

Q3

Deltaco AB (publ)



INTERIM REPORT

JANUARY - SEPTEMBER 2011

The expansion continues and Deltaco is acquiring market share. Decreasing operating margin in a depressed market.

Net sales totaled 293.5 million SEK, an increase of 7.9% compared to 272 million SEK* and a decrease of 43.4% compared to 421 million SEK**.

The group's net sales increased by 13.3% in the third quarter compared to 2010*.

Net operating income totaled 14.8 million SEK (21.6 million SEK*) (22.7 million SEK**).

The operating margin totaled 5.0% (7.9%*) (5.3**).

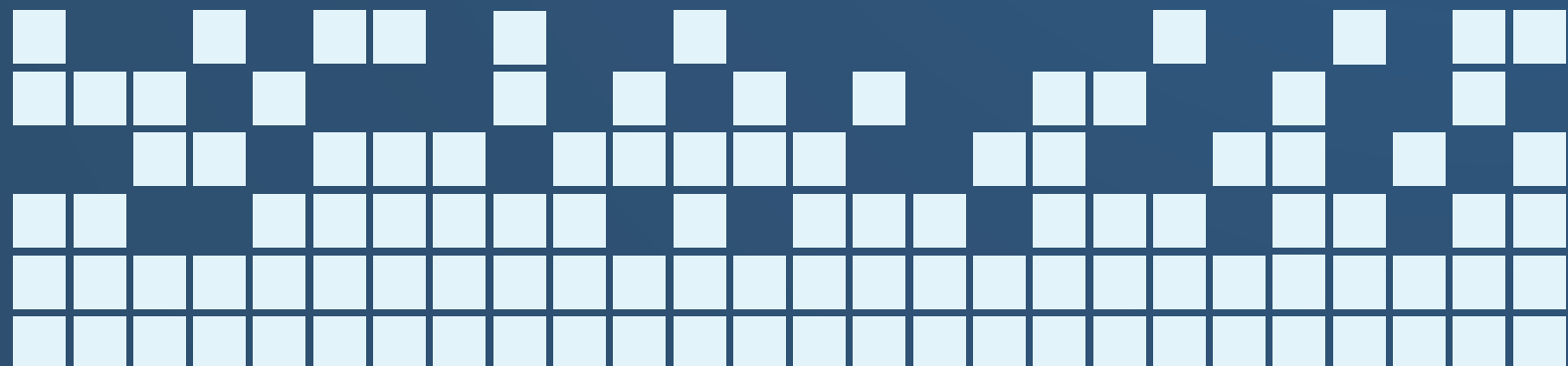
Earnings per share after taxes paid totaled 1.16 SEK.

Cash flow from operating activities totaled 13.3 million SEK compared to 7.1 million SEK**.



* For the purpose of increasing informational value, in the report we have also decided to present pro forma financial information on how the Deltaco group would have looked if IAR Systems Group AB and Northern Parklife were excluded as of January 1, 2010.

** Comparison figures include the distributed operations IAR Systems Group AB and Northern Parklife AB.



Deltaco was founded in 1991 and is one of Scandinavia's leading niche suppliers and distributors of IT products. The company has a very competitive position through effective purchasing in Asia, a modern logistics center in Stockholm and a wide distribution network to most of the largest retailers in Scandinavia. The company has shown stable organic growth and profit increases every year since starting out 20 years ago. Deltaco has 77 employees, headquarters in Stockholm and subsidiaries in Finland, Denmark and Norway. Deltaco's shares are quoted on First North under the abbreviation DELT, and the company's Certified Adviser is Remium AB. For additional information visit www.deltacoab.se.

Managing Director's comments

We have succeeded in increasing our sales by 13.3% in the third quarter compared to 2010, and by 7.9% for Jan-Sep 2011 compared to the same period in 2010.

Net operating income for the period totaled 14.8 million SEK, which is lower than the previous year (21.6). The decrease in net operating income is due to,

- Our fixed and variable listing costs, which can be calculated at approximately 1.5 million SEK annually.
- A great deal of price pressure on the market affecting almost all hardware products in IT and home electronics.
- A deliberately selected strategy where the objective is to acquire market share in a weak market.

