DIST IT

2020 ANNUAL REPORT

DistIT shall acquire, own, and develop niche distributors within IT, Mobility, Consumer Electronics, Network and Data Communication in Europe.

Companies within the DistIT Group deliver both B2B and B2C products to the IT and AV market. The companies shall also develop and distribute their own brand labels (OBL).

Our vision is to be: ”A leading partner of IT, technology and AV products”.

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WHY INVEST IN DISTIT?

Structural growth from digitalisation - one of the major megatrends that shape our future

Wide access to customer channels enables scalability and efficient ”go-to-market” for the company’s product categories

Successful strategy for own brand labels

Reliable business partner, creating a clear place in the value chain

Upgraded and well-invested company managements with constant improvements as part of the culture

Accelerated export and acquisition strategy

Further in the annual report, we explain DistIT’s role in value creation for our customers and suppliers

STABILITY | FLEXIBILITY | DEVELOPMENT

THE YEAR IN BRIEF

Q1

Philip Gunnarsson took over as CFO of DistIT AB on 1 January 2020.

Q2

DistIT takes a series of measures to deal with the situation that has arisen because of Covid-19 in order to ensure the Group's integrity and prerequisites for development, including extended supplier credits, sale of slow-moving inventory, careful planning of product flows, detailed cash flow planning, as well as monitoring and cost control.

DistIT strengthens the organisation further. As part of strengthening Aurora/Deltaco's digital marketing capabilities, Adrian Langer was recruited as Head of Marketing for Aurora/Deltaco.

DistIT revokes short-term furloughs in Deltaco. With gradual easing of restrictions in the Nordic region and tendencies towards a stabilisation of the Covid-19 pandemic, a normalisation of the business volume in Deltaco's operations began. In light of this, all short-term furloughs within the Deltaco Group were revoked, except Winther Wireless.

Q3

The offer for subscription warrants in DistIT AB decided by the 2020 Annual General Meeting was fully subscribed and all participants in the programme received their full allocation. The subscription warrant programme was divided between nine senior executives in DistIT, Aurora & Deltaco and Septon.

As part of DistIT's increased customer orientation and commercial focus, Aurora/Deltaco hired Anders Lagerstedt as Head of Sales, a role that is part of the corporate management for Aurora/Deltaco.

The short-term furloughs for Aurora ceased on 9 June. A decision was made not to extend the furloughs for Aurora employees, primarily in Denmark. Aurora employees returned to normal working hours.

Q4

DistIT AB repurchases a total nominal MSEK 18 in bonds in DistIT AB.

2 358.2 (2 330.9) MSEK
Total revenue

1.2 (2,6) %
Growth

87.4 (71.6*) MSEK
Operating result after depreciation/ amortisation

39.5 (37.9) %
Equity/assets ratio

4.57 (3.12) SEK
Earnings per share

*Adjusted operating result after depreciation/amortisation

A WORD FROM OUR CEO

THE YEAR'S DEVELOPMENT

Many people will remember 2020 for a very long time, and then perhaps not primarily the US presidential election, but the Covid pandemic. An event that, despite all the isolation, has united us and built a deeper community. For us as an organisation and workplace, the year was a major ordeal in a number of areas, but we knew that the restructuring in 2019, property sales and a new strategy led to improved efficiency and liquidity. At the beginning of the year, we heard about a SARS-like pandemic in China. Well aware of SARS, I worked in Southeast Asia during this time, we immediately began securing the supply of goods with updated purchasing estimates and substantial emergency stocks. We had just enough time for that process when Covid-19 struck with full force in the Nordic region in mid-March, with massive shutdowns in our countries as a result. DistIT managed the quarter with relatively little impact before the shutdowns struck. For Septon, with its great dependence on the events market, it came as a shock. For the rest of our operations, which supply all consumer electronics channels in the Nordic region, it was a significant but manageable trial. An event such as this accelerates societal changes, and we therefore decided to accelerate the strategy work with digitalisation and our own brand labels. Thanks to a good cost structure and liquidity planning, the Company had the opportunity to recruit top expertise in line with the defined strategy.

The hard work led to a record year for the Group, where, above all, the fourth quarter demonstrated the effect of all the hard work on improvements and a refined strategy.

INTEGRATION OF AURORA AND DELTACO

2020 was characterised by strong progress with the integration work and the IT platform. DistIT has expensed a large part of its IT infrastructure investments on an ongoing basis, which will mean that depreciation of intangible assets will be significantly lower in the future. We are working towards a schedule where the integration to our new ERP system will be completed for Aurora and Deltaco during the first half of 2022.

SEPTON

The improvement work in Septon is of a similar nature to that already carried out in Aurora and Deltaco, with investments in a common platform and development of own brand labels. Septon has been particularly affected by the Covid pandemic, but we expect the company to be strengthened through this, and with higher profitability.

SUMMARY OF DISTIT'S VALUE-CREATING STRATEGY

The strategy we are working towards within the entire DistIT Group already creates significant values. The refined strategy, which is made possible largely thanks to the DistIT Group's access to a broad customer base in the Nordic and Baltic countries, rests on four pillars that accelerate value creation. These are:

Strutural growth:
DistIT's operations are geared towards structural trends in digitalisation and technological breakthroughs, and we see a clear opportunity for further acceleration through increased exports and company acquisitions.

Higher gross margin profile:
improved gross margin from own brand labels.

Cost efficiency:
scalable growth from integration and improvement work.

Extended control:
through a gradual shift to becoming more of a product-based company, we create greater control over our future and choice of strategy, as well as over sustainability aspects.

NEW FINANCIAL GOALS

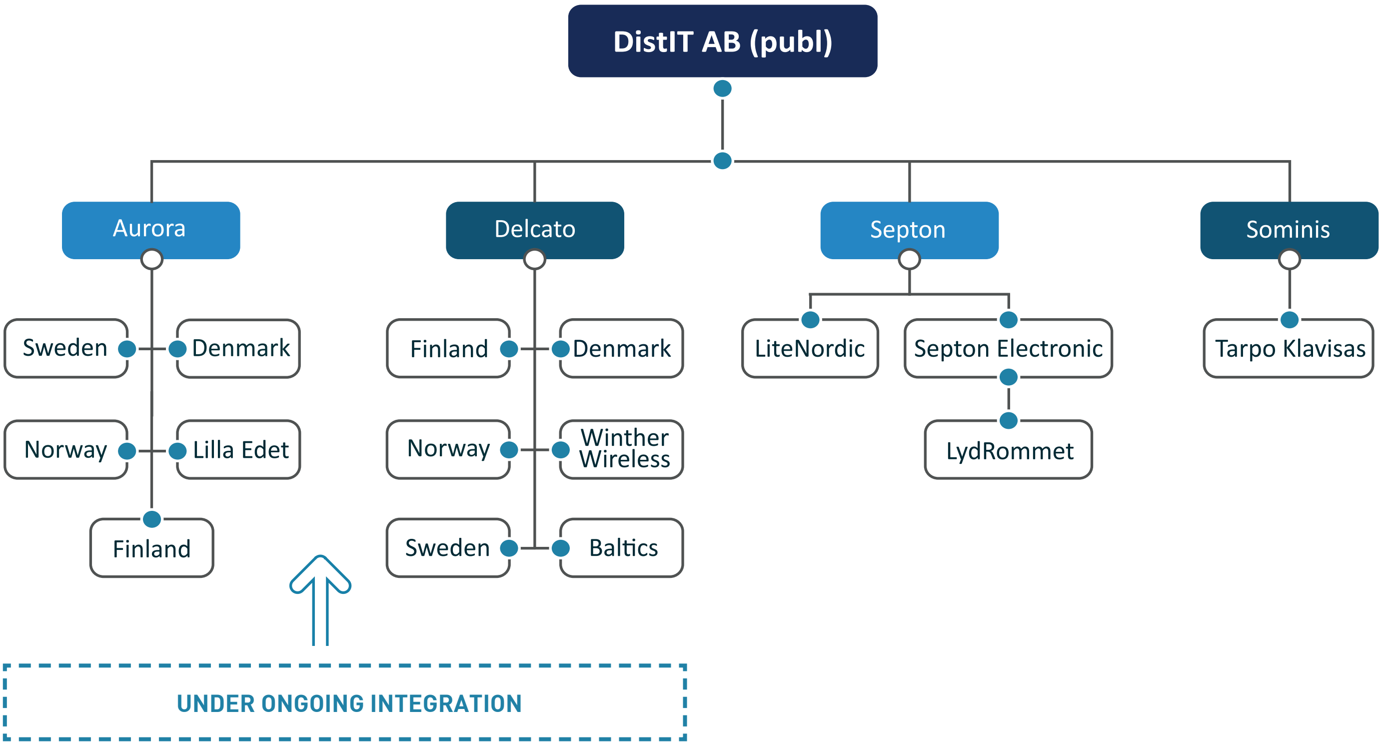
In light of DistIT's updated strategy and business plan, new financial goals for 2025 were published on 18 March 2021. These goals consist of achieving sales of SEK 3.5 billion in 2025, a gross margin of 25% and an EBIT margin of at least 8%. Fulfillment of these goals would create an accumulated acquisition capacity of SEK 1.5 - 2.0 billion after dividends.

The revenue goal is intended to be achieved with a combination of growth in the DistIT companies' home markets and increased exports to the rest of Europe. The margin goals are achieved through a continued shift towards product ownership and thereby increased gross margin, in combination with cost efficiency and scalable growth.

We look forward with great confidence to the coming five-year period, and we will continue the hard work of accelerating our strategy - with a strong conviction that success breeds success!

Robert Rosenzweig
President and CEO DistIT AB (publ)

GROUP ORGANISATION



BUSINESS CONCEPT, GOALS AND STRATEGY

DistIT AB (publ) with its subsidiaries is a stable and well-established distribution group within IT accessories, data communication, consumer electronics, networks and AV products in Europe. Companies within the Group are niche distributors with strong market positions. The companies' products are aimed at both consumers and companies, and their customers are in consumer electronics chains, online retailers, installers, telecom operators, discount chains, grocery stores and independent specialist retailers. Each subsidiary constitutes its own results centre, with responsibility for its chosen strategy. Common to the companies is a value-creating strategy for own brand labels (OBL) that increases the relevance of customers and creates prerequisites for growth and profitability. DistIT is a reliable business partner with high delivery reliability and service level, guaranteed product quality, and fast deliveries.

BUSINESS CONCEPT

DistIT AB (publ) shall acquire, own and develop niche distributors in IT, mobility, consumer electronics, networks, data communication and AV products in Europe. Companies within the DistIT Group deliver both B2B and B2C products to the IT and AV market in Europe. The companies will also develop and distribute their own brand labels (OBL).

VISION

Our vision is to be:
"A leading partner of IT, technology and AV products"

BUSINESS GOALS

Each subsidiary within DistIT Group shall, with Europe as the main market, offer the market's best range of products within the niches in which the companies operate. Competitive prices, fast deliveries, as well as good service and support, shall be the watchwords.

FINANCIAL GOALS

The DistIT Group's financial goals for 2025 consist of:
- Revenue SEK 3.5 billion
- Gross margin 25%
- EBIT margin at least 8%
- Accumulated acquisition capacity of SEK 1.5 - 2.0 billion.

STRATEGY FOR GROWTH

The DistIT Group's growth strategy consists of organic growth, acquisitions, and synergy opportunities.

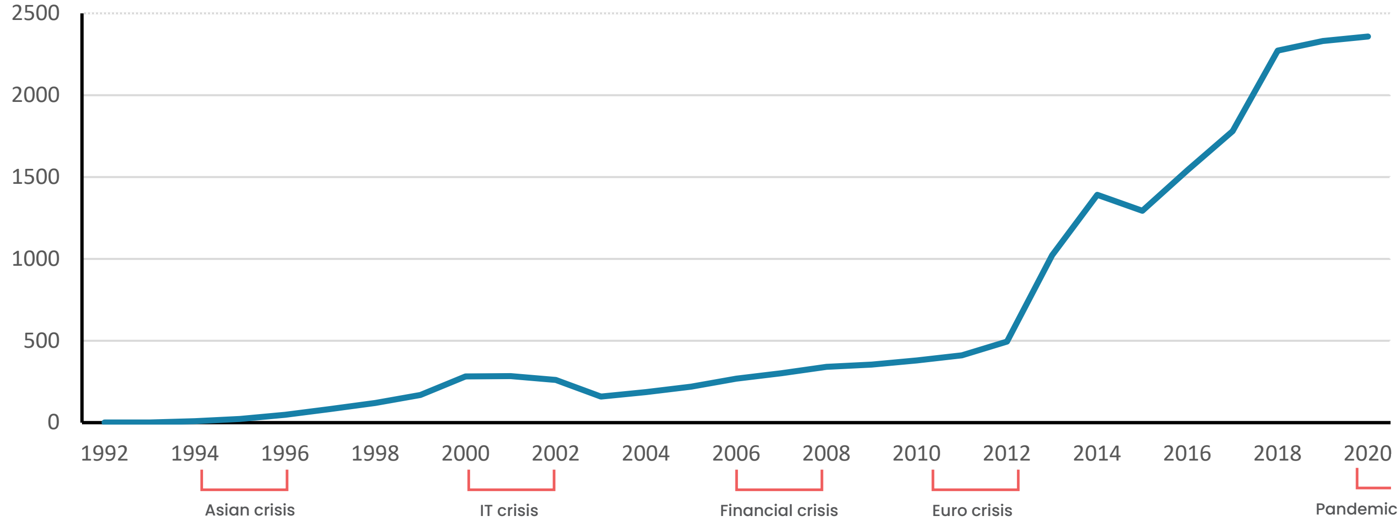
Organic growth within each company shall be achieved through continuous development of business models, a flexible organisation, and careful analysis of the market's driving forces.

Acqusitions of new companies shall strengthen the DistIT Group's offers and position, expand its geographical presence, or supplement the Group's customer base. Acquired companies must have leadership characterised by expertise and entrepreneurship, good earning capacity, and a proven business model.

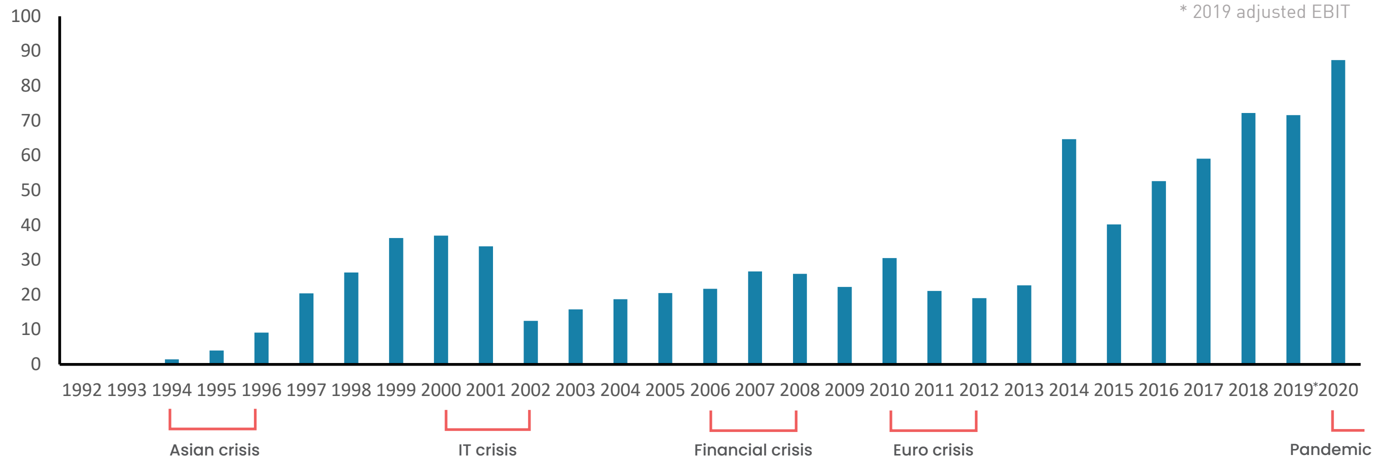
Synergy opportunities between the subsidiaries, both cost and market synergies in the DistIT Group, shall be identified and realised when the profit is greater than the coordination costs.

REVENUE AND RESULTS

REVENUE (MSEK)



EBIT (MSEK)



SALES BY LAND

48 %
Sweden

20 %
Denmark

9 %
Finland

11 %
Norway

12 %
Rest of Europe

SALES CHANNELS

- Digital marketplaces
- Consumer electronics stores
- E-commerce
- Consultants
- Discount stores
- Specialist retailers
- Office department stores
- Telecom operators
- Fuel stations
- Installers
- Grocery stores

HISTORY

2011

FIRST NORTH

In 2011, Deltaco AB (publ) was split from Intoi AB (publ) and was listed as an independent company on NASDAQ OMX First North. SweDeltaco AB, which is a subsidiary of Deltaco AB (publ), established itself in Norway during the year.

2012

ALCADON

Deltaco AB (publ) acquired Alcadon AB, which is a Swedish distributor of products for data and telecommunications.

2013

AURORA

Deltaco AB (publ) acquired Aurora Group Danmark A/S, which is a leading distributor of accessories within consumer electronics in the Nordic market. Aurora has its own sales companies in Denmark, Norway, Finland and Sweden.

2014

DistIT AB (publ)

Deltaco AB (publ) changed its name to DistIT AB (publ).

AG Trade UAB (Deltaco Baltic UAB)

SweDeltaco AB expanded its operations in Lithuania and Latvia through the acquisition of AG Trade UAB. The acquired company later changed its name to Deltaco Baltic UAB.

2015

DistIT AB (publ)

DistIT's shares were listed on the OMX Nasdaq First North Premier.

AURORA

Aurora Group Danmark A/S is appointed by PROCTER & GAMBLE and DURACELL® as Master Importer of DURACELL® in the Nordic region.

2016

ALCADON (publ)

ALCADON AB shares issued to shareholders in DistIT AB. Alcadon's shares were admitted to trading on Nasdaq First North in connection with the dividend.

NORDIC HOME CULTURE

SweDeltaco AB launched the new brand Nordic Home Culture ™ in consumer electronics.

2017

SEPTON

DistIT AB acquired Septon Electronic AB and Septronic AB (jointly "Septon"). Septon is a leading distributor of high-end audio products in Sweden.

SOMINIS

DistIT AB acquired Sominis Technology UAB. Sominis is a leading distributor of accessories and spare parts for IT products in Lithuania.

WINTHER

SweDeltaco AB acquired Winther Wireless AB, which is a leading niche distributor with a focus on wireless network solutions for indoor and outdoor needs.

2018

SEPTON

Septon Electronic AB acquired LydRommet, which is a leading distributor of professional AV products in Norway and Denmark.

DISTIT FASTIGHETER AB

DistIT Fastigheter AB signs lease with PostNord Sverige AB.

AURORA OCH DELTACO

Aurora Group Danmark A/S and SweDeltaco AB start integration to increase their investment in their own brand labels (OBL) and strengthen their operations.

2019

SEPTON

Through the subsidiary LiteNordic AB, Septon Electronic AB acquired 60% of the shares in Tight Led Scandinavia AB, which designs and produces LED products aimed at the professional lighting market under the TiGHT brand.

DISTIT FASTIGHETER AB

DistIT AB sells DistIT Fastigheter AB, which owned the Genetikern 2 property in Tullinge.

DELTACO

SweDeltaco moves to new premises in Älvsjö.

AURORA OCH DELTACO

The previously announced strategic review of Aurora's and SweDeltaco's business structure and organisation are finalised through the merger of the companies.

2020

AURORA AND DELTACO

Efforts to develop the Aurora/Belkin progressed and led to increased sales of own products "OBL".

A major input to build niche categories, such as smart home, security, electric vehicle infrastructure, gaming and ergonomic, and space-efficient office, consisting of own and external brands, began.

WHY INVEST IN DISTIT?

STRUCTURAL GROWTH FROM DIGITALISATION – ONE OF THE MAJOR MEGATRENDS THAT SHAPE OUR FUTURE

New technological breakthroughs are one of the five megatrends[1] that will shape our future in the coming years. The digitalisation that is taking place through new technologies is changing how we work and live our lives.

DistIT's business has a clear role in digitalisation and has a favourable position when new innovative technology creates growth in several underlying trends such as:

- 5G and 'Internet of Things', the number of connected devices is expected to increase from the current 30 billion to 75 billion by 2025[2]
- The gaming sector is developing with new technologies, such as VR and AR, and E-sports are taking on an increasing role in many people's lives, as the number of players increased by 5.3 per cent between 2019 and 2020, which means that there are now approximately 2.7 billion players worldwide[3]
- The sharp increase in the consumption of streamed video places higher demands on the networks' capacity to create captivating experiences, for example, internet video is estimated to account for 82% of all internet traffic in 2022, while VR/AR traffic will increase 12-fold[4]
- IT's pace of change in companies is faster than ever and what was previously seen as specialist expertise is today a standard requirement

1) ISFE/Newzoo Global Games Market Report, 2020

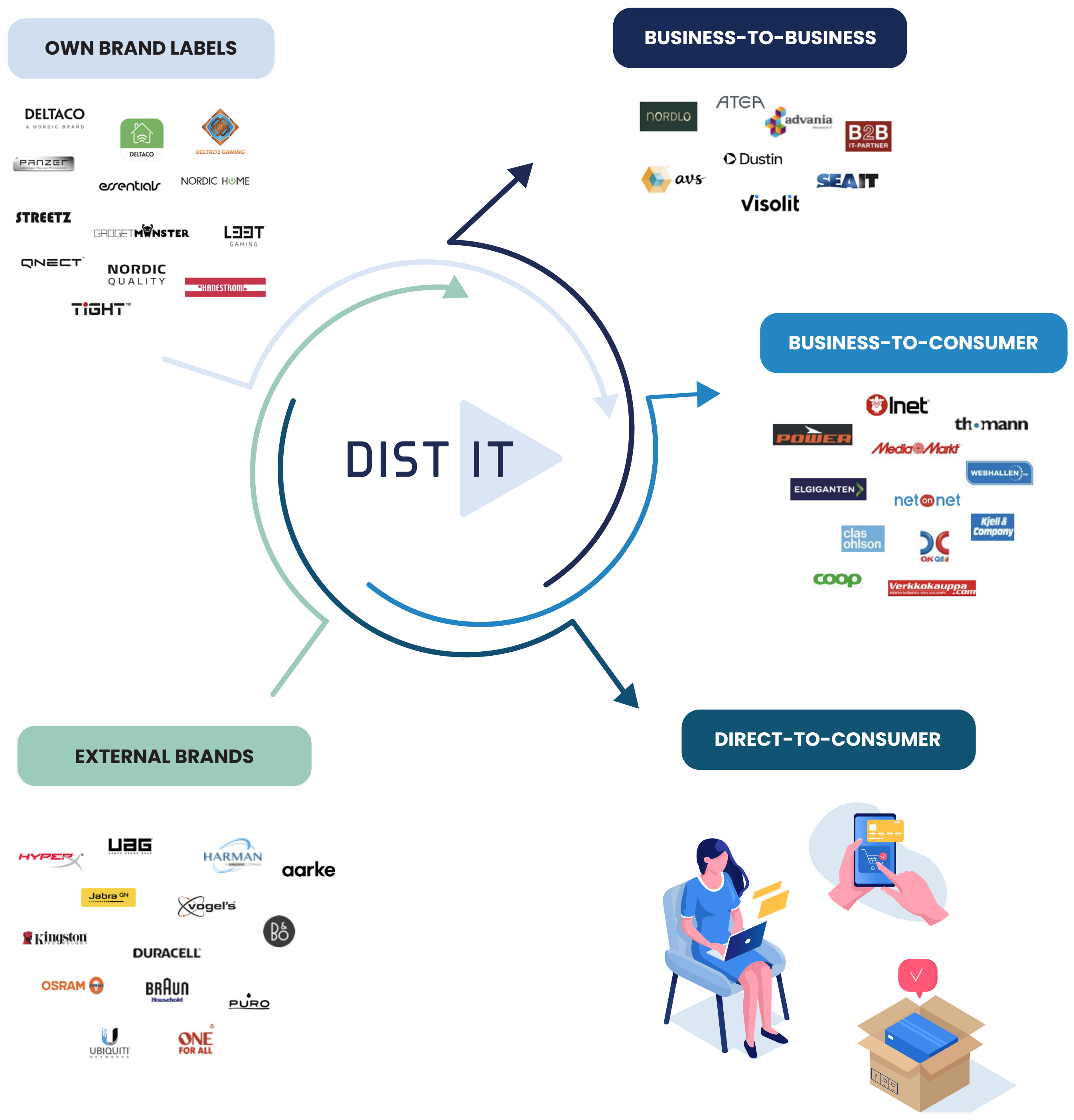
2) McKinsey, www.mckinsey.com, "McKinsey Electric Vehicle Index: Europe cushions a global plunge in EV sales", 2020

3) Berg Insight, www.berginsight.com,"Smart Homes and Home Automation", februari 2021

4) Kantar Sifo/Tele2, 2020

BROAD ACCESS TO CUSTOMER CHANNELS ENABLES SCALABILITY AND EFFICIENT "GO-TO-MARKET" FOR THE COMPANY'S PRODUCT CATEGORIES

DistIT's offers with niche product categories of own brand labels (OBL) and external brands as well as access to leading customers through both physical and digital channels creates an attractive market position.



All logos and trademarks are examples and not comprehensive.
~ 30,000 article numbers are delivered to ~ 6,000 active corporate customers and directly to consumers in the Nordic countries, the Baltics and the rest of Europe.

SUCCESSFUL STRATEGY FOR OWN BRAND LABELS

OBL is a strategically important area for DistIT and is found to varying degrees in the offers at Aurora, Deltaco and Septon. Through well-established processes for sourcing and the creation of commercially strong concepts, DistIT can offer its customers unique and profitable products at attractive market prices. The offer of OBL has also been tested in export markets and is ready to be exported outside the Nordic and Baltic countries at an even higher rate.

PRODUCT DEVELOPMENT AND QUALITY

The OBL organisation within DistIT works continuously to identify and create new, or improve existing, products, concepts and brands in line with what the market demands. Own product development on a component level is important for differentiating oneself from other competitors or customers' own OBL projects. The focus in the product development process is simplicity, and that the product or concept shall satisfy the end customer's needs and their expectations regarding functionality, price and quality. DistIT works with a consolidated supplier base, which provides increased purchasing power, fewer contact areas and improved logistics, which together increases the efficiency of the process. Fewer and more carefully selected suppliers ensure a high volume, high level of service, improved and simplified quality control, and lower purchase prices. In addition to the product, everything from packaging design, manuals in different languages, concept documentation and marketing materials are produced internally, which provides good cost control and management in the various projects.

During 2020, DistIT has raised the bar in the choice of products and services, among other things, a product series with SMART HOME products and integrated software has been successfully launched on the market. Furthermore, internal quality control has been strengthened through an improved test lab in Älvsjö with a high-tech XRF scanner, procured to check the quality of incoming products and strengthen the quality work.

The goal for product development is to be innovative and develop unique, test-winning products with good design and attractive packaging, in order to create exclusivity in the markets where DistIT operates. Continuous trend monitoring is a crucial part of the task to be able to quickly launch new products and concepts on the market. The ambition is to launch a new OBL product on the market within six months of making the decision.

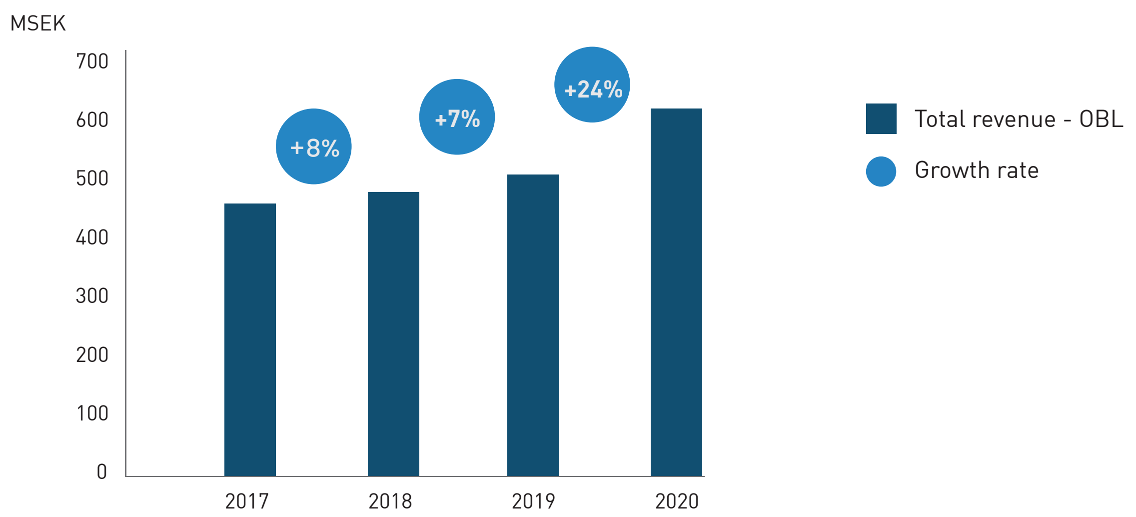
ESG RESPONSIBILITY

Environment, Sustainability and Governance are constantly in focus in the work with own brand labels. To protect the environment and meet what customers demand, the OBL organisation has developed packaging that is eco-labelled with FSC (Forest Stewardship Council) and has a design that is in line with what customers demand. The goal is to minimise plastic materials, both in packaging and as packaging materials. Furthermore, DistIT has strengthened sustainability of the supplier level, as the consolidated supplier base makes it possible to collaborate with selected certified suppliers who can ensure sustainable production with good working conditions in the factories. With fewer suppliers within OBL, DistIT has also strengthened the control of the supply of goods, as this means increased traceability, and control of the product flow and quality work.

MARKETING

An important part of DistIT's work with OBL is to build strong brands that customers demand. By continuously working with relevant marketing in both physical and digital channels, product, concept and brand awareness among customers and consumers is accelerated. In 2020, the marketing organisation was strengthened with new leadership and expertise in digital marketing. This has resulted in a number of successful projects, including within the Gaming concept, where Deltaco Gaming has been a partner for online tournaments, and the L33T Gaming brand has become the official sponsor of a professional team within E-sports.

SALES DEVELOPMENT



OBL PROFILE

DistIT currently has several own brand labels in different product categories, which are aimed at both companies and consumers. The brand strategy is to have the following profiling, with a focus on volume, quality, megatrends and best-in-test.

VOLUME
Products and brands at a good price that are included in the volume segment.

QUALITY
Quality is an important part of product development work in order to strengthen customers' price and quality perception.

MEGATRENDS
Products, concepts and brands that are in line with megatrends in society.

BEST-IN-TEST
Brands that gain legitimacy by being classified as best-in-test according to relevant media.

FOCUS CATEGORIES

GAMING	SMART HOME	MOBILITY	ELECTRIC CAR CHARGING	CABLES	CONSOLES	AUDIO/VIDEO
NETWORK/STORAGE	OFFICE	HOME OFFICE	COMPUTER ACCESSORIES	WHITE GOODS	LIGHTING	POWER & OUTLETS

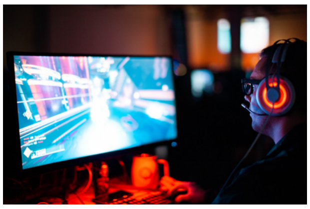
NEW OBL CONCEPTS

In 2020, DistIT launched five new concepts, all of which were well received on the market.

THE CONCEPTS WITHIN OBL ARE IN LINE WITH CURRENT MARKET TRENDS

Accelerated digitalisation and an increased focus on sustainability are clear examples of trends that characterise DistIT's markets. An important part of the strategy is to develop OBL concepts that meet the demand driven by ongoing megatrends in society.

GAMING

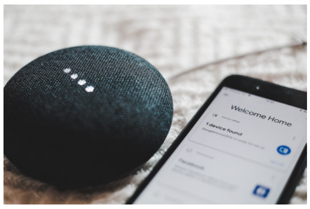


51% aged 6-64 in Western Europe today play computer games, and the global market is growing by 8.3% annually[5]

ELECTRIC CARS

~ 450 new electric car models will be launched in the next two years[6]

SMART HOME

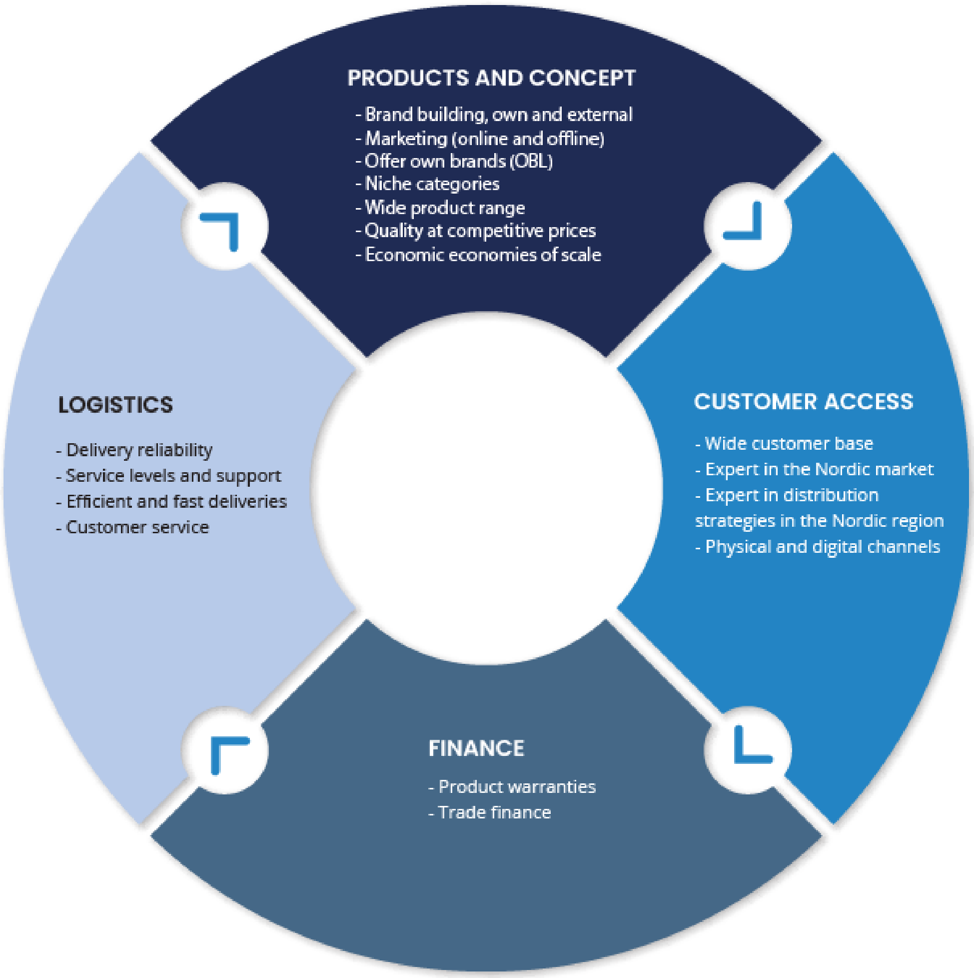


The number of smart households is expected to grow by an average of 20% annually over the next five years[7]

HOME OFFICE

Remote working will increase by 250% after the Covid-19 pandemic[8]

RELIABLE BUSINESS PARTNER, CREATING A CLEAR PLACE IN THE VALUE CHAIN



5) BlackRock, www.blackrock.com, "Megatrends research study", 2019
6) Statista, Internet of Things (IoT) Connected Devices Installed Base Worldwide from 2015 to 2025
7) Newzoo Global Games Market Report, 2020
8) Cisco, "2020 Global Networking Trends Report", 2020

UPGRADED AND WELL-INVESTED COMPANY MANAGEMENTS WITH CONSTANT IMPROVEMENTS AS PART OF THE CULTURE

	Robert Rosenzweig	Philip Gunnarsson	Martin Gutberg	Anders Lagerstedt	Claes Eriksson	Johan Lønk Ramskov	Adrian Langer	Mikael Johansson	Magnus Löndén	Peter Bäckius
Title	CEO, DistIT	CFO, DistIT	COO, Aurora & Deltaco	CCO, Aurora & Deltaco	CPO, Own Brands Aurora & Deltaco	CPO, External Brands Aurora & Deltaco	CMO, Aurora & Deltaco	CIO, Aurora & Deltaco	CEO, Septon	COO, Septon
Previous companies	Note, Nobia, Swedish Match, Alfa Laval	Citigroup, Athanase Industrial Partner	Note	Hope, Acne Studios	Rusta, Teknik-magsinet	Garmin	Splay One, NENT / MTG	Planja, WM Data, Note, Autoliv	EMI Music, JVC	SHIN Group, Capacent, Applied Value
Shareholding in DistIT AB*	141 573	32 969	8 500	338	3 000	6 932	821	-	-	-
Options programme 1&2 (300'/380' options)	Yes/Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

*Including related parties

ACCELERATED EXPORT- AND ACQUISITION STRATEGY

EXPANSION IN MARKETS OUTSIDE THE NORDIC AND BALTIC COUNTRIES

- The product range within own brand labels (OBL) is compatible for export in Europe
- Increased focus on exports through recruitment of key expertise
- Momentum in export sales during 2020 with ~ MSEK 30 in sales

ACTIVE ACQUISITION AGENDA WITH A FOCUS ON THE NORDIC REGION AND THE REST OF EUROPE

- Acquisitions are a natural development of the expanded export strategy and local players are continuously evaluated
- Acquisition strategy that focuses on a couple of segments:

  Distribution – access to new markets
  Product – add brands to the OBL portfolio

- Financial position that enables acquisitions

AURORA AND DELTACO

Aurora Group Holding A/S ("Aurora") and SweDeltaco AB ("Deltaco") are two of DistIT's subsidiaries that have historically worked with the Nordic markets in parallel with, among other things, separate sales and administration structures.

