YEAR-END REPORT 2019

January - December 2019

Fourth Quarter, Oct – Dec 2019

- Net sales fell by MSEK 16.7 to MSEK 706.8 (723.5) through upturns in all subsidiaries except Aurora.
- Reduced turnover for a combined Aurora and Deltaco totaled MSEK 45.7, yet was mitigated by efficiency improvements totaling MSEK 11.0, leading to a higher EBIT of MSEK 2.8 for the subsidiaries collectively.
- Operating result after depreciation/amortization (EBIT) increased to MSEK 38.0 (31.9). The announced restructuring costs for the integration of Aurora and Deltaco came to an end during Q3 of 2019.
- The result for the reporting period increased to MSEK 29.5 (21.9).
- Earnings per share increased to SEK 2.34 (1.69).
- Net debt excluding IFRS 16 increased to MSEK 193.0.
- Own brand products comprised 23 per cent (21) of the DistIT Group’s net sales.

Reporting Period: Jan – Dec 2019

- Turnover increased to MSEK 2,330.9 (2,272.1), thanks to upturns for all subsidiaries except Aurora.
- Operating result after depreciation/amortization (EBIT) decreased to MSEK 16.1 (72.2), impacted by restructuring costs totaling MSEK 25.3 during the period, as well as by a write-down of Deltaco's ERP system of MSEK 30.2 (non-cash item).
- Adjusted EBIT[1] amounted to MSEK 71.6 (72.2).
- The sale of DistIT Fastigheter AB is not included in EBIT, but contributes to the result after taxes for the period with MSEK 44.5.
- The result for the period decreased to MSEK 41.4 (43.9).
- Earnings per share decreased to SEK 3.12 (3.26).
- Net debt excluding IFRS 16 decreased to MSEK 193.0 (232.1).
- Own brand products comprised 23 per cent (22) of the DistIT Group’s net sales.

Significant Events in Q4, 2019

- Cost synergies from the completed restructuring work relating to Aurora and Deltaco have been fully realized in the fourth quarter; the new common organization focuses on improving operations and on carrying out the DistIT strategy for own brand and cross-selling. Process and systems integration is proceeding as planned.
- The pace of investment in own brand products increased substantially, with strengthened organization and the establishment of new concepts with higher technological content. We have further focused on the development of planning and logistics processes, in order to be able to realize sales volumes for new concepts and improve the security of supply and service level for our customers.
- Work on external cross-selling between the subsidiaries is proceeding, and gradually affects net sales.

Significant Events After the Reporting Period

- Philip Gunnarsson was appointed CFO on 1 January.
- The Board proposes that a dividend of SEK 1.25 per share be paid for the financial year 2019.

	OCT – DEC		JAN – DEC	
INDICATORS, MSEK[2]	**2019**	2018	**2019**	2018
Total net sales	**706.8**	723.5	**2,330.9**	2,272.1
Operating result before depreciation/amortization (EBITDA)	**45.1**	35.0	**71.4**	83.4
Operating result after depreciation/amortization (EBIT)	**38.0**	31.9	**16.1[3]**	72.2
Result for the period	**29.5**	21.9	**41.4**	43.9
Gross margin, %	**22.3**	21.7	**21.9**	21.7
Operating margin after depreciation/amortization (EBIT),%	**5.4**	4.4	**0.7**	3.2
Number of employees at the end of the period	**259**	273	**259**	273
Earnings per share, SEK	**2.34**	1.69	**3.12**	3.26

Notes: 1) Adjustments relating to restructuring work in Aurora and Deltaco, and write-down of ERP system in Q3.
2) Numbers include effects attributable to the adoption of IFRS 16, as well as divested operations. See pages 11 and 14 for more information about the effect of IFRS 16. 3) Operating result was impacted by restructuring costs of MSEK 25.3 during the period, as well as by a write-down of Deltaco's ERP system of MSEK 30.2.

DistIT AB (publ), 556116-4384, Glasfibergatan 8, 125 45 Älvsjö

A WORD FROM OUR CEO

IMPLEMENTATION OF EFFICIENCIES CREATES CONDITIONS FOR INCREASED INVESTMENT IN OWN BRANDS

The restructuring program initiated in Q2, 2019 and concluded during Q3 was implemented at an accelerated rate, which saw it achieve its full impact as early as Q4. Goals were achieved according to plan, with materialized savings leading to significantly increased efficiency in Aurora in particular. Cost savings have enabled increased investment in the organization for own brands.

The decline in Aurora's business volume was, to some extent, recovered during Q4. Deltaco showed continued sales growth, but also a moderate increase in costs during the quarter, related to investments in own brands. Septon had a strong fourth quarter with a robust focus on consolidating logistics, IT systems and the development of new own-brand products. Sominis reported earnings in line with expectations during the quarter. Overall, the DistIT Group achieved operating profit of MSEK 38.0 (31.9) in the fourth quarter of 2019.

The Group's ongoing sustainability work continues apace with daily activities to identify efficiencies (and so their subsequent reduction in environmental impact) around freight, logistics and supplier relationships. This is part of DistIT's continuing improvement of the business model.

DistIT's business model centers on the Group being relevant for customers whilst creating value through:

- *Own brands:* we are focused on developing new own brands and are in the launch phase of new concepts across gaming, smart homes, security, and electric car charging products.

  DistIT's own brand organization has been continuously strengthened and we are now investing additional resources to develop more technically advanced concepts and build strong, well-positioned brands.

