

June 13, 2025

ASBISC ENTERPRISES PLC

(WSE: ASB)

Founded in 1990, Cyprus-based ASBISc Enterprises PLC is a leading value-added distributor, developer, and provider of information technology (IT) and internet of things (IoT) products, solutions, and services to markets in Europe and the Middle East and Africa (EMEA). It has local operations in the Commonwealth of Independent States (CIS, former countries of the Soviet Union), Central and Eastern Europe, the Baltic Republics, the Middle East, and North and South Africa.

COMPANY HIGHLIGHTS

- * **Diversified Geographic Footprint:** ASBISc operates in 34 countries and sells to customers in approximately 60 countries. In our view, this has helped the company to navigate disruptions that began in early 2022 with the onset of the Russia/Ukraine war. ASBISc decisively shifted to expand sales in unaffected regions and later exited from Russia entirely. Amid more recent challenges from new legislation and illicit product trading in leading market Kazakhstan and other Central Asia countries and geopolitical escalations in the Middle East, ASBISc has further diversified its footprint by increasing sales in Central Europe, Africa, and other markets.
- * **Diverse Product Mix:** We also see ASBISc's business benefiting from its ability to shift its product mix based on global trends. It has introduced new, higher-margin products and IT solutions and finalized new distribution agreements with leading global suppliers and manufacturers across multiple product categories. Smart phones have been a primary revenue driver in recent years, notably through the sale of Apple products. However, amid pricing pressure among key suppliers and illicit product sales in key regions, ASBISc has successfully pivoted to include more sales of servers and server blocks. Over the longer term, we expect a continued focus on reselling premium brands like Apple and on its Breezy unit, which resells electronic products, to support an attractive organic growth outlook.

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PRICE CHART



KEY STATISTICS

Key Stock Statistics

Recent price (6/12/25), (PLN)	22.18
Fair Value Estimate (PLN)	42.00
52 week high/low (PLN)	27.88/16.35
Shares outstanding (M)	55.5
Market cap (M, PLN)	1231.0
Dividend (\$)	0.50
Yield	8.3%

Sector Overview

Sector	Information Technology
Sector % of S&P 500	31.6%

Financials (\$M, as of 3/31/25)

Cash & Mkt Securities	97.7
Debt	281.6
Working Capital	243.2
Current Ratio	1.3
Total Debt/Equity (%)	91.1%
Payout ratio (TTM)	58.1%
Revenue, TTM	3031.7
Net Income, TTM	47.8
Net Margin, TTM	1.6%

Risk

Beta	0.43
Inst. ownership	8%

Valuation

P/E forward EPS	6.0
Price/Sales (TTM)	0.1
Price/Book (TTM)	1.1

Top Holders

Fundacja Zbigniewa Juroszka Fundacja Rodzinna
Powszechnie Towarzystwo Emerytalne PZU SA
Nationale-Nederlanden Powszechnie Towarzystwo

Management

CEO	Mr. Siarhei Kostevitch
Deputy CEO	Mr. Constantinos Tziamalios
CFO	Mr. Marios Christou
Company website	https://www.asbis.com

COMPANY SPONSORED REPORT. SEE LAST PAGE FOR DISCLOSURES.

- * **Investing in High-Growth, Private-Label Innovative Products:** Over the past few years, ASBISc has reshaped its product development pipeline to focus on innovative, private-label products, including home appliances, gaming products and accessories, industrial robotic solutions, and, most recently, green energy solutions. We see much of the investment phase for these initiatives being completed, which should foster scalable and revenue-generating growth opportunities moving forward.
- * **Healthy Balance Sheet:** As of March 31, 2025, ASBISc had \$97.7 million in cash and equivalents on its balance sheet, compared with \$155 million at the end of 2024, which we attribute to seasonality, as 1Q typically uses cash and results improve across the year. Despite a challenging year, ASBISc generated positive operational cash flow of \$26.7 million for the full year in 2024, though this was down from \$45.4 million in 2023. Still, we view ASBISc as sufficiently capitalized to support a dividend program that has returned a record \$0.50 per share to investors from profits in 2023 and 2024. The dividend currently yields 8.3%.
- * **Fair Value:** ASBISc's valuation gap to global technology distributor peers had narrowed somewhat over the past few years but widened across 2024 and into 2025. Still, we think its strong fundamentals, shareholder returns, and attractive growth prospects remain underappreciated by investors. Based on our forward P/E analysis, we arrive at a fair value estimate of 42 Polish zloty (PLN) per share, well above the current share price above 22 PLN.