Based on our analysis of the market and our competitors, Deltaco's strategy for sales and marketing is to strengthen our position and acquire market share. We are stable with good finances, and can afford the aggressive pricing of price-sensitive products in a sagging market.

During the last few months, the IT and home electronics industry has experienced negative growth and the market has dropped about 20%. The warehouses of suppliers and distributors of portable computers and LCD monitors are beyond capacity and they are aggressively discounting products well below acquisition prices. This in turn has had a negative effect on the price of accessories.

Unlike many other distributors that either work only with consumer products or corporate products, Deltaco's of approximately 8,000 products has the advantage of being about 50% consumer products and 50% corporate products. This implies significantly less risk in slumping periods, such as now.

All analyses and reports indicate that retail sales have been extremely weak for the last several months. The corporate market is rather stable, but companies are exhibiting some signs of concern regarding trends in Europe. Deltaco's product mix also works well in a recession. A significant portion of our line consists of basic products needed by both consumers and companies regardless of the state of

the economy. Our own DELTACO brand is positioned in the mid and low price range, and we therefore expect DELTACO products to do well in economic slumps.

A big change in systems from PC's to portable computers and from cell phones to smart phones is underway. We have tailored our line to today's needs, and in 2011 we have added hundreds of new products to our selection in the field of Mobility (Notebook PC's, Smart Phones and Tablet PC's).

We also believe that there is a large aftermarket to pursue after this system shift, and Deltaco's products will consequently do relatively well even in economic downturns.

The venture in Norway is going according to plan and we have chosen Trygve Holtskog as the Chairman of the Board. Trygve has extensive experience with the Norwegian market and was previously the CEO of the Expert group.

Our subsidiaries in Finland and Denmark are progressing very well, and sales for the quarter have increased by about 35% in Finland and about 63% in Denmark, compared to the previous year.

Siamak Alian
Managing Director and CEO



Important events during the period

- Deltaco AB (publ) Scandinavia's leading distributor and manufacturer of IT accessories expands into Norway. The Norwegian operation will offer a broad and attractive selection of IT accessories in Norway, with quick delivery times and competitive prices.
- Trygve Holtskog, who was appointed Chairman of the Board of NorDeltaco AS, has many years of experience in the Norwegian retail market, including stints as the CEO of Expert AS and prominent positions at Hakon Gruppen/ICA AB. Trygve Holtskog was also the former CEO of Europris Holding AS and is currently a member of their board. He is also associated with Saga Corporate Finance.

KEY FIGURES	Jan-Sep 2011	Jan-Sep* 2010	Jul-Sep 2011	Jul-Sep* 2010	Full year* 2010
Net sales (Million SEK)	293,5	421,0	99,6	137,5	583,3
Operating profit/loss (Million SEK)	14,8	22,7	4,4	8,2	30,5
Profit/loss after tax (Million SEK)	10,0	13,8	2,8	4,9	20,0
Gross margin (%)	24,7	48,1	22,7	47,3	48,2
Operating margin (%)	5,0	5,3	4,4	5,9	5,2
Return on equity (%)	4,9	6,3	1,6	1,1	9,0
Earnings per share after paid tax (SEK)	1,16	1,83	0,32	0,65	2,25
Earnings per share after full tax (SEK)	0,90	1,25	0,25	0,44	1,81
Equity per share (SEK)	15,90	20,45	15,90	20,45	21,0
Cash flow from current operations (Million SEK)	13,3	7,1	-10,2	1,9	26,3

*The key figures above for 2010 include the distributed operations IAR System Group AB and Northern Parklife AB.
The numbers for 2011 only include the Deltaco group in its current structure.

