

ASBISc Enterprises Plc



**ANNUAL REPORT  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**

Limassol, March 28<sup>th</sup>, 2024

## 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 2023.

Another year has passed and another success story has been written in the long book of ASBIS. Undoubtedly the year 2023 was another challenging year for ASBIS, since we had to face multiple obstacles like the ongoing war in Ukraine, weaker demand in IT products and an uncertain geopolitical environment.

Despite these significant challenges, we were able to increase our revenues in all major markets of our operations, including the already established markets of Caucasus, Western Europe and Africa. The Company has managed to build strong foundations, competent teams and laid the seeds to achieve our ambitious plans.

We have heavily invested in Central Asia and Caucasus region as well as in Adriatic and Balkans regions. We increased our warehouse space in our distribution centers in Prague, Johannesburg and Dubai, following the dynamic development of the Company's operations. At the beginning of 2024 we have started erecting a new warehouse in Kazakhstan with an area of approximately 20,000 m<sup>2</sup>. This investment is a response to the growing demand in the country, where the Company has significantly intensified its presence and became its number one revenue contributor.

Along with the above, we have been further strengthening the development of our portfolio of IT products and services with technologically advanced solutions, including the division related to robotics - ASBIS Robotic Solutions (AROS). We have also enhanced our second life devices division - Breezy, in which we invested significantly and see a very positive development. Breezy significantly expanded its market presence across its operational countries and established new trade-in partnerships. We expect this business unit to significantly contribute to the Company's profitability in the short to medium term.

As regards our own brands, the Company keeps pushing all its own seven brands (Aeno, Canyon, Cron Robotics, Lorgar, Perenio, Prestigio and Prestigio Solutions) to generate higher levels of revenues and gross profit margins. We have invested in new competencies, new ideas and new management teams and expect to see significant success in the years to come. Each private label has been redesigned and we are very excited and confident that we shall get the fruits of our investments sooner than later.

In 2023, we have also continued to diversify our activities by investing in companies from the biomedical sector which is seen as a multi-billion global market. We have invested in Cyprus-based, startup Theramir Ltd, that deals with developing stem cell and RNA-based technologies for the diagnosis and treatment of cancer disease. Theramir's proprietary cancer therapeutics utilize microRNAs "miRNAs", a novel class of small non-coding RNAs that can regulate many genes and pathways involved in cancer growth and metastasis. We also continued our corporate venture strategy by investing in companies "Blend Energy Ltd" and "Autonomics Ltd". These are projects for the future and in line with our strategic plan for the next five years.

It is worth underling that in 2023 the Company focused not only on financial aspects but also on being socially responsible. In 2023 we have continued our support to the Ukrainian people, assigning another USD 2 million to help those in need. Moreover, in 2023, 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 fifth edition of the Companies Climate Awareness Survey.

Looking at the results, in 2023 ASBIS generated revenues of USD 3,1 billion (up 13.8%, compared to the 12M of 2022). Gross profit margin reached 8.24% in 2023. The profit from operations (EBIT) reached USD 112.5 million (up 1.0% compared to 2022). Net profit after tax reached USD 78.0 million without the release of the currency translation reserve and the receivables provision (USD 53.0 million after these one-offs), as compared to USD 75.9 million in 2022.



As of December 31, 2023, ASBIS had USD 143.6 million in cash and equivalents on its balance sheet, as compared to USD 134.6 million at the end of 2022.

In 2023 multiple product lines have recorded a sales growth. The best-selling products in 2023 were smartphones, processors and laptops. Among smartphones, the most demanded were iPhones, including the iPhone 15 Pro, iPhone 15 Pro Max, Apple's flagship iPhones.

When speaking of the regions we cover, the Commonwealth of Independent States (CIS or Former Soviet Union) and Central & Eastern Europe regions traditionally had the largest share in the Group's revenues. In 2023 Central & Eastern Europe as well as Western Europe contribution has grown to 25.84% (from 24.30%) and 8.41% (from 6.81%) respectively. At the same time, the CIS region contribution has decreased to 51.07% (from 52.31%) in 2023.

In 2023, 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 the strong cash flow of the Company. We want to continue our hefty dividend policy should the circumstances allow us.

All in all, I am very satisfied with the financial and non-financial achievements in 2023. The past year has been the most profitable for us, without the one-off events. We have strengthened our presence in all markets in which we operate and significantly grown multiple product lines. We have been also actively investing in alternative revenue streams. We plan to continue our success.

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 our employees without whom such a successful year could not have been achieved. I am convinced that for such a strong Company with such an experienced management board the sky is no longer the limit.

Siarhei Kostevitch

Chairman & CEO

**Directors' report on the Group operations**  
**For the fiscal year ended 31 December 2023**



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ASBISc Enterprises Plc is a leading Value Add Distributor, developer and provider of ICT, IoT products, solutions, and services to the markets of Europe, the Middle East, and Africa (EMEA) with local operations in Central and Eastern Europe, the Baltic republics, the former Soviet Union, the Middle East and North Africa, combining a broad geographical reach with a wide range of products distributed on a "one-stop-shop" basis. Our focus is on the following countries: Kazakhstan, Ukraine, Slovakia, Poland, Czech Republic, Romania, Croatia, Slovenia, Bulgaria, Serbia, Hungary, Middle East countries (i.e., United Arab Emirates, Qatar and other Gulf states), Latvia and South Africa.

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, Logitech, Dell, Intel, Advanced Micro Devices ("AMD"), Seagate, Western Digital, Samsung, Microsoft, Toshiba, 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 back in 1990 and in 1995 incorporated its 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 34 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 subsidiaries, depending on the country discussed) unless from the context 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 audited consolidated financial statements for the twelve months ended 31 December 2023. 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 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.

	<u>Year ended December 31,</u>				
<b>Year (Polish Zloty to U.S. dollar)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Exchange rate at end of period .....	3.80	3.76	4.06	4.40	3.94
Average exchange rate during period <sup>(1)</sup> .....	3.84	3.90	3.88	4.47	4.18
Highest exchange rate during period .....	4.02	4.27	4.12	4.95	4.49
Lowest exchange rate during period .....	3.72	3.63	3.67	4.11	3.90

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

<b>Month (Polish Zloty to U.S. dollar)</b>	<b>Highest exchange rate during the month</b>	<b>Lowest exchange rate during the month</b>
January 2023 .....	4.44	4.32
February 2023 .....	4.49	4.28
March 2023 .....	4.46	4.29
April 2023 .....	4.32	4.15
May 2023 .....	4.26	4.12
June 2023 .....	4.24	4.03
July 2023 .....	4.12	3.95
August 2023 .....	4.14	4.03
September 2023 .....	4.41	4.13
October 2023 .....	4.42	4.17
November 2023 .....	4.20	3.95
December 2023 .....	4.03	3.90



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)	2019	2020	2021	2022	2023
Exchange rate at end of period .....	0.8918	0.8144	0.8827	0.9386	0.9050
Average exchange rate during period <sup>(1)</sup> .....	0.8935	0.8729	0.8467	0.9530	0.9236
Highest exchange rate during period .....	0.9149	0.9207	0.8874	1.0148	0.9536
Lowest exchange rate during period .....	0.8782	0.8575	0.8205	0.8739	0.8939

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 2023 .....	0.9393	0.9262
February 2023 .....	0.9372	0.9123
March 2023 .....	0.9473	0.9184
April 2023 .....	0.9204	0.9053
May 2023 .....	0.9274	0.9202
June 2023 .....	0.9357	0.9107
July 2023 .....	0.9194	0.8939
August 2023 .....	0.9235	0.9111
September 2023 .....	0.9408	0.9241
October 2023 .....	0.9536	0.9391
November 2023 .....	0.9406	0.9112
December 2023 .....	0.9260	0.9056

### Selected Financial Data

The following table sets forth our selected historical financial data for the years ended December 31, 2023, and 2022 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 2023, 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 2023, that is 1 US\$ = 3.9350 PLN and 1 EUR = 4.3480 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 2023, that is 1 US\$ = 4.1823 PLN and 1 EUR = 4.5284 PLN.

Period from 1 January to 31 December

	2023		2022	
	USD	PLN	EUR	USD
<b>Revenue</b>	<b>3,061,228</b>	<b>12,802,999</b>	<b>2,827,289</b>	<b>2,690,039</b>
Cost of sales	(2,808,959)	(11,747,933)	(2,594,298)	(2,462,208)
<b>Gross profit</b>	<b>252,269</b>	<b>1,055,067</b>	<b>232,991</b>	<b>227,831</b>
<i>Gross profit margin</i>	8.24%			8.47%
Selling expenses	(82,745)	(346,065)	(76,422)	(69,217)
Administrative expenses	(57,031)	(238,521)	(52,673)	(47,620)
<b>Profit from operations</b>	<b>112,493</b>	<b>470,480</b>	<b>103,896</b>	<b>110,994</b>
Financial expenses	(34,930)	(146,088)	(32,261)	(25,694)
Financial income	2,719	11,372	2,511	5,242
Realized foreign exchange loss relating to foreign operations liquidated and disposed	(11,286)	(47,202)	(10,424)	(282)
Other gains and losses	(3,790)	(15,851)	(3,500)	948
Share of loss of equity-accounted investees	(237)	(991)	(219)	(162)
<b>Profit before taxation</b>	<b>64,969</b>	<b>271,720</b>	<b>60,004</b>	<b>91,046</b>
Taxation	(12,013)	(50,242)	(11,095)	(15,176)
<b>Profit after taxation</b>	<b>52,956</b>	<b>221,478</b>	<b>48,909</b>	<b>75,870</b>
<b>Attributable to:</b>				
Non-controlling interests	(92)	(385)	(85)	3
<b>Owners of the Company</b>	<b>53,048</b>	<b>221,863</b>	<b>48,994</b>	<b>75,867</b>
	USD	PLN	EUR	USD
<b>EBITDA calculation</b>				
Profit before tax	64,969	271,720	60,004	91,046
<i>Add back:</i>				
Financial expenses/net	43,497	181,918	40,173	20,734
Other income	3,790	15,851	3,500	(948)
Share of loss of equity-accounted investees	237	991	219	162
<b>EBIT for the period</b>	<b>112,493</b>	<b>470,480</b>	<b>103,896</b>	<b>110,994</b>
Depreciation	6,995	29,255	6,460	4,554
Amortization	678	2,836	626	1,203
<b>EBITDA for the period</b>	<b>120,166</b>	<b>502,571</b>	<b>110,983</b>	<b>116,751</b>
	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)
Earnings per share				
Weighted average basic and diluted earnings per share from continuing operations	95.87	400.96	88.54	137.10



	2023			2022
	USD	PLN	EUR	USD
Net cash inflows/(outflows) from operating activities	45,411	189,923	41,941	(56,048)
Net cash outflows from investing	(11,710)	(48,975)	(10,815)	(11,075)
Net cash (outflows)/inflows from financing activities	(17,747)	(74,223)	(16,391)	8,555
Net increase/(decrease) in cash and cash equivalents	<b>15,954</b>	<b>66,725</b>	<b>14,735</b>	<b>(58,568)</b>
<b>Cash at the beginning of the year</b>	<b>92,352</b>	<b>386,245</b>	<b>85,294</b>	<b>150,920</b>
<b>Cash at the end of the year</b>	<b>108,306</b>	<b>452,969</b>	<b>100,029</b>	<b>92,352</b>

	As of 31 December, 2023			As of 31 December, 2022
	USD	PLN	EUR	USD
Current assets	931,214	3,664,327	842,762	1,003,920
Non-current assets	81,264	319,774	73,545	59,606
<b>Total assets</b>	<b>1,012,478</b>	<b>3,984,101</b>	<b>916,307</b>	<b>1,063,526</b>
Liabilities	731,266	2,877,532	661,806	819,346
Equity	281,212	1,106,569	254,501	244,180

## 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.

**EBIT** (Earnings Before Interest and Tax) is calculated as the Profit before Tax, Net financial expenses, other income/loss and share of profit/loss of equity-accounted investees, all of which are directly identifiable in financial statements.