  Our own brand offer is at the heart of DistIT's future and is pushing value creation with its strong growth potential and profitability profile, both in established markets and across other territories and channels. DistIT is undergoing a transformation from a traditional technology distributor to a hybrid distributor with the most relevant proprietary concepts. The level of tech is also higher in DistIT's new launches with additional services, and we are launching specific concepts for low-cost channels, e-commerce and traditional commerce.

- *Synergy between 'A' brands and own brands:* our strong own brand concept makes us all the more relevant for our customers, leading to an increase in the attractiveness of also distributing 'A' brands (products we sell on behalf of other brand owners). A relevant offer of 'A' brands can then lead to increased opportunities when creating new, attractive concepts. We are also working towards broadening 'A' brand distribution across channels and markets that are yet to form part of today's contracts and agreements.

- *Cross-selling:* cross-selling to external customers between companies allows us to present a broader offer to our customers, as well as processing new customer segments. Work in this area continues, and will show gradual positive impact during 2020.

As part of securing DistIT's relevance in the market, we are evaluating the expansion of DistIT's own brands in Europe through a combination of marketplaces, distributors, agents and acquisitions of distributors.

We leave 2019 with strong efficiency improvements, and look forward to 2020 when we will see the full impact of these measures on the organization. The Corona virus will contribute to delivery delays, but by working closely alongside our suppliers and customers and implementing carefully planned logistics, we can limit the impact of these delays. We remain aware that results may vary from quarter to quarter, but we are fully focused on the progress of our efforts, and are working for long-term value creation.

Robert Rosenzweig

STREAMLINING EFFORTS AT AURORA AND DELTACO

The restructuring work at Aurora and Deltaco was completed according to plan in the third quarter, and resulted in MSEK 11.0 of efficiency gains in the fourth quarter as illustrated by the graph below.

Aurora and Deltaco's decrease in net sales during the fourth quarter had an MSEK 11.0 negative impact on the operating result, but the previously disclosed annual cost savings of MSEK 45 mitigated the downturn in full.

EBIT BRIDGE Q4 '18 VS. Q4 '19 - AURORA AND DELTACO MSEK

FINANCIAL INFORMATION

FOURTH QUARTER 2019

Net sales for the quarter fell to MSEK 706.8 (723.5) compared with the same period last year, primarily attributable to a weakening within B2C, where sales for the Aurora group decreased by MSEK 103.5. Aurora's sales when compared with the reference period were impacted by the decision of two suppliers to use – in part – alternative sales channels during the third quarter, and by actively discontinuing the distribution of unprofitable brands. Net sales for the Deltaco group increased by MSEK 57.8, but the positive development within B2B was not sufficient to mitigate lower sales within B2C/Aurora. The Septon group and Sominis experienced growth in sales of MSEK 17.5 and MSEK 15.7, respectively.

Gross margin totaled 22.3 per cent (21.7).

Operating result after depreciation/amortization (EBIT) increased to MSEK 38.0 (31.9).

Comprehensive income for the period increased to MSEK 29.5 (21.9).

Cash flow from operating activities totaled MSEK -11.4 (55.5), mainly driven by payments to Septon from major suppliers, some of which derived from payments based on attractive business conditions. Accounts payable decreased to MSEK 283.0 (426.8). Inventories and receivables decreased to MSEK 432.2 (487.5) and MSEK 412.6 (433.7) respectively.

Working capital amounted to MSEK 561.8 (494.4) at the end of the quarter for the Group as a whole. Working capital as a percentage of rolling 12 months sales amounted to 24.1 per cent (21.8) by the end of December 2019.

REPORTING PERIOD JAN – DEC 2019

For the reporting period January to December, net sales increased to MSEK 2,330.9 (2,272.1) thanks to sales increases in Deltaco, Sominis and Septon.

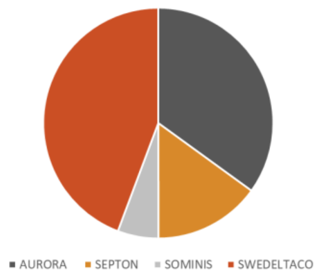
Gross margin amounted to 21.9 per cent (21.7).

Operating result after depreciation/amortization (EBIT) decreased to MSEK 16.1 (72.2). This result was impacted by a write-down of Deltaco's ERP system of MSEK 30.2 as well as by MSEK 25.3 in restructuring costs. Adjusted EBIT thus amounts to MSEK 71.6 (72.2).

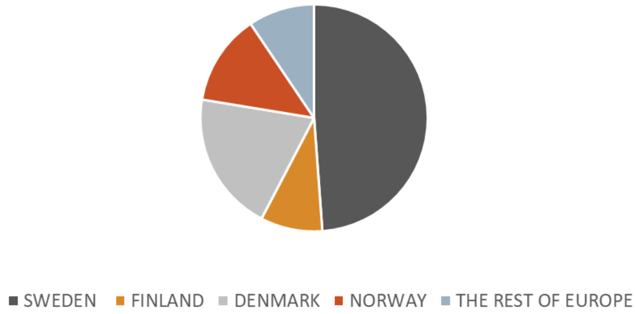
Comprehensive income for the period decreased to MSEK 41.4 (43.9) after MSEK 44.5 in capital gains from the sale of the shares in DistIT Fastigheter AB.

Cash flow from operating activities amounted to MSEK -9.8 (70.2). The sale of DistIT Fastigheter AB is recognized as divested operations and amounted to MSEK 58.4 (0.0). This is not included in cash flow from operating activities. Net debt excluding IFRS 16 decreased to MSEK 193.0 (232.1).

