3
Other operating income		1.7	2.2	2.6	3.5	5.0	5.9
Other operating expenses		-4.7	-3.9	-8.6	-5.8	-15.2	-12.3
EBIT	2	130.5	106.3	239.0	203.8	384.7	349.5
Financial income and other similar income-statement items		0.3	0.4	0.6	0.6	1.1	1.2
Financial expenses and other similar income-statement items		-12.5	-10.7	-23.8	-21.2	-45.2	-42.6
Profit after financial items		118.3	95.9	215.8	183.2	340.7	308.1
Tax		-26.1	-20.5	-47.8	-40.0	-76.8	-69.0
Profit for the period		92.2	75.4	168.0	143.2	263.9	239.1
Other comprehensive income (all items will be transferred to the income statement)							
Translation differences		19.5	-11.7	43.1	17.0	22.9	-3.2
Change in hedging reserves		-20.3	9.5	-40.4	-12.3	-17.5	10.6
Tax attributable to change in hedging reserves		4.5	-2.1	8.9	2.7	3.9	-2.3
Other comprehensive income		3.7	-4.3	11.6	7.4	9.3	5.1
Comprehensive income, in its entirety attributable to Parent Company shareholders		95.8	71.1	179.6	150.6	273.2	244.1
Earnings per share before dilution (SEK)		1.21	0.99	2.20	1.88	3.46	3.14
Earnings for per share after dilution (SEK)		1.20	0.99	2.20	1.88	3.45	3.13

Condensed consolidated balance sheet

SEK million	Note	Feb 28, 2018	Feb 28, 2017	Aug 31, 2017
ASSETS				
Non-current assets				
Goodwill		2,589.3	1,946.2	2,105.8
Other intangible assets attributable to acquisitions		385.0	358.5	357.9
Other intangible assets	5	112.1	109.9	115.1
Tangible assets	5	35.3	18.8	24.6
Divestment-related receivables	8	1.6	-	-
Deferred tax assets		4.4	4.6	8.4
Other non-current assets		5.0	2.7	2.9
Total non-current assets		3,132.7	2,440.6	2,614.7
Current assets				
Inventories		313.5	301.1	261.9
Accounts receivable		1,114.6	1,082.1	1,047.1
Derivative instruments	8	0.2	-	-
Tax assets		5.0	1.7	7.6
Other receivables		9.1	15.3	7.7
Prepaid expenses and accrued income		190.9	168.0	158.5
Divestment-related receivables	8	5.0	-	-
Cash and cash equivalents		159.5	274.0	71.5
Total current assets		1,797.8	1,842.1	1,554.1
TOTAL ASSETS		4,930.4	4,282.7	4,168.8
EQUITY AND LIABILITIES				
Equity				
Equity attributable to Parent Company shareholders		1,462.8	1,391.5	1,485.1
Total equity		1,462.8	1,391.5	1,485.1
Non-current liabilities				
Deferred tax and other long-term provisions		136.5	121.7	133.3
Liabilities to credit institutions		1,334.9	1,084.1	1,068.6
Acquisition-related liabilities	8	185.8	40.6	78.3
Derivative instruments	8	1.0	6.6	6.5
Total non-current liabilities		1,658.1	1,253.0	1,286.6
Current liabilities				
Accounts payable		1,263.3	1,256.7	956.3
Tax liabilities		46.5	43.7	59.3
Derivative instruments	8	-	-	0.1
Other current liabilities		146.0	66.1	115.1
Acquisition-related liabilities	8	68.5	41.4	31.3
Accrued expenses and deferred income		285.3	230.2	235.0
Total current liabilities		1,809.6	1,638.1	1,397.1
TOTAL EQUITY AND LIABILITIES		4,930.4	4,282.7	4,168.8