### 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 ongoing war in Ukraine***

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 the whole region. 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 critical, and it is extremely difficult to assess how this will further evolve. The Company ceased any operation in Russia, following all sanctions imposed by suppliers and other international organizational bodies. The Group has decided to totally divest from Russia and has completed the sale of its subsidiary in the country in October 2023.

The Group, being fully compliant with 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.

#### ***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 several 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 the 12M of 2023 a good portion of our revenues was denominated in U.S. dollars, while the balance is denominated in Euro, 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 Ukrainian Hryvnia, the Czech Koruna, the Polish Zloty, 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. Having decided to completely divest from Russia, the Group faced a crystallization of the respective currency translation reserve.

### ***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.

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 in our territories may bring unprecedented consequences.

In addition to the above, it has been recently 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 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 most 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 able 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 each of the markets in which the Company operates it faces competition from:

- International IT and CE distributors with presence in all major markets we operate
- Regional IT and CE distributors who cover mostly a region but are quite strong

- Local distributors who focus mostly on a single market but are very strong
- 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.

***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 our 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. In addition to the above, recent increase in gross profit margins may no longer be sustainable given the oversupply in the markets and decreased demand.

***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 CIS region and actions of a limited number of suppliers. In the year ended 31 December 2023, the Company held contracts with Apple, Intel, Advanced Micro Devices (AMD), Logitech, Dell, Lenovo, Seagate, HP, Microsoft, IBM, Bang&Olufsen, Asus, 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, if we do not perform pursuant to the supplier's expectations or for any other reason, including several factors outside our control. Changes in the suppliers' business strategies, including moving part or all 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, 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 in 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 because of increasing online competition, as online customers can 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 most of its operations. We have recently added another two regional distribution centers in Georgia and South Africa. In 2024 we have started erecting a new warehouse in Kazakhstan, which will enable the Company to consolidate all stock points in the country. 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 raw material prices. The Group must constantly search for 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 several of our executive Directors, key senior management and personnel, including Sjarhei 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 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 and its successor rates, Euribor, other local base rates) have recently shown a significant uptrend, and this has significantly increased the Company's WACD.



The weighted average cost of debt (WACD) in 2023 has increased to 11.9%, from 10.5% in 2022.

### ***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.

The own brands include CANYON which focuses on the development of products addressing youngsters and include all lines of PC and mobile accessories. It also includes a series of sound and music gadgets which makes it very attractive to the young population it addresses.

Prestigio has been redesigned and it has now aim to reach out to a high-end market segment, with products of elegance and luxury in its portfolio.

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

In Q4 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 July 2023, ASBIS presented the first version of its beer-serving robotic kiosk in Limassol and recently finalized the kiosk which serves refreshments, dry nuts and even cocktails.

### ***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 change. 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 a leading Value Add Distributor, developer and provider of ICT, IoT products, solutions, and services to the markets of Europe, the Middle East, and Africa (EMEA) with local operations in Central and

Eastern Europe, the Baltic republics, the former Soviet Union, the Middle East and North Africa, combining a broad geographical reach with a wide range of products distributed on a "one-stop-shop" basis. Our focus is on the following countries: Kazakhstan, Ukraine, Slovakia, Poland, Czech Republic, Romania, Croatia, Slovenia, Bulgaria, Serbia, Hungary, Middle East countries (i.e., United Arab Emirates, Qatar and other Gulf states), Latvia and South Africa.

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"), Logitech, 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.

ASBIS 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 centres (located in the Czech Republic and the United Arab Emirates), our network of 31 warehouses located in 34 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. \$ 3,061,228 in 2023, compared to U.S. \$ 2,690,039 in 2022, following our strategy to increase profitable business and improve market share alongside with improving gross profit margins. Net profit after tax for 2023 was negatively affected by the disposal of ASBIS's subsidiary in Russia and the complete closure of the Company's operations in this country by approximately USD 25 million. It is worth underlining that without considering the one-offs, ASBIS would achieve a net profit of USD 78 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 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, 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 34 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 CIS 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 back 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, 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 18<sup>th</sup> 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 an active local presence in several countries across different regions. Since many of our competitors target the same markets from several 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 several 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 most of our key executives have served for more than twenty years.

The 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 3.1 billion U.S. Dollars, sales in approximately 60 countries and facilities in 34 countries, we believe that we have become a strong partner for leading international suppliers of IT components and finished products, including Apple, AMD, Intel, Logitech, Dell, Lenovo, HP, Kingston, Seagate, IBM, Supermicro, Bang & Olufsen, Asus, Samsung, Microsoft, 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 several 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 several leading international suppliers of IT components, we can 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.

At the end of 2022, the Company 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 efforts to strengthen our brand portfolio and having seen how promising this sector is.

We are doing our best to keep pushing our seven own brands (Aeno, Canyon, Cron Robotics, Lorgar, Perenio, Prestigio and Prestigio Solutions) to generate higher levels of revenue and at the same time higher gross profit margins with good cash flow. The Directors consider own brands to be a valuable reinforcement of 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.

- Constantly looking for new ideas and innovative partnerships

During the last four years and in the course of 2023, the Group managed to attract and partner with some of the very innovative companies in Cyprus and not only. These start-ups have pioneering technologies in different fields of expertise which make it very exciting and unique value proposition for ASBIS. The BOD considers this to be a competitive advantage for the Group, given the diversity of these companies and opportunities that the Group is exposing itself into.

## Group Structure and Operations

The following table presents our corporate structure as at December 31<sup>st</sup>, 2023:

Company	Consolidation Method
<b>ASBISC Enterprises PLC</b>	<b>Mother company</b>
Asbis Ukraine Limited (Kyiv, Ukraine)	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%)
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 (Kyiv, Ukraine)	Full (100%)
I.O.N. Clinical Trading Ltd (Limassol, Cyprus)	Full (100%)
R.SC. Real Scientists Cyprus Ltd (Limassol, Cyprus)	Full (85%)
ASBIS CA LLC (Tashkent, Uzbekistan)	Full (100%)
Breezy Service LLC (Kyiv, Ukraine)	Full (100%)
Breezy Trade-In Ltd (Limassol, Cyprus) (former Redmond Europe Ltd)	Full (91.15%)
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%)
ASBIS AM LLC (Yerevan, Armenia)	Full (100%)
ASBIS Georgia LLC (Tbilisi, Georgia)	Full (100%)
ASBIS AZ LLC (Baku, Azerbaijan)	Full (100%)
ASBIS s.r.l. (Chisinau, Moldova)	Full (100%)
Asbis Africa (Pty) Ltd (Johannesburg, South Africa)	Full (100%)
ASBC Morocco s.a.r.l. (Morocco, Casablanca)	Full (100%)
Sarovita Ltd (Limassol, Cyprus)	Full (100%)
ASBC South Africa (Pty) Ltd (Johannesburg, South Africa)	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, AMD, Intel, Logitech, Dell,



Lenovo, HP, Kingston, Seagate, IBM, Supermicro, BANG & OLUFSEN, ASUS, Samsung, Microsoft and many other well-known international suppliers.

### Changes in the Group's structure

During the year ended December 31<sup>st</sup>, 2023, there were the following changes in the structure of the Company and the Group:

- On May 30th, 2023, the Issuer has acquired the 11.15% shares of the company Breezy Trade-In Ltd (Limassol, Cyprus) for the consideration of USD 130,000. The Issuer holds 91.15% in this subsidiary.
- On June 1st, 2023, the Issuer has acquired the 81% shares of the company Asbis Africa Proprietary Limited (Johannesburg, South Africa) for the consideration of USD 380,000. The Issuer holds 100% in this subsidiary, being equal to share capital of ZAR 1,000 (USD 50). We acquired this entity to distribute IT products.
- On June 2nd, 2023, the Issuer has acquired the 100% shares of the company ASBIS Georgia LLC (Tbilisi, Georgia). The Issuer holds 100% in this subsidiary, being equal to share capital of GEL 650,000 (USD 250,000). We acquired this entity to distribute IT products.
- On June 6th, 2023, the Issuer has acquired the 100% shares of the company ASBIS AM LLC (Yerevan, Armenia). The Issuer holds 100% in this subsidiary, being equal to share capital of AMD 400,000 (USD 1,033). We acquired this entity to distribute IT products.
- On June 16th, 2023, the Issuer has acquired the 100% shares of the company ASBIS s.r.l. (Chisinau, Moldova). The Issuer holds 100% in this subsidiary, being equal to share capital of MDL 185,800 (USD 10,419). We acquired this entity to distribute IT products.
- On June 20th, 2023, the Issuer has acquired the 100% shares of the company ASBIS AZ LLC (Baku, Azerbaijan). The Issuer holds 100% in this subsidiary, being equal to share capital of AZN 17,000 (USD 10,000). We acquired this entity to distribute IT products.
- On June 20th, 2023, the Issuer has acquired the 100% shares of the company ASBC Morocco s.a.r.l. (Morocco, Casablanca). The Issuer holds 100% in this subsidiary, being equal to share capital of MAD 10,000 (USD 1,000). We acquired this entity to distribute IT products.
- On October 25th, 2023, the Issuer has disposed 100% of the company Asbis PL Sp.z.o.o (Warsaw, Poland) for zero consideration.
- On October 31st, 2023, the Issuer has disposed 100% of the company OOO 'Asbis'-Moscow (Moscow, Russia) for the consideration of USD 13,890,000.
- On December 21st, 2023, the Issuer has disposed 100% of the company I.O. Clinic Latvia SIA (Riga, Latvia) for the consideration of USD 3,064.
- On December 21st, 2023, the Issuer has acquired 30% of the company I.O.N. Clinical Trading Ltd (Limassol, Cyprus) for the consideration of USD 99,540. The Issuer holds 100% of this subsidiary.
- On October 31st, 2023, the Issuer has acquired 100% shares of the company ASBC South Africa (Pty) Ltd (Johannesburg, South Africa). The Issuer holds 100% of this subsidiary, being equal to a share capital of SAR 1,855 (USD 100). We acquired this entity to expand our retail business.
- On December 25th, 2023, the Issuer has acquired 100% shares of the company Sarovita Ltd (Limassol, Cyprus). The Issuer holds 100% of this subsidiary, being equal to a share capital of EUR 1,000 (USD 1,106). We acquired this entity to distribute IT products.

### 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 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 Commonwealth of Independent States countries, the United Arab Emirates, the Middle East and North Africa 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, AMD, Intel, Logitech, Dell, Lenovo, HP, Kingston, Seagate, IBM, Supermicro, Bang & Olufsen, Asus, Samsung, Microsoft, and others, because 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) or CIS and Central Eastern Europe ("CEE") have been the largest revenue contributors of the Group. This has not changed in 2023. 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 2023 has changed as compared to 2022. Central and Eastern Europe contribution has grown to 25.84% in 2023 (from 24.30% in 2022), while the FSU region decreased to 51.07% in 2023 (from 52.31% in 2022). The Middle East and Africa contribution has decreased to 13.90% in 2023, from 15.16% in 2022.

The following table presents a breakdown of our revenue by regions for the years ended 31 December 2023, 2022, and 2021:

	Year ended 31 December		
	2023	2022	2021
	%	%	%
Former Soviet Union (or CIS)	51.07	52.31	57.66
Central and Eastern Europe	25.84	24.30	21.25
Middle East & Africa	13.90	15.16	10.65
Western Europe	8.41	6.81	8.66
Other	0.78	1.43	1.77
<b>Total revenue</b>	<b>100</b>	<b>100</b>	<b>100</b>

### 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, Loewe)
- 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 Solutions, 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	
	2023	2022
	(U.S. \$)	
Smartphones	1,241,725	949,226
Central processing units (CPUs)	310,191	248,903
PC mobile (laptops)	251,029	253,519
Servers & server blocks	137,739	113,673
Peripherals	129,758	140,754
Audio devices	112,388	117,158
Display products	81,764	67,957
Smart devices	77,351	80,244
Networking products	72,763	71,646
Accessories	72,713	36,704
Hard disk drivers (HDDs)	70,395	87,498
Multimedia	69,106	57,972
Solid-state drivers (SSDs)	67,915	71,166
PC desktop	67,326	54,516
Software	62,204	65,115
Tablets	55,119	48,422
Video cards and GPUs	32,381	32,726
Consumables	29,372	26,142
Other	119,989	166,698
<b>Total revenue</b>	<b>3,061,228</b>	<b>2,690,039</b>

Revenues in 2023 increased by 13.80% as compared to the ones of 2022, despite the ongoing full-scale war in Ukraine, and unfavorable market conditions.