In 2019, an organiational merger of the operations within Aurora and Deltaco was carried out in order to obtain clearer coordination in order to expand market and cost synergies in the sales phase and in the support functions. In 2020, a new joint management team was put together for Aurora and Deltaco. In addition, full integration of the operations is ongoing and is expected to be completed in 2022. The new organisation will have a significantly greater market share in the Nordic market, and improved results in the future through a new common platform, new leadership, and successful restructuring measures.

BUSINESS CONCEPT AND VISION

Aurora and Deltaco's business concept is to offer an attractive and updated range of products and accessories in IT and consumer electronics. The range consists of both own and external brands. Furthermore, the companies have cost-effective offers with additional services within concepts and marketing, as well as a high level of service noth through the availability of products, as well as high expertise, and dedicated and service-conscious employees with a great interest in technology. The vision for the companies is to create value for customers and external brand owners, and become the obvious business partner in Europe with a special focus on the Nordic and Baltic countries.

BUSINESS MODEL

Through size and specialisation, Aurora and Deltaco can achieve economies of scale, have specialised employees and a high level of market knowledge, as well as provide fast and relevant feedback to customers and external brand owners.

The combination of offering both relevant own brand labels (OBL) and external brands in niche product categories that are in demand in both physical and digital channels creates additional sales with customers. The merger of Aurora and Deltaco creates even larger product and brand catalogues to offer.

With a third-party logistics solution, the companies can offer reliable and efficient distribution, with daily deliveries throughout the Nordic region; to store, central warehouse or directly to end customers via "drop shipping".

Aurora and Deltaco will in future have a good platform for growing organically and through acquisitions.

CUSTOMERS AND MARKET

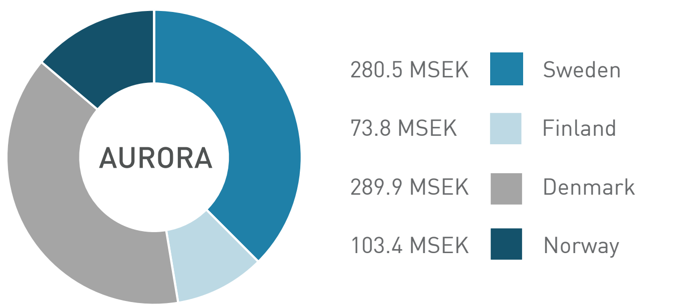
Aurora and Deltaco have long customer relationships, create links between external brand owners and customers, and offer a wide and constantly updated product range of OBL and leading external brands. The geographic market is Europe with a focus on the Nordic and Baltic countries, and the companies target both B2B and B2C customers (B2B customers who sell to consumers).

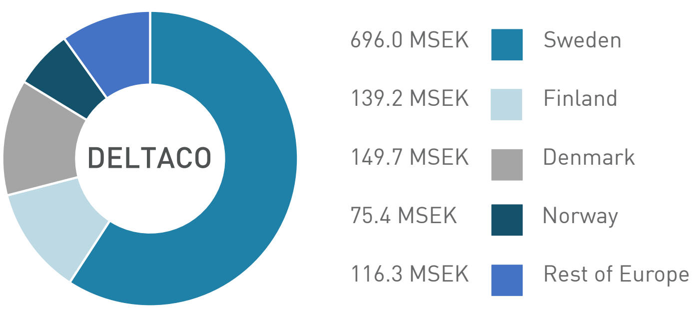
Sales are made both in physical channels, such as retailers and wholesalers, and in digital channels, such as e-retailers and digital marketplaces. The market is in constant motion where external brand owners and sales channels want to take on different large parts of the value chain in different phases of the business cycles.

BRANDS

Own brand labels (OBL) include a basic range within several product lines where the companies create and update innovative concepts, as well as a ranges within, for example, gaming, smart homes, electric car charging, security and offices. The product categories include several price and product ranges, and handle control of final prices to ensure the right margin structures. Examples of own brands are DELTACO™, DELTACO Gaming™, L33t Gaming™ and Panzer™.

External brands cover all focus categories and are developed separately in order to maintain updated and complete brand portfolios. The companies also offer advanced services within marketing and concept services. Examples of external brands are Duracell, Aarke, Ubiquiti and Kingston.





Result MSEK	2020	2019
Net revenue	747.6	818.6
Cost of goods sold	-570.2	-630.3
Gross result	177.4	188.3
Gross margin %	23.7	23.0
Operating result bef. depr. - EBITDA	38.8	11.1
EBITDA margin %	5.2	1.4
Operating result aft. depr. - EBIT	37.3	9.9
EBIT margin %	5.0	1.2

Result MSEK	2020	2019
Net revenue	1176.6	1 036.4
Cost of goods sold	-939.1	-825.4
Gross result	237.5	211.0
Gross margin %	20.2	20.4
Operating result bef. depr. - EBITDA	63.3	45.5
EBITDA margin %	5.4	4.4
Operating result aft. depr. - EBIT	55.4	7.4
EBIT margin %	4.7	0.7

SEPTON

In 2020, the Septon Group placed great focus on restructuring the business' companies in order to achieve identified economies of scale.

The Septon Group follows the Group's strategy for developing its own brand labels (OBL) and has several projects underway to develop and scale up that business area.

BUSINESS CONCEPT AND VISION

Septon creates added value for suppliers, customers and end users by offering expertise and an attractive range of AV products, as well as lighting equipment in the Nordic region. Septon's vision is to be the strongest partner for the professional lighting industry, AV integrators and retailers in exclusive home electronics. Septon shall be respected for its qualified employees and high level of service, with quality in every part of the implementation.

BUSINESS MODEL

Septon has three main business areas. Professional AV products for the B2B market, exclusive consumer electronics products for the B2C market, and light-related products for the B2B market. The model provides less risk exposure as both brand representation and market processing look different between the different business areas.

CUSTOMERS AND MARKET

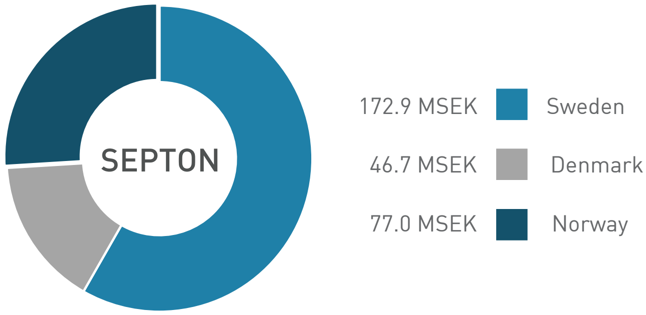
Within professional audio/video products (Pro AV) and lighting, Septon represents world-leading brands on an exclusive basis in the markets in which they operate. Septon's model involves representation via dealers, integrators and installers. At Septon, product, sales and marketing work across borders in Scandinavia in order to streamline and better utilise the collective expertise found in the group.

Within B2C, Septon represents a number of exclusive brands for retail and e-commerce. The company has a selective distribution representation that gives customers the possibility for good earnings while ensuring the brands' continued status and exclusivity. This is a model that is also applicable to the growing segment of e-commerce, where Septon methodically increases its presence. Septon also has a growing department within "smart home" and consumer products for installation, where demand has increased during the past year.

BRAND

The own brand TiGHT LED has from the beginning shown stable growth in LED lighting aimed at theatres, cultural centres, TV productions and architectural applications in B2B. The focus has been on designing and producing unique and cost-effective LED products aimed at the professional lighting market.

Within B2C, Septon represents a number of exclusive brands for retail and e-commerce, such as Harman Pro, Marantz and Klipsch.



Result MSEK	2020	2019
Net revenue	296.7	351.3
Cost of goods sold	-215.5	-252.4
Gross result	81.2	98.9
Gross margin %	27.4	28.1
Operating result bef. depr. - EBITDA	9.5	19.9
EBITDA margin %	3.2	5.7
Operating result aft. depr. - EBIT	8.5	19.3
EBIT margin %	2.9	5.5

soministechnology

Part of DistIT group

SOMINIS

UAB SOMINIS TECHNOLOGY is today an established trading company in the IT products, office equipment and consumer electronics in the Baltic region. The company collaborates with many e-retailers, stores, IT integrators and distributors around Europe by offering well-known products and brands.

Laptops, computers, IT accessories, gaming products, consumer electronics, small household appliances and spare parts are included in the company's product range.

UAB Sominis Technology started a new company, UAB Tarpo klavisas, in 2019. The company is developing a new portal dedicated to computer players called "Spacebar".

BUSINESS CONCEPT AND VISION

The Company's vision is to give the company's international B2C and B2B customers the best availability at the lowest price of products, with fast delivery from stock. With the help of dedicated and professional personnel, technical solutions for fast and efficient delivery within Europe are ensured.

BUSINESS MODEL

Sominis is an internationally recognised distributor of established branded products, with complementary sales channels, both physical and digital, covering the whole of Europe. The range is constantly updated, new products and suppliers are selected to be able to meet customers' needs.

CUSTOMERS

The customers are international companies in hardware sales, retail, e-commerce, telecommunications and hotels. Sominis works continuously to offer reliable products at a competitive price to its business partners, to organise fast and efficient logistics service worldwide and to provide support and product warranty.

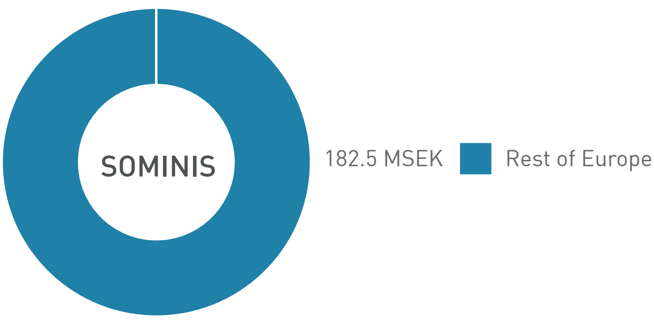
BRAND AND PRODUCTS

The company offers customers more than 30,000 different products from a comprehensive list of suppliers. Brands such as Lenovo, Philips, Acer, LG, Asus, Tefal, Braun, Revlon, Honeywell, Dicota, iLife are currently represented in the range.

LOGISTICS

Efficient logistics is a key factor in ensuring the best operational performance. The Company's partnership within 3PL, combined with the Company's dedicated employees, enables the best possible efficiency within logistics and distribution.

The market's dynamic conditions place high demands on future developments within logistics and distribution.



Result MSEK	2020	2019
Net revenue	182.5	133.8
Cost of goods sold	-160.8	-121.2
Gross result	21.7	12.6
Gross margin %	11.9	9.4
Operating result bef. depr. - EBITDA	10.0	4.6
EBITDA margin %	5.5	3.4
Operating result aft. depr. - EBIT	9.3	4
EBIT margin %	5.1	3

CORPORATE GOVERNANCE REPORT

As of 2015, the preparation of a corporate governance report is a requirement for DistIT AB in accordance with the Swedish Annual Accounts Act (1995:1554), Chapter 6. 6–9 §§. This corporate governance report follows the Swedish code of corporate governance rules and application instructions. The corporate governance report has been prepared as a separate document from the annual report, and as such does not form part of the formal annual report documentation. The corporate governance report has been reviewed by the Company's auditors as per the provisions of the Swedish Annual Accounts Act, and the auditor's remarks is attached to the report.

DistIT AB (publ), corporate identity number 556116–4384, ("DistIT" or "the Company") is a Swedish public limited company subject to Swedish law. During 2020, the operations consisted of the subsidiaries Aurora Group Danmark A/S, Septon Electronic AB, Sominis Technology UAB and SweDeltaco AB. Aurora Group and SweDeltaco conduct operations in all the Nordic countries, SweDeltaco through the subsidiary Deltaco Baltic UAB also conducts operations in the Baltic countries. Septon Electronic AB operates in Sweden, Denmark and Norway, and Sominis Technology UAB operates in Lithuania.

The corporate governance report has been prepared in accordance with the Swedish Annual Accounts Act (1995:1554). The corporate governance of DistIT AB is based on Swedish legislation, primarily the Swedish Companies Act, the agreement with the Nasdaq First North Premier Growth Market, the Swedish Code of Corporate Governance (the "Code") and other relevant rules and guidelines. The shares were admitted to trading on Nasdaq First North in 2011. The Company has issued senior unsecured bonds for MSEK 240 within a total limit of MSEK 500 maturing in May 2022. The Company has a nominal MSEK 74.4 of the issued bond in its own custody. The bonds were admitted to trading on Nasdaq Stockholm on 6 July 2018. Since 1 July 2018, the Company has Erik Penser Bank AB as a Certified Advisor.

The basis for governance of the Company and the Group is, among other things, the Articles of Association, the Swedish Companies Act, the Stockholm Stock Exchange's regulations for listing on the First North Premier Growth Market, and the Code. Companies whose shares are admitted to trading on the First North Premier Growth Market before 1 July 2018 need to publish their corporate governance report at the time of publication of the annual report. However, since its introduction on Nasdaq First North in 2011, and later the First North Premier Growth Market, DistIT's work with corporate governance has been inspired by the Code. All corporate governance reports prepared since 2012 are published on DistIT's website, **www.distit.se**. A Nomination Committee for the 2021 Annual General Meeting has been formed which deviates from the Code as three of the Nomination Committee's members represent shareholders, each with more than ten per cent of the shares and votes. The reason for this deviation is that participation in the Nomination Committee is a central part of the exercise of ownership of shares in the Company.

VIOLATION OF THE REGULATORY FRAMEWORK

During the financial year 2020, DistIT AB, its board members, the executive management and DistIT's Nomination Committee did not commit any unreported violations of the regulations that apply to the shares admitted to trading on First North Premier Growth Market, or to DistIT's corporate bond admitted to trading on Nasdaq Stockholm. No violations have been committed with regard to the Swedish Securities Market Board's application of good practice in the stock market.

APPLICATION OF THE CODE/DEVIATIONS

The company applies the Code, and for 2020 the Board of Directors reports the following deviations from the Code.

Nomination Committee

A Nomination Committee for the 2021 Annual General Meeting has been formed which deviates from the Code as three of the Nomination Committee's members represent shareholders, each with more than ten per cent of the shares and votes. The reason for this deviation is that participation in the Nomination Committee is a central part of the exercise of ownership of shares in the Company.

Composition of the Board of Directors

Prior to the 2020 Annual General Meeting, the Nomination Committee was aware that an even gender distribution could not be achieved. Future work within the Nomination Committee for DistIT should pay special attention to this.

Remuneration Committee

The Board of Directors has decided not to establish a Remuneration Committee. In accordance with the Code, the Board of Directors has found it more appropriate for the entire Board to constitute a Remuneration Committee. During 2021, the Board of Directors intends to regularly examine the need to establish a Remuneration Committee.

Audit Committee

The Board of Directors has evaluated the need for a special review function and decided not to appoint such a function. The entire Board of Directors thereby constitutes a special review function, which during the 2020 financial year is justified by the Company's ongoing change work, which has involved continuous and close cooperation between the entire Board of Directors and company management. At least one board member has accounting skills. During 2021, the Board of Directors intends to regularly examine the need to establish an Audit Committee.

SHAREHOLDERS

DistIT's share has been listed on NASDAQ First North since 19 April 2011, and on First North Premier Growth Market since 28 April 2015. For companies affiliated with First North Premier Growth Market, a Certified Advisor is required who, among other things, shall exercise certain supervision. Erik Penser Bank AB is DistIT's Certified Advisor. The number of shareholders in DistIT on 31 December 2020 was 6 254 (6 367). Of these, 421 (429) had more than 1 000 shares each. Ten shareholders own shares corresponding to 67 per cent (64) of share capital and votes. Each share has one vote. For further information on owners and ownership structure, see p. 85-87.

ANNUAL GENERAL MEETING

The Company's highest decision-making body is the Annual General Meeting, where the shareholders' influence in the Company is exercised. Shareholders who wish to attend the General Meeting, in person or by proxy, shall be entered in the share register five weekdays before the meeting and notify the Company in accordance with the notice.

Notice of a general meeting is given by press release, on DistIT's website (**www.distit.se**) and by advertising in *Post- och Inrikes Tidningar*. The fact a notice has been issued is posted via an annoucement in *Svenska Dagbladet*.

The Annual General Meeting shall be held within six months from the end of the financial year. At the Annual General Meeting, the shareholders decide on, among other things, the election of the Board of Directors and auditors, principles for the work of the Nomination Committee, and on discharge from liability for the Board of Directors and the CEO for the past year. Decisions are also made on the adoption of the financial reports, appropriation of profits, and fees for the members of the Board and the auditors.

NOMINATION COMMITTEE FOR TO THE AGM 2020

The Nomination Committee for the 2020 Annual General Meeting consisted of Daniel Nyhren (Chair of the Nomination Committee), Tedde Jeansson, Anders Bladh and Stefan Charette.

ANNUAL GENERAL MEETING 2020

The 2020 Annual General Meeting was held on 20 April 2020.

The Board of Directors' previous proposal of SEK 1.25 per share in dividends for 2019 was withdrawn. In accordance with the Board's new proposal, the AGM resolved that no dividend be paid for 2019.

Stefan Charette, Charlotte Hansson, Jonas Mårtensson and Anders Bladh were re-elected as ordinary board members. The AGM appointed Stefan Charette as Chair of the Board. Furthermore, it was decided that the board fee be paid, with an annual remuneration to the Chair of the Board of SEK 375 000 (375 000) and to other members not employed in the Company of SEK 175 000 (175 000) per person.

The auditing company Grant Thornton Sweden AB was re-elected as auditor, who appointed the chartered accountant Daniel Forsgren as the principal auditor.

Guidelines for remuneration to senior executives were adopted in accordance with the Board of Directors' proposal.

The 2020 Annual General Meeting resolved that the principles for the Nomination Committee's assignment and how the Nomination Committee shall be appointed which were decided at the 2019 Annual General Meeting shall apply annually until the Annual General Meeting resolves to amend them.

The Annual General Meeting resolved that, with deviation from the shareholders' preferential rights, the issue of a maximum of 379 854 subscription warrants with the accompanying right to subscribe for a maximum of 379 854 new shares in the Company. The right to subscribe for new warrants shall only accrue to some of the DistIT Group's senior executives. Dilution upon full exercise of the incentive programmes that are outstanding will be equivalent to approximately 2.4 per cent. The complete terms and conditions are available on the Company's website, **www.distit.se**.

The Annual General Meeting authorised the Board of Directors to, on one or more occasions, with or without deviation from the shareholders' preferential rights, decide on a new issue of shares corresponding to a dilution of a maximum of 10 per cent of the Company's share capital and total votes at the time the authorisation is used for the first time. Furthermore, such issues can be made against cash payment, through non-cash and offset, or otherwise combined with conditions. The authorisation shall primarily be used for the implementation of acquisitions or financing of the Company's operations.

THE BOARD OF DIRECTORS

According to DistIT's Articles of Association, the Board of Directors shall consist of a minimum of three and a maximum of seven members, with a maximum of five deputies. At the 2020 Annual General Meeting, four members were elected. The members elected by the Annual General Meeting are appointed for the period until the next Annual General Meeting in accordance with the Code. There is no rule on the maximum time a member can be on the board. The average age of the members is 57 years and one (1) of the members is a woman. The Nomination Committee for the 2020 Annual General Meeting was aware that an even gender distribution had not been achieved. Future work within the Nomination Committee for DistIT should pay special attention to this.

During the 2020 financial year, the Board of Directors consisted of Stefan Charette (Chair of the Board), Charlotte Hansson, Jonas Mårtensson and Anders Bladh. The Company's CEO is not a member of the board but is present and a rapporteur at the board meetings. At the board meetings that dealt with the evaluation of the CEO, and on one occasion when the board met with the auditor, the CEO was not present.

All board members are deemed by the Nomination Committee for the 2021 Annual General Meeting to be independent in relation to the Company and the company management. Two of the board members for the 2021 Annual General Meeting are deemed by the Nomination Committee to be dependent in relation to the Company's major owners. Member Stefan Charette is deemed by the Nomination Committee to be dependent in relation to one of the Company's major owners, Athanase Industrial Partner, and Anders Bladh is deemed by the Nomination Committee to be dependent in relation to one of the Company's major owners, Ribbskottet AB. DistIT thereby fulfills the requirements set by the Code regarding the Board's independence in relation to the Company, the company management and the Company's major owners, respectively.

For information on the board members elected by the Annual General Meeting, see p. 88.

THE BOARD OF DIRECTORS' WORK AND RESPONSIBILITIES

DistIT's Board of Directors has established rules of procedure for the Board, with instructions regarding the division of work between the Board of Directors and the CEO, as well as instructions for financial reporting. The Board is responsible for ensuring that DistIT's organisation is designed so that the accounting, asset management and other financial conditions are controlled in a reassuring manner. The Board of Directors shall continuously assess the Group's financial situation.

ATTENDENCY, BOARD OF DIRECTORS

Name	Elected	Dependent	Attendance	Nomination Committee
Stefan Charette, Chair	2016	No/Yes 1)	13/13	Member
Jonas Mårtensson	2011	No	13/13	-
Charlotte Hansson	2012	No	13/13	-
Anders Bladh	2018	No/Yes 2)	13/13	Member

1) Stefan Charette is independent in relation to the Company and the company management, and dependent in relation to one of the Company's major owners, Athanase Industrial Partner.
2) Anders Bladh is independent in relation to the Company and the company management, and dependent in relation to one of the Company's major owners, Ribbskottet AB.

The Board of Directors' rules of procedure state that the Chair of the Board, in consultation with the CEO, shall, before issuing a notice, prepare an agenda for each meeting and determine the necessary decision material and documentation for current matters. The Board is called to a constituent meeting after the Annual General Meeting, and in addition to at least six ordinary meetings per year. Four of the regular meetings coincide with the dates for external financial reporting. A fifth regular meeting will be held in December with a review of the budget and business plan for the following year. A sixth scheduled board meeting also discusses the Company's long-term strategic considerations. At the board meeting where the annual accounts are presented, the auditor attends in order to communicate their observations from the annual audit. In addition to the regular meetings, the Board of Directors is called to additional meetings as the situation requires. During the year, the Board met 13 times, of which two (2) times were per capsulam, including a constituent board meeting.

The Chair of the Board leads the Board of Directors' work and is responsible for ensuring that other members continuously receive the information necessary for the quality of Board work, and is exercised in accordance with the Swedish Companies Act and the Code. The Chair represents the Company in ownership matters. The Board of Directors monitors the CEO's work and is responsible for ensuring that the organisation is efficient. The Board establishes DistIT's overall goals and strategies, decides on budgets and business plans, processes and approves annual accounts and interim reports, and establishes important policies and regulatory systems. The Board of Directors shall monitor financial developments, ensure the quality of financial reporting and internal control, and regularly follow up and evaluate operations based on the goals and guidelines set by the Board. The Board of Directors shall also decide on major investments and changes in DistIT's organisation and operations.

REMUNERATION TO THE BOARD OF DIRECTORS

Remuneration is paid to the Chair and members of the Board in accordance with the decision of the Annual General Meeting. Board fees paid for the financial year 2020 have been reported as revenue from services for each individual board member. As informed by the Chair of the Nomination Committee at the Annual General Meeting, the Company applies the principle that any work in addition to ordinary board work shall take place on market terms and be agreed directly between the Company and the member concerned. This procedure has been applied previously, and the extent of these consulting fees is reported, if such has been paid, specifically in the annual report.
For 2020, no fee for work other than ordinary board work has been paid to the board members.

BOARD FEES TO THE BOARD OF DIRECTORS

TSEK	2020	2019
Stefan Charette, Chair	375	375
Jonas Mårtensson	175	175
Charlotte Hansson	175	175
Anders Bladh	175	175

OTHER REMUNERATION TO THE BOARD OF DIRECTORS

TSEK	2020	2019
Stefan Charette	-	-
Jonas Mårtensson	-	-
Charlotte Hansson	-	-
Anders Bladh	-	-

THE WORK OF THE BOARD OF DIRECTORS 2020

The Board of Directors held 13 board meetings during the year, of which two (2) were per capsulam. Each board member's attendance is shown in the table above. The Company's CFO is the secretary of the Board of Directors. At the ordinary board meetings, the CEO presented the Group's results and financial position, including forecasts for the coming quarters, and the development of the Company's business operations.

During the year, the Board of Directors focused on mainly three areas;
- Measures to create market and cost synergies in the ongoing integration of Aurora and Deltaco.
- Strategy work for Aurora and Deltaco, with focus on developing own brand labels and go-to-market.
- Strategy work for Septon and integration of companies within the Septon group.

Other significant issues that the Board of Directors addressed during the year include:
- The Company's management, results and financial position.
- The Company's internal control and risk management, where management of Covid-19 has been a part.
- Other strategy, restructuring and organisational issues.

BOARD COMMITTEES

According to the Board of Directors' rules of procedure adopted at the statutory board meeting on 20 April 2020, the Board does not appoint an Audit or Remuneration Committee, but the entire Board of Directors is responsible for fulfilling these tasks. The Board has therefore not appointed any specific Board Committees during the year. If necessary, the Board of Directors appoints working groups within itself whose tasks are to develop and prepare decision documentation for future board decisions, including in connection with acquisitions.

DIVERSITY POLICY

The Nomination Committee uses section 4.1 of the Code as a diversity policy in its assessment of the Board of Directors' appropriate composition, taking into account the Company's operations, development stage and other circumstances, and the assessment shall be characterised by versatility and breadth regarding expertise, experience and background with a desire for equal gender distribution.

GDPR

On 25 May 2018, the Personal Data Act was replaced by the General Data Protection Regulation (GDPR). The regulation applies as law in all EU member states. Since 2017, DistIT has worked actively to adapt to this new regulation and, prior to the entry into force of the regulation, appointed a working group to carry out this work and implement any necessary new processes. In 2019, the subsidiaries' own procedures were harmonised, and common policies for the DistIT Group were established. All policies are common to the subsidiaries, except for the IT policy, which can be adapted to local conditions as long as the adaptation does not contravene the current regulation. DistIT's policies are written in English, which is also the company language and has interpretive precedence. In order to facilitate implementation, the policies were also translated into Swedish, Norwegian, Finnish, Danish and Lithuanian. The task of the subsidiaries is to translate the necessary policy into any additional languages in order to respond to the regulation.

The responsibility for the subsidiaries' handling of personal data in accordance with the regulation lies with DistIT's CFO. In the subsidiaries, the Head of IT is responsible for any adaptation of the IT policy, and to ensure that the policies are implemented.

BENEFICAL OWNER

The Act on beneficial owner (Act (2017:631)) entered into force on 1 August 2017, and the registration obligation arose with entry into force of the act, a notification under chapter 2 no later than six (6) months after the entry into force. The act, by demanding increased transparency and registration of beneficial owners in legal entities, as well as trusts and similar legal structures, aims to prevent legal entities or structures from being used for money laundering or terrorist financing. In accordance with the act, DistIT has reported all its principals.

WHISTLEBLOWER FUNCTION

DistIT's good brand and reputation is based on high integrity and good business practice. DistIT works for openness and good communication within the organisation, which strengthens a good corporate culture.

The whistleblower function is about reporting illegal, or supected illegal, acts and violations of DistIT's Code of Conduct. DistIT is keen to identify irregularities in the business. Examples of irregularities include sexual harassment, fraud and corruption, discrimination and violations of environment and human rights.

All employees have rights and obligations to report irregularities related to corruption, abuse of position, fraud, financial crime, serious misconduct or environmental crimes. Information about the whistleblower function, how it works and how employees can submit a report, is available on the Company's website, www.distit.se: it shall be possible to report anonymously and/or confidentially. Complaints or reports of irregularities are sent to a special email address where the recipient is responsible for cases being processed promptly.
No cases have been reported for 2020.

AUDIT

Auditors are appointed at the Annual General Meeting with the task of reviewing the Company's financial reporting and the Board of Directors' and the CEO's management of the Company. Election of auditor was carried out at the 2020 Annual General Meeting, where Grant Thornton Sweden AB was re-elected as auditor for the period until the end of the Annual General Meeting in 2021. The principal auditor is the chartered accountant Daniel Forsgren (born 1972).

The principal auditor receives regular notices of board meetings and general meetings, board minutes, the monthly financial reporting, CEO reports, and other information of significant importance to the business on a regular basis. The audit also includes parts of the Company's internal control and mangement audits. Areas that are reviewed are selected in accordance with the risk assessment of significant processes. At the Board's annual review of the annual accounts, the principal auditor prefers a written audit memorandum.

The principal auditor met the Board of Directors twice to present the evaluation of his internal control work, as well as the audit of the annual accounts for the financial year 2020. During the year, the auditor also had regular contact with the Company's CEO and Company management.

Grant Thornton submits an audit report regarding DistIT and the Group as a whole. Grant Thornton also performs services for companies within the DistIT Group in addition to the audit work. For this, Grant Thornton has invoiced a total amount of MSEK 1.1 in 2020 (1.0). The auditor receives a fee for his audit work in accordance with a decision at the Annual General Meeting. For information on fees to the auditor during 2020 and 2019, see Note 7 on p. 65.

CEO AND GROUP MANAGEMENT

The Board of Directors appoints the President of DistIT AB, who is also the CEO. The CEO leads the operations within the framework established by the Board. The CEO prepares the necessary information and decision material for board meetings, is the rapporteur at board meetings, and submits reasoned proposals for decisions. Every month, the CEO provides the members of the Board with the information required to monitor the Company's and the Group's position, operations and development, and keeps the Chair of the Board continuously informed on operations. The CEO shall take the measures necessary for the accounting to be carried out in accordance with law and for asset management to be handled in a secure manner. For a more detailed division of responsibilities between the Board of Directors and the CEO's tasks, there is a written CEO instruction, which is regularly updated. The CEO has participated in all board meetings during 2020, except board meetings that dealt with the evaluation of the CEO and one occasion when the board met with the auditor.

Group management consists of the CEO and CFO. Robert Rosenzweig has been CEO since 1 September 2018 and Philip Gunnarsson took over as CFO of DistIT on 1 January 2020.

The Board of Directors conducts an internal evaluation of the CEO's work at least once a year. This encompasses both a reconciliation of compliance with determined instructions and reporting procedures, as well as an assessment that a number of operational criteria have been achieved. It includes a number of soft criteria such as leadership, business acumen and respect, as well as how well the work of the management functions and the ability to handle overall issues. Normally, the evaluation is recorded at the first board meeting for the financial year.

REMUNERATION TO THE CEO AND OTHER SENIOR EXECUTIVES

The Board of Directors has decided not to appoint a specific Remuneration Committee. In accordance with the Code, the Board has found it more appropriate for the entire Board of Directors to constitute a Remuneration Committee. The entire Board has thereby fulfilled the tasks of the Remuneration Committee according to the Code and the Board of Directors' rules of procedure for the Remuneration Committee, including the Board's proposal to the Annual General Meeting regarding guidelines for determining salaries and other remuneration to the CEO and other senior executives, to follow and evaluate the application of guidelines, applicable principles for variable remuneration, remuneration structures and conditions for senior executives in the Company, including the outcome of any variable remuneration for the company management. The Board of Directors decides on remuneration to the CEO. The Chair of the Board prepares, on the proposal of the CEO, the Board's decision on remuneration and other conditions for senior executives within the framework of established remuneration guidelines.

The Annual General Meeting on 20 April 2020 decided on the following guidelines for remuneration to senior executives in DistIT. Senior executives referred to the CEO and CFO of DistIT AB and senior executives of Aurora Group Danmark A/S and SweDeltaco AB and Septon Electronic AB (a total of nine people). The guidelines for remuneration also apply to board members to the extent that they receive remuneration outside the board assignment.

IN GENERAL

The company aims for a remuneration system for the CEO and senior executives that is market-based and competitive. The remuneration system contains customary benefits, such as a company car, pension and health insurance. The Group's target for new company cars to be put into service from 2020 means that these cars shall be either electric cars or plug-in electric hybrids, which supports the DistIT Group's long-term sustainability work.

FIXED SALARY

The fixed salary is market-based and based on performance, results and responsibility. As a general rule, fixed salaries shall be reviewed once a year. Fixed salaries were reviewed once during the 2020 financial year. The CEO and senior executives may apply salary exchange.

VARIABLE REMUNERATION

The variable remuneration shall take into account the individual's level of responsibility and authority. The variable remuneration shall be based on goal fulfillment in the areas of results, revenue and individual measurable goals. Fulfillment of goals should be measurable over a period of one year. The size of the variable remuneration shall be based on the employee's fulfillment of the measurable goals. The variable remuneration shall amount to a maximum of 50 per cent of fixed salary. Payment of part of the variable salary shall be conditional on the underlying goals having been achieved in a long-term sustainable manner. The company shall have the right to demand repayment of variable salary if a payment was based on information that later proved to be clearly incorrect. During 2019 and 2020, the Company reported an advance variable remuneration for the years 2019 - 2021 to the CEO comprising a total of SEK 3 066 366. The underlying goals for the variable remuneration contribute to long-term sustainable value creation of the business over time. The variable remuneration paid has in its entirety made it possible to subscribe to the incentive programme described below. The variable remuneration relating to 2020 (SEK 1 022 112) constitutes 45 per cent of the fixed salary for the same period.

INCENTIVE PROGRAMME

At an Extraordinary General Meeting of the Company in February 2019, a decision was made on a long-term share-based incentive programme for the CEO consisting of up to a total of 300 000 subscription warrants (2019/2022). The Company is given the right to repurchase the warrants if the CEO's employment or assignment in the group ceases or if the participant were to transfer warrants to a third party.