NET SALES PER SUBSIDIARY



NET SALES PER COUNTRY



CASH FLOW AND WORKING CAPITAL

The Group's cash flow was negatively impacted by changes in working capital of MSEK -59.9 (16.4) in 2019. The Group has consciously normalized payments to suppliers, which – in combination with reduced volumes from Aurora – has created an MSEK 143.8 outflow between the end of December 2018 and the end of December 2019. In the same period, inventories and receivables decreased by MSEK 55.2, and by MSEK 21.1 for the group as a whole.

NET LIABILITIES, LIQUID RESOURCES AND INVESTMENTS

Interest-bearing net debt, excluding leasing liabilities in accordance with IFRS 16, totalled MSEK 193.0 (232.1) at the end of December 2019, and the effect of IFRS 16 is MSEK 41.7 (45.4) for short and long-term liabilities.

On 1 February 2019, DistIT nominally purchased MSEK 42.4 of its own bond at an average cost of SEK 100.835. On 8 February 2019, an additional MSEK 4.0 was nominally purchased at an average cost of SEK 100.990. No other significant investments were made in remaining operations during 2019.

DistIT has changed its accounting principle so that assets and overdraft liabilities are now reported net. Net cash for the Group at the end of December 2019 totalled MSEK 10.7 and MSEK 42.9 at the end of 2018 according to the same accounting principle.

The DistIT Group has a so-called cash pool with credit facilities of MSEK 89.3, of which MSEK 20.1 was used at 31 December 2019. In addition, the Group has access to MSEK 17.9 in other bank credit, of which MSEK 5.1 was used at 31 December 2019.

RELATED PARTY TRANSACTIONS

Related party transactions have occurred on two occasions, both of which constituted purchase of consultancy services.

Purchase of consultancy services via Alpstigen AB for, among other things, preparation of the 2018 Annual Report, implementation of the 2019 AGM, and in connection with the divestiture of DistIT Fastigheter AB, totalled MSEK 1.2 in 2019 (1.1). Related parties to Board members of Group companies executed these services. Purchase of consulting services for IT operations and finance and payroll services through the UCS Group totalled MSEK 0.4 in 2019 (0.9). These services were performed by companies in which the former CEO is a minority owner, and a senior executive in one of DistIT's subsidiaries is a board member.

The Board of Directors deems that all related party transactions detailed above have been concluded under market conditions.

SUBSCRIPTION WARRANTS

An Extraordinary General Meeting of DistIT AB (publ) resolved on 21 February 2019 to issue up to 300,000 subscription warrants in total. The right to subscribe to the warrants below shall – in a deviation from shareholders' preferential rights – only be granted to Company CEO, Robert Rosenzweig. Subscription for shares with warrants will be possible between 8 and 31 March 2022. More comprehensive information about subscription warrants is available via DistIT's website.

TO 5, ISIN code: SE0012507192 – 150,000 warrants
TO 6, ISIN code: SE0012507200 – 30,000 warrants
TO 7, ISIN code: SE0012507218 – 30,000 warrants
TO 8, ISIN code: SE0012507226 – 30,000 warrants
TO 9, ISIN code: SE0012507234 – 30,000 warrants
TO 10, ISIN code: SE0012507242 – 30,000 warrants

ACQUISITIONS AND GOODWILL

Goodwill is tested on an ongoing basis to identify any impairment needs, and is reported at cost less accumulated impairment losses. Tests conducted at year-end showed that there was no need for impairment. As of 31 December 2019, goodwill amounted to MSEK 89.8 (88). In this change, approximately MSEK 1 relating to acquisition of Tight LED AB is included.

PERSONNEL

The number of employees totaled 259 (273) at the end of the reporting period.

KEY RISKS AND UNCERTAINTY FACTORS

DistIT's risks and uncertainty factors are detailed in the 2018 annual report, on pages 18 to 22. They can also be found on the Company's website – www.distit.se – in the corporate governance report for 2018. No significant changes have occurred which would require these descriptions to be amended.

PARENT COMPANY

The Parent Company's activities comprise group management, economy and IR/PR. The Parent Company's net sales, which is entirely an intra-group item, amounted to MSEK 7.8 (3.0) for the fourth quarter 2019. The operating result amounted to MSEK -1.9 (-2.4); the improvement primarily reflects parts of the aforementioned restructuring costs. The number of employees in the Parent Company amounted to 1 (2) at the end of the period, as the company has appointed an interim CFO on a consultancy basis.

DIVIDEND

The Board proposes that a dividend of SEK 1.25 (1.00) per share be paid for the financial year 2019.

The Board intends to propose an annual dividend, or other equivalent value transfer, which shall amount to between 30 and 50 per cent of profit after tax. The dividend proposal is made in light of a strengthened balance sheet and execution of the company's efficiency work, which has created the conditions for increased earning capacity. Consideration has been given to value-creating initiatives the company has underway within its own brands and uncertainty factors related to the Corona virus.

ANNUAL GENERAL MEETING 2019

The Annual General Meeting of DistIT AB was held on 25 April 2019. For more information about the AGM and the resolutions passed,

please refer to the Company's communiqué from the AGM, which is available on the Company's website www.distit.se.