In 2023, despite the ongoing war in Ukraine but also the deteriorating economic situation, multiple product lines have recorded an increase.



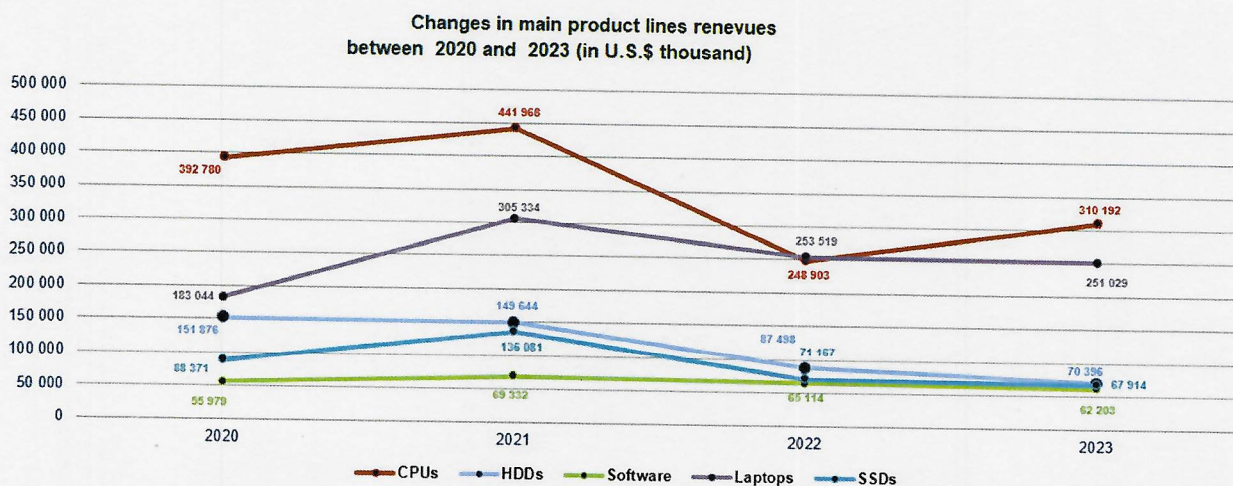
In the period of the twelve months of 2023, we have continued the strengthening and development of our portfolio of IT products and services with technologically advanced solutions, including the division related to robotics - ASBIS Robotic Solutions (AROS) and trade-in business, Breezy.

We were able to increase our revenues in all major markets of our operation including the already established markets of Caucasus, Western Europe and Africa. The Company has managed to build strong foundations and competent teams to achieve strong results.

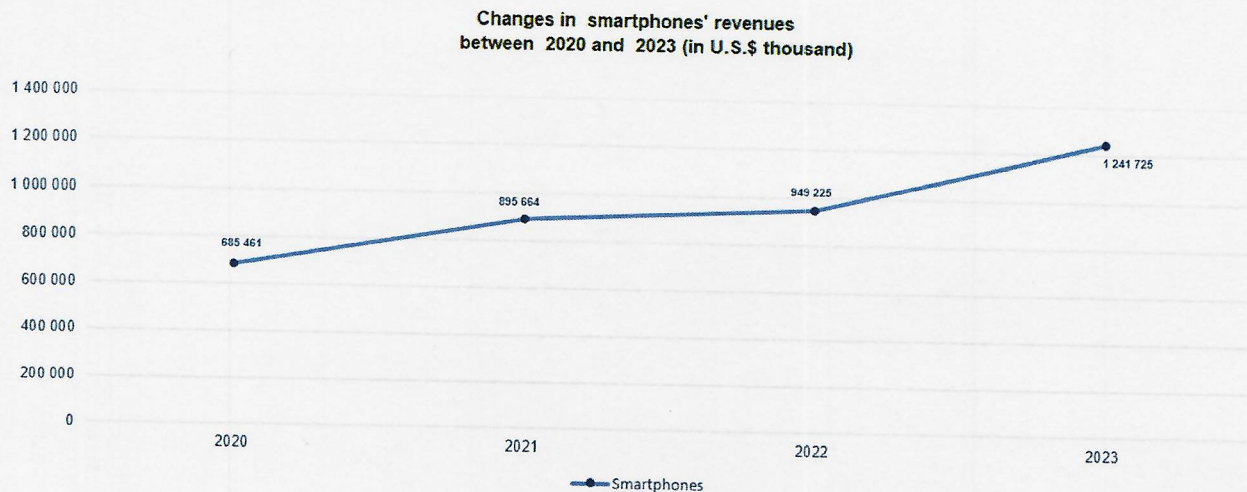
To meet all customers' needs, we have increased our warehouse capacity in our distribution centers in Prague, Johannesburg and Dubai. At the beginning of 2024 the Group also started erecting a new warehouse in Kazakhstan with an area of approximately 20,000 m2.

Thus, the total warehouse space of ASBIS, including main, regional and local distribution centers, is currently around 63,000 m2.

The chart below indicates trends in sales per product line:



The chart below indicates trends in smartphones sales.



Sales of smartphones, which contribute to most of our revenues, increased by 30.8% in 2023, as compared to the ones in 2022 a result of higher demand and sales of a different mix of iPhones, especially new iPhone models.

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

ASBIS fosters the creation, development, and promotion of multiple in-house brands, including Canyon, Lorgar, Prestigio, Aeno, and Cron Robotics. Our approach involves meticulous market research to understand user needs, allowing us to tailor each brand's portfolio with the most sought-after and innovative products.

We forge direct partnerships with reputable factories and component suppliers in the Far East, notably in China. Every product undergoes thorough scrutiny and enhancement by our engineers before entering production, ensuring rigorous quality control throughout ASBIS. Our stringent quality standards entail meticulous step-by-step testing before products hit the consumer market, and all ASBIS brand items hold requisite certificates of conformity to international quality standards.

As of the end of 2023, ASBIS has decided to focus on the growth of each individual brand and split the management. For this purpose, three separate GMs have been appointed for each of the business units: AENO, CANYON and Lorgar.

Operating across multiple countries, ASBIS markets products under our proprietary brands, offering enhanced features and competitive pricing.

**Canyon** is a brand with 20 years of history.

Canyon offers a diverse portfolio of over 250 items, spanning mobile and PC accessories to wearable tech like smartwatches and car DVRs. The products cater to urban culture enthusiasts, city dwellers, and innovation seekers. Canyon encourages the younger generation to embrace their authenticity, irrespective of physical attributes, ethnicity, or gender, inspiring them to positively impact the world. Their creativity, commitment to eco-responsibility, tolerance, humanity, and mindful consumption make invaluable contributions to society.

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.



Under the Canyon gaming sub-brand, we manufacture gaming solutions, including mice, keyboards, and other PC accessories tailored for novice gamers and those entering the gaming scene. The Canyon Gaming series boasts special gaming-oriented features such as programmable buttons and onboard memory modules. Devices are produced in a singular and distinctive style while remaining affordable.

According to GFK reports from 2023, Canyon commands significant market shares in various product categories across multiple countries, including impressive 25% in kids' smartwatches in Romania, 3% in wireless mice in the Czech Republic, 8% in kids' smartwatches and 4% in wireless mice in Ukraine. Canyon products are currently available in over 30 countries, with plans for further expansion in Western Europe, Middle East and Africa through strengthened partnerships with major distributors.

Looking ahead, Canyon's brand strategy for the upcoming year involves developing a product line with unique designs, which includes smartwatches, wireless chargers, TWS headsets, and Bluetooth speakers. Additionally, the company plans to expand Canyon business into new categories such as car gadgets and accessories.

[www.canyon.eu](http://www.canyon.eu) | [www.gaming.canyon.eu](http://www.gaming.canyon.eu)

**Lorgar** is a gaming brand, which offers a unique solution to enhance your gaming experience and gameplay quality through statistical analysis of your gaming performance. Our system aligns and enhances individual configurations for your devices and settings based on the analysis of professionals' gameplay.

Lorgar comprises a high-quality ecosystem of devices for gamers and streamers, packaged in a premium and eye-catching box, complemented by unique software named WP Platform. Our in-house developers have created a solution that provides users with simple access to advanced settings, a dedicated community, a statistics module, and many other features not available in even the software of market leaders.

The brand delivers solutions in the main popular categories, including mice, keyboards, headsets, mousepads, and gamepads for gamers; web cameras and microphones for streamers; and gaming chairs for those who value comfortable furniture. Currently, Lorgar is available for purchase in about 200 stores, primarily in Europe, from Great Britain to Kazakhstan.

Lorgar made its first public appearance at the major European exhibition, IFA 2022, in Berlin. The gaming devices by Lorgar attracted significant interest from visitors and partners. Our B2B network consists of about 500 partners, who placed orders for Lorgar devices at least once in the last year.

In the marketing arena, the Brand launched "Lorgar Cup", a unique esports championship by discipline CS: GO, that brought together more than 1000 gamers from 5 countries and garnered over 20 million online impressions.

Our main goals for 2024 include developing our current portfolio, expanding into new categories and markets, increasing revenue multiple times, and building a strong community of followers.

[www.lorgar.eu](http://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 be a leading brand for consumers and partners in SDA segment due to easy and intuitive usage experience, sustainability and design, creating new products and trends at all key markets.



The brand also hopes to contribute to society through its environmentally friendly eco-packaging. All packaging is made from 100% recyclable materials, does not consist of plastic components, which is line 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, and the Baltics at the start of 2022. However, it soon faced challenges due to the war 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 increased the share of eco-friendly smart devices within its product portfolio and enhance its presence in Western European markets (all 4 regions), entered the Greece market, Hungary, Kazakhstan.

In 2024, AENO is on a mission to redefine and expand its product categories. With an unwavering commitment to excellence, Aeno is strategically exploring opportunities in both Western markets and Africa, recognizing the immense potential these regions hold.

In Western markets, Aeno aims to tap into the sophisticated consumer base, leveraging its cutting-edge technologies and creative design philosophy to offer products that seamlessly integrate into modern lifestyles. The brand's dedication to quality and customer satisfaction positions it as a formidable contender in these discerning markets.

Simultaneously, Aeno is setting its sights on the vast and dynamic markets of Africa. Recognizing the rapid economic growth and evolving consumer preferences in the continent, Aeno is keen on introducing its diverse range of products tailored to meet the unique needs of the African consumer. By aligning with local trends and embracing the rich cultural diversity, Aeno aims to establish a meaningful presence in Africa.

Aeno's expansion into these markets is not just a strategic move; it's a testament to the brand's global vision and commitment to providing innovative solutions to consumers worldwide. As Aeno continues to venture into new territories, it is poised to become a global household name, setting new benchmarks in product innovation and customer satisfaction.

<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. This brand sells products in more than 27 countries around the world.

Prestigio consumer portfolio includes eight categories so far: All-in-one PCs, 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.

This brand pays a lot of attention to product design and detail 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 their outstanding design.

[www.prestigio.com](http://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.

Now, 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 an 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](http://www.perenio.com)

**Cron Robotics.** At the end of 2022, the Company 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 our 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

In 2023 AROS has focused mainly on business process set-up, team building, partner network creation, and market engagement. AROS has created Robotic Sales Teams in 9 countries with 35 experts on board and 3 training and demo centers in Prague, Athens and Limassol. By the end of 2023, the total pool of AROS Value Added Resellers has reached 37 companies in 8 countries. The AROS partner portfolio consists of Gausium, AUBO, Dobot, DH-Robotics, KEENON and CRON Robotics.