To be able to retain and recruit competent and committed employees, the 2020 Annual General Meeting adopted the Board of Directors' proposal for an incentive programme based on subscription warrants. The number of warrants issued by the Company amounted to 379 854, with the accompanying right to subscribe for 379 854 new shares in the Company. The right to subscribe for the warrants appertained to DistIT AB's CEO and CFO, as well as eight senior executives in Aurora and Deltaco, and Septon.

The Board of Directors shall, on an annual basis, evaluate whether an additional share-related or share price-related long-term incentive programme should be proposed to the Annual General Meeting.

PENSION

For the CEO, pension benefits, including health insurance, shall be defined-contributions. Variable cash compensation shall not be pensionable. The pension premiums for defined-contribution pensions can amount to a maximum of 35 per cent of the fixed annual cash salary. For other senior executives, pension benefits, including health insurance, shall be defined-contributions unless the executive is covered by a defined-benefit pension in accordance with mandatory collective agreement provisions. Variable cash compensation shall be pensionable to the extent that this follows mandatory collective agreement provisions that are applicable to the executive. The pension premiums for defined-contribution pensions shall amount to a maximum of 35 per cent of the fixed cash salary.

OTHER TERMS OF EMPLOYMENT

Other benefits may include, among other things, life insurance, health insurance and company cars. Such benefits may amount to a maximum of 19 per cent of the fixed annual cash salary. In terms of employment relationships that are subject to rules other than Swedish, in as far as this concerns pension benefits and other benefits, appropriate adjustments may be made to comply with such mandatory rules or established local practice, whereby the overall purpose of these guidelines shall as far as possible be met.

The notice period shall be so long that the Company is given reasonable time to recruit and train replacements, allowing restrictions that may follow from law. A notice period on the part of the executive of normally six months shall be deemed to meet this requirement. In the event of such termination, the executive shall not be entitled to severance pay. In the event of termination by the Company, the notice period may not exceed twelve months. Fixed cash salary during the notice period may not exceed an amount corresponding to the fixed cash salary for one year. Severance pay is not issued. In addition, compensation may be paid for any commitment to restrict competition. Such compensation shall compensate for any loss of income and shall only be paid to the extent that the previous executive is not entitled to severance pay. The compensation shall amount to a maximum of 60 per cent of the fixed cash salary at the time of termination, unless otherwise provided by mandatory collective agreement provisions, and shall be paid during the period of the commitment to restrict competition, which shall be a maximum of 24 months after termination of employment.

CONSULTANCY FEES TO BOARD MEMBERS

In cases where board members perform work in addition to the usual board work, the Board of Directors shall, under certain circumstances, be able to determine additional remuneration in the form of consulting fees.

REMUNERATION COMMITTEE

The Board of Directors has decided not to appoint a specific Remuneration Committee. In accordance with the Code, the Board has found it more appropriate for the entire Board of Directors to perform this task. The Board annually evaluates the CEO's work. With regard the remuneration and terms of employment of other senior executives, the CEO decides on the basis of the guidelines for remuneration for senior executives decided on by the Annual General Meeting.

DEVIATIONS FROM GUIDELINES

The Board of Directors may decide to deviate from the guidelines by up to 10% of the stated guidelines in relation to variable remuneration and benefits if, in an individual case, there are special reasons for this, and a deviation is necessary to meet the Company's long-term interests, including its sustainability, or to ensure the Company's economic viability. If such deviations take place, the Board of Directors shall report the reasons for the deviation at the next Annual General Meeting.

There were no deviations from the guidelines for remuneration to executives decided by the 2020 Annual General Meeting.

Guidelines for remuneration to senior executives from the financial year 2021 will be presented at the 2021 Annual General Meeting.

TSEK	År	Fixed remuneration	Variable remuneration	Benefits	Pension costs	Total
Robert Rosenzweig, Ceo 1)	2020	2 295	1 022	68	554	3 939
	2019	2 100	1 022	72	714	3 908
Other senior executives 2)	2020	8 549	1 201	139	1 669	11 558
	2019	13 776	458	150	1 103	15 487

1) The company reports an advance variable remuneration for the years 2019 - 2021 to the CEO comprising a total of TSEK 3 066. The variable remuneration reported here refers to 2019 and 2020.

2) Other senior executives refers to the CFO of DistIT and senior executives of Aurora Group Danmark A/S, SweDeltaco AB, and Septon Electronic AB

TRANSACTIONS WITH RELATED PARTIES

No transactions with related parties took place during the 2020 financial year.

SYSTEMS FOR INTERNAL CONTROL AND RISK MANAGEMENT IN FINANCIAL REPORTING

According to the Swedish Companies Act and the Annual Accounts Act, the Board of Directors is obliged to ensure that the Company has satisfactory internal controls, keep themselves informed about the Company's internal control system, and assess how well the system works.

The Board has evaluated the need for a specific review function and decided not to appoint such a function. The entire Board of Directors thereby constitutes a specific review function, which, during the financial year 2020, is justified by DistIT's ongoing change work, which has involved continuous and close cooperation between the Board of Directors and company management during the financial year. The Board intends to continuously review the need to establish a special review function in 2021.

The DistIT Group's work with internal control is based on the internal control principles developed by the Committee of Sponsoring Organizations of the Tradeway Commission (COSO). These principles have five basic elements;

1. Control environment,
2. Risk assessment,
3. Control activities,
4. Information/communication, and
5. Monitoring.

CONTROL ENVIRONMENT

Internal control within the DistIT Group is based on a control environment including organisation, decision-making routes, authorities and responsibilities. This is documented and communicated in governing documents, such as internal policies, guidelines and instructions. For example, this applies to the division of work between the Board of Directors and the CEO, and instructions for certification, accounting and reporting.

RISK ASSESSMENT

The Board of Directors has the ultimate responsibility for risk management. Through a clear organisation and decision-making process, including great awareness of risks among employees with common definitions and principles within established frameworks, controlled risk-taking is achieved.

Risk areas are business and industry-related risks as well as risks in connection with the year-end closing process linked to financial reporting, operational risks and legal risk. See also p. 28-32 regarding risks and risk management.

CONTROL ACTIVITIES

The Group's business processes include financial controls in relation to the approval and reporting of business transactions. The year-end closing and reporting process includes controls, among other things, in terms of accounting, valuation and disclosure requirements, as well as concerning the application of significant accounting principles and estimates, both in individual subsidiaries and at a Group level. The finance and accounting function in DistIT AB is responsible for financial statements, quarterly reports, audits and analyses. All subsidiaries with sub-groups have their own finance functions. The regular analysis of each operation's monthly financial reporting includes significant items, such as assets, liabilities, revenue, expenses and cash flow. Together with the analysis carried out at Group level, this important part of the internal control helps to ensure that the financial reporting does not contain any material errors or deviates from established reporting procedures.

The quality of external financial reporting is ensured through a number of measures and procedures. In addition to auditing the accounts and annual financial statements, the auditor also conducts a review of the year-end report and the quarterly report for the third quarter. All financial reports and other press releases are published at the same time as the publication on DistIT AB's website.

INFORMATION/COMMUNICATION

The Group has information and communication channels that aim to promote complete and accurate financial and operational reporting. Internal instructions and guidelines in terms of presenting operational and financial reporting, as well as regular updates and announcements on reporting and requirements for information disclosure and changes in accounting principles, are made available and known to the personnel concerned. All subsidiaries compile monthly financial reports and reports on their management to Group management, with analyses and comments on financial results and risks. The Board of DistIT AB receives the CEO's monthly compilation of the subsidiaries' reports, together with an activity report for the DistIT Group and a financial report for the Group companies compiled by the CFO.

MONITORING

The Board of Directors has not established a function for internal audit. The main work regarding internal audit is handled by the Group's CFO together with the finance managers in each company. The Board's assessment is that this way of working, together with the monthly financial reports that the Board of Directors receives, is at present satisfactory and meets the requirements for reporting and internal control that can be set.

The Group's financial situation is discussed at each board meeting. The Board of Directors reviews all interim reports and the annual report before publication. The Board receives annual and regular reports from the auditor. Company management receives annual and regular reports from the subsidiaries' auditors. The Board of Directors and company management follow up all measures taken in order to improve or change the controls. The Group's process for financial reporting is reviewed annually by Group management and forms the basis for the evaluation of the internal management system and the internal governing documents to ensure that these cover all important areas related to financial reporting. In addition, the DistIT Group's financial goals have been discussed within the Board of Directors, which has resulted in clearer guidelines for how the Board of DistIT AB continuously monitors the internal financial reporting of each company. The processes for financial reporting are of significant importance for the Board of Directors' monitoring of operations and are continuously evaluated.

DIRECT OR INDIRECT SHAREHOLDING

As shown in the table "Largest shareholders as of 31 December 2020" on p. 86, Anders Bladh, through Ribbskottet, and Stefan Charette, through Athanase Industrial Partners II AB and Athanase Industrial Partners Fond II, each control more than ten per cent of capital and votes. In addition, no individual on the Board of Directors or company management has more than ten per cent of the capital or votes in the Company.

PROCEDURES FOR INSIDER INFORMATION, INSIDER LISTS AND REPORTING CHANGES IN HOLDINGS FOR PEOPLE IN SENIOR POSITION

On 3 July 2016, EU Market Abuse Regulation 596/2014/EU (MAR) entered into force and thus became directly applicable as Swedish law. The Market Abuse Regulation extended the rules on market abuse, which previously only covered financial instruments admitted to trading on a regulated market, to also include financial instruments traded on an MTF, i.e. Nasdaq First North Premier, among others. DistIT AB, which has been traded on Nasdaq First North Premier since 28 April 2015, is thereby covered by this law and these rules.

The Board of Directors has developed a procedure for how this is to be handled. The procedure contains the following headings;

- Procedure for publishing inside information.
- Procedure for preparing insider lists.
- Procedure for transactions performed by people in a senior position and related parties.
- Procedure for trade bans during the so-called closed periods.

The above procedures state the measures that shall be taken to ensure that DistIT AB fulfils its obligations in accordance with the Market Abuse Ordinance. DistIT AB's Board of Directors is responsible for developing and establishing the procedures.
The above procedures are handled by the Company's CFO on behalf of DistIT AB.

RESTRICTIONS ON VOTING RIGHTS

The company's articles of association do not contain any restrictions on how many votes each shareholder can cast at a general meeting.

CERTAIN ARTICLES OF ASSOCIATION PROVISIONS

The company's articles of association lack special provisions on the appointment and dismissal of board members or on amendments to the articles of association.

AUTHORITIES PROVIDED BY THE AGM

The Annual General Meeting on 20 April 2020 authorised the Board of Directors to, in conjunction with agreements on company acquisitions, on one or more occasions, with or without deviation from shareholders' preferential rights, decide on a new issue of shares in DistIT AB.

The authorisation has comprised a maximum of 1 228 000 shares, corresponding to a maximum of 10 per cent of DistIT AB's existing share capital on the date of the Annual General Meeting on 20 April 2020. The purpose of the authorisation was for DistIT AB to be able to have issued shares as payment in conjunction with company acquisitions. The Board of Directors has not at any time during the financial year used the authorisation resolved by the 2020 Annual General Meeting.

NOMINATION COMMITTEE

DistIT's work with corporate governance follows the Code. The Code states that the Nomination Committee is the body of the Annual General Meeting with the sole task of preparing the AGM's provisions on election and fee issues and, where applicable, procedural matters for the next Nomination Committee. The members of the Nomination Committee shall, regardless of how they are appointed, safeguard the interests of all shareholders.

The Annual General Meeting on20 April 2020 resolved that the principles for how the Nomination Committee for DistIT is appointed, as adopted at the 2019 Annual General Meeting, shall continue to apply until the Annual General Meeting decides on an amendment thereof.

The Chair of the Board shall convene the three largest shareholders or owners representing the three largest ownership groups in the Company no later than 15 October each year, who then have the right to appoint one member each to the Nomination Committee. If any of the three largest shareholders or groups of owners waives their right to appoint a member to the Nomination Committee, the next shareholder or group of owners shall be given the opportunity to appoint a member to the Nomination Committee until the tenth largest owner/ownership structure and all owners/ownership structures represent more than 5% of the Company's shares have been consulted. If fewer than three members have been recruited through this procedure, the Nomination Committee may consist of at least two people. In addition, the Chair of the Board shall be appointed to be a member of the Nomination Committee. The composition of the Nomination Committee shall be announced no later than six months before the Annual General Meeting.

NOMINATION COMMITTEE FOR THE 2021 AGM

In accordance with the above, DistIT AB informed on 22 October 2020 that DistIT AB's Nomination Committee for the 2021 Annual General Meeting consists of;

- Daniel Nyhren, Chair of the Nomination Committee, appointed by and representing Athanase,
- Anders Bladh, appointed by and representing Ribbskottet AB,
- Carl Rosvall, appointed by and representing Hajskäret Invest AB,
- Stefan Charette, Chair of the Board of DistIT AB.

The Nomination Committee prior to the 2021 Annual General Meeting deviates from the Code as three of the Nomination Committee's members represent shareholders, each with more than ten per cent of the shares and votes. The reason for this deviation is that participation in the Nomination Committee is a central part of the exercise of ownership of shares in the Company.

The Nomination Committee has evaluated the Board of Directors' work, expertise and composition. In evaluating the Board, the Nomination Committee has given special consideration to the requirement for versatility and breadth in the Board of Directors, as well as the requirement to strive for an even gender distribution. In 2020, an evaluation of the Board took place, in part via a written document, the results of which were submitted in writing to the entire Board of Directors, the CEO and the auditor, as well as an oral interview conducted by members of the Nomination Committee who are not members of the Board of DistIT AB. The Board of Directors evaluation has been discussed at one of the Nomination Committee's working meetings and at an ordinary board meeting of the Company.

The members have not received any fee or remuneration from DistIT for their work in the Nomination Committee. At two meetings of the Nomination Committee held prior to the 2021 Annual General Meeting, all members of the Nomination Committee were present.

The Nomination Committee's task is to present proposals for the Annual General Meeting on 29 April 2021 with regard:

- Election of a Chair of the meeting at the AGM.
- Number of board members and auditors to be elected by the general meeting.
- Board and auditor fees.
- Any remuneration for committee work.
- Election of board members, chair of the board and auditors.
- Where applicable, proposals for changes in the current guidelines for the Nomination Committee.

TO THE ANNUAL GENERAL MEETING OF DISTIT AB
AUDITOR'S REMARKS ON THE CORPORATE GOVERNANCE REPORT

Tasks and division of responsibilities

The Board of Directors is responsible for the corporate governance report for the year 2020 and for the fact that it has been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Code of Corporate Governance.

Focus and scope of the review

Our review has taken place in accordance with FAR's statement RevU 16 Auditor's review of the corporate governance report. This means that our review of the corporate governance report has a different focus and a significantly smaller scope compared with the focus and scope of an audit in accordance with International Standards on Auditing and good auditing practice in Sweden. We believe that this review provides us with a sufficient basis for our statement.

Statement

A corporate governance report has been prepared. Information in accordance with chapter 6, section 6, second paragraph, items 2–6 of the Swedish Annual Accounts Act (1995:1554) are compatible with the annual accounts and the consolidated accounts and are in accordance with the Swedish Annual Accounts Act.

Stockholm, 30 March 2021
Grant Thornton Sweden AB

Daniel Forsgren
Chartered Accountant

RISKS AND RISK MANAGEMENT

The Group's (DistIT) operating activities are mainly conducted by Aurora Group Danmark A/S, with headquarters in Copenhagen, Denmark, Septon Holding AB, with headquarters in Gothenburg, Sweden, UAB Sominis Technology, with headquarters in Vilnius, Lithuania, and SweDeltaco AB, with headquarters in Stockholm, Sweden. Operations are conducted in these companies or in the respective companies' subsidiaries in all the Nordic countries and in the Baltics.

The Group's operations are affected by a number of risks that may affect the Group's results or financial position to varying degrees. When assessing the Group's development, it is important to consider relevant risk factors in addition to the opportunities for earnings growth. Not all risk factors can be described in this section, but should be evaluated together with other information in this annual report and a general assessment of the business environment. The Group has decided on a risk policy that is reviewed on an ongoing basis and, if necessary, adapted to the operations and external factors. DistIT's subsidiaries work continuously with risks and risk management, with the goal of identifying and controlling the risks.
This section describes risks that may, among other things, affect the Group's customers and suppliers. Specifically, this may relate to external influences caused by, for example, natural disasters, wars and pandemics. More information about the DistIT Group's handling of Covid-19 is provided on p. 47 of this annual report.

RISK MANAGEMENT - IN GENERAL

In a global crisis situation, all priorities should be based on ensuring human health and minimising risk diversification. When this is taken into account, other questions come into the frame.

Strategic risks mainly impact demand and can be counteracted through changes in the cost base. Management, together with the Board of Directors, closely monitors the economic growth in order to be able to act quickly and adapt the business in the event of economic changes.

Operational risks refer to risks that processes, systems, or organisations fail in some respect. By continuously working with corporate culture, visiting customers and suppliers, and monitoring competitors, the risks are reduced.

Financial risks refer to the risk of fluctuations in the operating results and cash flow as a result of changes in exchange rates, interest rates, financing, and credit risks. Financial risks are managed according to established procedures.

STRATEGIC RISKS

Strategic risks refer to external and internal threats that affect the company's ability to achieve its strategic goals.

DESCRIPTION	MEASURE
NEGATIVE PUBLICITY The Group relies on, among other things, brand and reputation to attract and retain new customers and employees. Negative publicity or disclosures regarding the Group may, regardless of whether they relate to correct information or not, worsen the Group's reputation. Furthermore, negative publicity relating to any of the Group's products or brands may affect demand for said products.	The Group works actively with brand marketing. The Group continuously monitors all publicity about the subsidiaries and brands for preventive purposes.
RISKS RELATED TO COMPANY ACQUISITIONS From time to time, the Group may evaluate potential acquisitions in accordance with the Group's strategic goals. The possibility of implementing acquisition strategies may be limited by external factors, such as competition, financing opportunities, the market situation and price levels of investment objects. It is possible that the Group's acquisition strategy cannot be followed and transactions may have a negative impact on the Group's financial position.	The Group shall focus on its own acquisition strategy and evaluate it continuously and on an ongoing basis. When evaluating potential acquisitions, the Group shall take precautionary measures, such as hiring external experts to carry out legal and financial due diligence.

CORPORATE GOVERNANCE

Each company within the Group is financially integrated but consists of separate operational units. DistIT relies on the subsidiaries to conduct their respective operations in accordance with established strategies, budgets and policies. There is a risk that DistIT does not have sufficient operational control over the other Group companies, which may have a negative impact on the Group's position.

The Group relies mainly on its employees to ensure that operations are conducted in accordance with the Group companies' respective internal corporate policies for governance and compliance. There is a risk that the Group's employees violate internal policies, which may expose the Group to risks, such as breach of contract, conclusion of conflicting agreements, violations of the law, and breaches of regulations, etc.

The Group shall exercise its control over the Group companies by routinely requesting reports, having an ongoing dialogue, and reconciling previously submitted reports on a continuous basis. Furthermore, the CEOs of each subsidiary shall participate when necessary and at a minimum of two board meetings annually for a review and discussion of significant operational decisions.

ECONOMIC GROWTH PROSPECTS

The economic growth prospects are difficult to assess and are important for the Group's sales and earnings development.

Management closely monitors the economical growth. The Group's customers are in several industries and can be both corporate customers and customers who sell to end consumers, which reduces a sensitive economic climate.

OPERATIONAL RISKS

Operational risks refer to risks that processes, systems or organisations fail in some respect. By continuously working with corporate culture, reviewing procedures, cultivating customers and suppliers, and monitoring competitors, risks are reduced.

DESCRIPTION	MEASURE
INDUSTRY AND MARKET Changes in the IT industry, with its rapid product changes and technology development, may be associated with a greater degree of uncertainty than for companies in more stable industries and markets with minor changes.	The Group works continuously and actively to limit this risk through continued careful product selection and close collaboration with current and future suppliers and customers.
DISTRIBUTOR'S ROLE The distributor's role is changing, partly due to today's advanced Internet technology, and development of new logistics and distribution services. The Internet can make it possible for both retailers and end customers to find and contact the manufacturer directly. The Internet can make it possible for international and European distributors to take market share from the Group. New logistics and distribution services make it possible for providers to self-distribute their products.	Through an increasing share of sales of our own brand labels, we have strengthened our position against foreign competitors and created added value in our offers to end customers that are difficult for others to compete with.
REGULATORY RISKS DistIT's operations are not subject to licence, but are covered by laws, rules and standards regarding, among other things, taxes, personnel, the environment and product safety. If the Group does not comply with such rules, it could, for example, result in the Group being ordered to pay penalties. Unforeseen problems with the quality of the products could further damage the Group's reputation and lead to increased costs for product warranties, which would accordingly have a negative impact on the Group's resutls and financial position (see more below, under "Risks related to product quality and product safety").	The Group carefully observes applicable laws and regulations to ensure that all operations are conducted in accordance with applicable rules, laws and standards. New rules, laws and standards are monitored and analysed, and, if necessary, measures are taken to ensure full compliance. Deviations are reported on an ongoing basis to company management in accordance with established procedures and policies. Any major deviations are reported to the Board.

RISKS RELATED TO PRODUCT QUALITY AND PRODUCT SAFETY

The products Distit and its subsidiaries provide can, in the event of poor quality, cause damage, to both person and property, for example, other products that are installed together with the damaged products or components.

For own brand labels, an extended life-long warranty period is issued.In the event of deficiencies in product quality and product safety, the companies are required to replace or repair the damaged product. In the event of a sharp increase in compensation claims according to issued guarantees, this may result in a negative impact on the Group's results and financial position.

KEY PERSONNEL AND EMPLOYEES

The Group is dependent on key personnel, usually senior executives. The Group's development is also dependent on the ability to recruit and retain qualified employees.

We work to create an attractive work environment with good development opportunities and to be a learning organisation where knowledge and experiences are shared between and by employees. We are also actively seeking to secure senior executives in the long term, primarily through option programmes.

CUSTOMERS

The Group offers IT products and accessories to a large number of customer groups in most industries and market segments. A general decline in demand for IT products may therefore have a negative effect on the Group's operations.

We work continuously to create long-term relationships with our current customers, while actively working on acquiring new customers. We have also significantly broadened our product range to reduce dependence on individual products and product groups. This work continues.

PRICE PRESSURE

The Group's operations are conducted in a competitive industry which, among other things, can be affected by price pressure, which in turn drives demands for cost-effective solutions. In recent years, we have seen increasing price pressure in the market, which has partly led to declining margins for certain product groups.

The Group has an active procurement strategy based on long-term relationships with suppliers in Asia and Europe. Through these collaborations, we have ensured that we can meet customers' demands for lower prices and increasing margins. Together with our long-term approach to both customer and supplier relationships, we have ensured sustainability in a changing market.

COMPETITION

Competing companies may increase competition for the Group's products.

Despite the fact that the subsidiaries are constantly trying to adapt to the current competitive situation, we may be forced to carry out costly restructuring of the operations in order to maintain our market position and profitability. Growth is also an important way of securing the best purchase prices based on increasing volumes.

STOCK DEPENDENCE

A distributor of physical products is dependent on their stock.

The Group takes measures through collaborations with the Group's logistics partners and its own reasonable measures to protect its stock from fire risk, water damage and theft.

SUPPLIERS

To be able to sell and deliver products, the Group is dependent on external deliveries meeting agreed requirements relating to, for example, quantity, quality and delivery time. Incorrect, delayed or missing deliveries from suppliers can mean that the subsidiaries' deliveries in turn are delayed, or are defective or incorrect, which can result in reduced sales and thereby negatively affect our operations, financial position and results.

We continuously evaluate and develop our quality criteria, which we ensure our suppliers can meet through our internal processes. This is done, among other things, through close contact and regularly visiting them, together with quality assessments and quality tests performed by third parties.

DEPEDENCE ON THIRD PARTIES FOR INVENTORY MANAGEMENT

The Group engages third parties for warehousing, inventory management and logistics. There is a risk that such third parties will not deliver products in accordance with set conditions, that the price of the services will increase, or damage to storage facilities, such as fire, water or theft, will occur. Any such risk may have a negative impact on the Group's operations.

The Group companies shall limit the contract period for agreements with third parties to a maximum of five years. Furthermore, the Group companies shall maintain a continuous dialogue with each third party in order to find improvement measures and streamline work. The agreements with third-party companies are carefully regulated in agreements which, for example, state requirements for delivery times, etc.

ENVIRONMENTAL RISKS

The Group's operations are not regulated by law or subject to any license. There is a risk that the products which the Group distributes will be subject to additional environmental laws, rules or regulations, or that additional taxes or fees will be introduced or added, which may have a negative impact on the Group's financial position.

The Group has developed an action plan based on the Group's environmental policy, which, for example, sets environmental requirements for suppliers, products and services. The environmental policy is continuously monitored and updated in accordance with current environmental laws and regulations.

INADEQUATE PROCEDURES OR LACK OF CONTROLS

Within the framework of day-to-day operations, the Group may incur losses due to inadequate procedures, lack of controls, irregularities, or external factors. If the Group's warehouses or products therein are damaged, for example as a result of a fire or other event, or delays in distribution, or if any of the warehouses had to close, or if a third party providing warehousing services terminates the collaboration or activities, it may lead to losses for the Group due to delayed deliveries.

All the Group's companies have a lead in their orders with suppliers based on various parameters and lead times. The Group has also taken out business interruption insurance for all the Group's companies, which covers any losses.

INTELLECTUAL PROPERTY RIGHTS

Sales of some of the Group's products depend on brands and domain names. If the Group's protection of its brands or domain names is insufficient, or if the Group violates the intellectual property rights of third parties, this may result in lower sales and revenues and have a negative impact on the Group's position.

The Group actively cultivates and follows up its own brand labels and domain names through, among other things, national and European trademark registrations.

DISPUTES

There is a risk that the Group will become involved in future disputes. The results of any ongoing or future investigations, proceedings, disputes or arbitration proceedings initiated by customers or other counterparties, supervisory authorities or bodies cannot be predicted. Consequently, an unfavourable settlement or decision for the Group may entail significant fines, damages and/or negative publicity, which may have a negative impact on the Group's operations.

The Group has broad competence and a good network of expertise, as well as the legal resources for handling disputes and arbitration proceedings. Any ongoing disputes are reported on an ongoing basis and described in quarterly reports.

INSURANCE RISKS

The Group is exposed to various types of risks, such as product liability, property damage, third party liability, and interruptions in operations, including events caused by natural disasters and other events beyond the Group's control. In such a case, the Group may be obliged to compensate for losses, damages, and expenses.

The Group has an ongoing overview of all the Group's companies' insurances, and procures and adapts existing insurances to the ongoing operations.

RISKS RELATED TO IT INFRASTRUCTURE

The Group is dependent on its IT system for operating important business systems, including administrative and financial functions. Interruptions, such as downtime of network servers, virus attacks, and other disruptions or errors in IT systems, can occur and have a negative impact on the Group's operations. In addition, insufficient strategies regarding IT and outsourcing, as well as documentation of IT systems and strategies, can lead to failures in the Group's technical systems and cause disruptions in the Group's operations.

All the Group's companies have their own resources that are integrated into each company's operations, and take care of the companies' IT systems and their various functions.

FINANCIAL RISKS

Financial risks refer to the risk of fluctuations in the operating results and cash flow as a result of changes in exchange rates, interest rates, financing, and credit risks.

DESCRIPTION	MEASURE
CURRENCY RISK The currency risk relates to how the value of financial instruments varies due to changes in exchange rates.	The Group's measures, in order to manage transactional currency risk, are to buy currency in the event of identified needs in order to minimise the short-term impact on results and at the same time create long-term room for manoeuvre.
INTEREST RATE RISK The interest rate risk is in the form of the value of a financial instrument varying due to changes in market interest rates.	The Group's credit runs with variable interest rates that are in part renegotiated on an annual basis. No investment, other than own holding of private corporate bond of a nominal MSEK 74.4, as of 31 December 2020, is currently made in capital instruments.
CREDIT RISK The Group's credit risk mainly constitutes the solvency of the subsidiaries' customers.	Credit assessment of customers is standard according to established procedures. In most cases, credit insurance is used as a means of reducing credit risk. Credit losses have historically been low, but increasing competition in the industry has meant poorer opportunities for credit insurance for customers and slightly higher credit losses.
LIQUIDITY RISK Liquidity risk means that financing cannot be obtained, or only at significantly increasing costs.	The Group's liquidity risk is considered to be relatively limited. Ongoing dialogue and communication takes place with lenders such as banks, financial institutions and bondholders.
TAX RISK The DistIT Group conducts its operations in the Nordic countries. Operations in these countries are conducted in accordance with the Group's interpretation of applicable laws, rules and case law, as well as the tax authorities' administrative practices. However, it cannot be ruled out that tax authorities may make other assessments in any respect, and that the Group's previous and current tax situation may change as a result of the tax authorities' decisions.	The Group's tax situation is considered to be relatively secure. Ongoing monitoring is carried out in connection with audits, and through regular contact with the relevant authorities in the Nordic markets.
DEPENDENCE ON SUBSIDIARIES DistIT is a holding company and the Group's operations are mainly conducted through its subsidiaries. DistIT is therefore dependent on its subsidiaries in order to meet its payment obligations.	The Group intends to provide DistIT liquidity through the Group's cash pool, intra-group loans, dividends or other value transfers in order for DistIT to be able to meet its payment obligations. However, there is a risk that DistIT will not be able to meet its payment obligations if the subsidiaries do not provide such liquidity, or, due to other circumstances, conditions, laws or regulations, are prevented from supplying DistIT with liquid assets.
LOANS The Group has outstanding interest-bearing liabilities. Such loans may have an impact on the Group's financial position by limiting the Group's ability to obtain additional financing for future operations, investments, acquisitions, and other business opportunities.	The Group has a continuous and ongoing dialogue with the Group companies' banks and other financiers, and adheres to the guidelines required to obtain good financing for various operational areas.

SUSTAINABLE DEVELOPMENT

Sustainable development and Corporate Social Responsibility (CSR) are fundamental to DistIT's operations; in part due to demand from customers, employees, and other stakeholders, but also because CSR and sustainability issues create new business opportunities for us.

Everything we do affects our world in some way. We are responsible for our operations and for the impact we have on the environment and people. Our customers have high demands, and we know that these also include that we as a company take our responsibility seriously. We therefore pursue conscious sustainability.

We work purposefully to integrate sustainable development into our business and into our daily operations. This includes taking responsibility from an economic, environmental, and social perspective, such as striving for improved working conditions in the supplier factories, ethical issues, approaches to human rights, and environmental work. These issues are fundamental to all of DistIT's operations. The companies in DistIT Group shall be responsible business partners and operate a sustainable business based on business ethics, anti-corruption, human rights, working conditions, equality and diversity, and use of resources. The ambition is for all companies within the DistIT Group to adapt their operations to this policy wherever possible.

BUSINESS MODEL

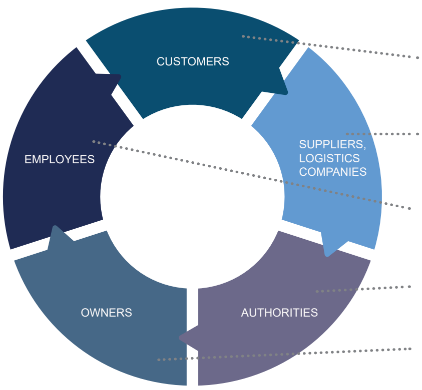
DistIT acquires, owns, and develops niche distributors within IT, mobility, consumer electronics, networks, data communication and AV products, primarily in Europe. The companies within the DistIT Group deliver products and accessories in both the B2B and B2C markets.

With the Nordic and Baltic countries as the main markets, the companies within the DistIT Group shall offer the market's best product range in the niches in which the companies operate. Competitive prices, fast deliveries, and good service and support shall be the watchwords. Sales take place via physical and digital channels. Consumer electronics chains, discount stores, specialty retail, grocery stores, telecom, e-commerce, consultants, office department stores, integrators, and installers are examples of channels for reaching corporate customers and consumers. DistIT's offers within IT, mobility, consumer electronics, networks, data communications and AV products have structural growth from trends such as digitalisation, 5G, e-sports, electric vehicles, smart homes, smart cities and surveillance.

RESOURCES	• Own brand labels, well-known brands, relevant range and product portfolio. • Suppliers, customer relations, employees, networks and collaborations. • Invested capital, inventories. • E-commerce, business tools, business processes, business development, system solutions.
WHAT WE DO	• We integrate ethics, the environment and social issues into our business. • The customer's experience is most important to us. Meetings and dialogue, training and support, follow-up. • We find and develop new trends in the market. • We test and quality assure our products.
OUR OFFERS	• Professional employees - reliable business partner. • Quality-assured products. • Offices throughout the Nordic region - proximity to customers. • Instructions for use in local languages .
THE VALUE WE CREATE	• Customers: sustainable business and growth, profitability, increased competitiveness, new concepts and technical solutions. • Society: Improved environment, improved work environment, more efficient solutions, faith in the future. • Employees: sustainable working life, increased knowledge and skills, career opportunities. • Owners/partners: long-term investments, create conditions for growth and profitability.

STAKEHOLDER DIALOGUE

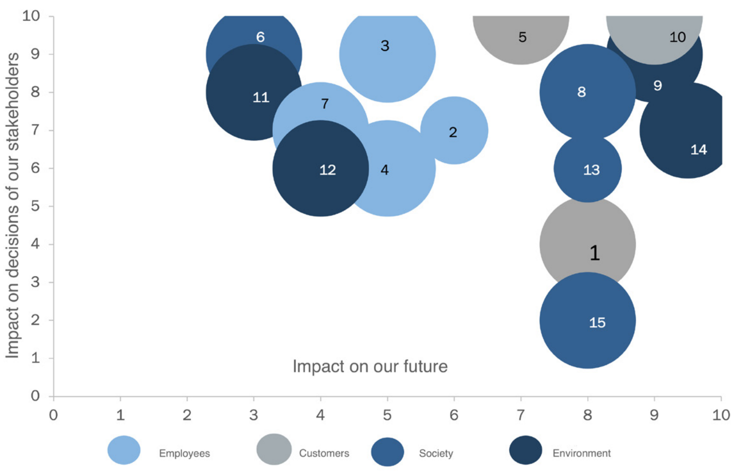
We aim to be a responsible, honest and transparent company. We maintain an ongoing dialogue with our stakeholders in order to gain a better understanding of their expectations and to identify areas where there is room for improvement.



Communication through	Most important issues
Trade fairs, road trip, telephone, e-mail, personal meeting	• Sustainability, guidance, trends, product news, alternative solutions • Price, delivery security, availability
Trade fairs, visits to factories, telephone, e-mail	• CSR questions, product news, samples, test protocols, • Price, documentation, delivery notice, responsible transportation
Staff meetings, conferences training	• Sustainable workplace, personal integrity, respectful working relationship • Inclusion, diversity, career opportunities
Finansinspektionen, Nasdaq, The Swedish Chemicals Agency, etc.	• Follow-up and implementation of laws, regulations and regulations in activities.
General meeting, board meetings	• Environmental and sustainability policies, risks and risk management, • Financial goals, business goals, growth strategy

MATERIALITY ANALYSIS

The materiality analysis is carried out to identify important sustainability issues, i.e. the areas that are particularly important to work with. The analysis helps to identify the issues that are most important in sustainability work in a structured way. Through this approach, we avoid that investments become event-driven or person-dependent. The result is sustainability work focused on what is important, based on business conditions and availability.