COMPANY/INDUSTRY BACKGROUND

Founded in 1990, Cyprus-based ASBISc Enterprises specializes in the distribution of computer hardware and software, mobile solutions, and other IT products and digital equipment. ASBISc currently sells products to customers in approximately 60 countries, including those purchased from leading global technology manufacturers such as Apple Inc., Intel Corp., Advanced Micro Devices Inc., Micron Technology Inc., Samsung Electronics Co., Microsoft Corp., Dell Technologies Inc., Logitech International SA, and Lenovo Group Ltd.

As of May 2025, ASBISc had 31 warehouses and subsidiaries in 34 countries. In 2023, the company opened new subsidiaries in multiple, new high-growth markets, including Armenia, Azerbaijan, Georgia, Moldova, Morocco, and South Africa. We see these new local operating entities improving the company's business-to-business (B2B) sales efforts. ASBISc is also an official distributor of Apple products in 11 countries of the former Soviet Union, excluding Russia and Belarus.

By the end of 2024, the company's footprint included distribution among 16,000 resellers, IoT solutions to more than 19,000 enterprises, consumer distribution across 7,400 points of sale, and a retail presence with more than 40 internally operated locations of brands, including Apple and premium audio brand Bang & Olufsen.

The company also generates revenue from the sale of legacy private-label products, including Prestigio (tablets, external storage, GPS devices, car DVRs, multiboards, etc.) and Canyon (power banks, networking products, and other peripheral devices), with several new brands recently launched.

ASBISc's centralized distribution platform promotes greater efficiency, lower transportation costs, and higher margins. Its two main distribution centers in Prague and Dubai receive products from vendors and then distribute these products in individual countries. In 2022, the company opened regional centers in Tbilisi, Georgia, and Johannesburg, South Africa.

In late 2023, the company expanded existing warehouse capacity and commenced the construction of a new distribution center in Kazakhstan, which it expects will be up and running sometime in 2025. In total, we foresee warehouse space of around 80,000 square meters at that time, up 30% from previous levels. We think this infrastructure is pivotal to helping ASBISc's distribution mix to mitigate disruptions.

In recent years, ASBISc's top four markets have been Kazakhstan (16% in 2024, down from 23% in 2022/23), Ukraine (12% in 2024, 12-13% in 2022/23), United Arab Emirates (11% in 2024, up from 10% and 9% in 2023 and 2022, respectively), and Slovakia (9% in all periods). Prior to 2022, Russia was ASBISc's largest market, but that country's subsidiary was divested and closed in 2023.

Regionally, in 2024, CIS countries accounted for approximately 42% of revenue, down from 51% in 2023 and well below the 58% in 2020, as the company has diversified its geographic sales footprint. Its next largest operating regions all saw higher contributions to 2024 revenues over 2023: Central and Eastern Europe rose to 29% from 26%, Middle East and Africa expanded to 16% from 14%, and Western Europe increased to 11% from 8%.

ASBISc's product portfolio consists of over 110,000 products. In recent years, a majority of the company's sales have come from three product categories: smartphones (41.9% in 2024, rising steadily from 29% in 2021), central processing units (10.5% in 2024, 10.1% in 2023, 9.25% in 2022, and 14.4% in 2021), and laptops (7.3% in 2024, having declined each year since around 10% in 2021).