<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 establishing 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 2023, 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.** To reduce distributors' exposure to market price fluctuations, several 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 supplier's 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 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 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 performed from our headquarters in Cyprus, which is in direct contact with the suppliers.



Most suppliers replenish their product stocks at our distribution centers (DC) at set weekly intervals, while some of the larger ones can deliver their goods at any time, after receiving our purchase orders (POs). Most vendors ship their products directly to our DCs, absorbing transportation costs, which allows for significant cost savings. Local subsidiaries place their POs through our online platform called IT4profit.com and receive their goods from one of our DCs. Alternatively, some products with high value and smaller volumes, such as memory modules, are supplied directly from vendors' production plants to our local warehouse.

**Distribution centers.** The distribution network of ASBIS is based on more than 30 in-country stock points - across CEE, FSU, Gulf, Caucasus, and Africa – replenishes via two master distribution centers, located in Prague (the Czech Republic) and in Dubai (the United Arab Emirates), and via two regional distribution centers located in Tbilisi (Georgia) and Johannesburg (South Africa).

The distribution center in Prague can consolidate the orders and fulfil the deliveries to any of ASBIS's local distribution centers and subsidiaries, as well as serving customers across the globe. The distribution center in Dubai mainly serves our operations throughout the Middle East and Eastern and Northern African countries. The distribution center in Johannesburg serves as a consolidation point for the customers located in South Africa and across the Sub-Saharan region, while the distribution center in Tbilisi mainly serves the countries in the Caucasus region.

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

The table below presents information on 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	3,000	5,200	8,200	Owned
Johannesburg – South Africa (including 3PL bonded storage)	800	3,000	3,800	Leased
Tbilisi – Georgia DCGE Caucasus Bonded	-	3,000	3,000	3PL

To ensure visibility and bottom-line efficiencies of our warehousing environment, we have connected our warehouse management system ("WMS") to our EDI system IT4Profit. Thus, when orders are placed in IT4Profit, they are communicated to our relevant master distribution centers, which can then process the orders for delivery. We are constantly expanding the usage of the WMS throughout the Group and currently all warehouses are connected. The Directors believe that the advantages of operating the connected systems 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, replenishment, and storage activities.

**In-Country Operations.** We operate through 34 local subsidiaries. The customers' POs in these countries are mainly fulfilled from the local stock points. In some cases, large-volume clients can be served directly via master DCs. Each local office has a dedicated logistics team that is responsible for direct shipments to its customers. The central management at Cyprus Headquarters monitors and assesses the performance of each local logistics center by using several key performance indicators, among which are: optimal transit time, perfect order fulfillment rate, JIT deliveries, and optimal transportation costs.

### *Distribution Operations Management - "Asbis on IT4Profit"*

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

IT4Profit is our ultimate supply chain management platform owned and developed by ASBIS, 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 centers, subsidiaries, and customers.

Among many other functions, IT4Profit provides the following:

- Interconnectivity with suppliers.
- B2B online marketplace, offering the necessary tools for order placement, fulfillment, analytics, and reporting.
- Online supply chain management system.
- Product management, comprehensive reports, and a balanced scorecard 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 several 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 fifteen 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 2023. We have no reliance on any single customer, as our biggest customer is only responsible for around 6.6% 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 educated and demanding consumers.

Distributors are 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 their 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 2023 was another challenging year for ASBIS, mainly due to the ongoing war in Ukraine but also unfavorable market conditions.

Thanks to the consistent implementation of our strategy and great determination in action, we have turned over the difficult past year, and we were able to increase the revenues in all major markets of our operation including the already established markets of Caucasus, Western Europe and Africa. The Company has managed to build strong foundations and competent teams to meet consumers' demands and deliver what we promised to the market – satisfactory results.

We have been developing not only markets but also further strengthening the development of our portfolio of IT products and services, including the division related to robotics - ASBIS Robotic Solutions (AROS) - which is estimated by analysts to be worth several hundred billion dollars in a few years. We have also enhanced our second life devices division, Breezy, in which we invested significantly and see a very positive development. Breezy significantly expanded its market presence across its operational countries and forged new trade-in partnerships. We expect this business unit to significantly contribute to its profitability in the short to medium term.

So, in summary it was a difficult year, but we are very satisfied with ASBIS achievements.

We look into 2024 with optimism. We expect the markets to stabilize, although we realize that this is quite an optimistic assumption. We believe that inflationary pressures will be lower, and consumer sentiment shall be at an improved level. In ASBIS we have many areas of growth, such as robotics and already established markets, such as Central Asia, Western Europe, and Africa. Our aim is clear, and it is organic growth by operational excellence.

### **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.

Many 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 most 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 because 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 number 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 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 CIS and the Middle East and Africa and taking advantage of the weaknesses of the competition**

In 2023, despite the ongoing war in Ukraine and the unfavorable geopolitical environment, ASBIS was able to increase revenues in all major markets of our operation including the already established markets of Caucasus, Western Europe and Africa.



We have built very solid foundations which allow us to adapt to the current market situation and generate high revenues. We look into 2024 with confidence and optimism. We have many areas of growth; we are investing further in the development of our portfolio of IT products and services with technologically advanced solutions, including the division related to robotics - ASBIS Robotic Solutions (AROS).

We expect revenues to be supported by new products introduction and growing geographical exposure in Armenia, Georgia, Azerbaijan, Morocco, Moldova, Western Europe and South 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 2024, we have very ambitious plans to increase our APPLE business. We are currently investing in human capital to take the unique opportunity granted to us by APPLE and make together another successful year. We plan to retain our strong market position and strengthen our relationship with customers and suppliers, following the most challenging but quite 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. We remain focused in all markets of our operation.

For 2024 we expect decent 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 expected to total \$5 trillion in 2024, an increase of 6.8% from 2023. 2024 will be the year when organizations invest in planning for how to use GenAI, however IT spending will be driven by more traditional forces, such as profitability, labor, and dragged down by a continued wave of change fatigue.

IT services will continue to see an increase in growth in 2024, becoming the largest segment of IT spending for the first time. Spending on IT services is expected to grow 8.7% in 2024, reaching \$1.5 trillion. This is largely due to enterprises investing in organizational efficiency and optimization projects. These investments will be crucial during this period of economic uncertainty.

The Company's business is comprised of both a traditional distribution of third-party products and our 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.

Regarding the gross profit margin, the Group's ability to increase its gross profit margin is of huge importance. 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. The recent trends in gross profit margins showed a steady decline, however the Group considers the current levels satisfactory and undertakes all efforts to maintain them at higher levels.

**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 based on 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 and its successor rates, Euribor, other local base rates) have recently shown a significant uptrend, and this has significantly increased the Company's WACD.

The weighted average cost of debt (WACD) has increased to 11.9% in 2023, as compared to 10.5% in 2022.

#### **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, RSL Revolutionary Labs Ltd and Theramir 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 their 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 controlling operating expenses and increasing our profit margins.

In 2023, SG&A expenses grew by 19.63% YoY mainly due to investments made by the Company in the development of new business lines and geographical expansion. These expenses also include a provision for bad debt of USD 3.0 million, relating to the disposal of our subsidiary in Russia and costs for the support of Ukraine of around USD 2 million.

We consider cost control to be a significant factor towards delivering improved results going forward and it is very important that the Group is undertaking all necessary actions to scale down its expenses should there is a decrease in revenues and gross profit.

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

In 2023 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 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 with 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:

Name of company	Country	Area (m <sup>2</sup> )			Total
		Land	Office	Warehouse	
ASBISc Enterprises Plc	Cyprus	10,520	10,130	1,429	22,079
Asbis Ukraine Limited	Ukraine	-	2,660	334	2,994
ASBC Ltd	Belarus	1,330	1,056	-	2,386
Asbis SK sp.l. sr.o.	Slovakia	13,377	2,197	4,461	20,035
Asbis Middle East FZE	United Arab Emirates	12,681	2,933	5,163	20,777
CJSC ASBIS (Asbis BY)	Belarus	-	1,205	1,030	2,235
ASBIS Kazakhstan LLP	Kazakhstan	110,000	2,990	21,946	134,936
ASBIS Bulgaria Ltd	Bulgaria	3,735	-	-	3,735
<b>TOTAL</b>					<b>209,177</b>

Our remaining premises are under lease.

Information regarding real property owned by us and relevant encumbrances is 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, Lorgar WP Gameware, GAMESPERIENCE
- 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
- o. ACEAN
- p. AROS
- q. CRON Robotics

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 several 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 80% of our 2023 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 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 Atradius do not grant sufficient 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 2023 and 2022. The reader shall read the following discussion in conjunction with our audited financial statements as of 31 December 2023 and 2022, 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 2023 were as follows:

- Revenues in 2023 increased by 13.80% to U.S. \$ 3,061,228 from U.S. \$ 2,690,039 in 2022.
- Gross profit in 2023 increased by 10.73% to U.S. \$ 252,269 from U.S. \$ 227,831 in 2022.
- Gross profit margin in 2023 reached 8.24% from 8.47% in 2022.
- Selling expenses in 2023 increased by 19.54% to U.S. \$ 82,745 from U.S. \$ 69,217 in 2022.
- Administrative expenses in 2023 grew by 19.76% to U.S. \$ 57,031 from U.S. \$ 47,620 in 2022. These expenses include costs for the support of Ukraine.
- EBITDA in 2023 was positive and reached U.S. \$ 120,166 in comparison to U.S. \$ 116,751 in 2022.
- The net profit after tax in 2023 amounted to U.S. \$ 52,956 as compared to U.S. \$ 75,870 in 2022. The net profit after tax in 2023 was negatively affected by the release of the currency translation reserve and an impairment loss of receivables relating to the disposal of our subsidiary in Russia, following the Company's decision to leave the Russian market. Without the one-off events, the net profit after tax would have been approximately U.S. \$ 78,010 – the highest in the Company's history.

## Principal Factors Affecting Financial Condition and Results of Operations

In 2023, the Company's results of operations have been affected and are expected to continue to be affected by several factors.

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

### ***The war in Ukraine***

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 the whole region. 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 critical, and it is extremely difficult to assess how this will further evolve. The Company ceased any business development in Russia, following all sanctions imposed by suppliers and other international organizational bodies. The Group has decided to totally divest from Russia and has completed the sale of its subsidiary in the country in October 2023.

The Group, being fully compliant with 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.

### ***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 several 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 the 12M of 2023 a good portion of our revenues was denominated in U.S. dollars, while the balance is denominated in Euro, 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 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. Having decided to completely divest from Russia, the Group faced a crystallization of the respective currency translation reserve.

### ***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:

- International IT and CE distributors with presence in all major markets we operate
- Regional IT and CE distributors who cover mostly a region but are quite strong
- Local distributors who focus mostly on a single market but are very strong
- 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 because 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 our 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. In addition to the above, recent increases in gross profit margins may no longer be sustainable given the oversupply in the markets and decreased demand.

To increase gross margins, the Company has dynamically developed its own brand business as this allows for higher gross profit margins in recent months.

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.***

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 most 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 able 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.

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 in our territories may bring unprecedented consequences.

In addition to the above, it has been recently 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 the 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 Q4 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 July 2023, ASBIS presented the first version of its beer-serving robotic kiosk in Limassol.

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 several quality control measures to mitigate this risk but given the volumes and the 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 and its successor rates, Euribor, other local base rates) have recently shown a significant uptrend, and this has significantly 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 change. 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, 2023, compared to year ended December 31, 2022**

**Revenues:** Revenues in 2023 increased by 13.8% to U.S. \$ 3,061,228 from U.S. \$ 2,690,039 in 2022, despite the inflationary pressures, and the uncertain geopolitical environment.

