ASBISc Enterprises Plc

ANNUAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

Limassol, March 29th, 2023

Dear Shareholders, partners, and colleagues,

On behalf of the Board of Directors of ASBIS Group, I am pleased to present to you our Consolidated Annual Report for the year 2022.

Undoubtedly the year 2022 was one of the most challenging years in the Company's history, which was mostly caused by the invasion of Russia in Ukraine. The war in Ukraine has changed the functioning of many companies, including ASBIS.

Following the invasion of Russia in Ukraine, our priority was to provide all our colleagues and their families in Ukraine with a safer work environment. Thanks to our teams in the neighboring countries like Poland, Slovakia, Kazakhstan, Moldova but also in Cyprus we were able to provide it.

Back in March 2022, we had to suspend our operations in Ukraine and significantly limit our activities in Russia and Belarus due to imposed sanctions on these two countries. Thanks to the broad geographic coverage, strong market position, contingency plan, experience gained from previous crises and a very flexible approach, we quickly adapted to the new reality. We were able to immediately secure or move supplies from the markets affected by the war to safe locations and during the whole year compensate, to a large extent, lost revenues from conflict-free markets and in particular: Kazakhstan, Armenia, Azerbaijan, Uzbekistan and Georgia but also through the restoration of business in Ukraine.

We have strongly invested in Central Asia and Caucasus region as well as in Adriatic and Balkans regions. Due to plans for further expansion, we doubled the area of the master distribution center in Prague (Czech) to 10,000 m2 and opened two regional distribution centers in Georgia and South Africa. The new distribution center in Tbilisi is a distribution base for the Caucasus region while the distribution center in South Africa will serve South Africa and the neighboring countries of the region but also countries such as Nigeria, Ghana and Ivory Coast.

Along with the above, we have been constantly improving our portfolio of products and services. Therefore, we have made a strategic move and launched a new business division related to robotics – ASBIS Robotic Solutions (AROS) based on two major segments – the distribution of collaborative robots (cobots) from leading global brands in the sector as well as own robotic platforms under own brand namely "Cron Robotics". This is a very promising sector, which is estimated by analysts to be worth several hundred billion dollars in a few years. As regards our own brands, the Company still keep pushing all of its own brands (Aeno, Canyon, Lorgar, Perenio, Prestigio and Prestigio Solutions) to generate higher levels of revenues and gross profit margins.

In 2022, we have also continued to diversify our activities by investing in the regenerative medicine segment of the biotechnology industry which is seen as a multi-billion global market. We have invested in two Cyprus-based, startups RSL Revolutionary Labs Ltd., which is developing novel, molecularly engineered medical grade biomaterial products for the treatment and regeneration of the skin for cancer patients and Promed Bioscience Ltd, which is developing advanced collagen biomaterials for research and clinical applications.

It is worth mentioning that in 2022 the Company focused not only on delivering strong results but also on being socially responsible. Since the beginning of the war, ASBIS has stood next to the Ukrainian people and assigned more than USD 3 million to help them. We have launched a special humanitarian fund called "Ukraine Help Fund". Within the fund we delivered 20 fully equipped ambulances, more than 27,000 medical and first aid kits, technological products such as generators and power banks, and many other essentials including blankets, sleeping bags and other food items.

Moreover, in 2022, ASBIS retained its position among a select group of WSE-listed companies with the highest ratings and cited as a "Climate Aware Company," in the fourth edition of the Companies Climate Awareness Survey.

Looking at the results, in 2022 ASBIS generated revenues of USD 2,7 billion (down only 12.60% compared to 2021). Gross profit margin much improved and reached 8.47% in 2022. Profit from operations (EBIT) reached USD 111 million (down 2.4% compared to 2021). It is therefore worth emphasizing that despite the decline in revenues, net profit after taxation remained extremely high, was close to the record level of the respective figure in 2021 and amounted to USD 75.9 million, as compared to USD 77.1 million in 2021.

In 2022, we have continued our dividend policy and paid our investors a final and interim dividend from the Company's profits, which is in line with our strategy to reward our long-standing investors. This has also been supported by a very strong cash flow of the Company. We want to continue our hefty dividend policy always in combination with sufficient cash to support growth.

All in all, I am extremely satisfied with the financial and non-financial achievements in 2022. This has been the most challenging year, taking into account the war in Ukraine, the unstable geopolitical environment and high inflation. This is a huge success and I am very proud of the whole ASBIS team. This proves that ASBIS is one nation and will not allow any of its members suffer and will stand next to them.

On behalf of the Board of Directors of ASBIS Group, I would like to thank our shareholders for their trust, our clients for our successful cooperation, as well as all of our employees without whom such a successful year could not have been achieved. I am convinced that such a strong Company with such an experienced management board could overcome any crisis, our commitment to the company warrants success through focus.

Siarhei Kostevitch

Chairman & CEO

Directors' report on the Group operations

For the fiscal year ended 31 December 2022

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ASBISc Enterprises Plc is one of the leading distributors of Information Technology ("IT") products in Europe, Middle East and Africa ("EMEA") Emerging Markets: Central and Eastern Europe, the Baltic States, the Former Soviet Union, the Middle East and Africa, combining a broad geographical reach with a wide range of products distributed on a "one-stop-shop" basis. Our main focus is on the following countries: Kazakhstan, Ukraine, Middle East countries (i.e., United Arab Emirates, Qatar and other Gulf states), Slovakia, Poland, Czech Republic, Caucasus region (Armenia, Azerbaijan, Georgia), Romania, Croatia, Slovenia, Bulgaria, Serbia, Hungary, and Latvia.

The Group distributes IT components (to assemblers, system integrators, local brands and retail) as well as A-branded finished products like desktop PCs, laptops, servers, and networking to SMB and retail. Our IT product portfolio encompasses a wide range of IT components, blocks and peripherals, and mobile IT systems. We currently purchase most of our products from leading international manufacturers, including Apple, Intel, Advanced Micro Devices ("AMD"), Seagate, Western Digital, Samsung, Microsoft, Toshiba, Dell, Acer, Lenovo and Hitachi. In addition, a part of our revenues is comprised of sales of IT products under our private labels: Prestigio, Prestigio Solutions, Canyon, Perenio, Aeno, Lorgar and Cron Robotics.

ASBISc commenced business in 1990 in Belarus and in 1995 we incorporated our holding Company in Cyprus and moved our headquarters to Limassol. Our Cypriot headquarters support, through two master distribution centers (located in the Czech Republic and the United Arab Emirates), our network of 31 warehouses located in 28 countries. This network supplies products to the Group's in-country operations and directly to its customers in approximately 60 countries.

The Company's registered and principal administrative office is 1, Iapetou Street, 4101, Agios Athanasios, Limassol, Cyprus.

We have prepared this annual report as required by Paragraph 60 section 1 point 3 of the Regulation of the Ministry of Finance dated 29 March 2018 on current and periodic information to be published by issuers of securities and rules of recognition of information required by the law of non-member country as equivalent.
In this annual report, all references to the Company apply to ASBISc Enterprises Plc and all references to the Group apply to ASBISc Enterprises Plc and its consolidated subsidiaries. Expressions such as "we", "us", "our" and similar apply generally to the Group (including its particular subsidiaries, depending on the country discussed) unless from the context it is clear that they apply to the stand-alone Company. "Shares" refers to our existing ordinary shares traded on the Warsaw Stock Exchange.

Forward-Looking Statements

This annual report contains forward-looking statements relating to our business, financial condition and results of operations. You can find many of these statements by looking for words such as "may", "will", "expect", "anticipate", "believe", "estimate" and similar words used in this annual report. By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties. Accordingly, actual results may differ materially from those expressed or implied by the forward-looking statements. We caution you not to place undue reliance on such statements, which speak only as of the date of this annual report.

The cautionary statements set out above should be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue. We do not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this annual report.

Industry and Market Data

In this annual report, we set out information relating to our business and the market in which we operate and compete.

The information regarding our market, market share, market position, growth rates and other industry data relating to our business and the market in which we operate consists of data and reports compiled by various third-party sources, discussions with our customers and our own internal estimates. We have obtained market and industry data relating to our business from providers of industry data, including:

- Gartner and GfK - leading research companies on IT,
- IDC – a dedicated organization on publishing data for IT industry, and
- Other independent research conducted on our sector

We believe that these industry publications, surveys and forecasts are reliable, but we have not independently verified them and cannot guarantee their accuracy or completeness. The data of independent surveyors might not have taken into consideration recent developments in the markets we operate and therefore in certain instances might have become outdated and not represent the real market trends.

In addition, in many cases, we have made statements in this annual report regarding our industry and our position in the industry based on our experience and our own investigation of market conditions. We cannot assure you that any of these assumptions are accurate or correctly reflect our position in the industry, and none of our internal surveys or information has been verified by any independent sources.

Financial and Operating Data

This annual report contains financial statements and financial information relating to the Group. In particular, this annual report contains our audited consolidated financial statements for the twelve months ended 31 December 2022. The financial statements appended to this annual report are presented in U.S. dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The functional currency of the Company is U.S. dollars. Accordingly, transactions in currencies other than our functional currency are translated into U.S. dollars at the exchange rates prevailing on the applicable transaction dates.

Certain arithmetical data contained in this annual report, including financial and operating information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables contained in this annual report may not conform exactly to the total figure given for that column or row.

All numbers are presented in thousands, except share, per share and exchange rate data, unless otherwise stated.

PART I

ITEM 1. KEY INFORMATION

Currency Presentation and Exchange Rate Information

Unless otherwise indicated, all references in this annual report to "U.S. $" or "U.S. dollars" are to the lawful currency of the United States; all references to "€" or the "Euro" are to the lawful currency of the member states of the European Union that adopt the single currency in accordance with the EC Treaty, which means the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992) and as amended by the Treaty of Amsterdam (signed in Amsterdam on 2 October 1997) and includes, for this purpose, Council Regulations (EC) No. 1103/97 and all references to

"PLN" or "Polish Zloty" are to the lawful currency of the Republic of Poland. All references to U.S. dollars, Euro, Polish Zloty and other currencies are in thousands, except share and per share data, unless otherwise stated.

The following tables set out, for the periods indicated, certain information regarding the average of the 11:00 a.m. buying/selling rates of the dealer banks as published by the National Bank of Poland, or NBP, for the zloty, the "effective NBP exchange rate", expressed in Polish Zloty per dollar and Polish Zloty per Euro. The exchange rates set out below may differ from the actual exchange rates used in the preparation of our consolidated financial statements and other financial information appearing in this annual report. Our inclusion of the exchange rates is not meant to suggest that the U.S. dollars amounts actually represent such polish Zloty or Euro amounts or that such amounts could have been converted into Polish Zloty or Euros at any particular rate, if at all.

	Year ended December 31,				
Year (Polish Zloty to U.S. dollar)	**2018**	**2019**	**2020**	**2021**	**2022**
Exchange rate at end of period	3.76	3.80	3.76	4.06	4.40
Average exchange rate during period[(1)]	3.62	3.84	3.90	3.88	4.47
Highest exchange rate during period	3.83	4.02	4.27	4.12	4.95
Lowest exchange rate during period	3.32	3.72	3.63	3.67	4.11

The average exchange rate as certified for customs purposes by NBP on the last business day of each month during the applicable period

Month (Polish Zloty to U.S. dollar)	**Highest exchange rate during the month**	**Lowest exchange rate during the month**
January 2022	4.11	3.95
February 2022	4.20	3.92
March 2022	4.57	4.17
April 2022	4.46	4.20
May 2022	4.49	4.26
June 2022	4.49	4.27
July 2022	4.83	4.50
August 2022	4.80	4.52
September 2022	5.04	4.62
October 2022	5.02	4.72
November 2022	4.83	4.48
December 2022	4.49	4.37

The following table shows for the dates and periods indicated the period-end, average, high and low Euro to U.S. dollar exchange rate as calculated based on the rates reported by the National Bank of Poland.

Year ended December 31 (Euro to U.S. dollar)	**2018**	**2019**	**2020**	**2021**	**2022**
Exchange rate at end of period	0.8743	0.8918	0.8144	0.8827	0.9386
Average exchange rate during period[(1)]	0.8487	0.8935	0.8729	0.8467	0.9530
Highest exchange rate during period	0.8702	0.9149	0.9207	0.8874	1.0148
Lowest exchange rate during period	0.8008	0.8782	0.8575	0.8205	0.8739

The average NBP exchange rate, euro per U.S. $, on the last business day of each month during the applicable period

Month (Euro to U.S. dollar)	Highest exchange rate during the month	Lowest exchange rate during the month
January 2022	0.8949	0.8731
February 2022	0.8946	0.8739
March 2022	0.9209	0.8964
April 2022	0.9477	0.9068
May 2022	0.9533	0.9313
June 2022	0.9530	0.9314
July 2022	0.9976	0.9581
August 2022	1.0054	0.9671
September 2022	1.0346	0.9818
October 2022	1.0314	1.0027
November 2022	1.0243	0.9602
December 2022	0.9557	0.9419

Selected Financial Data

The following table set forth our selected historical financial data for the years ended December 31 2022, and 2021 and should be read in conjunction with Item 3. *"Operating and Financial Review and Prospects"* and the consolidated financial statements (including the notes thereto) included elsewhere in the annual report. We have derived the financial data presented in accordance with IFRS from the audited consolidated financial statements.
For your convenience, certain U.S. $ amounts as of and for the year ended 31 December 2022, have been converted into Euro and PLN as follows:

- Individual items of the balance sheet – based at average exchange rates quoted by the National Bank of Poland 31 December 2022, that is 1 US$ = 4.4018 PLN and 1 EUR = 4.6899 PLN.

- Individual items in the income statement and cash flow statement – based at exchange rates representing the arithmetic averages of the exchange rates quoted by the National Bank of Poland for the last day of each month in a period between 1 January to 31 December 2022, that is 1 US$ = 4.4679 PLN and 1 EUR = 4.6883 PLN.

	Period from 1 January to 31 December			
	2022			2021
	USD	PLN	EUR	USD
Revenue	**2,690,039**	**12,018,713**	**2,563,564**	**3,077,976**
Cost of sales	(2,462,208)	(11,000,797)	(2,346,444)	(2,859,448)
Gross profit	**227,831**	**1,017,917**	**217,119**	**218,528**
Gross profit margin	*8.47%*			*7.10%*
Selling expenses	(69,217)	(309,252)	(65,963)	(62,286)
Administrative expenses	(47,620)	(212,759)	(45,381)	(42,493)
Profit from operations	**110,994**	**495,905**	**105,775**	**113,749**
Financial expenses	(25,694)	(114,797)	(24,486)	(24,313)
Financial income	4,960	22,160	4,727	4,626
Other gains and losses	948	4,236	903	180
Share of loss of equity-accounted investees	(162)	(724)	(154)	0
Profit before taxation	**91,046**	**406,781**	**86,765**	**94,242**
Taxation	(15,176)	(67,804)	(14,462)	(17,175)
Profit after taxation	**75,870**	**338,976**	**72,303**	**77,067**
Attributable to:				
Non-controlling interests	3	13	3	44
Owners of the Company	**75,867**	**338,963**	**72,300**	**77,023**

	USD	PLN	EUR	USD
EBITDA calculation				
Profit before tax	91,046	406,781	86,765	94,242
Add back:				
Financial expenses/net	20,734	92,637	19,759	19,687
Other income	(948)	(4,236)	(903)	(180)
Share of loss of equity-accounted investees	162	724	154	0
Depreciation	4,554	20,347	4,340	3,910
Amortization	1,203	5,375	1,146	1,164
EBITDA for the period	**116,751**	**521,627**	**111,262**	**118,823**

	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)
Earnings per share				
Weighted average basic and diluted earnings per share from continuing operations	137.10	612.54	130.65	138.86

	2022			2021
	USD	PLN	EUR	USD
Net cash (outflows)/inflows from operating activities	(56,048)	(250,415)	(53,413)	41,367
Net cash outflows from investing activities	(11,075)	(49,482)	(10,554)	(15,029)
Net cash inflows from financing activities	8,555	38,227	8,154	10,899
Net (decrease)/increase in cash and cash equivalents	(58,568)	(261,669)	(55,813)	37,237
Cash at the beginning of the year	**150,920**	**674,285**	**143,823**	**113,683**
Cash at the end of the year	**92,352**	**412,616**	**88,010**	**150,920**

	As of 31 December, 2022			As of 31 December, 2021
	USD	PLN	EUR	USD
Current assets	1,003,920	4,419,055	942,249	874,760
Non-current assets	59,606	262,374	55,944	48,427
Total assets	**1,063,526**	**4,681,429**	**998,194**	**923,187**
Liabilities	819,346	3,606,597	769,014	733,723
Equity	244,180	1,074,832	229,180	189,464

Definitions and use of Alternative Performance Measures:

Gross profit
Gross profit is the residual profit made after deducting the cost of sales from revenue.

Gross profit margin
Gross profit margin is calculated as the gross profit divided by revenue, presented as a percentage.

EBITDA

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) is calculated as the Profit before Tax, Net financial expenses, Other income, Share of profit/loss of equity-accounted investees, Depreciation, Amortization, Goodwill impairment and Negative goodwill, all of which are directly identifiable in financial statements.

The use of the above Alternative Performance Measures ("APM") is made for the purpose of providing a more detailed analysis of the financial results

Risk Factors

This section describes significant risks and uncertainties affecting our business. The risks and uncertainties described below are not the only ones we face. There may be additional risks and uncertainties not presently known to us or that we currently deem immaterial. Any of these risks could adversely affect our business, financial condition, our results of operations and our liquidity.

Risk factors relating to our business and industry

The war between Russia and Ukraine and sanctions imposed on Russia and Belarus

The war between Russia and Ukraine (which were, before the war, the two major markets for ASBIS) constituted a major disruption in demand in both countries, the whole region and the globe. The war has created the most unfavorable business environment in both countries. Despite the large geographical presence of the Group, it is not possible to totally weather the impact of a full-scale war between these two countries. The Company considers the situation as critical, and it is extremely difficult to judge how this will evolve.

We have a mutual understanding with all our vendors and service providers that our partnerships will continue but we cannot warrant that the business can be retained due to the sanctions imposed on Russia. These sanctions are significant and limit the ability of the Group to sell specific products; this is expected to continue to adversely impact our revenues. The Group being fully compliant to the directions given by the EU and its suppliers, has undertaken all necessary actions to prevent sales of sanctioned products to sanctioned entities and/or individuals.

Spreading of the Covid-19 Virus in the markets we operate

The COVID-19 pandemic has had and continues to have a significant impact around the world. The COVID-19 pandemic has at times caused significant volatility and disruption in global financial markets. The shutdown of the economies is no longer an option, however, the zero-COVID policy in China and Chinese Covid lockdowns have disrupted the supply chain and made consumers much concerned about the overall situation.

Having seen the development of the pandemic, the Company managed all related issues that have arisen and is expecting that soon this will be declared as finished.

The in-country financial conditions affecting our major markets, gross profit, and gross profit margin

Throughout the years of operation, the Company has from time to time suffered from specific in-country problems, emanating from the deterioration of specific countries' financial situation, due to a number of issues including but not limited to political instability. We need to monitor any developments, react fast and weather every risk showing up in a specific market to secure our results.

The Company needs to keep in mind that different in-country problems might arise at any time and affect our operations. Even though we have improved our procedures, we cannot be certain that all risks are mitigated.

Fluctuation in the value of currencies in which operations are conducted and activities are financed relative to the U.S. dollar could adversely affect our business, operating results, and financial condition.

The Company's reporting currency is the U.S. dollar. In 2022 a good portion of our revenues was denominated in U.S. dollars, while the balance is denominated in Euro, Ruble, UAH, KZT and other currencies, certain of which are linked to the Euro. Our trade payable balances are principally (about 85%) denominated in U.S. dollars. In addition, approximately half of our operating expenses are denominated in U.S. dollars and the other half in Euro or other currencies, certain of which are linked to the Euro.

As a result, reported results are affected by movements in exchange rates, particularly in the exchange rate of the U.S. dollar against the Euro and other currencies of the countries in which we operate, including the Russian Ruble, the Ukrainian Hryvnia, the Czech Koruna, the Polish Zloty, the Croatian Kuna, the Kazakhstani Tenge and the Hungarian Forint.

In particular, a strengthening of the U.S. dollar against the Euro and other currencies of the countries in which we operate may result in a decrease in revenues and gross profit, as reported in U.S. dollars, and foreign exchange loss relating to trade receivables and payables, which would have a negative impact on our operating and net profit despite a positive impact on our operating expenses.

On the other hand, a devaluation of the U.S. dollar against the Euro and other currencies of the countries in which we operate may have a positive impact on our revenues and gross profit, as reported in U.S. dollars, which would have a positive impact on operating and net profit despite a negative impact on our operating expenses. In addition, foreign exchange fluctuation between the U.S. dollar and the Euro or other currencies of the countries in which we operate may result in translation gains or losses affecting foreign exchange reserve. Furthermore, a major devaluation or depreciation of any such currencies may result in a disruption in the international currency markets and may limit the ability to transfer or to convert such currencies into U.S. dollars and other currencies.

