

**INTERIM REPORT
FOR THE THREE AND NINE MONTHS
ENDED 30 SEPTEMBER 2020**

Limassol, 5 November 2020

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DIRECTORS' REPORT ON THE COMPANY'S AND GROUP'S OPERATIONS

We have prepared this report as required by Paragraph 60 section 2 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 conditions of recognition of information required by the law of non-member country as equal.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this quarterly report, all references to the Company apply to ASBISc Enterprises Plc and all references to the Group apply to ASBISc Enterprises Plc and its consolidated subsidiaries. Expressions such as "we", "us", "our" and similar apply generally to the Group (including its particular subsidiaries, depending on the country discussed), unless from the context it is clear that they apply to the Company alone.

Financial and Operating Data

This quarterly report contains financial statements of, and financial information relating to the Group. In particular, this quarterly report contains our interim consolidated financial statements for the three months ended 30 September 2020. The financial statements appended to this this quarterly report, are presented in U.S. dollars and have been prepared in accordance with International Accounting Standard ("IAS") 34.

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 quarterly 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 quarterly report may not conform exactly to the total figure given for that column or row.

Currency Presentation

Unless otherwise indicated, all references in this quarterly 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 No. 974/98; and all references to "PLN" or "Polish Zloty" are to the lawful currency of the Republic of Poland.

All references to U.S. dollars, Polish Zloty, Euro and other currencies are in thousands, except share and per share data, unless otherwise stated.

FORWARD-LOOKING STATEMENTS

This quarterly 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 quarterly 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 quarterly 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 quarterly report.

Part I Additional information

1. Overview

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

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

ASBISc commenced business in 1990 in Belarus and in 1995 we incorporated our holding Company in Cyprus and moved our headquarters to Limassol. Our Cypriot headquarters support, through two master distribution centres (located in the Czech Republic and the United Arab Emirates), our network of 31 warehouses located in 27 countries. This network supplies products to the Group's in-country operations and directly to its customers in approximately 56 countries.

The Company's registered and principal administrative office is at Diamond Court, 43 Kolonakiou Street, Ayios Athanasios, CY-4103 Limassol, Cyprus.

2. Executive summary for the three- and nine-month periods ended September 30th, 2020

In the three-month period ended September 30th, 2020, we delivered the strongest results for this quarter in our Group's history. The Company achieved strong gross profit margins and controlled expenses. As a result, net profit after taxation in Q3 2020 was significantly higher as compared to the corresponding period of 2019. We also had significant improvements in cash flow from operations on a year-on-year basis. The quarter-over-quarter increase in net sales reflected growth in all the Company's geographic reportable segments and major product lines. The highest increase in product lines was recorded in smartphones and accessories & multimedia which increased by 93% and 38% respectively, as compared to Q3 2019. As regards to own brands, Prestigio and Canyon products have been selling well while Perenio is expected to pick up in revenue in the following quarters. This resulted in an increase in the share revenues to 7-8% from about 5% that was recently listed.

A country-by-country analysis confirms the excellent growth rates the Group was able to achieve in all major countries of operations. The countries with the highest sales growth in Q3 2020 were:

- Kazakhstan – a growth of 54.1%
- United Arab Emirates – a growth of 48.6%
- Belarus – a growth of 47.7%

To sum up, we are extremely satisfied with the Group's results for Q3 2020. Our results have once again smashed the market expectations and allowed us to upgrade our financial forecast for 2020 which now

assumes a net profit after tax of USD between 23.0 and 25.0 million, about 25% higher than originally announced. Sales revenues remain at the level of the original forecast, i.e., between USD 2.0 and USD 2.2 billion.

It is worth mentioning that the Company focuses not only on delivering strong results but also on being socially responsible. ASBIS engages in social campaigns aiming at improving the lives of those in need. In Q3 2020, amongst other initiatives, we have donated 1,000 laptop PCs to the Association of Primary School Teachers in Cyprus (POED) and the Board of Public Schools in Limassol which will be used in education by students from poor families. Our intention is to give a better chance for a good education also to children who, for economic reasons, cannot afford to buy their own computer.

The principal events of the three-month period ended September 30th, 2020, were as follows (in U.S. \$ thousand):

- Revenues in Q3 2020 increased by 33.9% to U.S. \$ 619,682 from U.S. \$ \$ 462,674 in Q3 2019.
- Gross profit in Q3 2020 increased by 32.9% to U.S. \$ 36,138 from U.S. \$ 27,197 in Q3 2019.
- Gross profit margin in Q3 2020 amounted to 5.83% as compared to 5.88% in Q3 2019.
- Selling expenses in Q3 2020 increased by 8.7% to U.S. \$ 11,432 from U.S. \$ 10,516 in Q3 2019.
- Administrative expenses in Q3 2020 increased by 11.7% to U.S. \$ 8,237 from U.S. \$ 7,374 in Q3 2019.
- EBITDA in Q3 2020 was significantly higher year-on-year and reached U.S. \$ 17,677 as compared to U.S. \$ 10,451 in Q3 2019, a strong improvement of 69.1%.
- The Group finished Q3 2020 with an impressive net profit after tax amounting to U.S. \$ 10,403, a 126.0% growth as compared to U.S.\$ 4,602 in Q3 2019.

The following table presents revenues breakdown by regions in the three-month period ended September 30th, 2020 and 2019 respectively (in U.S. \$ thousand):

| Region | Q3 2020 | Q3 2019 | Change % |
|----------------------------|----------------|----------------|--------------|
| Former Soviet Union | 340,984 | 241,581 | 41.1% |
| Central and Eastern Europe | 146,654 | 125,812 | 16.6% |
| Middle East and Africa | 82,094 | 60,049 | 36.7% |
| Western Europe | 34,818 | 22,577 | 54.2% |
| Other | 15,132 | 12,655 | 19.6% |
| Grand Total | 619,682 | 462,674 | 33.9% |

The principal events of the nine-month period ended September 30th, 2020, were as follows (in U.S. \$ thousand):

- Revenues in Q1-Q3 2020 grew by 20.0% to U.S. \$ 1,500,627 from U.S. \$ 1,250,915 in the corresponding period of 2019.
- Gross profit in Q1-Q3 2020 improved by 20.4% to U.S. \$ 83,475 from U.S. \$ 69,358 in the corresponding period of 2019.
- Selling expenses in Q1-Q3 2020 increased by 4.4% to U.S. \$ 31,950 from U.S. \$ 30,609 in the corresponding period of 2019.
- Administrative expenses in Q1-Q3 2020 grew by 18.8% to U.S. \$ 23,243 from U.S. \$ 19,568 in the corresponding period of 2019.
- EBITDA in Q1-Q3 2020 amounted to U.S. \$ 31,532, as compared to U.S. \$ 22,244 in the corresponding period of 2019, a strong improvement of 41.8%.
- As a result of strong growth in revenues, gross profit and controlled expenses, in Q1-Q3 2020 the Group strongly increased its net profit after tax by 109.6% to U.S. \$ 15,112, as compared to U.S. \$ 7,210 in the corresponding period of 2019. This result is considered to be excellent for the Group, in line with the upgraded financial forecast for 2020.

The following table presents revenues breakdown by regions in the nine month periods ended September 30th, 2020 and 2019 respectively (in U.S.\$ thousand):

| Region | Q1-Q3 2020 | Q1-Q3 2019 | Change % |
|----------------------------|------------------|------------------|--------------|
| Former Soviet Union | 798,434 | 641,561 | 24.5% |
| Central and Eastern Europe | 384,798 | 333,640 | 15.3% |
| Middle East and Africa | 182,711 | 162,400 | 12.5% |
| Western Europe | 96,977 | 86,206 | 12.5% |
| Other | 37,707 | 27,108 | 39.1% |
| Grand Total | 1,500,627 | 1,250,915 | 20.0% |

Definitions and use of Alternative Performance Measures:

Gross profit

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

Gross profit margin

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

EBITDA

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

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

3. Summary historical financial data

The following data sets out our summary historical consolidated financial information for the periods presented. You should read the information in conjunction with the interim condensed consolidated financial statements and results of operations contained elsewhere in this interim report.