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PEER COMPARISON

Company	Ticker	Recent Price (\$)	52-Week High (\$)	52-Week Low (\$)	Mkt. Cap (\$MIL)	1-yr Price Change (%)	1-yr Rev Growth (%)	1 YR EPS Growth (%)	P/E Ratio	Beta	Yield (%)
ASBISC ENTERPRISES PLC	WSE: ASB	22.18*	27.88*	16.35*	1231*	-13	NM	2	6.1	0.43	8.3
ARROW ELECTRONICS INC	NYSE: ARW	123.49	137.80	86.5	6406	-7	NM	NM	16.9	1.09	NA
AVNET INC	NASDAQ: AVT	51.53	59.24	39.22	4321	-4	NM	NM	9.5	1.04	2.6
INSIGHT ENTERPRISES INC	NASDAQ: NSIT	134.22	228.07	126.10	4285	-32	NM	NM	20.5	1.20	NA

* Stock Statistics in PLN

We view positively ASBISc's participation in higher-growth categories and operating market geographies, as well as its ability to shift its product mix based on global trends. In 1Q25, smartphones accounted for 30.9% of revenues, down from 44.75% in the same period in 2024 due to the impact of illicit product markets in Kazakhstan and the Ukraine war. In response, ASBISc decisively shifted to other product categories including servers (16.6% of 1Q25 revenues, up from 5.4% in 1Q24) and laptops (8.3%, up from 6.5%) in order to maintain revenue growth, albeit at the expense of gross margins, which we expect to be somewhat transient.

For the long term, we see the smartphone category being boosted by ASBISc's status as an authorized distributor of Apple products in 11 countries and as an operator of 33 iSpace stores in high-growth markets. In January 2025, ASBISc reopened a showroom in Azerbaijan with Apple's Premium Partner status, marking the second location to secure this distinction, joining a location in Kazakhstan. In 4Q23, ASBISc signed a distribution agreement with Apple that authorized the company to become a distributor in South Africa.

In 2021, ASBISc launched its Breezy subsidiary to support electronics retailers and telecom operators that seek to implement a sustainable approach to electronics. The unit purchases used electronic devices that have retained value, in exchange for discounts on new purchases through its partner network. It then resells these products in secondary markets. The company has a physical presence in eight countries across Central Asia and the Caucasus and has been expanding its presence in EMEA since 2024. Breezy works with over 45 local and global partners, including nationally recognized electronics retailers and telecom operators such as Apple, Samsung, Vodafone Group PLC, and Kcell and retail chains Rozetka.ua, Sulpak, Mechta, and Technodom and across more than 4,000 retail locations. In the first quarter of 2025, Breezy launched operations in South Africa, marking its first market operating under a franchise format.

Breezy employs an omnichannel approach, utilizing e-commerce with brick-and-mortar Breezy Experience Centers. In December 2024, Breezy unveiled a cutting-edge facility in Raszyn, Poland, that uses artificial intelligence (AI) and robotic solutions to efficiently grade and upgrade pre-owned smartphones. Its production line can grade up to 1 million devices and refurbish up to 320,000 smartphones per year, doubling its 2023 refurbishing count of approximately 160,000 phones, while reducing carbon dioxide equivalent emissions. We note that Breezy is already being recognized for its sustainability, as it aims to ensure that electronic devices get extended life cycles, thus delaying their being discarded in landfills.

INVESTMENT THESIS

In our view, ASBISc is well positioned for long-term growth, supported by its expanding geographic footprint and entry into high-growth countries. We expect ASBISc to benefit from the strong relationships it has developed with key IT vendors over more than 30 years and to continue to source high-demand products thanks to its robust distribution network. In our view, this established history is important, as many technology leaders have recently undertaken cost-cutting measures by limiting their own distribution networks and adjusting pricing structures, and we see ASBISc's preferred status helping to mitigate some of these challenges.

Amid recent challenges from new legislation and illicit product trading in leading market Kazakhstan and other Central Asia countries and geopolitical escalations in the Middle East, which contributed to a modest revenue decline in 2024, ASBISc has further diversified its footprint by increasing sales in Central Europe, Africa, and other markets. In 1Q25, CIS states declined as a percentage of its revenues (30.3% in 1Q25, down from 46.25% in the same period in 2024), while Central and Eastern Europe rose by nearly 400 basis points to 30.1% of revenues, Middle East and Africa rose by more than 800 basis points to 25.5%, and Western Europe expanded by nearly 300 basis points to 12.3%. We think this underscores ASBISc's diversification strategy for long-term growth and are encouraged by its return to net revenue growth and accelerating trends, despite the macroeconomic environment.