Despite all efforts of the Company, there can be no assurance that fluctuations in the exchange rates of the Euro and/or other currencies of the countries in which we operate against the U.S. dollar will not have a material adverse effect on our business, financial condition and results of operations. Especially at extreme cases, like the acts of war, we have suffered due to the governmentally driven exchange rates and the ability of the Company to undertake hedging has been significantly affected. Therefore, careful observation of the currency environment remains a crucial factor for our success.

Worldwide financial environment

The overall financial environment and the economic landscape of each country we operate in, always play a significant role in our performance. The revised strategy and adaptation to the new environment, i.e., by rebuilding our product portfolio, has paid off in terms of profitability and sales in the last three years.

However, there are many uncertainties about the world economy following the war in Ukraine, the volatility of currencies and the fragility of demand in many markets. Additionally, from time to time, unpredictable situations may happen in selected markets.

We believe that the Company is much more flexible and better prepared to weather any obstacles that may arise due to the worldwide financial environment, however we can see that a full-scale war between these two countries brings unprecedented consequences.

In addition to the above, recently it has been noticed that multiple raw materials and finished product prices have risen dramatically, and this might significantly impact demand generation. This must be closely monitored, and the Company is alerted to manage any market anomalies.

Credit risk faced by us due to our obligations under supply contracts and the risk of delinquency of customer accounts receivable could have a material adverse effect on our business, operating results, and financial position.

The Company buys components and finished products from its suppliers on its own account and resells them to its customers. The Company extends credit to some of its customers at terms ranging from 7 to 90 days or, in a few cases, to 120 days.

The Company's payment obligations towards its suppliers under such agreements are separate and distinct from its customers' obligations to pay for their purchases, except in limited cases where the Company's arrangements with its suppliers require the Company to resell to certain resellers or distributors. Thus, the Company is liable to pay its suppliers regardless of whether its customers pay for their respective purchases.

As the Company's profit margin is relatively low, in the event where the Company is not able to recover payments from its customers, it is exposed to financial liquidity risk. The Company has in place credit insurance which covers such an eventuality for the majority of its revenues.

Despite all efforts to secure our revenues, certain countries remained non-insured (Ukraine), therefore it is very important for us to ensure that we find other sources of securities which help us minimize credit risk. The Board of Directors decided to enhance the Company's risk management procedures.

These do not guarantee that all issues will be avoided, however, they have granted the Company with confidence that is in a position to weather any possible major credit issue that may arise.

Competition and price pressure in the industry in which we operate on a global scale may lead to a decline in market share, which could have a material adverse effect on our business, operating results, and financial condition.

The IT distribution industry is a highly competitive market, particularly with regards to products selection and quality, inventory, price, customer services and credit availability and hence is open to margin pressure from competitors and new entrants.

The Company competes at the international level with a wide variety of distributors of varying sizes, covering different product categories and geographic markets. In particular, in each of the markets in which the Company operates it faces competition from:

1. International IT and CE distributors with presence in all major markets we operate
2. Regional IT and CE distributors who cover mostly a region but are quite strong
3. Local distributors who focus mostly on a single market but are very strong
4. International IT and mobile phone brokers, who sell opportunistically in any region and/or country

Competition and price pressures from market competitors and new market entrants may lead to significant reductions in the Company's sales prices.

Such pressures may also lead to a loss of market share in certain of the Group's markets. Price pressures can have a material adverse effect on the Company's profit margins and its overall profitability, especially in view of the fact that its gross profit margins, like those of most of its competitors, are low and sensitive to sales price fluctuations.

The IT distribution and mobile devices business have low-profit margins, which means that operating results are highly sensitive to increased operating costs, which if not successfully managed could have a material adverse effect on our business, results of operations and financial condition.

The Company's business is comprised of both a traditional distribution of third-party products and own brands. This allows the Company to deliver healthier gross profit margins when conditions are favorable.

In the traditional distribution business, the Company's gross profit margins, like those of other distributors of IT products, are low and the Company expects that in the distribution arm of its business they will remain low in the foreseeable future.

Increased competition arising from industry consolidation and low demand for certain IT products may hinder the Company's ability to maintain or improve its gross margins. A portion of the Company's operating expenses is relatively fixed, and planned expenditures are based in part on anticipated orders that are forecasted with limited visibility of future demand.

As a result, the Company may not be able to reduce its operating expenses as a percentage of revenue to mitigate any reductions in gross margins in the future.

To increase gross margins, the Company has dynamically developed its own brand business as this allows for higher gross profit margins. At the end of 2022 we have added to our portfolio a new own brand namely "CRON Robotics" operating under a new business division - AROS - ASBIS Robotic Solutions. The Company is also constantly investing in the VAD business which delivers higher gross profit margins.

Inventory obsolescence and price erosion in the industry in which we operate may have a material adverse effect on our business, financial condition, and results of operations.

The Company is often required to buy components and finished products according to forecasted requirements and orders of its customers and in anticipation of market demand. The market for IT finished products and components is characterized by rapid changes in technology and short product shelf life, and, consequently, inventory may rapidly become obsolete. Due to the fast pace of technological changes, the industry may sometimes face a shortage or, at other times, an oversupply of IT products.

As the Company increases the scope of its business and of inventory management for its customers, there is an increasing need to hold inventory to serve as a buffer in anticipation of the actual needs of the Company's customers. This increases the risk of inventory becoming devalued or obsolete and could affect the Company's profits either because prices for obsolete products tend to decline quickly, or because of the need to make provisions or even write-offs.

In an oversupply situation, other distributors may elect to proceed with price reductions to dispose of their existing inventories, forcing the Company to lower its prices to stay competitive. The Company's ability to manage its inventory and protect its business against price erosion is critical to its success.

Several of the Company's most significant contracts with its major suppliers contain advantageous contract terms that protect the Company against exposure to price fluctuations, defective products and stock obsolescence.

Our business is highly dependent on distribution contracts with a limited number of suppliers; a loss of or change in the material terms of these contracts could have a material adverse effect on our business, operating results and financial condition.

The part of our business consisting of the distribution of third-party products is dependent on the decisions and actions of a limited number of suppliers. In the year ended 31 December 2022, the Company held contracts with Apple, Intel, Advanced Micro Devices (AMD), Seagate, Western Digital, Microsoft, Dell, Toshiba, Acer, Lenovo and other international suppliers. Contracts with these suppliers are typically on a non-exclusive basis, allow for termination with or without cause and are open-ended with respect to requirements and output rather than imposing any commitment to a specific volume of business or scope of work.

We face a risk of termination of our distribution agreements, in the event that we do not perform pursuant to the supplier's expectations or for any other reason, including a number of factors outside our control. Changes in the suppliers' business strategies, including moving part or all of their distribution arrangements to our competitors, or directly distributing products to end-users, could result in the termination of the respective distribution contracts. Any of these suppliers may merge with, acquire or be acquired by any of our competitors which already has its own distribution network in the market. Any supplier may consider us redundant as a distributor and may terminate our distribution agreement or may experience financial difficulties, as a result of which it may not be able to grant beneficial credit terms and/or honour financial terms in the relevant distribution agreements, such as those relating to price protection, stock returns, rebates, performance incentives, credit from returned materials and reimbursement of advertising expenses incurred during joint promotion campaigns. Termination or material change in the terms of a vendor contract due to any of the aforesaid factors could have a material adverse effect on our business, results of operations and financial condition.

Our inability to maintain or renew our distribution and supply contracts on favourable terms with key customers and suppliers could have a material adverse effect on our business, operating results and financial condition.

In the part of our business related to the distribution of third-party products, we have significant contracts with a limited number of customers and other business partners, some of which are oral agreements, the precise terms of which and the enforceability of which, remain uncertain, or are agreements that may be terminated without cause or by written notice at the expiry of their term.

In addition, a number of our most significant contracts with our major suppliers contain terms that protect us against exposure to price fluctuations, defective products and stock obsolescence.

Specifically, our contracts terms including terms such as (i) a price protection policy, which allows us to request reimbursement from the suppliers for inventory in transit or held at our warehouses in the event that product prices decline; (ii) a stock rotation policy under which we have the right to return to the supplier slow moving inventory in exchange for credit, which reduces our exposure to obsolescence of inventory; and (iii) a return material authorization policy under which we can return defective items to our suppliers in return for either credit, replacements or refurbished products.

If we are unable to maintain or enforce our significant contracts, or if any of our significant suppliers refuse to renew contracts with us on similar terms, or new significant suppliers of ours do not make such terms available to us, we could face a higher risk of exposure to price fluctuations and stock obsolescence, which given our narrow gross profit margins, could have a material adverse effect on our business, operating results and financial condition.

Our suppliers' increasing involvement in e-commerce activities, which would enable them to directly sell to our customers, could threaten our market share, and therefore adversely affect our business, operating results and financial condition.

In the third-party products distribution part of our business, we operate as a distributor, or a "middleman", between manufacturers and our customers. Manufacturers are sometimes able to outsource their sales and marketing functions by engaging the services of a distributor and concentrating on their core competencies.

With the emergence, however, of new internet technologies and e-commerce, more manufacturers are developing their own online commerce platforms with the capability to accept orders and conduct sales through the internet. Global distributors have also set up their own web-sites to enable sales and purchases to be conducted online.

Although we have developed the IT4Profit platform, an online purchasing platform for electronic dealing with our customers (B2B), there can be no assurance that any of our suppliers or competing distributors will not successfully implement similar electronic purchasing platforms and manage to fully satisfy our customers' needs, in which case our risks losing a significant part of our business.

In addition, market prices of components may deteriorate as a result of increasing online competition, as online customers have the ability to search globally for the cheapest available components.

If we are unable to effectively leverage our internet technologies and e-commerce or successfully compete with emerging competitors offering online services, this could have a material adverse effect on our business, operating results and financial condition.

Our success is dependent on our own logistics and distribution infrastructure and on third parties that provide those services, a loss of which could adversely affect our business, operating results and financial performance.

Currently, ASBIS has two main distribution centers (Czech Republic and United Arab Emirates) covering the vast majority of its operations. We have recently added another two regional distribution centers in Georgia and South Africa. As a result, we are highly dependent on third-party providers for logistics such as courier and other transportation services. An interruption or delay in delivery services causing late deliveries could result in loss of reputation and customers and could force us to seek alternative, more expensive delivery services, thereby increasing operating costs, which would have an adverse effect on our business, operating results and financial performance. An important part of our strategy to achieve cost efficiencies while maintaining turnover growth is the continued identification and implementation of improvements to our logistics and distribution infrastructure. We need to ensure that our infrastructure and supply chain keep pace with our anticipated growth. The cost of this enhanced infrastructure could be significant and any delays to such expansion could adversely affect our growth strategy, business, operating results and financial performance. Therefore, any significant disruption to the services of these third-party providers could have a material adverse effect on our business, results of operations and financial condition. Recently, we have observed a significant increase in transportation costs, as well as an increase in raw material prices. The Group has to constantly search and find ways of mitigating such increases and offer competitive pricing to customers.

Our inability to recruit and retain key executives and personnel could have a material adverse effect on our business, operating results and financial condition.

Our business depends upon the contribution of a number of our executive Directors, key senior management and personnel, including Siarhei Kostevitch, our Chief Executive Officer and Chairman of the Board of Directors. There can be no certainty that the services of Mr Kostevitch and of other of our key personnel will continue to be available to us. We have in the past experienced and may in the future continue to experience difficulty in identifying expert personnel in our areas of activity, and particularly in the areas of information technology and sales and marketing, in the countries in which we operate. In addition, we do not currently maintain "key person" insurance.

If we are not successful in retaining or attracting highly qualified personnel in key management positions, this could have a material adverse effect upon our business, operating results and financial condition.

High cost of debt

The distribution business entails a higher need for cash available to support growth. The Group has managed to raise cash from various financial institutions, however, in certain cases, the cost of quite high.

The Company has already negotiated improved terms with some of its financiers and is currently undertaking certain extra steps to further lower its cost of financing. Base rates (US Libor, Euribor, other local base rates) have recently shown a significant uptrend and this has increased the Company's WACD.

The weighted average cost of debt (WACD) in 2022 has increased to 10.5%, from 6% in 2021.

Development of own brand business

The Company's strategy is to focus more on profitability than on revenues, thus we continue to develop the own-brand business that allows for higher gross profit margins. This includes the development of tablets and other product lines that are sold under Prestigio and Canyon brands in all regions of the Company's operations. The Company has also invested in another own brand, Perenio - which includes sales of smart-home, smart-security sensors and other products. The results from Perenio brand were not the ones we expected to see; thus, we currently undertake certain corrective actions. At the end of 2021, the Company launched two new own brands: Lorgar - a brand of ultimate accessories for gamers and Aeno - a brand of smart home appliances.

At the end of 2022, the Company has launched a new own brand "Cron Robotics" operating under a new business division – AROS (ASBIS Robotic Solutions). The core business of this division is based on two major segments – the distribution of collaborative robots (cobots) from leading global brands in the sector as well as own robotic platforms under own brand. In order to keep quality under control and achieve the maximum possible gross profit margins, the Company's Directors have decided to operate under a "back-to-back scheme". This implies that orders are placed with ODMs, only if they are in advance confirmed by customers. The Company is undertaking a number of quality control measures to mitigate this risk but given the volumes and a large number of factories used to produce these products, these controls might not be sufficient. Moreover, competition has already been intensified and the Company may not be able to sustain its profitability levels.

Environmental and Climate Changes

In terms of transition risks that arise from the transition to a low-carbon and climate-resilient economy, we may face the following risks: policy and legal risks (there may be laws or policies put in place that may require a more environmentally cautious approach to raw materials and land use), technology risks (changes in technology used to produce IT equipment) – these both may lead to growing prices in terms of IT equipment and solutions. We may also face market risk with consumers switching to more energy-efficient appliances or making more savvy purchases to limit their own impact on the environment. We will monitor these trends and introduce the latest hardware for our customers. We may also face reputational risks with difficulties in attracting customers, business partners and employees if we do not take strong enough actions against climate changes. In terms of physical risks resulting from climate changes, we may face both acute and chronic risks.

Acute physical risks may arise from weather-related events in the form of floods, fires or droughts that may damage factories in certain regions, cause factories to limit or temporarily stop their production or disrupt our supply chain in other ways.

These may result in temporary limitations in our product offering or rising prices of hardware and components. Chronic physical risks - i.e., risks that may result from long-term changes in the climate, may also affect ASBIS.

Growing temperatures worldwide may cause a need for more temperature-resilient hardware and appliances and may also result in more hardware malfunctions that may increase warranty claims.

ITEM 2. Information on the Company

History and Development of Asbisc Enterprises Plc and Business Overview

Asbisc Enterprises Plc. is the parent entity for the Group described in this chapter, in the section "*Group Structure and Operations*".

ASBISc Enterprises Plc is one of the leading distributors of Information Technology ("IT") products and Consumer Electronics (CE) in Europe, Middle East and Africa ("EMEA") Emerging Markets: Central and Eastern Europe, the Baltic States, the Former Soviet Union, the Middle East and Africa, combining a broad geographical reach with a wide range of products distributed on a "one-stop-shop" basis. Our main focus is on the following countries: Kazakhstan, Ukraine, Middle East countries (i.e., United Arab Emirates, Qatar and other Gulf states), Slovakia, Poland, Czech Republic, Caucasus region (Armenia, Azerbaijan, Georgia), Romania, Croatia, Slovenia, Bulgaria, Serbia, Hungary, and Latvia.

The Group distributes IT components (to assemblers, system integrators, local brands and retail) as well as A-branded finished products like desktop PCs, laptops, servers, and networking to SMB and retail. We also have a very strong consumer arm where we distribute our products to the leading retailers, e-tailers and telcos across the markets we operate. Our IT product portfolio encompasses a wide range of IT components, blocks and peripherals, and mobile IT systems. We currently purchase most of our products from leading international manufacturers, including Apple, Intel, Advanced Micro Devices ("AMD"), Seagate, Western Digital, Samsung, Microsoft, Toshiba, Dell, Acer, Lenovo and Hitachi. In addition, a part of our revenues is comprised of sales of IT products under our private labels: Prestigio, Prestigio Solutions, Canyon, Perenio, Aeno, Lorgar and Cron Robotics.

ASBISc commenced business in 1990 in Belarus and in 1995 we incorporated our holding Company in Cyprus and moved our headquarters to Limassol. Our Cypriot headquarters support, through two master distribution centers (located in the Czech Republic and the United Arab Emirates), our network of 31 warehouses located in 28 countries. This network supplies products to the Group's in-country operations and directly to its customers in approximately 60 countries.

The Company's registered and principal administrative office is at 1, Iapetou Street, 4101, Agios Athanasios, Limassol, Cyprus.

Our revenues amounted to U.S. $ 2,690,039 in 2022, compared to U.S. $ 3,077,976 in 2021, following our strategy to increase profitable business and improve market share alongside with improving gross profit margins. As a consequence, the Company earned a net profit after tax of USD 75.9 million,. reaching almost the same figure as with the year before (USD 77.1 million) - the highest ever in the Company's history.

Our headquarters are home to our centralized purchasing department and global control function, which centrally monitors and controls our global activities, including purchasing, warehousing and transportation operations. In line with our strategy of focusing on automation and innovation in order to increase our cost-efficiency, in 2002 we began developing the IT4Profit platform, our online purchasing platform for electronic trading with our customers (B2B) and electronic data interchange for the Company and its subsidiaries.

Within this platform, we have also implemented our end-to-end online supply chain management system, in order to effectively manage our multinational marketplace and increase automation and reporting transparency both internally and vis-à-vis our suppliers.

We combine international experience of our central management team with local expertise of our offices in each of the 28 countries in which we operate. With our broad local presence, we have developed an in-depth knowledge and understanding of fast-growing markets in regions such as Central and Eastern Europe "(CEE") and FSU and our diverse cultural, linguistic and legal landscape, which may form significant barriers to entry for most of our international competitors. The Directors believe that this advantage has helped us to quickly and cost-effectively penetrate emerging markets and strengthen our competitive position, in the markets where we operate.

History of the Group

The business has been established in Minsk, in 1990 by Mr Siarhei Kostevitch and the Company's main activity was the distribution of Seagate Technology products in the territory of the Former Soviet Union. Then, in 1995, the Company was incorporated in Cyprus and moved its headquarters to Limassol together with all key management. In 2002, in order to fund further growth, we privately placed U.S. $ 6,000 worth of shares with MAIZURI Enterprises Ltd (formerly named Black Sea Fund Limited) and U.S. $ 4,000 with Alpha Ventures SA. In 2006, we listed our common stock on Alternative Investment Market of London Stock Exchange («AIM»), however after the successful listing on the Warsaw Stock Exchange (October 2007) the Board of Directors cancelled the AIM listing as of the 18th of March 2008. Ever since the company remained listed at the Warsaw Stock Exchange where it joined the WIG 40 index.

Strengths of the Group

The Directors consider that our key strengths are:

- Broad geographic coverage combined with a strong local presence.

Unlike most of our international competitors, we operate with active local presence in a number of countries across different regions. Since many of our competitors target the same markets from a number of different locations in Western Europe, we benefit from increased logistical cost efficiencies. In particular, our broad geographic coverage, combined with our centralized structure and automated processes, results in reduced shipping costs and lower revenue collection expense, as well as a consistent marketing approach, as compared to our competitors. As a result, we have become an authorized distributor for leading international suppliers wishing to penetrate a number of fast-growing markets served by us, offering them the ability to penetrate these markets in a cost-efficient manner and through a consistent marketing approach.

- Experienced management team combined with local expertise.

Our management is a team of experienced executives. Our Chief Executive Officer has been with the Company since its inception in 1990, while the majority of our key executives have served for more than twenty years.

Business entities of ASBIS Group are managed by skilled local experts who have a strong understanding of the diverse markets, considerable knowledge, and a complete grasp of the regulatory environment in their countries. The Directors believe that local presence represents a significant competitive advantage for us over our multinational competitors.

- A critical mass of operations.

Having revenues of 2.7 billion U.S. Dollars, sales in approximately 60 countries and facilities in 28 countries, we believe that we have become a strong partner for leading international suppliers of IT components and finished products, including Apple, Intel, AMD, Seagate, Western Digital, Samsung, Microsoft, Hitachi, Dell, Toshiba, Logitech, etc. in most of our regions of operations. Thanks to our size and the scope of our regional reach, we have achieved authorized distributor status with leading international suppliers, either on a pan-European, regional, or on a country-by-country basis, thus enjoying a number of beneficial commercial terms and achieving agreements with respect to the distribution of products offering higher profit margins.

- Price protection and stock rotation policy for inventory.

As an authorized distributor for a number of leading international suppliers of IT components, we are able to benefit from certain beneficial contract terms that provide protection from declining prices or slow-moving inventory.

In particular, such terms allow us to return part of the inventory to the respective distributors at the event market prices decline or such inventory becomes obsolete. See "*Our Main Suppliers - Price Protection Policy and Stock Rotation Policy*". In contrast, in some of the countries in which we operate, many of our major competitors tend to buy from the open market, which leaves them exposed to the risk of price changes and obsolete stock.