NOMINATION COMMITTEE FOR THE 2020 AGM

Prior to the 2020 Annual General Meeting, the Nomination Committee consisted of Anders Bladh (appointed by and representing Ribbskottet AB), Daniel Nyhren (Athanase), Tedde Jeansson (Jeansson family) and Stefan Charette (Chairman of DistIT AB). Daniel Nyhren is Chairman of the Nomination Committee. The Nomination Committee represents over 45 per cent of the total number of shares and votes. Anders Bladh and Stefan Charette are both board members of the company, representing shareholders with more than ten per cent of shares and votes each. The Nomination Committee therefore deviates from the "Swedish Code of Corporate Governance". The reason for this deviation is that participation in the Nomination Committee forms a key part of the responsibilities of owning shares in the company. The Nomination Committee embodies broad experience from boards and nomination procedures. The Nomination Committee has met twice with full minutes. An account of the Nomination Committee's work and principles will be provided in the Nomination Committee's proposal and report ahead of the Annual General Meeting 2020, which will be published in conjunction with invitations to the Annual General Meeting, expected to be in the second half of March 2020.

SUBSIDIARIES

AURORA

Aurora provides added value for Nordic retail trade, e-commerce and B2B by way of own brand distribution and branded products in consumer electronics. Aurora's customers include Clas Ohlson, Mediamarkt, Elgiganten and Salling group.

Net sales for the fourth quarter fell to MSEK 248.6 (352.1) which is 29.4 per cent lower than the corresponding quarter in 2018.

The contraction of Aurora's volume of sales compared with the preceding period is still a consequence of two suppliers' decision to partly employ alternative sales channels in the third quarter, and of the discontinuation of certain 'A' brands with low margins. EBIT for the quarter fell to MSEK 19.8 (25.9). The relatively limited decrease is mostly attributable to the restructuring effort that has been carried out in the Company.

AURORA[1]	OCT-DEC		JAN-DEC	
	2019	2018	2019	2018
Net sales, MSEK	248.6	352.1	818.6	982.2
Operating result before depreciation/amortization (EBITDA), MSEK	20.1	26.5	11.1	44.6
Operating result after depreciation/amortization (EBIT), MSEK	19.8	25.9	9.9	42.5
Gross margin, %	23.5	22.3	23.0	22.3
Operating margin after depreciation/amortization (EBIT),%	7.9	7.3	1.2	4.3

DELTACO

Deltaco supplies quality IT products and consumer electronics, manufacturing and marketing several own brands: Streetz™, DELTACO™, Nordic Home™ and DELTACO Gaming™. Customer stock comprises ATEA, Kjell & Company, Bauhaus, OKQ8 and others.

Net sales for the fourth quarter increased to MSEK 308.6 (250.8). EBIT for the quarter rose to MSEK 12.3 (4.5). The margin structure is lower in the network products category (mainly in the acquired Winther Wireless) than in the rest of Deltaco, which continues to impact the average margin for the Deltaco group.

DELTACO[2]	OCT-DEC		JAN-DEC	
	2019	2018	2019	2018
Net sales, MSEK	308.6	250.8	1,036.4	913.1
Operating result before depreciation/amortization (EBITDA), MSEK	14.5	6.6	45.5	36.3
Operating result after depreciation/amortization (EBIT), MSEK	12.3	4.5	7.4	28.7
Gross margin, %	20.1	20.1	20.4	21.2
Operating margin after depreciation/amortization (EBIT),%	4.0	1.8	0.7	3.1

1) An organizational merger between Aurora and Deltaco has been carried out during Q3 2019, and further integration of the subsidiaries is ongoing.

SEPTON

Septon is a distributor of high-quality audio and video equipment (AV products) intended for the professional market and consumers. The company represents well-known brands such as Harman Pro, Klipsch and Marantz on the Swedish market. Customers include Dustin, Effektgruppen, SCAN AV and CDON.COM.

Net sales for the fourth quarter increased to MSEK 112.8 (95.3). EBIT for the quarter rose to MSEK 9.8 (7.3). Profitability was weighed down by integrations work within the Septon group. Septon is actively continuing the effort to realize cost and market synergies from previous acquisitions.

SEPTON	OCT-DEC		JAN-DEC	
	2019	2018	2019	2018
Net sales, MSEK	112.8	95.3	351.3	295.0
Operating result before depreciation/amortization (EBITDA), MSEK	9.9	7.5	19.9	20.5
Operating result after depreciation/amortization (EBIT), MSEK	9.8	7.3	19.3	20.0
Gross margin, %	29.0	27.5	28.1	24.6
Operating margin after depreciation/amortization (EBIT),%	8.7	7.7	5.5	6.8

SOMINIS

Sominis Technology UAB, Lithuania, is our B2B selling partner of surplus stock across Europe. Customers are international companies, hardware retailers, retailers, online stores, telecoms companies and hotel chains.

Net sales for the fourth quarter increased to MSEK 42.7 (27.0). EBIT for the quarter rose to MSEK 1.1 (0.1). Somini's business operations regarding internet-based marketplaces developed favourably in the fourth quarter of 2019.

SOMINIS	OCT-DEC		JAN-DEC	
	2019	2018	2019	2018
Net sales, MSEK	42.7	27.0	133.8	88.9
Operating result before depreciation/amortization (EBITDA), MSEK	1.5	0.2	4.6	1.7
Operating result after depreciation/amortization (EBIT), MSEK	1.1	0.1	4.0	1.5
Gross margin, %	9.7	8.1	9.4	9.0
Operating margin after depreciation/amortization (EBIT),%	2.6	0.4	3.0	1.7

1) An organizational merger between Aurora and Deltaco has been carried out during Q3 2019, and further integration of the subsidiaries is ongoing.

DISTIT'S SHARE AND OWNERSHIP

PLACE OF LISTING

DistIT's share is listed on NASDAQ OMX First North since 19 April 2011 and on Nasdaq First North Premier Growth Market ("First North Premier"), previously Nasdaq OMX First North Premier, since 28 April 2015. Companies listed on First North Premier are required to have a Certified Adviser with, among other things, responsibility for supervision. Erik Penser Bank AB is Certified Adviser for DistIT.