In our view, ASBISc is well positioned to increase its gross margin profile over the long term, despite a near-term reset to the growth trend of the previous few years. In addition, we believe that ASBISc has made great strides to expand its gross margin profile by investing in value-added-distributor capabilities. The company is focused on expanding its product portfolio to support customers that are upgrading their digitization and remote capabilities.

In 2022, gross margin peaked at an all-time high of 8.5%, which was up from 7.1% in 2021 and 5.8% in 2020, benefiting from a favorable geographic sales mix, product shortages in the market, expansion of the smartphone category, an increase in online transactions, and an optimized supply chain. However, gross margins have pulled back to around 8% over the past few years, amid industry supply dynamics affecting product prices among its major suppliers and the impact of the Kazakhstan market and Ukraine war, as mentioned earlier. Although the 1Q25 gross margin was 7.0%, ASBISc expects this to represent a nadir, and we anticipate gross margins to firm across the year.

Longer term, we see the company's strategy shifting to focus on the development and commercialization of new internally developed private label brands, complementing its legacy Prestigio and Canyon brands and driving enhanced margins over the long term.

In 2021, ASBISc launched a new brand called AENO in the small household appliances segment, contributing to a low-power-consuming "smart home" concept. Among its initial products are eco-friendly smart heaters, robotic vacuum cleaners, and, most recently, its flagship CRIS GastroLab smart body scales, which have expanded into new markets. We see these products as positioned for solid commercial uptake, given the company's strong existing distribution channels and vendor relationships. At the end of 2024, AENO's global footprint included 27 countries and prominent retailers. In Q125, AENO expanded into the beauty category, with a line of hair stylers and dryers.

In 2021, the company launched gaming brand Lorgar, featuring a new line of gaming accessories, including mice, keyboards, chairs, microphones, web cameras, headsets, and other peripherals, which are marketed as a comprehensive gaming product suite. In 3Q24, Lorgar completed a brand refresh and doubled the number of product lines in the brand to capitalize on favorable long-term gaming industry growth trends globally. The line now features over 30 new products across nine different categories, and ASBISc expects the resumption of growth in 2025, after clearing old stock.

ASBISc continues to expand its legacy brands as well, including Canyon and Prestigio. To date in 2025, both brands have seen new partnerships to enter new markets as well as the launch of new products. We view positively ASBISc's recent announcement that Prestigio achieved a 28% increase in revenue and a 15% increase in gross profit in 1Q25, compared to the same period in 2024.

In late 2022, ASBISc launched a robotic solution now called AROS Engineering. In our view, the robotics market is poised for expansion beyond its current portfolio of brands and represents a compelling opportunity for further sales and market expansion over the coming years. AROS is targeting commercial applications, including robotic beverage kiosks and modular custom robotic palletizing products that support warehouse production lines, as well as AI-driven factory applications, as Breezy is using it to inspect pre-owned smartphones.

We view positively ASBISc's decisive action to shift toward optimizing its robotics strategy by focusing on scalable commercial applications with potential to contribute to its profitability and sustainable growth. While its initial focus included more customized R&D solutions, which carried higher ongoing capital and personnel requirements, we think the commercial focus is prudent and note that these primary applications are largely completed in terms of development costs. Thus, we see the rollout of robotics-based products reducing SG&A costs as a percentage of revenues moving forward.

ASBISc has also made approximately 15 corporate venture investments in various high-growth markets, including medical devices, regenerative medicine, and clean energy. Most recently, in July 2024, ASBISc launched a Green Energy Solutions segment and expanded its product portfolio to include products such as photovoltaic modules, photovoltaic inverters, and battery energy storage systems and electric vehicle (EV) chargers. The initial market for these products is Hungary, which has one of the highest levels of installation of solar energy products in Central Europe.