- One-stop-shop for producers and integrators of IT equipment.

We have a diverse portfolio with a large range of A-branded final products like tablets, smartphones, laptops, desktop computers, servers, networking equipment, and software as well as IT components – such as complete solutions, building blocks, and peripherals. As a result, we serve as a one-stop-shop, providing complete solutions to producers and integrators of the server, mobile and desktop segments in the countries in which we operate. The Directors consider this to be a significant advantage over competitors with more limited product offerings.

- Own brands business improving our profitability

In the past years, we have invested in the development of our own brands and built a strong market position.

In 2022, the Company has launched a new own brand "Cron Robotics" operating under a new business division – AROS - ASBIS Robotic Solutions. The core business of this division is based on two major segments – the distribution of collaborative robots (cobots) from leading global brands in the sector as well as own robotic platforms under own brand, following our decision to strengthen our brand portfolio and having seen how promising this sector is. We try to keep pushing our seven own brands (Aeno, Canyon, Cron Robotics, Lorgar, Perenio, Prestigio and Prestigio Solutions) to generate higher levels of revenues and at the same time higher gross profit margins with good cash flow. The Directors consider own brands to be a valuable reinforcement to our profitability if it is developed as an addition to the distribution business. Thus, the development of this segment is and will be continued.

- Ability to adjust our cost structure to the new business environment and the Company needs.

This is considered a very big advantage of the Company. It has been proven that the Company could quickly adjust its cost structure to any turbulent business environment.

Group Structure and Operations

The following table presents our corporate structure as at December 31st, 2022:

Company	Consolidation Method
ASBISC Enterprises PLC	**Mother company**
Asbis Ukraine Limited (Kiev, Ukraine)	Full (100%)
Asbis PL Sp.z.o.o (Warsaw, Poland)	Full (100%)
Asbis Poland Sp. z o.o. (Warsaw, Poland)	Full (100%)
Asbis Romania S.R.L (Bucharest, Romania)	Full (100%)
Asbis Cr d.o.o (Zagreb, Croatia)	Full (100%)
Asbis d.o.o Beograd (Belgrade, Serbia)	Full (100%)
Asbis Hungary Commercial Limited (Budapest, Hungary)	Full (100%)
Asbis Bulgaria Limited (Sofia, Bulgaria)	Full (100%)
Asbis CZ,spol.s.r.o (Prague, Czech Republic)	Full (100%)
UAB Asbis Vilnius (Vilnius, Lithuania)	Full (100%)
Asbis Slovenia d.o.o (Trzin, Slovenia)	Full (100%)

Asbis Middle East FZE (Dubai, U.A.E)	Full (100%)
Asbis SK sp.l sr.o (Bratislava, Slovakia)	Full (100%)
ASBC F.P.U.E. (Minsk, Belarus)	Full (100%)
E.M. Euro-Mall Ltd (Limassol, Cyprus)	Full (100%)
OOO 'Asbis'-Moscow (Moscow, Russia)	Full (100%)
Asbis Morocco Sarl (Casablanca, Morocco)	Full (100%)
Prestigio Plaza Ltd (Limassol, Cyprus)	Full (100%)
Perenio IoT spol. s.r.o. (Prague, Czech Republic)	Full (100%)
Asbis Kypros Ltd (Limassol, Cyprus)	Full (100%)
"ASBIS BALTICS" SIA (Riga, Latvia)	Full (100%)
Asbis d.o.o. (Sarajevo, Bosnia Herzegovina)	Full (90%)
ASBIS Close Joint-Stock Company (Minsk, Belarus)	Full (100%)
ASBIS Kazakhstan LLP (Almaty, Kazakhstan)	Full (100%)
Euro-Mall SRO (Bratislava, Slovakia)	Full (100%)
Asbis China Corp. (former Prestigio China Corp.) (Shenzhen, China)	Full (100%)
ASBIS DE GMBH, (Munchen, Germany)	Full (100%)
EUROMALL BULGARIA EOOD (Sofia, Bulgaria)	Full (100%)
E-Vision Production Unitary Enterprise (Minsk, Belarus)	Full (100%)
iSupport Ltd (Kiev, Ukraine) (former ASBIS SERVIC Ltd)	Full (100%)
I ON LLC (Kiev, Ukraine)	Full (100%)
ASBC MMC LLC (Baku, Azerbaijan)	Full (65.85%)
ASBC KAZAKHSTAN LLP (Almaty, Kazakhstan)	Full (100%)
Atlantech Ltd (Ras Al Khaimah, U.A.E)	Full (100%)
ASBC LLC (Tbilisi, Georgia)	Full (100%)
Real Scientists Limited (London, United Kingdom)	Full (55%)
i-Care LLC (Almaty, Kazakhstan)	Full (100%)
ASBIS IT Solutions Hungary Kft. (Budapest, Hungary)	Full (100%)
Breezy LLC (Minsk, Belarus) (former Café-Connect LLC)	Full (100%)
MakSolutions LLC (Minsk, Belarus)	Full (100%)
Breezy Kazakhstan TOO (Almaty, Kazakhstan) (former TOO "ASNEW")	Full (100%)
Breezy LLC (Kiev, Ukraine)	Full (100%)
I.O.N. Clinical Trading Ltd (Limassol, Cyprus)	Full (70%)
R.SC. Real Scientists Cyprus Ltd (Limassol, Cyprus)	Full (85%)
ASBIS CA LLC (Tashkent, Uzbekistan)	Full (100%)
Breezy Service LLC (Kiev, Ukraine)	Full (100%)
Breezy Trade-In Ltd (Limassol, Cyprus) (former Redmond Europe Ltd)	Full (80%)
I.O. Clinic Latvia SIA (Riga, Latvia)	Full (100%)
SIA Joule Production (Riga, Latvia)	Full (100%)
ASBC LLC (Yerevan, Armenia)	Full (100%)
Breezy Georgia LLC (Tbilisi, Georgia)	Full (100%)
ASBC Entity OOO (Tashkent, Uzbekistan)	Full (100%)
ACEAN.PL Sp. z o.o (Warsaw, Poland)	Full (100%)
Entoliva Ltd (Limassol, Cyprus)	Full (100%)
ASBIS HELLAS SINGLE MEMBER S.A. (Athens, Greece)	Full (100%)
Prestigio Plaza Kft (Budapest, Hungary)	Full (100%)
ASBC SRL (Chisinau, Moldova)	Full (100%)
Breezy-M SRL (Chisinau, Moldova)	Full (100%)
Breezy Poland Sp. z o.o.(Warsaw, Poland)	Full (100%)

Asbisc Enterprises Plc is the parent company of the Group. Our subsidiaries are involved in diverse activities related to the distribution of IT products and components and mobile devices. In particular, our subsidiaries operating under the ASBIS name are involved in the distribution of IT components, mobile devices, finished products and equipment, including distribution of products from worldwide leading manufacturers such as Apple, Intel, AMD, Seagate, Western Digital, Samsung, Microsoft, Hitachi Dell, Acer, Toshiba and many other well-known international suppliers.

Our subsidiaries operating under Prestigio, Canyon and Perenio brands are primarily responsible for the procurement, quality control, marketing, and wholesale distribution of our private label (Canyon, Prestigio and Perenio) IT products.

Changes in the Group's structure

During the year ended December 31st, 2021, there were the following changes in the structure of the Company and the Group:

- On April 12th, 2022, the Issuer has acquired 100% of shares of the company ACEAN.PL Sp. z. o.o (Warsaw, Poland). The Issuer holds 100% in this subsidiary, being equal to share capital of PLN 1,000 (USD 235). We acquired this entity for second-hand IT products trading.
- On May 19th, 2022, the Issuer has disposed 100% of shares of the company Private Educational Institution "Center of excellence in Education for executives and specialists in Information Technology" (Minsk, Belarus) for zero consideration.
- On July 22nd, 2022, the Issuer has disposed 100% of shares in the company OOO Must (Moscow, Russia) for a consideration of USD 14.
- On August 8th, 2022, the Issuer has acquired 100% of shares of the company Entoliva Ltd (Limassol, Cyprus). The Issuer holds 100% of shares in this subsidiary, being equal to share capital of EUR 10 (USD 10). We acquired this entity for land development.
- On November 8th, 2022, the Issuer has established the company Breezy Poland (Warsaw, Poland). The Issuer holds 100% in this subsidiary, being equal to share capital of PLN 500,000 (USD 110,084). We established this entity to provide warranty services.
- On November 8th, 2022, the Issuer has established the company ASBC SRL (Chisinau, Moldova). The Issuer holds 100% in this subsidiary, being equal to share capital of MDL 4,874,000 (USD 254,412). We established this entity to distribute IT products.
- On November 18th, 2022, the Issuer has established the company ASBIS HELLAS SINGLE MEMBER S.A. (Athens, Greece). The Issuer holds 100% in this subsidiary, being equal to share capital of EUR 100,000 (USD 103,280). We established this entity to distribute IT products.
- On November 21st, 2022, the Issuer has established the company Prestigio Plaza Kft (Budapest, Hungary). The Issuer holds 100% in this subsidiary, being equal to share capital of HUF 200,000,000 (USD 532,368). We established this entity to expand our retail business.
- On December 8th, 2022, the Issuer has established the company Breezy-M (Chisinau, Moldova). The Issuer holds 100% in this subsidiary, being equal to share capital of MDL 962,500 (USD 49,509). We established this entity to provide warranty services.

Regional operations

We operate as a one-stop-shop for the desktop PC, server, laptop, tablet PC, smartphones, and software segments. The management believes that the Company is currently the only IT component and A-branded finished products distributor that covers substantially all of Eastern Europe, as part of a single supply chain with highly integrated sales and distribution systems. We also have operations in the Baltic States, the Balkans, the Former Soviet Union, the United Arab Emirates, and other Middle East countries.

We also provide technical support for all new products that we stock through product line sales managers. Sales personnel receive internal training and focus groups are established that have an in-depth knowledge of their respective product lines.

Our sales staff are also trained by our suppliers, such as Apple, Intel, AMD, Seagate, Western Digital, Samsung, Microsoft, Hitachi, and others, as a result of our status as an authorized distributor of their products. The Directors consider that this organizational process allows us to provide added value to our customers and differentiate us from our competitors.

Key markets and regions

Historically, the regions of the Former Soviet Union ("FSU") and Central Eastern Europe ("CEE") have been the largest revenue contributors of the Group. This has not changed in 2022. However, due to the war in Ukraine and in consequence of the sanctions on Russia and Belarus, the contribution of certain regions – like the CEE region, in total revenues of the Company for 2022 has changed as compared to 2021. Central and Eastern Europe contribution has grown to 24.30% in 2022 (from 21,25% in 2021) while the F.S.U. region decreased to 52.31% in 2022 (from 57,66% in 2021). The Middle East and Africa contribution has increased to 15.16% in 2022, from 10,65% in 2021.

The following table presents a breakdown of our revenue by regions for the years ended 31 December 2022, 2021, and 2020:

	Year ended 31 December		
	2022	**2021**	**2020**
	%	%	%
Former Soviet Union	52.31	57.66	54.49
Central and Eastern Europe	24.30	21.25	24.27
Middle East & Africa	15.16	10.65	11.81
Western Europe	6.81	8.66	7.23
Other	1.42	1.77	2.20
Total revenue	**100**	**100**	**100**

Products

We engage in the sales and distribution of a variety of products including IT components, mobile devices, laptops, server and mobile building blocks and peripherals to third-party distributors, OEMs, retailers and e-tailers and resellers. Our customers are located mainly in Central and Eastern Europe, the Former Soviet Union, Western Europe, North and South Africa and the Middle East.

We engage in the following primary business lines:

- Sales and distribution of IT components and blocks described below that we purchase from a variety of suppliers such as Intel, AMD, Seagate, and Western Digital
- Value-add distribution ("VAD") of Apple products in certain Former Soviet Union countries
- Sales of accessories and gaming products (like Logitech)
- Sales of a wide range of finished products from worldwide manufacturers (Dell, Apple, Acer) as well as software (Microsoft and antivirus software producers)
- Sales of premium consumer products (i.e., Bang & Olufsen)
- Sales of a range of private label products (such as tablet PCs, multiboards, data storage devices, GPS devices, peripherals, accessories, security solution, products in the field of servers, mass storage, solutions for data centers, robots (cobots)) with larger volumes and profit potential selected by us and manufactured by ODM/OEM producers in the Far East under our own private label brands: Canyon, Prestigio, Perenio, Aeno, Lorgar and Cron Robotics.

The products that are purchased from suppliers and distributed by us are divided into various categories and are presented in the table below:

	Year ended 31 December	
	2022	**2021**
	(U.S. $)	
Smartphones	949,226	895,664
PC mobile (laptops)	253,519	305,333
Central processing units (CPUs)	248,903	441,968
Peripherals	140,754	148,669
Audio devices	117,158	137,456
Servers & server blocks	113,673	119,608
Hard disk drivers (HDDs)	87,498	149,644
Smart devices	80,244	72,735
Networking products	71,646	71,308
Solid-state drivers (SSDs)	71,166	136,080
Display products	67,957	60,607
Software	65,115	69,331
Multimedia	57,972	58,204
PC desktop	54,516	76,589
Tablets	48,422	59,266
Memory modules (RAM)	46,415	63,578
Accessories	36,704	36,190
Other	179,150	175,745
Total revenue	**2,690,039**	**3,077,976**

Revenues in 2022 declined by only 12.60% as compared to the ones of 2021, despite the ongoing full-scale war in Ukraine which excluded or limited sales on our three main markets.

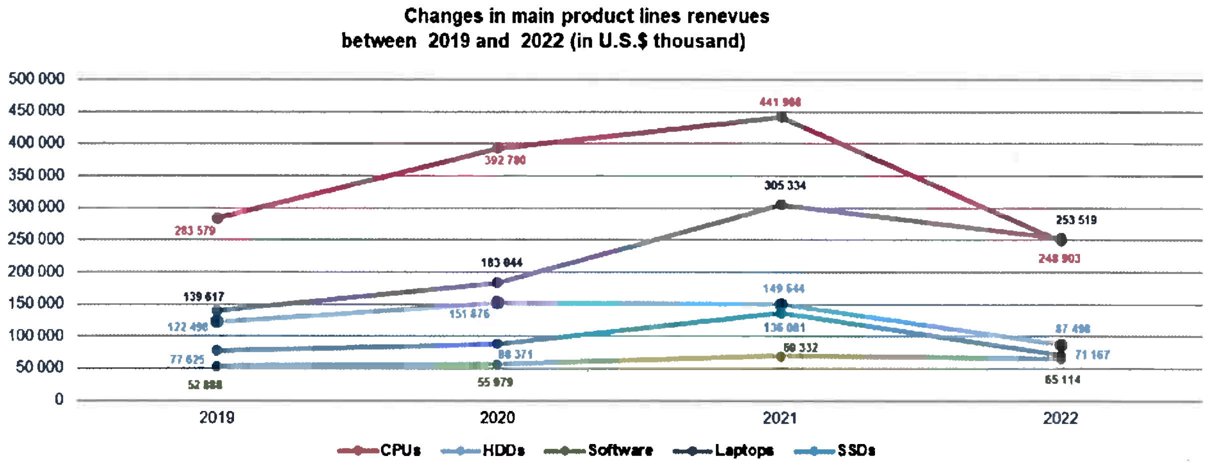
In 2022, mainly due to the war in Ukraine but also due to the deteriorating economic situation and high inflation, multiple product lines have recorded a decrease.

The period of the twelve months of 2022 has shown that despite the ongoing full-scale war in Ukraine, high inflation and the general, uncertain geopolitical situation, ASBIS has not slowed down but rather steamed up its engine and continued its strategy of focusing on profitability, developing its markets and refining its product portfolio. We have continued investing in Central Asia and Caucasus region and in particular: Kazakhstan, Azerbaijan, Uzbekistan, Georgia and Armenia. We have also dynamically invested in Adriatic and Balkans regions.

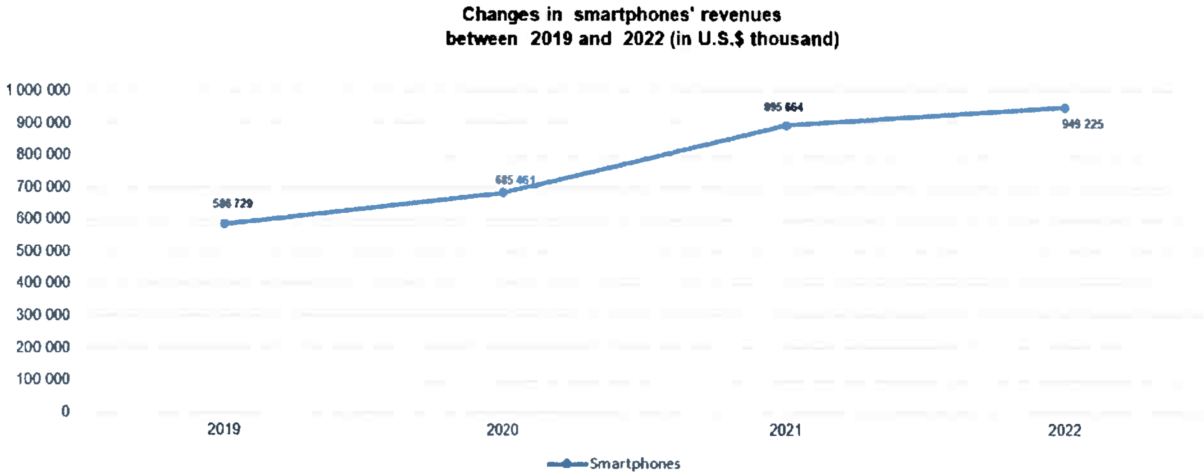
To meet all customers' needs, we have doubled the area of the distribution center in Prague (Czech) to 10,000 m2 and opened two regional distribution centers in Tbilisi (Georgia) with an area of over 3,000 m2 and in Johannesburg (South Africa) with an area of 500 m2 with the possibility to increase to 8,500 m2.

Currently, we have two main distribution centers (Czech Republic and United Arab Emirates) and two regional distribution centers (in Georgia and South Africa) with a total area of 26,300 m2, including additional space available in South Africa.

The chart below indicates trends in sales per product line:



The chart below indicates trends in smartphones sales



Sales of smartphones, which contribute to the majority of our revenues, increased by 6.0% in 2022, as compared to the ones in 2021 as a result of higher demand and higher sales of a different mix of iPhones, including the latest iPhone 14 series.

Private labels: Canyon, Lorgar, Prestigio, Prestigo Solutions, Perenio, Aeno and Cron Robotics

ASBIS creates, develops, and promotes several proprietary brands – Canyon and Lorgar, Prestigio, Perenio, Aeno and Cron Robotics. We carefully research the needs of the users in the market and form our portfolio of categories for each own brand with the most popular and innovative products.

We cooperate directly with reliable factories and suppliers of components and products in the Far East, particularly in China. Our engineers check and improve each product before it goes into production. There is a strong quality control system ASBIS. We have high requirements for quality and attentively test products step by step before entering the consumer market. All ASBIS brand products have the required certificates of conformity to quality in international format.

In the countries where ASBIS operates, we sell products under our own brands with improved characteristics and capabilities at competitive prices.

Canyon is a brand with 20-years of history.

Canyon's product portfolio includes over 250 items, including mobile and PC accessories, wearable devices such as smart watches and fitness trackers. Products are designed for young lovers of urban culture, people of the big city, and those who strive for innovation. Canyon motivates the younger generation to be themselves, regardless of body shape, skin color or gender, and change this world for the better - their creativity, their history, their eco-responsibility, tolerance, humanity, desire to help and share, their reasonable consumption - it is a very valuable contributions to this world.

The brand pays special attention to compliance with EU environmental standards. The packaging of almost all devices is made from recyclable materials, avoiding plastic components, and boasts a vibrant and captivating aesthetic.

Gaming solutions are produced under the Canyon Gaming sub-brand. This is a series of mice, keyboards and other PC accessories designed for amateur gamers and those who are just beginning their journey in the big gaming world. Canyon Gaming series have special extra-gaming features: programmable buttons and onboard memory modules. Devices are produced in a singular and distinctive style while remaining affordable.

According to GFK reports, as of the end of 2022, Canyon held a significant market share in several product categories across different countries. In the Czech Republic, the brand has a market share of 3% in the category of wireless mice. In Ukraine, Canyon holds a 2% market share in gaming mice, 7% in webcams, 5% in kids' smartwatches and 2% in adult smartwatches.

At the moment, Canyon products are sold in more than 30 countries. In 2023, Canyon expanded its cooperation with major distributors in Germany, Spain, the Netherlands, France, Italy, the UAE, Iraq, Kuwait, and Saudi Arabia and plans to strengthen its presence in the markets of Western Europe and the Middle East.