1. Responsible guidance
2. Sustainable workplace
3. Gender equality and non-discrimination
4. Individual development
5. Anti-corruption
6. Sustainable customers
7. Diversity
8. Sustainable growth
9. Materials
10. Business activities
11. Responsible supply chain
12. Responsible transportation
13. Social development
14. Energy use
15. Commitment to society

ENVIRONMENTAL RESPONSIBILITY

INTRODUCTION

DistIT's environmental impact is mainly through freight transportation, energy consumption, waste and packaging. The companies within the DistIT Group work actively to minimise the environmental impact in each area. The environmental impact is also taken into account when choosing passenger transportation and electricity suppliers.

OUR ENVIRONMENTAL POLICY

The DistIT Group strives to conduct its operations with as little environmental impact as possible. Both as companies and individuals, we all have a great responsibility for our common environment. Therefore, we are constantly working to improve our procedures within environment and quality.

Our goal is to:
- increase knowledge and raise awareness of environmental issues among all employees
- influence, set requirements on, and collaborate with other companies, suppliers, authorities and organisations
- see environmental improvement measures as investments
- constantly strive to streamline the use of resources within the Company

ENVIRONMENTAL ORGANISATION

As of 2008, our environmental issues are pursued by an environmental manager within DistIT. This increases coordination and integration in the operations and with our suppliers. Our environmental work includes projects and activities related to all operations in the Group and its subsidiaries. In order to achieve harmonisation and standardisation of our quality work in the long term, integration is in progress in connection with our business development.

ACTION PLAN

We have established an action plan based on our goal. The action plan includes the following:

- **Sorting of waste**
  We sort our waste and submit paper for recycling.

- **Energy saving measures**
  An established goal is to increase the use of computers and approriate software to reduce the use of paper to distribute information to personnel, customers and suppliers. The company uses low-energy lamps in the fixtures where this is possible.

- **Environmentally adpated procurement**
  An established goal is to always consider environmental aspects when purchasing products used in the operations; everything from vehicles and fuels to copy paper and pens. This has led to a transition to more environmentally friendly products. Compliance with the requirements is a must..

- **Environmental requirements on our products and services**
  The products and services we market shall be made of materials that can be recycled, or are made of recycled materials, where possible. One of the company's goals is to remove products from the operations that are not manufactured in an environmentally friendly way, or that contain environmentally hazardous substances. We are affiliated with REPA, which is the business community's solution for producer responsibility of plastic, metal, paper/card and corrugated cardboard packaging. REPA's task is to offer all companies access to the nationwide recycling system for packaging. By joining REPA, we fulfil the requirements placed on us in the Swedish Packaging Ordinance (SFS 2006:1273). Reparegistret AB was previously a wholly owned subsidiary of Förpacknings- och Tidningsinsamlingen (FTI). Through the merger on 1 April 2013, the subsidiary ceased to exist and the producer companies that were affiliated with REPA thereby became affiliated and customers of FTI.

  Electrical and electronic equipment may contain substances that are hazardous to health and the environment, such as mercury, cadmium and lead. They can pose a risk to human health and the environment, especially when handling waste. As such, there may be a risk that these substances will be released into nature and contaminate, among other things, the groundwater.

  The RoHS (Restriction of Hazardous Substances) Directive aims to reduce the risks to human health and the environment by replacing mercury, cadmium, lead, hexavalent chromium and the flame retardants PBB (Polybrominated biphenyl) and PBDE (Polybrominated diphenyl ethers) in electrical and electronic equipment with less hazardous alternatives or with alternative technologies. The RoHS Directive limits the volume of these substances in electrical and electronic equipment.

  Another purpose of the Directive is to improve the possibility of profitable and sustainable recycling of waste from such equipment.

  We follow the WEEE (Waste Electrical and Electronic Equipment) Directives on electronic waste, and take our producer responsibility through our membership in the national waste management systems.

  We are also a member of El-Kretsen, which is a business service company and has the task of fulfilling the producer responsibility in electrical and electronic products and batteries. The legislation that regulates producer responsibility and as such forms the basis for El-Kretsen's operations is, SFS 2005:209, 2005:210, and 2008:834. The supervisory authority for these, and which is responsible for compliance with the law, is the Swedish Environmental Protection Agency.

- **Environmental requirements on our suppliers**
  One of the company's environmental goals is to influence our main suppliers to always consider environmental aspects in their production and operations.

- **Use of the best possible fuel and reduced fuel consumption**
  One of the environmental goals set for the operations prescribes the best possible fuel and requirements for measures to reduce fuel consumption when it comes to the transportation of goods and products.

- **Environmental information for employees, customers and suppliers**
  All employees in the operations shall have knowledge of the company's environmental goals. Our customers are informed about our ongoing environmental work through verbal and written communication. We have an ongoing dialogue with our suppliers about environmental improvement measures.

CORPORATE RESPONSIBILITY

INTRODUCTION

Within the DistIT Group, quality doesn't just mean that our products shall meet or exceed customers' expectations, it also means that production must take place under good conditions and that our customers shall be satisfied with us as a supplier. Taking responsibility for how people and the environment are affected by our operations is also an important prerequisite for all subsidiaries to grow with continued good profitability. How the DistIT Group works with corporate responsibility is described in the established Code of Conduct.

OUR CODE OF CONDUCT

Purpose

The purpose of the Code of Conduct is to create a common set of values to work according to, together with our suppliers.

DistIT AB (publ), is a Swedish Parent Company that acquires, owns, and develops niche distributors in IT, mobility, consumer electronics, networks, data communication and AV products, primarily in the Nordic and Baltic countries. The companies within the DistIT Group deliver products and accessories in both the B2B and B2C markets in the Nordic countries, the Baltics and the rest of Europe.

Our customers have high demands, and we know that these also include that we as a company take our responsibility seriously.

Long-term relationships with stakeholders, good working methods and a high level of business ethics and morale are important success factors for lasting growth and sustainability.

The DistIT Group's Code of Conduct is based on the UN declaration of human rights, the UN conventions on the rights of the child and against the discrimination of women, the ILO (International Labour Organization) conventions on labour law and human rights, the UN Global Compact, OECD guiding principles for multinational enterprises, BSCI code of conduct version 1/2014, and other relevant international human rights and labour law standards in force at any given time.

Visits to factories shall be carried out regularly by our personnel, but also by independent third parties. It is the supplier's responsibility to ensure the implementation of this Code of Conduct in its operations. Our suppliers are also obliged to ensure that all their suppliers, subcontractors, producers, and business partners who participate in the manufacture of goods and services for companies within the DistIT Group comply with this policy. In addition to DistIT's Code of Conduct, the supplier shall comply with national laws and regulations.

OUR REQUIREMENTS ON SUPPLIERS

1. Legal requirements

All suppliers shall conduct their operations in full compliance with applicable laws and regulations in the European Union, all countries where suppliers are operative, and all other applicable laws. Suppliers shall comply with all applicable international laws, rules and regulations on the conformity of trade in products and services, and their delivery.

2. Management system

The supplier shall define and implement a Corporate Social Responsibility (CSR) policy, including policies for child labour, forced labour, discrimination, misconduct, bribery and corruption, and complaint procedures. The CSR policy shall be communicated and made available to all employees.

The supplier is responsible for correct implementation and continuous improvement by taking corrective measures and carrying out a regular review of this Code of Conduct, as well as communicating the requirements of the Code of Conduct to all employees.

The supplier shall have procedures for identifying, understanding, and applying applicable laws and regulations, and the requirements in this Code of Conduct, and maintain documentation to ensure compliance with regulations.

The supplier shall have procedures for correcting any deficiencies or deviations identified in a timely manner through an audit, evaluation, inspection, investigation or review.

The supplier shall refrain from punishing, dismissing or discriminating against any employee for having provided information on compliance with this Code of Conduct.

3. Trust and collaboration

The supplier shall map the supply chain and make an assessment of where the risks of breach of any of the basic principles described in this document are found and take relevant measures to redress them. This assessment shall be updated continuously.

It is understandable that some shortcomings take time to address, as the underlying causes may be rooted in parts of the local community. We believe in collaboration and are willing to collaborate with our suppliers, authorities, trade unions, and industry organisations in order to find realistic solutions in each individual case.

4. Controls
Factory inspections, audits, and examinations of CSR compliance are conducted regularly.

To ensure compliance with this Code of Conduct, the supplier shall accept the right, including that of representatives from our group of companies and independent third parties, to, at any time, carry out unannounced visits to any of the factories producing goods for us.

5. Lack of compliance
We do not accept that our suppliers:
- present false information, verbally or in writing.
- offer or accept bribes, or commit other forms of corruption.
- do not address deviations within the agreed time frame without a reasonable explanation.
- or otherwise show that the Code of Conduct is not respected.

All the above points are sufficient grounds to terminate the business relationship with suppliers.

CONDITIONS IN WORKPLACES

1. Voluntary work
Suppliers may only utilise voluntary work. They may not engage in any form of human trafficking or use any form of forced labour, including slavery, imprisonment or other types of involuntary work. Involuntary work also includes the relocation, housing, recruitment, transfer of contracts, receipt or employment of persons through threats, violence, coercion, abduction, fraud or payments to a person who has control over other persons for the purpose of exploiting them.

All work must be voluntary and employees shall be free to leave work at any time or terminate their employment. Suppliers may not demand that employees submit their identification, passport, or other travel documentation or work permit as a condition of employment, or for any other reason. In addition, suppliers may not impose unreasonable restrictions on movement at the workplace or when employees arrive or leave the workplace.

Suppliers shall ensure that recruitment agencies used to recruit personnel comply with the provisions of this Code of Conduct, and even other applicable laws.

2. Avoidance of child labour
"Child" means any person who is under 15 years of age, or below the minimum age to complete the statutory education in any country, or below the minimum age for employment by law in any country, whichever is the older.

Suppliers may not use child labour. The use of legitimate apprenticeship programmes in workplaces, which comply with all laws and regulations, is supported.

Workers under 18 may not perform work that is likely to endanger the young workers' health, safety or work ethic.

Suppliers shall not require young workers to work overtime or perform night work.

Suppliers shall also comply with all other applicable laws and regulations on the employment of minors.

3. Right to organised representation
Employees shall have the full right to join a trade union, or organise themselves in other ways in order to negotiate collectively without the intervention of the employer.

The supplier may not discriminate against trade union representatives or prevent them from carrying out trade union work, or restrict their access to their members in the workplace.

In cases where unions are not allowed, or only state unions are available, the supplier should make it easier for workers to gather to discuss work-related problems and opportunities.

4. Non-discrimination
Suppliers shall not engage in or support discrimination based on race, colour, sex, language, religion, political opinion, caste, sexual orientation, or other characteristic features.

Employment, remuneration, benefits, promotion, etc. shall be based solely on relevant and objective criteria.

Measures shall be taken to protect employees from sexually intrusive, threatening, insulting, or exploitative behaviour, and from discrimination or termination of employment for unjustified reasons, e.g. marriage, pregnancy, parenthood or HIV status. All employees with the same experience and qualifications shall receive equal pay for equal work. Salaries shall reflect the level of education and skills.

5. Privacy
Physical or mental abuse, corporal punishment, or the threat of it, shall be prohibited. The same applies to sexual abuse and all forms of humiliation.

All disciplinary proceedings must be established in writing and shall be explained verbally to employees in clear and understandable terms.

Collection and maintenance of information from subcontractors, customers and employees shall be done with care to prevent unauthorised disclosure or damage. Personal information shall always be handled with respect for privacy.

The work environment shall offer satisfactory privacy. The solutions can vary, but examples can be cabinets for personal belongings and separate hygiene facilities for men and women. There shall also be a private area as a rest room that can be used by employees when needed.

6. Health and safety
The work environment shall be safe and promote good health with regard to industry standards and its associated dangers.

A clear set of regulations and rules must be established and complied with in relation to occupational health and safety, fire protection, and emergency preparedness. A management representative with responsibility for the health and safety of all employees shall be appointed. Procedures for detecting, avoiding, or managing any threats to the health and safety of all employees shall be established.

The work with health and safety shall be carried out in collaboration between management and employee representatives in order to achieve a long-term and safe workplace.

All employees shall receive regular and documented health and safety training. Such training must be repeated for new and relocated employees.

Employees shall have access to clean sanitary facilities and clean drinking water. If necessary, the supplier shall also ensure access to facilities for safe cooking. Theres shall be special protection and a safe working environment for vulnerable individuals, such as young or pregnant workers.

If necessary, effective personal protective equipment shall be provided to all employees free of charge.

The supplier shall register and document all accidents and injuries that affect the employees. In the event of an accident or injury, the supplier shall ensure the best possible protection for the employees, including the provision of compulsory insurance programmes. All employees shall have the right to leave the workplace without requesting permission in the event of immediate danger. The above shall also apply to seasonal workers, workers employed by subcontractors, and migrant workers.

The supplier shall ensure that adequate medical assistance, such as first aid, personnel trained in first aid, or access to a nurse or doctor, is available at the workplace.

If the supplier provides accommodation, it shall be clean, safe, adequately ventilated, and have access to clean sanitary facilities and clean drinking water. Drawings for fire safety and emergency evacuation in dormitories shall be of the same standard as in the work environment.

7. Remuneration
Workers shall be entitled to fair remuneration and legal benefits sufficient to provide them with a decent standard of living for themselves and their families. The salary level shall, as a minimum, comply with the salary in accordance with the laws on minimum wage, or approved industry standards based on collective negotiations, whichever is higher.

Overtime work shall be compensated at a premium rate, in accordance with national legislation, or at least 1.25 times the regular remuneration, whichever is higher.

Salaries, as well as the model for how and when the salary is to be paid, shall be agreed in writing before work begins. The contract shall be understandable to the employee.

Salaries shall be paid on time, regularly, and in a legal currency. The salary level shall reflect the employees' skills and education, and relate to regular working hours.

It is unacceptable to use payroll deductions as a disciplinary measure. Deductions will only be allowed under the conditions and to the extent prescribed by law, or determined by collective agreements.

8. Working hours
Suppliers shall ensure that workers are not obliged to work more than 48 regular hours per week. Applicable national laws, industrial standards, or collective agreements shall be interpreted within the ILO's international framework.

Exceptions from the aforementioned working hours per week are only permitted if these are in line with the exceptions specified by the ILO. In the case of exceptional work pressure, the maximum extra hours shall in each case be determined only after consultation with the organisations for employers and the workers concerned.

Overtime shall be voluntary and is intended to be exceptional, and may not involve a significantly higher probability of work risks.

Employees shall be granted the right to rest every work day, and the right to at least one day off every seven days, unless exceptions are defined in collective agreements. Public holidays shall be in accordance with national legislation or industrial standards.

9. Regular employment
Obligations to employees in accordance with international conventions and/or national legislation, and provisions on regular employment shall not be avoided by using short-term contracts (e.g. contract work, temporary work or day work), subcontractors, or other labour relations.

All employees have the right to their own copy of an employment contract, which must be written in a language they understand.

The duration and content of the apprenticeship programmes shall be clearly defined.

Suppliers shall give special consideration to employees who have children, and in particular seasonal workers and migrant workers with children who live far away from them, so that these workers can combine work with parenthood.

CONDITIONS OUTSIDE THE WORKPLACE

1. Use of resources and impact on the local community
The supplier shall assess its significant impact on the environment and the local community in order to take the necessary measures that minimise its negative effects on natural resources, the local community and the environment.

No form of environmental crime or reckless exploitation of resources is allowed in the local environment.

The environment in factories and workplaces may not be exploited or degraded by pollution. Hazardous chemicals and other harmful substances shall be handled carefully.

If a conflict exists with local communities over the use of land or other natural resources, the parties shall, through negotiations, secure individual and collective rights to land and other resources based on common custom or tradition, even where such rights have not been formally registered.

The production and extraction of raw materials for manufacturing shall not contribute to the destruction of the resource and income base of marginalised communities, for example by claiming large areas of land or other natural resources on which such communities depend.

2. Environmental legislation and regulations
Production may not contravene national and international environmental legislation or regulations. The requirements of the global treaty CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora) shall be respected.

The required emission and discharge permits shall be obtained if necessary. Procedures and standards for waste management, for the handling and disposal of chemicals and other hazardous substances, as well as for air pollution and wastewater, shall be established in accordance with legislation.

Environmental aspects shall be taken into account throughout the production and distribution chain, from the production of raw materials to the sale of end-user products, and shall not be limited to the supplier's own operations and subcontractors. Local, regional, and global environmental issues shall be taken into account as far as possible.

3. Animal welfare
Animal welfare shall cover the entire supply chain in the manufacture of products of animal origin. The animals shall, as a minimum, be handled in accordance with current national legislation on animal welfare.

The animals shall be healthy, receive good care, and have a good living environment. Medical treatment shall be provided in case of illness and with a limiting and healthy use of antibiotics.

The five fundamental rights of animals adopted by FAWL (Farm Animal Welfare Council) are essential and animals shall, as a minimum, have the right to:
- Freedom from hunger or thirst.
- Freedom from discomfort.
- Freedom from pain, injury or illness.
- Freedom to express normal behaviour.
- Freedom from fear and distress.

In addition, all animals must be anesthetised before slaughter.

ETHICAL BUSINESS PRACTICES

1. Bribery and corruption
The supplier shall establish and follow a policy against bribery and corruption in all its business operations.

Employees (including managers) may not directly or indirectly offer, promise, demand, or accept illegal and unlawful monetary gifts, or other forms of compensation, in order to gain commercial advantages or benefits, even if these are of a seemingly insignificant value. This also includes invitations, trips, or participation in events with suppliers or business contacts without the approval of the immediate manager.

The supplier shall show transparency and always be able to disclose the supply chain as far as possible. Misleading or false information is not accepted.

2. Intellectual property rights
Suppliers shall respect intellectual property rights and protect customers' information. Transfer of technology and knowledge shall be done in a way that protects intellectual property rights, and in accordance with the strictest requirements on information protection in accordance with applicable agreements.

The supplier shall implement both processes and procedures for detecting and avoiding forgeries and other infringements of intellectual property rights.

3. Responsible use of minerals
The supplier shall exercise due diligence in accordance with the principles detailed in the "EU Regulation (EU) 2017/821" - establishing the supply chain's obligation on the import of tin, tantalum and tungsten, their ores and gold into the EU from conflict-affected and high-risk areas.

In addition, the supplier shall ensure that none of the delivered products contain metals or minerals that originate in or have been transported through conflict-affected and high-risk areas according to the definitions given below:

State of armed conflict
Armed conflict, widespread violence, or other risks that could harm people are described in international humanitarian law, which regulates the course of action of an armed conflict between warring parties. Armed conflict can take a variety of forms, such as a conflict of an international or non-international nature that may involve two or more states but which may also consist of wars of independence, rebellion, civil wars, and so on. Specific instructions on "states of armed conflict" are explained in the 1949 Geneva Convention, and include all cases of declared war or any other armed conflict that may arise between two or more parties. This applies even if the war is not recognised by any of the parties, and in all cases of partial or total occupation of a party's territory, as well as if the said occupation is not met by armed resistance. However, in accordance with the Protocol II (1977) addition to the 1949 Geneva Convention, the above does not apply to situations of internal disturbances and tensions, such as riots, isolated and sporadic acts of violence, and other similar acts.

Post-conflict war-affected areas
Post-conflict war-affected areas are areas with weak or non-existent state governance and security, together with extensive and systematic violations of international law, including human rights violations. Post-confilct war-affected areas are areas that witness the cessation of active hostilities and are in a fragile state, which means that the region or state has a weak ability to perform basic governance functions, and lacks the ability to develop mutually constructive relationships in society due to the previous state of conflict. Such areas are more vulnerable to internal or external shocks, such as economic crises or natural disasters. In such areas, i.e. areas witnessing weak or non-existent governance and security, economic players must be aware that there is either an institutional weakness or lack of governance, where widespread systematic violations of international law and human rights violations occur, and as such determine that the area is in conflict and a high-risk area. This is a condition for violations of international law that is crucial for post-conflict war-affected areas and areas that witness weak or non-existent governance and security. In the latter case, for example, the absence of a formal mining licence procedure would, for example, constitute evidence of a lack of governance.

Cessation of the state
Declaration of "cessation of the state" is a situation of extreme institutional weakness. "Cessation of the state" means a vacuum of state authority, a collapse of law and order, and the absence of institutions that can represent the state.

The supplier shall undertake that such metals only come from conflict-free smelters. The supplier shall communicate its own policy and expectations to its subcontractors, which reflect their commitment to the responsible use of minerals. Furthermore, suppliers should define appropriate objectives, regularly measure and assess the subcontractor's performance, and implement continuous improvements in the pursuit of "conflict-free" supply chains.

DIVERSITY AND GENDER EQUALITY POLICY

DistIT's gender equality work is characterised by respect for the individual and the individual's integrity.
This means that:
- women and men shall be treated equally as individuals in all contexts, and no one shall be questioned in their professional role because of their gender
- the employer and each individual employee, in both word and deed, work for an equal workplace where men and women have equal value
- we must actively work to ensure that both female and male expertise is represented in working groups, projects etc.
- women and men have equal pay for equal or equivalent work efforts
- our work environment shall be free from victimisation, including sexual harassment
- employees' different experiences and cultural differences are safeguarded
- women and men are given an equal right to development at work (with an appraisal as a basis)
- women and men are given the same opportunity to combine parenthood and work
- the workplace and its organisation, technology, and work content are adapted for both women and men

It is the responsibility of each employee to actively take part in the gender equality work in order for the work to be successful.

Managers at all levels shall clarify, further develop, and concretely implement the intentions of the gender equality policy.

As an employer, we distance ourselves from all forms of discrimination and harassment due to gender, functional disabilities, sexual orientation, ethnicity or religion.

WHISTLEBLOWER FUNCTION

DistITs good brand and reputation are based on high integrity and good business practice. At DistIT we believe that transparency and good communication within the organisation lead to a good corporate culture.

The whistleblower function is about reporting illegal, or suspected illegal acts and violations of DistIT's Code of Conduct. We are keen to identify irregularities in our operations. Examples of irregularities include sexual harassment, fraud and corruption, discrimination, and violations of the environment and human rights.

All employees have rights and obligations to report irregularities related to corruption, abuse of position, fraud, financial crime, serious misconduct, or environmental crimes.

Information about the whistleblower function, how it works, and how employees can submit a report, shall be available on each subsidiary's website.

It shall be possible to report anonymously and/or confidentially. Complaints or reports of irregularities shall be sent to visselblasarfunktion@distit.se, where cases are dealt with promptly.

RISKS AND RISK MANAGEMENT

A company is the sum of its decisions. Many irresponsible decisions lead to higher risk, while many responsible decisions lead to lower risk. Low risk is characterised by a company taking economic, social, and environmental impact into account in all decisions. It is the Board of Directors and management that make the decisions in the company, but it is the stakeholders who decide whether the company should be allowed to remain or not. The company's stakeholders at low risk include satisfied customers, loyal employees, satisfied owners, satisfied financiers, committed suppliers, good relations with NGOs (Non-Governmental Organization) and positive media attention.

In order to meet the expectations of the market and customers, as well as the Group's own goals, the DistIT Group strives to constantly adapt its operations to increased demands for openness and sustainability considerations. Inability to conduct effective sustainability work can lead to lower cost efficiency and reduced customer confidence. The market position can be strengthened if the subsidiaries can better meet customers' demand for transparency, quality and human rights, as well as environmentally sound products. Increased cost efficiency can be achieved through reduced energy and material consumption in the operations. DistIT's opportunities to work for a more sustainable development are usually greatest through requirements on suppliers, training of personnel, and by informing customers. The Group's sustainability work is continuously developed in order to reduce climate impact, improve energy efficiency and transportation, secure social responsibility in the distribution chain, and improve the safety, health and well-being of personnel.

Subsidiaries within the Group have different operations in their area of responsibility, with different risks within environment, working environment, social conditions, human rights, and corruption. Each subsidiary identifies their risk areas and shall assess the risk for the work and workplaces that exist within each operation. Risks at the supplier level shall be dealt with in accordance with DistIT's Code of Conduct.

SUSTAINABILITY WORK IN 2020

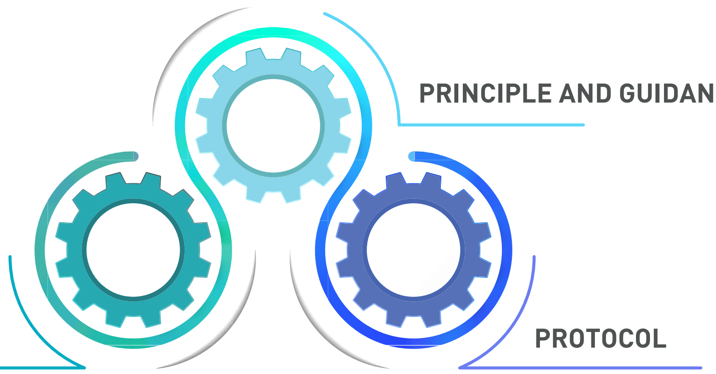
INTRODUCTION
DistIT's vision is for growth to be profitable, green and sustainable. In our sustainability policy, we describe the issues we want to work with in order to achieve our vision. Overall responsibility for our sustainability work lies with our CEO. The CEO is responsible to the Board of Directors for ensuring that our working methods are in line with our vision of growth. Operational sustainability work is conducted by the respective CEO of the subsidiaries and is coordinated centrally by the responsible person.

SUSTAINABILITY WORK
The work with implementing the policy, procedure descriptions, and follow-ups at each subsidiary began as early as 2015. In the development of procedures and follow-up models, consideration was given to the respective subsidiaries' corporate culture and business models. The Board of Directors also appointed a coordinator who, together with the management of each subsidiary, began implementing the policy and developing procedures and follow-up models for each subsidiary.

The report has been reviewed in part by the auditors who review the Group's annual report, but not reviewed by third parties as management deemed that the added value of such an audit, although valuable to the organisation and its stakeholders, cannot immediately be considered to outweigh the additional cost of such an audit. On the other hand, it is the Group management's long-term ambition that the Group's sustainability reports shall also be reviewed by an independent third party.

FRAMEWORK FOR ACCOUNTING

- How shall this be reported?
- What shall be reported?



DISTIT'S FOCUS AREAS
1. Product and supplier responsibility
Our customers expect our products to be sustainable in all respects. Therefore, it is important for us that our suppliers take environmental aspects into account when manufacturing, respect social conditions and human rights, refrain from corruption and bribery, and ensure that none of the delivered products contain metals or minerals that originate in or have been transported through conflict-affected and high-risk areas. As a result of our ambitious sustainability work, we have been recognised by international customers, such as ATEA, as a leading supplier of IT products.

The Group adopted a new code of conduct in 2019, which, in addition to the UN declaration of human rights, the UN conventions on the rights of the child and against the discrimination of women, and the ILO (International Labour Organization) conventions on labour law and human rights, is also based on the UN Global Compact, the OECD guiding principles for multinational enterprises, the BSCI code of conduct, and other relevant international standards on human rights and labour law.

In accordance with our Code of Conduct, visits to factories shall be carried out regularly by our personnel, but also by independent third parties. It is the supplier's responsibility to ensure the implementation of this Code of Conduct in its operations. Our suppliers are also obliged to ensure that all their suppliers, subcontractors, producers and business partners who participate in the manufacture of goods and services for companies within the DistIT Group comply with this policy. In addition to DistIT's Code of Conduct, the supplier shall comply with national laws and regulations.

Goals 2020
The Group's new goal for the subsidiaries in 2020 was continued work with the approval of suppliers for compliance with the Code of Conduct. The goal was for 95% of suppliers of own brand labels (OBL) to each subsidiary shall be approved during 2020. These suppliers accounted for approximately 97% of the total imports of own brand labels within the Group in 2020. Monitoring of these suppliers would continue, and the result would be presented in connection with the annual report 2020. Furthermore, visits to factories would be carried out regularly by our personnel, or by independent third parties, to inform, inspect and guide the suppliers.

During the year, management, employees and business partners of companies in the Group would also be informed about the effects of carbon dioxide, and proposals on how to reduce emissions further would be developed.

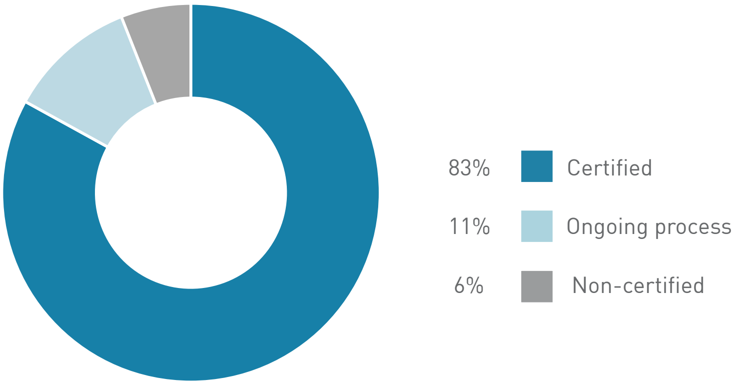
Companies within the Group would, during 2020, begin an investigation into the companies' opportunities for possible membership with BSCI or Sedex/SMETA. Furthermore, the possibility of adapting the Group's sustainability report to the UN Development Programme (UNDP) would be investigated.

Status and results 2020

In November 2018, the Board of Directors announced that Aurora and SweDeltaco would merge in order to, among other things, generate synergy effects in the procurement of own brand lbels. In 2020, the new organisation has halved the number of suppliers of own brand labels (OBL) in order to increase control and improve sustainability work together with suppliers.

Our survey during the year encompassed a total of 71 suppliers. These suppliers accounted for just over 97% of the total imports of own brand labels within the Group in 2020. Of these suppliers, 59, or 83%, are certified suppliers, eight, or 11%, have started the certification, and only four, or 6%, had no certification or lacked plans to begin such a process.

OBL SUPPLIERS DELTACO/AURORA



SUPPLIERS OF OWN BRAND LABELS

Deltaco	2016	Top 10	80%
	2017	Top 25	75%
	2018	Top 40	68%
Aurora	2016	Top 10	90%
	2017	Top 25	90%
	2018	Top 40	78%
Deltaco/ Aurora	2019	Top 40	77.5%
	2020	Top 40	88%

Septon	2018	No suppliers for OBL
	2019	One new supplier for OBL
	2020	No suppliers for OBL
Sominis	2018	No suppliers for OBL
	2019	No suppliers for OBL
	2020	No suppliers for OBL

Due to Covid-19, our own personnel were unable to visit any of our suppliers' factories in 2020. Instead, one of Asia's leading inspection companies was hired, which is a member of IFIA (International Federation of Inspection Agencies), accredited by Sedex (Supplier Ethical Data Exchange), holding ISO9001:2015 certificates, and certified by UKAS and Moody. In 2020, more than 200 inspections were carried out.

Inquiries into a possible membership with BSCI or Sedex/SMETA began during the year. DistIT has been in contact with BSCI and Sedex to find out the differences between the different organisations, but also to investigate whether we could certify our companies and what is required of us as an organisation. Unfortunately, the situation with Covid-19 has affected this process, but a decision will be made in 2021.

New goal for 2021

The DistIT Group's new goal for the subsidiaries in 2021 is continued work with the approval of suppliers for compliance with the Code of Conduct. The goal is to ensure that the 50 largest suppliers of own brand labels (OBL) to each subsidiary shall be certified during 2021. As a result, at least 95% of all own brand labels within the Group will be traded by approved suppliers. Monitoring of these suppliers will continue on an ongoing basis, and the results will be presented in conjunction with the annual report for 2021. We will also continue with regular visits to factories, with the help of our inspection company, to inform, inspect and guide our suppliers in accordance with our Code of Conduct. Furthermore, during 2021 we will also continue to replace those suppliers who do not meet our requirements regarding CSR, or in cases where we have too low turnover to justify having them as a business partner.

Inquiries into the subsidiaries' prospects for a possible membership or certification with BSCI or Sedex/SMETA will continue in 2021. The ambition is to be able to present the results of the inquiries to DistIT's Board of Directors in the autumn of 2021 in order to get the Board's decision on the certification of the companies.

DistIT will hold a workshop for the management team on sustainability in the spring of 2021, in order to clarify future ambitions within CSR.

2. Environmental responsibilty
Within the area of environment, the subsidiaries comply with the environmental laws that apply in the countries where the companies operate. The subsidiaries shall also streamline energy consumption, sort paper and cardboard for recycling, and reduce CO_2 emissions through coordinated transportation. As of 2019, the subsidiaries have arranged sorting and recycling of all waste in offices. The sorting includes metal, plastic, glass, electronics, lighting, cardboard, paper and food waste.

In 2019, DistIT became a member of FSC. FSC stands for Forest Stewardship Council and is an independent, international member organisation that works for environmentally friendly, socially responsible, and economically viable use of the world's forests, through its FSC certification system. Certified companies follow FSC's rules (standards) for forestry and traceability. Those who follow the rules may label their packaging with the FSC brand. The FSC label allows consumers and companies to choose wood products that come from responsible forestry, i.e. forestry that considers people and the environment. The forest gives us clean water and fresh air, and helps to slow down global warming. It provides food, medicine, and important natural resources, such as timber and paper. Responsible forestry ensures that the forest can also provide these benefits in the long term. Those who participate in the FSC voluntarily want to contribute to this. In 2020, the DistIT Group began to switch to FSC packaging by redesigning a number of selected packagings, including all products and upcoming new items within the STREETZ brand, but we have not yet started on a large scale with converting packaging within other brands due to the situation with Covid-19. The ambition is to be able to continue the work with the remaining own brand labels (OBL) in 2021.

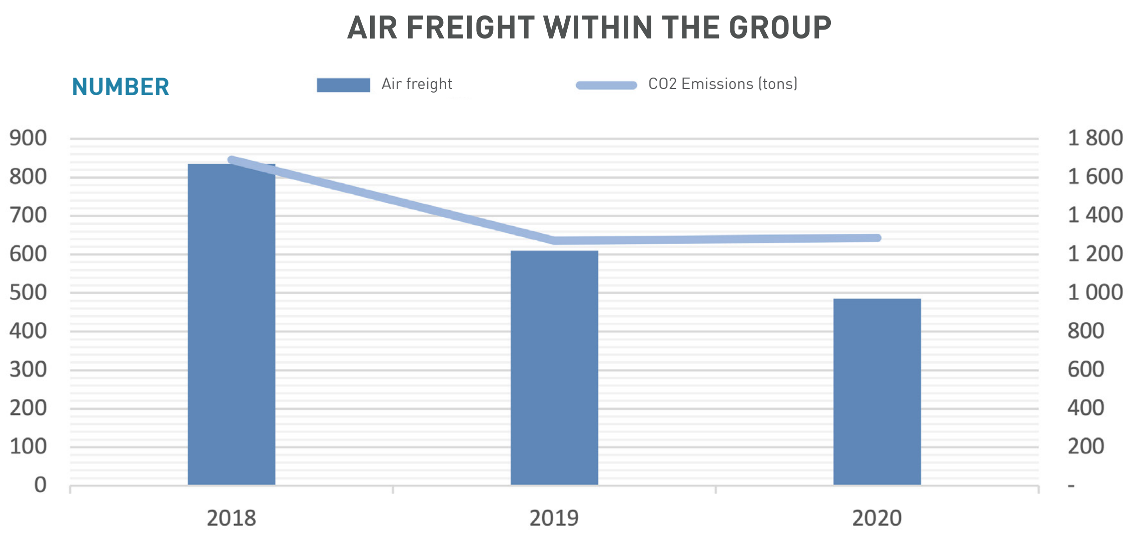
In 2020, all subsidiaries within the Group switched to digital meetings due to Covid-19. This has resulted in greatly reduced car and air travel. We see a very positive environmental impact in this respect, and our ambition is to be able to continue this approach even when the pandemic caused by Covid-19 is over.