Deltaco-group excluding distributed operations	Jan-Sep 2011	Jan-Sep 2010	Jul-Sep 2011	Jul-Sep 2010	Full year 2010
Net sales (Million SEK)	293,5	272,0	99,6	87,9	379,7
Goods for resale (Million SEK)	-221,0	-199,7	-77,0	-63,3	-282,1
Gross profit (Million SEK)	72,5	72,3	22,6	24,6	97,6
Gross margin (%)	24,7	26,6	22,7	28,0	25,7
Operating profit/loss (Million SEK)	14,8	21,6	4,4	7,5	26,5
Operating margin (%)	5,0	7,9	4,4	8,5	7,0

The comparative figures, excluding distributed operations, are shown for the purpose of increasing comparability with previous years.

Financial information

Financial reporting for the operation

For the purpose of clearly reporting the Deltaco group's current operations, consisting of the parent company Deltaco AB (publ) and subsidiary SweDeltaco AB, with associated subsidiaries, pro forma financial information compiled for the 2010 fiscal year is also shown. The Deltaco group's pro forma accounting records were prepared in accordance with the Annual Accounts Act and the general recommendations of the Swedish Accounting Standards Board. Revised historical financial information regarding SweDeltaco AB, which is responsible for the majority of Deltaco's sales and earnings, can be found on the company's website www.deltacoab.se.

Cash flow and liquid funds

Cash flow from current operations totaled 13.3 million SEK (7.1) during the period. Cash flow from investment activities totaled -2.8 million SEK (-11.4) during the period. Cash flow from investment activities totaled -34.4 million SEK (-3.0) during the period. The distribution of IAR Systems Group AB and Northern Parklife AB has encumbered the cash flow with -27.0 million SEK. On September 30, 2011, net liabilities totaled 16.3 million SEK. At the end of the period, liquid funds totaled 29.9 million SEK (43.5), and unused credit reserves totaled 10.0 million SEK (10.0). The group's total disposable liquid funds were therefore 39.9 million SEK (53.5).

Deferred tax assets

Deferred tax assets attributed to deficit deductions are reported as assets to the extent that it is probable that the deductions can be settled against a surplus with future taxation. As of September 30, 2011, the group's accumulated deficit deductions totaled approximately 68 million SEK. On the balance sheet, the current assessed value of these deficits is reported at 17.9 million SEK (23.6).

Investments and financing

Investments in tangible fixed assets during the period totaled a net of -3.1 million SEK (-8.5). The debt/equity ratio was 67.8 percent (66.3) as of September 30, 2011. The group's liabilities decreased during the period by 1.1 million SEK, totaling 46 million SEK (31.7) on September 30, 2011. There were no changes in reported contingent liabilities.

Personnel

The total number of employees at the end of the period was 77 (238). The average number of employees during the period was 72 (235).

Parent company

Operations at the parent company include group management, finance and IR/PR. The parent company's net sales, which are entirely internal within the group, totaled 1.5 million SEK (0.0) for the period. Earnings after financial income and expenses totalled -0.0 million SEK (-0.1). Net investment in tangible fixed assets totalled 0 million SEK (0). On September 30, 2011, liquid funds totaled 2.7 million SEK (0.3). The total number of employees at the parent company at the end of the period was 0 (0).

Accounting principles

The consolidated financial statement has been prepared in accordance with the Annual Accounts Act and the general recommendations of the Swedish Accounting Standards Board. The principles are unchanged compared to the previous year.

Deltaco stock

Since April 19, 2011, Deltaco's stock has been quoted on NASDAQ OMX First North. During the period, the price per share has varied between 11.10 SEK at a low, to 22.80 SEK at a high. As of September 30, 2011, Deltaco's market value was 142 million SEK. As of September 30, 2011, the total number of shareholders in Deltaco was 8,445. Of these, 408 owned more than 1,000 shares.

On September 30, 2011, Deltaco's capital stock totalled 22,107,922 SEK, divided among 11,053,961 total shares.

Incentive program

At an extraordinary general meeting at Deltaco AB (publ) on June 10, 2011, a decision was made, in accordance with the board's proposal, on a stock-related incentive program through the issue of convertibles for a nominal amount of no more than 22,472,400 SEK all together, each one for a nominal amount equal to the conversion rate of 18.30 SEK. Provided that the convertibles are fully subscribed, the total number of shares will increase by 1,228,000 with full conversion, which corresponds to a dilution of approximately 10 percent of the total shares in Deltaco. The incentive program is aimed at all employees in the group.