As part of Canyon's brand strategy for the upcoming year, the brand plans to focus on developing several product categories. This includes the development of smartwatches in collaboration with global industrial designers, as well as the expansion of the BT devices, PC accessories, and chargers.

www.canyon.eu I www.gaming.canyon.eu

Lorgar is a brand of highly functional gaming devices for advanced gamers who value and enjoy gaming as their hobby.

The brand catalog includes several product categories: mice, keyboards, headsets, mousepads, gamepads, web cameras, microphones, gaming chairs and other accessories. These products released new series starting in the 4th quarter of 2022 and are already available for purchase in Poland, the Czech Republic, Latvia, Lithuania, Estonia, Bulgaria, Romania, Croatia, Ukraine and other countries.

The brand made its first public appearance at the major European exhibition IFA 2022 in Berlin. Gaming devices at Lorgar attracted great interest among visitors and partners.

Lorgar creates and promotes high-tech devices for passionate fans of gaming for whom this is a favorite hobby. For the brand customers, gaming is an important and exciting hobby that is part of real life. This is a comfort zone in everyday life and the best way to switch the mind from routine to an interesting screenplay. Lorgar shares this passion for the virtual world and gaming. The brand's motto: "Play Game. Live Life".

The brand's mission is to deliver lively and bright emotions from gaming with high-quality devices, inspired by the requirements of the best gamers.

www.lorgar.eu

Aeno is a new Small Domestic Appliances brand with a focus on smart devices.

The product portfolio includes cleaning and cooking appliances: air purifiers, heaters, steam mops, vacuum cleaners, garment steamers, kettles, blenders, electric ovens, Sous-Vide, vacuum sealers, and toothbrushes.

In 2022, Aeno launched an innovative, premium, eco-friendly smart heater that uses combined infrared and convection technology. The product is one-of-a-kind and has no direct competition in any market. An energy-saving heater can help customers save up to 50% on energy costs over the entire heating season. The Aeno heater works without blowing air or raising dust and does not produce pollutants, odors or noise.

The brand is working towards its sustainable vision of smart home appliances that align with consumers' lifestyles, needs, and values. Aeno's mission: to make smart technologies more accessible by taking on an everyday routine and lessening the burden of housework. That enables a more fulfilling life, freeing time for family and friends, self-development, and creativity.

The brand also hopes to contribute to society through its environmentally friendly eco-packaging. All packaging is made from 100% recyclable materials, doesn't consist of plastic components, which is in keeping with its strong commitment to build a sustainable future.

All models of Aeno are created in the same style. The aesthetics of technology are inseparable from its functions: devices work together in a single ecosystem that provides access to individual settings. The Aeno app allows consumers to control all home appliances with their smartphones, manually or with voice assistants, and integrate home appliances into various automation scenarios.

The brand entered the markets of Ukraine, Belarus, and the Baltics at the start of 2022. However, it soon faced challenges due to the crisis and had to expand its focus to include Eastern European countries and find suitable solutions. During the 2nd quarter of 2022, AENO launched its products in Romania, Poland, Slovakia, the Czech Republic, and Bulgaria. Then, in the following quarter, it further expanded its reach to include Western Europe, and established partnerships with major distributors in Germany, Switzerland and Spain.

In 2023, Aeno aims to increase the share of eco-friendly smart devices within its product portfolio and enhance its presence in Western European markets.

https://aeno.com/

Prestigio. Prestigio is an international brand offering a wide range of consumer electronics for home, education, and office for 20 years. It combines two business directions: Prestigio consumer electronics for the B2C segment and Prestigio Solutions with cases for B2B partners. Brand sells products in more than 27 countries around the world.

Prestigio consumer portfolio includes eight categories so far: tablets, laptops, TVs, devices based on TouchOnKeys™, wine accessories, wireless chargers, portable accumulators, and auto electronics, among which are unique devices developed by its own design bureau.

A brand pays a lot of attention to product design and details and uses high-quality materials in production. Prestigio keyboards Click&Touch and Click&Touch 2 even won Red Dot Design Awards in 2020 and 2021 for its outstanding design.

www.prestigio.com

Prestigio Solutions™ is an international brand of technological solutions for business and education. Prestigio Solutions™ helps companies to modernize, automate, and simplify their business processes and introduce advanced technologies at affordable prices. Its sustainable development began in 2013 under the Prestigio brand with the Multiboard interactive panel. In 2021, Prestigio Solutions™ became an independent brand, offering a wide range of high-quality and efficient IT solutions for the B2B and B2G segments in 28 EMEA countries. It has production, design, and technical facilities in Europe and China.

At the moment, the Prestigio Solutions™ brand line includes the MultiBoard interactive panels, Digital Signage AV solutions, video conferencing systems, business and education software, and RFID solutions.

https://prestigio-solutions.com /

Perenio. Perenio was launched in 2018. Perenio is innovative, all-around technological company specializing in the Internet of Things, Smart Home/Office, Smart Health. Over 40 engineering team members (including industrial designers, hardware and firmware engineers, application and server software programmers) work together to develop complex solutions and products such as IoT platforms, IoT routers, smart sensors, and smart health devices. Perenio ecosystem includes its own base software platform and a wide range of connected smart devices. To expand the product portfolio and prepare for market launches, the team is constantly conducting market research, developing and testing new product ideas.

www.perenio.com

Cron Robotics. At the end of 2022, the Company has launched a new own brand "Cron Robotics" operating under a new business division – AROS - ASBIS Robotic Solutions. The core business of this division is based on two major segments – the distribution of collaborative robots (cobots) from leading global brands in the sector as well as own robotic platforms under own brand Cron Robotics.

Complex solutions of AROS bring efficiency in areas like:

1. Automation of conveyor operations in production lines
2. Robotic solutions for automation of warehouse operations
3. Welding of metal constructions
4. Robotic cleaning of the commercial spaces
5. Security patrolling by autonomous mobile platforms
6. Delivery cobots and robotic service kiosks
7. Robotic solutions for education

https://aros.asbis.com/

Suppliers and Procurement

Our Main Suppliers/Partners

We believe that establishing strong supplier relationships is a critical success factor for our business and have devoted considerable resources over the years to establish strong relationships based on mutual trust with our key suppliers. In that direction, we strive to provide full visibility to our suppliers by reporting to them crucial information on a daily/weekly basis, including stock levels, sales-out reports by country, thus assisting them in monitoring customer demand and allowing them time to comprehend and react to specific market peculiarities, trends and dynamics.

In 2022, a significant portion of our revenues was generated from our ten biggest suppliers. However, the management believe that we place no reliance on any of our suppliers since we carry for every product category a wide portfolio of brands.

Acting as a non-exclusive distributor, we are generally responsible for promoting, marketing, advertising, selling, and providing training and after-sales support for each supplier's products in the respective markets. A monitoring mechanism is established by the suppliers to ensure that minimum sales targets are met, pursuant to which we are responsible for providing our suppliers with various reports, including weekly inventory reports and monthly point of sales reports.

Price Protection Policy. In an attempt to reduce distributors' exposure to market price fluctuations, a number of our large suppliers provide in their standard contractual terms for protection from a decline in product prices by allowing such distributors, including us, to request, within an agreed time frame, reimbursement for inventory in transit or held in warehouses. This is not, however, usually the case with smaller suppliers, with whom we are more exposed to potential price variations.

Stock Rotation Policy. Our exposure to the risk of obsolescence of inventory is limited through the stock rotation policy provided by many of our large suppliers, but not generally under arrangements with smaller suppliers.

In general, under a stock rotation policy, we have the right to return to the supplier, within a predefined time frame, slow-moving inventory in exchange for credit. In practice, we can return a certain percentage of products we hold immediately after the end of each quarter, usually based on our sales performance in the preceding quarter.

Return Material Authorization Policy ("RMA"). Subject to the specific provisions of each suppliers' RMA policy, we have the flexibility to return defective items to our major suppliers in return for either credit, replacements, or refurbished products.

Procurement Policies

We operate a system of centralized purchasing through our headquarters in Limassol, Cyprus. Country managers communicate expected sales levels and targets, analyzed by product lines and suppliers, to our Product Line Managers ("PLMs") who then identify purchasing requirements for the forthcoming three weeks and in turn forward this information to the Product Marketing Director who verifies and, upon agreement, consolidates the information.

The Product Marketing Director then presents the relevant information to management, holding weekly meetings to review and approve requirements.

We strive to keep our stock, including stock in transit, for our main product lines at a level of four weeks of sales revenues, and to cover four to five weeks of sales revenues for other product lines in order to ensure adequate supply, while reducing the length of time over which we hold our inventory at our warehouses. Since we maintain a stable supplier base, there is no need for any formal supplier take-on procedures.

Sales and Marketing

We focus on developing an efficient online sales infrastructure and a rewarding profit commission scheme, as well as on investing in training our sales managers in order to instill a thorough understanding of our product offerings with the goal of enhancing customer satisfaction. We also have the possibility to use some of our main supplier's marketing funds, to increase our sales and our clients' satisfaction.

Our marketing department is divided into two groups. The product marketing group establishes pricing policies, oversees product supply, and communicates with suppliers with regards to the training of PLMs; the channel marketing group responsible for both central and in-country activities such as public relations, marketing and website content management.

Our marketing team consists of the Central Marketing Group and the Local Marketing Coordinators, both of which work in close coordination with suppliers, product managers and sales teams.

Distribution

Distribution model. Our distribution model is based on a system of centralized purchasing operations at our headquarters in Cyprus, which is in direct contact with the suppliers.

Suppliers replenish their product stocks with our warehouses weekly or even several times per week, after receiving our product orders, most of them by shipping their products directly to our two master distribution centres, leading to significant cost savings for us. Local in-country operations place their orders online through our IT4profit online platform and receive their goods directly from one of the two distribution centres.

On the other hand, products such as memory modules and our private label products with small size, high-price dynamics and high value are supplied directly to our local in-country operations from the suppliers' factories.

Distribution centers. The distribution network of ASBIS is based on more than 40 in-country stock points - across CEE, FSU, Gulf, Caucasus, and Africa - replenished via two master distribution centers located in Prague (the Czech Republic) and Dubai (the United Arab Emirates) and two regional distribution centers located in Tbilisi (Georgia) and Johannesburg (South Africa).

The facility in Prague is responsible for distribution across whole Europe; Dubai serves our operations in the Middle East and Africa and certain Central Asian countries.

The distribution center in Johannesburg is served as a fast-reloading station to ASBIS customers located not only throughout South Africa, but also in the central regions of the continent, while the distribution center in Tbilisi is a distribution base for the Caucasus region.

The total warehouse space of ASBIS, including main, regional and local distribution centers, currently amounts to approximately 63,000 m2.

The table below presents information with respect to the size and ownership of each of our four distribution centers:

Facility Location	Office area (m2)	Warehouse area (m2)	Total area (m2)	Ownership
Prague NEW DCCZ	1,000	13,000	14,000	Leased
Dubai	952	3,294	4,246	Owned
Johannesburg – South Africa (including 3PL bonded storage)	500	3,500	4,000	Leased + 3PL
Tbilisi – Georgia DCGE Caucasus Bonded	-	3,000	3,000	3PL

In order to ensure visibility and bottom-line efficiencies of our warehousing environment, we have connected our warehouse management system ("WMS") to IT4Profit. Thus, when an order is placed on IT4Profit, this is communicated to our relevant master distribution centre, which can then process the order for delivery. This WMS is currently functional in the Prague and Dubai warehouses. The Directors believe that the advantages of operating the WMS connected through IT4Profit include the ability to meet or exceed shipping commitments, instant visibility of inventory movements, consistency of inventory management records, reduction of inventory write-offs and simplicity in shipment planning, lot replenishment and storage activities.

In-Country Operations. We operate through 31 local offices in 28 countries. Customer orders are mainly served through the supply of local offices, and - to the event that local inventory levels are insufficient, additional inventory is drawn from one of the two distribution centers. Each local office operates its own logistics function and is responsible for direct shipments to its customers. Our headquarters monitor and assess the performance of each local logistics center by using a number of key performance indicators, including transit time of incoming shipments, order fulfilment, (such as pick, pack and ship time and the percentage of orders shipped to commitment by date and time), on-time delivery, transport, cost per kilogram shipped and cycle count performance.

Distribution Operations Management - "Asbis on IT4Profit"

The Directors consider that an efficient logistics and distribution model is one of the key contributors to maintaining our success in the distribution industry. Each in-country logistics centre is focused on continuous improvement with key performance indicators in place to measure performance.

IT4Profit is our online supply chain management software owned by us, which was internally developed, and which we continuously improve. We use IT4Profit to effectively manage the flow of goods within our distribution network. This system collaborates and exchanges business data with our key suppliers, master distribution centres, subsidiaries and customers. Local subsidiaries place their orders online through our e-market place on www.IT4Profit.com and receive their goods directly from one of the two distribution centres. In addition, local logistics staff use this online system to ensure that every online order is picked, packed, and shipped within the allocated timeframe.

IT4Profit provides the following functions:

- interconnectivity with suppliers;
- B2B and B2C online shops to our customers for both front and back-office administration;

- online supply chain management;
- statistics for product pricing and product content management and
- comprehensive operational reports and a balanced scorecards management system.

Disaster Recovery

We have developed and will continue to enhance, an enterprise-wide business plan, incorporating a disaster recovery plan that will enable us to restore all major procedures from offices around the world.

For our servers, we use Intel, Dell and IBM hardware.

In case of a system failure, spare servers kept at a number of locations where we operate can be made available within 24 hours. In addition to the daily back-ups that we maintain in Cyprus, we have our storage space resources in Lithuania for performing daily back-ups. In the event of a system failure, we can restore applications and recover data. In such an instance, this will enable us to continue operating with electronic means and servicing our clients. ASP services have a different scheme of high availability.

On the main host in Lithuania, the services have fully duplication hardware according to the active-standby scheme with full online replication. Additionally, data is being replicated with 15 minutes delay to the standby host in Prague and every day a full back-up of each service is taken.

Customers

We served 20,000 customers in approximately 60 countries in 2022. We have no reliance on any single customer, as our biggest customer is only responsible for around 5.6% of total revenues. Approximately 60% of our total sales were conducted on-line, based on our IT4Profit platform described above.

Industry overview and competition

Market characteristics

The markets we operate in are characterized by multi-culture environment and significantly lower per capita income when compared to the Western European markets.

Despite differences in GDP per person, our markets have been proving quite technology-oriented that consist of very much educated and demanding consumers.

Distributors are considered to be a basic component of the industry since the major suppliers of technology would rather deal with distribution, instead of own in-country operational investment.

This is particularly true of the European market, where a diversity of national business practices, as well as cultural and language differences make it difficult to pursue efficient hardware distribution models without having a strong local presence. In the Central and Eastern European and Former Soviet Union markets, different currencies, varying levels of economic development, import regulations and periodic episodes of political and economic instability create additional impediments to IT distribution not found in Western Europe. At the same time, leading manufacturers of IT do not want to rely solely on multinational OEMs and world-wide distributors for distribution as this would reduce producers' bargaining power.

For companies having own brands business, like us, it is important to find new niches all the time and leverage on market position and brand recognition. The need for new product lines is very important since we need to timely replace saturated product segments.

Market trends

The year 2022 was the most challenging year for ASBIS, mainly due to the war in Ukraine but also high inflation, increasing interest rates and an uncertain geopolitical situation. The full-scale war in Ukraine has changed the functioning of many companies, including ASBIS.

Following the invasion of Russia in Ukraine, in March 2022, we had to suspend our operations in Ukraine and significantly limit our activities in Russia and Belarus due to the imposed sanctions on these two countries. But thanks to the broad geographic coverage, strong market position, contingency plan and experience gained from previous crises, we were able to limit the negative effects of the war in Ukraine. We have also managed to regain, to a large extent, lost revenues from the markets affected by the war. We have secured or moved supplies from these countries to safe locations and intensified sales in non-conflicted markets. We have invested in Central Asian markets, which have huge growth potential, increased the gross margin and entered a new market segment - robotics, which is estimated by analysts to be worth several hundred billion dollars in a few years.

So, in summary it was a difficult year, but full of business successes for ASBIS.

We look into 2023 with confidence and optimism. We have many areas of growth; we are investing further in the development of new product segments such as the robotics and in new markets such as Central Asia and Africa.

Competitive Landscape – traditional distribution

Distribution of IT and mobile devices in Central and Eastern Europe and the Former Soviet Union is fragmented. Major multinational players who dominate the U.S. and Western European markets are present in a few countries each.

A large number of local distributors operate mostly in a single country with only a few operating in more than one country. Typically, these local players have the largest share in each of the countries.

The Directors consider the Company to be one of the largest distributors of IT components in Eastern Europe, with a distribution network covering the majority of countries in Eastern Europe, and one of the three largest distributors in the EMEA region for IT components such as HDDs and CPUs. As no other distributor has a pan-regional presence like ASBIS, we believe we are very much protected with our current set up and infrastructure.

We compete with local distributors, but the Directors consider that none of them has comparable geographic coverage, nor carry as diverse a portfolio as we do. The Directors consider that we do not have one main competitor but rather a group of competitors varying from country-to-country.

As some consolidation is seen on the market, and this trend may continue due to the effects of the recent world's financial crisis and limited abilities of the smaller distributors to finance themselves, ASBIS is ready to benefit from any opportunities that may arise.

Competitive Landscape – Private Labels

The private labels, Canyon, Prestigio, Prestigio Solutions, Perenio, Aeno, Lorgar and Cron Robotics are competing with a variety of brands in all markets we operate. The market leaders of the tablet and smartphone segments are Apple and Samsung. We do not consider our Prestigio brand to be competing with these conglomerates since we are not considered as an A-brand. We are positioning ourselves as a B-Brand with a limited amount of product offerings and limited countries of presence. Recently the market was flooded by cheap brands, thus we have decided not to compete on price but rather on quality and decreased our product lines and number of models to achieve better margins.
We continue our own brand business on a back-to-back basis and expect it to be responsible for a good share of our total revenues. This will allow us to benefit from its higher profitability, but we try not to carry any other related risks, such as inventory obsolescence.

Directions of further development

Our strategy is to grow our business and increase profitability by improving our operational efficiency in the distribution of IT products within all of the regions we operate in, upgrading our product portfolio and increasing sales of our private label products.

We intend to achieve this by:

a) increasing or retaining sales and market share in countries of Central and Eastern Europe, some particular markets of Former Soviet Union, Western Europe and the Middle East and Africa and taking advantage of the weaknesses of the competition

b) benefiting from increased Apple business, keep enhancing the IT component business, adding more third-party products to our portfolio, and improving the gross profit margin

c) further optimizing our private label business

d) further developing of the VAD business

e) decreasing cost of financing

f) engaging in alternative investments and new technologies

g) controlling our cost structure, enhancing operating efficiency and automated processes, including our online sales channels

h) continuing our successful foreign exchange hedging and other risk management activities

a) Increasing or retaining sales and market share in countries of Central and Eastern Europe, some particular markets of Former Soviet Union and the Middle East and Africa and taking advantage of the weaknesses of the competition

In 2022, despite the ongoing full-scale war in Ukraine, suspended operations in Russia, and limited activity in Belarus, ASBIS was able to compensate, to a large extent, lost revenues from other markets and in particular: Kazakhstan, Armenia, Azerbaijan, Uzbekistan and Georgia but also through the restoration of its business in Ukraine. We have built very solid foundations which allow us to adapt to the current market situation and generate high revenues. We look into 2023 with confidence and optimism. We have many areas of growth; we are investing further in the development of new product segments such as the robotics and in new markets such as Central Asia and Africa.

b) Benefiting from increased Apple business, keep enhancing the IT component business, adding more third-party products to our portfolio, and improving gross profit margin.

For 2023, we plan to retain our strong market position and strengthen our relationship with customers and suppliers, following the most challenging but successful year. The Company will focus on the acquisition and servicing of large business projects. The success of the last three years with Data Centers and other projects is expected to be replicated, despite losing out the Russian business. We remain focused in all other markets.

For 2023 we expect significant growth in the smartphone segment, both new and used following the dynamic development of Breezy - the largest Trade-In provider in the countries of its operations.

According to independent analysts worldwide IT spending is projected to total $4.5 trillion in 2023, an increase of 2.4% from 2022. While inflation continues to erode consumer purchasing power and drive device spending down, overall enterprise IT spending is expected to remain strong.

The software and IT services segments are projected to grow in 2023 by 9.3% and 5.5% in 2023, respectively. The devices segment is forecast to decline by 5.1% this year as both consumers and enterprises lengthen device refresh cycles.

The traditional IT components segment is characterized by high volumes and low gross profit margins. The component business is the backbone of our company and the Company expects that they will remain low in the foreseeable future.

To increase gross margins, the Company has dynamically developed its own brand business as this allows for higher gross profit margins. In 2022 we have added to our portfolio a new own brand namely "Cron Robotics" operating under a new business division - AROS - ASBIS Robotic Solutions. The Company is also constantly investing in the VAD business which delivers higher gross profit margins

c) Further optimizing of Private Labels

Our private label (branded) product lines, Canyon, Prestigio, Prestigio Solutions, Perenio, Aeno, Lorgar and Cron Robotics are manufactured by leading Original Equipment Manufacturers ("OEM") in the Far East (China), often based on designs developed by us, selected on the basis of their quality and potential for achieving high-profit margins in our markets. We market and sell these products under our own brands, successfully competing with products of comparable quality marketed under international brands.