Condensed consolidated statement of changes in equity

SEK million	Feb 28, 2018	Feb 28, 2017	Aug 31, 2017
Opening balance, September 1	1,485.1	1,422.2	1,422.2
Profit for the period	168.0	143.2	239.1
Other comprehensive income			
Translation differences	43.1	17.0	-3.2
Cash-flow hedging	-40.4	-12.3	10.6
Tax attributable to cash-flow hedges	8.9	2.7	-2.3
Total other comprehensive income	11.6	7.4	5.1
Total comprehensive income	179.6	150.6	244.1
Dividends	-213.3	-182.8	-182.8
Holdings of own warrants	-5.9	-	-
New share issue	12.2	-	-
Subscription with the support of warrants	5.1	1.6	1.6
Total transactions with shareholders	-201.9	-181.2	-181.2
Closing equity as per the balance-sheet date, attributable to Parent Company shareholders in its entirety	1,462.8	1,391.5	1,485.1

Consolidated statement of cash flow

SEK million	Note	Q2 17/18	Q2 16/17	Q1-Q2 17/18	Q1-Q2 16/17	Full-year 16/17
Operating activities						
Profit before financial items		130.5	106.3	239.0	203.8	349,5
Adjustment for non-cash items		9.1	21.7	32.3	41.2	58,1
Interest received		0.3	0.4	0.6	0.6	1,2
Interest paid		-8.3	-8.8	-17.4	-17.6	-27,4
Income tax paid		-13.8	-4.9	-55.4	-27.3	-57,9
Cash flow from operating activities before changes in working capital		117.8	114.6	199.2	200.7	323,4
Decrease (+)/increase (-) in inventories		43.4	-0.1	-41.5	-70.3	-28,5
Decrease (+)/increase (-) in receivables		108.8	-15.0	7.8	-232.4	-143,8
Decrease (-)/increase (+) in current liabilities		-255.5	-154.6	302.2	351.7	62,5
Cash flow from changes in working capital		-103.2	-169.7	268.5	49.0	-109,9
Cash flow from operating activities		14.6	-55.1	467.7	249.7	213,6
Investing activities						
Acquisition of intangible assets	5	-6.7	-4.1	-11.1	-8.5	-18,1
Acquisition of tangible assets	5	-3.5	-3.2	-6.7	-3.4	-9,2
Acquisition of operations	3	-	-	-320.0	-19.8	-147,2
Divestment of operations		1.5	-	1.5	-	-
Contingent consideration paid		-31.8	-	-39.9	-	-26,6
Cash flow from investing activities		-40.5	-7.3	-376.2	-31.7	-201,0
Financing activities						
Cash flow from LTI program		11.3	1.6	11.3	1.6	1,6
Dividend		-213.3	-182.8	-213.3	-182.8	-182,8
New loans raised		215.2	-	215.2	-	-
Paid bank arrangement fees		-1.9	-3.3	-1.9	-3.3	-3,3
Change in financial leasing liability		-1.1	-0.5	-1.6	-0.8	-1,6
Cash flow from financing activities		10.3	-185.0	9.7	-185.2	-186,1
Cash flow for the period		-15.7	-247.4	101.2	32.7	-173,6
Cash and cash equivalents at beginning of period		181,1	521.5	71.5	242.9	242,9
Cash flow for the period		-15.7	-247.4	101.2	32.7	-173,6
Exchange-rate differences in cash and cash equivalents		-6.0	-0.1	-13.2	-1.6	2,2
Cash and cash equivalents at the end of the period		159,5	274.0	159.5	274.0	71.5

Parent Company income statement

SEK million	Q2 17/18	Q2 16/17	Q1-Q2 17/18	Q1-Q2 16/17	Rolling 12 months	Full-year 16/17
Net sales	0.1	0.1	0.2	0.2	0.4	0.4
Selling and administrative expenses	-5.6	-4.2	-7.4	-6.4	-11.3	-10.4
Other operating expenses	0.0	0.0	-0.1	0.0	-0.1	0.0
EBIT	-5.5	-4.1	-7.3	-6.2	-11.0	-10.0
Financial income and other similar income-statement items	304.5	4.6	308.2	14.9	313.3	20.0
Financial expenses and other similar income-statement items	-38.6	-2.6	-70.7	-45.3	-71.4	-45.9
Profit/Loss after financial items	260.4	-2.1	230.3	-36.6	230.9	-35.9
Appropriations	0.0	-	0.0	-	212.4	212.4
Tax	8.7	0.5	15.3	8.1	-31.6	-38.8
Profit/Loss for the period	269.2	-1.6	245.6	-28.5	411.7	137.6