All new company cars that were introduced in 2020 were either electric or plug-in hybrids. DistIT's goal for 2021 is to continue with the same policy.

Another environmental goal for 2020 was for all companies within the Group to report their annual air freights and to try to reduce them by at least 20% per year. During the year, the number of air freights decreased by just over 20%, while CO_2 emissions measured in tonnes (1000 kg) were approximately the same as in 2019. A contributing reason why we failed to reduce our emissions was that the pandemic, due to Covid-19, caused delays in regular sea freight from Asia.

Deliveries of goods from the subsidiaries' warehouses are carried out by haulage firms. PostNord and Bring account for over 80% of all transportation at present. PostNord has an expressed environmental goal to reduce the Group's CO_2 emissions in absolute tonnage by 40% between 2009 and 2020. PostNord also collaborates with municipalities and other players in various environmental projects, such as the green route and electric roads for heavy transport. Bring's overall environmental goal is to use only renewable energy for its vehicles by 2025. Bring also collaborates with other companies to develop new electric trucks for fossil-free package distribution in the city centres of the Nordic markets. Read more about PostNord's and Bring's environmental work at **www.postnord.se** and **www.bring.se**

The figure below shows the number of air freights and CO2 emissions in tonnes for the DistIT Group during the years 2018 to 2020.



3. Employee responsibility (Whistleblower function)
In 2017, DistIT decided to create a whistleblower function within the Group. Information on the whistleblower function, how it works, and how employees can make a report, is available on each subsidiary's website.

Charlotte Hansson, board member of DistIT, was responsible for receiving and promptly processing incoming cases during the year.

DistIT's whistleblower service can be used by the Company's employees or other stakeholders/interfaces to report a concern or suspicion that something is not in line with our internal Code of Conduct, and conditions that may affect the company and employees negatively.

No cases have, however, been reported for the 2020 operations.

4. Societal support
In 2016, DistIT's Board of Directors adopted a programme for support to society, in the form of financial support to organisations that help vulnerable people in the world. The financial support in 2020 will correspond to 0.005 percentage points of the Group's total annual revenue.

DistIT's Board of Directors has approved DistIT's CEO's proposal to make a donation to the City Missions in Sweden. This year's donation amounts to SEK 125 000.

The city missions in Sweden are independent organisations but cooperate under the National Association of Sweden's City Missions. The purpose of the National Association is to promote a joint dialogue, opinion formation, and development for the various local City Missions. City Missions is an idea-driven organisation that works to create a more humane society for all by working with social care, education, and work integration; something that the City Missions have done since 1853 to help those who are worst off in society.

5. Other non-financial conditions relevant to operations

GDPR
On 25 May 2018, the Personal Data Act was replaced by the General Data Protection Regulation (GDPR). The regulation applies as law in all EU member states. Since 2017, DistIT has worked actively to adapt to this new regulation. The Board of Directors has appointed a working group to carry out this work and implement any necessary new processes.

As a first step, the subsidiaries mapped existing processes in order to identify where personal data is handled and what privacy risks exist. The mapping also included own IT systems and how personal data is stored or transferred to other systems, parties, and to countries outside the EU area. Subsequently, the subsidiaries, with the help of experts and lawyers, have prepared and produced the necessary documentation and procedures for handling personal data in accordance with the current regulation.

In 2019, the subsidiaries' own procedures were harmonised and common policies for the DistIT Group were established. All policies are common to the subsidiaries, except for the IT policy, which can be adapted to local conditions as long as the adaptation does not contravene the current regulation.

DistIT's policies are written in English, which is also the company language and has interpretive precedence. In order to facilitate implementation, the policies were also translated into Swedish, Norwegian, Finnish, Danish and Lithuanian. The task of the subsidiaries is to translate the necessary policy into any additional languages in order to respond to the regulation.

The responsibility for the subsidiaries' handling of personal data in accordance with the regulation lies with DistIT's CFO. In the subsidiaries, the Head of IT is responsible for any adaptation of the IT policy, and to ensure that the policies are implemented.

Furthermore, a new emergency preparedness plan for the DistIT Group has been adopted. The emergency preparedness plan applies to all companies and employees within the Group. The emergency preparedness plan defines the framework for when and how to act if a crime or an attempt to breach data security occurs in the DistIT Group.

Beneficial Owner
The Act on beneficial owner (Act (2017:631)) entered into force on 1 August 2017, and the registration obligation arose with entry into force of the act, a notification under chapter 2 no later than six (6) months after the entry into force. The act, by demanding increased transparency and registration of beneficial owners in legal entities, as well as trusts and similar legal structures, aims to prevent legal entities or structures from being used for money laundering or terrorist financing. In accordance with the act, DistIT has reported all its principals.

Market Abuse Regulation (MAR)
In 2016, the Swedish Parliament decided on new rules on the Market Abuse Regulation (MAR). The new rules primarily involved a changed reporting obligation for people in senior positions and related parties to Finansinspektionen (FI) and the company, a new definition of insider information, and new rules for preparing insider lists. In accordance with the regulation, DistIT has established instructions and procedures for the identification, management, and documentation of inside information within the organisation. DistIT uses Strictlog, which is a MAR system consisting of a digital logbook, created to ensure compliance with the rules in the handling of, for example, insider lists and relatives of PDMR (Person Discharging Managerial Responsibilities). If a press release contains inside information, a reference to MAR shall be included. DistIT issued a total of 16 press releases in 2020. Of these, six press releases were deemed to contain information that constitutes inside information.

THE AUDITOR'S REMARKS WITH REGARD THE STATUTORY SUSTAINABILITY REPORT

To the Annual General Meeting of DistIT AB, corporate identity number 556116-4384.

Duties and division of responsibilities
The Board of Directors is responsible for the sustainability report for the financial year 2020, and for preparing it in accordance with the Swedish Annual Accounts Act.

Focus and scope of the review
Our review has taken place in accordance with FAR's recommendation RevR 12 Auditor's remark on the statutory sustainability report. This means that our review of the sustainability report has a different focus and a significantly smaller scope compared with the focus and scope of an audit in accordance with International Standards on Auditing and good auditing practice in Sweden. We believe that this review provides us with a sufficient basis for our statement.

Statement
A sustainability report has been prepared.

Stockholm, 30 March 2021
Grant Thornton Sweden AB

Daniel Forsgren
Chartered Accountant

STATUTORY ADMINISTRATION REPORT

The Board of Directors and CEO hereby submit the annual report and consolidated financial statements for DistIT AB (publ) for the fiscal year 2020. The company has its registered office in Stockholm and the company registration number is 556116-4384.

THE GROUP'S OPERATIONS AN OCH STRUCTURE

During 2020, the operations consisted of the subsidiaries Aurora Group Holding A/S, SweDeltaco AB, Septon Holding AB, and UAB Sominis Technology. Aurora Group and SweDeltaco conduct operations in all Nordic countries. An organisational merger of Aurora Group and SweDeltaco was carried out in 2019, and full integration of the operations is underway. Septon conducts operations in Sweden, Denmark and Norway. In addition, SweDeltaco and Somini conduct operations in Lithuania. The DistIT share has been listed on NASDAQ OMX First North since 19 April 2011 and later on Nasdaq First North Premier Growth Market since 28 April 2015. The Company's corporate bond has been listed on NASDAQ Stockholm since 6 July 2018. The head office is located in Älvsjö.

DELTACO

The Deltaco Group is a leading supplier and distributor of products and accessories within IT and consumer electronics in the Nordic and Baltic countries. The head office is located in Älvsjö, and Deltaco has subsidiaries in Sweden, Denmark, Finland, Norway and Lithuania. Deltaco has a long and established business relationship with several manufacturers in Asia, a wide product range in B2B and B2C, and a large customer base throughout the Nordic region.

AURORA

The Aurora Group is the Nordic region's leading distributor of products and accessories in consumer electronics. The company is currently represented throughout the Nordic region, and is headquartered in Ballerup outside Copenhagen. The customers mainly consist of leading players in retail and e-commerce in the Nordic region. Deliveries go directly to all Nordic customers from a central warehouse in Jönköping.

SEPTON

The Septon Group is a leading distributor of high-quality audio and video equipment (AV products), as well as lighting equipment, for the professional market and consumers in the Nordic region. Septon is headquartered in Billdal outside Gothenburg.

SOMINIS

Sominis is an internationally recognised distributor of established branded products within IT hardware, offices and consumer electronics, and uses complementary sales channels that cover the whole of Europe. Sominis is headquartered in Vilnius, Lithuania.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Sales

Sales in the subsidiary groups increased during 2020 in SweDeltaco AB and UAB Sominis Technology, but decreased in Aurora Group Danmark A/S and Septon Holding AB.

Sales of OBL continued to develop positively during the year for both Aurora and Deltaco.

Deltaco increased its sales, driven by an increase in the volume of OBL and in network and memory products.

Aurora had a decrease in business volume, which can be attributed to a shift from traditional trade to e-commerce in the wake of the Covid-19 pandemic, with extensive store closures as a result. Another reason is that some external brands with low margins have been discontinued.

Septon had good development in the consumer market, but there was a significant negative impact on the business volume of products intended for events from government restrictions due to the Covid-19 pandemic, which limited event operations.

Somini's sales and operating result increased significantly in 2020. The increase can be attributed to favourable market conditions, especially via digital marketplaces, due to the Covid-19 pandemic.

COVID-19

The general uncertainty that Covid-19 has created in the market, and the government restrictions that have been introduced in the countries where the DistIT Group operates, have had a negative impact on business volume during the period January to December 2020. Significant negative effects have been event restrictions and store closures. The negative effects have been offset by an increased focus on e-commerce and increased sales of products that have benefited from these market conditions. This applies, for example, to products intended for home offices and other consumer electronics, such as products within Gaming and Smart Homes.

To meet the uncertainty and the negative development in the market, DistIT decided to implement short-term furloughs in most of the subsidiaries in the Group. This meant that the Group's operating result was positively affected by government grants related to Covid-19 of MSEK 8.9, of which MSEK 5.5 was in the form of furlough support reported as other income, and MSEK 3.4 was in the form of other government grants which reduced operating costs. The furloughs ceased during the second and third quarters, with a few exceptions, due to increased market activity and when lower staffing was deemed to have a negative effect on business development.

Other

In light of the great uncertainty due to the spread of Covid-19, the AGM decided not to pay a dividend for 2019.

During the year, DistIT AB purchased a nominal MSEK 18 of its own bond (ISIN code SE0011166842) at an average cost of 99.75 per cent of nominal value. The total cost amounted to MSEK 18.02, including accrued interest. The company decided that it was the right time to make a favourable acquisition of its own bond, with respect to capital cost and liquidity.

Philip Gunnarsson took over as CFO of DistIT AB on 1 January 2020.

EXPECTED FUTURE DEVELOPMENT AND SIGNIFICANT RISKS AND UNCERTAINTIES

The Group will continue to develop its own brand labels (OBL) in parallel with the distribution of recognised, well-established brands. The Group continuously assesses possible strategic acquisitions, as well as supplementary acquisitions. See also "Risks and risk management", p. 28-32, for how the Group assesses and addresses various risk areas.

DistIT is actively monitoring the development of the Covid-19 pandemic and taking ongoing measures to limit its impact. The Group plans logistics in line with demand and supply of goods.

OWNERSHIP

Information on ownership in DistIT AB (publ) is specified in the section "DistIT's share and owners" on p. 85-87.

GENERAL MEETINGS AND BOARD WORK

Annual General Meeting 20 April 2020

The Annual General Meeting of DistIT AB took place on 20 April 2020. The Annual General Meeting resolved, for instance:

- to approve the income statement, balance sheet, consolidated income statement, and consolidated balance sheet presented in the 2019 annual report,
- to re-elect Anders Bladh, Charlotte Hansson, Jonas Mårtensson and Stefan Charette as board members,
- to elect Stefan Charette as Chair of the Board,
- to re-elect Grant Thornton Sweden AB as auditors with principal, chartered accountant and partner, Daniel Forsgren,
- that the Company shall convene a Nomination Committee through the agency of the Chair of the Board in accordance with decided principles,
- to authorise the Board of Directors to decide on a new issue of shares in conjunction with company acquisitions,
- to approve the Board's proposal on the issue of subscription warrants intended for incentive programmes, and
- on guidelines for remuneration to senior executives.

BOARD OF DIRECTORS AND COMMITTEES

The 2020 Annual General Meeting resolved that the Board of Directors, for the period until the end of the next Annual General Meeting, shall consist of four board members, without deputies. It was also decided that the board fee shall amount to a total of SEK 900 000, of which SEK 375 000 is to the Chair of the Board and SEK 175 000 is to each of the other members.

The Board of Directors has decided not to appoint a special Remuneration Committee. In accordance with the Code, the Board has found it more appropriate for the entire Board of Directors to perform this task. The Board annually evaluates the CEO's work. With regard the remuneration and terms of employment of other senior executives, the CEO decides this on the basis of the guidelines for remuneration for senior executives decided on by the Annual General Meeting. The annual evaluation and follow-up is conducted by the Board of Directors in accordance with guidelines decided by the Annual General Meeting. It was also decided that fees for the auditors shall be paid according to an approved invoice. The Board has at present not appointed an Audit Committee for quality assurance of the company's financial reporting and evaluation of the audit work. This work is currently carried out jointly by the Board of Directors. No changes are currently planned for 2021. For further information on the guidelines regarding remuneration to board members, auditors, the CEO and senior executives, see the corporate governance report, p. 20-27.

NOMINATION COMMITTEE FOR DISTIT AB PRIOR TO AGM 2021

DistIT's work with corporate governance follows the Code. The Code states that the Nomination Committee is the body of the Annual General Meeting with the sole task of preparing the AGM's decisions on election and fee issues and, where applicable, procedural issues for the following Nomination Committee. The members of the Nomination Committee shall, regardless of how they are appointed, safeguard the interests of all shareholders.

The Annual General Meeting of 20 April 2020 resolved that the principles for how the Nomination Committee for DistIT is appointed, as adopted at the 2018 AGM, shall continue to apply until the Annual General Meeting resolves to amend them.

The Chair of the Board shall on an annual basis, no later than 15 October, convene the three largest shareholders in terms of votes, or owners representing the three largest groups of owners in the Company, who then have the right to appoint one member each to the Nomination Committee. If any of the three largest shareholders or groups of owners waives their right to appoint a member to the Nomination Committee, the next shareholder or group of owners shall be given the opportunity to appoint a member of the Nomination Committee until the tenth largest owner/owner structure and all owners/owner structure represent more than 5 per cent of the Company's shares were consulted. If fewer than three members could be recruited through this procedure, the Nomination Committee may consist of at least two people. In addition, the Chair of the Board shall be appointed to be a member of the Nomination Committee. The composition of the Nomination Committee shall be announced no later than six months before the Annual General Meeting.

In accordance with the decision of the Annual General Meeting, DistIT AB informed on 22 October 2020 that DistIT's Nomination Committee for the 2021 Annual General Meeting consists of Daniel Nyhren (Chair), Anders Bladh, Carl Rosvall and Stefan Charette. The Nomination Committee's task is to submit proposals to the Annual General Meeting on 29 April 2021 in relation to the election of a Chair of the Annual General Meeting, the number of board members and auditors to be elected by the meeting, board and auditor fees, possible remuneration for committee work, election of board members, Chair of the Board and auditors, and, where applicable, proposals for changes in current guidelines for the Nomination Committee. Prior to the 2021 AGM, the Nomination Committee held two meetings.

REVENUES AND RESULTS

The Group

The Group's revenue increased by 1.2 per cent to MSEK 2 358.2 (2 330.9). The gross margin amounted to 22.0 per cent (21.9) and the operating result after depreciation (EBIT) amounted to MSEK 87.4 (16.1). The operating result in the 2019 period was charged with restructuring costs of MSEK 25.3 and an impairment of a previous ERP system of MSEK 30.2 (not affecting cash flow), which resulted in an adjusted EBIT of MSEK 71.6. The Group's result after tax amounted to MSEK 58.0 (41.4), which resulted in SEK 4.57 (3.12) in earnings per share.

Deltaco

The Deltaco Group increased revenue in 2020 by 13.5 per cent to MSEK 1 176.6 (1 036.4). The gross margin was 20.2 per cent (20.4), affected by product mix and sales of discontinued products. Operating result after depreciation amounted to MSEK 55.4 (7.4), which was negatively affected by restructuring work and impairments of ERP systems of MSEK 30.2 in 2019.

Aurora
Aurora's sales decreased by 8.7 per cent in 2020 to MSEK 747.6 (818.6) but showed an increased gross margin from 23.0 per cent in 2019 to 23.7 per cent in 2020. The decline in Aurora's business volume can be attributed to some external brands with a low margin being discontinued, as well as the shift from traditional trade to e-commerce in the wake of the Covid-19 pandemic, where Aurora has historically had a lower share of business volume. The operating profit after depreciation amounted to MSEK 37.3 (9.9), which for 2019 was negatively affected by the restructuring work in connection with the integration with Deltaco.

Septon
Septon's sales decreased by 15.5 per cent to MSEK 296.7 (351.3), and the gross margin decreased from 28.1 per cent in 2019 to 27.4 per cent in 2020. Septon's lower sales for the full year are largely from government restrictions due to Covid-19, which has limited event activities. Furthermore, consumer products have had a higher share of the sales mix during the pandemic, which has resulted in a slightly lower total gross margin. The operating result after depreciation for the full year was MSEK 8.5 (19.3). Operating costs and inventory impairments in the framework of the restructuring work in the Septon Group had a negative effect on operating result.

Sominis
Sominis increased sales in 2020 by another 36.4 per cent MSEK 182.5 (133.8) and made a profit after depreciation of MSEK 9.3 (4.0). Sominis' business operations with digital marketplaces continued to develop well, and favourable market conditions as a result of the Covid-19 pandemic had a positive impact on growth.

OBL
Revenue from own brand labels (OBL) for the entire DistIT Group increased to MSEK 629.2 (507.2), an increase of 24.0 per cent compared with the previous year, and a share of total sales of 26.7 per cent (21.8) .

CASH FLOW AND WORKING CAPITAL
Cash flow from operating activities amounted to MSEK 90.6 (-9.8). In comparison with the end of December 2019, accounts receivable increased by MSEK 45.7, and accounts payable increased by MSEK 54.2, while inventories decreased by MSEK 1.2. Overall, the change in working capital had a positive effect on current cash flow of MSEK 8.0 (-59.9).

Working capital at the end of the year amounted to MSEK 514.8 (526.4) for the Group as a whole. Working capital as a percentage of 12-month rolling sales at the end of December 2020 amounted to 21.8 per cent (22.6). Cash flow from investment activities was affected by the change in tangible and intangible fixed assets by MSEK -20.1 (-19.0). Investments in tangible fixed assets had an impact of MSEK -17.5 (-2.4) and investments in intangible fixed assets, such as IT systems, of MSEK -2.6 (-15.9). Cash flow from operating activities amounted to MSEK 90.6 (-9.8).

Repurchases of own bonds during 2020 had a negative effect on cash flow of MSEK 18.0.

NET DEBT AND LIQUID ASSETS
Interest-bearing net debt, excluding lease liability according to IFRS 16, amounted to MSEK 127.0 (193.0) at the end of December 2020. The effect of IFRS 16 is MSEK 32.5 (41.7) for current and non-current liabilities.

On 8 December 2020, DistIT purchased its own bond for a nominal MSEK 18.0 at an average cost of 99.75 per cent of nominal value. DistIT subsequently owns MSEK 74.4 of its outstanding bond, totalling MSEK 240.0. No other significant investments were made in 2020.

Net cash for the Group amounted to MSEK 53.7 (10.7) at the end of December 2020. The DistIT Group has a so-called cash pool with a credit capacity of MSEK 89.3, of which MSEK 14.6 was utilised at the end of December 2020. In addition, the Group has access to MSEK 10.5 in other overdraft facilities, of which MSEK 0.5 was utilised on the end of December 2020.

Available liquid assets at the end of December 2020 amounted to MSEK 53.7 in net cash and MSEK 84.6 in unused overdraft facilities.

DEFERRED TAX ASSETS
Deferred tax assets attributable to unused tax losses or credits are reported as an asset to the extent it is probable that the unused tax losses or credits can be offset against surpluses in future taxation. At the end of the year, the Group's accumulated unused tax losses or credits amounted to approximately MSEK 20 (60). For more information, see Note 14.

PERSONNEL
The number of employees at the end of the year was 259 (259). The average number of employees during the year was 251 (266).

PARENT COMPANY
The operations of the Parent Company include group management, finance and IR/PR. The Parent Company's net revenue, which in its entirety is intra-group, amounted to MSEK 16.3 (15.1) for the period. The result after financial items amounted to MSEK -8.9 (-0.8). Net investments in tangible fixed assets amounted to MSEK 0.0 (0.0). On 31 December 2020, liquid assets amounted to MSEK 0.0 (1.2). The number of employees in the Parent Company at the end of the year was 2 (1), as the Company had an Interim CFO on a consulting basis at the end of 2019.

CORPORATE GOVERNANCE REPORT
The company prepares a corporate governance report separately from the administration report, see p. 20-27 in the printed annual report, and the auditors' opinion on p. 27. The corporate governance report includes information on the Group's system for internal control and risk management, p. 28-32.

SUSTAINABILITY REPORT
In accordance with the Swedish Annual Accounts Act, Section 11, Chapter 6, the sustainability report is presented separately, see p. 33-46 in the printed annual report.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR
After the end of the year, SweDeltaco AB has acquired the remaining minority shares of 20% in its subsidiary Winther Wireless AB. During the first quarter, UAB Sominis Technology sold all shares in the subsidiary UAB Tarpo Klavisas. On 18 March, DistIT announced new financial goals for organic growth in 2025, which included:
revenue SEK 3.5 billion, gross margin 25%, EBIT margin at least 8%, and SEK 1.5-2.0 billion in accumulated acquisition capacity.

ADOPTED GUIDELINES 2020

The 2020 Annual General Meeting resolved on the following guidelines for remuneration to senior executives in DistIT AB (the Company). Senior executives referred to the CEO and CFO of DistIT AB, as well as senior executives in Aurora Group Danmark A/S, SweDeltaco AB, and Septon Electronic AB (a total of nine people). The guidelines for remuneration also apply to board members to the extent that they receive remuneration outside the board assignment.

In general

The company strives for a remuneration system for the CEO and senior executives that is market-based and competitive. Remuneration to senior executives shall consist of a fixed salary, variable remuneration, pension, other forms of remuneration, and benefits.

Fixed salary

The fixed salary shall be market-based and determined individually, and based on each individual's role, performance, results and responsibilities. As a general rule, a fixed salary shall be revewied once a year.

Variable remuneration

The variable remuneration shall take into account the individual's level of responsibility and authority. The variable remuneration shall be based on goal fulfillment in the areas of results, sales, and individual measurable goals. The size of the variable remuneration shall be based on the employee's fulfillment of the measurable goals. The variable remuneration shall amount to a maximum of 50 per cent of the fixed salary. Payment of part of the variable salary shall be conditional on the underlying goals having been achieved in a long-term sustainable manner. The Company shall have the right to demand repayment of variable salary if a payment was based on information that later proved to be obviously incorrect.

Incentive programme

In order to be able to recruit and retain competent and committed employees, the 2020 Annual General Meeting adopted the Board of Directors' proposal for an incentive programme based on subscription warrants. The number of subscription warrants issued by the Company amounted to 379 854, with the accompanying right to subscribe for 379 854 new shares in the Company. The right to subscribe for the warrants appertained to the Company's CEO and CFO, as well as eight senior executives in Aurora and Deltaco, and Septon.

The Board of Directors shall, on an annual basis, evaluate whether an additional share-related or share price-related long-term incentive programme should be proposed to the Annual General Meeting.

Pension

The company's pension policy is based on either an individual occupational pension plan or a premium-based pension plan, with a maximum of 35 per cent of the fixed salary.

Other employment conditions

In the event of termination by the executive, the notice period is normally six months and, in the event of such termination, the executive shall not be entitled to severance pay. When the Company initiates termination, a notice period of a maximum of 12 months applies and severance pay is not paid. Fixed cash salary during the notice period may not exceed an amount corresponding to the fixed cash salary for one year.

In addition, compensation may be paid for any commitment to restrict competition. Such compensation shall compensate for any loss of income and shall only be paid to the extent that the previous executive has no right to severance pay. The compensation shall amount to a maximum of 60 per cent of the fixed cash salary at the time of termination, unless otherwise provided by mandatory collective agreement provisions, and shall be paid during the period of the commitment to restrict competition, which shall not exceed 24 months after termination of employment.

Other benefits may include, among other things, life insurance, health insurance and company cars. Such benefits may amount to a maximum of 19 per cent of the fixed annual cash salary. In terms of employment relationships that are subject to rules other than Swedish, in as far as this concerns pension benefits and other benefits, appropriate adjustments may be made to comply with such mandatory rules or established local practice, whereby the overall purpose of these guidelines shall as far as possible be met.

Consultancy fees to board members

In cases where board members perform work in addition to the usual board work, the Board of Directors shall, under certain circumstances, be able to determine additional remuneration in the form of consulting fees.

Remuneration Committee

The Board of Directors has decided not to appoint a specific Remuneration Committee. In accordance with the Code, the Board has found it more appropriate for the entire Board of Directors to perform this task. The Board annually evaluates the CEO's work. With regard the remuneration and terms of employment of other senior executives, the CEO decides on the basis of the guidelines for remuneration for senior executives decided on by the Annual General Meeting.

Deviations from guidelines

The Board of Directors shall have the right to deviate from these guidelines if, in an individual case, there are special reasons, such as additional variable remuneration for special achievements. If such deviations occur, the Board of Directors shall report the reasons for the deviation at the next Annual General Meeting.

PROPOSAL ON GUIDELINES 2021

No new guidelines will be proposed for the 2021 Annual General Meeting.

PROPOSAL ON APPROPRIATION OF PROFIT

The following profits are at the disposal of the AGM (SEK):

Retained earnings	304 409 055
Results for the year	22 120 406
Total	**326 529 561**

The Board proposes that the profits be distributed as follows (SEK):

Dividend of SEK 2.00 paid per share	24 561 922
Carried forward	301 967 639
Total	**326 529 561**

REASONED OPINION

For a reasoned opinion, see p. 86 (Dividend).

INCOME STATEMENT (KSEK)	NOTE	THE GROUP 2020	THE GROUP 2019	THE PARENT COMPANY 2020	THE PARENT COMPANY 2019
Operating income etc.					
Net revenue	4	2 353 907	2 320 627	16 283	15 119
Other operating income	5	4 330	10 295	–	–
Total operating income etc.		**2 358 237**	**2 330 922**	**16 283**	**15 119**
Operatings costs					
Merchandise		-1 842 782	-1 803 525	–	–
Other external costs	7, 8	-206 644	-215 084	-14 560	-13 042
Personnel costs	9	-198 295	-224 373	-9 368	-11 399
Other operating costs		3 397	-16 557	–	–
Total operating costs		**-2 244 324**	**-2 259 539**	**-23 928**	**-24 441**
Operating result before depreciation		**113 913**	**71 383**	**-7 645**	**-9 322**
Depreciation and impairment of tangible and intangible fixed assets	16, 17, 18, 19	-26 469	-55 248	-717	-358
Operating result		**87 444**	**16 135**	**-8 362**	**-9 680**
Results from financial items					
Results from shares in Group companies	10	–	–	2 222	12 977
Financial income and similar items	11	3 475	6 445	13 158	9 137
Financial expenses and similar items	12	-22 030	-18 607	-15 892	-13 227
Results after financial items		**68 889**	**3 973**	**-8 874**	**-793**
Year-end appropriations	13			34 700	2 000
Tax on the profit for the year	14	-10 904	-7 212	-3 705	-
Result from continuing operations for the period		**57 985**	**-3 239**		
Results from divested operations		-	44 609[1]		
Results for the year		**57 985**	**41 370**	**22 121**	**1 207**
Attributable to:					
The Parent Company's shareholders		56 122	38 292		
Non-controlling interests		1 863	3 078		
Earnings per share	6				
Profit/loss per share before dilution		4.57	3.12		
Profit/loss per share after dilution		4.57	3.12		
Profit/loss per share from continuing operations		4.72	-0.25		
Profit/loss per share from divested operations		0.00	3.62		

REPORT OF OTHER COMPREHENSIVE INCOME	THE GROUP 2020	THE GROUP 2019
Results for the year	**57 985**	**41 370**
Items that may be reclassified to the income statement		
Translation differencies of foreign subsidiaries	-11 134	4 366
Other comprehensive income after tax	**-11 134**	**4 366**
Comprehensive income for the year	**46 736**	**45 736**
Comprehensive income for the year attributable to		
The Parent Company's shareholders	44 988	42 658
Non-controlling interests	1 863	3 078
	46 851	**45 736**

1) The amount is attributed to the sale of DistIT Fastigheter AB.

BALANCE SHEET ASSETS (KSEK)	NOTE	THE GROUP 2020	THE GROUP 2019	THE PARENT COMPANY 2020	THE PARENT COMPANY 2019
Fixed assets					
Intangible fixed assets					
Goodwill	15	89 542	89 822	–	–
Other intangible fixed assets	16	18 754	24 389	1 075	1 792
Total intangible fixed assets		**108 296**	**114 211**	**1 075**	**1 792**
Tangible fixed assets					
Buildings and land	17	891	936	–	–
Equipment	18	4 786	5 229	–	–
Right of use asset	19	31 841	41 399	–	–
Total tangible fixed assets		**37 518**	47 564	**0**	**0**
Financial fixed assets					
Shares in Group companies	21	–	–	206 620	206 120
Deferred tax assets	22	4 399	8 321	3 777	7 482
Receivables from group companies		-	-	121 034	133 879
Other long-term receivables	23	1 921	1 897	–	–
Total financial fixed assets		**6 320**	**10 218**	**331 431**	**347 481**
Total fixed assets		**152 134**	**171 993**	**332 506**	**349 273**
Current assets					
Inventories etc.	24				
Finished goods and merchandise		406 233	410 255	–	–
Advances to suppliers		24 734	21 976	–	–
Total inventories		**430 967**	**432 231**	**–**	**0**
Short-term receivables					
Accounts receivable	25	458 282	412 564	–	–
Receivables from group companies		–	–	184 117	161 892
Current tax assets		19 284	14 371	2 032	2 032
Other receivables	26	25 351	21 243	12	24
Prepaid expenses and accrued income	27	12 996	13 465	2 948	5 048
Total short-term receivables		**515 913**	**461 643**	**189 109**	**168 996**
Cash and bank balances	30	**53 748**	**10 657**	**–**	**1 176**
Total current assets		**1 000 628**	**904 531**	**189 109**	**170 172**

BALANCE SHEET EQUITY AND LIABILITIES (KSEK)	NOTE	THE GROUP 2020	 2019	THE PARENT COMPANY 2020	 2019
Equity	28				
Restricted equity					
Share capital		24 564	24 564	24 564	24 564
Fund for development expenditure				1 075	1 792
Total restricted equity				**25 639**	**26 356**
Unrestricted equity					
Other contributed capital		165 965	163 959	–	–
Reserves		-8 824	4 102	2 290	1 359
Retained earnings including results for the year		260 470	202 747		
Retained earnings				302 119	300 195
Results for the year				22 121	1 207
Total unrestricted equity				**326 530**	**302 761**
Equity attributable to the parent company's shareholders		442 175	395 372		
Non-controlling interests		12 589	12 060		
Total equity		**454 764**	**407 432**	**352 169**	**329 117**
Provisions					
Deferred tax liabilities	22	5 863	6 347	–	–
Provisions		1 000	–	–	–
Total provisions		**6 863**	–	–	–
Long-term liabilities					
Lease liability	19	17 435	26 749	–	–
Bond loans	29	165 595	183 610	165 595	183 610
Other long-term liabilities		-	1 119	–	–
Total long-term liabilities		**183 030**	**211 478**	**165 595**	**183 610**
Short-term liabilities					
Liabilities to credit institutions	30	15 060	20 101	–	–
Lease liability	19	15 119	14 998	–	–
Accounts payable		337 163	283 030	166	554
Current tax liabilities		9 332	7 869	–	–
Other liabilities	31	85 596	76 781	362	912
Accrued expenses and prepaid income	32	45 835	48 488	3 323	5 252
Total short-term liabilities		**508 105**	**451 267**	**3 851**	**6 718**
TOTAL EQUITY AND LIABILITIES		**1 152 762**	**1 076 524**	**521 615**	**519 445**

CHANGES IN EQUITY (KSEK)

THE GROUP	NOTE	Share capital	Other contributed capital	Translation reserve	Reserves	Retained earnings incl. results for year	Parent company's shareholders	Non-controlling interests	Total equity
Opening balance 2019-01-01		**24 564**	**162 600**	**-2 056**	**0**	**179 840**	**364 948**	**9 807**	**374 755**
Effect of transition to IFRS 16, IB						-292	-292		-292
Dividends						-12 472	-12 472		-12 472
Provision for development fund					1 792	-1 792			
Options			1 359				1 359		1 359
Transactions with non-controlling interests						-829	-829	-825	-1 654
Results for the year						38 292	38 292	3 078	41 370
Other comprehensive income				4 366			4 366		4 366
Comprehensive income for the year				4 366		38 929	42 658	3 078	45 736
Closing balance 2019-12-31	28	**24 564**	**163 959**	**2 310**	**1 792**	**202 747**	**395 372**	**12 060**	**407 432**
Opening balance 2020-01-01		**24 564**	**163 959**	**2 310**	**1 792**	**202 747**	**395 372**	**12 060**	**407 432**
Dividends								-561	-561
Reversal of development fund					-717	717			
Options			931				931		931
Transactions with non-controlling interests						884	884	-773	111
Results for the year						56 122	56 122	1 863	57 985
Other comprehensive income				-11 134			-11 134		-11 134
Comrehensive income for the year				-11 134		56 122	44 988	1 863	46 851
Closing balance 2020-12-31	28	**24 564**	**164 890**	**-8 824**	**1 075**	**260 470**	**442 175**	**12 589**	**454 764**

PARENT COMPANY	NOTE	Share capital	Fund for development expenditure	Premium fund	Retained earnings	Results for the year	Total equity
Opening balance 2019-01-01		**24 564**			**317 698**	**-3 429**	**338 833**
Dividends					-12 282		-12 282
Provision for development fund			1 792		-1 792		
Subscription warrant				1 359			1 359
Transfer of previous year's results					-3 429	3 429	–
Results for the year						1 207	1 207
Closing balance 2019-12-31		**24 564**	**1 729**	**1 359**	**300 195**	**1 207**	**329 117**
Reversal of development fund			-717		717		
Subscription warrant				931			931
Transfer of previous year's results					1 207	-1 207	–
Results for the year						22 121	22 121
Closing balance 2020-12-31	28	**24 564**	**1 075**	**2 290**	**302 119**	**22 121**	**352 169**

CASH FLOW STATEMENT (KSEK)	NOTE	THE GROUP 2020	THE GROUP 2019	THE PARENT COMPANY 2020	THE PARENT COMPANY 2019
OPERATING ACTIVITIES					
Operating result		87 445	16 135	-8 362	-9 680
Adjustment for items not included in the cash flow etc.	35	20 439	55 760	717	358
Interest received		3 475	6 445	13 158	9 137
Dividend received		–	–	2 222	763
Interest paid		-22 030	-18 607	-15 892	-13 227
Income tax paid		-6 684	-9 583	–	–
Cash flow from operating activities before changes in working capital		**82 645**	**50 150**	**-8 157**	**-12 649**
Changes in working capital:					
Change in inventories		1 264	55 226	–	–
Change in accounts receivable and other receivables		-56 516	32 642	-7 695	-22 631
Change in accounts payable and other liabilities		63 221	-147 771	- 2 440	- 1 544
Net cash flow from operating activities		**90 614**	**-9 753**	**-18 292**	**-36 824**
Investment activities					
Acquisition of shares in subsidiaries	36	–	-878	-500	–
Divestment of shares in subsidiaries		–	–	–	61 762
Acquisition of intangible fixed assets		-2 622	-15 864	–	-2 150
Acquisition of tangible fixed assets		-17 486	-2 371	–	–
Change in other financial assets		9 534	1 532	–	–
Cash flow from investment activities		**-10 574**	**-17 580**	**-500**	**59 612**
Financing activities					
Dividend paid		–	-12 282	–	-12 282
Dividends to non-controlling interest shareholders		-561	-190	–	–
Group contributions received		–	–	34 700	2 000
Payment of subscription warrants		931	–	931	1 359
Amortisation of lease liabilities		-9 193	-4 970	–	–
Credit institutions and overdraft facilities		-6 160	862	–	–
Amortisation of bond loans		-18 015	-46 390	-18 015	-46 390
Cash flow from financing activities		**-32 998**	**-62 970**	**17 616**	**-55 313**
Cash flow for the year from continuing operations		**47 042**	**-90 303**		
Cash flow for the year from divested operations		**–**	**58 413**		
Cash flow for the year		**47 042**	**-31 890**	**-1 176**	**-32 525**
Liquid assets at the beginning of the year		10 657	42 899	1 176	33 701
Exchange rate difference in liquid assets		-3 951	-352	–	–
Liquid assets at the end of the year		**53 748**	**10 657**	**–**	**1 176**

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NOTE 1 - GENERAL INFORMATION

DistIT AB (publ) is the Parent Company of a Group and has its headquarters in Stockholm.