We believe that keeping a share of private label business in our total revenues at healthy levels will have a positive impact on the overall profitability, as these products deliver a higher profit margin, compared to international suppliers' products distributed by us. We will increase such sales though only to the extent this comes with high gross and net margins and healthy cash flow.

We aim to continue expanding the range of our private label products and strengthening their promotion in our markets and we expect that this will have a positive impact on our profitability.

d) Further developing of the VAD business

Development of Value-Added-Distribution (VAD) solutions is a key priority of the Group. Following the changes in the market trends and the significant increase in storage as well as other commercial services leave no room but to ensure that we are re-enforcing our presence in this segment.

e) Decreasing cost of financing

The distribution business entails a higher need for cash available to support growth. The Group has managed to raise cash from various financial institutions, however, in certain cases, the cost of this financing is expensive.

The Company has already negotiated improved terms with some of its financiers and is currently undertaking certain extra steps to further lower its cost of financing. Base rates (US Libor, Euribor, other local base rates) have recently shown a significant uptrend and this has increased the Company's WACD.

The weighted average cost of debt (WACD) has increased to 10.5% in 2022, as compared to 6% in 2021.

f) Engaging in alternative investments and new technologies

In the last two years ASBIS has made strategic investments, investing in companies from the biotechnology sector, operating in a growing market and at an early stage of development like: EMBIO Diagnostics Ltd, Promed Bioscience Ltd and RSL Revolutionary Labs Ltd.

Scientific innovation is the path to a healthier society and ASBIS has innovation in its DNA. So, we have decided to invest in companies that can play an important role in our life and can bring real value to our lives and improve its quality.

Given the applicability of innovative products of the above-mentioned companies, in both professional (B2B) and individual (B2C) settings, we see these investments representing new streams of growth for ASBIS.

g) Controlling our cost structure, enhancing operating efficiency and automated processes, including online sales channels.

We continue to focus on improving our operating efficiency and enhancing our automated processes, with a view to reducing operating expenses and increasing our profit margins.

In 2022, SG&A expenses grew by 7% YoY mainly due to higher gross profit and investments made in human capital in all regions of our operations but scaled well compared to increase in gross and net profitability.

The cost structure will continue to be under strict control in the coming years.

h) Continuing our successful foreign exchange hedging and other risk management activities

In 2022 our FX hedging strategy has successfully shielded our results. However, since there is no such thing as perfect hedging, the currency environment needs to be closely monitored and FX hedging strategies updated as soon as new developments are visible in the markets.

Managing also credit risk and transactional risk is also part of our success path. In the transactional risk we also include the ability of the Group to properly manage its compliance in all rules and regulations imposed by the relevant authorities in sanctioned territories.

Real property and other tangible assets

The table below presents our main real properties:

		Area (m^2)			
Name of company	**Country**	**Land**	**Office**	**Warehouse**	**Total**
ASBISc Enterprises Plc	Cyprus	10,520	10,130	1,429	22,079
Asbis CZ, spol s.r.o.	Czech Republic	5,000	622	1,220	6,842
Asbis Ukraine Limited	Ukraine	-	2,660	334	2,994
ASBC Ltd	Belarus	-	1,056	-	1,056
Asbis SK sp.l. sr.o.	Slovakia	10,397	2,276	4,622	17,295
Asbis Middle East FZE	United Arab Emirates	-	952	3,294	4,246
CJSC ASBIS (Asbis BY)	Belarus	-	1,205	1,030	2,235
ASBIS Bulgaria Ltd	Bulgaria	3,855	-	-	3,855
		TOTAL			**60,602**

Our remaining premises are under lease.

Information regarding real property owned by us and relevant encumbrances are provided in the annual consolidated audited financial statements included elsewhere in this report. Other than this real property, we do not hold any other significant tangible assets.

Intellectual Property

We have registered (or registration is pending) the following trademarks, including their word and graphical representations in color and design.

a. ASBIS
b. "CANYON", CANYON LED
c. "PRESTIGIO", "PRESTIGIO SOLUTIONS" and its product group trademarks, which include Nobile, Cavaliere, Signore, Visconte, Emporio, Prestigio Multi-Pad and Prestigio Grace
d. "PrestigioPlaza
e. Lorgar

f. Perenio, Perenio Ionic Shield, Perenio Smart Health, Perenio Making Life Easy
g. Aeno
h. TopDevice
i. iSpace
j. iON
k. iSupport
l. BREEZY
m. MacSolutions
n. Joule, and
o. ACEAN

Most of these trademarks are registered and protected in the countries in which we operate, both under international, regional, and national registration schemes and systems, to the extent and other terms set forth in the provisions based on which they were registered. The registrations are mostly in the international class of goods 09 (computers and IT products), and related classes of services 35, 37 (sales, distribution, repair).

In addition, we have registered a number of domain names for ASBIS, E.M. Euromall, Canyon, Perenio, Prestigio, Breezy, Acean and other private labels.

Insurance

We hold two different types of insurance: products or "cargo" insurance and credit insurance.

Products Insurance. We have a products insurance policy with M.N. Leons B.V. We assume the risks of products we receive from our suppliers only upon transfer of legal title, and thereafter.

Under our product insurance policy, covering twelve months and ending 1 January 2022 with tacit renewal thereafter our products are insured for a maximum of U.S. $ 4,000 from any single shipment of computers, monitors and supplies of accessories transported from country to country or warehouse to warehouse. Typical shipment values for each warehouse are as follows: Czech Republic: U.S. $ 120 and the Middle East: U.S. $ 140.

Furthermore, goods held in storage at both distribution centers (i.e., both the Czech Republic and Middle East) and certain local warehouses are insured up to US 10,000.

The aforementioned insurance coverage approximates the typical value of stock held in each warehouse.

Credit Insurance: We have a major credit insurance policy in place with Atradius Credit Insurance N.V. reducing our exposure in respect to possible non-recoverability of our receivables. The insurers have agreed to indemnify us for losses due to bad debts in respect of goods delivered and services performed during the policy period, which covers a term of twelve months, subject to annual renewal. We insured about 75% of our 2022 revenues.

The major insurance policy is held with Atradius Credit Insurance N.V. which was signed in April 2008 and is renewed every year. It covers Asbisc Enterprises PLC, Asbis Middle East FZE, Asbis D.o.o. (Slovenia), Asbis Doo (Serbia), ASBIS Romania, ASBIS Bulgaria, E.M Euromall, ASBIS Poland, ASBIS CZ Republic, ASBIS Kazakhstan and ASBIS Hungary. Each buyer, primarily our large customers, who have an approved credit limit is insured for a coverage amounting to 85%. Atradius also offers us a discretionary credit limit up to a maximum of U.S. $ 60.

We also hold stand-alone credit insurance policies with Atradius in Slovakia covering the receivables of the country. We use both Coface SA and Euler Hermes in cases where Atradius in not granting limits.

ITEM 3. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following Management's discussion and analysis of our financial position and results of operations review our historical financial results as at, and for the years ended, 31 December 2022 and 2021. The reader shall read the following discussion in conjunction with our audited financial statements as at 31 December 2022 and 2021, including the accompanying notes thereto, which are included elsewhere in this Annual Report, and have been prepared in accordance with IFRS and audited by KPMG Limited, our independent auditors and in conjunction with the information set forth under "*Risk Factors*" and "*Information on the Company*".

Unless we indicate otherwise, references to U.S. $, PLN and € are in thousands except for share and per share data.

Summary

The principal events of 2022 were as follows:

- Revenues in 2022 decreased by only 12.60% to U.S. $ 2,690,039 from U.S. $ 3,077,976 in 2021.
- Gross profit in 2022 increased by 4.26% to U.S. $ 227,831 from U.S. $ 218,528 in 2021.
- Gross profit margin in 2022 much improved to 8.47% from 7.10% in 2021.
- Selling expenses in 2022 increased by 11.13% to U.S. $ 69,217 from U.S. $ 62,286 in 2021.
- Administrative expenses in 2022 grew by 12.07% to U.S. $ 47,620 from U.S. $ 42,493 in 2021. These expenses include costs for the support of Ukraine.
- EBITDA in 2022 was positive and reached U.S. $ 116,751 in comparison to U.S. $ 118,823 in 2021.
- The net profit after tax in 2022 amounted to U.S. $ 75,870 and was almost the same as the highest ever in 2021. We consider this as an incredible achievement which proves that the Company is well prepared to weather any difficulties and able to quickly adapt to the new realities.

Principal Factors Affecting Financial Condition and Results of Operations

In 2022, the Company's results of operations have been affected and are expected to continue to be affected by a number of factors.

Below we present all factors that have affected and continue to affect our business:

War between Russia and Ukraine and sanctions imposed on Russia and Belarus

The war between Russia and Ukraine (the two major markets for ASBIS before the war) is a key factor which has affected our results. Despite the large geographical presence of the Group, it would not be possible to totally weather the impact of this war. The Company proven to be well prepared to defend its position considering the sanctions imposed on Russia and Belarus; however, the Company considers the situation as critical and difficult to judge as to how it will evolve. We are strictly abiding with all sanctions that the EU imposed, and we are making the utmost to support our Ukrainian colleagues and operations.

Spreading of the Covid-19 virus in the markets we operate

The COVID-19 pandemic has had, and continues to have, a significant impact around the world. The shutdowns of the economies are no longer options, however Chinese covid lockdowns have disrupted supply chains and made consumers much concerned about the overall situation.

The Company closely monitors the evolution of this virus and has already undertaken certain measures to weather the situation. Despite that the pandemic has not adversely affected our results so far, we are ready to take more actions following any developments over this situation.

The in-country financial conditions affecting our major markets, gross profit and gross profit margin

Throughout the years of operation, the Company has from time to time suffered from specific in-country problems, emanating from the deterioration of specific countries' financial situation, due to a number of issues including but not limited to political instability. We need to monitor any developments, react fast and weather every risk showing up in a specific market to secure our results.

The Company needs to keep in mind that different in-country problems might arise at any time and affect our operations. Even though we have improved our procedures, we cannot be certain that all risks are mitigated.

Currency fluctuations

The Company's reporting currency is the U.S. dollar. In 2022 a good portion of our revenues was denominated in U.S. dollars, while the balance is denominated in Euro, Ruble, UAH, KZT and other currencies, certain of which are linked to the Euro. Our trade payable balances are principally (about 85%) denominated in U.S. dollars. In addition, approximately half of our operating expenses are denominated in U.S. dollars and the other half in Euro or other currencies, certain of which are linked to the Euro.

As a result, reported results are affected by movements in exchange rates, particularly in the exchange rate of the U.S. dollar against the Euro and other currencies of the countries in which we operate, including the Russian Ruble, the Ukrainian Hryvnia, the Czech Koruna, the Polish Zloty, the Croatian Kuna, the Kazakhstani Tenge and the Hungarian Forint.
In particular, a strengthening of the U.S. dollar against the Euro and other currencies of the countries in which we operate may result in a decrease in revenues and gross profit, as reported in U.S. dollars, and foreign exchange loss relating to trade receivables and payables, which would have a negative impact on our operating and net profit despite a positive impact on our operating expenses.

On the other hand, a devaluation of the U.S. dollar against the Euro and other currencies of the countries in which we operate may have a positive impact on our revenues and gross profit, as reported in U.S. dollars, which would have a positive impact on operating and net profit despite a negative impact on our operating expenses. In addition, foreign exchange fluctuation between the U.S. dollar and the Euro or other currencies of the countries in which we operate may result in translation gains or losses affecting foreign exchange reserves.
Furthermore, a major devaluation or depreciation of any such currencies may result in a disruption in the international currency markets and may limit the ability to transfer or to convert such currencies into U.S. dollars and other currencies.

Despite all efforts of the Company, there can be no assurance that fluctuations in the exchange rates of the Euro and/or other currencies of the countries in which we operate against the U.S. dollar will not have a material adverse effect on our business, financial condition and results of operations. Therefore, careful observation of the current environment remains a crucial factor for our success.

Competition and price pressure

The IT distribution industry is a highly competitive market, particularly with regards to products selection and quality, inventory, price, customer services and credit availability and hence is open to margin pressure from competitors and new entrants.

The Company competes at the international level with a wide variety of distributors of varying sizes, covering different product categories and geographic markets. In particular, in each of the markets in which the Company operates it faces competition from:

1. International IT and CE distributors with presence in all major markets we operate
2. Regional IT and CE distributors who cover mostly a region but are quite strong
3. Local distributors who focus mostly on a single market but are very strong
4. International IT and mobile phones brokers, who sell opportunistically in any region and/or country

Competition and price pressures from market competitors and new market entrants may lead to significant reductions in the Company's sales prices.

Such pressures may also lead to a loss of market share in certain of the Group's markets. Price pressures can have a material adverse effect on the Company's profit margins and its overall profitability, especially in view of the fact that its gross profit margins, like those of most of its competitors, are low and sensitive to sales price fluctuations.

Gross profit margins sustainability

The Company's business is comprised of both a traditional distribution of third-party products and own brands. This allows the Company to deliver healthier gross profit margins when conditions are favorable.
In the traditional distribution business, the Company's gross profit margins, like those of other distributors of IT products, are low and the Company expects that in the distribution arm of its business they will remain low in the foreseeable future.
Increased competition arising from industry consolidation and low demand for certain IT products may hinder the Company's ability to maintain or improve its gross margins. A portion of the Company's operating expenses is relatively fixed, and planned expenditures are based in part on anticipated orders that are forecasted with limited visibility of future demand.
As a result, the Company may not be able to reduce its operating expenses as a percentage of revenue to mitigate any reductions in gross margins in the future.

To increase gross margins, the Company has dynamically developed its own brand business as this allows for higher gross profit margins. In 2022 we have added to our portfolio a new own brand namely "CRON Robotics" operating under a new business division - AROS - ASBIS Robotic Solutions. The Company is also constantly investing in the VAD business which delivers higher gross profit margins.

Inventory obsolescence and price erosion

The Company is often required to buy components and finished products according to forecasted requirements and orders of its customers and in anticipation of market demand. The market for IT finished products and components is characterized by rapid changes in technology and short product shelf life, and, consequently, inventory may rapidly become obsolete. Due to the fast pace of technological changes, the industry may sometimes face a shortage or, at other times, an oversupply of IT products.

As the Company increases the scope of its business and of inventory management for its customers, there is an increasing need to hold inventory to serve as a buffer in anticipation of the actual needs of the Company's customers. This increases the risk of inventory becoming devalued or obsolete and could affect the Company's profits either because prices for obsolete products tend to decline quickly, or because of the need to make provisions or even write-offs.

In an oversupply situation, other distributors may elect to proceed with price reductions to dispose of their existing inventories, forcing the Company to lower its prices to stay competitive. The Company's ability to manage its inventory and protect its business against price erosion is critical to its success.

Several of the Company's most significant contracts with its major suppliers contain advantageous contract terms that protect the Company against exposure to price fluctuations, defective products and stock obsolescence.

Credit risk

The Company buys components and finished products from its suppliers on its own account and resells them to its customers. The Company extends credit to some of its customers at terms ranging from 7 to 90 days or, in a few cases, to 120 days.

The Company's payment obligations towards its suppliers under such agreements are separate and distinct from its customers' obligations to pay for their purchases, except in limited cases where the Company's arrangements with its suppliers require the Company to resell to certain resellers or distributors. Thus, the Company is liable to pay its suppliers regardless of whether its customers pay for their respective purchases.

As the Company's profit margin is relatively low compared to the total price of the products sold, in the event where the Company is not able to recover payments from its customers, it is exposed to financial liquidity risk. The Company has in place credit insurance which covers such an eventuality for the majority of its revenue.

Despite all efforts to secure our revenues, certain countries remained non-insured (Ukraine), therefore it is very important for us to ensure that we find other sources of securities which help us minimize our credit risk. The Board of Directors decided to enhance the Company's risk management procedures.

These do not guarantee that all issues will be avoided, however, they have granted the Company with confidence that is in a position to weather any possible major credit issue that may arise.

Worldwide financial environment

The overall financial environment and the economic landscape of each country we operate in, always play a significant role in our performance. The revised strategy and adaptation to the new environment, i.e., by rebuilding our product portfolio, has paid off in terms of profitability and sales in the last three years.

However, there are many uncertainties about the world economy following the war in Ukraine, the volatility of currencies and the fragility of demand in many markets. Additionally, from time to time, unpredictable situations may happen in selected markets.

We believe that the Company is much more flexible and better prepared to weather any obstacles that may arise due to the worldwide financial environment, however we can see that a full-scale war between these two countries brings unprecedented consequences.

In addition to the above, recently it has been noticed that multiple raw materials and finished product prices have risen dramatically, and this might significantly impact demand generation. This must be closely monitored, and the Company is alerted to manage any market anomalies.

Seasonality

Traditionally the IT distribution industry in which the Company operates experiences high demand during the months prior to and leading up to the Christmas and New Year holiday period. In particular, IT distributors' demand tends to increase in the period starting from September till the end of the year.

Development of own brand business

The Company's strategy is to focus more on profitability than on revenues, thus we continue to develop the own-brand business that allows for higher gross profit margins.

This includes the development of tablets and other product lines that are sold under Prestigio and Canyon brands in all regions of the Company's operations. The Company has also invested in another own brand, Perenio - which includes sales of smart-home, smart-security sensors and other products. The results from Perenio brand were not the ones we expected to see; thus, we currently undertake certain corrective actions.

At the end of 2021, the Company launched two new own brands: Lorgar - a brand of ultimate accessories for gamers and Aeno - a brand of smart home appliances.

In 2022, the Company has launched a new own brand "Cron Robotics" operating under a new business division – AROS - ASBIS Robotic Solutions. The core business of this division is based on two major segments – the distribution of collaborative robots (cobots) from leading global brands in the sector as well as own robotic platforms under own brand.

In order to keep quality under control and achieve the maximum possible gross profit margins, the Company's Directors have decided to operate under a "back-to-back scheme". This implies that orders are placed with ODMs, only if they are in advance confirmed by customers.

The Company is undertaking a number of quality control measures to mitigate this risk but given the volumes and a large number of factories used to produce these products, these controls might not be sufficient. Moreover, competition has already been intensified and the Company may not be able to sustain its profitability levels.

Despite the Company's efforts, there can be no assurance of a similar development pace in the own-brand business in future periods. This is because there may be a significant change in market trends, customer preferences or technology changes that may affect the development of own-brand business and, therefore, its results.

The high cost of debt

The distribution business entails a higher need for cash available to support growth. The Group has managed to raise cash from various financial institutions, however, in certain cases, the cost of this financing is expensive.

The Company has already negotiated improved terms with some of its financiers and is currently undertaking certain extra steps to further lower its cost of financing. Base rates (US Libor, Euribor, other local base rates) have recently shown a significant uptrend and this has increased the Company's WACD.

Environmental and Climate Changes

In terms of transition risks that arise from the transition to a low-carbon and climate-resilient economy, we may face the following risks: policy and legal risks (there may be laws or policies put in place that may require a more environmentally cautious approach to raw materials and land use), technology risks (changes in technology used to produce IT equipment) – these both may lead to growing prices in terms of IT equipment and solutions.

We may also face market risk with consumers switching to more energy-efficient appliances or making more savvy purchases to limit their own impact on the environment. We will monitor these trends and introduce the latest hardware for our customers.

We may also face reputational risks with difficulties in attracting customers, business partners and employees if we do not take strong enough actions against climate changes. In terms of physical risks resulting from climate changes, we may face both acute and chronic risks.

Acute physical risks may arise from weather-related events in the form of floods, fires or droughts that may damage factories in certain regions, cause factories to limit or temporarily stop their production or disrupt our supply chain in other ways.

These may result in temporary limitations in our product offering or rising prices of hardware and components. Chronic physical risks i.e., risks that may result from long-term changes in the climate, may also affect ASBIS.

Growing temperatures worldwide may cause a need for more temperature-resilient hardware and appliances and may also result in more hardware malfunctions that may increase warranty claims.