Share information	
Ticker name	DIST
ISIN code	SE0003883800
Number of shares	12,281,961
Trade item	1 share
Voting rights	1 vote per share

SHARE FACTS

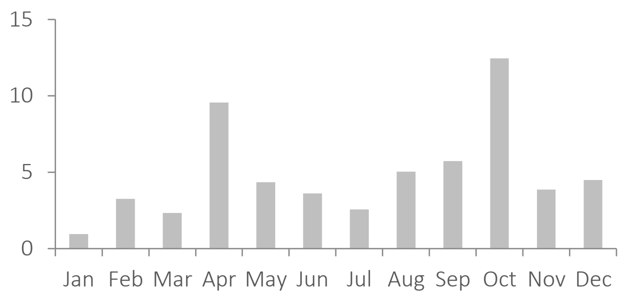
During the year, the closing price of the share was SEK 29.90 (33.70) at its lowest point and SEK 50.0 (48.0) at its highest. The closing price on the last day of trading for the year, 30 December 2019, was SEK 41.50 (36.40), corresponding to a 14.0 per cent increase compared with the closing price of the share on the last day of trading in 2018. As of 30 December 2019, DistIT's market capitalization amounted to MSEK 509.7 (447,1).

The number of shareholders in DistIT amounted to 6,367 on 31 December 2019. Out of these, 429 shareholders had more than 1,000 shares each. The share capital of DistIT amounted to SEK 24,563,922 on 31 December 2019, divided across 12,281,961 shares.

SHARE DISTRIBUTION, 30 DEC 2019

Shareholding	Shareholder	Number of shares
1-500	5,602	448,159
501-1000	336	271,643
1001-5000	313	707,470
5001-10000	43	324,400
10001-15000	20	250,701
15001-20000	5	90,480
20001-	48	10,189,208

SHARE TURNOVER (per 100,000) 2019



10 MAJOR OWNERS – 30 DEC 2019

NAME	NUMBER OF SHARES	SHARE OF CAPITAL AND VOTES, %
Athanase Industrial Partner	2,285,207	18.6%
Ribbskottet AB	1,541,146	12.6%
Försäkringsaktiebolaget, Avanza Pension	1,353,828	11.0%
Humle Kapitalförvaltning AB	848,307	6.9%
Jeansson, Theodor	545,000	4.4%
Hajskäret Invest AB	358,459	2.9%
TAMT AB	292,051	2.4%
Jeansson, Kristoffer	250,000	2.0%
UBS Switzerland AG	200,112	1.6%
Måns Ola Flodberg	196,000	1.6%
The 10 major owners in total	7,870,110	64.1%
Other owners in total	4,411,851	35.9%
Total	12,281,961	100.0%

THE CEO'S SIGNATURE

I, the undersigned, confirm that this interim report provides a true and fair view of the Parent Company and the Group's operations, position and performance, and describes material risks and uncertainties faced by the Parent Company and the companies belonging to the Group.

21 February 2020, Älvsjö

Robert Rosenzweig
Group CEO

With authorization given by the Board of Directors, the report has been signed by the Group CEO.

FINANCIAL CALENDAR 2019

The annual report for 2019 will be published no later than three weeks prior to the AGM.
The Annual General Meeting will be held in Stockholm on 20 April 2020.

Interim report January – March 2020, 20 April 2020
Interim report January – June 2020, 19 August 2020
Interim report January – September 2020, 23 October 2020

CONTACTS

Robert Rosenzweig, CEO, robert.rosenzweig@distit.se
Philip Gunnarsson, CFO, philip.gunnarsson@distit.se

AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION (YEAR-END REPORT) PREPARED IN ACCORDANCE WITH IAS 34 AND CHAPTER 9 OF THE ANNUAL ACCOUNTS ACT (1995:1554)

INTRODUCTION

We have reviewed the condensed interim financial information (year-end report) for DistIT AB, reg.no. 556116-4384, as of 31 December 2019 and the twelve-month period which ended on this date. The Board of Directors and the CEO are responsible for the preparation and presentation of this year-end report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this year-end report based on our review.

SCOPE OF THE REVIEW

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially smaller in scope than an audit conducted in accordance with International Standards on Auditing and the generally accepted auditing practice. The procedures used with a review do not allow us the certainty of being aware of all of the important circumstances which would have otherwise been identified if an audit was conducted. The expressed findings based on a review therefore do not carry the same certainty as expressed findings based on an audit.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act in the case of the Group and in accordance with the Annual Accounts Act in the case of the parent company.

Stockholm, 21 February 2020
Grant Thornton Sweden AB

Daniel Forsgren
Chartered Accountant

DistIT acquires, owns and develops niche distributors within IT, mobility, home electronics, networks, professional sound and lighting and data communications in the Nordic and Baltic countries.
The companies arhave strong market positioning, supplying products and services for both businesses and consumers. Customers include home electronics chains, e-commerce, installers, telecoms, discount stores, grocery stores and specialty retailers. Through own brand products, the products and services offering is becoming differentiated.
DistIT is listed on Nasdaq First North Premier and had a turnover of MSEK 2,331 in 2019.