For your convenience, certain U.S. \$ amounts as of and for the three and nine months ended 30 September 2020 and 2019, have been converted into Euro and PLN as follows:

- Individual items of the statement of financial position – based at average exchange rates quoted by the National Bank of Poland for a given balance sheet date December 31st, 2019, that is: 1 US\$ = 3.7977 PLN and 1 EUR = 4.2585 PLN and September 30th, 2020, that is: 1 US\$ = 3.8658 PLN and 1 EUR = 4.5268 PLN.
- Individual items in the income statement and statement of cash flows – 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 given period 1 July to 30 September 2020, that is: 1 US\$ = 3.7583 PLN and 1 EUR = 4.4436 PLN and 1 July to 30 September 2019, that is: 1 US\$ = 3.9407 PLN and 1 EUR = 4.3497 PLN.
- Individual items in the income statement and statement of cash flows for separate Q3 2020 and Q3 2019 – 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 given period 1 January to 30 September 2020, that is: 1 US\$ = 3.9337 PLN and 1 EUR = 4.4420 PLN and 1 January to 30 September 2019, that is: 1 US\$ = 3.8426 PLN and 1 EUR = 4.3086 PLN.

| | Period from | | | Period from | | |
|---|-----------------------------|------------------|----------------|-----------------------------|------------------|----------------|
| | 1 July to 30 September 2020 | | | 1 July to 30 September 2019 | | |
| | USD | PLN | EUR | USD | PLN | EUR |
| Revenue | 619,682 | 2,328,930 | 524,105 | 462,674 | 1,823,259 | 419,169 |
| Cost of sales | (583,544) | (2,193,114) | (493,541) | (435,477) | (1,716,084) | (394,529) |
| Gross profit | 36,138 | 135,816 | 30,564 | 27,197 | 107,175 | 24,640 |
| <i>Gross profit margin</i> | 5.83% | | | 5.88% | | |
| Selling expenses | (11,432) | (42,965) | (9,669) | (10,516) | (41,440) | (9,527) |
| Administrative expenses | (8,237) | (30,957) | (6,967) | (7,374) | (29,059) | (6,681) |
| Profit from operations | 16,469 | 61,895 | 13,929 | 9,307 | 36,676 | 8,432 |
| Financial expenses | (4,515) | (16,969) | (3,819) | (3,947) | (15,554) | (3,576) |
| Financial income | 932 | 3,503 | 788 | 1,033 | 4,071 | 936 |
| Other gains and losses | 35 | 132 | 30 | (325) | (1,281) | (294) |
| Negative goodwill and goodwill written off, net | 0 | 0 | 0 | 111 | 437 | 101 |
| Share of (loss)/ profit from associates | 0 | 0 | 0 | (15) | (59) | (14) |
| Profit before taxation | 12,921 | 48,561 | 10,928 | 6,164 | 24,290 | 5,584 |
| Taxation | (2,518) | (9,463) | (2,130) | (1,562) | (6,155) | (1,415) |
| Profit after taxation | 10,403 | 39,097 | 8,798 | 4,602 | 18,135 | 4,169 |
| Attributable to: | | | | | | |
| Non-controlling interest | (14) | (53) | (12) | (12) | (47) | (11) |
| Equity holders of the parent | 10,417 | 39,150 | 8,810 | 4,614 | 18,182 | 4,180 |

EBITDA calculation

| | USD | PLN | EUR | USD | PLN | EUR |
|---|---------------|---------------|---------------|---------------|---------------|--------------|
| Profit before tax | 12,921 | 48,561 | 10,928 | 6,164 | 24,290 | 5,584 |
| <i>Add back:</i> | | | | | | |
| Financial expenses/net | 3,583 | 13,466 | 3,030 | 2,914 | 11,483 | 2,640 |
| Other income | (35) | (132) | (30) | 325 | 1,281 | 294 |
| Share of loss of equity-accounted investees | 0 | 0 | 0 | 15 | 59 | 14 |
| Depreciation | 961 | 3,612 | 813 | 792 | 3,121 | 718 |
| Amortization | 247 | 928 | 209 | 352 | 1,387 | 319 |
| (Impairment of goodwill)/Negative goodwill | 0 | 0 | 0 | (111) | (437) | (101) |
| EBITDA for the period | 17,677 | 66,435 | 14,951 | 10,451 | 41,184 | 9,468 |

| | USD (cents) | PLN (grosz) | EUR (cents) | USD (cents) | PLN (grosz) | EUR (cents) |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Basic and diluted earnings per share from continuing operations | 18.77 | 70.54 | 15.87 | 8.31 | 32.75 | 7.53 |

| | USD | PLN | EUR | USD | PLN | EUR |
|---|---------------|----------------|---------------|---------------|----------------|---------------|
| Net cash (outflows)/inflows from operating activities | (732) | (2,751) | (619) | 1,016 | 4,004 | 931 |
| Net cash outflows from investing activities | (923) | (3,469) | (781) | (2,132) | (8,402) | (1,932) |
| Net cash inflows from financing activities | 5,507 | 20,697 | 4,658 | 5,401 | 21,284 | 4,948 |
| Net increase in cash and cash equivalents | 3,852 | 14,477 | 3,258 | 4,285 | 16,886 | 3,925 |
| Cash at the beginning of the period | 78,572 | 295,295 | 66,453 | 29,919 | 117,902 | 27,408 |
| Cash at the end of the period | 82,424 | 309,771 | 69,711 | 34,204 | 134,788 | 31,333 |

| | As at 30 September 2020 | | | As at 31 December 2019 | | |
|---------------------|-------------------------|------------------|----------------|------------------------|------------------|----------------|
| | USD | PLN | EUR | USD | PLN | EUR |
| Current assets | 584,064 | 2,257,875 | 498,779 | 599,469 | 2,276,603 | 534,602 |
| Non-current assets | 35,491 | 137,201 | 30,309 | 33,318 | 126,532 | 29,713 |
| Total assets | 619,555 | 2,395,076 | 529,088 | 632,787 | 2,403,135 | 564,315 |
| Liabilities | 501,790 | 1,939,820 | 428,519 | 524,593 | 1,992,247 | 467,828 |
| Equity | 117,766 | 455,260 | 100,570 | 108,194 | 410,888 | 96,487 |

| | Period from 1 January to 30 September 2020 | | | Period from 1 January to 30 September 2019 | | |
|---|---|------------------|------------------|---|------------------|------------------|
| | USD | PLN | EUR | USD | PLN | EUR |
| Revenue | 1,500,627 | 5,903,033 | 1,328,900 | 1,250,915 | 4,806,780 | 1,115,627 |
| Cost of sales | (1,417,152) | (5,574,667) | (1,254,978) | (1,181,557) | (4,540,264) | (1,053,771) |
| Gross profit | 83,475 | 328,367 | 73,922 | 69,358 | 266,516 | 61,857 |
| <i>Gross profit margin</i> | 5.56% | | | 5.54% | | |
| Selling expenses | (31,950) | (125,682) | (28,294) | (30,609) | (117,618) | (27,299) |
| Administrative expenses | (23,243) | (91,431) | (20,583) | (19,568) | (75,192) | (17,452) |
| Profit from operations | 28,282 | 111,253 | 25,045 | 19,181 | 73,705 | 17,107 |
| Financial expenses | (11,452) | (45,049) | (10,141) | (12,554) | (48,240) | (11,196) |
| Financial income | 2,019 | 7,942 | 1,788 | 2,571 | 9,879 | 2,293 |
| Other gains and losses | 274 | 1,078 | 243 | (5) | (19) | (4) |
| Negative goodwill and goodwill written off, net | 0 | 0 | 0 | 111 | 427 | 99 |
| Share of (loss)/profit from associates | 0 | 0 | 0 | (17) | (65) | (15) |
| Profit before taxation | 19,123 | 75,224 | 16,935 | 9,287 | 35,686 | 8,283 |
| Taxation | (4,011) | (15,778) | (3,552) | (2,077) | (7,981) | (1,852) |
| Profit after taxation | 15,112 | 59,446 | 13,383 | 7,210 | 27,705 | 6,430 |
| Attributable to: | | | | | | |
| Non-controlling interests | (34) | (134) | (30) | (22) | (85) | (20) |
| Equity holders of the parent | 15,146 | 59,580 | 13,413 | 7,232 | 27,790 | 6,450 |