The table below sets a breakdown of revenues, by product lines, for the years ended 31 December 2023 and 2022:

	2023		2022	
	U.S. \$ thousand	% of total revenues	U.S. \$ thousand	% of total revenues
Smartphones	1,241,725	40.56%	949,226	35.29%
Central processing units (CPUs)	310,191	10.13%	248,903	9.25%
PC mobile (laptops)	251,029	8.20%	253,519	9.42%
Servers & server blocks	137,739	4.50%	113,673	4.23%
Peripherals	129,758	4.24%	140,754	5.23%
Audio devices	112,388	3.67%	117,158	4.36%
Display products	81,764	2.67%	67,957	2.53%
Smart devices	77,351	2.53%	80,244	2.98%



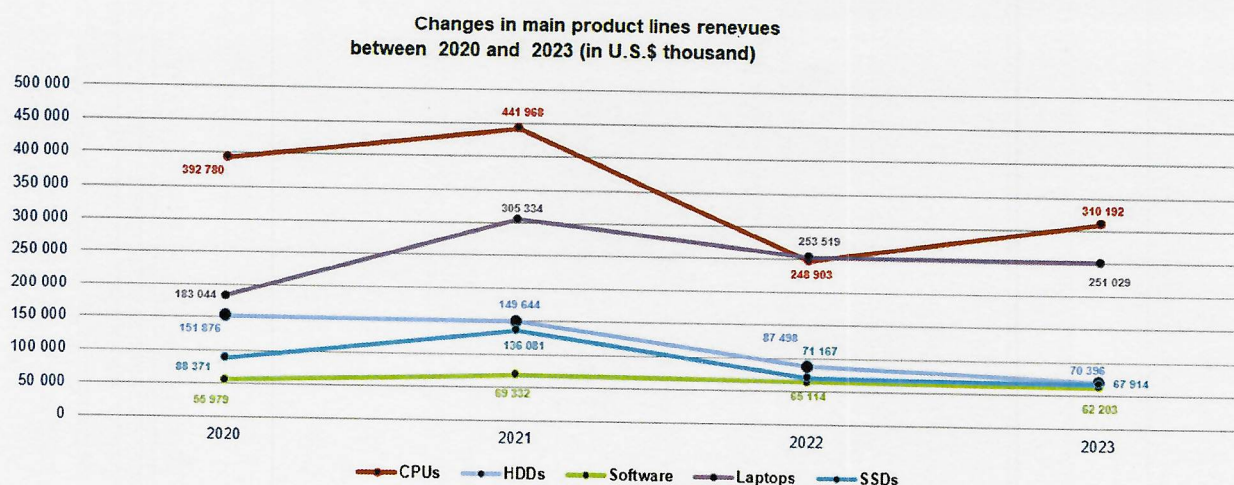
Networking products	72,763	2.38%	71,646	2.66%
Accessories	72,713	2.38%	36,704	1.36%
Hard disk drives (HDDs)	70,395	2.30%	87,498	3.25%
Multimedia	69,106	2.26%	57,972	2.16%
Solid-state drives (SSDs)	67,915	2.22%	71,166	2.65%
PC desktop	67,326	2.20%	54,516	2.03%
Software	62,204	2.03%	65,115	2.42%
Tablets	55,119	1.80%	48,422	1.80%
Video cards and GPUs	32,381	1.06%	32,726	1.22%
Consumables	29,372	0.96%	26,142	0.97%
Other	119,989	3.92%	166,698	6.20%
<b>Total revenue</b>	<b>3,061,228</b>	<b>100%</b>	<b>2,690,039</b>	<b>100%</b>

In 2023, despite the unfavorable market conditions, ASBIS has not slowed down. On the contrary, it has steamed up its engine and continued its strategy of focusing on profitability and developing its markets and products portfolio. We have continued the strengthening and development of our portfolio of IT products and services with technologically advanced solutions, including the division related to robotics - ASBIS Robotic Solutions (AROS).

This was possible because ASBIS remains the distributor of first choice for many worldwide suppliers. During 2023, ASBIS has also enhanced its second life devices division, Breezy in which we invested significantly and see a very positive development. The Group expects this business unit to significantly contribute to its profitability in the short to medium term.

In 2023, multiple of ASBIS's product groups have noticed a significant growth on a year-on-year basis. We experienced strong growth rates in CPUs, accessories, and servers & server blocks. These categories were leaders in terms of growth in absolute numbers.

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





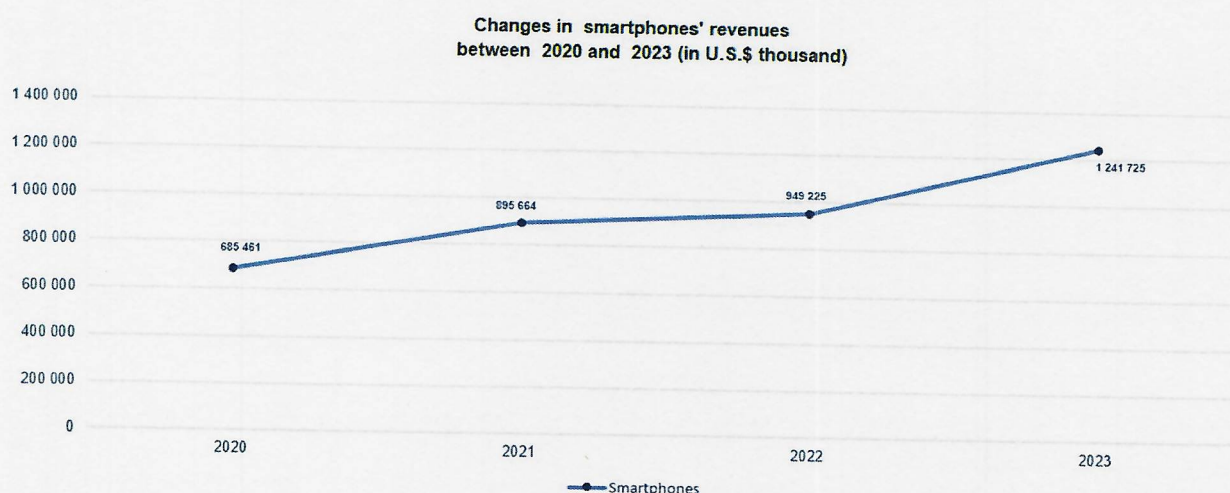
In 2023 the main drivers in terms of revenues were smartphones, CPUs and laptops.

On a year-on-year basis revenues from CPUs increased by 24.6% in 2023. Sales of HDDs decreased by 19.5% in 2023. In 2023 revenues from software decreased by 4.5%. The laptop business slightly decreased by 1.0% in 2023. Revenues from SSDs decreased by 4.6% in 2023. PC desktop business grew by 23.5% in 2023. The tablet segment grew by 13.8% in 2023..

From "Other" product lines, in 2023 a positive trend has been noticed in accessories (+98.1%) and display products (+20.3%).

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 to most of our revenues, increased by 30.8% in 2023, as compared to the ones in 2022 a result of higher demand and sales of a different mix of iPhones, especially new iPhone models.

The table below presents a geographical breakdown of sales for the years ended 31 December 2023 and 2022:

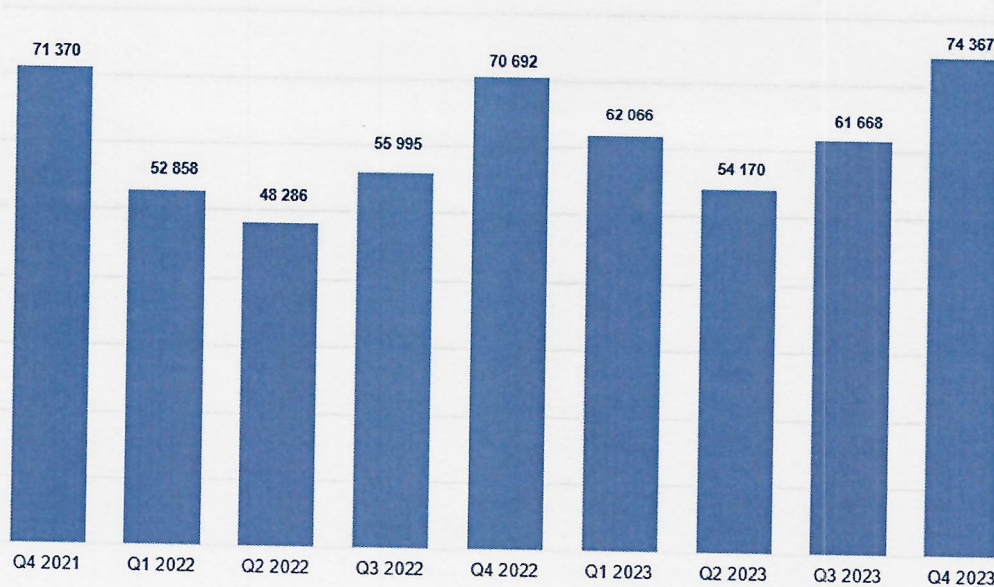
	2023		2022	
	U.S. \$ thousand	% of total revenues	U.S. \$ thousand	% of total revenues
Former Soviet Union	1,563,280	51.07%	1,407,196	52.31%
Central and Eastern Europe	791,026	25.84%	653,643	24.30%
Middle East and Africa	425,652	13.90%	407,717	15.16%
Western Europe	257,372	8.41%	183,088	6.81%
Other	23,898	0.78%	38,395	1.43%
<b>Total</b>	<b>3,061,228</b>	<b>100%</b>	<b>2,690,039</b>	<b>100%</b>

The table below presents a country-by-country breakdown of sales for our most important markets for the years ended 31 December 2023 and 2022:

2023				2022		
	Country	Sales in U.S. \$ thousand	% of total revenues	Country	Sales in U.S. \$ thousand	% of total revenues
1.	Kazakhstan	697,111	22.77%	Kazakhstan	584,849	21.74%
2.	Ukraine	411,943	13.46%	Ukraine	326,143	12.12%
3.	United Arab Emirates	321,077	10.49%	United Arab Emirates	312,705	11.62%
4.	Slovakia	283,247	9.25%	Slovakia	239,905	8.92%
5.	Azerbaijan	139,260	4.55%	Russia	134,520	5.00%
6.	Germany	128,056	4.18%	Czech Republic	97,583	3.63%
7.	Poland	125,471	4.10%	Azerbaijan	91,414	3.40%
8.	Czech Republic	109,183	3.57%	Poland	85,780	3.19%
9.	Georgia	100,152	3.27%	Georgia	80,942	3.01%
10.	Romania	70,053	2.29%	Germany	79,540	2.96%

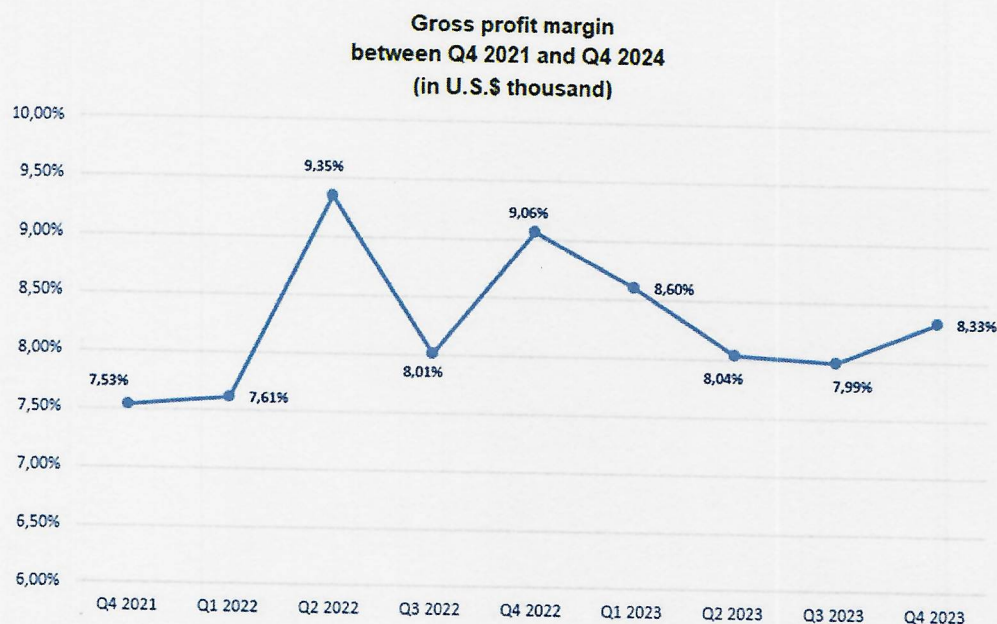
**Gross Profit:** Gross profit in 2023 increased by 10.73% to U.S. \$ 252,269 from U.S. \$ 227,831 in 2022.