DistIT AB (publ) shall acquire, own and develop niche distributors within IT, mobility, consumer electronics, networks, data communication and AV products in the Nordic and Baltic countries. Companies within the DistIT Group deliver both B2B and B2C products to the IT and AV markets in the Nordic and Baltic countries. The Companies shall also develop and distribute their own branded goods (EMV).

DistIT AB (publ) with its subsidiaries is a stable and well-established distribution group within IT accessories, data communication, consumer electronics, networks and AV products in Europe. Companies within the Group are niche distributors with strong market positions. The companies' products are aimed at both consumers and companies, and their customers are in consumer electronics chains, online retailers, installers, telecom operators, discount chains, grocery stores and independent specialist retailers.
Each subsidiary constitutes its own results centre, with responsibility for its chosen strategy. Common to the companies is a value-creating strategy for own brand labels (OBL) that increases the relevance of customers and creates prerequisites for growth and profitability. DistIT is a reliable business partner with high delivery reliability and service level, guaranteed product quality, and fast deliveries.

The shares in DistIT AB are listed under the ticker DIST, and the Company's Certified Advisor is Erik Penser Bank. For more information see www.distit.se.

On 30 March 2021, the Board of Directors and the CEO approved this annual report for publication. The Group's and the Parent Company's income statement and balance sheet will be subject to approval by the Annual General Meeting on 29 April 2021.

NOTE 2 - ACCOUNTING AND VALUATION PRINCIPLES

The Group's financial reports have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups and International Financial Reporting Standards (IFRS), as adopted by the EU. The financial reports have been prepared on the assumption that the Group conducts its operations in accordance with the survival principle. The Parent Company DistIT AB has prepared its reports in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR2 Accounting for Legal Entities. The most important accounting and valuation principles that have been used in the preparation of the financial reports are summarised below. In cases where the Parent Company applies deviating principles, these are stated under the 'Parent Company' section below.

Parent Company

Shares in Group companies are reported according to the acquisition value method. An impairment test is performed when there is an indication that the value has decreased. In cases where the value has decreased, an impairment is made to the consolidated value. All dividends received are reported in the income statement within 'Results from shares in Group companies'. The Parent Company reports the Group contribution received, which can be equated with a dividend, as a financial income in the income statement, in accordance with RFR 2 Accounting for legal entities.

Acquisition-related costs are entered as shares in subsidiaries in the Parent Company, or in the acquiring subsidiaries and are recognised within the operating result in the consolidated income statement.

New and changed accounting principles 2020

New or revised IFRS standards and interpretations for 2020 have not had any significant effect on the Group's financial position, results or disclosures.

New and changed accounting principles 2021

New IFRS and interpretations that have not yet entered into force and have not been applied in advance.

As of the date of approval of these consolidated financial reports, certain new standards, amendments, and interpretations of existing standards that have not yet entered into force have been published by the IASB. These have not been applied in advance by the Group. The Board of Directors and the CEO assume that all relevant statements will be included in the Group's accounting principles when the statement enters into force. New standards, amendments and clarifications that are not applied are not expected to have a significant impact on the Group's financial reports.

Functional and presentation currency

All amounts are expressed in thousands of kronor (KSEK) unless otherwise stated. Amounts in parentheses refer to the previous year. The Parent Company's functional currency is Swedish kronor (SEK), which is also the reporting currency for the Parent Company and for the Group. This means that the financial reports are presented in Swedish kronor. All assets, provisions and liabilities are reported at acquisition value, unless otherwise stated.

Long-term and short-term items

Fixed assets and long-term liabilities essentially consist of amounts that are expected to be recovered or paid after more than twelve months from the balance sheet date. Current assets and current liabilities essentially consist of amounts that are expected to be recovered or paid within twelve months from the balance sheet date.

Government grants

In accordance with IAS 20, government grants are reported in the income statement when there is reasonable assurance that the Company will meet the requirements that come with the grants, and that the grants will be received. Government grants are reported as other income and reduction of operating expenses.

2.1 ESTIMATES AND ASSESSMENTS

Group management makes estimates and assessments about the future. These assessments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are considered reasonable under the prevailing conditions. The estimates for accounting purposes that result from these will, by definition, seldom correspond to the actual result. When calculating fair values in business combinations, valuation techniques are used for the various parts of a business combination. Above all, the fair value of the additional purchase price depends on the outcome of several variables.

For the assessment of the following items, see the specified reference in the annual report for 2020:
Reporting of deferred taxes - see 2.8
Assessment of doubtful receivables - see 2.17
Impairment/goodwill - see 2.9 and 2.12
Inventories - see 2.13
Provisions - see 2.15

2.2 CONSOLIDATED FINANCIAL STATEMENTS

In the consolidated financial statements, the Parent Company's and all subsidiaries' operations are consolidated up to and including 31 December 2020. All subsidiaries have a balance sheet date of 31 December. The consolidated financial statements include subsidiaries in which the Parent Company directly or indirectly has more than 50% of the votes, or otherwise has a controlling influence.

All intra-group transactions and balance sheet items are eliminated on consolidation, including unrealised profits and losses on transactions between Group companies. In cases where unrealised losses on intra-group sales of assets are reversed on consolidation, the impairment need for the underlying asset is also tested from a Group perspective. Amounts reported in subsidiaries' financial reports have been adjusted where necessary to ensure compliance with the Group's accounting and valuation principles. Results and other comprehensive income for subsidiaries acquired or divested during the year are reported from the date the acquisition or divestment takes effect, as applicable. The Group distributes the comprehensive income for the subsidiaries the Parent Company's owners and non-controlling interests based on their respective ownership interests.

The Group applies the acquisition method when reporting business combinations. The remuneration transferred by the Group to obtain a controlling influence over a subsidiary is calculated as the sum of the fair values on the acquisition date of transferred assets, assumed liabilities and the equity instruments issued by the Group, which includes the fair value of an asset or liability resulting from an agreed conditional purchase price. Acquisition costs are expensed as incurred. Acquired assets and assumed liabilities are valued at fair value at the time of acquisition.

All of DistIT AB's foreign subsidiaries are recalculated according to the current exchange rate method. This means that the foreign subsidiaries' assets and liabilities are translated at the exchange rate on the balance sheet date. All items in the income statements are translated at the average exchange rate.

2.3 SEGMENT REPORTING

Segment reporting at DistIT is based on the Group's subsidiaries and corresponds to the internal reporting structure used by management, the Board of Directors, and the highest executive decision-maker (CEO). In 2020, the subsidiaries in DistIT have been operated as independent results centres, with their own goals, budgets, etc. The subsidiaries have basically two customer segments; B2B and B2C. When identifying customer segments, the subsidiary's management team usually follows the Group's policy on the main products that each subsidiary offers. The subsidiaries also have primarily two product segments; A-Brands and OBL. Each of the product segments is in principle managed separately as they require different marketing plans and sales channels. However, there are transactions from different segments to one and the same customer, so-called cross-selling. All transactions are carried out on a commercial basis.

2.4 FOREIGN CURRENCY TRANSLATION

Reporting currency

Items included in the financial reports for the various units in the Group are valued in the currency used in the economic environment in which each company is primarily operational (functional currency). Swedish kronor (SEK) is used in the consolidated accounts, which is the Parent Company's accounting currency.

Transactions and balance sheet items

Transactions in foreign currency are translated into the functional currency according to the exchange rates that apply on the transaction date or the day when the items are revalued. Exchange rate gains and losses that arise from the payment of such transactions, and from the translation of monetary assets and liabilities in foreign currency at the exchange rate on the balance sheet date, are reported in the income statement. Receivables and liabilities in foreign currency are valued at the exchange rate on the balance sheet date.

Exchange rate differences are reported in the operating result to the extent that they relate to operational transactions, and otherwise in net financial items.

Group companies

The results and financial position for all Group companies (none of which have a high inflation currency as their functional currency) that have a functional currency other than the reporting currency are translated into the Group's reporting currency as follows:

assets and liabilities for each of the balance sheets are translated at the exchange rate on the balance sheet date;

income and expenses for each of the income statements are translated at the average exchange rate (unless this average exchange rate consists of a reasonable approximation of the accumulated effect of the exchange rates applicable on the transaction date, otherwise income and expenses are translated at the exchange rate on the transaction date), and all exchange differences that arise are reported as a separate part of equity. Upon consolidation, exchange rate differences that arise as a result of the translation of net investments in foreign operations, and of borrowing, and other currency instruments identified as hedges of such investments, are entered in equity. Upon divestment of a foreign operation, in whole or in part, the exchange rate differences entered in equity are reported in the income statement and reported as part of the capital gain/loss.

Goodwill and fair value adjustments that arise on the acquisition of a foreign operation are treated as assets and liabilities in this operation and are translated at the exchange rate on the balance sheet date.

2.5 REVENUE RECOGNITION

Sales are reported when the performance commitment is met. Fulfillment occurs at a certain time, i.e. when control of the goods is transferred to the customer, which normally coincides with its delivery. Delivery takes place when the goods have been handed over according to the delivery terms, the risks for the goods have been transferred to the customer, and the customer has either accepted the goods in accordance with the agreement, the time for objections to the agreement has expired, or the Group has objective proof that all acceptance criteria have been met.

Volume discounts based on cumulative sales over a period occur. Revenue from the sale of the goods is reported based on the price in the agreement, with a deduction for estimated volume discounts.

A liability is reported for expected volume discounts in relation to sales up to and including the balance sheet date. Invoicing takes place in connection with delivery, and the payment period is normally 30 - 120 days.

2.6 BORROWING COSTS

Borrowing costs that are directly attributable to the purchase, construction, or production of a qualifying asset form part of the asset's acquisition value. Other loan expenses are recognised and charged to the results for the period to which they relate.

2.7 RESULTS FROM DISCONTINUED OPERATIONS

A discontinued operation is a part of the Group that has either been divested or is classified as being held for sale. Results from discontinued operations consists of both results after tax for discontinued operations, and results after tax from the valuation and divestment of assets that are classified as held for sale.

2.8 TAXES

The tax cost or tax income for the period consists of current and deferred tax. Current tax is the tax calculated on the taxable results for a period. Deferred tax is calculated on the basis of the so-called balance sheet method, meaning a comparison is made between reported and taxable values of the Group's assets and liabilities. The difference between these values is multiplied by the current tax rate, which gives the amount of the deferred tax asset/liability. Deferred tax assets are reported in the balance sheet to the extent that it is probable that the amounts can be utilised against future taxable results. Group management estimates that it will be possible for deferred taxes to be fully utilised against taxable income.

2.9 INTANGIBLE FIXED ASSETS

Goodwill

Goodwill represents future financial benefits that arise from a business combination, but which are not individually identified and reported separately. Goodwill is reported at acquisition value less accumulated impairments. Goodwill is impairment tested every year.

Other intangible fixed assets

The other intangible fixed assets are reported as an asset in the balance sheet if they meet the criteria for intangible assets in accordance with IAS 38, that it is probable that future economic benefits will benefit the Group and the acquisition value can be calculated in a reliable manner. Intangible fixed assets are reported at acquisition value after deductions for planned depreciation and any impairments. Depreciation according to plan takes place linearly and is based on the assets' estimated useful lives. The following depreciation periods are applied:

Balanced product development	5 years
Software	3-8 years
Other intangible fixed assets	5-10 years

2.10 TANGIBLE FIXED ASSETS

Tangible fixed assets are reported at acquisition cost after deductions for impairments and depreciation according to plan. Depreciation according to plan takes place linearly and is based on the assets 'acquisition values and the assets' estimated useful lives. The assets' residual values and useful lives are assessed on each reporting occasion. The following depreciation periods are applied:

Buildings	50 years
Building equipment	5-20 years
Ground facilities	5 years
Equipment	5 years
Computer equipment	2-3 years

2.11 LEASED ASSETS

The Group as a lessee

For all agreements entered into on 1 January 2019 and later, DistIT assesses whether the agreement is a lease agreement or contains a lease agreement: a lease agreement is defined as "an agreement, or part of an agreement, which transfers the right to use an asset (the underlying asset) for a certain time in exchange for compensation". To apply this definition, DistIT assesses whether the agreement meets the requirements of three evaluations, which are whether:

- The agreement contains an identified asset that is either specifically identified in the agreement or implicitly specified by being identified at the time the asset has been made available to DistIT.
- DistIT is essentially entitled to all the financial benefits that arise through the use of the identified asset throughout the lease term, taking into account DistIT's rights within the defined scope of the agreement.
- DistIT have the right to control the use of the identified asset throughout the lease period. DistIT assesses whether it holds the right to control "how and for what purpose" the asset is to be used throughout the lease period.

Valuation and reporting of lease agreements as lessees

At the start of the lease agreement, DistIT reports a right of use and a lease liability in the balance sheet. The right of use is valued at acquisition value, which includes the amount to which the lease liability is originally valued, any initial direct expenses incurred by DistIT, an estimate of DistIT's expenses for dismantling and removal of the asset at the end of the lease period, and any lease fees paid before the start of the lease agreement (less any benefits received).

The Group writes off the right of use on a linear basis from the start of the lease period until the earliest time of the right of use's useful life and the end of the lease agreement. DistIT also makes an assessment of a possible need for impairment of the right of use when there is an indication of a decline in value.

At the start of the lease agreement, DistIT values the lease liability at the present value of the lease fees that have not been paid at this time. Lease fees are discounted using the lease agreement's implicit interest rate, if this interest rate can easily be determined, or DistiT's marginal borrowing rate.

Lease fees that are included in the valuation of the lease libility include fixed fees (including the fees fixed to its substance), variable lease fees based on an index or price, amounts that are expected to be paid by DistIT according to residual value guarantees, and payments according to options that DistIT is reasonably sure will be utilised.

After the commencement date, the liability is reduced with lease payments which are divided between amortisation and financial cost. The debt is revalued to reflect a possible new assessment or change, or if there are changes in the fees fixed to its substance.

When the lease liability is revalued, a corresponding adjustment shall be made in relation to the right of use, or in the results if the right of use has already been assigned a value of zero.

DistIT has chosen to report short-term lease agreements, and lease agreements for which the underlying asset has a low value, by using the practical solution found in IFRS 16. Instead of reporting a right of use and a lease liability, lease fees for these lease agreements are recognised linearly over the lease period.

In the report on the financial position, rights of use have been reported as rights of use assets, and the lease liability is divided into long and short lease liabilities.

2.12 IMPAIRMENTS

Intangible and tangible fixed assets

The reported values of the company's assets are checked at each balance sheet date to determine whether there is any indication of the need for impairment. If such an indication exists, the asset's recoverable amount is calculated as the higher of value in use and net realisable value. Impairment is made if the recoverable amount is less than the carrying amount. If it is not possible to determine the recoverable amount of the individual asset, the recoverable amount of the asset's cash-generating unit shall be determined; the cash-generating unit is the smallest identifiable group of assets that generates cash flows essentially independent of other assets. When calculating the value in use, future cash flows are discounted at an interest rate before tax that is judged to reflect the market's assessment of the time value of money and the specific risks associated with the asset. A sensitivity analysis of the discount rate and growth assumptions is performed after each test of the need for impairment to determine whether the remaining surplus value is material.

With the exception of goodwill, a new assessment of the assets is made if there are signs that a previous impairment is no longer justified. If the impairment loss is no longer justified, in whole or in part, it is reversed in accordance with IAS 36.

Financial assets

The Group assesses the future expected credit losses that are associated to assets reported at accrued acquisition value. The Group reports a credit reserve for such expected credit losses on each reporting date. For accounts receivable, the Group applies the simplified approach to credit provisions, i.e. the reserve will correspond to the expected loss over the entire life of the accounts receivable. To measure the expected credit losses, accounts receivable have been grouped, based on distributed credit risk characteristics and due dates. The Group uses forward-looking variables for expected credit losses.

Expected credit losses are reported in the Group's statement of comprehensive income in the item Other external costs.

2.13 INVENTORIES

Inventories refers to IT accessories. Inventories are valued according to the lowest value principle, ie at the lower of acquisition value and net sales value. When determining the acquisition value, the first-in-first-out principle is applied. Net sales value consists of estimated sales value less estimated sales cost.

Group management calculates the net sales value of the inventories and takes into account the most reliable information available on each balance sheet date. The future sales value may be affected by future technology and other market-driven changes that may reduce future sales prices.

2.14 REMUNERATION TO EMPLOYEES

Pension obligations

The Group only has defined contribution pension plans, including pension plans with fixed contributions to external legal entities. The defined contribution pension plans are reported as remuneration to employees when the contributions fall due for payment.

Compensation in the event of termination

Compensation in the event of termination is paid when an employee's employment is terminated before the normal retirement date, or when an employee accepts voluntary resignation from employment in exchange for such benefits. The Company reports severance pay when it is demonstrably obliged either to dismiss employees according to a detailed formal plan without the possibility of revocation, or to provide compensation in the event of termination as a result of an offer made to encourage voluntary resignation from employment.

Subscription warrants

Since 2019, the Company has had a long-term share-related incentive programme for the CEO consisting of subscription warrants (2019/2022). The Company is given the right to repurchase the subscription warrants if the CEO's employment or assignment in the Group ceases, or if the participant were to transfer subscription warrants to a third party.

At the 2020 Annual General Meeting, an offer of 379 854 subscription warrants was approved to senior executives in DistIT, Aurora, Deltaco and Septon, which was fully subscribed by all participants.

2.15 PROVISIONS

Provisions are reported when the Company has or can be considered to have an obligation as a result of events that have occurred, and it is probable that an outflow of resources will be required to settle the obligation. A further prerequisite is that it is possible to make a reliable estimate of the amount to be paid.

2.16 CONTINGENT LIABILITIES

A contingent liability is reported when there is a possible liability depending on whether uncertain future events will occur, or when there is an existing liability where payment is not probable or the amount cannot be estimated reliably. A provision only needs to be reported if an existing obligation has arisen as a result of a previous event, payment is probable and amounts can be reliably estimated.

2.17 FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are valued at accrued acquisition value or at fair value through profit or loss.

Classifications

The Group classifies its financial assets and liabilities in the category accrued acquisition value or fair value through profit or loss. The classification depends on the purpose for which the financial asset or liability was acquired.

Financial assets at accrued acquisition value

Assets held for the purpose of collecting contractual cash flows, and where these cash flows only constitute capital amounts and interest, are valued at accrued acquisition value. The carrying amount of these assets is adjusted with any expected credit losses. Interest income from these financial assets is reported using the effective interest method and is included in financial income. The Group's financial assets valued at accrued acquisition value consist of the items accounts receivable, other receivables, accrued income and liquid assets.

Assessment of doubtful accounts receivable is based on estimated future cash flows on non-credit-insured accounts receivable and credit-insured accounts receivable, respectively, where 10% of the receivable is not credit-insured.

Financial liabilities at accrued acquisition value

Financial liabilities that are classified as valued at accrued acquisition value consist of other long-term liabilities, accounts payable ,and part of other current liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities that are classified as fair value through profit or loss consist of contingent consideration in connection with acquisitions.

Bond loans

On 3 May 2018, the company 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 and is therefore classified as long-term. The estimated fair value of the non-convertible bond is categorised as Level 2 in the fair value hierarchy. The assessment of fair value has been made on the basis of the trading that has taken place in the bond. At the closing of the most notable transaction, the estimated fair value was 99.75% of nominal value. As of 31 December 2020, DistIT AB nominally owns MSEK 74.4 of its own bond loan. The bond loan carries a coupon interest rate of 3-month STIBOR plus 5.0 per cent. The bonds were registered for trading on Nasdaq Stockholm on 6 July 2018.

Reporting of financial instruments

Financial instruments are reported in accordance with IFRS 9, Financial Instruments. DistIT does not apply hedge accounting, but classifies and values financial assets as follows. A financial asset or financial liability is reported in the balance sheet when the Group becomes a party in accordance with the terms of the agreement. A receivable is reported when the Group has fulfilled its obligation and the other party is liable for payment in accordance with the agreement, even if no invoice has been sent. Accounts receivable are entered in the balance sheet when the invoice is sent. Liabilities are reported when the counterparty has fulfilled its obligation and the party is liable for payment in accordance with the agreement, even if no invoice has been received. Accounts payable are reported when the invoice has been received. A financial asset is removed from the balance sheet when the rights have been realised, expire, or the Group no longer has control over them. The same applies to part of a financial asset. A financial liability is removed from the balance sheet when the obligation specified in the agreement has been paid or has otherwise ceased. The same applies to part of a financial liability. Financial assets and liabilities are offset and the net amount is entered in the balance sheet only when there is a legally enforceable right to offset the amounts, and there is an intention to settle the amounts through net payments, or realise the asset and at the same time settle the liability. Purchases and sales of financial assets are reported on the business day. The business day is the date when the Group undertakes to buy or sell the asset. Calculation of credit loss reserve is based on expected credit loss.

See also Note 20 Financial assets and liabilities.

2.18 EQUITY, RESERVES AND DIVIDEND

Other contributed capital contains a premium fund that includes any premiums received in connection with a new issue of share capital. Any transaction costs associated with the new issue of shares are deducted from the contributed capital, but taking into account any income tax effects. Other contributed capital also includes paid option premiums.

Reserves in equity include translation reserves that contain exchange rate differences from the translation of financial reports for the Group's foreign operations to SEK.

Retained earnings include all balanced profits.

2.19 CASH FLOW STATEMENT AND LIQUID ASSETS

Cash flows from operating activities are reported through the application of the indirect method, which means that the results are adjusted for transactions that did not involve incoming or outgoing payments, accrued or prepaid items relating to previous or future periods, and for any income and expenses attributable to the cash flows from investment or financing activities.

Liquid assets include cash and available balances with banks and credit institutions, as well as short-term liquid investments of up to three months.

NOTE 3 - RISK EXPOSURE AND FINANCIAL RISK MANAGEMENT

Policy for financial risk management

The overall goal for the Group's and the Parent Company's finance function is to provide cost-effective financing of the Group's operations. The overall goal for financial risk management is to minimise the risks of a negative impact on the Group's results. It follows that the Group's financial investments shall be done with a low risk profile. For major risk exposures, such as exchange rate differences, hedging shall be applied.

The Group's operations are exposed to a number of risks. These include market risk, which includes currency risk, interest rate risk and other price risks.

A description of the company's assessed risk exposure with accompanying risk management follows.

Currency risk
Currency risk relates to how the value of financial instruments varies due to changes in exchange rates. In order to manage the transactional currency risk, the Group's measures are, where necessary, to buy currency in order to minimise the short-term impact on results and at the same time create long-term room for manoeuvre.

Interest rate risk
The interest rate risk consists of the value of financial liabilities varying due to changes in market interest rates. The Group's loans carry variable interest rates.

We deem that the market risks in the form of price, currency and interest rate risk have no major impact on the operations. As an example, it can be mentioned that in the event of price and currency changes, our sales prices to the customer are changed. Price adjustments are made every day or according to agreement. An interest rate increase of 1% on STIBOR would, based on the balance sheet as of 31 December 2020, entail an additional interest expenses of approximately MSEK 1.8.

Other price risks
The role of the distributor is changing, which is, in part, due to today's advanced Internet technology. The Internet can make it possible for both retailers and end customers to find and contact the manufacturer directly. The Internet can make it possible for international and European distributors to take market share from DistIT. By developing its own brand labels, the Group has strengthened its position against foreign competitors, and created added value in its offers to end customers which are difficult for others to compete with.

See also what is described under Financial risks in Risks & Risk management on pages 28-32.

NOTE 4 - NET REVENUE & SEGMENT REPORTING	THE GROUP 2020	THE GROUP 2019	THE PARENT COMPANY 2020	THE PARENT COMPANY 2019
Net revenue is divided into the following business sectors:				
Hardware	2 353 907	2 320 627	–	–
Other	–	–	16 283	15 119
Total	**2 352 907**	**2 320 627**	**16 283**	**15 119**
Net revenue is divided into the following geographical markets:				
Sweden	1 127 531	1 129 171	9 939	9 111
Finland	207 339	205 567	–	–
Denmark	476 949	464 748	6 344	5 473
Norway	250 730	301 228	–	–
The rest of Europe	291 358	219 913	–	535
Total	**2 353 907**	**2 320 627**	**16 283**	**15 119**

No individual customer has a net revenue amounting to 10% of the total net revenue for the years 2020 or 2019.

The Group's fixed assets (in addition to deferred tax assets) are divided into the following geographical areas:

FIXED ASSETS	THE GROUP 2020	THE GROUP 2019
Sweden	59 514	72 877
Denmark	60 625	59 338
Norway	10 505	14 605
Other countries	17 091	16 852
Total	**147 735**	**163 672**

SALES AND OPERATING PROFIT PER SEGMENT (MSEK)	Aurora	Deltaco	Septon	Sominis	Other/Eli-minations	Total
2020						
Sales	747.6	1 176.6	296.7	182.5	-45.5	2 358.2
Depreciation	-1.5	-7.9	-1.0	-0.7	-15.4	-26.5
Operating result	37.3	55.4	8.5	9.3	-23.1	87.4
Interest income	1.4	-1.0	-1.3	0.0	4.4	3.5
Interest expense	-4.2	0.4	-1.9	-0.3	-16.0	-22.0
Tax cost	-0.5	-4.5	-0.7	-1.5	-3.7	-10.9
Assets	466.4	476.7	212.4	25.6	-28.3	1 152.8
Liabilities	361.1	347.2	172.3	12.3	-182.3	710.6
2019						
Sales	818.6	1 036.4	351.3	133.8	-9.2	2 330.9
Depreciation	-1.1	-38.0	-0.7	-0.5	-15.0	-55.3
Operating result	9.9	7.4	19.3	4.0	-24.5	16.1
Interest income	3.8	1.1	0.8	0.0	0.7	6.4
Interest expense	-3.9	-0.6	-0.6	-0.1	-13.4	-18.6
Tax cost	-0.1	-2.9	-3.7	-0.5	0.0	-7.2
Assets	480.9	360.0	226.6	17.5	-8.5	1 076.5
Liabilities	369.9	258.4	183.9	8.4	-138.5	682.1

NOTE 5 - OTHER OPERATING INCOME	THE GROUP 2020	THE GROUP 2019	THE PARENT COMPANY 2020	THE PARENT COMPANY 2019
Exchange rate difference	- 3 735	10 295	-	-
Government support for Covid-19	5 516	-	-	-
Other	2 549	-	-	-
	4 330	**10 295**	**-**	**-**

NOTE 6 - EARNINGS PER SHARE	THE GROUP 2020	THE GROUP 2019
Average number of shares used in calculating earnings per share.	12 281 961	12 281 961
Average number of shares at the end of the period.	12 281 961	12 281 961

NOTE 7 - REMUNERATION TO THE AUDITOR	THE GROUP 2020	THE GROUP 2019	THE PARENT COMPANY 2020	THE PARENT COMPANY 2019
Expensed remuneration amounts to:				
Grant Thornton Sweden AB				
- audit assignments	2 937	3 178	723	590
- auditing activities in addition to audit assignments	459	233	341	179
- tax advice	470	285	398	161
- other services	192	65	30	35
Other audit companies				
- audit assignments	60	48	–	–
- auditing activities in addition to audit assignments	–	–	–	–
- tax advice	–	–	–	–
- other services	29	49	–	–
Total	**4 147**	**3 858**	**1 492**	**965**

Fees for audit assignments and auditing activities, in addition to the audit assignment, refer to auditing of the accounts and quality assurance services. For the Parent Company, this also includes the Board of Directors' and CEO's management of the business. Tax advice mainly includes tax consulting services, such as transfer pricing. Other services mainly consist of consulting services, such as advice in connection with acquisitions, examinations, and valuations of subscription warrants.

NOTE 8 - LEASE AGREEMENTS

All leasing agreements are non-cancellable agreements with a term of 1-5 years from the beginning of the leasing period.

Future minimum lease fees are as follows:

THE GROUP	Within 1 year	1-5 years	After 5 år	Total
31 December 2020	15 119	17 435	–	32 554
31 December 2019	14 998	26 749	–	41 747

THE PARENT COMPANY	Within 1 year	1-5 years	After 5 år	Total
31 December 2020	223	122	–	345
31 December 2019	36	158	–	194

Leasing costs during the reporting period amounted to KSEK 54 (43).

NOTE 9 - SALARIES AND REMUNERATION TO EMPLOYEES

AVERAGE NUMBER OF EMPLOYEES	2020		2019	
	Average number of employees	Of which are women	Average number of employees	Of which are women
Parent Company:				
Sweden	2	–	3	–
Total for the Parent Company	**2**	**–**	**3**	**–**
Subsidiaries:				
Sweden	112	29	113	31
Finland	13	1	13	–
Denmark	67	14	80	18
Norway	29	6	33	6
Lithuania	28	12	24	10
Total for subsidiaries	**249**	**62**	**263**	**65**
Total for the Group	**251**	**62**	**266**	**65**

SALARIES AND OTHER REMUNERATION PER COUNTRY AND FOR BOARD MEMBERS, CEOS, OTHER SENIOR EXECUTIVES AND OTHER EMPLOYEES

	2020		2019	
	Board of Directors, CEO and other senior executives	Other employees	Board of Directors, CEO and other senior executives	Other employees
Parent Company:				
Sweden	6 906	-	6 277	711
Total	**6 906**	**-**	**6 277**	**711**
Subsidiaries:				
Sweden	7 294	60 422	3 915	51 480
Finland	–	10 136	–	10 480
Denmark	2 198	54 663	6 081	87 798
Norway	–	22 121	1 114	11 389
Lithuania	–	11 161	1 060	7 964
Total for subsidiaries	**9 492**	**158 503**	**12 170**	**169 111**
Total for the Group	**16 398**	**158 503**	**18 447**	**169 822**

	2020			2019		
	Salaries and other remuneration	Social costs	Pension costs	Salaries and other remuneration	Social costs	Pension costs
Parent Company	6 005	2 134	901	6 988	2 192	1 068
Subsidiaries	153 380	22 912	14 614	189 962	25 996	12 270
	159 385	**25 046**	**15 515**	**196 950**	**28 188**	**13 338**

The company has no outstanding pension obligations.

Remuneration to senior executives

Remuneration to the CEO consists of basic salary, other benefits and a pension. In negotiations regarding the CEO's employment contract, variable remuneration was replaced in 2019 with the option of signing a three-year incentive programme, decided by the General Meeting in February. According to the agreement, the option premium shall be settled as remuneration to the CEO during the three years that the programme extends (2019-2021). To enable the subscription, the CEO received a net remuneration which corresponded to the option premium in 2019. Taxation is done, however, when the remuneration is received, and remuneration paid amounted to KSEK 3 066. The cost for 2019 amounted to KSEK 1 022 (49% of fixed salary). The remaining part refers to advances and is expensed in accordance with earnings during the option's remaining term 2020-2021. At the 2020 AGM, an offer of 379 854 subscription warrants was approved to senior executives in DistIT, Aurora, Deltaco and Septon. Of these, 70 077 were subscribed by the company's CEO. The subscription warrants have an exercise price of SEK 50 per share.

Remuneration to other senior executives consists of basic salary, other benefits and pension. In 2020, subscription warrants were offered, which were fully subscribed by all participants. Senior executives refer to people who, together with the CEO, make up the company managements in the various companies. The Board of Directors has assessed that the incentive programme is favourable for the Company and contributes to long-term value creation of the business over time. Pension benefits and other benefits to the CEO and other senior executives are paid as part of the total remuneration.

Remuneration and other benefits to senior executives

2020	Basic salary/ board fee	Pension	Variable remuneration	Other forms of remuneration	Total
Chair of the Board	375				375
Board members	525				525
CEO	2 295	554	1 022	68	3 939
Other senior executives	8 549	1 669	1 201	139	11 558
Total	**11 744**	**2 223**	**2 223**	**207**	**16 397**

2019	Basic salary/ board fee	Pension	Variable remuneration	Other forms of remuneration	Total
Chair of the Board	367				367
Board members	500				500
CEO	2 101	714	1 022	72	3 909
Other senior executives	13 776	1 103	458	150	15 487
Total	**16 744**	**1 817**	**1 480**	**222**	**20 263**

Severance pay

There is no severance pay or the like for the Board of Directors, CEO or other executives.
For the CEO, a notice period of six months applies. In the event of termination by DistIT AB, a notice period of 12 months applies.