EBITDA calculation

| | USD | PLN | EUR | USD | PLN | EUR |
|---|---------------|----------------|---------------|---------------|---------------|---------------|
| Profit before tax | 19,123 | 75,224 | 16,935 | 9,287 | 35,686 | 8,283 |
| <i>Add back:</i> | | | | | | |
| Financial expenses/net | 9,433 | 37,107 | 8,354 | 9,983 | 38,361 | 8,903 |
| Other income | (274) | (1,078) | (243) | 5 | 19 | 4 |
| Share of loss of equity-accounted investees | 0 | 0 | 0 | 17 | 65 | 15 |
| Depreciation | 2,533 | 9,964 | 2,243 | 2,169 | 8,335 | 1,934 |
| Amortization | 717 | 2,820 | 635 | 894 | 3,435 | 797 |
| (Impairment of goodwill)/Negative goodwill | 0 | 0 | 0 | (111) | (427) | (99) |
| EBITDA for the period | 31,532 | 124,038 | 27,924 | 22,244 | 85,475 | 19,838 |

| | USD (cents) | PLN (grosz) | EUR (cents) | USD (cents) | PLN (grosz) | EUR (cents) |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Basic and diluted earnings per share from continuing operations | 27.29 | 107.35 | 24.17 | 13.03 | 50.07 | 11.62 |

| | USD | PLN | EUR | USD | PLN | EUR |
|---|---------------|----------------|---------------|-----------------|-----------------|-----------------|
| Net cash inflows/(outflows) from operating activities | 713 | 2,805 | 631 | (26,000) | (99,908) | (23,188) |
| Net cash outflows from investing activities | (3,244) | (12,761) | (2,873) | (2,866) | (11,013) | (2,556) |
| Net cash inflows from financing activities | 6,649 | 26,155 | 5,888 | 4,961 | 19,063 | 4,424 |
| Net increase/(decrease) in cash and cash equivalents | 4,118 | 16,199 | 3,647 | (23,905) | (91,858) | (21,320) |
| Cash at the beginning of the period | 78,306 | 308,033 | 69,345 | 58,109 | 223,290 | 51,824 |
| Cash at the end of the period | 82,424 | 324,232 | 72,992 | 34,204 | 131,433 | 30,505 |

4. Organization of ASBIS Group

The following table presents our corporate structure as at 30 September 2020:

| Company | Consolidation Method |
|---|-----------------------|
| ASBISC Enterprises PLC | Mother company |
| Asbis Ukraine Limited (Kiev, Ukraine) | Full (100%) |
| Asbis PL Sp.z.o.o (Warsaw, Poland) | Full (100%) |
| Asbis Poland Sp. z o.o. (Warsaw, Poland) | Full (100%) |
| Asbis Romania S.R.L (Bucharest, Romania) | Full (100%) |
| Asbis Cr d.o.o (Zagreb, Croatia) | Full (100%) |
| Asbis d.o.o Beograd (Belgrade, Serbia) | Full (100%) |
| Asbis Hungary Commercial Limited (Budapest, Hungary) | Full (100%) |
| Asbis Bulgaria Limited (Sofia, B.ulgaria) | 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 s.r.o (Bratislava, Slovakia) | Full (100%) |
| FPUE Automatic Systems of Business Control (Minsk, Belarus) | Full (100%) |
| E.M. Euro-Mall Ltd (former ISA Hardware Limited–Group) (Limassol, Cyprus) | Full (100%) |
| OOO ‘Asbis’-Moscow (Moscow, Russia) | Full (100%) |
| Asbis Morocco Limited (Casablanca, Morocco) | Full (100%) |
| Prestigio Plaza Sp. z o.o in liquidation (Warsaw, Poland) | Full (100%) |
| Prestigio Plaza Ltd (formerly Prestigio Technologies) (Limassol, Cyprus) | Full (100%) |
| Perenio IoT spol. s.r.o. (Prague, Czech Republic) (former Prestigio Europe s.r.o) | Full (100%) |
| Asbis Kypros Ltd (Limassol, Cyprus) | Full (100%) |
| Asbis TR Bilgisayar Limited Sirketi (Istanbul, Turkey) | Full (100%) |
| “ASBIS BALTICS” SIA (Riga, Latvia) | Full (100%) |
| Asbis d.o.o. (former Megatrend d.o.o.) (Sarajevo, Bosnia Herzegovina) | Full (90%) |
| ASBIS Close Joint-Stock Company (former CZAO ASBIS) (Minsk, Belarus) | Full (100%) |
| ASBIS Kazakhstan LLP (Almaty, Kazakhstan) | Full (100%) |
| Euro-Mall SRO (Bratislava, Slovakia) | Full (100%) |
| Prestigio China Corp. (former AOSBIS TECHNOLOGY (SHENZHEN) CORP.) (Shenzhen, China) | Full (100%) |
| ASBIS DE GMBH, (Munchen, Germany) | Full (100%) |
| EUROMALL BULGARIA EOOD (Sofia, Bulgaria) | Full (100%) |
| Advanced Systems Company LLC (Riyadh, Kingdom of Saudi Arabia) | Full (100%) |
| SHARK Computers a.s. (merged with SHARK ONLINE a.s.) (Bratislava, Slovakia) | Full (100%) |
| E-vision Production Unitary Enterprise (Minsk, Belarus) | Full (100%) |

| | |
|---|---------------|
| ASBIS SERVIC Ltd (Kiev, Ukraine) | Full (100%) |
| I ON Ltd (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%) |
| LLC Vizuatika (Minsk, Belarus) | Full (75%) |
| LLC Vizuator (Minsk, Belarus) | Full (75%) |
| ASBC LLC (Tbilisi, Georgia) | Full (100%) |
| ALC Avectis (Minsk, Belarus) | Full (100%) |
| OOO Avectis (former Aksiomtech) (Moscow, Russia) | Full (100%) |
| Private Educational Institution "Center of excellence in Education for executives and specialists in Information Technology" (Minsk, Belarus) | Full (100%) |
| OOO Must (Moscow, Russia) | 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%) |
| Café-Connect LLC (Minsk, Belarus) | Full (100%) |
| MakSolutions LLC (Minsk, Belarus) | Full (100%) |

5. Changes in the structure of the Company

During the three months ended September 30th, 2020 there have been the following changes in in the Group's structure:

- On September 2nd, 2020, the Issuer has established the company ASBIS IT Solutions Hungary Kft. (Budapest, Hungary). The Issuer holds 100% in this subsidiary, being equal to share capital of HUF 3,000,000 (USD 9,634). We acquired this entity to distribute IT products.
- On September 10th, 2020, the Issuer has acquired 100% shares of the company Café-Connect LLC (Minsk, Belarus). The Issuer holds 100% in this subsidiary, being equal to share capital of BYN 100 (USD 38). We acquired this entity to provide repair and warranty services.
- On September 10th, 2020, the Issuer has acquired 100% shares of the company MakSolutions LLC (Minsk, Belarus). The Issuer holds 100% in this subsidiary, being equal to share capital of BYN 100 (USD 38). We acquired this entity to distribute IT products and expand the retail business.