Significant risks and uncertainty factors

Changes in the IT industry often occur quickly and forecasting future growth for the type of activities conducted by Deltaco may therefore be associated with a great deal of uncertainty.

Updates regarding disputes

As Deltaco outlined in the document "Corporate profile prior to listing on NASDAQ OMX First North", the company is involved in two disputes.

Innovative-IT Europe AB is an inactive subsidiary in the Deltaco group, and is involved in an arbitration proceeding in Amsterdam where Middleware Holding B.V. has made a claim for approximately 1.9 million euros plus interest, as well as compensation for costs in the sum of 50,000 euros. After some written exchanges, the opposing party was ordered to submit revised annual financial statements. Deltaco believes that a final arbitration ruling will be issued in 2012. In view of the fact that Innovative-IT Europe AB is dormant and has limited equity, the company has decided that regardless of the outcome of the dispute, this will not have any significant effects on the financial position of the Deltaco group.

Deltaco AB is in a dispute with Peter Enström, who was Managing Director of the company (at that time under the name, TurnIT AB) up through 2001. Peter Enström has filed suit against the company in Solna District Court with a claim for damages of approximately 15.8 million SEK, plus interest, based on an alleged breach of contract in accordance with an agreement regarding remuneration which was entered into in connection with Peter Enström leaving his post as Managing Director of the company. The company has paid Peter Enström an undisputed amount of around 200,000 SEK and has, in general, contested Enström's claim. Proceedings in the case took place on October 28, 2011 and the district court's ruling is expected at the end of November 2011.

Future outlook

We believe that during the current slumping state of the economy the market continues to be uncertain. This uncertainty in the market has resulted in a change in purchasing behavior, with lower purchase volumes per order. Deltaco continues to focus on the Scandinavian market and has established operations in Norway during the period. We are continually broadening our product selection, including through intensified collaboration with major suppliers. Despite the depressed market, we have managed to increase sales volume by 7.9% compared to the same period in 2010. The operating margin has shrunk to 5.0% (7.9%). Our assessment is that sales for the entire 2011 year will exceed sales for the entire 2010 year, as well as that price pressure in the market will result in a decreased operating margin for 2011 compared to 2010.

Stockholm, Wednesday November 9, 2011

Siamak Alian
Managing Director and CEO

Auditing

This interim report has not been subject to review by the company's auditors.

Financial calendar 2012

Press Release 2011, February 23, 2012

Ordinary General Meeting of Shareholders 2012 (Annual General Meeting 2012), May 4, 2012

Interim report January-March 2012, May 22, 2012

Interim report January-June 2012, August 23, 2012

Interim report January-September 2012, November 8, 2012

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CONSOLIDATED INCOME STATEMENT	Jan-Sep	Jan-Sep	Jul-Sep	Jul-Sep	Full year
Million SEK	2011	2010	2011	2010	2010
Net sales	293,5	421,0	99,6	137,5	583,3
Operating expenses	-276,8	-389,8	-94,6	-126,3	-541,1
Depreciation of tangible fixed assets	-1,9	-2,5	-0,6	-0,8	-3,4
Depreciation of intangible assets	0,0	-6,0	0,0	-2,2	-8,3
Operating profit/loss	14,8	22,7	4,4	8,2	30,5
Profit/loss from financial investments	-1,2	-1,8	-0,6	-0,7	-2,3
Profit/loss after financial items	13,6	20,9	3,8	7,5	28,2
Tax	-3,6	-7,1	-1,0	-2,6	-8,2
Profit/loss for the period	10,0	13,8	2,8	4,9	20,0

In 2010, IAR Systems Group AB and Northern Parklife AB became a part of the Deltaco group, and are therefore included in the comparison amounts for 2010. These were distributed in January 2011.