THE GROUP

CONSOLIDATED INCOME STATEMENT, MSEK		OCT-DEC		JAN-DEC	
		2019	2018	**2019**	2018
Net sales		707.0	727.6	2,320.6	2,262.0
Other operating income		-0.2	-4.0	10.3	10.1
Total net sales	*Note 5*	706.8	723.5	2,330.9	2,272.1
Cost of goods sold		-549.4	-566.4	-1,820.1	-1,778.8
Gross profit		157.4	157.1	510.8	493.3
Operating costs		-112.3	-122.1	-439.4	-409.8
Operating result before depreciation/amortization		45.1	35.0	71.4	83.4
Depreciation of tangible assets		-4.8	-1.1	-17.7	-3.9
Amortization of intangible assets		-2.3	-2.0	-37.6	-7.3
Operating result		38.0	31.9	16.1	72.2
Net financial result		-4.2	-4.4	-12.0	-16.2
Result after financial items		33.8	27.5	4.1	56.0
Deferred tax liabilities		-1.5	0.2	-1.5	-1.1
Tax on profit for the year		-2.8	-5.8	-5.7	-11.0
Result from continuing operations for the period		29.5	21.9	-3.1	43.9
Result from divested operations		0.0	0.0	44.5	0.0
Result for the period		29.5	21.9	41.4	43.9
Attributable to:					
The parent company's shareholders		28.7	20.7	38.3	40.2
Non-controlling interests		0.8	1.2	3.1	3.7
Result for the period		29.5	21.9	41.4	43.9
Other comprehensive income					
Translation differences for the period due to recalculation of foreign operations		-0.9	-0.1	4.4	5.2
Total comprehensive income for the period		28.6	21.8	45.8	49.1
Total comprehensive income for the period attributable to:					
Parent Company shareholders		27.8	20.6	42.7	45.4
Non-controlling interests		0.8	1.2	3.1	3.7

DATA PER SHARE	JAN-DEC	JAN-DEC
	2019	2018
Number of shares		
Number of shares at the end of the period	12,281,961	12,281,961
Average number of shares (before dilution)	12,281,961	12,281,961
Average number of shares (after dilution)	12,281,961	12,281,961
Earnings per share		
Basic earnings per share for the period, SEK	3.12	3.26
Diluted earnings per share for the period, SEK	3.12	3.26
Earnings per share for the period from continuing operations, SEK	-0.25	3.29
Earnings per share for the period from divested operations, SEK	3.62	-0.03
Equity per share		
Equity per share at the end of the period, SEK	32.19	29.70

THE GROUP

CONSOLIDATED BALANCE SHEET, MSEK		JAN-DEC	
		2019	2018
ASSETS			
Fixed assets			
Goodwill		89.8	88.0
Other intangible fixed assets		24.4	47.1
Tangible fixed assets		6.2	48.8
Right of use	*Note 2*	41.4	0,0
Financial fixed assets		10.2	10.4
Total fixed assets		172.0	194.3
Current assets			
Inventories		432.2	487.5
Accounts receivable		412.6	433.7
Other current assets		49.0	51.8
Cash and bank balances	*Note 7*	10.7	42.9
Total current assets		904.5	1,015.9
TOTAL ASSETS		1,076.5	1,210.2
EQUITY AND LIABILITIES			
Equity			
Share capital		24.6	24.6
Other contributed capital		165.8	162.6
Retained earnings including net profit for the period		205.0	177.8
Total attributable to parent company shareholders		395.4	365.0
Non-controlling interests		12.1	9.8
Total equity		407.5	374.8
Long-term liabilities			
Liabilities to credit institutions		0.0	0.4
Lease liabilities	*Note 2*	26.7	0.0
Bond loans	*Note 4*	183.6	230.0
Deferred tax liabilities		6.3	8.5
Other long-term liabilities		1.1	0.0
Total long-term liabilities		217.7	238.9
Short-term liabilities			
Liabilities to credit institutions	*Note 7*	20.1	45.0
Lease liabilities		15.0	0.0
Other interest-bearing liabilities		0.0	0.8
Accounts payable		283.0	426.8
Accruals and deferred income		48.5	41.7
Other short-term liabilities		84.4	82.2
Total short-term liabilities		451.3	596.5
TOTAL EQUITY AND LIABILITIES		1,076.5	1,210.2

INFORMATION CONSOLIDATED INCOME STATEMENT TAX ON PROFIT FOR THE YEAR - IFRS 16, MSEK	INCLUDING IFRS 16	EXCLUDING IFRS 16
	JAN - DEC 2019	JAN - DEC 2019
Operating result after depreciation/amortization (EBIT)	16.1	15.2
Operating margin (EBIT),%	0.7	0.7
Result for the period	41.4	41.0

INFORMATION CONSOLIDATED BALANCE SHEET - IFRS 16, MSEK	INCLUDING IFRS 16	EXCLUDING IFRS 16
	JAN - DEC 2019	JAN - DEC 2019
Right of use	41.4	0.0
Total assets	1,184.8	1,143.4
Result for the period	41.4	41.0
Total equity	407.4	407.1
Long-term lease liabilities	26.7	0.0
Short-term lease liabilities	15.0	0.0
Total liabilities	789.4	747.7