In December 2021, ASBISc invested 1 million euros to take a 20% stake in privately held EMBIO Diagnostics Ltd., which develops and commercializes medical devices for professional (B2B) and individual (B2C) settings. EMBIO recently entered commercialization for its CE mark-issued, innovative, biosensor-based breakthrough device B.EL.D. for rapid diagnostics in the fields of food safety, air quality testing, and environmental research. In 2022, the company invested 800,000 euros for a 16% stake in Cyprus-based Promed Bioscience Ltd., which is developing advanced collagen biomaterials for research and clinical applications. The funds are expected to be used to expand production capacity, and ASBISc has cited a strong commercial backlog emerging for the products.

We also view positively ASBISc's recognition as a socially responsible company, with its inclusion in the WIG-ESG index, which includes Warsaw Stock Exchange-listed (WSE-listed) companies cited as being socially responsible, specifically in regard to environmental, social, economic, and corporate governance issues. Since 2020, ASBISc has been selected among a small group of WSE-listed companies with the highest ratings and cited as a "Climate Aware Company" in the exchange's annual Companies Climate Awareness Survey. It advanced seven positions among the top 13 WSE-listed companies in 2024.

RECENT DEVELOPMENTS

ASBISc shares trade on the WSE under the ticker "ASB." In 2024, the shares declined by approximately 35%, compared with a 6% decline for the WIG 20. Year-to-date in 2025, the shares have risen by 20%, compared with a 26% increase for the WIG 20.

In May 2025, ASBISc reported financial results for the first quarter of 2025, highlighted by revenue growth of 3.3% to \$736.4 million, which represents a record for a first quarter. However, gross margin was 7.0%, down from 8.3% in the prior-year period due to a less favorable product mix pressure on pricing from suppliers, and challenges in Kazakhstan and Ukraine, as discussed earlier. Net profit was \$7.3 million, as compared to \$14 million in 1Q24.

In May 2025, ASBISc declared a final dividend payment from 2024 profits of \$0.30 per share to be paid in June 2025. The total dividend for 2024 of \$0.50 per share equals the highest dividend in the company's history.

In May 2025, ASBISc announced preliminary revenues of \$255 million (33% growth, year over year) for April 2025, representing the best April in the company's history. The company noted particularly strong results from Breezy and leading markets including Slovakia, the United Arab Emirates, Ukraine, and Kazakhstan.

In April 2025, ASBISc disclosed revenues of \$276 million (9% year-over-year growth) in March 2025, the best March for sales in the company's history.

In March 2025, ASBISc announced a strategic distribution agreement with iLera, a leader in the premium protection segment for Apple devices. Under this partnership, ASBISc will distribute a range of innovative iLera accessories across 31 countries.

In December 2024, ASBISc Robotic Solutions opened a 24/7 ROBO CAFÉ in the United Arab Emirates' Dubai Festival City, IKEA's outdoor seasonal restaurant. The solution offers end-users barista-quality coffee, with greater efficiency, scalability, and return on investment than manually staffed solutions.

In late 2024, ASBISc's Breezy subsidiary launched a unique, robotic production line in Poland using AI to classify and modernize used smartphones, which will allow for the classification of up to 1 million devices and the modernization of 320,000 smartphones per year.

In October 2024, ASBISc announced that it had doubled the number of product lines of its own gaming brand Lorgar and entered the rapidly developing segment of racing games.

During 3Q24, ASBISc finalized a distribution partnership with China-based manufacturer Blackview through which ASBISc will distribute Blackview products including tablets, keyboards, smart watches, smartphones, and TWS Bluetooth headsets across 60 countries, spanning the CIS, Eastern Europe, and Adriatic region, as well as the Middle East and Africa.

In 3Q24, ASBISc signed a distribution agreement with small kitchen appliance maker Buydeem, which has a leading market position in several categories in Asian markets, spanning 31 countries across Western Europe, Central and Eastern Europe, Asia, and South Africa.