Parent Company statement of comprehensive income

SEK million	Q2 17/18	Q2 16/17	Q1-Q2 17/18	Q1-Q2 16/17	Rolling 12 months	Full-year 16/17
Profit/Loss for the period	269.2	-1.6	245.6	-28.5	411.7	137.6
Other comprehensive income	-	-	-	-	-	-
Comprehensive income for the period	269.2	-1.6	245.6	-28.5	411.7	137.6

Parent company balance sheet

SEK million	Feb 28, 2018	Feb 28, 2017	Aug 31, 2017
ASSETS			
Non-current assets			
Participations in Group companies	1,211.6	1,211.6	1,211.6
Total non-current assets	1,211.6	1,211.6	1,211.6
Current assets			
Receivables from Group companies	827.0	256.8	619.9
Tax assets	8.7	0.5	0.6
Prepaid expenses and accrued income	1.8	8.6	6.3
Other receivables	0.1	0.2	0.2
Cash and bank balances	102.1	156.3	42.9
Total current assets	939.7	422.4	669.8
TOTAL ASSETS	2,151.3	1,633.9	1,881.4
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	382.0	380.9	380.9
Total restricted equity	382.0	380.9	380.9
Non-restricted equity			
Share premium reserve	399.2	388.1	388.1
Retained earnings	-322.0	-251.5	-251.5
Profit/Loss for the period	245.6	-28.5	137.6
Total non-restricted equity	322.7	108.2	274.3
Total equity	704.7	489.1	655.2
Untaxed reserves	109.4	50.6	109.4
Non-current liabilities			
Non-current liabilities to credit institutions	1,334.9	1,084.2	1,068.6
Total non-current liabilities	1,334.9	1,084.2	1,068.6
Current liabilities			
Accounts payable	0.2	0.2	0.2
Tax liabilities	-	8.2	45.1
Other current liabilities	0.3	0.1	0.3
Accrued expenses and deferred income	1.8	1.6	2.6
Total current liabilities	2.3	10.1	48.2
TOTAL EQUITY AND LIABILITIES	2,151.3	1,633.9	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 during last quarter.

The Parent Company applies the Swedish Annual Accounts Act, and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

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.

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 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 not impact the recognition of financial instruments, but will primarily affect disclosures and categorization. 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 is to be applied from January 1, 2018, which for Dustin means the financial year beginning September 1, 2018. During the preceding financial year, Dustin began working to identify the effects of the standard with respect to revenue recognition and disclosure requirements. This process included a review of existing customer contracts, the categorization of revenue and the establishment of procedures for ensuring compliance with the standard. While Dustin has not yet completed its analysis of the impact of the new regulations on the Group's financial statements, the majority of Dustin's current revenue comprises product sales for which current revenue recognition under IAS 18 Revenue corresponds in all material respects to IFRS 15 Revenue from Contracts with Customers. A project to comprehensively identify all of the effects for the Group is under way, but a preliminary assessment has shown that the effects will not be material from a financial perspective.

IFRS 16 Leasing

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 recognized 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 recognized 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.

This report has been prepared in SEK million, unless otherwise stated. Rounding-off differences may occur in this report.

Note 2 Segments

All amounts in SEK million, unless otherwise indicated	Q2 17/18	Q2 16/17	Q1-Q2 17/18	Q1-Q2 16/17	Rolling 12 months	Full-year 16/17
Net sales						
LCP	1,444.1	1,440.7	2,792.6	2,660.5	5,316.7	5,184.6
SMB	1,109.6	909.2	2,169.4	1,802.4	3,897.8	3,530.8
B2C	169.2	153.0	352.7	323.6	619.9	590.8
Total	2,722.9	2,502.9	5,314.6	4,786.5	9,834.3	9,306.2
Segment results						
LCP	93.4	106.1	182.2	195.0	342.6	355.4
SMB	135.7	97.0	257.5	194.6	440.4	377.5
B2C	8.4	5.9	16.3	11.5	29.4	24.6
Total	237.5	209.0	456.0	401.1	812.3	757.4
Central functions	-94.4	-84.9	-182.0	-161.2	-352.1	-331.3
Adjusted EBITA	143.1	124.1	274.0	239.9	460.2	426.1
Segment margin						
LCP, segment margin (%)	6.5	7.4	6.5	7.3	6.4	6.9
SMB, segment margin (%)	12.2	10.7	11.9	10.8	11.3	10.7
B2C, segment margin (%)	5.0	3.9	4.6	3.5	4.7	4.2
Costs for central functions, excluding items affecting comparability in relation to net sales (%)	-3.5	-3.4	-3.4	-3.4	-3.6	-3.6
Reconciliation with profit after financial items						
Items affecting comparability	0.3	-	-3.2	-2.4	-8.1	-7.3
Amortization and impairment of intangible assets	-12.8	-17.9	-31.7	-33.7	-67.3	-69.3
EBIT, Group	130.5	106.2	239.0	203.7	384.8	349.5
Financial income and other similar income-statement items	0.3	0.4	0.6	0.6	1.1	1.2
Financial expenses and other similar income-statement items	-12.5	-10.7	-23.8	-21.2	-45.2	-42.6
Profit after financial items, Group	118.3	95.9	215.8	183.2	340.7	308.1