THE GROUP

CONSOLIDATED CHANGES IN EQUITY, MSEK	YEAR	YEAR
	2019	2018
Opening equity	374.8	354.6
Effect of transition to IFRS 16	-0.3	-
New issue of warrants	1.4	0.0
Dividend	-12.5	0.0
Acquisition of subsidiary	0	-29.6
Non-controlling interests	1.0	4.4
Comprehensive income for the period attributable to parent company shareholders	43.1	45.4
Closing equity	**407.5**	**374.8**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT, MSEK		OCT-DEC		JAN-DEC	
		2019	2018	**2019**	2018
Operating result		38.0	31.9	16.1	72.2
		3.0	4.0	55.8	15.8
Net financial result		-4.2	-4.4	-12.2	-16.2
Income tax paid		4.3	-7.8	-9.6	-18.0
		-52.5	31.8	-59.9	16.4
Cash flow from operating activities		-11.4	55.5	-9.8	70.2
Changes in fixed tangible and intangible assets		1.5	-3.1	-19.0	-9.1
Changes in financial fixed assets		2.2	0.2	1.5	-0.2
Acquisition of subsidiary / non-controlling interest		0.0	0.0	0.0	-58.5
Cash flow from investing activities		3.7	-2.9	-17.5	-67.8
Change in loans	*Note 7*	11.1	-12.1	-50.5	-0.3
Dividend to shareholders without controlling interest		-0.2	-	-0.2	-
Dividend/options		0.6	-	-12.2	-
Cash flow from financing activities		11.5	-12.1	-62.9	-0.3
Cash flow for the year from continuing operations		3.8	40.5	-90.2	2.1
Cash flow for the year from divested operations		0.0	0.0	58.4	0.0
Cash flow for the year		-3.8	40.5	-31.8	2.1
Exchange rate difference on liquid funds		-1.7	-0.3	-0.4	1.0
Changes in liquid funds		2.1	40.2	-32.2	3.1
Reconciliation of changes in liquid funds					
Opening balance liquid funds	*Note 7*	8.6	2.7	42.9	39.8
Closing balance liquid funds	*Note 7*	10.7	42.9	10.7	42.9
Changes in liquid funds		2.1	40.2	-32.2	3.1

THE PARENT COMPANY

INCOME STATEMENT – THE PARENT COMPANY, MSEK	OCT-DEC		JAN-DEC	
	2019	2018	**2019**	2018
Net sales	7.8	3.0	15.1	11.5
Total income	7.8	3.0	15.1	11.5
Operating costs	-5.5	-5.4	-24.4	-20.0
Operating result before depreciation/amortization	2.3	-2.4	-9.3	-8.6
Amortization of intangible assets	-0.4	-	-0.4	-
Operating result	1.9	-2.4	-9.7	-8.6
Net financial result	-1.2	-1.1	8.9	-3.9
Result after financial items	0.7	-3.4	-0.8	-12.5
Year-end appropriations	2.0	7.8	2.0	7.8
Profit or loss before tax	2.7	4.4	1.20	-4.7
Tax on profit for the year	0.0	1.2	0	1.3
Result for the period	2.7	5.6	1.2	-3.4

BALANCE SHEET – THE PARENT COMPANY, MSEK	JAN-DEC	
ASSETS	**2019**	2018
Fixed assets		
Shares in subsidiaries	206.1	255.7
Other intangible fixed assets	1.8	0.0
Other fixed assets	7.5	7.5
Total fixed assets	215.4	263.2
Current assets		
Receivables from group companies	295.8	274.6
Other receivables	7.1	5.2
Cash and bank balances	1.2	33.7
Total current assets	304.1	313.5
TOTAL ASSETS	519.5	576.7
EQUITY AND LIABILITIES		
Equity		
Share capital	24.6	24.6
Non-restricted reserves	303.3	317.7
Result for the period	1.2	-3.4
Total equity	329.1	338.9
Long-term liabilities		
Bond loans	183.6	230.0
Total long-term liabilities	183.6	230.0
Short-term liabilities		
Accounts payable	0.6	0.2
Liabilities to group companies	0.0	2.3
Accruals and deferred income	5.3	5.0
Other short-term liabilities	0.9	0.3
Total short-term liabilities	6.8	7.8
TOTAL EQUITY AND LIABILITIES	519.5	576.7

NOTES

NOTE 1 – ACCOUNTING PRINCIPLES

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of the IFRS Interpretations Committee (IFRS IC) as endorsed by the EU. The Group also applies the Swedish Financial Reporting Board recommendation RFR 1 Supplementary Accounting Rules for groups. This interim report is for the Group prepared in accordance with IAS 34, Interim Financial Reporting, and with the Swedish Annual Accounts Act, and for the Parent Company in accordance with the Swedish Annual Accounts Act as well as the Swedish Financial Reporting Board's recommendations RFR 2 Accounting for Legal Entities. The accounting principles applied for the Group and the Parent Company are the same as those used in preparation of the latest annual report, except for that which concerns IFRS 16.

DistIT applies IFRS 16 by using the modified retrospective transition method as of the transition date, 1 January 2019. In accordance with the new standard, the comparative figures are not recalculated. Instead, the accumulated effect of the transition is recognized as an adjustment of the opening balance. At the transition, all rights of use are valued at recognized value as if the new accounting standard had been applied from the start of the agreements, and lease liabilities are valued at the present value of the remaining lease payments. The marginal borrowing rate as of the transition date is used to value both rights of use and lease liabilities. When IFRS 16 was applied for the first time, the Group applied the practical expedients that are allowed under the standard, where appropriate. The applied practical expedients include the following:

- No reevaluation was carried out as to whether an agreement is or contains a lease agreement at the transition to IFRS 16. This means that the standard is applied to all agreements that are identified as lease agreements in accordance with IAS 17 and IFRIC 4.
- Operational lease agreements with a remaining lease time of less than 12 months as of 1 January 2019 are recognized as short-term lease agreements, which means that they are not reported on the balance sheet at the time of transition.
- Direct acquisition costs for rights of use have been excluded from calculations of recognized value at the transition.
- Historical information has been used to assess the duration of any such lease agreements that have options to extend or terminate the agreement. The application of IFRS 16 has led to increases in both assets and liabilities, due to rights of use and lease liabilities being recognized on the balance sheet. The lease cost, which thus far has been fully recognized as operating cost, has been replaced by a write-down of the right of use and an interest cost for the lease liability.