In July 2024, ASBISc launched a Green Energy Solutions segment, which will add green energy products, including photovoltaic modules, photovoltaic inverters and battery energy storage

systems and EV chargers, to its product portfolio. Its initial focus will be in Hungary, which has one of the highest levels of solar energy product installations in Central and Eastern Europe.

In June 2024, ASBISc entered into a distribution agreement with Jabra, a global leader in the audio and video communication industry.

In the second quarter of 2024, ASBISc signed a distribution agreement with and became a partner of Pure Storage for the Greek market. Pure Storage is an IT pioneer providing the most advanced technology and data storage services in the world.

EARNINGS & GROWTH ANALYSIS

In 2024, ASBISc's revenues declined by 1.7% to \$3.0 billion. We forecast revenue of \$3.3 billion in 2025 and \$3.5 billion in 2026, representing growth of 10% and 6%, respectively. While 1Q25 revenues, particularly in January, were impacted by ongoing challenges in Kazakhstan and Ukraine, we are encouraged by the company's actions taken that enabled the delivery of record revenues for each successive month through April 2025.

We see ASBISc benefiting from shifting its geographic mix, as the United Arab Emirates ascended to its top market, given the gray market in Kazakhstan. We also see South Africa emerging as a key market, as ASBISc has entered into distribution agreements with Apple and launched Breezy operations there as well in early 2025.

While we expect smartphones to continue to drive revenue growth, we view positively ASBISc's ability to adjust its product mix to meet changes in global demand trends. This was evident in 1Q25, as servers and server blocks took on a larger role in the portfolio amid higher demand for AI-optimized servers, data centers, and clouds, as smartphone sales declined, particularly in Kazakhstan. Over the longer-term, we expect the product portfolio to include new, private-label brands, including robotic solutions, supporting an attractive long-term growth profile.

Over time, we expect gross margins to surpass the 2022 high watermark of 8.5% and closer to a peer group average near 9% but see near-term margins reflecting the impact of a less favorable product mix, as increased sales of items such as server-related products carry lower margins compared with smartphones; lower prices from its main supplier; and the operational challenges in Kazakhstan and Ukraine. We see investments in new growth initiatives waning and nearing scalable revenue generation phases. We expect that the gross profit margin will improve in the next quarters of 2025.

Thus, we project gross margins of 7.4% in 2025 and 7.8% in 2026. We see SG&A expenses as a percentage of sales declining from the 4.8% in 2024 (but higher than 2023's 4.5%) to around 4.5% of revenues in 2025 and 2026. We view positively ASBISc's disclosure of having started optimization processes for its divisions that have underperformed expectations, which we expect to continue throughout 2025.

We forecast earnings per share of \$1.00 in 2025 and \$1.37 in 2026, which would represent 2% and 37% growth, respectively, with the latter period benefiting from normalizing gross margins.

FINANCIAL STRENGTH & DIVIDEND

Our financial strength rating for ASBISc is High. As of March 31, 2025, the company had \$97.7 million in cash and equivalents on

its balance sheet, compared with \$155 million at the end of 2024, which reflects the seasonality of a weaker 1Q on the business. After adjusting for bank overdrafts, these results were \$27.6 million, compared with \$105.4 million at the end of 2024. We note that ASBISc achieved positive operating cash flow for the full year of 2024, at \$26.7 million, though this was down from \$45.4 million in 2023.

As of March 31, 2025, ASBISc had positive working capital of \$243.2 million and a current ratio of 1.3, which has been largely stable since 2015. However, we note that it is below the peer average of 1.6. At year-end 2024, the total debt/capitalization ratio was 50.2%, well below its recent peak above 60% at the end of 2020 but above the peer average around 36%.

We view the company's liquidity position as strong and underappreciated by investors, as more than 90% of its debt relates to short-term borrowing to help finance the expansion of inventory and product distribution. With liquidity supported by positive operating cash flow generation and access to borrowed capital, we believe that ASBISc is well capitalized for the foreseeable future.