**Gross profit  
between Q4 2021 and Q4 2023  
(in U.S.\$ thousand)**





**Gross profit margin (gross profit as a percentage of revenues):** Gross profit margin in 2023 decreased to 8.24% from 8.47% in 2022.

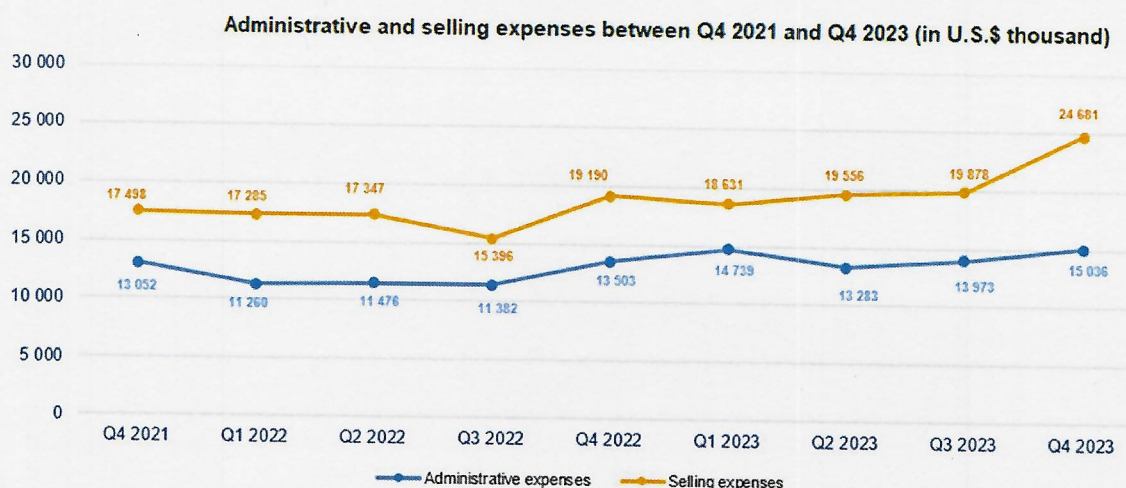


**Selling Expenses:** largely comprise of salaries and benefits paid to sales employees (sales, marketing, and logistics departments), marketing and advertising fees, commissions, and travelling expenses. Selling expenses usually grow together (but not in-line) with growing sales and, most importantly, gross profit. In 2023, the increase in selling expenses has encompassed all new investments in human capital in several business units and a provision for bad debt of around USD 3.0 million, relating to the disposal of our subsidiary in Russia.

Selling expenses in 2023 increased by 19.54% to U.S. \$ 82,745 from U.S. \$ 69,217 in 2022.

**Administrative Expenses:** largely comprised of salaries and wages of administrative personnel.

Administrative expenses in 2023 increased by 19.76% to U.S. \$ 57,031 from U.S. \$ 47,620 in 2022. These expenses include costs for the support of Ukraine.



**EBITDA:** EBITDA in 2023 was positive and amounted to U.S. \$ 120,166, in comparison to U.S. \$ 116,751 in 2022.

**Profit After Taxation:** The net profit after tax in 2023 was negatively affected by the disposal of our subsidiary in Russia lowering it by around U.S. \$ 25 million. It is worth underlining that without considering the one-offs, ASBIS would achieve a net profit for 2023 of USD 78 million, as assumed in its 2023 forecast.

In 2023 the net profit after tax was U.S. \$ 52,956, in comparison to U.S. \$ 75,870 in 2022.

### 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 the twelve months of 2023 has been impacted by revenue growth and improved working capital utilization. Nevertheless, cash from operations in 2023 was positive and has significantly improved year-on-year by more than USD 101 million.

The following table presents a summary of cash flows for the twelve months ended December 31<sup>st</sup>, 2023, and 2022 (in U.S. \$ thousand):

	Twelve months ended December 31 <sup>st</sup>	
	2023	2022
Net cash inflows/(outflows) from operating activities	45,411	(56,048)
Net cash outflows from investing activities	(11,710)	(11,075)
Net cash (outflows)/inflows from financing activities	(17,747)	8,555
Net increase/(decrease) in cash and cash equivalents	15,954	(58,568)



### Net cash inflows from operations

Net cash inflows from operations amounted to U.S. \$ 45,411 for the twelve months of 2023, as compared to outflows of U.S. \$ 56,048 in the corresponding period of 2022.

### Net cash outflows from investing activities.

Net cash outflows from investing activities were U.S. \$ 11,710 for the twelve months of 2023, compared to outflows of U.S. \$ 11,075 in the corresponding period of 2022.

### Net cash outflows from financing activities

Net cash outflows from financing activities were U.S. \$ 17,747 for the twelve months of 2023, compared to inflows of U.S. \$ 8,555 in the corresponding period of 2022.

### Net increase in cash and cash equivalents

As a result of improved cash flows from operating activities (mainly owed to improved working capital management) cash and cash equivalents have increased by U.S. \$ 15,954, as compared to a decrease of US\$ 58,568 in the corresponding period of 2022.

### 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 of 31 December 2023, we had a total short-term and long-term debt (excluding amounts due to factoring creditors and lease liabilities) of U.S. \$ 141,456 (including U.S. \$ 435 of current maturities due within one year from 31st, December 2023), compared to U.S. \$ 141,169 (including U.S. \$ 553 of current maturities, as of 31 December 2022).

The table below presents our principal debt facilities as at 31 December 2023:

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	7 346 939	1/06/2022	non term
ASBIS Middle East FZE	EMIRATES ISLAMIC BANK PJSC	Short Term Loan/Revolving Loan	18 000 00	AED	3,67	4 897 959	25/10/2022	non term
ASBIS Middle East FZE	ABU DHABI COMMERCIAL BANK (ADCB)	Short Term Loan/Revolving Loan	15 000 000	AED	3,67	4 081 633	08/08/2023	non term
ASBIS Middle East FZE	NATIONAL BANK OF FUJAIRAH	Factoring with recourse	3 000 000	AED	3,67	816 327	01/06/2022	non term
ASBIS Middle East FZE	NATIONAL BANK OF FUJAIRAH	Factoring with recourse	8 000 000	AED	3,67	2 176 871	01/06/2022	non term
ASBIS Middle East FZE	EMIRATES ISLAMIC BANK PJSC	Factoring with recourse	3 500 000	AED	3,67	952 381	01/03/2023	non term
ASBIS Middle East FZE	EMIRATES ISLAMIC BANK PJSC	Factoring with recourse	3 500 000	AED	3,67	952 381	01/04/2023	31/12/2023
ASBIS Middle East FZE	ABU DHABI COMMERCIAL BANK (ADCB)	Factoring with recourse	3 000 000	AED	3,67	816 327	08/08/2023	non term
ASBIS Middle East FZE	ABU DHABI COMMERCIAL BANK (ADCB)	Factoring with recourse	2 000 000	AED	3,67	544 218	08/08/2023	non term
"ASBC" LLC (AM) // AM-119 (Caucasus) iSpace AAR->APR/APP	BYBLOS BANK ARMENIA CJSC	Overdraft	195 000 000	AMD	404,79	481 731	18/10/2023	14/10/2025



ASBC MMC, AZ Az119 APR iSpace	PASHA BANK	Short Term Loan/Revolving Loan	1 000 000	AZN	1,70	588 235	23/11/2023	17/11/2024
ASBIS d.o.o. (BA)	RAIFFEISEN BANK D.D. BOSNA I HERCEGOVINA	BGs/SBLCs	300 000	KM	1,76	169 493	17/01/2020	30/06/2027
ASBIS d.o.o. (BA)	ASA BANKA D.D. SARAJEVO	BGs/SBLCs	300 000	KM	1,76	169 493	20/06/2019	31/12/2027
ASBIS d.o.o. (BA)	ASA BANKA D.D. SARAJEVO	BGs/SBLCs	50 000	KM	1,76	28 249	01/09/2023	31/12/2027
ASBIS d.o.o. (BA)	ASA BANKA D.D. SARAJEVO	Long Term Loan	523 464	KM	1,76	295 745	26/12/2023	31/12/2027
ASBIS d.o.o. (BA)	ASA BANKA D.D. SARAJEVO	Short Term Loan/Revolving Loan	500 000	KM	1,76	282 489	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	1,76	564 978	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	1,76	847 466	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	1,76	564 978	26/08/2022	31/12/2027
ASBIS d.o.o. (BA)	UNICREDIT BANK	Short Term Loan/Revolving Loan	1 200 000	KM	1,76	677 973	21/07/2023	09/08/2024
ASBIS d.o.o. (BA)	RAIFFEISEN BANK D.D. BOSNA I HERCEGOVINA	Overdraft	300 000	KM	1,76	169 493	17/01/2020	31/12/2024
ASBIS d.o.o. (BA)	UNICREDIT BANK	Overdraft	400 000	KM	1,76	225 991	01/09/2022	09/08/2024
ASBIS BULGARIA LIMITED	UNICREDIT BULBANK AD	Overdraft	5 500 000	BGN	1,76	3 107 380	01/10/2022	29/10/2024
ASBIS BULGARIA LIMITED	DSK BANK	Factoring with recourse	2 700 000	BGN	1,76	1 525 441	01/06/2023	30/05/2024
ASBIS BULGARIA LIMITED	UNITED BULGARIAN BANK (UBB)	Factoring with recourse	684 500	BGN	1,76	386 728	13/10/2023	31/08/2024
ASBIS BULGARIA LIMITED	UNICREDIT BULBANK AD	Factoring with recourse	3 000 000	BGN	1,76	1 694 934	18/10/2023	30/10/2024
ASBIS BULGARIA LIMITED	UNICREDIT BULBANK AD	Factoring without recourse	50 000	BGN	1,76	28 249	15/10/2023	30/10/2024
ASBIS Belarus	CJSC VTB BANK (BELARUS)	Short Term Loan/Revolving Loan	2 170 000	BYN	3,17	682 927	06/08/2021	05/08/2024
ASBIS Belarus	CJSC VTB BANK (BELARUS)	Short Term Loan/Revolving Loan	8 680 000	BYN	3,17	2 731 707	06/08/2021	05/08/2024
ASBIS Belarus	PRIORBANK	Factoring with recourse	3 000 000	BYN	3,17	944 138	07/12/2020	08/05/2024
ASBIS Belarus	BANK DABRABYT JSC	Factoring with recourse	3 300 000	BYN	3,17	1 038 552	02/02/2022	01/02/2024
ASBIS Belarus	BANK DABRABYT JSC	Factoring without recourse	2 000 000	BYN	3,17	629 426	18/11/2022	17/11/2024
ASBC TUE, BY	BANK DABRABYT JSC	Short Term Loan/Revolving Loan	1 095 000	BYN	3,17	344 611	16/01/2023	15/01/2024
ASBC TUE, BY	BANK DABRABYT JSC	Short Term Loan/Revolving Loan	480 000	BYN	3,17	151 062	01/12/2023	30/11/2025
ASBC TUE, BY	BANK DABRABYT JSC	Short Term Loan/Revolving Loan	1 095 000	BYN	3,17	344 611	12/12/2023	31/12/2023
MakSolutions LLC	BANK DABRABYT JSC	Short Term Loan/Revolving Loan	300 000	BYN	3,17	94 414	15/11/2023	31/12/2024
ASBIS KYPROS LTD	BANK OF CYPRUS PUBLIC COMPANY LIMITED	BGs/SBLCs	2 190	EUR	0,90	2 422	01/09/2023	15/06/2025
ASBIS KYPROS LTD	BANK OF CYPRUS PUBLIC COMPANY LIMITED	Overdraft	500 000	EUR	0,90	553 000	02/05/2023	non term
ASBIS KYPROS LTD	BANK OF CYPRUS PLC- FACTORING DIVISION	Factoring with recourse	800 000	EUR	0,90	884 800	19/06/2019	non term
ASBISC Enterprises PLC	BANK OF CYPRUS PUBLIC COMPANY LIMITED	BGs/SBLCs	30 000	EUR	0,90	33 180	22/05/2021	21/05/2024
ASBISC Enterprises PLC	RAIFFEISEN BANK INTERNATIONAL AG	BGs/SBLCs	4 650 000	USD	1,00	4 650 000	18/03/2022	24/03/2024
ASBISC Enterprises PLC	BARCLAYS BANK PL	BGs/SBLCs	5 350 000	USD	1,00	5 350 000	01/05/2022	non term
ASBISC Enterprises PLC	BANK OF CYPRUS PUBLIC COMPANY LIMITED	BGs/SBLCs	22 000 000	USD	1,00	22 000 000	26/09/2022	25/09/2024
ASBISC Enterprises PLC	SOCIETE GENERALE CYPRUS LIMITED	BGs/SBLCs	5 000 000	USD	1,00	5 000 000	05/10/2022	04/10/2024
ASBISC Enterprises PLC	UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA, A.S.	BGs/SBLCs	391 943	EUR	0,90	433 489	31/01/2023	02/10/2024