GENDER DISTRIBUTION IN THE BOARD OF DIRECTORS AND COMPANY MANAGEMENT	THE GROUP		THE PARENT COMPANY	
	2020	**2019**	**2020**	**2019**
Number of board members	4	4	4	4
Of which are women	1	1	1	1
Other senior executives incl. CEO	10	10	2	2
Of which are women	–	–	–	–

NOTE 10 - RESULTS FROM SHARES IN GROUP COMPANIES

	THE GROUP		THE PARENT COMPANY	
	2020	**2019**	**2020**	**2019**
Dividend	–	–	2 222	763
Variable additional purchase price	–	–	–	–
Realisation result on sales	–	–	–	12 214
Total	**–**	**–**	**2 222**	**12 977**

NOTE 11 - OTHER INTEREST INCOME AND SIMILAR ITEMS

	THE GROUP		THE PARENT COMPANY	
	2020	**2019**	**2020**	**2019**
Interest income from group companies	–	–	7 754	6 908
Interest income from other companies	4 557	1 696	4 789	2 229
Exchange rate gains	-1 082	4 749	615	–
Total	**3 475**	**6 445**	**13 158**	**9 137**

NOTE 12 - INTEREST EXPENSES AND SIMILAR ITEMS

	THE GROUP		THE PARENT COMPANY	
	2020	2019	2020	2019
Interest expenses to other companies	-16 337	-15 991	-14 565	-13 227
Exchange rate losses	-5 693	-2 616	-1 327	–
Total	**-22 030**	**-18 607**	**-15 892**	**-13 227**

NOTE 13 - YEAR-END APPROPRIATIONS

	THE PARENT COMPANY	
	2020	2019
Group contributions received	34 700	2 000
Total	**34 700**	**2 000**

NOTE 14 - TAX ON THE RESULTS FOR THE YEAR

The main components of the tax cost for the financial year, and the ratio between the expected tax cost based on the Swedish effective tax rate for DistIT of 21.4% (21.4%) and the reported tax cost in the result are as follows:

	THE GROUP		THE PARENT COMPANY	
	2020	2019	2020	2019
Results before tax	68 889	48 581	25 826	1 207
Tax according to applicable tax rate, 21.4% (21.4%)	-14 742	-10 397	-5 527	-258
Effect of changed tax rate	–	402	–	–
Adjustment of previous years' tax	12	-17	–	–
Adjustment for differences in tax rate abroad	923	76	–	–
Tax-free income	801	10 485	476	2 777
Non-deductible expenses	-2 156	-2 302	-239	-952
Utilised deficit	4 637	-	1 585	-
Tax deficits for which no deferred tax asset has been reported	-379	-5 459	–	–1 567
Reported tax in the income statement	**- 10 904**	**- 7 212**	**-3 705**	**0**

The tax cost consists of the following components:

	THE GROUP		THE PARENT COMPANY	
	2020	2019	2020	2019
Current tax				
On this year's results	-9 751	-5 706	–	–
Deferred tax cost/income				
Utilised tax deficit deductions	-3 705	-1 506	-3 705	–
Change in temporary differences	2 552	–	–	–
Reported tax in the income statement	**- 10 904**	**- 7 212**	–	–
The average effective tax rate is	**16%**	**21%**	**14%**	

There are no time limits with regard tax deficit deductions.

NOTE 15 - GOODWILL	THE GROUP 2020	2019	THE PARENT COMPANY 2020	2019
Opening acquisition value	89 822	87 993	–	–
Acquisitions for the year	2 090	898	–	–
Exchange rate differences	-2 370	931	–	–
Closing carrying amount	**89 542**	**89 822**	**–**	–

Goodwill and intangible assets are impaired each year. The discount rate used 31.12.2020, based on the Group's WACC (Weighted Average Capital Cost) before tax, amounts to 9.4 - 10.3% (8.9 - 9.6%). Calculation of the recoverable amount is made based on the forecast cash flow over the next five years, with an assumption of an EBITDA margin for each cash-generating unit. The basis for the companys' respective growth is the strategic business plans for each company that are based on the expected organic growth of current operations, and do not include possible additional acquisitions. In the testing, the current margin of each cash-generating unit has been used as a basis, and the prevailing business climate has been taken into account. The assumed perpetual growth rate after the forecast period has been calculated at 0% (2%) and is attributable to sales. The sensitivity analyses have been carried out on a reduction in the EBITDA margin and an increase in the discount rate. The sensitivity analysis shows that a reduction in the EBITDA margin by 2% units and an increase in the discount rate by 2% units does not entail any need for impairment.

Goodwill is divided into the following cash-generating units; Aurora 28 173, Deltaco 10 108, Septon 45 414 and Sominis 5 847.

	Discount rate	Revenue growth	EBITDA margin
Aurora	9.4% (8,9)	5.0%	5.1 - 5.6%
Deltaco	9.4% (8,9)	5.0%	5.1 - 5.6%
Septon	9.4% (8,9)	5.0%	3.1 - 5.5%
Sominis	10.3% (9,6)	5.0%	5.4 - 5.5%

NOTE 16 - OTHER INTANGIBLE FIXED ASSETS	THE GROUP 2020	2019	THE PARENT COMPANY 2020	2019
Opening acquisition value	89 319	74 386	2 150	–
Acquisitions for the year	3 633	14 955	-	2 150
Sales and disposals	-	-34	–	–
Exchange rate differences	-5 765	12	–	–
Closing accumulated acquisition value	**87 187**	**89 319**	**2 150**	2 150
Opening depreciations	-34 736	-27 316	-358	–
Depreciations for the year	-8 537	-7 326	-717	-358
Sales and disposals	-	34	–	–
Exchange rate differences	5 177	-128	–	–
Closing accumulated depreciations	**-38 239**	**-34 736**	**-1 075**	-358
Opening impairments	-30 194	–	–	–
Impairments for the year	-	-30 194	–	–
Closing accumulated impairments	**-30 194**	-30 194	–	–
Closing carrying amount	**18 754**	**24 389**	**1 075**	1 792

The impairment is attributable to SweDeltaco's business system, ERP Microsoft Dynamics AX.

NOTE 17 - BUILDINGS AND LAND	THE GROUP 2020	2019	THE PARENT COMPANY 2020	2019
Opening acquisition value	2 156	52 861	–	–
Acquisitions for the year	133	80	–	–
Sales and disposals	-	-51 024	–	–
Reclassifications	200	215	–	–
Exchange rate differences	-85	24	–	–
Closing accumulated acquisition value	**2 404**	**2 156**	–	–
Opening depreciations	-1 220	-9 598	–	–
Depreciations for the year	-323	-1 062	–	–
Sales and disposals	-	9 518	–	–
Reclassifications	-27	-71	–	–
Exchange rate differences	57	-7	–	–
Closing accumulated depreciations	**-1 513**	**-1 220**	–	–
Closing carrying amount	**891**	**936**	–	–

NOTE 18 - EQUIPMENT	THE GROUP 2020	2019	THE PARENT COMPANY 2020	2019
Opening acquisition value	24 937	23 703	29	29
Acquisitions for the year	2 275	2 147	–	–
Increase through business combinations	–	–	–	–
Sales and disposals	-361	-1 768	-29	–
Reclassifications	-430	596	–	–
Exchange rate differences	-271	259	–	–
Closing accumulated acquisition value	**26 150**	**24 937**	**0**	**29**
Opening depreciations	-19 708	-18 140	-29	-29
Depreciations for the year	-2 242	-2 371	–	–
Sales and disposals	165	1 765	29	–
Reclassifications	169	-739	–	–
Exchange rate differences	251	-223	–	–
Closing accumulated depreciations	**-21 365**	**-19 708**	**0**	**-29**
Closing carrying amount	**4 786**	**5 229**	**0**	**0**

NOTE 19 - RIGHTS OF USE ASSETS AND LEASING LIABILITIES

Lessee

The Group leases assets such as premises and vehicles. Some of the leases include extension options, and management uses material estimates in the determination of whether these extension options, with reasonable certainty, will be utilised. Extension options that, with reasonable certainty, will be utilised are included in the leasing period. The Group's residual value guarantees amount to KSEK 4 022.

Leasing of promises

The Group leases premises for warehouses and offices. The lease agreements normally have a term of between one and five years. Some lease agreements include variable lease fees, such as property tax. There are commitments for variable lease fees going forward, which follow the lease period of the lease agreements.

Leasing of vehicles

The Group leases vehicles with an average lease period of three years.

Amounts reported in the Report on results and other comprehensive income

	2020	2019
Lease fees	16 077	15 229
Depreciation of rights of use assets	-15 367	-14 333
Interest on lease liabilities	-1 076	-1 244
Total	-366	-348

Rights of use assets	2020			2019		
	Premises	**Vehicles**	**Total**	**Premises**	**Vehicles**	**Total**
Depreciation during the year	9 814	5 553	15 367	-6 796	-7 537	-14 333
Closing balance	18 987	12 854	31 841	20 346	21 053	41 399

	THE GROUP	
	2020	**2019**
Opening acquisition value	55 332	0
Adjustments on transition to IFRS 16		46 345
Acquisitions for the year	9 249	9 578
Increase through acquisitions	0	0
Termination and disposal	-12 895	-563
Exchange rate differences	-67	-28
Closing accumulated acquisition value	**51 619**	**55 332**
Opening depreciations	-13 933	0
Depreciations for the year	-15 367	-14 333
Termination and disposal	9 485	393
Exchange rate differences	37	7
Closing accumulated depreciations	**-19 778**	**-13 933**
Closing carrying amount	**31 841**	**41 399**

Reported lease liability	2020			2019		
	Premises	**Vehicles**	**Total**	**Premises**	**Vehicles**	**Total**
Short-term	8 344	6 775	15 119	6 320	8 678	14 998
Long-term 1-5 years	11 231	6 204	17 435	14 430	12 419	26 849

The total cash outflow for lease agreements amounts to KSEK 16 147 (16 967), of which amortisation is KSEK 15 082 (15 723) and interest KSEK 1 065 (1 244). Undiscounted lease agreements for rents are available to a value of KSEK 3 242, of which KSEK 1 417 falls due within one year and KSEK 1 824 within two to four years.

NOTE 20 - FINANCIAL ASSETS AND LIABILITIES

2020-12-31 Financial assets	Accrued acquisition value	Fair value via the result	Total
Other current financial assets	2 159	–	2 159
Loan receivables and accounts receivable	460 203	–	460 203
Liquid assets	53 748	–	53 748
Total	**506 110**	**0**	**506 110**

2020-12-31 Financial liabilities	Accrued acquisition value	Fair value via the result	Total
Long-term borrowing	165 595	–	165 595
Short-term borrowing	15 060	–	15 060
Accounts payable and other liabilities	337 164	–	337 164
Total	**517 819**	**0**	**517 819**

2019-12-31 Financial assets	Accrued acquisition value	Fair value via the result	Total
Other current financial assets	21 976	–	21 976
Loan receivables and accounts receivable	414 461	–	414 461
Liquid assets	10 657	–	10 657
Total	**447 094**	**0**	**447 094**

2019-12-31 Financial liabilities	Accrued acquisition value	Fair value via the result	Total
Long-term borrowing	183 610	–	183 610
Short-term borrowing	20 101	–	20 101
Accounts payable and other liabilities	283 030	–	283 030
Total	**486 741**	**0**	**486 741**

As of 31 December 2020, the Group's financial liabilities had agreed maturities as follows:

	Short-term within 6 months	1-2 years	Long-term 3-5 years	Total
Bond loans	–	165 595	–	165 595
Short-term borrowing	15 060	–	–	15 060
Accounts payable	337 164	–	–	337 164
Total	**352 224**	**165 595**	**–**	**517 819**

NOTE 21 - SHARES IN GROUP COMPANIES

The Parent Company has direct holdings in the following subsidiaries:

Name/Registered office	Corp. ID	No. of shares	Percentage %	Reported value 2020	Reported value 2019
SweDeltaco AB, Älvsjö	556509-3951	1 000	100	121 862	121 862
Aurora Group Holding A/S, Ballerup	3527252	90 003	100	58 689	58 689
Septon Holding AB, Billdal	559091-9345	100 000	85	13 300	13 300
UAB Sominis Technology, Vilnius	302488708	100	80	12 269	12 269
DistIT Services AB, Älvsjö	556161-5864	2 970	100	500	500

The Parent Company has indirect holdings in the following subsidiaries:

Name/Registered office	Corp. ID	No. of shares	Percentage %	Owned by subsidiaries
Aurora Group Danmark A/S, Ballerup	56827013	5 000	100	Aurora Group Holding A/S
Aurora Group Finland OY, Espoo	0536309-7	510	100	Aurora Group Danmark A/S
Aurora Group Norge AS, Stjørdal	945585781	401	100	Aurora Group Danmark A/S
Aurora Group Sverige AB, Älvsjö	556494-5961	1 000	100	Aurora Group Danmark A/S
DanDeltaco A/S, Ballerup	21729183	5 000	100	SweDeltaco AB
FinDeltaco OY, Tampere	10276131	1 000	100	SweDeltaco AB
LiteNordic AB, Billdal	556774-9923	1 000	85	Septon Holding AB
LiteNordic Aps, Risskov	39681668	50	100	LiteNordic AB
LiteNordic AS, Oslo	920958311	1 000	100	LiteNordic AB
LydRommet AS, Oslo	943864861	45 000	100	Septon Norge Holding AS
LydRommet Danmark A/S, Risskov	30485912	2 231 554	100	Septon Electronic AB
NorDeltaco AS, Lierskogen	997204948	100	100	SweDeltaco AB
Septon Electronic AB, Billdal	556321-3833	5 000	100	Septon Holding AB
Septon Norge Holding AS, Oslo	920966691	20 000	90	Septon Electronic AB
Tight Led Scandinavia AB, Billdal	559198-6517	500	60	LiteNordic AB
UAB Deltaco Baltic, Kaunas	300543045	100	100	SweDeltaco AB
UAB Tarpo klavisas, Vilnius	305241595	2 897	100	UAB Sominis Technology
Winther Wireless AB, Åkersberga	556805-3341	3 500	80	SweDeltaco AB

Change during the year:

	THE PARENT COMPANY 2020	THE PARENT COMPANY 2019
Opening acquisition value	429 383	478 931
Acquisitions for the year	500	-
Sales and disposals	-	–49 548
Closing accumulated acquisition value	**429 883**	**429 383**
Opening impairments	-223 263	-223 263
Closing accumulated impairments	**-223 263**	**-223 263**
Closing carrying amount	**206 620**	**206 120**

The DistIT Group includes the following subsidiaries with substantial non-controlling interests:

Name	Percentage held by non-controlling interests 2020	Percentage held by non-controlling interests 2019	Comprehensive income attributable to non-controlling interests 2020	Comprehensive income attributable to non-controlling interests 2019	Accumulated non-controlling interests 2020	Accumulated non-controlling interests 2019
Septon Holding AB*)	15%	15%	-436	1 962	7 211	8 314
UAB Sominis Technology	20%	20%	1 511	578	2 657	1 814
Winther Wireless	20%	20%	788	538	2 721	1 932
			1 863	**3 078**	**12 589**	12 060

*) On 31 December 2020, Septon Holding AB included, in addition to 15% non-controlling interest in the Company, 15% non-controlling interest in the subsidiary LiteNordic AB, as well as 40% non-controlling interest in LiteNordic AB's subsidiary Tight Led Scandinavia AB, and 10% non-controlling interest in subsidiary Septon Electronic AB's subsidiary Septon Norge Holding AS.

During the year, KSEK 561 (192) was paid to non-controlling interests in UAB Sominis Technology.

Financial information on dotterbolag subsidiaries with non-controlling interests:

	Septon Holding AB 2020	Septon Holding AB 2019	UAB Sominis Technology 2020	UAB Sominis Technology 2019	Winther Wireless AB 2020	Winther Wireless AB 2019
Fixed assets	49 067	49 418	895	1 479	1 078	1 321
Current assets	163 305	177 161	24 757	16 044	29 371	24 642
Total assets	**212 372**	**226 579**	**25 652**	**17 523**	**30 449**	**25 963**
Long-term liabilities	2 200	3 540	312	740	–	–
Current liabilities	168 243	178 213	12 052	7 714	16 698	16 152
Total liabilities	**170 443**	**181 753**	**12 364**	**8 454**	**16698**	**16 152**
Equity attributable to the Parent Company's owners	34 718	36 512	10 631	7 255	11 030	7 879
Non-controlling interests	7 211	8 314	2 657	1 814	2 721	1 932

	Septon Holding AB 2020	Septon Holding AB 2019	UAB Sominis Technology 2020	UAB Sominis Technology 2019	Winther Wireless AB 2020	Winther Wireless AB 2019
Income	296 693	351 258	182 533	133 776	117 561	195 394
Results for the year attributable to the Parent Company's owners	-1 135	7 032	6 047	2 312	3 152	2 151
Results for the year attributable to non-controlling interests	-436	1 962	1 511	578	788	538
Results for the year	**-1 571**	**8 994**	**7 558**	**2 890**	**3 940**	**2 698**
Net cash flow from operating activities	**25 015**	**-6 763**	**12 979**	**-815**	**6 237**	**3 144**

NOTE 22 - DEFERRED TAX ASSETS AND TAX LIABILITIES

Deferred taxes arising from temporary differences and unused tax loss deductions are as follows:

	THE GROUP		THE PARENT COMPANY	
	2020	**2019**	**2020**	**2019**
Untaxed reserves	-11 406	-30 811	–	–
Tax deficit deductions	18 336	38 883	18 336	34 963
Other temporary differences	-13 143	–	–	–
	-6 213	**8 072**	**18 335**	**34 963**
Deferred tax asset	4 399	8 321	3 777	7 482
Deferred tax liability	5 863	6 347	–	–

NOTE 23 - OTHER LONG-TERM RECEIVABLES

	THE GROUP		THE PARENT COMPANY	
	2020	**2019**	**2020**	**2019**
Opening accumulated acquisition values	1 897	1 770	–	–
New receivables	24	127	–	–
Reported value	**1 921**	**1 897**	**0**	**0**

NOTE 24 - INVENTORIES ETC.

	THE GROUP		THE PARENT COMPANY	
	2020	**2019**	**2020**	**2019**
Commodities	406 233	410 255	–	–

The inventory value includes an impairment loss of KSEK 13 662 (12 439).

NOTE 25 - ACCOUNTS RECEIVABLE

	THE GROUP		THE PARENT COMPANY	
	2020	**2019**	**2020**	**2019**
Accounts receivable				
Non-due accounts receivable	445 022	387 372	–	–
overdue 1-30	12 651	22 970	–	–
overdue 31-60	49	1 295	–	–
overdue 61-90	749	402	–	–
overdue >90	760	2 797	–	–
	459 231	**414 836**	–	–

All accounts receivable that are not overdue or written down have a high credit quality. Approximately 95% of accounts receivable are credit insured via Atradius. In the event of a credit loss, 90% of the outstanding amount is received. All amounts are current. The net reported value of accounts receivable is considered a reasonable approximation of fair value. All of the Group's accounts receivable and other receivables reported during the comparison period have been examined for an indication of impairment. The impaired accounts receivable are primarily attributable to customers with financial difficulties.The Group applies the simplified method in IFRS 9 for reporting of the expected credit losses over the remaining term for all accounts receivable as these items do not have a significant financing component. When assessing the expected credit losses, accounts receivable have been assessed individually. Accounts receivable are written off in full when there is no reasonable expectation that payment will be received. Based on the above, the expected credit loss for accounts receivable as of 31 December 2020 and 1 January 2020 amounts to the following:

	2020	**2019**	**2020**	**2019**
Reserve doubtful accounts receivable				
Non-due accounts receivable	–	–	–	–
overdue 1-30	-28	-46	–	–
overdue 31-60	-150	-10	–	–
overdue 61-90	-92	-60	–	–
overdue >90	-679	-2 156	–	–
	-949	**-2 272**	–	–
Total	**458 282**	**412 564**	–	–

NOTE 26 - OTHER RECEIVABLES

	THE GROUP		THE PARENT COMPANY	
	2020	**2019**	**2020**	**2019**
VAT	3 270	3 550	–	–
Claim supplier	21 336	17 145	–	–
Other receivables	745	548	12	24
Reported value	**25 351**	**21 243**	**12**	**24**

NOTE 27 - PREPAID EXPENSES AND ACCRUED INCOME

	THE GROUP		THE PARENT COMPANY	
	2020	**2019**	**2020**	**2019**
Prepaid insurance	903	1 261	233	249
Prepaid rents	1 155	1 371	–	–
Sign-on fee customer contract	1 022	536	–	–
Prepaid bond loan fees	992	1 692	992	1 692
Other prepaid expenses	8 125	6 688	1 723	3 107
Accrued income	799	1 917	–	–
Reported value	**12 996**	**13 465**	**2 948**	**5 048**

NOTE 28 - EQUITY

Share capital

The share capital in the Parent Company consists only of fully paid ordinary shares with a nominal value of SEK 2 000. All shares have the same right to dividends and the repayment of invested capital and the corresponding one vote at the Parent Company's Annual General Meeting.

	THE PARENT COMPANY	
	2020	**2019**
Subscribed and paid shares:		
At the beginning of the year	12 281 961	12 281 961
Subscribed and paid shares	12 281 961	12 281 961
Total decided at the end of the year	**12 281 961**	**12 281 961**

Other contributed capital

Amounts received for issued shares in excess of nominal value during the year (premium) are included in the item 'Other contributed capital', after deductions for registration and other similar fees and after deductions for attributable tax benefits.

Reserves

Other parts of equity are as follows:

	Currency reserve	**Fund for development expenditure**	**Total**
Balance 1 January 2019	-2 056		-2 056
Exchange rate differences foreign operations	4 366		4 366
Provision for development fund		1 792	1 792
Balance 31 December 2019	**2 310**	**1 792**	**4 102**
Balance 1 January 2020	2 310	1 792	4 102
Exchange rate differences foreign operations	-11 134		-11 134
Reversal of the development fund		-717	-717
Balance 31 December 2020	**-8 824**	**1 075**	**-7 749**

NOTE 29 - BOND LOANS

The Group's four-year non-convertible bond with an interest rate of STIBOR 3 months + 5.0%, (however, a minimum of 5%) matures on 16 May 2022 and is therefore classified as long-term. The estimated fair value of the non-convertible bond is categorised as Level 2 in the fair value hierarchy. The assessment of fair value has been made based on the trade that has taken place in the bond. At the year-end closing of the most notable transaction, the estimated fair value was 99.75% of the nominal value. For this year's change, see Note 38 - Principles and prodecures for asset management.

Accrued interest on the bond loan is reported under interest in Note 32 - Accrued expenses and prepaid income.

NOTE 30 - LIABILITIES TO CREDIT INSTITUTIONS	THE GROUP		THE PARENT COMPANY	
	2020	2019	2020	2019
Granted limit overdraft facility amounts to	**99 794**	**107 555**	**89 300**	**89 300**

The DistIT Group has a so-called cash pool with credit facilities of MSEK 89.3 (89.3), of which MSEK 14.6 (20.1) was utilised on the last day of December 2020. In addition, the Group has assets of MSEK 10.5 (18.3) in other bank credits, of which MSEK 0.5 (7.2) was utilised on the last day of December 2020.

NOTE 31 - OTHER LIABILITIES	THE GROUP		THE PARENT COMPANY	
	2020	2019	2020	2019
VAT	56 369	44 297	69	703
Personnel-related liabilities	25 968	18 632	293	209
Other	3 259	13 852	–	–
	85 596	**76 781**	**362**	**912**

Personnel-related liabilities include items such as social security contributions and holiday pay.

NOTE 32 - ACCRUED EXPENSES AND PREPARED INCOME	THE GROUP		THE PARENT COMPANY	
	2020	2019	2020	2019
Accrued personnel costs	22 247	28 438	1 642	3 295
Prepaid income	–	1 092	–	–
Accrued customer bonus	8 902	10 503	–	–
Accrued supplier invoices	1 797	5 275	–	601
Accrued interest	1 150	1 171	1 150	1 150
Accrued audit fees	1 527	1 154	524	199
Other items	10 212	855	7	7
Reported value	**45 835**	**48 488**	**3 323**	**5 252**

NOTE 33 - PLEDGED COLLATERAL AND CONTINGENT LIABILITIES	THE GROUP		THE PARENT COMPANY	
	2020	2019	2020	2019
Property mortgages	–	–	–	–
Corporate mortgages	75 600	73 000	5 000	5 000
Shares in subsidiaries	256 415	232 837	180 552	180 552
Pledged assets	17 611	28 609	–	–
Other guarantees	21 194	4 707	–	–

NOTE 34 - TRANSACTIONS WITH GROUP COMPANIES	THE PARENT COMPANY	
	2020	2019
Sales to group companies	16 283	15 119
Interest income from group companies	7 754	6 908
Interest expenses to group companies	–	38
Receivables from group companies	305 151	295 771

NOTE 35 - ADJUSTMENTS FOR ITEMS NOT INCLUDED IN THE CASH FLOW

	THE GROUP		THE PARENT COMPANY	
	2020	2019	2020	2019
Depreciations and impairments	26 469	40 915	717	358
Translation differences	-11 134	4 366	–	–
Other adjustments	5 104	10 479	–	–
Total adjustments	**20 439**	**55 760**	**717**	**358**

NOTE 36 - ACQUISITION OF SHARES IN SUBSIDIARIES

Purchase price

	2020	2019
Purchase price	–	958
Reported amounts of identifiable acquired assets and assumed liabilities		
Tangible fixed assets	–	–
Other long-term receivables	–	–
Inventories	–	–
Current receivables	–	–
Liquid assets	–	80
Borrowing	–	–
Accounts payable and other liabilities	–	–
Total identifiable net assets	**–**	**80**
Non-controlling interests	–	20
Goodwill on acquisition	**–**	**898**
Transferred compensation in liquid assets	–	958
Acquired liquid assets	–	-80
Net cash flow on acquisition	**–**	**878**

Acquisitions in 2019

In 2019, two business combinations took place through the acquisitions of Tight Led Scandinavia AB and UAB Tarpo klavisas. The total purchase price for the business combinations amounted to KSEK 958.

60% of Tight Led Scandinavia AB was acquired through LiteNordic AB on 29 March. A property acquisition was then made of the TiGHT LED brand, key competences and its inventory. TiGHT's products are high-quality LED products and are designed for use in environments where high demands are placed on operational reliability and colour reproduction, such as TV studios, theatres, hotels and amusement parks. The majority has the right to acquire the minority item as of 1 January 2023, for a price that is deemed to correspond to the market value.

Revenue for Tight Led Scandinavia AB since the acquisition amounts to KSEK 2 338.6 with an EBIT of KSEK -341.4. The total purchase price exceeded net assets by KSEK 898. The surplus value is attributed to goodwill based on historical sales of TiGHT LED under previous auspices and expected synergy effects arising from the acquisition.

On 3 September, UAB Sominis Technology acquired 100% of UAB Tarpo klavišas. The Company is developing a new portal dedicated to computer players, called Spacebar. Revenue for UAB Tarpo klavišas since the acquisition amounts to KSEK 229.7 with an EBIT of KSEK -131.2. The total purchase price corresponded to net assets.

The business combinations are presented at an aggregate level as none of the acquired companies individually has a significant impact on the accounts.

NOTE 37 - TRANSACTIONS WITH RELATED PARTIES

Type of transaction/kind of related party:

	THE GROUP		THE PARENT COMPANY	
	2020	2019	2020	2019
Alpstigen AB (purchase of consulting services)	–	1 200	–	1 200
UCS (IT operation)	–	41	–	–
UCS (Finance/Payroll Management Services)	–	381	–	–

The Board of Directors assesses that the transactions with related parties are market-priced.

NOTE 38 - PRINCIPLES AND PROCEDURES FOR ASSET MANAGEMENT

The Group's goals with asset management are:

* to ensure the Group's ability to continue operations,
* to provide an appropriate return to shareholders by pricing products corresponding to the level of risk to provide these products.

Management assesses the Group's capital needs in order to maintain an effective overall financing structure. The Group manages the capital structure and makes adjustments in the event of changed economic conditions, and with regard to the risk properties of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the amount of dividends to shareholders, repay capital to shareholders, issue new shares, or sell assets to reduce liabilities.

The amounts managed as capital by the Group for the current reporting periods are summarised as follows:

	2020	2019
Total equity	454 764	407 432
Subordinated loans	–	–
Cash flow hedges	–	–
Liquid assets	53 748	10 657
Capital	**508 512**	**418 089**
Total equity	454 764	407 432
Borrowing	180 655	204 830
Lease liabilities	32 554	41 747
Total financing	**667 972**	**654 009**

Bond loans	2020	2019
Opening debt	230 000	230 000
Bond loan 2018/2022	-18 015	-46 390
Total change	-18 015	-46 390
Closing debt	**165 595**	**183 610**

The Group has fulfilled its agreed commitments, "covenants", since the bond loan was taken in 2018. These commitments entail an adjusted equity/assets ratio of at least 25% and an interest coverage ratio of at least 5.0, in accordance with the agreement for the bond loan.

NOTE 39 - SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

After the end of the year, SweDeltaco AB has acquired the remaining minority shares of 20% in its subsidiary Winther Wireless AB. During the first quarter, UAB Sominis Technology sold all shares in the subsidiary UAB Tarpo Klavišas.

On 18 March, DistIT announced new financial targets for organic growth in 2025, which included:

Turnover SEK 3.5 billion.

Gross margin 25%.

EBIT margin at least 8%.

SEK 1.5-2.0 billion in accumulated acquisition capacity.

Assurance

The Board of Directors and the CEO certify that the consolidated financial statements have been prepared in accordance with international accounting standards, IFRS, those adopted by the EU, and provide a true and fair view of the Group's position and results. The annual report has been prepared in accordance with good accounting practice and provides a true and fair view of the Parent Company's position and results.

The administration report for the Group and the Parent Company provides a fair overview of the development of the Group's and the Parent Company's operations, position and results, and describes significant risks and uncertainties that the Parent Company and the companies included in the Group are facing.

The annual report will be submitted to the Annual General Meeting on 29 April 2021 for approval.

Stockholm, 30 March 2021

Stefan Charette
Chair of the Board

Charlotte Hansson
Board member

Jonas Mårtensson
Board member

Anders Bladh
Board member

Robert Rosenzweig
CEO

Our audit report has been issued on 30 March 2021
Grant Thornton Sweden AB

Daniel Forsgren
Chartered Accountant

AUDIT REPORT

To the Annual General Meeting of Distit AB (publ), Corp. ID 556116-4384
Report on the annual report and the consolidated financial statements

STATEMENTS

We have carried out an audit of the annual report and the consolidated financial statements for Distit AB (publ) for the financial year 2020, with the exception of the corporate governance report and sustainability report on pages 20-27 and 33-46. The Company's annual report and consolidated financial statements are included on pages 47-80 of this document. In our opinion, the annual report has been prepared in accordance with the Swedish Annual Accounts Act, and provides, in all material respects, a fair view of the Parent Company's financial position as of 31 December 2020, and of its financial results and cash flow for the year, according to the Swedish Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act and provide a fair view of the Group's financial position as of 31 December 2020, and of its financial results and cash flow for the year, according to International Financial Reporting Standards (IFRS), as adopted by the EU, and the Swedish Annual Accounts Act. Our statements do not cover the corporate governance report, on pages 20-27 or the sustainability report, on pages 33-46. The administration report is consistent with the other parts of the annual report and the consolidated financial statements.

We therefore recommend that the Annual General Meeting approves the income statement and the balance sheet for the Parent Company and the Group. Our statements in this report on the annual report and the consolidated financial statements are consistent with the content of the supplementary report that has been submitted to the Parent Company's Board of Directors in accordance with Auditor Regulation (537/2014/EU) Article 11.

BASIS FOR THE STATEMENTS

We have carried out the audit according to International Standards on Auditing (ISA) and good auditing practice in Sweden. Our responsibility according to these standards is described in more detail in the section Responsibilities of the auditor. We are independent in relation to the Parent Company and the Group, according to good auditing practice in Sweden, and have otherwise fulfilled our professional ethical responsibility according to these requirements. This includes, based on our best knowledge and conviction, that no prohibited services referred to in the Auditor Regulation (537/2014) Article 5.1 have been provided by the Company or, where applicable, its Parent Company, or its controlled EU companies.
We believe that the audit evidence we have obtained is sufficient and effective as the basis for our statements.

AREAS OF PARTICULAR IMPORTANCE

Areas of particular importance for the audit are the areas that, according to our professional assessment, were the most important for the audit of the annual report and the consolidated financial statements for the period in question . These areas were treated within the framework of the audit of, and in our position to, the annual report and the consolidated financial statements as a whole, but we make no separate statements about these areas.

AREAS OF PARTICULAR IMPORTANCE	HOW OUR AUDIT CONSIDERED THE AREA OF PARTICULAR IMPORTANCE
REVENUE ACCOUNTING Revenues constitute a material item in the consolidated income statement and amounted to KSEK 2 358 237 for the financial year 2020. A larger part of the Group's revenues consists of the sale of products, where the revenue is reported when the Group meets its performance commitments and the customer has control over the goods. For further information on the revenue accounting, please refer to Note 2.5 and Note 4.	Our audit included the following audit measures, but was not limited to these: • Review of internal control in connection with the revenue process, cuttoff review and analytical review. • Review of the revenue accounting based on performance commitments for material customer agreements. • Review of a selection of customer orders against proof of delivery and book-keeping. • Review that applied accounting principles are in accordance with the rules of IFRS, and that provide information in the annual report essentially meets the requirements of the Swedish Annual Accounts Act and IFRS.
INVENTORIES Inventories constitute a material item in the consolidated balance sheet and amounted to KSEK 430 967 as of 31.12. 2020. The inventory mainly consists of accessory products for the home electronics industry and IT products. Changes in the IT industry, with its rapid product and technology development, could have an impact on the valuation of inventories, which is why we have assessed the inventory valuation as an area of particular importance in our audit. For further information on inventories, please refer to Note 2.13 and Note 24.	Our audit included the following audit measures, but was not limited to these: • Review of internal control in connection with the inventory process and analytical review. • Participation in a stock check. • Review of the valuation of inventories and examination of models for obsolescence assessment. • Review that the application of accounting principles is in accordance with the rules of IFRS, and that information in the annual report essentially fulfils the requirements of the Swedish Annual Accounts Act and IFRS.

AREAS OF PARTICULAR IMPORTANCE	HOW OUR AUDIT CONSIDERED THE AREA OF PARTICULAR IMPORTANCE
VALUATION OF GOODWILL AND INTANGIBLE ASSETS, AND SHARES IN GROUP COMPANIES Goodwill or other intangible assets with indefinite useful lives shall be subject to impairment on an annual basis. The corresponding impairment test is made by the Parent Company in relation to the value of shares in Group companies. These impairment tests require the management team's estimates and assessments to identify and determine the Group's cash-generating units, and estimate their future revenues, operating result, working capital, and investment needs, as well as discount rate. For further information on goodwill and intangible assets, and shares in Group companies, please refer to Note 2.9, Note 15, Note 16 and Note 21.	As part of our audit relating to the valuation of goodwill and intangible assets, and shares in Group companies, we have implemented a number of audit measures. Our audit included the following audit measures, but was not limited to these: • Review for assessing and ensuring that impairment tests are implemented in accordance with what is stipulated in the regulatory framework for IFRS. • Assessment of the reasonableness of future cash flows and adopted discount rate by receiving and evaluating the Group management's assumptions and forecasts, as well as previous years' assessments in relation to actual outcome. • Involvement of our own valuation specialists in relation to methodology and discount rates, as well as macroeconomic aspects. • Assessment of the Group's sensitivity analysis based on reasonably possible changes in the Group's assumptions, and that the required notes have been submitted. • Review that the application of accounting principles for the accounting of goodwill is in accordance with IFRS and the information provided in the annual report regarding the assumptions that have the most impact on the outcome of the impairment tests.

INFORMATION OTHER THAN THE ANNUAL REPORT AND THE CONSOLIDATED FINANCIAL STATEMENTS

This document also contains information other than the annual report and consolidated financial statements, and is found on pages 3-19. The Board of Directors and the CEO are responsible for this other information.

Our statement regarding the annual report and consolidated financial statements does not include this information, and we make no statement of assurance in regard to this other information. In conjunction with our audit of the annual report and consolidated financial statements, it is our responsibility to read the information identified above and consider whether the information is materially inconsistent with the annual report and consolidated financial statements. In this review, we also consider the knowledge we otherwise acquired during the audit and assess whether the information in general appears to contain material inaccuracies.

If, based on the work carried out regarding this information, we conclude that the other information contains a material inaccuracy, we are obliged to report this. We have nothing to report in that regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND CEO

The Board of Directors and the CEO are responsible for preparing the annual report and consolidated financial statements, and for providing a true and fair view in accordance with the Swedish Annual Accounts Act and, with regard the consolidated financial statements, in accordance with IFRS, as adopted by the EU. The Board of Directors and the CEO are also responsible for the internal control that they deem necessary in order to prepare an annual report and consolidated financial statements that do not contain any material inaccuracies, whether due to irregularities or errors. When preparing the annual report and consolidated financial statements, the Board of Directors and the CEO are responsible for assessing the Company's and the Group's ability to continue operations. They disclose, where applicable, conditions that may affect the ability to continue operations and to use the assumption of continued operations. However, the assumption of continued operation is not applied if the Board of Directors and the CEO intend to liquidate the Company, cease operations, or have no realistic alternative to doing any of these.