6. Discussion of the difference of the Company's results and published forecasts

On August 11th, 2020 the Company announced its official financial forecast for 2020 that assumed revenues between US\$ 2.0 billion and 2.2 billion and net profit after tax between US\$ 18.0 and US\$ 20.0 million.

On October 22nd, 2020 the Company upgraded its forecast with revenues to be between US\$ 2.0 and US\$ 2.2 billion and net profit after tax between US\$ 23.0 and US\$ 25.0 million.

Having also seen the results for Q3 2020, we are confident that we shall be able to deliver the announced updated financial forecast for 2020.

7. Information on dividend payment

During the three months ended September 30th, 2020, the Company has not paid any dividend.

On November 4th 2020, the Company's Board of Directors decided for a payment of an interim dividend from 2020 profits of US\$ 0.10 cents per share. The record date for the shareholders to receive dividend is the 7th of December 2020 and the payment date is December 17th 2020.

8. Shareholders possessing more than 5% of the Company's shares as of the date of the publication of the interim report

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

| Name | Number of shares | % of share capital | Number of votes | % of votes |
|---|-------------------------|---------------------------|------------------------|-------------------|
| KS Holdings Ltd* | 20,443,127 | 36.83% | 20,443,127 | 36.83% |
| ASBISc Enterprises Plc (buy-back program) | 325,389 | 0.59% | 325,389 | 0.59% |
| Free-float | 34,731,484 | 62.58% | 34,731,484 | 62.58% |
| TOTAL | 55,500,000 | 100% | 55,500,000 | 100% |

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

There were no changes in the number of shares possessed by major shareholders during the period between August 12th, 2020 (the date of the publication of the interim report for H1 2020) and the date of this report.

Information on buy-back program:

On August 13th, 2019, the Company started to execute the buy-back program which was approved by the Extraordinary General Meeting of Shareholders held on July 15th, 2019. According to the resolution, the Board of Directors has been authorized to buy-back up to 500,000 shares for a maximum of USD 300,000. On July 15th, 2020, due to the expiry date, the buy-back program was completed.

Under the buy-back program, the Company purchased 309,000 of own shares. The average unit price of the purchase was PLN 2.52 per share. The purchased package is 0.56% of share capital and gives 309,000 votes (0.56%) at the AGM.

Thus, together with the own shares purchased in the past years at the amount of 16,389, the Company holds in total 325,389 of own shares, representing 0.59% of share capital and giving 325,389 votes (0.59%) at the General Meeting of Shareholders.

9. Changes in the number of shares owned by the members of the Board of Directors

During the three months ended September 30th, 2020 and in the period between August 12th, 2020 (the date of the publication of the interim report for H1 2020) and November 5th, 2020 (date of this report) there were no changes in the number of shares possessed by the members of the Board of Directors.

The table below presents the number of shares held by the members of the Board of Directors as of the date of this report. The information included in the table below is based on information received from members of our Management Board:

| Name | Number of Shares | % of the share capital |
|--|------------------|------------------------|
| Siarhei Kostevitch (directly and indirectly) | 20,443,127 | 36.83% |
| Constantinos Tziamalis | 555,000 | 1.00% |
| Marios Christou | 463,061 | 0.83% |
| Yuri Ulasovich | 210,000 | 0,38% |
| Demos Demou | 0 | 0% |
| Tasos A. Panteli | 0 | 0% |

Siarhei Kostevitch holds ASBIS shares as a shareholder of KS Holdings Ltd.

The members of the Board of Directors do not have any rights to the Company's shares.

10. Changes in the members of managing bodies

During the three-month period ended September 30th, 2020 there were no changes in the members of the Company's Board of Directors.

11. Significant administrative and court proceedings against the Company

Neither the Company nor any of the members of our Group are involved in any significant proceedings before a court, competent body or a body of public administration concerning payables or debt of the Company or its subsidiaries.

12. Related party transactions

In the three- and nine-month periods ended September 30th, 2020 neither the Company nor any of the members of our Group have concluded any material related party transaction, other than with market conditions.

13. Information on guarantees granted to third parties

The total corporate guarantees the Company has issued, as at September 30th, 2020 to support its subsidiaries' local financing, amounted to U.S. \$ 168,006 The total bank guarantees, and letters of credit raised by the Group (mainly to Group suppliers) as at September 30th, 2020 was U.S. \$ 51,942 – as per note number 16 to the financial statements.

14. Information on changes in conditional commitments or conditional assets, occurred since the end of last fiscal year

No changes in conditional commitments or conditional assets have occurred since the end of the last fiscal year.

15. Other information important for the assessment of our personnel, economic and financial position, as well as our financial results

In the three and nine month periods ended September 30th, 2020, the Company's results of operations have been affected and are expected to continue to be affected by a number of factors. These factors are presented in brief below:

The pandemic situation with COVID- 19 update

The pandemic challenge for the global economy is continuing. We are in front of a second wave of this disease, and countries one after the other are imposing measures to weather the situation. The current situation could be more difficult from that of the first wave.

A possible shutdown of the economies across the globe might lead into an un-precedent economic slowdown which creates a significant uncertainty on how the global landscape would evolve when the markets will reopen. We can not exclude a possibility that the operations of the Group will be significantly affected from this situation.

There might be significant changes in consumer behaviour which might lead to decreased demand. It is of extreme importance for the Company to be able to weather this situation and take all necessary steps to avoid any serious impact from the overall situation.

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

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

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

Currency fluctuations

The Company's reporting currency is the U.S. dollar. In 2020 approximately 50% of our revenues were denominated in U.S. dollars, while the balance is denominated in Euro, Ruble, UAH, KZT and other currencies, certain of which are linked to the Euro. Our trade payable balances are principally (about 80%) denominated in U.S. dollars. In addition, approximately half of our operating expenses are denominated in U.S. dollars and the other half in Euro or other currencies, certain of which are linked to the Euro. As a result, reported results are affected by movements in exchange rates, particularly in the exchange rate of the U.S. dollar against the Euro and other currencies of the countries in which we operate, including the Russian Ruble, the Ukrainian Hryvnia, the Czech Koruna, the Polish Zloty, the Croatian Kuna, the Kazakhstani Tenge and the Hungarian Forint.

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

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

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

Competition and price pressure

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

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

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

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

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

Low gross profit margins

The Company's business is comprised of both a traditional distribution of third-party products and own brand. 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 in order to mitigate any reductions in gross margins in the future.

In an effort to increase gross margins, the Company has developed its own brand business, that allows for higher gross profit margins. It has also invested in the VAD business which is also expected to deliver 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, in particular, 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 as a result 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.

A number 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 21 to 90 days or, in a few cases, to 120 days.

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

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

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

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

Worldwide financial environment

The world's financial crisis has eased throughout the last few years. Following partial recovery, the Company has undertaken certain efforts to benefit from this recovery both in revenues and profitability. 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 last year.

However, there are many uncertainties about the world economy following turmoil in different countries, the volatility of currencies and fragility of demand in many markets. Additionally, from time to time, unpredictable situations may happen in selected markets. A recent example is the outbreak of the Covid-19 worldwide. 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.

Seasonality

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

Development of own-brand business

The Company's strategy is to focus more on profitability than on revenues, thus we continue to develop the own-brand business that allows for higher gross profit margins. This includes the development of tablets and other product lines that are sold under Prestigio and Canyon brands in all regions of the Company's operations.