ASBISC Enterprises PLC	VSEOBECNA UVEROVA BANKA A.S (VUB, A.S.)	BGs/SBLCs	8 000 000	USD	1,00	8 000 000	06/03/2023	02/03/2024
ASBISC Enterprises PLC	UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA, A.S.	BGs/SBLCs	92 788	EUR	0,90	102 624	13/09/2023	12/09/2024
ASBISC Enterprises PLC	CYPRUS DEVELOPMENT BANK PUBLIC COMPANY LTD	LCs	125 000	USD	1,00	125 000	19/01/2023	19/01/2024
ASBISC Enterprises PLC	BANK OF CYPRUS PUBLIC COMPANY LIMITED	LCs	198 492	USD	1,00	198 492	28/11/2023	08/01/2024
ASBISC Enterprises PLC	CYPRUS DEVELOPMENT BANK PUBLIC COMPANY LTD	Overdraft	5 000 000	EUR	0,90	5 530 000	22/06/2021	non term
ASBISC Enterprises PLC	SOCIETE GENERALE CYPRUS LIMITED	Overdraft	1 500 000	USD	1,00	1 500 000	01/06/2021	non term
ASBISC Enterprises PLC	RAIFFEISEN BANK INTERNATIONAL AG	Overdraft	5 350 000	USD	1,00	5 350 000	21/03/2022	non term
ASBISC Enterprises PLC	VSEOBECNA UVEROVA BANKA A.S (VUB, A.S.)	Overdraft	10 000 000	USD	1,00	10 000 000	06/03/2023	non term
ASBISC Enterprises PLC	BANK OF CYPRUS PUBLIC COMPANY LIMITED	Overdraft	10 400 000	USD	1,00	10 400 000	30/04/2023	29/04/2024
ASBISC Enterprises PLC	BANK OF CYPRUS PUBLIC COMPANY LIMITED	Overdraft	500 000	EUR	0,90	553 000	30/04/2023	29/04/2024
ASBISC Enterprises PLC	BANK OF CYPRUS PLC- FACTORING DIVISION	Factoring with recourse	13 000 000	USD	1,00	13 000 000	20/06/2023	29/04/2024
ASBISC Enterprises PLC	ADF PFS	Supply Chain Financing/Reverse Factoring	42 000 000	USD	1,00	42 000 000	12/09/2023	non term
PRESTIGIO PLAZA LIMITED (ACEAN.CY)	BANK OF CYPRUS PUBLIC COMPANY LIMITED	BGs/SBLCs	11 000	EUR	0,90	12 165	15/09/2023	12/09/2024
PRESTIGIO PLAZA LIMITED (ACEAN.CY)	BANK OF CYPRUS PUBLIC COMPANY LIMITED	Overdraft	50 000	EUR	0,90	55 298	30/04/2023	non term
ASBIS CZ spol s r.o.	CESKOSLOVENSKA OBCHODNI BANKA, A.S.	BGs/SBLCs	113 362	EUR	0,90	125 262	27/01/2022	31/12/2024
ASBIS CZ spol s r.o.	CESKOSLOVENSKA OBCHODNI BANKA, A.S.	BGs/SBLCs	10 588	EUR	0,90	11 700	02/10/2023	04/04/2025
ASBIS CZ spol s r.o.	CESKOSLOVENSKA OBCHODNI BANKA, A.S.	Short Term Loan/Revolving Loan	140 000 000	CZK	22,37	6 256 704	11/06/2021	non term
ASBIS CZ spol s r.o.	VSEOBECNA UVEROVA BANKA, A.S.	Overdraft	2 000 000	EUR	0,90	2 209 957	16/11/2020	non term
ASBIS CZ spol s r.o.	CESKOSLOVENSKA OBCHODNI BANKA, A.S.	Overdraft	15 000 000	CZK	22,37	670 361	01/04/2022	non term
ASBC LLC, GE Ge119	TBC BANK	Overdraft	1 300 000	GEL	2,68	483 379	30/05/2023	29/05/2024
ASBISc-CR d.o.o.	OTP BANKA HRVATSKA D.D.	BGs/SBLCs	39 817	EUR	0,90	43 998	01/01/2023	non term
ASBISc-CR d.o.o.	ERSTE AND STEIERMAERKISCHE BANK D.D.	Short Term Loan/Revolving Loan	597 253	EUR	0,90	659 964	03/05/2023	30/05/2024
ASBISc-CR d.o.o.	ERSTE AND STEIERMAERKISCHE BANK D.D.	Short Term Loan/Revolving Loan	1 990 842	EUR	0,90	2 199 881	08/09/2023	06/09/2024
ASBIS IT Solutions Hungary Kft.	CIB BANK LTD.	Overdraft	100 000 000	HUF	346,44	288 650	30/06/2023	30/06/2024
ASBIS KAZAKHSTAN TOO	HALYK BANK	Short Term Loan/Revolving Loan	24 000 000 000	KZT	454,56	52 798 310	20/05/2022	19/05/2025
ASBIS robotic TOO	JSC BANK CENTERCREDIT	Factoring with recourse	22 000 000 000	KZT	454,56	48 398 451	11/07/2022	06/08/2024
ASBIS BALTICS SIA	OP CORPORATE BANK PLC LATVIA BRANCH	Overdraft	1 800 150	EUR	0,90	1 989 166	16/10/2023	29/02/2024
ASBIS BALTICS SIA	OP CORPORATE BANK PLC LATVIA BRANCH	Factoring without recourse	4 789 886	EUR	0,90	5 292 824	25/12/2023	non term
ASBIS POLAND Sp. z o.o.	CREDIT AGRICOLE BANK POLSKA S.A.	BGs/SBLCs	1 000 000	USD	1,00	1 000 000	11/05/2016	15/07/2024
ASBIS POLAND Sp. z o.o.	BANK PEKAO S.A	Overdraft	8 000 000	PLN	3,93	2 033 037	11/06/2023	10/06/2024
ASBIS POLAND Sp. z o.o.	CREDIT AGRICOLE BANK POLSKA S.A.	Overdraft	8 000 000	PLN	3,93	2 033 037	29/07/2023	30/06/2025
ASBIS ROMANIA SRL	ALPHA BANK ROMANIA SA	Short Term Loan/Revolving Loan	17 000 000	RON	4,49	3 781 307	15/09/2019	15/02/2024
ASBIS ROMANIA SRL	BRD - GROUPE SOCIETE GENERALE SA	Short Term Loan/Revolving Loan	5 000 000	RON	4,49	1 112 149	09/06/2023	08/06/2024
ASBIS ROMANIA SRL	BRD - GROUPE SOCIETE GENERALE SA	Factoring without recourse	1 500 000	RON	4,49	333 645	14/12/2017	non term
ASBIS ROMANIA SRL	BRD - GROUPE SOCIETE GENERALE SA	Factoring without recourse	1 000 000	RON	4,49	222 430	24/10/2016	non term
ASBIS ROMANIA SRL	BRD - GROUPE SOCIETE GENERALE SA	Factoring without recourse	8 000 000	RON	4,49	1 779 439	02/11/2023	non term
ASBIS ROMANIA SRL	BRD - GROUPE SOCIETE GENERALE SA	Factoring without recourse	25 000 000	RON	4,49	5 560 746	29/12/2023	non term



ASBIS d.o.o.	EUROBANK AD	BGs/SBLCs	35 000 000	CSD	105,86	330 603	05/03/2023	non term
ASBIS d.o.o.	UNICREDIT BANK SRBIJA AD BEOGRAD	BGs/SBLCs	200 000	EUR	0,90	221 361	01/03/2023	31/12/2023
ASBIS d.o.o.	EUROBANK AD	Long Term Loan	300 000	EUR	0,90	332 042	01/03/2023	31/03/2025
ASBIS d.o.o.	EUROBANK AD	Long Term Loan	300 000	EUR	0,90	332 042	22/12/2023	30/06/2025
ASBIS d.o.o.	UNICREDIT BANK SRBIJA AD BEOGRAD	Short Term Loan/Revolving Loan	500 000	EUR	0,90	553 403	31/03/2022	30/03/2024
ASBIS d.o.o.	ERSTEBANK AD	Short Term Loan/Revolving Loan	1 500 000	EUR	0,90	1 660 210	01/07/2023	30/06/2024
ASBIS d.o.o.	EUROBANK AD	Short Term Loan/Revolving Loan	300 000	EUR	0,90	332 042	13/07/2023	21/12/2024
ASBIS d.o.o.	ADDIKO BANK A.D. BEOGRAD	Short Term Loan/Revolving Loan	500 000	EUR	0,90	553 403	21/09/2023	21/09/2024
ASBIS d.o.o.	RAIFFEISEN BANKA A.D.	Short Term Loan/Revolving Loan	1 000 000	EUR	0,90	1 106 807	08/09/2023	08/09/2025
ASBIS d.o.o. Slovenia	ADDIKO BANK D.D.	Long Term Loan	300 000	EUR	0,90	331 785	02/11/2022	24/10/2025
ASBIS d.o.o. Slovenia	ADDIKO BANK D.D.	Short Term Loan/Revolving Loan	300 000	EUR	0,90	331 785	25/11/2023	22/11/2024
ASBIS SK spol. s r. o.	TATRA BANKA A.S.	Overdraft	23 000 000	EUR	0,90	25 415 000	23/02/2022	31/07/2024
ASBIS SK spol. s r. o.	VSEOBECNA UVEROVA BANKA A.S (VUB, A.S.)	Overdraft	20 000 000	EUR	0,90	22 100 000	07/11/2023	31/01/2024
ASBIS-Ukraine ltd	JSC «ALFA-BANK»	Short Term Loan/Revolving Loan	350 000 000	UAH	37,98	9 214 794	29/11/2021	31/12/2025
ASBIS-Ukraine ltd	FIRST UKRAINIAN INTERNATIONAL BANK	Short Term Loan/Revolving Loan	100 000 000	UAH	37,98	2 632 798	05/09/2022	03/05/2024
ASBIS-Ukraine ltd	RAIFFEISEN BANK	Short Term Loan/Revolving Loan	5 000 000	EUR	0,89	5 556 173	01/05/2023	01/02/2024
ASBIS-Ukraine ltd	PRAVEX-BANK JOINT-STOCK COMPANY COMMERCIAL BANK	Short Term Loan/Revolving Loan	2 000 000	EUR	0,89	2 222 469	01/05/2023	04/08/2024
ASBIS-Ukraine ltd	BANK PIVDENNYI	Short Term Loan/Revolving Loan	50 000 000	UAH	37,98	1 316 399	01/08/2023	21/06/2024
ASBIS-Ukraine ltd	TASCOMBANK JSC (FORMERLY BANK BUSINESS STANDARD)	Short Term Loan/Revolving Loan	390 000 000	UAH	37,98	10 267 914	20/09/2023	03/06/2025
ASBIS-Ukraine ltd	JOINT-STOCK COMPANY OTP BANK	Short Term Loan/Revolving Loan	130 000 000	UAH	37,98	3 422 638	04/10/2023	21/07/2026
ASBIS-Ukraine ltd	CREDIT AGRICOLE BANK PJSC	Short Term Loan/Revolving Loan	5 000 000	USD	1,00	5 000 000	30/11/2023	29/11/2024
ASBIS-Ukraine ltd	FIRST UKRAINIAN INTERNATIONAL BANK	Overdraft	50 000 000	UAH	37,98	1 316 399	23/02/2023	23/02/2024
ASBIS-Ukraine ltd	JOINT-STOCK COMPANY OTP BANK	Overdraft	110 000 000	UAH	37,98	2 896 078	13/03/2023	21/07/2026
ASBIS-Ukraine ltd	JSC «ALFA-BANK»	Factoring with recourse	350 000 000	UAH	37,98	9 214 794	01/02/2022	31/12/2025
ASBIS-Ukraine ltd	TASCOMBANK JSC (FORMERLY BANK BUSINESS STANDARD)	Factoring with recourse	250 000 000	UAH	37,98	6 581 996	23/12/2022	03/06/2025
ASBIS-Ukraine ltd	JOINT-STOCK COMPANY OTP BANK	Factoring with recourse	40 000 000	UAH	37,98	1 053 119	04/10/2023	21/07/2026
ASBIS Africa (PTY) LTD	FIRST NATIONAL BANK	Overdraft	9 000 000	ZAR	18,55	485 034	01/06/2023	30/05/2024