Financial position and results of operations / in U.S.$ thousand/

Year ended December 31, 2022, compared to year ended December 31, 2021

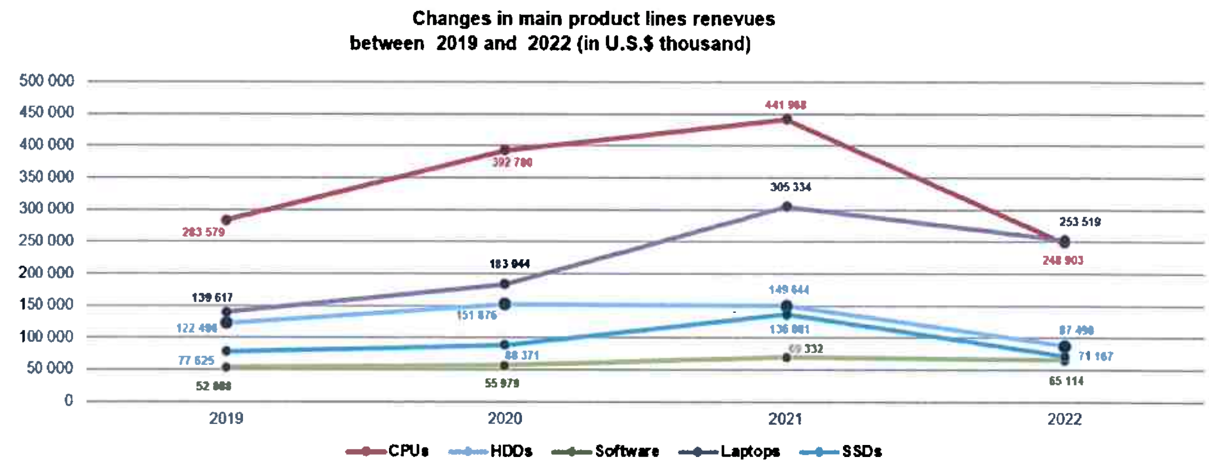
Revenues: Revenues in 2022 decreased by only 12.60% to U.S. $ 2,690,039 from U.S. $ 3,077,976 in 2021, mainly due to the full-scale war in Ukraine, and by far lower sales in all three countries involved. This also destabilized the CEE region and negatively affected our business in countries involved in the war as well as nearby countries. Despite the war in Ukraine, suspended operations in Russia, and limited activity in Belarus, ASBIS was able to compensate, to a large extent, lost revenues from other markets and in particular: Kazakhstan, Armenia, Azerbaijan, Uzbekistan and Georgia but also through the restoration of its business in Ukraine.

The table below sets a breakdown of revenues, by product lines, for the years ended 31 December 2022 and 2021:

	2022		2021	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Smartphones	949,226	35.29%	895,664	29.10%
PC mobile (laptops)	253,519	9.42%	305,333	9.92%
Central processing units (CPUs)	248,903	9.25%	441,968	14.36%
Peripherals	140,754	5.23%	148,669	4.83%
Audio devices	117,158	4.36%	137,456	4.47%
Servers & server blocks	113,673	4.23%	119,608	3.89%
Hard disk drives (HDDs)	87,498	3.25%	149,644	4.86%
Smart devices	80,244	2.98%	72,735	2.36%
Networking products PC desktop	71,646	2.66%	71,308	2.32%
Solid-state drives (SSDs)	71,166	2.65%	136,080	4.42%
Display products	67,957	2.53%	60,607	1.97%
Software	65,115	2.42%	69,331	2.25%
Multimedia	57,972	2.16%	58,204	1.89%
PC desktop	54,516	2.03%	76,589	2.49%
Tablets	48,422	1.80%	59,266	1.93%
Memory modules (RAM)	46,415	1.73%	63,578	2.07%
Accessories	36,704	1.36%	36,190	1.18%
Other	179,150	6.66%	175,745	5.71%
Total revenue	**2,690,039**	**100%**	**3,077,976**	**100%**

Starting from the 24th of February 2022, revenues have been under a serious pressure caused by the invasion of Russia in Ukraine that affected sales in a number of countries across our operations. Covid lockdowns in China and reduced spending due to economic slowdown have also negatively affected sales. As a result, in 2022 revenues from all main product lines (except from smartphones) decreased as compared to 2021.

The chart below indicates the trends in sales per product line:



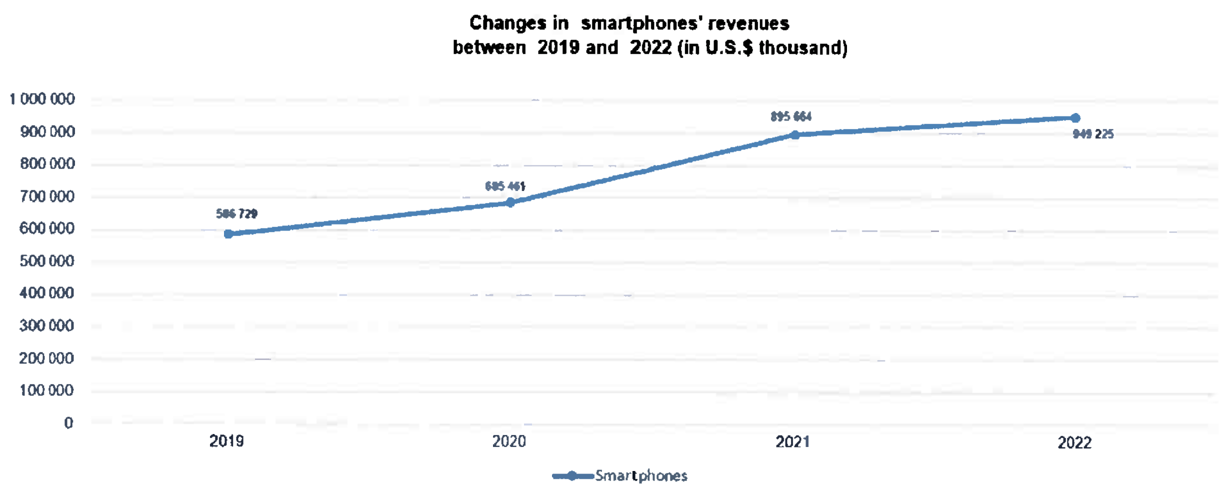
In 2022 the main drivers in terms of revenues were smartphones, laptops and CPUs.

On a year-on-year basis revenues from CPUs decreased by 43.7% in 2022. Sales of HDDs decreased by 41.5% in 2022. In 2022 revenues from software decreased by 6.1%. Laptop business decreased by 17.0% in 2022. Revenues from SSDs decreased by 47.7% in 2022. PC desktop business declined by 28.8% in 2022. The tablet segment recorded a decline by 18.3% in 2022.

From" Other" product lines, in 2022 a positive trend has been noticed in smart devices (+10.3%) and display products (+12.1%).

As regards our own brands, the Company's intention is to continue developing its seven own brand sales to the extent they bring targeted gross margin and deliver healthy cash flow.

The chart below indicates the trends in smartphones sales:



Sales of smartphones, which contribute the majority of our revenues, increased by 6.0% in 2022, as compared to the ones in 2021 as a result of higher demand and a different mix of iPhones, including the latest iPhone 14 series.

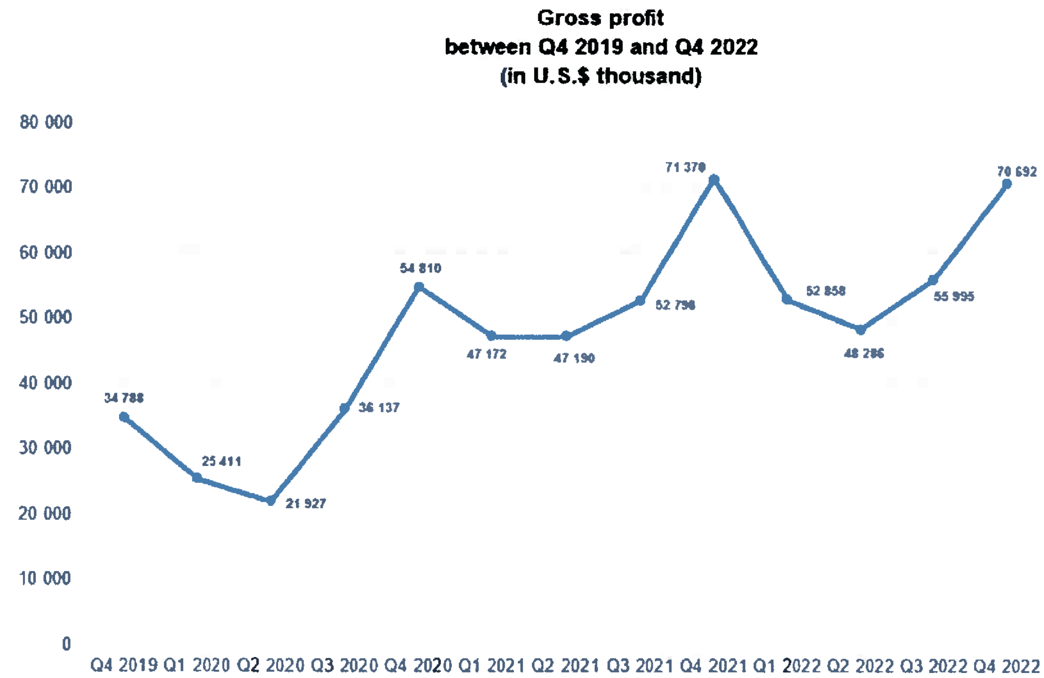
The table below presents a geographical breakdown of sales for the years ended 31 December 2022 and 2021:

	2022		2021	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Former Soviet Union	1,407,196	52.31%	1,774,834	57.66%
Central and Eastern Europe	653,643	24.30%	654,117	21.25%
Middle East and Africa	407,717	15.16%	327,799	10.65%
Western Europe	183,088	6.81%	266,607	8.66%
Other	38,395	1.43%	54,619	1.77%
Total	**2,690,039**	**100%**	**3,077,976**	**100%**

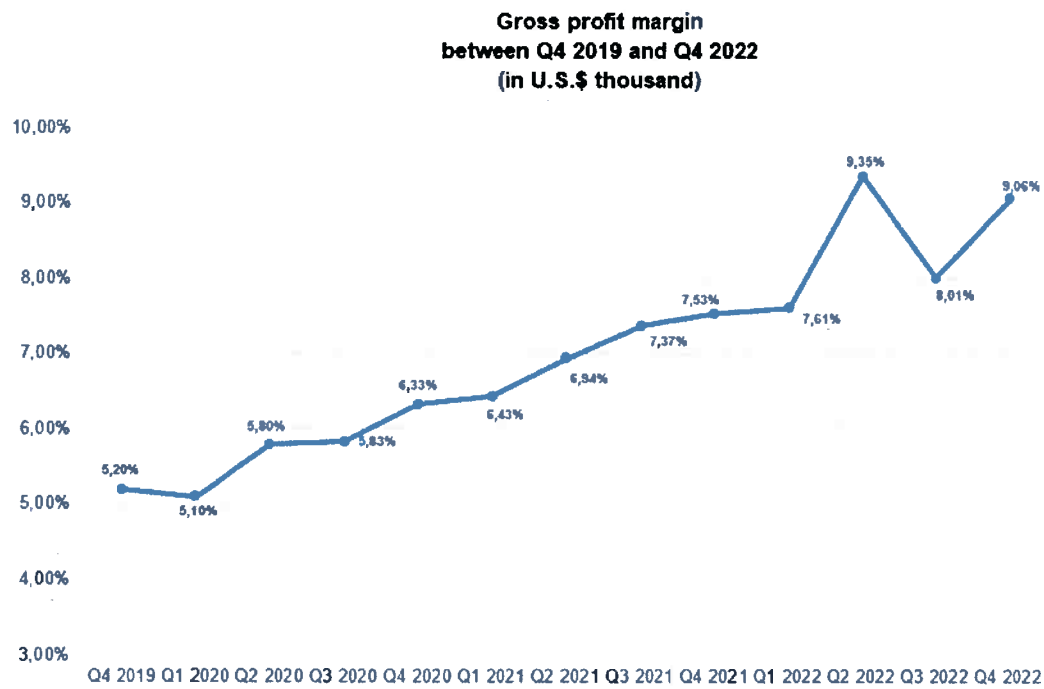
The table below presents a country-by-country breakdown of sales for our most important markets for the years ended 31 December 2022 and 2021:

	2022			2021		
	Country	Sales in U.S. $ thousands	% of total revenues	Country	Sales in U.S. $ thousands	% of total revenues
1.	Kazakhstan	584,849	21.74%	Russia	575,615	18.70%
2.	Ukraine	326,143	12.12%	Ukraine	475,303	15.44%
3.	United Arab Emirates	312,705	11.62%	Kazakhstan	383,141	12.45%
4.	Slovakia	239,905	8.92%	United Arab Emirates	219,940	7.15%
5.	Russia	134,520	5.00%	Slovakia	197,708	6.42%
6.	Czech Republic	97,583	3.63%	Belarus	190,028	6.17%
7.	Azerbaijan	91,414	3.40%	Czech Republic	107,577	3.50%
8.	Poland	85,780	3.19%	The Netherlands	78,746	2.56%
9.	Georgia	80,942	3.01%	Poland	77,981	2.53%
10.	Germany	79,540	2.96%	Romania	64,067	2.08%

Gross Profit: Gross profit in 2022 increased by 4.26% to U.S. $ 227,831 from U.S. $ 218,528 in 2021.



Gross profit margin (gross profit as a percentage of revenues): Gross profit margin in 2022 much improved to 8.47% from 7.10% in 2021. This was a result of products shortage and the continuation of the current Company's strategy to mostly focus on high margin products and IT solutions.



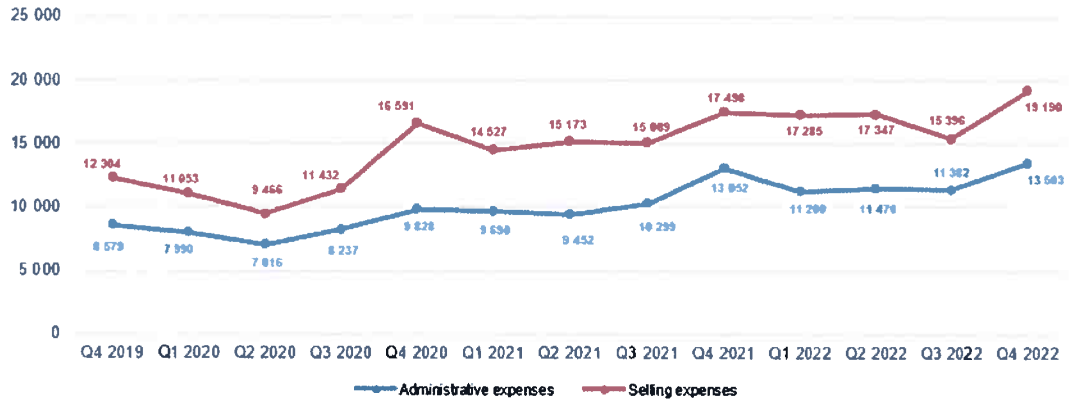
Selling Expenses: largely comprise of salaries and benefits paid to sales employees (sales, marketing, and logistics departments), marketing and advertising fees, commissions, and travelling expenses. Selling expenses usually grow together (but not in-line) with growing sales and, most importantly, gross profit.

Selling expenses in 2022 increased by 11.13% to U.S. $ 69,217 from U.S. $ 62,286 in 2021.

Administrative Expenses: largely comprise of salaries and wages of administrative personnel.

Administrative expenses in 2022 increased by 12.07% to U.S. $ 47,620 from U.S. $ 42,493 in 2021.

Administrative and selling expenses between Q4 2019 and Q4 2022 (in U.S.$ thousand)



EBITDA: EBITDA in 2022 was positive and amounted to U.S. $ 116,751 in comparison to U.S. $ 118,823 in 2021.

Profit After Taxation: The net profit after tax in 2022 is considered to be excellent given the full-scale war in Ukraine, high inflation, uncertain geopolitical situation and the fact that the net profit after tax in 2021 was the highest ever in the Company's history. The Company has proved once again its operational readiness to face the difficulties and changing geopolitical situation.

Liquidity and Capital Resources

The Company has in the past funded its liquidity requirements, including ongoing operating expenses and capital expenditures and investments, for the most part, through operating cash flows, debt financing and equity financing. Cash flow for 2022 has been negatively impacted by increased working capital utilization (mainly due to increased inventories).

The following table presents a summary of cash flows for the twelve months ended December 31st, 2022, and 2021 (in U.S. $ thousand):

	Twelve months ended December 31st	
	2022	**2021**
Net cash (outflows)/inflows from operating activities	(56,048)	41,367
Net cash outflows from investing activities	(11,075)	(15,029)
Net cash inflows from financing activities	8,555	10,899
Net (decrease)/increase in cash and cash equivalents	(58,568)	37,237

Net cash outflows from operations

Net cash outflows from operations amounted to U.S. $ 56,048 for the twelve months of 2022, compared to inflows of U.S. $ 41,367 in the corresponding period of 2021.

Net cash outflows from investing activities

Net cash outflows from investing activities were U.S. $ 11,075 for the twelve months of 2022, compared to outflows of U.S. $ 15,029 in the corresponding period of 2021.

Net cash inflows from financing activities

Net cash inflows from financing activities were U.S. $ 8,555 for the twelve months of 2022, compared to inflows of U.S. $ 10,899 in the corresponding period of 2021.

Net decrease in cash and cash equivalents

As a result of the increase in working capital utilization (mainly due to increased inventories) in 2022, cash and cash equivalents reached U.S. $ 92,352, as compared to U.S. $ 150,920 at the end of 2021.

Capital Resources

The Company's management believe that the Company has ample resources to finance its operations, as described in the audited financial statements attached to this annual report, going forward.

As at 31 December 2022, we had a total short-term and long-term debt (excluding amounts due to factoring creditors and lease liabilities) of U.S. $ 141,169 (including U.S. $ 553 of current maturities due within one year from 31st, December 2022), compared to U.S. $ 103,947 (including U.S. $ 123 of current maturities, as at 31 December 2021).

The table below presents our principal debt facilities as at 31 December 2022:

Entity	Creditor	Type of, facilities	Credit limit	Currency	Rate	US$ Equivalent	Valid from	Valid till
ASBIS Middle East FZE	NATIONAL BANK OF FUJAIRAH	Short Term Loan/Revolving Loan	27 000 000	AED	3,67	7 346 938,78	01/06/2022	non term
ASBIS Middle East FZE	EMIRATES ISLAMIC BANK PJSC	Short Term Loan/Revolving Loan	18 000 000	AED	3,67	4 897 959,18	25/10/2022	non term
ASBIS Middle East FZE	NATIONAL BANK OF FUJAIRAH	Factoring with recourse	3 000 000	AED	3,67	816 326,53	01/06/2022	non term
ASBIS Middle East FZE	NATIONAL BANK OF FUJAIRAH	Factoring with recourse	8 000 000	AED	3,67	2 176 870,75	01/06/2022	non term
ASBIS Middle East FZE	EMIRATES ISLAMIC BANK PJSC	Factoring with recourse	7 000 000	AED	3,67	1 904 761,9	25/10/2022	non term
ASBC MMC, AZ Az119 APR AlmaSore -> iSpace	KAPITAL BANK	Short Term Loan/Revolving Loan	200 000	AZN	1,7	117 647,06	07/06/2021	07/06/2023
ASBC MMC, AZ Az119 APR AlmaSore -> iSpace	KAPITAL BANK	Short Term Loan/Revolving Loan	200 000	AZN	1,7	117 647,06	01/07/2022	31/07/2023
ASBC MMC, AZ Az119 APR AlmaSore -> iSpace	PASHA BANK	Short Term Loan/Revolving Loan	600 000	AZN	1,7	352 941,18	20/09/2022	20/05/2023
ASBIS d.o.o. (BA)	RAIFFEISEN BANK D.D. BOSNA I HERCEGOVINA	BGs/SBLCs	300 000	KM	1,83	163 603,2	17/01/2020	30/06/2027
ASBIS d.o.o. (BA)	ASA BANKA D.D. SARAJEVO	BGs/SBLCs	300 000	KM	1,83	163 603,2	20/06/2019	31/12/2027
ASBIS d.o.o. (BA)	ASA BANKA NASA I SNAZNA D.D. SARAJEVO	BGs/SBLCs	150 000	KM	1,83	81 801,6	03/02/2022	13/01/2023
ASBIS d.o.o. (BA)	UNICREDIT BANK	BGs/SBLCs	300 000	KM	1,83	163 603,2	01/09/2022	09/08/2024
ASBIS d.o.o. (BA)	ASA BANKA D.D. SARAJEVO	Long Term Loan	656 524	KM	1,83	358 031,96	26/12/2022	31/12/2027
ASBIS d.o.o. (BA)	ASA BANKA D.D. SARAJEVO	Short Term Loan/Revolving Loan	500 000	KM	1,83	272 671,99	10/12/2020	31/12/2027
ASBIS d.o.o. (BA)	ASA BANKA D.D. SARAJEVO	Short Term Loan/Revolving Loan	1 000 000	KM	1,83	545 343,99	21/04/2021	31/12/2027
ASBIS d.o.o. (BA)	RAIFFEISEN BANK D.D. BOSNA I HERCEGOVINA	Short Term Loan/Revolving Loan	1 500 000	KM	1,83	818 015,98	01/01/2022	31/12/2024
ASBIS d.o.o. (BA)	ASA BANKA D.D. SARAJEVO	Short Term Loan/Revolving Loan	1 000 000	KM	1,83	545 343,99	26/08/2022	31/12/2027
ASBIS d.o.o. (BA)	UNICREDIT BANK	Short Term Loan/Revolving Loan	1 300 000	KM	1,83	708 947,19	01/09/2022	09/08/2024
ASBIS d.o.o. (BA)	RAIFFEISEN BANK D.D. BOSNA I HERCEGOVINA	Overdraft	300 000	KM	1,83	163 603,2	17/01/2020	31/12/2024
ASBIS d.o.o. (BA)	UNICREDIT BANK	Overdraft	400 000	KM	1,83	218 137,6	01/09/2022	09/08/2024
ASBIS BULGARIA EOOD	UNICREDIT BULBANK AD	Overdraft	5 500 000	BGN	1,83	2 999 383,76	01/10/2022	29/09/2023
ASBIS BULGARIA EOOD	UNICREDIT BULBANK AD	Factoring with recourse	300 000	BGN	1,83	163 602,75	01/09/2022	31/08/2023
ASBIS BULGARIA EOOD	UNICREDIT BULBANK AD	Factoring with recourse	2 500 000	BGN	1,83	1 363 356,26	29/09/2022	29/09/2023
ASBIS BULGARIA EOOD	UNITED BULGARIAN BANK (UBB)	Factoring with recourse	1 700 000	BGN	1,83	927 082,25	30/11/2022	31/08/2023
ASBIS Belarus	CJSC VTB BANK (BELARUS)	Short Term Loan/Revolving Loan	2 170 000	BYN	2,73	793 012,72	06/08/2021	05/08/2024
ASBIS Belarus	CJSC VTB BANK (BELARUS)	Short Term Loan/Revolving Loan	8 680 000	BYN	2,73	3 172 050,87	06/08/2021	05/08/2024
ASBIS Belarus	BANK BELVEB OJSC	Short Term Loan/Revolving Loan	12 600 000	BYN	2,73	4 604 589,97	25/10/2021	24/10/2024
ASBIS Belarus	BANK DABRABYT JSC	Short Term Loan/Revolving Loan	3 500 000	BYN	2,73	1 279 052,77	01/04/2022	16/01/2023
ASBIS Belarus	BANK DABRABYT JSC	Short Term Loan/Revolving Loan	3 517 914	USD	1	3 517 914,07	01/04/2022	16/01/2023
ASBIS Belarus	BANK BELVEB OJSC	Short Term Loan/Revolving Loan	4 000 000	BYN	2,73	1 461 774,59	14/11/2022	24/10/2024
ASBIS Belarus	BANK DABRABYT JSC	Overdraft	2 700 000	BYN	2,73	986 697,85	02/02/2022	01/02/2023
ASBIS Belarus	PRIORBANK	Factoring with recourse	3 000 000	BYN	2,73	1 096 330,95	07/12/2020	19/09/2023
ASBIS Belarus	BANK DABRABYT JSC	Factoring with recourse	3 300 000	BYN	2,73	1 205 964,04	02/02/2022	02/01/2024