The Company has also invested in another own brand, Perenio - which includes the sales of smart-home, smart-security sensors and other products.

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

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

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

Warranty claims from own-brand products

The own-brand business requires us to put extra efforts to avoid any problems with the quality of devices. Despite all our efforts, we can not predict if consumers decide to return significant amounts of products.

This situation has much improved in previous years and in the course of the nine months of 2020.

This risk has negatively affected our results in the past when certain ODMs have not honored their contractual obligations on products with epidemic failure.

The Group is undertaking all possible steps towards ensuring proper compensation of past expenses.

In the same time, in an effort to avoid such problems in the future, a much more scrutinized selection of suppliers is currently in place, which, however, does not guarantee the elimination of the risk of warranty losses.

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 supply-chain financiers and is currently undertaking certain extra steps to further lower cost of financing. However, the sanctions imposed to Russia and tensions related to the Ukrainian crisis have resulted in increased financing cost in these countries and this may limit our efforts to further decrease our average cost of debt.

In the course of the nine months of 2020, we have experienced a stable cost of financing in the F.S.U. and this is reflected in our overall financial cost.

Environmental and climate changes

In terms of transition risks that arise from the transition to a low-carbon and climate-resilient economy, we may face the following risks: policy and legal risks (there may be laws or policies put in place that may require a more environmentally cautious approach to raw materials and land use), technology risks (changes in technology used to produce IT equipment) – these both may lead to growing prices in terms of IT equipment and solutions. We may also face market risk with consumers switching to more energy-efficient appliances or making more savvy purchases to limit their own impact on the environment. We will monitor these trends and introduce the latest hardware for our customers. We may also face reputational risks with difficulties in attracting customers, business partners and employees if we do not take strong enough actions against climate changes. In terms of physical risks resulting from climate changes, we may face both acute and chronic risks. Acute physical risks may arise from weather-related events in the form of floods, fires or droughts that may damage factories in certain regions, cause factories to limit or temporarily stop their production or disrupt our supply chain in other ways. These may result in temporary limitations in our product offering or rising prices of hardware and components. Chronic physical risks - i.e., risks that may result from long-term changes in the climate, may also affect ASBIS.

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

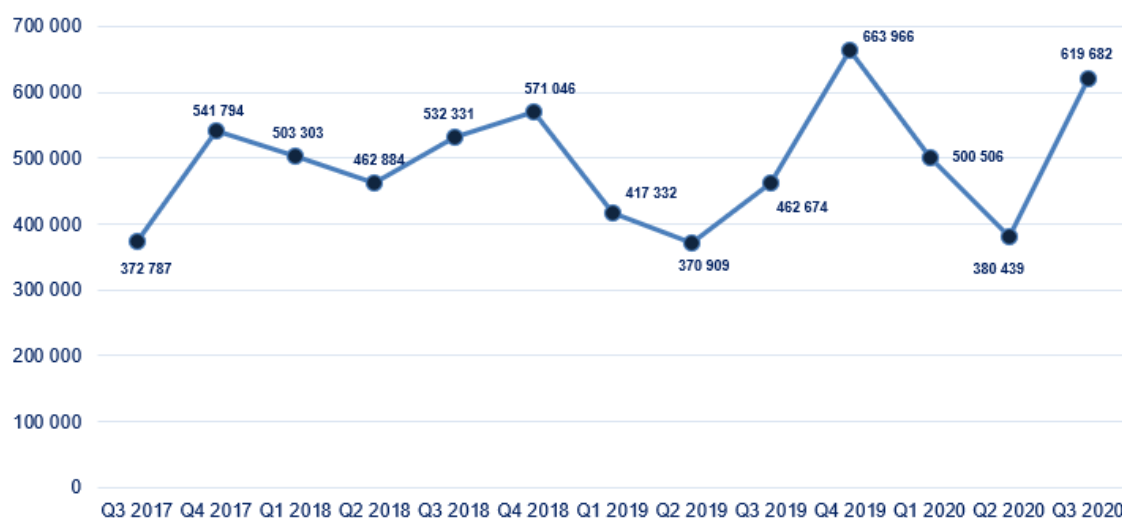
Results of Operations (in U.S. \$ thousand)

Three and nine month periods ended 30 September 2020 compared to the three and nine month periods ended 30 September 2019

Revenues: Revenues in Q3 and the nine months of 2020 significantly increased as compared to the corresponding periods of 2019 and we expect this upward trend to continue in Q4 2020.

- Revenues in Q3 2020 increased by 33.9% to U.S. \$ 619,682 from U.S. \$ 462,674 in Q3 2019.
- Revenues in Q1-Q3 2020 grew by 20.0% to U.S. \$ 1,500,627 from U.S. \$ 1,250,915 in the corresponding period of 2019.

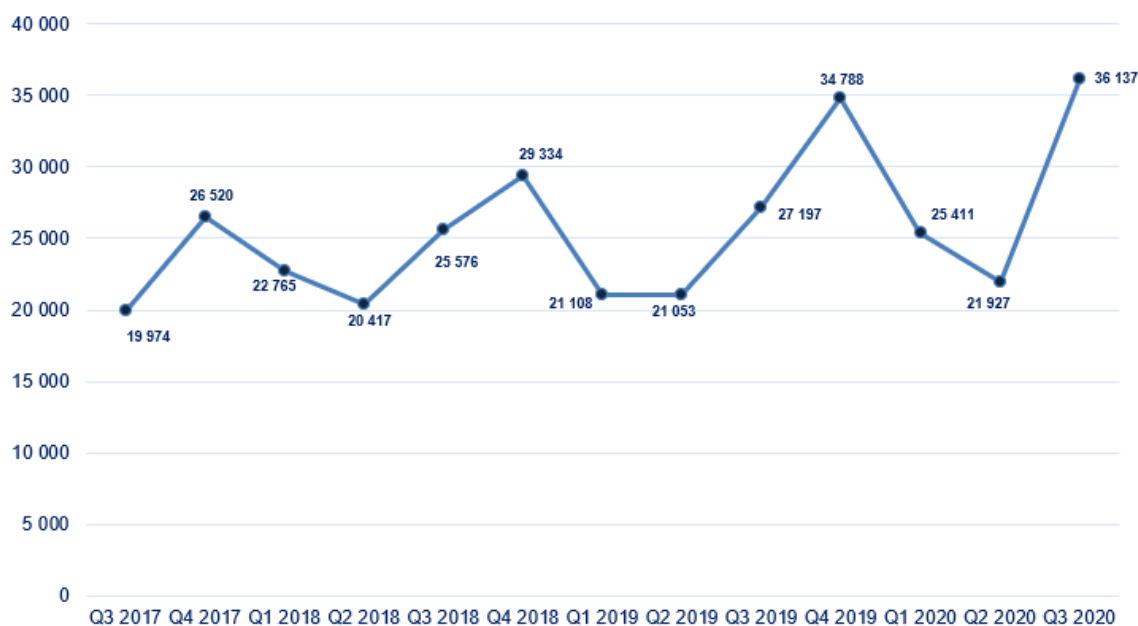
**Seasonality and growth cycle in ASBIS revenues
between Q3 2017 and Q3 2020
(in U.S.\$ thousand)**



Gross profit: Gross profit increased both in Q3 2020 and Q1-Q3 2020 as compared to the corresponding periods of 2019.

- Gross profit in Q3 2020 increased by 32.9% to U.S. \$ 36,138 from U.S. \$ 27,197 in Q3 2019.
- Gross profit in Q1-Q3 2020 grew to U.S. \$ 83,475 from U.S. \$ 69,358 in the corresponding period of 2019.