BALANCE SHEETS, CONSOLIDATED	110930	100930	101231
Million SEK			
ASSETS			
Fixed assets			
Goodwill	0,0	4,7	3,3
Other intangible assets	0,0	20,3	22,4
Other tangible assets	53,1	52,8	57,0
Financial assets	24,2	30,8	31,9
Total fixed assets	77,3	108,6	114,6
Current assets			
Stock-in-trade	92,8	90,9	96,0
Other current assets	2,5	15,2	13,2
Accounts receivable	56,9	82,8	81,0
Cash and bank balances	29,8	43,6	53,9
Total current assets	182,0	232,5	244,1
TOTAL ASSETS	259,3	341,1	358,7
EQUITY AND LIABILITIES			
Share capital	22,1	122,7	122,7
Restricted equity	0,0	111,1	111,1
Non-restricted reserves	143,6	-21,6	-21,7
Profit/loss for the period	10,0	13,8	20,0
Total equity	175,7	226,0	232,1
Long-term liabilities			
Interest-bearing liabilities	19,3	24,3	23,0
Provisions	0,0	3,1	3,4
Convertible loans	22,5	-	-
Total long-term liabilities	41,8	27,4	26,4
Current liabilities			
Accounts payable	21,9	21,0	29,0
Interest-bearing liabilities	4,2	4,3	4,8
Other current liabilities	15,7	62,4	66,4
Total current liabilities	41,8	87,7	100,2
TOTAL EQUITY AND LIABILITIES	259,3	341,1	358,7
Pledged assets	100,2	101,2	101,2
Contingent liabilities	-	-	-

CHANGE IN EQUITY, CONSOLIDATED	Jan-Sep	Jan-Sep	Jul-Sep	Jul-Sep	Full year
Million SEK	2011	2010	2011	2010	2010
Opening equity	232,1	212,5	172,9	222,0	212,5
Translation difference	-	-0,3	-	-0,9	-0,4
Distribution 2011	-66,4	-	-	-	-
Profit/loss for the period	10,0	13,8	2,8	4,9	20,0
Closing equity	175,7	226,0	175,7	226,0	232,1

The change in equity above for 2010 includes the distributed operations IAR System Group AB and Northern Parklife AB. Distribution 2011 refers to the distributed operations of IAR Systems Group AN and Northern Parklife AB.

CASH FLOW, CONSOLIDATED Million SEK	Jan-Sep 2011	Jan-Sep 2010	Jul-Sep 2011	Jul-Sep 2010	Full year 2010
Cash receipts from customers	288,9	432,4	86,0	132,2	595,1
Payments to suppliers and employees	-273,6	-424,9	-95,3	-131,7	-565,0
Interest received	0,1	0,1	0,0	0,0	0,3
Interest paid	-1,3	-1,9	-0,6	-0,7	-2,6
Income tax paid	-0,8	1,4	-0,3	2,1	-1,5
Cash flow from current operations	13,3	7,1	-10,2	1,9	26,3
Investments in tangible fixed assets	-3,1	-8,5	-1,7	-1,9	-7,9
Investments in intangible assets	0,0	-2,9	0,0	-0,7	-11,6
Other	0,3	0,0	0,3	0,2	0,4
Cash flow from investment activities	-2,8	-11,4	-1,4	-2,4	-19,1
Distribution of subsidiaries	-27,0	0,0	0,0	0,0	0,0
Decrease in financial liabilities	-29,9	-3,0	-1,1	-1,1	-4,3
Borrowings	22,5	0,0	0,0	0,0	0,0
Cash flow from financing activities	-34,4	-3,0	-1,1	-1,1	-4,3
Cash flow for the period	-23,9	-7,3	-12,7	-1,6	2,9
Liquid funds, opening balance	53,9	50,9	42,7	45,3	51,0
Liquid funds, closing balance	29,9	43,5	29,9	43,5	53,9
Unused credit	10,0	10,0	10,0	10,0	10,0
Total cash and cash equivalents	39,9	53,5	39,9	53,5	63,9