The application of IFRS 16 means that the total leasing cost is normally higher in the early years of a lease agreement, subsequently decreasing.

This is because interest costs decrease over time as the lease debt decreases with payments. Cash flow from operating activities increases, as leasing costs have until now been included therein, but under IFRS 16, the majority of leasing payments are reported as payment of the lease debt and so are classified as cash flow from financing operations. Only the portion of payments relating to interest is included in cash flow from operating activities. Leasing fees for assets not reported in the balance sheet, namely short-term agreements and agreements of lesser value, fully affect cash flow from operating activities. IFRS 16 affects key indicators as a consequence of the effects on the balance sheet, income statement and cash flow.

Opening balance adjustment as of 1 January 2019 with the following balance sheet effects, without taking into account adjustments of IRU-related accruals at transition (in thousands of SEK):

- Indefeasible rights of use: 46,345
- Deferred tax assets: 80 (21.4% of the change in retained earnings)
- Lease liabilities: 46,717
- Retained earnings: -292

Net assets increased by kSEK 46,345, and net debt increased by kSEK 46,717 as of 1 January 2019.

NOTE 2 – IFRS 16:

During the period 2019, implementation of IFRS 16 has had the following effect:

- Operating result before depreciation/amortization has increased by kSEK 15,230
- Operating result after depreciation/amortization has decreased by kSEK -348

On 31 December 2019:

- Rights of use: kSEK 41,399
- Lease liabilities kSEK 41,747.

NOTE 3 – PLEDGED ASSETS FOR OWN PROVISIONS AND LIABILITIES, MSEK:

	THE GROUP		PARENT COMPANY	
LIABILITIES TO CREDIT INSTITUTIONS	**2019-12-31**	2018-12-31	**2019-12-31**	2018-12-31
Property mortgages	0.0	60.0	0.0	0.0
Business mortgages	73.0	73.0	5.0	5.0
Shares in subsidiaries	232.8	234.1	180.6	180.6
Pledged assets	28.6	21.4	0.0	0.0
Other guarantees	4.7	2.6	0.0	0.0

NOTE 4 – BOND LOAN

On 3 May 2018, DistIT AB issued a four-year senior unsecured bond loan of MSEK 240 within a framework of MSEK 500. The bond loan matures on 16 May 2022. The bond loan carries a coupon rate of 3 months' STIBOR plus 5.0 per cent. The bonds were registered for trading at Nasdaq Stockholm on 6 July 2018. As of 31 December 2019, DistIT AB nominally owns MSEK 56.4 of its own bond loans.

NOTE 5 – SALES PER COUNTRY, MSEK

	OCT-DEC		JAN-DEC	
	2019	2018	**2019**	2018
Sweden	330.1	350.4	1,138.8	1,131.8
Finland	58.1	57.0	205.6	194.4
Denmark	153.1	171.8	464.7	501.2
Norway	99.1	95.8	302.3	269.6
The rest of Europe	66.4	48.5	219.9	175.5
Total	706.8	723.5	2,330.9	2,272.1

NOTE 6 – EXCHANGE RATE DIFFERENTIALS

Exchange rate differentials of an operating nature are reported in accordance with IFRS in operating income as other operating income/expenses. This refers to all currency differentials that arise as a result of commitments to customers and suppliers. Other exchange rate differentials are classified as financials, which include, among other things, exchange rate differentials on loans and bank balances in foreign currencies.

Currency adjustments depending on the recalculation of foreign operations are reported in "Other comprehensive income".

NOTE 7 – ADJUSTMENT OF ACCOUNTING LIQUID RESOURCES

The DistIT Group has previously recognized cash and cash equivalents in accordance with the principle that bank accounts in the cash pool of subsidiaries have been reported with their gross values, i.e. a positive account has been reported as current assets and negative accounts as current liabilities. As of the current quarter, the Group has changed the accounting principle to the Group's cash pool being reported in its entirety as liquid assets in the Parent Company. The subsidiaries' share of the cash pool accounts is reported as a current receivable or liability to the parent company.

The amounts previously reported as of 12 December 2018 for liquid funds and current liabilities to credit institutions were MSEK 177.8 and MSEK 179.9 respectively.

The amounts previously reported in the cash flow statement were as follows. Full year 2018: loan changes MSEK 97.5, opening balance liquid funds MSEK 76.9, closing balance liquid funds MSEK 177.8. Quarter four 2018: loan changes MSEK 29.1, opening balance liquid funds MSEK 96.4.

DEFINITIONS

Total net sales, Net sales:	Net sales including currency effects and other operating income
Gross margin:	Gross result as a percentage of net sales for the period
EBITDA:	Operating result before depreciation/amortization
Net debt:	Liabilities to credit institutions, bond loans and other interest-bearing liabilities, less cash and bank balances
EBIT margin:	Operating result after depreciation as a percentage of net sales for the period.
Earnings per share:	Net result for the period divided by the average number of shares during the period.
Other comprehensive income:	Translation differences for the period due to recalculation of foreign operations
Working capital as a percentage of rolling 12 months sales:	The total of inventories, receivables and payables as a percentage of rolling 12 months sales
Total working capital	Total of inventories, receivables and payables, as well as other current assets and other short-term liabilities.

ENGISH VERSION

This English version of the year end report is provided as a service, but is superseded by the original publication in Swedish in case of any discrepancies.