**Gross profit
between Q3 2017 and Q3 2020
(in U.S.\$ thousand)**



Gross profit margin decreased in Q3 2020 but increased for the 9 months of 2020 as compared to the corresponding periods of 2019.

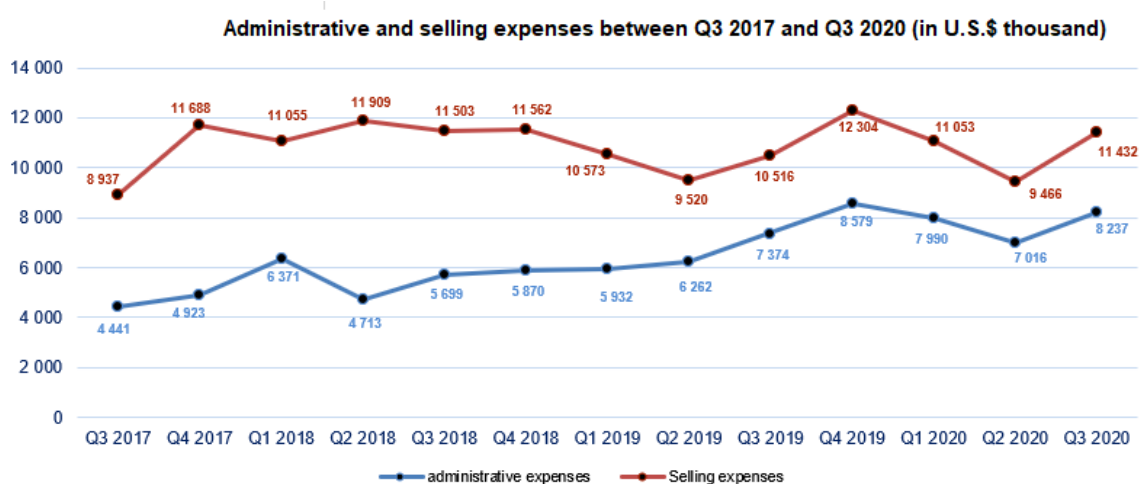
- Gross profit margin in Q3 2020 slightly dropped to 5.83% from 5.88% in Q3 2019.
- Gross profit margin in Q1-Q3 2020 increased to 5.56% from 5.54% in the corresponding period of 2019.

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

- Selling expenses in Q3 2020 increased by 8.7% to U.S. \$ 11,432 from U.S. \$ 10,516 in Q3 2019.
- Selling expenses in Q1-Q3 2020 grew by 4.4% to U.S. \$ 31,950 from U.S. \$ 30,609 in the corresponding period of 2019.

Administrative expenses largely comprise of salaries and wages of administration personnel.

- Administrative expenses in Q3 2020 grew by 11.7% to U.S. \$ 8,237 from U.S. \$ 7,374 in Q3 2019.
- Administrative expenses in Q1-Q3 2020 grew by 18.8% to U.S. \$ 23,243 from U.S. \$ 19,568 in the corresponding period of 2019.



EBITDA:

- In Q3 2020 EBITDA was significantly higher compared to Q3 2019 and reached U.S. \$ 17,677 as compared to U.S. \$ 10,451 in Q3 2019 (a strong improvement of 69.1%).
- EBITDA in Q1-Q3 2020 amounted to U.S. \$ 31,532, as compared to U.S. \$ 22,244 in the corresponding period of 2019 (a strong improvement of 41.8%).

Net profit:

Because of strong growth in revenues and gross profit and expenses that remained under control, the Group continued to improve its net result both in Q3 2020 and Q1-Q3 2020.

- In Q3 2020, the Group's net profit after tax enormously improved by 126.0% to U.S. \$ 10,403, as compared to U.S. \$ 4,602 in Q3 2019.
- In Q1-Q3 2020, the Group's net profit after taxation significantly increased by 109.6% to U.S. \$ 15,112, as compared to U.S. \$ 7,210 in the corresponding period of 2019.

Sales by regions and countries

The F.S.U. and the CEE regions traditionally contribute to the majority of our revenues. This has not changed either for Q3 2020 or the 9M 2020. In Q3 2020 sales in the F.S.U. and the CEE increased by 41.1% and 16.6% respectively, whereas for the 9M 2020 sales in both regions grew by 24.5% and 15.3% accordingly.

Following all the above-mentioned changes, the share of the F.S.U in our total revenues increased to 55.03% in Q3 2020 from 52.21% in Q3 2019 and to 53.21% in the 9M 2020 from 51.29% in the 9M 2019.

Country-by-country analysis confirms the excellent growth rates the Group was able to achieve in all major countries of operations. Growth in F.S.U. has arisen from an improvement in Russia (+34.6% in Q3 2020 and +16.6% in 9M 2020), Ukraine (+35.1% in Q3 2020 and +16.8% in 9M 2020), Kazakhstan (+54.1% in Q3 2020 and +45.1% in 9M 2020) and Belarus (+47.7% in Q3 2020 and +31.8% in 9M 2020).

At the same time, the increase in the CEE reflects the trend in Slovakia (+7.0% in Q3 2020 and +5.0% in 9M 2020) in the Czech Republic (-11.3% in Q3 2020 and +0.6% in 9M 2020) and in Romania (+7.4% in Q3 2020 and +6.0% in 9M 2020).

Poland generated a significant growth both in Q3 2020 and 9M 2020 (+36.2% and 81.6% respectively).

The MEA region which result is mainly determined by revenues in the UAE grew at a pace of 36.7% in Q3 2020 and 12.5% in 9M 2020 as compared to the corresponding periods of 2019.

Sales in Western Europe recorded an increase both in Q3 2020 and 9M 2020 by 54.2% and 12.5% respectively as compared to the corresponding periods of 2019.

The tables below provide a geographical breakdown of sales for the three and nine month periods ended September 30th, 2020 and 2019 (in U.S. \$ thousand).

| | Q3 2020 | | Q3 2019 | |
|-----------------------------------|------------------|---------------------|------------------|---------------------|
| | U.S. \$ thousand | % of total revenues | U.S. \$ thousand | % of total revenues |
| Former Soviet Union | 340,984 | 55.03% | 241,581 | 52.21% |
| Central and Eastern Europe | 146,654 | 23.67% | 125,812 | 27.19% |
| Middle East and Africa | 82,094 | 13.25% | 60,049 | 12.98% |
| Western Europe | 34,818 | 5.62% | 22,577 | 4.88% |
| Other | 15,132 | 2.44% | 12,655 | 2.74% |
| Total | 619,682 | 100% | 462,674 | 100% |

| | Q1-Q3 2020 | | Q1-Q3 2019 | |
|-----------------------------------|------------------|---------------------|------------------|---------------------|
| | U.S. \$ thousand | % of total revenues | U.S. \$ thousand | % of total revenues |
| Former Soviet Union | 798,434 | 53.21% | 641,561 | 51.29% |
| Central and Eastern Europe | 384,798 | 25.64% | 333,640 | 26.67% |
| Middle East and Africa | 182,711 | 12.18% | 162,400 | 12.98% |
| Western Europe | 96,977 | 6.46% | 86,206 | 6.89% |
| Other | 37,707 | 2.51% | 27,108 | 2.17% |
| Total | 1,500,627 | 100% | 1,250,915 | 100% |