Prior to 2022, ASBISc's cash conversion metrics were positive compared with its peer group, underscoring the efficiency of its selling infrastructure and strong relationships with suppliers. In 2022, however, ASBISc increased its inventory, which raised the average cash conversion cycle to 55.8 days, compared with 33-34 days over the prior three years. In 2024, this figure was 53.4 days, which is in line with its global peer group. Average days sales outstanding were 45.2 days in 2024, up from 40.2 days for 2023 but well below the peer average of 69 days.

Average days of sales outstanding were 61.5 in 2024, up from 60.3 days in 2023, which is below the peer average of 74 days. We view this metric as important given that tech products can quickly become obsolete as new products reach the market. Last, average days payable outstanding were 53.3 days, up from 49.6 in 2023. While up, this figure remains well below the peer average of 69 days.

In 2024, net cash generated from operations totaled \$26.7 million, down from net cash generated of \$45.4 million in 2023. Net cash used by investing activities was \$18.1 million in 2024, compared with net cash used of \$11.7 million in 2023. Net cash used by financing activities was \$11.5 million in 2024, compared with net cash used of \$17.7 million in 2023.

In addition to investing in growth initiatives, ASBISc has focused on shareholder returns, which we view as a significant positive. Over the past few years, the company has distributed around 50% of net profits as dividends. In 2023, it declared a total dividend of \$0.50 per share (approximately \$27.8 million), which was matched in 2024, despite ongoing operational challenges. The dividend currently yields 8.3%.

In recent years, the company's weighted average cost of debt has been elevated due to variable borrowing costs in various operating markets. In 2023, this cost exceeded 11%. We view positively ASBISc's engagements with its lenders that have limited financing costs. As such, the company's weighted average cost of debt decreased to 9.9% in 2024 and declined further to 8.5% in 1Q25.

MANAGEMENT

Siarhei Kostevitch is the founder, president, and CEO of ASBISc. Mr. Kostevitch received a master's degree in radio engineering design at the Radio Engineering University of Minsk in 1987. Between 1987 and 1992, he worked at the Research Centre at the Radio Engineering University. Mr. Kostevitch, through KS Holdings Ltd., holds approximately 37% of the company's shares and voting power.

The company's board has eight directors. The board has three independent directors, two of whom chair the company's audit and compensation committees.

RISKS

Risks for ASBISc include increased competition from both established companies and new entrants, including non-official "gray market" products that can impact ASBISc's pricing power; the potential for economic and political developments that are currently impacting business conditions in major markets such as Kazakhstan and Ukraine and, thus, possibly limiting the ability to expand to new countries; the potential for unfavorable changes to its product selections and quality, inventory, prices, customer services, and credit availability; and changes in foreign exchange rates and fluctuations in the weighted average cost of debt.

ASBISc's reporting currency is the U.S. dollar, which typically accounts for around 90% of its trade payables and half of its operating expenses (the other half being in euros/others). As such, a stronger U.S. dollar in recent years has pressured both revenues and gross profits. We see potential for customer concentration risk in this industry but view ASBISc positively in this regard as well, given its expanding network and diversification strategies.

VALUATION

In our view, ASBISc's current valuation remains compelling based on multiple metrics and does not fairly reflect the company's strong underlying fundamentals, near-term uncertainties notwithstanding.

Its recent market capitalization around \$330 million (1.22 billion PLN) implies an enterprise value multiple below 0.2-times our 2025 revenue estimate of \$3.3 billion. That is below an average multiple of 0.4 for a group of global electronics distribution peers. The stock also trades at a trailing-12-month enterprise value/EBITDA around 6-times, below the peer average over 10-times. Last, ASBISc is trading at a forward P/E around 6-times our 2025 EPS estimate of \$1.00, well below the peer group's recent average above 17-times. We note that these metrics have remained below peer averages, despite periods of narrowing in recent years.

We think that recent initiatives (including reselling Apple products and focusing on marketing innovative, private-label products) are likely to leverage ASBISc's robust infrastructure network across Europe and should enhance the company's reputation among investors over time.