RESPONSIBILITIES OF THE AUDITOR

Our goals are to achieve a reasonable degree of assurance as to whether the annual report and consolidated financial statements as a whole do not contain any material inaccuracies, whether due to irregularities or errors, and to submit an audit report containing our statements. Reasonable assurance is a high degree of assurance, but is no guarantee that an audit performed in accordance with ISA and good auditing practice in Sweden will always detect a material inaccuracy if one exists. Inaccuracies may arise due to irregularities or errors, and are considered material if they individually or together can reasonably be expected to influence the financial decisions that users make on the basis of the annual report and the consolidated financial statements.

As part of an audit according to ISA, we use professional judgment and have a professionally skeptical approach throughout the audit. In addition we:

- Identify and assess the risks of material inaccuracies in the annual report and consolidated financial statements, whether due to irregularities or errors, design and perform audit procedures based on these risks, among other things, and obtain audit evidence that is sufficient and appropriate in order to form the basis of our statements. The risk of not detecting a material inaccuracy due to irregularities is higher than for a material inaccuracy due to errors, as irregularities may include collusion, forgery, intentional omission, incorrect information or breach of internal control.
- Gain an understanding of the part of the Company's internal control that is of importance to our audit in order to design audit measures that are appropriate in the circumstances, but not to comment on the effectiveness of the internal control.

- Evaluate the appropriateness of the accounting principles used, and the reasonableness of the Board of Directors' and the CEO's estimates in the accounts and related disclosures.
- Draw a conclusion about the appropriateness in the Board of Directors and the CEO using the assumption of continued operation in the preparation of the annual report and consolidated financial statements. We also draw a conclusion, based on the audited evidence obtained, as to whether there is any material uncertainty factor relating to such events or circumstances that may lead to significant doubts about the Company's and the Group's ability to continue operations. If we conclude that there is a material uncertainty factor, we must draw attention in the audit report to the information in the annual report and consolidated financial statements about the material uncertainty factor, or, if such information is insufficient, modify the statement on the annual report and consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may mean that a Company and a Group can no longer continue operations.
- Evaluate the overall presentation, structure and content of the annual report and consolidated financial statements, including the disclosures, and whether the annual report and consolidated financial statements reproduce the underlying transactions and events in a way that gives a true and fair view.
- Obtain sufficient and appropriate audit evidence with regard the financial information for the units or business activities within the Group in order to make a statement regarding the consolidated financial statements. We are responsible for the management, supervision and execution of the Group audit. We are solely responsible for our statements.

We must inform the board of, among other things, the planned scope and focus of the audit and the time for it. We must also inform about significant observations during the audit, including the significant deficiencies in internal control that we have identified. We must also provide the Board of Directors with a statement that we have complied with relevant professional ethics requirements in relation to independence, and address all relationships and other circumstances that may reasonably affect our independence, as well as, where applicable, associated countermeasures.

Of the areas that are communicated with the Board of Directors, we determine which of these areas have been the most significant for the audit of the annual report and the consolidated financial statements, including the most important assessed risks of material inaccuracies, and which therefore constitute the areas that are particularly important for the audit. We describe these areas in the audit report, unless laws or other regulations prevent disclosure of the matter, or when, in extremely rare cases, we assess that an issue shall not be communicated in the audit report as the negative consequences of doing so could reasonably be expected to be greater than the public interest of this communication.

Report on other requirements according to laws and other statutes

STATEMENTS

In addition to our audit of the annual report and consolidated financial statements, we also performed an audit of the Board of Directors' and the CEO's administration of DistIT AB (publ) for the financial year 2020, and of the proposed appropriations regarding the company's profits.

We recommend that the Annual General Meeting appropriate the profits according to the proposal in the administration report, and grant the members of the Board and the CEO discharge from liability for the financial year.

BASIS FOR THE STATEMENTS

We performed the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities according to these are described in more detail in the section Responsibilities of the auditor. We are independent in relation to the Parent Company and the Group, in accordance with good auditing practice in Sweden, and have otherwise fulfilled our professional ethical responsibility in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND CEO

The Board of Directors is responsible for the proposed appropriations regarding the company's profit or loss. When proposing a dividend, this includes an assessment of whether the dividend is justifiable with regard to the requirements that the Company's and the Group's business type, scope and risks place on the size of the Parent Company's and the Group's equity, consolidation needs, liquidity, and position in general. The Board of Directors is responsible for the Company's organisation, and management of the Company's affairs. This includes, among other things, continuously assessing the Company's and the Group's financial situation, and ensuring that the Company's organisation is designed so that the accounting, asset management and the Company's financial affairs in general are controlled in a satisfactory manner. The CEO shall handle the day-to-day administration in accordance with the Board of Directors' guidelines and instructions, and, among other things, take the measures necessary in order for the Company's accounting to be carried out in accordance with law, and for the asset management to be handled in a secure manner.

RESPONSIBILITIES OF THE AUDITOR

Our objective with regard the audit of the administration, and thereby our statement on discharge from liability, is to obtain audit evidence in order to be able to assess with a reasonable degree of assurance whether any board member or the CEO in any significant respect has:

- Undertaken any action or committed any negligence that may give rise to liability to the company,
- In any other way, acted in violation of the Swedish Companies Act, the Swedish Annual Accounts Act, or the Articles of Association.

Our objective with regard the revision of the proposal for dispositions of the company's profit or loss, and thereby our statement on this, is to assess with a reasonable degree of assurance whether the proposal is consistent with the Swedish Companies Act. Reasonable assurance is a high degree of assurance, but no guarantee that an audit performed in accordance with good auditing practice in Sweden will always detect actions or omissions that may give rise to liability for damages against the Company, or that a proposal for appropriation of the Company's profit or loss is inconsistent with the Swedish Companies Act.

As part of an audit in accordance with good auditing practice in Sweden, we use professional judgment and have a professionally skeptical approach throughout the audit. The review of the administration and the proposal for appropriation of the Company's profit or loss is mainly based on the audit of the accounts. Any additional audit measures that are performed are based on our professional assessment depending on risk and materiality. This means that we focus the review on such measures, areas and circumstances that are significant to the operations, and where deviations and violations would have special significance for the Company's situation. We examine and evaluate decisions made, the basis for decisions, measures taken, and other circumstances that are relevant to our statement of discharge. As a basis for our statement on the Board of Directors' proposal for appropriation regarding the Company's profit or loss, we have examined the Board's reasoned opinion, and a selection of the supporting documentation for this, in order to assess whether the proposal is consistent with the Swedish Companies Act.

Grant Thornton Sweden AB was appointed DistIT AB's (publ) auditor by the Annual General Meeting on 20 April 2020, and has been the Company's auditor since 4 May 2012.

Stockholm, 30 March 2021
Grant Thornton Sweden AB

Daniel Forsgren
Auktoriserad revisor

DISTIT'S STOCK AND OWNERS

PLACE OF LISTING

DistIT's share has been listed on NASDAQ OMX First North since 19 April 2011 and on the Nasdaq First North Premier Growth Market since 28 April 2015. For companies affiliated with First North Premier, a Certified Advisor is required who, among other things, shall exercise certain supervision. Erik Penser Bank AB is DistIT's Certified Advisor.

SHARE INFORMATION

Ticker	DIST
ISIN code	SE0003883800
No. of shares	12 281 961
Trade item	1 share
Voting rights	1 vote per share

SHARE FACTS

The closing price of the share during the year varied from SEK 26.7 (29.90) as the lowest and to SEK 47.5 (50.0) as the highest. The closing price of the share on the last trading day of the year on 30 December 2020 was SEK 47.4 (41.5), which meant an increase of 14.22% compared to the closing price of the share on the last trading day in 2019. DistIT's market value as of 31 December 2020 was MSEK 582.2 (509.7).

The number of shareholders in DistIT on 31 December 2020 was 6 254. Of these, 421 had more than 1 000 shares each. On average, 15 252 shares (23 295) were traded per trading day during 2020. DistIT's share capital on 31 December 2020 amounted to SEK 24 563 922 divided into 12 281 961 shares.

SHARE DATA	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Share data as of the record date	2020-03-31	2020-06-30	2020-09-30	2020-12-31
Share price (SEK)	30.0	34.6	42.0	47.4
Market value (MSEK)	368.5	425.0	515.8	582.2
Number of shares	12 281 961	12 281 961	12 281 961	12 281 961
Average number of trades per day during the quarter	44	28	35	58
Average trading volume per day during the quarter (shares/day)	18 181	17 620	10 013	14 761
Average revenue per day during the quarter (SEK/day)	695 329	554 348	389 819	605 643

SUBSCRIPTION WARRANTS

The 2020 Annual General Meeting approved an offer to senior executives of a maximum of 379 854 subscription warrants, with the accompanying right to subscribe for a maximum of 379 854 new shares in DistIT AB. The subscription warrant programme was fully subscribed and all participants, nine senior executives in DistIT, Aurora, Deltaco and Septon, took their full allocation. The subscription warrants have an exercise price of SEK 50 per share.

An Extraordinary General Meeting of DistIT AB (publ) decided on 21 February 2019 to issue up to a total of 300 000 subscription warrants. The right to subscribe for the warrants below shall, with deviation from the shareholders' preferential rights, only appertain to the CEO of the Company, Robert Rosenzweig. Subscription for shares can take place between 8 - 31 March 2022. More complete information on subscription warrants can be found on DistIT's website.

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

BOND LOANS

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 a 3-months' STIBOR (Stockholm Interbank Offered Rate) plus 5.0 per cent.
The bonds were registered for trading on Nasdaq Stockholm on 6 July 2018. As of 31 December 2020, DistIT AB owns a nominal MSEK 74.4 of its own bond loan.

BOND INFORMATION

Name	DIST 02
Name	DistIT AB (publ)
ISIN	SE0011166842
CCY	SEK
Coupon	5,000
End date	2022-05-16

DIVIDEND

The Board of Directors has proposed to the 2021 Annual General Meeting a dividend of SEK 2.00 to the shareholders. The Board finds that there is full coverage for the Company's restricted equity after the proposed dividend. The Board of Directors finds that the proposed dividend to shareholders is justifiable with regard to the parameters specified in chapter 17, section 3, second and third paragraphs of the Swedish Companies Act, regarding the nature, scope and risks of the business, as well as consolidation needs, liquidity and position in general. The Board estimates that the Company's and the Group's equity, after the proposed dividend, will be sufficiently large in relation to the nature, scope and risks of the business. In this context, the Board of Directors considers, among other things, the Company's and the Group's historical development, budgeted development, investment plans, and the economic situation.

The proposed dividend constitutes 7.0% of the Company's equity and 5.4% of the Group's total equity. The Company's and the Group's equity/assets ratio is good, taking into account the conditions prevailing in the industry. On these grounds, the Board of Directors believes that the Company and the Group are well placed to take on future business risks, and also to withstand any losses. Planned investments have been taken into account in determining the proposed dividend. In addition, the dividend will not negatively affect the Company's and the Group's ability to make further commercially motivated investments according to adopted plans. The proposed dividend will not affect the Company's and the Group's ability to meet its payment obligations in a timely manner.

The Board of Directors has considered other known circumstances that may be significant for the Company's and the Group's financial position, and which have not been taken into account within the framework of the above. In doing so, no circumstance has emerged which means that the proposed dividend does not appear to be justifiable. With regard to the Company's results and position in general, reference is made to the income statements and balance sheets with accompanying notes. The annual report and consolidated financial statements have been approved for issuance by the Board of Directors on 30 March 2021. The Parent Company's and the Group's income statements and balance sheets will be subject to approval at the Annual General Meeting on 29 April 2021.

AUTHORISATION

The 2019 Annual General Meeting authorised the Board of Directors to decide on a new issue of shares in conjunction with an agreement on company acquisitions. The authorisation comprised a maximum of 1 228 000 shares, corresponding to a maximum of 10% of the Company's existing share capital on the day of the Annual General Meeting. During the year, the Board of Directors did not use the authorisation of the General Meeting.

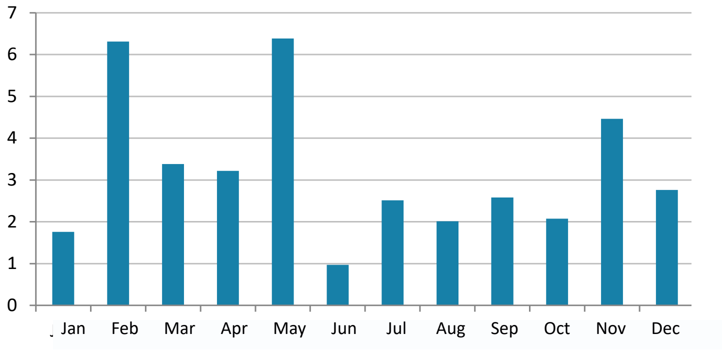
SHARE CAPITAL DEVELOPMENT

Year	Transaction	Quota value	Change in the no. of shares	Total no. of shares	Change in share capital	Total share capital, SEK
2011	Dividen from Intoi AB	2		11 053 961		22 107 922
2014	Exchange of convertible	2	1 228 000	12 281 961	2 456 000	24 563 922

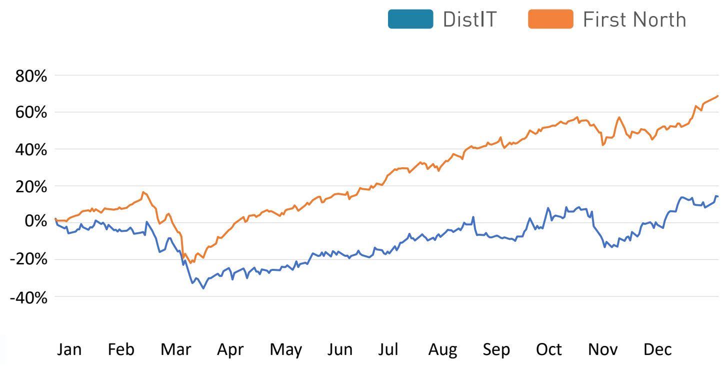
THE 10 LARGEST SHAREHOLDERS 2020-12-31

Name	No. of shares	Share of capital and votes (%)
ATHANASE INDUSTRIAL PARTNER	3 211 193	26.1%
RIBBSKOTTET AB	1 550 000	12.6%
INSURANCE COMPANY, AVANZA PENSION	1 023 996	8.3%
HUMLE KAPITALFÖRVALTNING AB	705 176	5.7%
THEODOR JEANSSON	501 254	4.1%
HAJSKÄRET INVEST AB	358 459	2.9%
TAMT AB	292 051	2.4%
MÅNS OLA FLODBERG	202 000	1.6%
JONAS MÅRTENSSON	200 092	1.6%
KRISTOFFER JEANSSON	200 000	1.6%
TOTAL 10 LARGEST OWNERS	**8 244 221**	**67.1%**
TOTAL OTHER OWNERS	**4 037 740**	**32.9%**

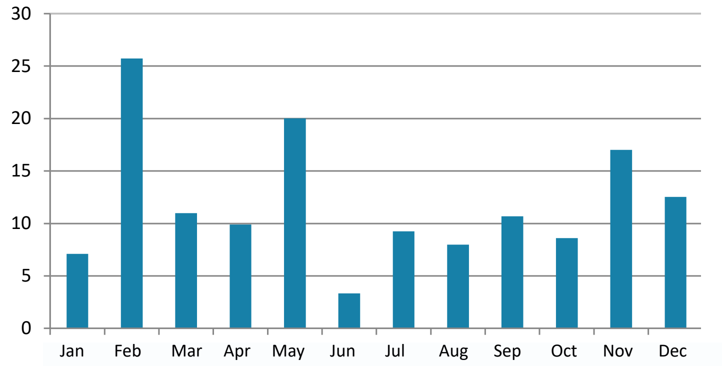
REVENUE (100 000)



DISTIT STOCK DEVELOPMENT (PER CENT) JAN-DEC 2020



REVENUE (MSEK)



SHARE DISTRIBUTION 31 DECEMBER 2020

HOLDING	SHAREHOLDERS	NO. OF SHARES
1-500	5 512	441 376
501-1000	321	255 429
1001-5000	305	700 383
5001-10000	41	296 729
10001-15000	23	293 522
15001-20000	8	141 719
20001-	44	10 152 803
TOTAL	6 254	12 281 961

BOARD OF DIRECTORS, SENIOR EXECUTIVES AND AUDITORS

BOARD OF DIRECTORS

STEFAN CHARETTE, CHAIR OF THE BOARD

Stefan Charette, born 1972, board member since 2016, is currently Chair of the Board of Athanase Industrial Partners Ltd. Stefan has previously been CEO of the listed companies Creades AB, Investment AB Öresund, and AB Custos, and CEO of the industrial company Brokk AB. Stefan has experience from fifteen stock exchange boards, five of which as Chair.

Other board assignments: Chair of the Board of Haldex AB and Catella Fondförvaltning AB, as well as board member of Actic Group AB, Alcadon Group AB, Zalaris AB and Zutec Ltd.

Shareholding in DistIT AB: 13 000 shares.

Represents Athanase Industrial Partners II AB, Athanase Industrial Partners Fund II and Athanase Industrial Partners II, which hold a total of 3 211 193 shares in DistIT AB.

JONAS MÅRTENSSON, BOARD MEMBER

Jonas Mårtensson, born 1963, board member since 2011, has been employed by Alted AB since 2006, where he is also a partner and board member. For 17 years, Jonas has worked for investment banks (SEB Enskilda, Maizels, Westerberg & Co., and Nordea) as an advisor in business transfers, as well as with raising capital and stock exchange listings.

Other board assignments: Chair of the Board of OPP Owner AB and Ownpower Projects Europe AB, as well as board member of Alcadon Group AB, Slitevind AB, dLaboratory Sweden AB, CLN Sverige AB , Alted AB, JNM Invest AB and DO Intressenter AB.

Shareholding in DistIT AB: 200 092 shares (own and via companies)

CHARLOTTE HANSSON, BOARD MEMBER

Charlotte Hansson, born 1962, board member since 2012, is the owner and CEO of Scandinavian Insight Consulting AB. Charlotte has more than 25 years of commercial experience from the transport and logistics industry, as well as Life Science, including as CEO of MTD Morgontidig Distribution in Sweden and Jetpak Sweden, and other leading commercial positions.

Other board assignments: Chair of the Board of Orio AB and Link Top Holding A/S, as well as board member of Bergman & Beving AB, Green Cargo AB, Probi AB, Stena Trade & Industry AB, Senergia Nordic AB and Scandinavian Insight Consulting AB.

Shareholding in DistIT AB: 23 900 shares (own, related parties and via companies)

ANDERS BLADH, BOARD MEMBER

Anders Bladh, born in 1958, board member since 2018, has been CEO of Intervalor AB since 1992, and has previous board experience from the financial industry, including Erik Penser Fonder, later Evli Fonder. Through Ribbskottet AB, Anders is the second largest shareholder in DistIT AB. Anders has previous extensive experience of mergers & acquisitons from Handelsbanken, and also as CEO of real estate companies in the Netherlands for over ten years.

Other board assignments: Board menber of Intervalor AB, Ribbskottet AB and Rimturs AB.

Shareholding in DistIT AB: 167 624 shares (related parties and via endowment insurance)

Represents Ribbskottet AB, which holds 1 550 000 shares in DistIT AB.

Prior to the 2021 Annual General Meeting, the Nomination Committee considered all board members to be independent in relation to the Company and the company management. Prior to the 2021 Annual General Meeting, the Nomination Committee considered two of the members to be dependent in relation to the Company's major owners. The Nomination Committee considered member Stefan Charette to be dependent in relation to one of the Company's major owners, Athanase Industrial Partner, and Anders Bladh to be dependent in relation to one of the Company's major owners, Ribbskottet AB.

MANAGEMENT

ROBERT ROSENZWEIG, PRESIDENT AND CEO

Robert has an education in international economics and languages, and more than 25 years of experience working internationally in companies such as Alfa Laval, Nobia and Swedish Match. He has extensive and solid international experience of distribution operations and growth, both organically and through acquisitions. Most recently, he came from the contract manufacturer Note, where he was COO for eight years.

Other board assignments: -

Shareholding in DistIT: 141 687 (own and related parties)

Number of options in DistIT AB: 370 077

PHILIP GUNNARSSON, CFO

Philip Gunnarsson, born 1987, has a master's degree in finance from Imperial College London, and a bachelor's degree in business administration and economics from Uppsala University, and has completed studies at Singapore Management University. Most recently, Philip came from an investor role at Athanase Industrial Partner, and before that extensive experience of M&A and corporate financing from Citigroup in London and Stockholm.

Other board assignments: -

Shareholding inDistIT AB: 32 969 (own and via companies)

Number of options in DistIT AB: 41 205

AUDITORS – Grant Thornton Sweden AB

Chartered Accountant Daniel Forsgren, at Grant Thornton Sweden AB, is the principal auditor for the Company until the 2021 Annual General Meeting.

OTHER INFORMATION

None of the previously mentioned board members and/or senior executives has been convicted in fraud-related cases during the past five years, been involved in bankruptcy, liquidation or bankruptcy administration in their capacity as board member or senior executive; been subjected to official accusations and/or sanctions from authorities, or been banned by a court from being a member of a company board or management group or otherwise engaging in business activities, during the past five years.

None of the previously mentioned board members and/or senior executives have any family relationships with each other. There are no conflicts of interest between the duties of the board members and/or senior executives to DistIT and their private interests and/or other duties in addition to what appears in the Company description. There have been no special agreements with major shareholders, customers and suppliers, according to which any of the above-mentioned board members and/or senior executives has been elected as a board member or other senior position. Furthermore, none of the board members, senior executives or auditors in the current, last or previous financial years had any direct or indirect participation in business transactions with the Company, which were unusual in nature with regard to the terms.

The office address of the board members, Robert Rosenzweig and Philip Gunnarsson is:

DistIT AB (publ)
Glasfibergatan 8
125 45 Älvsjö

DEFINITIONS	DESCRIPTION	PURPOSE
Operating cash flow	Cash flow from operating activities and investment activities.	The operating cash flow is a measure that shows whether a company can generate sufficient cash flow to maintain and expand its operations.
Gross margin	The gross result as a percentage of the net revenue for the period.	-
EBITDA margin	The operating result before depreciation as a percentage of the net revenue for the period.	EBITDA is a measure that is relevant for an investor who wants to understand profit generation before investing in fixed assets.
EBIT margin	The operating result after depreciation as a percentage of the net revenue for the period.	EBITDA is a measure that is relevant for an investor who wants to understand the profit generation after investments in fixed assets.
Net margin	Results for the period as a percentage of the net revenue.	-
Capital employed	Total assets less non-interest-bearing provisions and liabilities.	The key figure is used when calculating the return on capital employed.
Return on capital employed	The operating result after depreciation as a percentage of the average capital employed.	The key figure is useful for measuring efficiency and profitability. It shows the company's return on capital employed regardless of how the company is financed. This is because you include both equity and liabilities in the calculation.
Return on equity	Results for the period as a percentage of average equity.	The key figure is used to assess the company's ability to generate returns and generate profit.
Net debt	Liabilities to credit institutions, bond loans, and other interest-bearing liabilities, less cash and bank.	The key ratio is useful for the users of the financial report as a complement to assess the possibility of dividends, to make strategic investments, and to assess the Group's opportunities to live up to financial commitments.
Equity/asset ratio	Equity as a percentage of the balance sheet total at the end of the period.	The key ratio is used to assess the company's long-term ability to pay, as well as the financial stability and the risk in the company.
Debt/equity ratio	Net debt in relation to equity at the end of the period.	The key ratio is used to describe the company's financial risk.
Earnings per share	The net results for the period attributable to the Parent Company's shareholders divided by the average number of shares during the period.	The key ratio is used to assess the valuation of the share in relation to the profit.
Other comprehensive income	Translation differences for the period when translating foreign subsidiaries.	-
Interest coverage ratio	The operating result before depreciation through net financial items (12 months)	The key ratio is used as a measure of the company's ability to pay interest on its outstanding debts.

FINANCIAL MULTI-YEAR OVERVIEW 2016–2020

INCOME STATEMENT, MSEK	2020	2019	2018	2017	2016
Operating income/ Net revenue	2 358.2	2 330.9	2 272.1	1 780.6	1 542.3
Results					
Operating result before depreciation (EBITDA)	113.9	71.4	83.4	71.2	64.9
Operating result after depreciation (EBIT)	87.4	16.1	72.2	59.1	52.6
Result after financial items	68.9	4.0	55.9	53.7	47.2
Result for the period - continuing operations	58.0	-3.2	43.9	43	43
Result for the period - distrubuted operations	0.0	0.0	0.0	41.3	429.7
Margin measures					
Gross margin %	22.0	21.9	21.7	22.9	23.6
EBITDA margin %	4.8	3.1	3.7	4.0	4.2
EBIT margin %	3.7	0.7	3.2	3.3	3.4
Net margin %	2.5	1.8	1.9	2.3	27.9
BALANCE SHEET, MSEK					
Goodwill	89.5	89.8	88.0	77.2	36.3
Other intangible fixed assets	18.8	24.4	47.1	49.4	57.1
Tangible fixed assets	37.5	47.6	48.8	47.9	46.5
Financial fixed assets	1.9	1.9	1.8	1.5	31.4
Deferred tax assets	4.4	8.3	8.6	7.1	6.2
Total fixed assets	**152.1**	**172.0**	**194.3**	**183.1**	**177.5**
Liquid assets	53.7	10.6	42.9	76.9	95.4
Other current assets	947.0	893.9	973.0	849.4	737.2
Total current assets	**1 000.7**	**904.5**	**1 015.9**	**926.3**	**832.6**
TOTAL ASSETS	**1 152.8**	**1 076.5**	**1 210.2**	**1 109.4**	**1010.1**
Total equity	**442.2**	**395.4**	**365.0**	**338.3**	**339.7**
Non-controlling interests	**12.6**	**12.1**	**9.8**	**16.3**	**8.4**
Interest-bearing long-term liabilities	183.0	211.5	230.4	90.5	89.9
Provisions	6.9	6.3	8.5	7.3	4.0
Total long-term liabilities	**189.9**	**217.8**	**238.9**	**97.8**	**93.9**
Interest-bearing current liabilities	15.1	35.1	45.8	214.3	162.4
Other current liabilities	493.0	416.1	550.7	442.7	405.7
Total current liabilities	**508.1**	**451.2**	**596.5**	**657.0**	**568.1**
TOTAL LIABILITIES AND EQUITY	**1 152.8**	**1 076.5**	**1 210.2**	**1 109.4**	**1 010.1**
CASH FLOW, MSEK					
Cash flow from operating activities	90.6	9.8	70.2	11.5	-30.3
Net investments	-17.5	-2.4	-4.1	-1.6	-11.4
Operating cash flow	73,1	-12,2	66.1	9.9	-41.7
KEY RATIOS					
Personnel					
Average number of employees	251	266	249	242	212
Number of employees at the end of the period	259	259	263	252	223
Return figures, rolling four quarters					
Return on capital employed%	13.4	2.5	11.1	9.4	9.7
Return on equity%	13.1	-0.8	12.0	11.8	50.6
Financial measures					
Net interest-bearing liabilities	-144.4	-236.0	-233.3	-227.9	-126.9
Equity/assets ratio %	39.5	37.9	31.0	32.0	34.5
Debt/equity ratio (times)	0.3	0.6	0.6	0.6	0.5

ANNUAL GENERAL MEETING

DistIT AB (publ), org.nr. 556116-4384, (the "Company") has convened the Annual General Meeting on Thursday, 29 April 2021 at 16.00 at Konferens Spårvagnshallarna, Birger Jarlsgatan 57 A, Stockholm. Registration starts at 15.45.

Due to the corona pandemic, no refreshments will be served and shareholders are encouraged to exercise their voting rights to the greatest extent possible through postal voting instead of physically attending the meeting.

NOTICE

Notice has been given by advertising in 'Post- och Inrikes Tidningar' and via the Company's website **www.distit.se**. Notice and the documents made available before the Annual General Meeting are sent free of charge to the shareholders who request it and state their postal address.
Such a request can be made via telephone +46 8 518 169 42, via e-mail **bolagsstamma@distit.se,** or by letter to the address: DistIT AB (publ), "Annual General Meeting", F.A.O. Philip Gunnarsson, Glasfibergatan 8, 125 45 Älvsjö.

Right to participate and registration
Shareholders who wish to participate in the meeting shall
- **firstly,** be entered in the share register kept by Euroclear Sweden AB by Wednesday, 21 April 2021,
- **and** register their intention to participate at the Annual General Meeting no later than Friday, 23 April 2021, at the address DistIT AB (publ), "Annual General Meeting", F.A.O. Philip Gunnarsson, Glasfibergatan 8, 125 45 Älvsjö ,or by phone 08-518 169 42 or fax +46 8 555 762 19 or via e-mail to **bolagsstamma@distit.se.**

When registering, the name, address, telephone number, person or corporate ID number, shareholding and, where applicable, information on proxies and/or deputies shall be specified. If the shareholder intends to bring an assistant to the meeting, the number and name of the assistant(s) shall be notified to the Company, as above.

Shareholders who have nominee registered their shares through a bank's notary department, or other nominee, must temporarily register the shares with Euroclear Sweden AB in their own name by Wednesday 21 April 2021. Shareholders should request re-registration of the shares from the nominee in good time before this date. Registration of voting rights that has been requested by shareholders at such a time that the registration has been made by the nominee no later than Friday, 23 April 2021 will, however, be taken into account in the preparation of the share register.

Shareholders who are represented by a proxy shall issue a written, dated power of attorney for the proxy, which on the day of the meeting may not be older than five years. If the power of attorney has been issued by a legal entity, a certified copy of the registration certificate or equivalent authorisation document, showing the authorised signatory, shall be attached. The original power of attorney and any registration certificate should be sent by letter to the Company at the given address in good time before the meeting.

Registration and power of attorney forms can be downloaded from the Company's website.

Postal voting
Shareholders may exercise their voting rights at the meeting by voting in advance, so-called postal voting, according to the Swedish act (2020:198) on temporary exemptions to facilitate implementation of corporate and association meetings. Information and instructions on how postal voting takes place can be found on the Company's website **www.distit.se**.

Processing of personal data
Personal information regarding shareholders retrieved from the share register, registration to the meeting, and information on proxies and assistants, will be used for registration, preparation of the voting list for the meeting and, where applicable, minutes of the meeting. Personal data is processed in accordance with the Data Protection Regulation (Regulation (EU) 2016/679 of the European Parliament and of the Council). For further information about the Company's processing of personal data and your rights, see the Company's website, **www.distit.se** under the heading "http://distit.se/sv/om-distit/hantering-av-personuppgifter/" (which can be found in the section "Om DistIT" and under heading "Hantering av personuppgifter"). *[in Swedish]*

DIVIDEND AND RECORD DATE

The Board of Directors proposes to the Annual General Meeting an ordinary dividend of SEK 2 per share for the financial year 2020. The Board proposes Monday, 3 May 2021, as the record date for the right to receive dividends. If the Annual General Meeting approves the proposal, dividends are expected to be paid through Euroclear Sweden AB on Friday, 7 May 2021.

DATES FOR UPCOMING REPORT

INTERIM REPORT JANUARY – MARCH 2021
29 April 2021, 08:00

INTERIM REPORT JANUARY – JUNE 2021
18 August 2021, 08:00

INTERMI REPORT JANUARY– SEPTEMBER 2021
22 October 2021, 08:00

ENGLISH VERSION
This English version of the annual report is provided as a service, and is therefore superseded by the original publication in Swedish in the event of any discrepancies.

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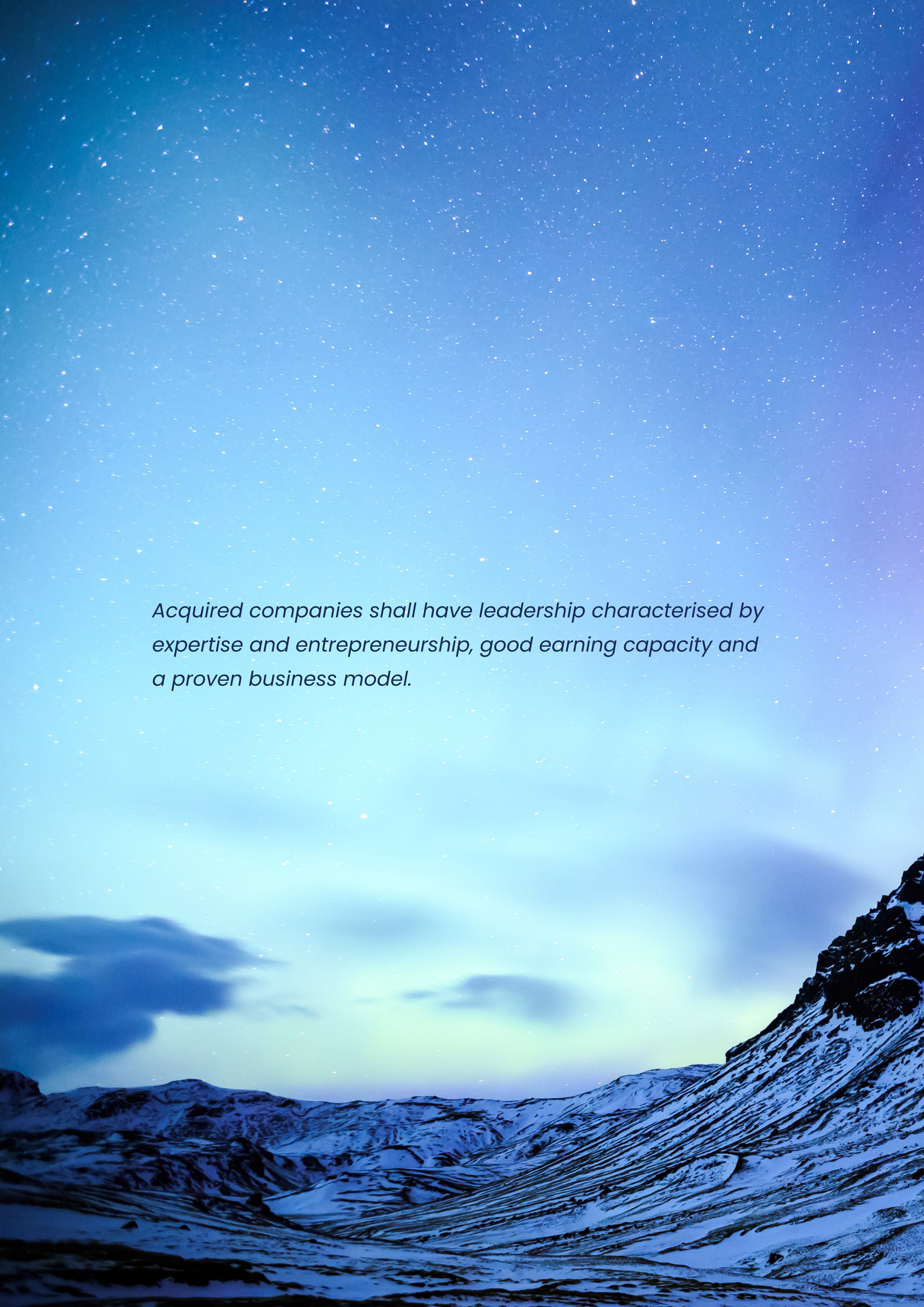

Acquired companies shall have leadership characterised by expertise and entrepreneurship, good earning capacity and a proven business model.

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