Note 3 Acquisitions of businesses during the year

Acquisitions during the period

During the period, Dustin completed three acquisitions and all acquisitions were finalised in the first quarter of the fiscal 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 audio/video solutions for meeting rooms and conferences.

No acquisitions were made in the second quarter of the financial year.

Preliminary purchase price allocations

Million SEK	Q1-Q2
Fair value of acquired assets and liabilities	17/18
Intangible assets (excl. goodwill)	47,2
Tangible assets	8,4
Financial assets	0,1
Inventories	7,0
Accounts receivables and other current assets	92,4
Cash and cash equivalents	35,7
Other current liabilities	85,5
Total identifiable assets	105,4
Consolidated goodwill	432,3
Purchase consideration including estimated contingent earn-out	537,7
Less:	
Cash and cash equivalents	35,7
Non-regulated earn-out	32,4
Estimated contingent earn-out	149,5
Net cash outflow	320,0

The maximum performance-based earn-out liability for acquisitions in the quarter totals SEK 184 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

Costs attributable to acquisitions during the financial year amounted to SEK 4 million (2) and mainly pertained to remuneration to consultants and attorneys for financial and legal advisory services in conjunction with acquisitions and divestments. The change in value of the acquisition-related liability is related to the previous acquisition of

IDENET AB, where the liability for the earn-out was impaired during the quarter. Following the recognition of this impairment, there is no additional earn-out recognized for IDENET AB. The gain attributable to the divestment of operations relates to the sale of IT-Hantverkarna Sverige AB, which was carried out in December 2017.

SEK million	Q2 17/18	Q2 16/17	Q1-Q2 17/18	Q1-Q2 16/17	Rolling 12 months	Full-year 16/17
Acquisition and divestment-related expenses	-0.8	-	-4.3	-2.4	-13.5	-11.6
Recruitment costs, senior executives	-2.9	-	-2.9	-	-2.9	0.0
Change in value of acquisition-related liabilities	2.7	-	2.7	-	25.0	22.3
Gain attributable to divestment of operations	1.3	-	1.3	-	1.3	-
Provision for repayment requirement	-	-	-	-	-18.0	-18.0
Total	0,3	0,0	-3,2	-2,4	-8,1	-7,3

Note 5 Investments

SEK million	Q2 17/18	Q2 16/17	Q1-Q2 17/18	Q1-Q2 16/17	Rolling 12 months	Full-year 16/17
Capitalised expenditure for IT development (integrated IT-platform and other long term strategic IT-systems)	6.0	4.1	9.8	8.5	18.3	16.9
Other investments in tangible and intangible assets	4.1	3.2	7.9	3.4	14.9	10.3
Investments in financial lease assets	3.2	-	4.0	-	4.0	-
Total	13.3	7.3	21.7	11.9	37.1	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 Liabilities and 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-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. 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 February 28, 2018, the fair value of liabilities for derivative instruments was SEK 1 million (7).