Further, we view the company's overall liquidity position as strong, as most of its debt relates to short-term borrowing to help finance inventory purchases and product distribution. We believe that as its inventory is sold through and reduced, and as ASBISc weathers higher borrowing costs over the near term, its results will benefit from its strong revenue growth and supply-chain efficiency, thus improving cash flow. Last, we see the solid dividend, recently yielding 8.3%, as underappreciated.

Given the ongoing difficult geopolitical climate across the company's European footprint, some challenges in navigating industry supply dynamics, and our view of reliance on establishing a presence for its newer products, we believe that ASBISc warrants a discount to the industry average, albeit a narrower one. Applying a multiple of 11-times to our 2025 EPS estimate of \$1.00 (3.82 PLN, using a 90-day average PLN-to-USD exchange rate of 3.8:1, noting that the US dollar has declined by more than 10% year-to-date), we arrive at what we view as a fair value estimate for ASB of 42 PLN per share, well above the current price above 22 PLN.

Steve Silver,
Argus Research Analyst

INCOME STATEMENT

Growth Analysis (\$MIL)	2021	2022	2023	2024	Q1 2025	Q2 2025E	Q3 2025E	Q4 2025E	2025E	Q1 2026E	Q2 2026E	Q3 2026E	Q4 2026E	2026E
Revenue	3078.0	2690.0	3061.2	3008.5	736.4	742.8	801.3	1019.6	3300.1	782.8	783.7	851.0	1082.8	3500.3
Gross Profit	218.5	227.8	252.3	240.2					244.0					274.5
SG&A	104.8	116.8	139.8	145.9					148.4					155.8
R&D	NA	NA	NA	NA					NA					NA
Operating Income	113.7	111.00	112.5	94.3					95.6					118.7
Interest Expense	-17.0	-22.2	-32.2	-31.2					-30.0					-28.0
Pretax Income	94.3	91.1	65.0	65.0					67.5					92.7
Tax Rate (%)	18	17	18	17					18					18
Net Income	77.1	75.9	53.0	54.4					55.7					76.0
Diluted Shares	55.5	55.3	55.5	55.5					55.5					55.5
EPS	1.39	1.37	0.96	0.98	0.13	0.20	0.24	0.43	1.00	0.29	0.27	0.31	0.50	1.37
Dividend	0.30	0.45	0.50	0.50					0.50					0.50
Growth Rates (%)														
Revenue	30	-13	14	-2					10					6
Operating Income	101	NM	1	NM					1					24
Net Income	111	NM	NM	1					2					36
EPS	111	NM	NM	0					2					37
Valuation Analysis														
Price (PLN): High	28.2	25.96	32.50	30.16					NA					NA
Price (PLN): Low	6.10	8.60	20.78	16.35					NA					NA
PE: High	NA	NA	NA	NA					NA					NA
PE: Low	NA	NA	NA	NA					NA					NA
PS: High	NA	NA	NA	NA					NA					NA
PS: Low	NA	NA	NA	NA					NA					NA
Yield: High	NA	NA	NA	NA					NA					NA
Yield: Low	NA	NA	NA	NA					NA					NA
Financial & Risk Analysis (\$MIL)														
Cash	184.6	134.6	143.6	155.0					NA					NA
Working Capital	147.5	194.7	253.5	237.4					NA					NA
Current Ratio	1.2	1.2	1.3	1.3					NA					NA
LTDebt/Equity (%)	2.7	3.8	5.2	8.8					NA					NA
Total Debt/Equity (%)	112	95.2	90.1	95.0					NA					NA
Ratio Analysis														
Gross Profit Margin	7.1%	8.5%	8.2%	8.0%					7.4%					7.8%
Operating Margin	3.7%	4.1%	3.7%	3.1%					2.9%					3.4%
Net Margin	2.5%	2.8%	1.7%	1.8%					1.7%					2.2%
Return on Assets (%)	8.3	9.7	6.8	5.3					NA					NA
Return on Equity (%)	47.4	48.5	20.2	18.7					NA					NA
Op Inc/Int Exp	6.7	5.0	3.5	3.0					3.2					4.2
Div Payout	36%	37%	52%	51%					NA					NA

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