ASBIS Belarus	BANK DABRABYT JSC	Factoring without recourse	2 000 000	BYN	2,73	730 887,3	18/11/2022	17/11/2024
ASBC TUE, BY	BANK DABRABYT JSC	Short Term Loan/Revolving Loan	480 000	BYN	2,73	175 412,95	01/12/2022	28/11/2023
ASBIS KYPROS LTD	ANCORIA BANK LTD	Overdraft	100 000	EUR	0,93	106 600	16/01/2017	non term
ASBIS KYPROS LTD	BANK OF CYPRUS PUBLIC COMPANY LIMITED	Overdraft	500 000	EUR	0,93	533 000	02/05/2022	01/05/2023
ASBIS KYPROS LTD	BANK OF CYPRUS PLC-FACTORING DIVISION	Factoring with recourse	800 000	EUR	0,93	852 800	19/06/2019	non term
ASBISC Enterprises PLC	BANK OF CYPRUS PUBLIC COMPANY LIMITED	BGs/SBLCs	30 000	EUR	0,93	31 980	22/05/2021	21/05/2023
ASBISC Enterprises PLC	VSEOBECNA UVEROVA BANKA A.S (VUB, A.S.)	BGs/SBLCs	1 000 000	USD	1	1 000 000	26/05/2021	25/05/2023
ASBISC Enterprises PLC	UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA, A.S.	BGs/SBLCs	391 943	EUR	0,93	417 811,67	31/01/2022	30/01/2023
ASBISC Enterprises PLC	RAIFFEISEN BANK INTERNATIONAL AG	BGs/SBLCs	4 650 000	USD	1	4 650 000	18/03/2022	24/03/2023
ASBISC Enterprises PLC	BARCLAYS BANK PL	BGs/SBLCs	5 350 000	USD	1	5 350 000	01/05/2022	non term
ASBISC Enterprises PLC	BANK OF CYPRUS PUBLIC COMPANY LIMITED	BGs/SBLCs	22 000 000	USD	1	22 000 000	26/09/2022	25/09/2023
ASBISC Enterprises PLC	SOCIETE GENERALE CYPRUS LIMITED	BGs/SBLCs	5 000 000	USD	1	5 000 000	05/10/2022	04/10/2023
ASBISC Enterprises PLC	CYPRUS DEVELOPMENT BANK PUBLIC COMPANY LTD	LCs	125 000	USD	1	125 000	01/01/2022	non term
ASBISC Enterprises PLC	BANK OF CYPRUS PUBLIC COMPANY LIMITED	LCs	331 550	USD	1	331 550,86	19/12/2022	08/01/2023
ASBISC Enterprises PLC	BANK OF CYPRUS PUBLIC COMPANY LIMITED	Overdraft	10 400 000	USD	1	10 400 000	30/04/2021	29/04/2023
ASBISC Enterprises PLC	BANK OF CYPRUS PUBLIC COMPANY LIMITED	Overdraft	500 000	EUR	0,93	533 000	30/04/2021	29/04/2023
ASBISC Enterprises PLC	CYPRUS DEVELOPMENT BANK PUBLIC COMPANY LTD	Overdraft	5 000 000	EUR	0,93	5 330 000,02	22/06/2021	non term
ASBISC Enterprises PLC	SOCIETE GENERALE CYPRUS LIMITED	Overdraft	1 500 000	USD	1	1 500 000	01/06/2021	non term
ASBISC Enterprises PLC	VSEOBECNA UVEROVA BANKA A.S (VUB, A.S.)	Overdraft	8 000 000	USD	1	8 000 000	08/11/2021	02/01/2023
ASBISC Enterprises PLC	RAIFFEISEN BANK INTERNATIONAL AG	Overdraft	5 350 000	USD	1	5 350 000	21/03/2022	non term
ASBISC Enterprises PLC	BANK OF CYPRUS PLC-FACTORING DIVISION	Factoring with recourse	18 000 000	USD	1	18 000 000	21/07/2021	29/04/2023
ASBISC Enterprises PLC	ADF PFS	Supply Chain Financing/Reverse Factoring	15 500 000	USD	1	15 500 000	26/09/2022	non term
ASBISC Enterprises PLC	MT – FIMBANK PLC	Supply Chain Financing/Reverse Factoring	5 000 000	USD	1	5 000 000	16/08/2022	23/02/2023
PRESTIGIO PLAZA LIMITED (ACEAN.CY)	BANK OF CYPRUS PUBLIC COMPANY LIMITED	Overdraft	50 000	EUR	0,93	53 299,22	30/04/2022	29/04/2023
ASBIS CZ spol s r.o.	CESKOSLOVENSKA OBCHODNI BANKA, A.S.	BGs/SBLCs	113 361	EUR	0,93	120 875,26	27/01/2022	31/12/2023
ASBIS CZ spol s r.o.	CESKOSLOVENSKA OBCHODNI BANKA, A.S.	Short Term Loan/Revolving Loan	140 000 000	CZK	22,61	6 190 307,75	11/06/2021	non term
ASBIS CZ spol s r.o.	VSEOBECNA UVEROVA BANKA, A.S.	Overdraft	2 000 000	EUR	0,93	2 132 561,02	16/11/2020	non term
ASBIS CZ spol s r.o.	CESKOSLOVENSKA OBCHODNI BANKA, A.S.	Overdraft	15 000 000	CZK	22,61	663 247,26	01/04/2022	non term

ASBC LLC, GE Ge119	TBC BANK	Overdraft	630 000	GEL	2,7	233 160,62	28/10/2021	31/12/2022
ASBISc-CR d.o.o.	OTP BANKA HRVATSKA D.D.	BGs/SBLCs	300 000	HRK	7,06	42 468,65	05/07/2019	non term
ASBISc-CR d.o.o.	ERSTE AND STEIERMAERKISCHE BANK D.D.	Short Term Loan/Revolving Loan	15 000 000	HRK	7,06	2 123 432,29	07/09/2020	06/09/2023
ASBISc-CR d.o.o.	ERSTE AND STEIERMAERKISCHE BANK D.D.	Short Term Loan/Revolving Loan	2 500 000	HRK	7,06	353 905,38	28/12/2022	28/12/2023
ASBIS IT Solutions Hungary Kft.	CIB BANK LTD.	Overdraft	100 000 000	HUF	375,68	266 183,99	29/06/2022	29/06/2023
ASBIS KAZAKHSTAN TOO	HALYK BANK	BGs/SBLCs	500 000	USD	1	500 000	14/09/2022	31/12/2022
ASBIS KAZAKHSTAN TOO	HALYK BANK	BGs/SBLCs	500 000	USD	1	500 000	03/10/2022	31/12/2022
ASBIS KAZAKHSTAN TOO	ALFA BANK JSC SB	Short Term Loan/Revolving Loan	1 600 000 000	KZT	462,65	3 458 337,84	30/10/2020	30/10/2023
ASBIS KAZAKHSTAN TOO	HALYK BANK	Short Term Loan/Revolving Loan	24 000 000 000	KZT	462,65	51 875 067,55	20/05/2022	19/05/2025
ASBIS KAZAKHSTAN TOO	JSC BANK CENTERCREDIT	Factoring with recourse	22 000 000 000	KZT	462,65	47 552 145,25	11/07/2022	30/07/2023
ASBIS KAZAKHSTAN TOO	HALYK BANK	Factoring with recourse	6 000 000 000	KZT	462,65	12 968 766,89	14/09/2022	14/09/2023
ASBIS BALTICS SIA	OP CORPORATE BANK PLC LATVIA BRANCH	Overdraft	3 300 000	EUR	0,93	3 519 779,99	01/09/2022	31/08/2023
ASBIS BALTICS SIA	OP CORPORATE BANK PLC LATVIA BRANCH	Factoring without recourse	4 888 000	EUR	0,93	5 213 540,79	31/12/2022	non term
ASBIS POLAND Sp. z o.o.	CREDIT AGRICOLE BANK POLSKA S.A.	BGs/SBLCs	1 000 000	USD	1	1 000 000	11/05/2016	15/05/2023
ASBIS POLAND Sp. z o.o.	CREDIT AGRICOLE BANK POLSKA S.A.	Overdraft	4 000 000	PLN	4,4	908 719,16	01/08/2021	30/06/2023
ASBIS POLAND Sp. z o.o.	BANK PEKAO S.A	Overdraft	5 000 000	PLN	4,4	1 135 898,95	14/06/2022	10/06/2023
ASBIS ROMANIA SRL	ALPHA BANK ROMANIA SA	Short Term Loan/Revolving Loan	17 000 000	RON	4,63	3 668 061,97	15/09/2019	15/02/2023
ASBIS ROMANIA SRL	BRD - GROUPE SOCIETE GENERALE SA	Short Term Loan/Revolving Loan	5 000 000	RON	4,63	1 078 841,76	13/07/2021	12/07/2023
ASBIS ROMANIA SRL	BRD - GROUPE SOCIETE GENERALE SA	Factoring without recourse	1 500 000	RON	4,63	323 652,53	14/12/2017	non term
ASBIS ROMANIA SRL	BRD - GROUPE SOCIETE GENERALE SA	Factoring without recourse	1 000 000	RON	4,63	215 768,35	24/10/2016	non term
ASBIS ROMANIA SRL	BRD - GROUPE SOCIETE GENERALE SA	Factoring without recourse	6 000 000	RON	4,63	1 294 610,11	03/11/2020	non term
ASBIS ROMANIA SRL	BRD - GROUPE SOCIETE GENERALE SA	Factoring without recourse	16 000 000	RON	4,63	3 452 293,62	10/12/2020	non term
ASBIS d.o.o.	EUROBANK AD	BGs/SBLCs	35 000 000	CSD	110,15	317 744,2	05/03/2022	05/03/2023
ASBIS d.o.o.	EUROBANK AD	Long Term Loan	50 000 000	CSD	110,15	453920,28	03/06/2020	03/06/2023
ASBIS d.o.o.	UNICREDIT BANK SRBIJA AD BEOGRAD	Short Term Loan/Revolving Loan	500 000	EUR	0,93	532 594,8	31/03/2022	30/03/2023
ASBIS d.o.o.	EUROBANK AD	Short Term Loan/Revolving Loan	300 000	EUR	0,93	319 556,88	13/07/2022	13/07/2023
ASBIS d.o.o.	ADDIKO BANK A.D. BEOGRAD	Short Term Loan/Revolving Loan	500 000	EUR	0,93	532 594,8	21/09/2022	21/09/2023
ASBIS d.o.o.	OTP BANKA SRBIJA AD	Short Term Loan/Revolving Loan	35 000 000	CSD	110,15	317 744,2	01/11/2022	01/11/2023
Asbis OOO	SBERBANK	Short Term Loan/Revolving Loan	350 000 000	RUR	70,33	4 976 008,53	18/05/2022	07/07/2023
Asbis OOO	SBERBANK	Overdraft	522 289 000	RUR	70,33	7 425 470,06	21/03/2022	10/01/2023
Asbis OOO	ABSOLUT FACTORING LIMITED COMPANY	Factoring with recourse	150 000 000	RUR	70,33	2 132 575,08	27/03/2020	non term
Asbis OOO	NATIONAL FACTORING COMPANY (NFK)	Factoring with recourse	200 000 000	RUR	70,33	2 843 433,45	15/11/2021	non term
Asbis OOO	BANK SOYUZ	Factoring with recourse	700 000 000	RUR	70,33	9 952 017,06	28/03/2022	non term
Asbis OOO	BANK SOYUZ	Factoring with recourse	300 000 000	RUR	70,33	4 265 150,17	01/06/2022	non term
Asbis OOO	BANK SOYUZ	Factoring with recourse	20 000 000	RUR	70,33	284 343,34	01/07/2022	non term
Asbis OOO	OFISMARKET LLC	Factoring without recourse	100 000 000	RUR	70,33	1 421 716,72	01/01/2021	non term
Asbis OOO	SBERBANK	Factoring without recourse	70 000 000	RUR	70,33	995 201,71	01/01/2021	non term
Asbis OOO	SBERBANK	Factoring without recourse	20 000 000	RUR	70,33	284 343,34	01/01/2021	non term

Asbis OOO	RAIFFEISENBANK ZAO	Factoring without recourse	235 000 000	RUR	70,33	3 341 034,3	29/05/2021	non term
Asbis OOO	SBERBANK	Factoring without recourse	2 000 000 000	RUR	70,33	28 434 334,46	01/09/2021	non term
Asbis OOO	ST.-PETERSBURG FACTORING COMPANY LTD	Factoring without recourse	20 000 000	RUR	70,33	284 343,34	15/11/2021	non term
Asbis OOO	SBERBANK	Factoring without recourse	600 000 000	RUR	70,33	8 530 300,34	29/11/2021	non term
Asbis OOO	ST.-PETERSBURG FACTORING COMPANY LTD	Factoring without recourse	250 000 000	RUR	70,33	3 554 291,81	01/04/2022	non term
Asbis OOO	BANK SOYUZ	Factoring without recourse	150 000 000	RUR	70,33	2 132 575,08	21/04/2022	non term
Asbis OOO	BANK SOYUZ	Factoring without recourse	200 000 000	RUR	70,33	2 843 433,45	30/05/2022	non term
Asbis OOO	BANK SOYUZ	Factoring without recourse	250 000 000	RUR	70,33	3 554 291,81	30/05/2022	non term
Asbis OOO	RUSSIAN AGRICULTURAL BANK	Factoring without recourse	50 000 000	RUR	70,33	710 858,36	03/06/2022	non term
Asbis OOO	BANK SOYUZ	Factoring without recourse	150 000 000	RUR	70,33	2132575,08	01/07/2022	non term
Asbis OOO	BANK SOYUZ	Factoring without recourse	50 000 000	RUR	70,33	710 858,36	01/07/2022	non term
Asbis OOO	MTS BANK	Factoring without recourse	120 000 000	RUR	70,33	1 706 060,07	12/07/2022	non term
Asbis OOO	ST.-PETERSBURG FACTORING COMPANY LTD	Factoring without recourse	50 000 000	RUR	70,33	710 858,36	01/12/2022	non term
Asbis OOO	RAIFFEISENBANK ZAO	Supply Chain Financing/Reverse Factoring	250 000 000	RUR	70,33	3 554 291,81	01/01/2022	non term
Asbis OOO	RAIFFEISENBANK ZAO	Supply Chain Financing/Reverse Factoring	250 000 000	RUR	70,33	3 554 291,81	01/01/2022	non term
Asbis OOO	RAIFFEISENBANK ZAO	Supply Chain Financing/Reverse Factoring	300 000 000	RUR	70,33	4265150,17	01/08/2022	non term
ASBIS d.o.o. Slovenia	ADDIKO BANK D.D.	Long Term Loan	300 000	EUR	0,93	319 795,33	02/11/2022	24/10/2025
ASBIS d.o.o. Slovenia	ADDIKO BANK D.D.	Short Term Loan/Revolving Loan	300 000	EUR	0,93	319 795,33	25/11/2022	24/11/2023
ASBIS SK spol. s r. o.	VSEOBECNA UVEROVA BANKA A.S (VUB, A.S.)	Overdraft	20 000 000	EUR	0,93	21 331 999,94	04/11/2019	31/01/2023
ASBIS SK spol. s r. o.	TATRA BANKA A.S.	Overdraft	23 000 000	EUR	0,93	24 531 799,93	23/02/2022	30/10/2023
Asbis-Ukraine ltd	TASCOMBANK JSC (FORMERLY BANK BUSINESS STANDARD)	Short Term Loan/Revolving Loan	150 000 000	UAH	36,56	4 101 879,75	19/05/2021	03/06/2025
Asbis-Ukraine ltd	FIRST UKRAINIAN INTERNATIONAL BANK	Short Term Loan/Revolving Loan	50 000 000	UAH	36,56	1 367 293, 25	14/05/2021	03/05/2024
Asbis-Ukraine ltd	JOINT-STOCK COMPANY OTP BANK	Short Term Loan/Revolving Loan	100 000 000	UAH	36,56	2 734 586,5	01/08/2021	21/07/2026
Asbis-Ukraine ltd	RAIFFEISEN BANK	Short Term Loan/Revolving Loan	157 500 000	UAH	36,56	4 306 973,74	01/09/2021	01/12/2023
Asbis-Ukraine ltd	JSC «ALFA-BANK»	Short Term Loan/Revolving Loan	350 000 000	UAH	36,56	9 571 052,76	29/11/2021	31/12/2025
Asbis-Ukraine ltd	PRAVEX-BANK JOINT-STOCK COMPANY COMMERCIAL BANK	Short Term Loan/Revolving Loan	77 902 000	UAH	36,56	2 130 297,58	22/12/2022	04/08/2024
Asbis-Ukraine ltd	CREDIT AGRICOLE BANK PJSC	Short Term Loan/Revolving Loan	109 705 800	UAH	36,56	3 000 000	26/12/2022	28/04/2023
Asbis-Ukraine ltd	JOINT-STOCK COMPANY OTP BANK	Overdraft	70 000 000	UAH	36,56	1 914 210,55	02/12/2022	21/07/2026
Asbis-Ukraine ltd	FIRST UKRAINIAN INTERNATIONAL BANK	Factoring with recourse	20 000 000	UAH	36,56	546 917,3	21/03/2019	27/10/2023
Asbis-Ukraine ltd	JSC «ALFA-BANK»	Factoring with recourse	350 000 000	UAH	36,56	9 571 052,76	01/02/2022	31/12/2025
Asbis-Ukraine ltd	JOINT-STOCK COMPANY OTP BANK	Factoring with recourse	70 000 000	UAH	36,56	1 914 210,55	05/12/2022	21/07/2026
Asbis-Ukraine ltd	TASCOMBANK JSC (FORMERLY BANK BUSINESS STANDARD)	Factoring with recourse	250 000 000	UAH	36,56	6 836 466,26	23/12/2022	03/06/2025

Capital Expenditure

Our total capital expenditure for tangible and intangible assets amounted to U.S. $ 17,861 for the year 2022, compared to U.S. $ 16,448 for the year 2021.

Commitments and contingencies

Commitments and contingencies are presented in the audited financial statements included elsewhere in this annual report.