Acquisition-related assets and liabilities

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. Acquisition-related assets pertain to contingent earn-outs for the divestment of IT Hantverkarna i Sverige 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 acquisition agreement. These parameters are usually linked to the outcome of performance measures taken for up to three years from the date of acquisition. Changes to the balance sheet item are shown in the table below. Acquisitions during the quarter refer to the Danish company Norriq's business area for hosting and outsourcing IT services (SEK 75 million), Norwegian company Core Services (SEK 73 million) and the Swedish acquisition of JML-System (SEK 34 million).

Change in acquisition-related liabilities measured at fair value based on inputs that are not based on observable market date (Level 3)	Feb 28, 2018	Feb 28, 2017	Aug 31, 2017
Opening balance	109.6	52.6	52.6
Remeasurements recognized in profit or loss:			
Unrealized remeasurement of contingent earn-out recognized under items affecting comparability	-2.7	-	-22.3
Discount of contingent earn-out recognized under Financial expenses and other similar income-statement items	1.9	-	0.9
Remeasurements recognized under other comprehensive income:			
Unrealized exchange-rate differences recognized under Translation differences	3.5	0.2	-3.1
Changes recognized via the balance sheet:			
Payments attributable to previous acquisitions	-39.9	-	-26.6
Acquisitions	182.0	29.1	108.0
Closing balance	254.3	82.0	109.6
Change in acquisition-related receivables measured at fair value based on inputs that are not based on observable market date (Level 3)	Feb 28, 2018	Feb 28, 2017	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	Q2 17/18	Q2 16/17	Q1-Q2 17/18	Q1-Q2 16/17	Rolling 12 months	Full-year 16/17
Income statement						
Organic sales growth (%)	1.7	8.7	5.1	6.6	7.2	8.6
Gross margin (%)	15.4	14.9	15.5	14.9	15.1	14.8
EBIT	130.5	106.3	239.0	203.8	384.7	349.5
Adjusted EBITDA	147.2	126.6	281.6	245.1	474.9	438.4
Adjusted EBITA	143.1	124.1	274.0	239.9	460.2	426.1
Adjusted EBITA margin (%)	5.3	5.0	5.2	5.0	4.7	4.6
Return on equity (%)	-	-	-	-	18.0	16.1
Balance sheet						
Net working capital	-97.4	-26.7	-97.4	-26.7	-97.4	118.1
Capital employed	61.0	109.3	61.0	109.3	61.0	269.1
Net debt	1,185.9	812.2	1,185.9	812.2	1,185.9	998.3
Net debt/adjusted EBITDA (multiple)	-	-	-	-	2.5	2.3
Maintenance investments	-10.2	-7.3	-17.8	-7.4	-37.6	-27.3
Equity/assets ratio (%)	-	-	-	-	29.7	35.6
Cash flow						
Operating cash flow	33.7	-50.4	532.3	286.6	547.0	301.2
Cash flow from operating activities	14.6	-55.1	467.7	249.7	431.5	213.6
Data per share						
Earnings per share before dilution (SEK)	1.21	0.99	2.20	1.88	3.46	3.14
Earnings per share after dilution (SEK)	1.20	0.99	2.20	1.88	3.45	3.13
Equity per share before dilution (SEK)	19.14	18.27	19.14	18.27	19.14	19.50
Cash flow from operating activities per share before dilution (SEK)	0.19	-0.72	6.14	3.28	5.67	2.80
Cash flow from operating activities per share after dilution (SEK)	0.19	-0.72	6.12	3.27	5.65	2.80
Average number of shares	76,211,667	76,173,115	76,192,285	76,173,115	76,182,621	76,173,115
Average number of shares after dilution	76,633,403	76,327,465	76,482,601	76,296,208	76,419,854	76,338,787
Number of shares issued at end of period	76,404,428	76,173,115	76,404,428	76,173,115	76,404,428	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 complementary information from which all performance measures can be derived. The sources of Net working capital and Net debt are described on pages 8.