## Capital Expenditure

Our total capital expenditure for tangible and intangible assets amounted to U.S. \$ 26,381 for the year 2023, compared to U.S. \$ 17,861 for the year 2022.



## 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:

<b>Name</b>	<b>Year of Birth</b>	<b>Position</b>	<b>Appointed to the Board</b>	<b>Expiry of term</b>	<b>Nationality</b>
Siarhei Kostevitch	1964	Chairman, Chief Executive Officer	30 August 1999	2026	Cypriot
Marios Christou	1968	Chief Financial Officer	28 December 2001	2026	Cypriot
Constantinos Tziamalis	1975	CRO, Deputy CEO	23 April 2007	2025	Cypriot
Julia Prihodko	1982	Chief Human Relations Officer	7 May 2021	2025	Ukrainian
Hanna Kaplan	1975	Executive Director	23 June 2023	2024	Cypriot
Tasos Panteli	1976	Non-Executive Director	18 April 2019	2024	Cypriot
Maria Petridou	1977	Non-Executive Director	29 March 2021	2024	Cypriot
Constantinos Petrides	1974	Non-Executive Director	23 June 2023	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 7<sup>th</sup> of May 2021, Julia Prihodko was appointed to the Board of Directors as an Executive Director.

*Hanna Kaplan* holds a bachelor's degree in economics, and she is a Certified Accountant qualified in 2020.

Hanna served as finance manager and chief accountant in various companies before she moved to ASBIS back in 2002. Ever since, Hanna has evolved into one of the key persons in the Finance department of ASBIS Group. Due to her extensive experience and skills, Hanna was the leader of the project of automating the Group's consolidation, being the key liaison with Finance and IT departments. She also participated in the Group's listing efforts back in 2007 and concluded with big success the online reporting system based on our own proprietary software IT4profit. Responsibilities: Hanna Kaplan has been working with ASBIS for more than 20 years and she is one of the cornerstones of the Accounting and Financial reporting of the whole Group. She will continue to lead all projects of finance/IT integration and the automation of the reporting systems of the Group.

*Tasos 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 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.



*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.

*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).

*Constantinos Petrides* started his professional career in 2000 at the Cypriot Banks Association and as a representative of the Association in the European Banking Federation and the National Euro Changeover Committee. In April 2006, he was employed at the European Commission in Brussels, where until September 2011 he worked as an economist in the Directorate-General for Agriculture and the Directorate-General for Competition. While working for the European Commission, he was a negotiator of trade liberalization agreements between the EU and third countries and dealt with issues of state aid in the field of transport. Since March 2013 to May 2017, he was the Deputy Minister to the President of the Republic of Cyprus. After that, he served as Minister of Interior (May 2017 - December 2019). From December 2019 to March 2023, he held the office of Minister of Finance of the Republic of Cyprus.

Constantinos Petrides studied economics at the University of Nottingham and then obtained a master's degree in the economics of political change in Europe from the London School of Economics and Political Sciences.

## **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 2023 and 2022, 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)	2022	205			773		-	6	984
	2023	213			792			6	1,011
Marios Christou, Executive (Chief Financial Officer)	2022	123			170		-	4	297
	2023	127			171			4	302
Costas Tziamalis, Executive (Deputy CEO)	2022	123			170		0	4	297
	2023	127			171			4	302
Julia Prihodko Executive (Chief Human Relations Officer)	2022	50			35		-	2	87
	2023	58			50			2	110
Hanna Kaplan, Executive Director*	2022	-			-		-	-	-
	2023	43			-			1	44
Constantinos Petrides, Non-executive (Non-executive Director)*	2022	-			-		-	-	-
	2023	21							21
Tasos Panteli, Non-executive (Non-executive Director)	2022	13			-		-	-	13
	2023	26							26
Maria Petridou Non-executive (Non-executive Director)	2022	13			-		-	-	13
	2023	26							26

\*Hanna Kaplan and Constantinos Petrides were appointed to the BOD on the 23rd of June 2023.

#### 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 to the remuneration policy in the last financial year or information about their absence.

During 2023, 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	406,600	0.73%
Marios Christou	330,761	0.60%
Hanna Kaplan	21,000	0.04%
Julia Prihodko	2,000	0.00%
Maria Petridou	0	0.00%
Tasos Panteli	0	0.00%
Constantinos Petrides	0	0.00%

\* 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 2023 there were the following changes in the number of shares possessed by the members of the Board of Directors:

Name	Number of shares acquired	Number of shares disposed
Hanna Kaplan	15,000	-
Julia Prihodko	2,000	-
Constantinos Tziamalis	-	150,000
Marios Christou	17,700	150,000

Cross reference:

## Committees

The Audit Committee of the Company was comprising Tasos Panteli, Maria Petridou and Constantinos Petrides (all 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 comprises Tasos Panteli, Maria Petridou and Constantinos Petrides (all non-executive Directors) and Siarhei Kostevitch (as attending member) and is chaired by Tasos. 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 the main management rules in 2023.

#### 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 in any of our subsidiary companies, other than disclosed.

#### Employees

During 2023 we have employed an average number of 2,673 employees, of whom 301 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 2023 and 2022 is as follows:

	2023	2022
Sales and Marketing	1,484	1,213
Administration and IT	419	338
Finance	213	200
Logistics	557	471
<b>Total</b>	<b>2,673</b>	<b>2,222</b>

### 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 the best of our 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 share	Number of votes	% of votes
KS Holdings Ltd*	20,448,127	36.84%	20,448,127	36.84%
Free float	35,051,873	63.16%	35,051,873	63.16%
<b>Total</b>	<b>55,500,000</b>	<b>100%</b>	<b>55,500,000</b>	<b>100%</b>

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



**Information on the disposal program of the treasury shares:**

In Q2 2023, the Board of Directors decided that all treasury stock which the Company had purchased during the buy-back programs conducted in 2022 (i.e., 328,800 shares) will be offered to key, selected employees and the Provident Fund of ASBIS Group for the average price of PLN 15.0 per share. These shares have been purchased on the Warsaw Stock Exchange, at an average of PLN 13.32 per share. The agreements between the Company and employees apply for a 12-month lock-up period.

In 2023 ASBIS sold all treasury stock, representing 0.59% of share capital and giving 328,800 votes (0.59%) at the General Meeting of Shareholders.

Besides the above-mentioned sales of the treasury shares, there were no changes in the number of shares possessed by major shareholders in 2023.

**Related Party Transactions**

During the year ended 31 December 2023, 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 to this annual report.

In the year 2023, several transactions have occurred between the Company and its subsidiaries and between our subsidiaries. In our opinion, all 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 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.

**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 31<sup>st</sup> December 2023, 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 of December 31<sup>st</sup>, 2023, to support its subsidiaries' local financing, amounted to U.S.\$ 202,399. The total bank guarantees and letters of credit raised by the Group (mainly to Group suppliers) as of December 31<sup>st</sup>, 2023, was U.S.\$ 48,008 – as per note number 20 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 35 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 its current investments in prior years and in 2023 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 17 - Trade receivables - Ageing analysis of receivables
- b) note 35 – Financial risk management – point 1.3. Liquidity risk

### **Information about the structure of main deposits and capital investments in 2023**

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 34 of the financial statements included in this annual report.

### **Information about relevant off-balance sheet positions as at December 31<sup>st</sup>, 2023**

There were no relevant off-balance sheet positions as of December 31<sup>st</sup>, 2023, other than Bank Guarantees disclosed in note 20 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 10<sup>th</sup> of May 2023, the Annual General Meeting of Shareholders adopted a resolution on a final dividend payment for the year ended December 31<sup>st</sup>, 2022, amounting to USD 0.25 per share, 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 0.20 per share, paid in December 2022. Thus, the total dividend payment from the Company's profit for 2022 amounted to U.S.\$ 0.45 per share.

On the 8<sup>th</sup> of November 2023, the Company's Board of Directors decided on the payment of an interim dividend from 2023 profits. The interim dividend of USD 0.20 per share was paid out on the 7<sup>th</sup> of December 2023. The interim dividend record date was on the 27<sup>th</sup> of November 2023.

On the 27<sup>th</sup> of March 2024, 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 2023 profits of **USD 0.30** 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 2023 neither the Company nor any of the members of our Group 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 30<sup>th</sup> of June) and audit annual financial statements (fiscal year ending 31 December).

The last agreement has been signed on the 27th of November 2023.

The following table presents a summary of accountant fees and services for the twelve months ended December 31, 2023, and 2022:

<b>(U.S. \$)</b>	<b>2023</b>	<b>2022</b>
Auditors' fees regarding annual report <sup>(1)</sup>	574	536
Auditors' fees for tax advisory	25	35
Auditors' fees for other services	-	1
<b>Total fees</b>	<b>599</b>	<b>572</b>

<sup>(1)</sup> 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 2023

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 Y2023.

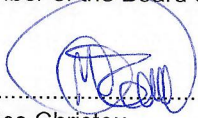
The report includes all non-financial information regarding the ASBISc Enterprises Plc Group in the period from January 1 to December 31, 2023.

The report is available at the Company website <http://investor.asbis.com/csr-reports>

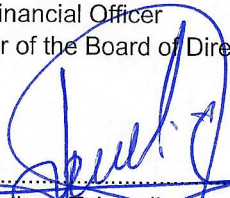
Signatures:



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



.....  
Marios Christou  
Chief Financial Officer  
Member of the Board of Directors



.....  
Constantinos Tziamalidis  
Deputy CEO  
Member of the Board of Directors



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



.....  
Hanna Kaplan  
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

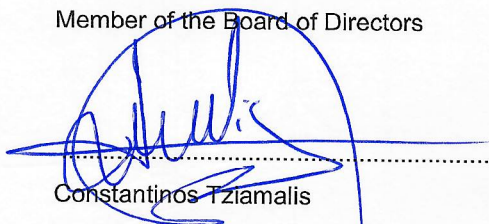
Member of the Board of Directors



Marios Christou

Chief Financial Officer

Member of the Board of Directors



Constantinos Tziamalis

Deputy CEO

Member of the Board of Directors



Julia Prhodka

Chief Human Relations Officer

Member of the Board of Directors



Hanna Kaplan

Member of the Board of Directors

Limassol, 28<sup>th</sup> of March 2024