Revenue breakdown – Top 10 countries in Q3 2020 and Q3 2019 (in U.S. \$ thousand)

| Q3 2020 | | | Q3 2019 | |
|---------|----------------------|----------------|----------------------|----------------|
| | Country | Sales | Country | Sales |
| 1. | Russia | 122,052 | Russia | 90,691 |
| 2. | Ukraine | 92,019 | Ukraine | 68,116 |
| 3. | United Arab Emirates | 55,819 | Slovakia | 38,617 |
| 4. | Kazakhstan | 54,296 | United Arab Emirates | 37,551 |
| 5. | Belarus | 42,950 | Kazakhstan | 35,228 |
| 6. | Slovakia | 41,339 | Belarus | 29,071 |
| 7. | Czech Republic | 19,883 | Czech Republic | 22,404 |
| 8. | The Netherlands | 19,479 | Romania | 13,940 |
| 9. | Romania | 14,970 | Poland | 10,887 |
| 10. | Poland | 14,823 | Bulgaria | 8,239 |
| | TOTAL | 619,682 | TOTAL | 462,674 |

Revenue breakdown – Top 10 countries in Q1-Q3 2020 and Q1-Q3 2019 (in U.S. \$ thousand)

| Q1-Q3 2020 | | | Q1-Q3 2019 | |
|------------|----------------------|------------------|----------------------|------------------|
| | Country | Sales | Country | Sales |
| 1. | Russia | 288,228 | Russia | 247,251 |
| 2. | Ukraine | 215,125 | Ukraine | 184,230 |
| 3. | Kazakhstan | 131,223 | United Arab Emirates | 112,921 |
| 4. | United Arab Emirates | 121,193 | Slovakia | 111,266 |
| 5. | Slovakia | 116,805 | Kazakhstan | 90,448 |
| 6. | Belarus | 102,346 | Belarus | 77,659 |
| 7. | Czech Republic | 53,512 | Czech Republic | 53,210 |
| 8. | The Netherlands | 48,632 | Romania | 38,043 |
| 9. | Poland | 46,137 | The Netherlands | 28,567 |
| 10. | Romania | 40,339 | Poland | 25,403 |
| | TOTAL | 1,500,627 | TOTAL | 1,250,915 |

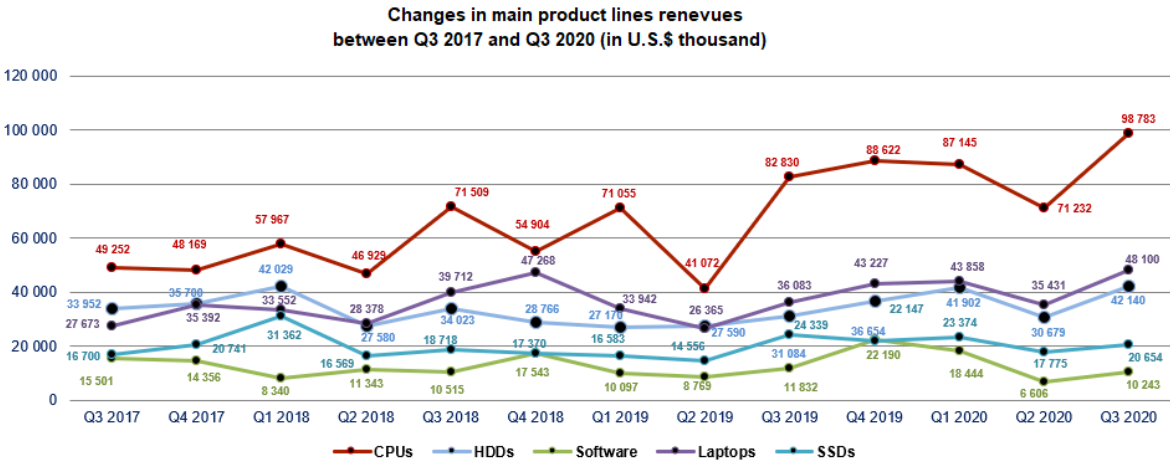
Sales by product lines

ASBIS remains the distributor of the first choice for many worldwide suppliers.

During Q3 2020 we have continued our strategy on increasing profitability and developing our portfolio of own products. During the three-month period ended September 30th, 2020 almost all major product lines of the Group have noticed a significant growth on a year-on-year basis.

The period of nine months of this year has shown that ASBIS had no issue in significantly raising its revenues despite the ongoing COVID-19 outbreak. ASBIS has proved that thanks to its effective strategy it can quickly adapt to the new market conditions and generate strong results.

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

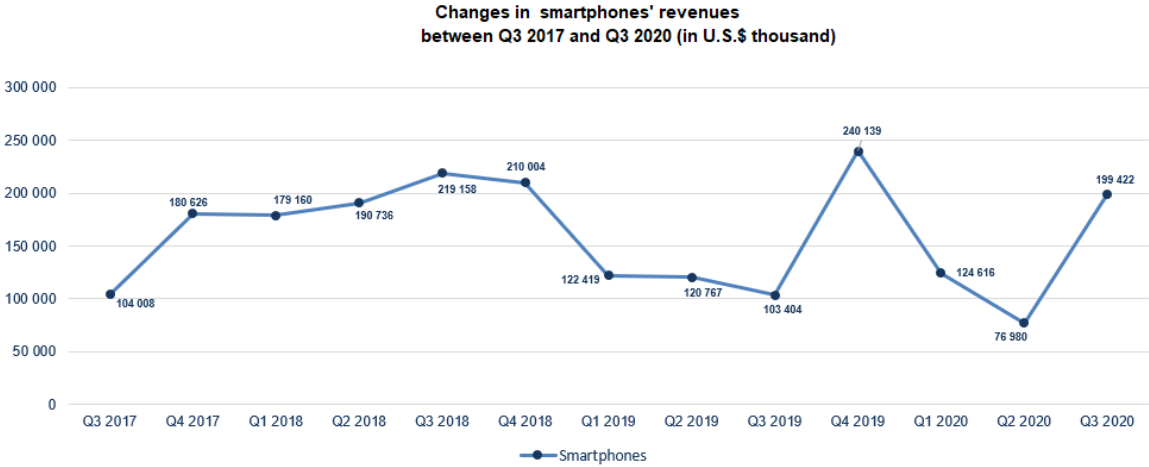


In Q3 2020 and 9M 2020 the main drivers for our sales were smartphones, CPUs, accessories & multimedia and laptops.

Revenues emanated from CPUs increased by 19.3% in Q3 2020 and by 31.9% in 9M 2020. Revenues from HDDs grew by 35.6% in Q3 2020 and by 33.6% in 9M 2020. In Q3 2020 revenues from software shrunk by 13.4% but increased by 15.0% in 9M 2020. Laptops business increased by 33.3% in Q3 2020 and by 32.2% in 9M 2020. Revenues from SSDs dropped by 15.1% in Q3 2020 but increased by 11.4% in 9M 2020.

From "Other" product lines, the Company has noticed a positive trend for Q3 2020 and 9M 2020 in accessories & multimedia (+38.3% and +27.1%), servers and server blocks (+25.6% and +24.1%) and in memory modules (RAM) (+4.2% and +23.7%).

The chart below indicates the trends in smartphones sale:



Sales of smartphones, which contribute to the majority of our revenues increased in Q3 2020 by 92.9% and by 15.7% in the 9M of 2020, as compared to the corresponding periods of 2019. This was mainly attributed to Apple iPhones. We expect that the demand for the new iPhone models will remain strong in the months to come.