THE GROUP'S KEY FIGURES	Jan-Sep 2011	Jan-Sep 2010	Jul-Sep 2011	Jul-Sep 2010	Full year 2010
Operating margin (%)	5,0	5,3	4,4	5,9	5,2
Profit margin (%)	4,6	4,9	3,8	5,4	4,8
Debt/equity ratio (%)	67,8	66,3	67,8	66,3	64,7
Return on equity (%)	4,9	6,3	1,6	2,2	9,0
Net interest-bearing liabilities (Million SEK)	16,3	-14,7	16,3	-14,7	-26,1
Number of employees at end of the period	77	238	77	238	231
Average number of employees	72	235	76	235	230
Total shares at the end of the period (millions)	11,05	11,05	11,05	11,05	11,05

SHARE DATA	Jan-Sep 2011	Jan-Sep 2010	Jul-Sep 2011	Jul-Sep 2010	Full year 2010
Equity per share (SEK)	15,90	20,45	15,90	20,45	21,00
Total shares at the end of the period (millions)	11,05	11,05	11,05	11,05	11,05
Average number of shares (millions)	11,05	11,05	11,05	11,05	11,05
Earnings per share after paid tax (SEK)	1,16	1,83	0,32	0,65	2,25
Earnings per share after full tax (SEK)	0,90	1,25	0,25	0,44	1,81

Definitions	
Gross margin (%)	Operating profit as a percentage of net sales.
Gross profit	Net sales minus goods for resale.
Equity	Reported equity including 73.7 percent of untaxed reserves.
Equity per share	Equity divided by the number of shares at the end of the period.
Net interest-bearing liabilities	Interest-bearing liabilities reduced by interest-bearing assets.
Earnings per share after paid tax	The period's earnings after paid tax divided by the average number of shares during the period.
Earnings per share after full tax	The period's earnings after full tax divided by the average number of shares during the period.
Return on equity (%)	Earnings after financial items reduced by full tax as a percentage of average equity.
Operating margin (%)	Operating profit/loss as a percentage of net sales.
Debt/equity ratio (%)	Equity as a percentage of the balance sheet total.
Profit margin (%)	Earnings after financial items as a percentage of net sales.

INCOME STATEMENTS, PARENT COMPANY	Jan-Sep	Jan-Sep	Jul-Sep	Jul-Sep	Full year
Million SEK	2011	2010	2011	2010	2010
Net sales	1,5	0,0	1,5	0,0	0,0
Operating expenses	-1,2	0,0	-0,4	0,0	0,0
Operating profit/loss	0,3	0,0	1,1	0,0	0,0
Profit/loss from financial investments	-0,3	-0,1	-0,3	0,0	-14,6
Profit/loss after financial items	0,0	-0,1	0,8	0,0	-14,6
Tax	0,0	0,0	0,0	0,0	0,3
Profit/loss for the period	0,0	-0,1	0,8	0,0	-14,3

BALANCE SHEETS, PARENT COMPANY	110930	100930	101231
Million SEK			
ASSETS			
Fixed assets			
Shares in subsidiaries	126,2	248,0	248,0
Other long-term receivables	6,2	6,8	6,2
Deferred tax assets	21,5	27,4	21,5
Total fixed assets	153,9	282,2	275,7
Current assets			
Receivables at subsidiaries	110,5	91,2	113,8
Other receivables	0,1	0,0	0,0
Cash and bank balances	2,7	0,3	0,8
Total current assets	113,3	91,5	114,6
TOTAL ASSETS	267,2	373,7	390,3
EQUITY AND LIABILITIES			
Share capital	22,1	122,7	122,7
Restricted equity	-	208,0	111,1
Non-restricted reserves	215,1	23,1	137,4
Profit/loss for the period	0,0	-0,1	-14,3
Total equity	237,2	353,7	356,9
Long-term liabilities			
Convertible loans	22,5	0,0	0,0
Total long-term liabilities	22,5	0,0	0,0
Current liabilities			
Liabilities to subsidiaries	6,9	20,0	33,4
Other current liabilities	0,6	0,0	0,0
Total current liabilities	7,5	20,0	33,4
TOTAL EQUITY AND LIABILITIES	267,2	373,7	390,3



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INTERIM REPORT JANUARY - SEPTEMBER 2011

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