	Q2 17/18	Q2 16/17	Q1-Q2 17/18	Q1-Q2 16/17	Rolling 12 months	Full year 16/17
Organic growth						
Sales growth (%)	8.8	11.9	11.0	9.8	12.7	12.1
Acquired growth (%)	-6.6	-0.9	-6.0	-1.0	-5.0	-1.7
Currency effects in sales growth (%)	-0.5	-2.2	0.1	-2.1	-0.6	-1.8
Organic sales growth (%)	1.7	8.7	5.1	6.6	7.2	8.6
SMB						
Organic growth						
Sales growth (%)	22.0	9.7	20.4	8.4	18.3	11.9
Acquired growth (%)	-10.8	-2.5	-10.2	-2.3	-10.0	-4.4
Currency effects in sales growth (%)	-0.3	-1.6	0.1	-1.5	-0.4	-1.3
Organic sales growth (%)	10.9	5.6	10.2	4.6	7.8	6.2
LCP						
Organic growth						
Sales growth (%)	0.2	16.1	5.0	11.4	10.3	14.0
Acquired growth (%)	-4.6	0.0	-3.9	-0.2	-2.1	-0.1
Currency effects in sales growth (%)	-0.7	-2.7	0.1	-2.6	-0.7	-2.1
Organic sales growth (%)	-5.0	13.4	1.1	8.5	7.5	11.8
B2C						
Organic growth						
Sales growth (%)	10.6	-8.6	9.1	4.1	1.6	-1.2
Acquired growth (%)	-	0.0	0.0	0.0	0.0	0.0
Currency effects in sales growth (%)	0.3	-1.8	0.6	-1.7	-0.2	-1.5
Organic sales growth (%)	10.8	-10.4	9.6	2.4	1.4	-2.7

Segment information by quarter

All amounts in SEK million, unless otherwise indicated	Q2 17/18	Q1 17/18	Q4 16/17	Q3 16/17	Q2 16/17	Q1 16/17	Q4 15/16	Q3 15/16	Q2 15/16	Q1 15/16
Net sales	2,722.9	2,591.8	2,262.4	2,257.4	2,502.9	2,283.6	1,951.8	1,988.9	2,236.6	2,123.6
Organic sales growth (%)	1.7	8.8	12.2	9.2	8.7	4.4	10.2	3.6	2.4	2.5
Gross margin (%)	15.4	15.6	14.3	15.1	14.9	14.9	15.3	15.4	14.7	14.8
Adjusted EBITA	143.1	130.9	91.9	94.3	124.1	115.8	80.7	91.4	112.7	104.8
Adjusted EBITA margin (%)	5.3	5.1	4.1	4.2	5.0	5.1	4.1	4.6	5.0	4.9
Net sales per segment										
LCP*	1,444.1	1,348.4	1,296.1	1,228.0	1,440.7	1,219.8	-	-	-	-
SMB*	1,109.6	1,059.8	831.1	897.2	909.2	893.2	-	-	-	-
B2B	2,553.7	2,408.2	2,127.2	2,125.3	2,349.9	2,113.0	1,806.2	1,847.6	2,069.4	1,980.1
B2C	169.2	183.5	135.2	132.0	153.0	170.6	145.6	141.3	167.2	143.4
Segment results										
LCP*	93.4	88.8	76.5	83.9	106.1	88.9	-	-	-	-
SMB*	157.7	121.8	90.6	92.3	97.0	97.6	-	-	-	-
B2B	229.1	210.6	167.1	176.2	203.1	186.5	150.3	155.6	183.2	171.1
B2C	8.4	7.9	8.1	4.9	5.9	5.5	5.6	6.7	6.0	4.1
Segment margin (%)										
LCP*	6.5	6.6	5.9	6.8	7.4	7.3	-	-	-	-
SMB*	12.2	11.5	10.9	10.3	10.7	10.9	-	-	-	-
B2B	8.7	8.7	7.9	8.3	8.6	8.8	8.3	8.4	8.9	8.6
B2C	5.0	4.3	6.0	3.7	3.9	3.3	3.8	4.7	3.6	2.9
Central functions										
Central functions	-94.6	-87.5	-83.3	-86.8	-84.9	-76.2	-75.2	-70.9	-76.5	-70.4
Percentage of net sales	-3.5	-3.4	-3.7	-3.8	-3.4	-3.3	-3.9	-3.6	-3.4	-3.3

* 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.	
<hr/>		
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 utilisation 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

July 4, 2018

Third quarter interim report, March 1, 2018–May 31, 2018

October 10, 2018

Year-end report, September 1, 2017–August 31, 2018

November 15, 2018

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

December 11, 2018

Annual General Meeting in Stockholm

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