Critical Accounting Policies

The preparation of our financial statements under IFRS requires Management to select and apply certain accounting policies that are important to the presentation of our financial condition and results of operations. Certain of our accounting policies have been identified as critical accounting policies. A "critical accounting policy" is one that both (i) is significant to our financial condition and results of operations (in that the application of a different accounting principal or changes in related estimates and assumptions that Management could reasonably have used or followed would have a material impact on our financial condition and results of operations) and (ii) requires difficult, complex or subjective analysis to be made by Management based on assumptions determined at the time of analysis.

Our accounting policies are reviewed on a regular basis and Management believe that the assumptions and estimates made in the application of such policies for the purposes of preparing our financial statements are reasonable; actual amounts and results, however, could vary under different methodologies, assumptions or conditions. Our accounting policies and certain critical accounting estimates and judgments with respect to the preparation of our financial statements are described in Note 2 to the financial statements included elsewhere in this annual report.

ITEM 4. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Board of Directors

The Board of Directors is responsible for formulating, reviewing, and approving our strategy, budgets, and corporate actions. We intend to hold Board of Directors meetings at least four times each financial year and at other times as and when required.

The following table sets out our current Directors:

Name	Year of Birth	Position	Appointed to the Board	Expiry of term	Nationality
Siarhei Kostevitch	1964	Chairman, Chief Executive Officer	30 August 1999	2023	Cypriot
Marios Christou	1968	Chief Financial Officer	28 December 2001	2023	Cypriot
Constantinos Tziamalis	1975	Deputy CEO	23 April 2007	2025	Cypriot
Julia Prihodko	1982	Chief Human Relations Officer	7 May 2021	2025	Ukrainian
Tasos A. Panteli	1976	Non-Executive Director	18 April 2019	2024	Cypriot
Maria Petridou	1977	Non-Executive Director	29 March 2021	2024	Cypriot

The biographical details of the members of our Board of Directors are set out below:

Siarhei Kostevitch, born in 1964, holds a master's degree in radio engineering design from the Radio Engineering University of Minsk (1987). Between 1987 and 1992, Siarhei worked as a member of the Research Center at the Radio Engineering University in Minsk, where he published a series of articles on microelectronics design in local and worldwide specialist magazines. In 1990, Siarhei established a design and manufacturing business in Minsk, Belarus, and within 15 years has built it into the leading computer component distributor in Eastern Europe and the Former Soviet Union. Siarhei is the Chairman and the CEO of the Group.

Marios Christou, born in 1968, holds a B.A., dual major in Accounting and Information Systems and Economics, from Queens College of the City University of New York (C.U.N.Y.) (1992), and an M.B.A. in International Finance from St. John's University, New York (1994). Marios is also a Certified Public Accountant (CPA) and a member of the American Institute of Certified Public Accountants (AICPA). Marios worked with Deloitte & Touche Limassol, Cyprus, for four years, as an audit manager. Marios then worked as a Financial Controller at Photos Photiades Breweries Ltd (part of the Carlsberg Group of companies) for three years. Marios joined the Company in August 2001 and is the Chief Financial Officer.

Constantinos Tziamalis, born in 1975, holds a B.Sc. in Banking and Financial Services (1998) and a Masters (M.Sc.) in Finance (1999) from the University of Leicester. Constantinos Tziamalis worked at the private banking department of BNP Paribas in Cyprus and then joined a brokerage house, Proteas Asset Management Limited, for 3 years as Investor Accounts Manager. Constantinos joined the Company in January 2002 as Financial Project Manager.
He was promoted to the position as Corporate Credit Controller & Investor Relations in March 2003 and became Director of Risk and Investor Relations as of 23 April 2007. In January 2010 Constantinos has been also appointed as head of the FX Risk Management team. In February 2022, he was nominated to the newly created position of Deputy CEO.

Julia Prihodko, born in 1982, holds a Masters (M.Sc.) in Psychology. Julia Prihodko started her career in a Ukrainian recruiting agency as a Recruiting Manager, held the position of Head of HR Department at "NOVA" Insurance Company and Investment Consulting Center for 2 years, and worked for PJSC "Insurance Company" Alfa Insurance" (part of the European private investment holding company ABH Holdings S.A. (ABHH)) for 7 years as Head of Human Resources Department.
Julia joined the Company in May 2015 as Human Relation Manager of ASBIS Ukraine. She was promoted to the position of Chief Human Relations Officer in February 2019. On the 7th of May 2021, Julia Prihodko was appointed to the Board of Directors as an Executive Director.

Mr. Tasos A.Panteli joined the Group in 2019. Tasos started his professional career at Nicos Chr. Anastasiades & Partners (Advocates – Legal Consultants), holding the position of Advocate in 2001. Since 2005, Tasos has been working at Andreas M. Sofocleous & Co LLC (Advocates – Legal Consultants) as Advocate (Advocate - Partner since 2010).
He received a Bachelor of Laws (LLB) from the Queen Mary and Westfield College (1999), a Postgraduate Diploma in Legal Skills from the City University London, Inns of Court School of Law (2000). In the same year, he completed the Bar Vocational Course at the City University London, Inns of Court School of Law and was Called to the Bar. In 2001 he received a Master of Laws (LLM) from the King's College London. In 2002 he was admitted to the Cyprus Bar Association. He is a member of the Board of Directors of Cyprus Hydrocarbons Company (CHC) Ltd, a member of the Cyprus Bar Association and a member of the Honourable Society of Lincoln's Inn (Barrister at Law). Tasos is one of the two Non-Executive Directors of the Company.

Mrs. Maria Petridou joined the Group in 2021. She started her professional career at KPMG Metaxas, Loizides, Syrimis (Limassol, Cyprus), holding the position of Audit Supervisor (1998-2002). In 2002, Mrs. Maria Petridou joined EFG EUROBANK SA (Athens, Greece) as an Assistant Manager in the Finance and Control Department. Between the years 2006 and 2007, she worked for KOMMUNALKREDIT INTERNATIONAL BANK LTD (Limassol, Cyprus) as a Manager in the Accounting Department. In 2008, she held the position of Finance Lead, in the SOX Compliance Office of MF GLOBAL LIMITED (London, UK). Between the years 2011 and 2012 she worked for Versatile Apparel Ltd (London, UK), holding the position of Finance Director. In 2013, she joined AMF Horwath DSP (Limassol, Cyprus) as the Head of the Fund Administration Services department. Since 2016 she has been engaged in accounting and financial services projects as a consultant. Between the years 2018 and 2021, she held the position of Chief Accountant at Agri Europe Cyprus Limited.

Mrs. Maria Petridou received a Bachelor of Arts in accounting and financial management (1998) and was awarded an Upper Second-Class Honours degree from the UNIVERSITY OF ESSEX (Colchester, England). She is a member of the Institute of Chartered Accountants in England and Wales (ICAEW).

Directors' remuneration

Unless determined by ordinary resolution, the number of Directors shall be not less than three and there shall be no maximum number of Directors.

Subject to our Articles of Association, we may by ordinary resolution appoint a person who is willing to act as a Director, either to fill a vacancy or as an addition to the existing Board of Directors.

The remuneration of the Directors will from time to time be determined by the general meeting on the recommendation of the remuneration committee.

Any Director performing special or extraordinary services in the conduct of our business or in discharge of his or her duties as Director, or who travels or resides abroad in discharge of his or her duties as Director may be paid such extra remuneration as determined by the Directors, upon recommendation by the remuneration committee.

Executive Directors are also entitled to receive a bonus every quarter depending upon quarterly results. The bonus consists of a certain amount or percentage which is agreed and described in each Director's service agreements or contracts, as applicable, however, Directors only receive such a bonus to the extent profit meets certain pre-set budgetary figures. All such bonus amounts are included in the remuneration tables set forth below.

The following table presents the remuneration (including bonuses) of Directors for the years ended 31 December 2022 and 2021, in U.S.$:

Name of the director, Position	Year	1 Fixed remuneration			2 Variable remuneration		3 Extraordinary items	4 Provident Fund	5 **Total remuneration**
		Basic	Fees	Fringe benefits	One-year variable	Multi-year variable			
Siarhei Kostevitch, Chairman, Executive (Chief Executive Officer)	2021	228			851		0	7	**1,086**
	2022	205			773		0	6	**984**
Marios Christou, Executive (Chief Financial Officer)	2021	138			115		0	4	**257**
	2022	123			170		0	4	**297**
Costas Tziamalis, Executive (Deputy CEO)	2021	138			120		0	4	**262**
	2022	123			170		0	4	**297**
Julia Prihodko Executive (Chief Human Relations Officer)	2021	31			20		0	1	**52**
	2022	50			35		0	2	**87**
Yuri Ulasovich, Executive (Chief Operating Officer)*	2021	43			4		0	1	**48**
	2022	-			-		-	-	**-**
Demos Demou, Non-executive (Non-executive Director)*	2021	7			0		0	0	**7**
	2022	-					-	-	**-**
Tasos Panteli, Non-executive (Non-executive Director)	2021	14			0		0	0	**14**
	2022	13			0		0	0	**13**
Maria Petridou Non-executive (Non-executive Director)	2021	11			0		0	0	**11**
	2022	13			0		0	0	**13**

*Yuri Ulasovich and Demos Demou resigned as directors in 2021

Information about non-financial remuneration components due to each board member and key manager

Executive members of the Board of Directors are entitled to a car, phone, and medical insurance.

Significant amendments of the remuneration policy in the last financial year or information about their absence.

During 2022, there were no significant changes in the Company's remuneration policy.

Assessment of the implementation of the remuneration policy

The Board of Directors positively evaluates the functioning of the remuneration policy from the point of view of achieving its objectives, in particular, the long-term shareholder value growth and the stability of the Company's operations.

Shares ownership

The table below presents the beneficial interests of Directors in the Company's issued share capital as at the date of the publication of this annual report:

Name	Number of Shares	% of the share capital
Siarhei Kostevitch (directly and indirectly) *	20,448,127	36.84%
Constantinos Tziamalis	556,600	1.00%
Marios Christou	463,061	0.83%
Julia Prihodko	0	0%
Tasos A. Panteli	0	0%
Maria Petridou	0	0%

* Siarhei Kostevitch holds shares as the ultimate beneficial owner of KS Holdings Ltd.

To the best of the Company's knowledge, the members of the Board of Directors do not have any rights to the Company's shares.

In 2022 Mr. Siarhei Kostevitch and Mr. Constantinos Tziamalis purchased 5,000 and 450 of ASBIS shares respectively.

Committees

The Audit Committee of the Company was comprising Tasos A. Panteli and Maria Petridou (both non-executive Directors) and Marios Christou (as attending member) and is chaired by Maria Petridou. The Audit Committee meets at least twice a year. The Audit Committee is responsible for ensuring that the Group's financial performance is properly monitored, controlled, and reported. It also meets the auditors and reviews reports from the auditors relating to accounts and internal control systems. The Audit Committee meets at least once a year with the auditors.

The Remuneration Committee of the Company was comprising Tasos A. Panteli and Maria Petridou (both non-executive Directors) and Siarhei Kostevitch (as attending member) and is chaired by Tasos A. Panteli. It sets and reviews the scale and structure of the executive Directors' remuneration packages, including share option schemes and terms of their service contracts.

The remuneration and the terms and conditions of the non-executive Directors are determined by the Directors with due regard to the interests of the Shareholders and the performance of the Group. The Remuneration Committee also makes recommendations to the Board concerning the allocation of share options and/or treasury stock allocation to directors, managers and employees of the Company.

Changes in main management rules

There were no changes to main management rules in 2022.

List of all agreements signed with directors that gives the right to compensation in a case the person resigns or is fired

There were no changes in the service agreements of any of the directors.

Information about ownership of shares of any related parties - owned by the Directors

None of our Directors holds shares of any of our subsidiary companies, other than disclosed.

Employees

During 2022 we have employed an average number of 2,222 employees, of whom 220 were employed by the Company and the remainder in the rest of the Group' s offices worldwide.

The split of employees by area of activity in 2022 and 2021 is as follows:

	2022	2021
Sales and Marketing	1,213	1,093
Administration and IT	338	358
Finance	200	197
Logistics	471	431
Total	**2,222**	**2,079**

ITEM 5. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Major Shareholders

The following table presents shareholders possessing more than 5% of our shares as of the date of publication of this report, according to our best knowledge. The information included in the table is based on the information received from the shareholders pursuant to Art. 69, sec. 1, point 2 of the Act on Public Offering, conditions governing the introduction of financial instruments to organized trading and public companies.

Name	Number of shares	% of the share capital	Number of votes	% of votes
KS Holdings Ltd*	20,448,127	36.84%	20,448,127	36.84%
ASBISc Enterprises Plc (buy-back program)	328,800	0.59%	328,800	0.59%
Free-float	34,723,073	62.57%	34,723,073	62.57%
TOTAL	**55,500,000**	**100%**	**55,500,000**	**100%**

*Siarhei Kostevitch holds shares as the ultimate beneficial owner of KS Holdings Ltd

Information on the buy-back program:
On March 31st, 2022, the Company started to execute the buy-back program which was approved by the Extraordinary General Meeting of Shareholders held on February 28th, 2022. According to the resolution, the Board of Directors has been authorized to buy-back up to 2,000,000 shares for a maximum of USD 1,000,000.
Within the buyback program, the Company during market sessions between 31st March 2022 - 1st September 2022, purchased a total number of 328,800 own shares. The average unit price of the purchase was PLN 13.32 per share.

The purchased own shares is 0.592% of the Company's share capital and gives 328,800 votes (0.592%) at the AGM.

Besides the above-mentioned buy-back program, there were no changes in the number of shares possessed by major shareholders in 2022.

Related Party Transactions

During the year ended 31 December 2022, the Company did not have any material related party transaction other than typical or routine transactions. For the ordinary course of business transactions, please refer to the notes on the audited financial statement attached on this annual report.

In the year 2022, a number of transactions have occurred between the Company and its subsidiaries and between our subsidiaries. In our opinion, all of these transactions were based on terms that did not vary from market terms and their nature and conditions resulted from ongoing needs and operations of the Company and of the Group, such as contracts related to the purchases of goods for onward distribution to external clients. All of these transactions and related outstanding balances were eliminated in the Financial Statements included in this Annual Report and, as a result, did not have any impact on our consolidated financial results and on our financial position as a whole.

ITEM 6. FINANCIAL INFORMATION

Legal Proceedings

Currently, there are no legal significant proceedings pending against us or any of the members of our Group.

Information on loans granted to any other party

During the year ended 31st December 2022, we have not granted any loan to any other party other than to our subsidiaries which are disclosed in another part of this report (audited financial statements).

Information on granted guarantees

We grant certain guarantees to some of our vendors and to certain customs authorities. All our guarantees are reported in the financial statements section of this annual report.
The total corporate guarantees the Company has issued, as at December 31st, 2022, to support its subsidiaries' local financing, amounted to U.S.$ 176,223.
The total bank guarantees and letters of credit raised by the Group (mainly to Group suppliers) as at December 31st, 2022, was U.S.$ 41,960 – as per note number 19 to the financial statements.

Evaluation of financial resources management (including the ability to pay back commitments) and information about actions undertaken to avoid risks

This has been discussed in note 34 of our financial statements to this annual report under the headline Financial Risk management.

Evaluation of the possibility of realization of investment intentions

The Company has completed almost all of its current investments in prior years and in 2022 intends to mainly grow organically, therefore there is low risk connected with the realization of current investment intentions.

Characteristics of the structure of assets and liabilities in the consolidated balance sheet including characteristics from the point of view of Company liquidity

The structure of assets and liabilities in the balance sheet including characteristics from the point of view of the Company's liquidity has been discussed in detail in the financial statements included in this annual report:

a) note 16 - Trade receivables - Ageing analysis of receivables
b) note 34 – Financial risk management – point 1.3. Liquidity risk

Information about the structure of main deposits and capital investments in 2022

There were no deposits other than those disclosed as pledged deposits in the financial statements to this annual report.

There were no other capital investments than the ones disclosed in note 10 of the financial statements included in this annual report.

Information about relevant off-balance sheet positions as at December 31st, 2022

There were no relevant off-balance sheet positions as at December 31st, 2022, other than Bank Guarantees disclosed in note 19 of the audited financial statements.

Dividend Policy

Our dividend policy is to pay dividends at levels consistent with our growth and development plans while maintaining a reasonable level of liquidity.

On the 4th of May 2022, the Annual General Meeting of Shareholders adopted a resolution on a final dividend payment for the year ended December 31st, 2021, amounting to USD 0.10 per share and USD 5,550,000 in total, in line with the recommendation of the Company's Board of Directors. The Annual General Meeting has also acknowledged the decision of the Board of Directors to approve an interim dividend of USD 11,100,000, paid in December 2021. Thus, the total dividend payment from the Company's profit for 2021 amounted to U.S.$ 0.30 per share, a total payment of USD 16,650,000.

On the 2nd of November 2022, the Company's Board of Directors decided on the payment of an interim dividend from 2022 profits. The interim dividend of USD 0.20 per share was paid out on the 1st of December 2022. The interim dividend record date was on the 17th of November 2022.

On the 29th of March 2022, the Company's Board of Directors decided to recommend to the Annual General Meeting of Shareholders the payment of the final dividend from the Company's 2022 profits of USD 0.25 per share.

Any future dividends will be solely at the discretion of the Board of Directors and the General Meeting of shareholders after considering various factors, including business prospects, future earnings, cash requirements, financial position, expansion plans and requirements of the Cyprus law.

The Cyprus law does not limit dividends that may be paid out except that it states that dividends may only be paid out of profits and may not be higher than those recommended by the Board of Directors.

Throughout recent years the Group has always followed a steady Dividend Policy, by not paying anything more than 50% of the profitability of the precedent year.

Significant Contracts

During 2022 neither the Company nor any of the members of our Group have concluded any significant contracts.

PART II

ITEM 7. PRINCIPAL ACCOUNTANT FEES AND SERVICES

We enter into agreements with our principal auditors, KPMG Limited, as well as other auditors of Group companies, to review interim (period ending the 30th of June) and audit annual financial statements (fiscal year ending 31 December).

The last agreement has been signed on the 1st of November 2022.

The following table presents a summary of accountant fees and services for the twelve months ended December 31, 2022, and 2021:

(U.S. $)	2022	2021
Auditors' fees regarding annual report [(1)]	536	437
Auditors' fees for tax advisory	35	19
Auditors' fees for other services	1	6
Total fees	**572**	**462**

[(1)] Positions in the table include fees and expenses for certain services (i.e., in relation to reviews and audits of financial statements) for the periods covered by the fiscal year, notwithstanding when the fees and expenses were billed.

ITEM 8. ASBISC ENTERPRISES PLC STATEMENT ON NON-FINANCIAL INFORMATION FOR THE YEAR 2022

According to art. 55.2b of the Polish Bill of Accounting (which implements the 2014/95/EU Directive into Polish law), ASBISc Enterprises Plc presents separately a consolidated report on non-financial information for Y2022.
The report includes all non-financial information regarding the ASBISc Enterprises Plc Group in the period from January 1 to December 31, 2022.
The report is available at the Company website http://investor.asbis.com/csr-reports

Signatures:

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Siarhei Kostevitch
Chairman, Chief Executive Officer
Member of the Board of Directors

....

Marios Christou
Chief Financial Officer
Member of the Board of Directors

....

Constantinos Tziamalis
Deputy CEO
Member of the Board of Directors

....

Julia Prihodko
Chief Human Relations Officer
Member of the Board of Directors

ITEM 9. MANAGEMENT REPRESENTATIONS

In accordance with the requirements of the Decree of the Minister of Finance of March 29th, 2018, on current and periodic information to be published by issuers of securities and on rules of recognition of information required by law of a non-member country as equivalent, the Board of Directors of ASBISc Enterprises Plc hereby represents that:

a) to its best knowledge, the annual consolidated financial statements and the comparative data have been prepared in accordance with the applicable accounting policies and that they give a true, fair and clear reflection of the Group's financial position and its results of operations, and that the annual Directors',

b) The report gives a true view of the Group's development, achievements and position, including a description of the basic risks and threats

c) The Company adheres to the provisions regarding the appointment, composition and functioning of the audit committee, including the fulfilment of independence criteria by its members and the requirements for knowledge and skills in the industry in which ASBISc Enterprises Plc operates and in the field of accounting or auditing

d) The audit committee performed the tasks provided for in the applicable regulations

e) The auditing company and the members of the audit team met the conditions for drawing up an unbiased and independent audit report on the annual consolidated financial statements in accordance with applicable regulations, professional standards and professional ethics,

f) The applicable regulations related to the rotation of the auditing company and the key statutory auditor and mandatory grace periods are observed

g) The issuer has a policy regarding the selection of the audit company and the policy for providing the issuer by the auditing company, an entity related to the auditing company or a member of its network of additional non-audit services, including services conditionally exempt from the prohibition by the audit company

Signatures:

....

Siarhei Kostevitch

Chairman, Chief Executive Officer

Member of the Board of Directors

....

Marios Christou

Chief Financial Officer

Member of the Board of Directors

....

Constantinos Tziamalis

Deputy CEO

Member of the Board of Directors

....

Julia Prihodko

Chief Human Relations Officer

Member of the Board of Directors

Limassol, 29th of March 2023