The table below sets a breakdown of revenues, by product lines, for Q3 2020 and Q3 2019 (in U.S. \$ thousand):

| | Q3 2020 | | Q3 2019 | |
|---------------------------------|------------------|---------------------|------------------|---------------------|
| | U.S. \$ thousand | % of total revenues | U.S. \$ thousand | % of total revenues |
| Smartphones | 199,422 | 32.18% | 103,404 | 22.35% |
| Central processing units (CPUs) | 98,783 | 15.94% | 82,830 | 17.90% |
| Accessories & multimedia | 79,657 | 12.85% | 57,601 | 12.45% |
| PC-mobile (laptops) | 48,100 | 7.76% | 36,083 | 7.80% |
| Hard disk drives (HDDs) | 42,140 | 6.80% | 31,084 | 6.72% |
| Servers and server blocks | 27,233 | 4.39% | 21,689 | 4.69% |
| SSDs | 20,654 | 3.33% | 24,339 | 5.26% |
| PC Tablets | 15,341 | 2.48% | 11,949 | 2.58% |
| Networking products | 15,256 | 2.46% | 16,252 | 3.51% |
| Memory modules (RAM) | 13,511 | 2.18% | 12,972 | 2.80% |
| Other | 59,585 | 9.62% | 64,471 | 13.93% |
| Total revenue | 619,682 | 100% | 462,674 | 100% |

| | Q1-Q3 2020 | | Q1-Q3 2019 | |
|---------------------------------|------------------|---------------------|------------------|---------------------|
| | U.S. \$ thousand | % of total revenues | U.S. \$ thousand | % of total revenues |
| Smartphones | 401,018 | 26.72% | 346,591 | 27.71% |
| Central processing units (CPUs) | 257,161 | 17.14% | 194,957 | 15.59% |
| Accessories & multimedia | 178,068 | 11.87% | 140,085 | 11.20% |
| PC-mobile (laptops) | 127,389 | 8.49% | 96,390 | 7.71% |
| Hard disk drives (HDDs) | 114,721 | 7.64% | 85,844 | 6.86% |
| Servers and server blocks | 72,874 | 4.86% | 58,719 | 4.69% |
| SSDs | 61,802 | 4.12% | 55,478 | 4.43% |
| Networking products | 42,639 | 2.84% | 39,104 | 3.13% |
| Memory modules (RAM) | 37,396 | 2.49% | 30,228 | 2.42% |
| PC desktop | 35,471 | 2.36% | 34,324 | 2.74% |
| Other | 172,088 | 11.47% | 169,195 | 13.53% |
| Total revenue | 1,500,627 | 100% | 1,250,915 | 100% |

Liquidity and Capital Resources

The Company has funded in the past its liquidity requirements, including ongoing operating expenses, capital expenditures and investments, for the most part, through operating cash flows, debt financing and equity financing. Cash flow for Q3 and for the 9 months of 2020 has been impacted by revenue growth, improved working capital utilization and dividend payout. Nevertheless, cash from operations in the 9M 2020 has significantly improved year –on–year by more than U.S.\$ 26 million.

The following table presents a summary of cash flows for the nine months ended September 30th, 2020 and 2019 (in U.S. \$ thousand) :

| | Nine months ended September 30 th | |
|---|--|----------|
| | 2020 | 2019 |
| Net cash inflows/(outflows) from operating activities | 713 | (26,000) |
| Net cash outflows from investing activities | (3,244) | (2,866) |
| Net cash inflows from financing activities | 6,649 | 4,961 |
| Net increase/ (decrease) in cash and cash equivalents | 4,118 | (23,905) |

Net cash inflows from operations

Net cash inflows from operations amounted to U.S. \$ 713 for the nine months ended September 30th, 2020, compared to outflows of U.S. \$ 26,000 in the corresponding period of 2019.

Net cash outflows from investing activities

Net cash outflows from investing activities was U.S. \$ 3,244 for the nine months ended September 30th, 2020, compared to outflows of U.S. \$ 2,866 in the corresponding period of 2019.

Net cash inflows from financing activities

Net cash inflows from financing activities was U.S. \$ 6,649 for the nine months ended September 30th, 2020, compared to inflows of U.S. \$ 4,961 in the corresponding period of 2019.

Net increase in cash and cash equivalents

As a result of a higher profitability and improved working capital utilization, cash and cash equivalents increased by US\$ 4,118 as compared to a decrease of US\$ 23,905 in the corresponding period of 2019.

16. Factors which may affect our results in the future

Spreading of the Covid-19 Virus and possible repetition of the lockdown situation

During the recent months, the spreading of the newly found virus in China has negatively affected the economies across the globe which has caused significant disruptions to the overall economic environment. We should bear in mind that the pandemic effects will continue to occur at all levels of demand (consumers, corporations, governments, etc.). The unknown factor will be whether the second wave of the disease, which is upon us, will make another lockdown period for the economies. This will definitely have an adverse impact on the Company.

The Company is monitoring the evolution of this virus very closely and has already undertaken certain measures to weather the situation. Despite that the pandemic has not adversely affected our results in 2020 to-date, we are ready to take more actions following any developments over this situation.

Political and economic stability in Europe and our regions and trade wars across the globe

The markets the Group operates into have traditionally shown vulnerability in the political and economic environment. The volatile economies in the F.S.U. region and certain politically driven events in all markets are considered by the management as a crucial external factor, which might adversely affect our results, in the short term. During last year, there have been significant tensions between the largest economies and this might adversely affect our results.

Additionally, we currently develop more markets in our regions with new product lines and our revenues and profitability should benefit from that. We will continue this strategy and focus more on our core regions and strengths, to maximize profits and take advantage of market changes. It is of high importance to follow all developments and swiftly adapt to any significant changes arising.

The Group's ability to increase revenues and market share while focusing on profits

The diversified geographic coverage of the Group's revenues ensures that we do mitigate the risk of lower sales in a particular country with the possibility of higher sales in a few other countries. Russia and Ukraine are currently the markets that lead in terms of revenues. The F.S.U. and CEE regions are expected to continue having the leading share in our revenues breakdown. This follows the focus of the Group to its strong competencies and further development of the product portfolio at these marketplaces.

In 2020 the primary target for the Group remains unchanged, it is profitability but always with a strong cash flow.

Despite all measures undertaken by the Company in the pandemic era, the possibility of a decrease in demand and sales in a particular country or region remains quite high. Such a situation may limit overall growth.

It is of extreme importance for the Company to best prepare its structure to offset such a situation with higher sales in other markets. This means both a constant upgrade of the product portfolio and close relations with customers to gain an increased market share from weaker competitors.

The Group's ability to increase gross profit margins

The Group's ability to increase its gross profit margin is of a huge importance. The increase observed in the 9M 2020 as compared to the corresponding periods of 2019 was a result of the current Company's strategy to focus mostly on high margin products.

The pace of growth in gross profit margins is hard to estimate, as the margins may remain under pressure, due to enhanced competition together with lower demand in several markets we trade in. It is quite important for the Group to manage its stock levels and refine its product portfolio to achieve optimum gross profit margins.

Currency volatilities

The multi-currency environment that the Group operates in exposes its financial results to steep currency fluctuations. We have been successfully shielded by our hedging policy in the 9M of 2020. Therefore, the hedging strategy should be followed and further improved without any exception in the course of Q4 2020 and going forward.

Ability of the Group to control expenses

Selling and administrative expenses in total increased in Q3 2020 and for the 9M of 2020 by 10.0% as compared to corresponding periods of 2019. This was a result of increased revenues and gross profit and investments made in human capital in all regions of our operations.

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 steps to further reduce its expenses.

Ability to further develop the Group's product portfolio, both third party and own brands

Because of its size, geographical coverage and good relationship with vendors, the Company has managed to build an extensive product portfolio.

It is crucial for the Company to continue refining its product mix constantly by adding new product lines with higher gross (and net) profit margins to boost its profitability. Such additions like VAD products give a new stream of income with improved gross margin for the Group.

Ability to cover warranty claims from customers

The own-brand business requires us to be very careful with quality as it may affect both consumer satisfaction and increase costs. Since we do not manufacture the devices ourselves, we have built increased warranty provisions and signed separate agreements with our suppliers to cover us against warranty losses of such products. We have much improved our procedures and this has covered us to a large extent.

As a result, we have not faced any specific problems in this area in Q3 and in the 9M of 2020. However, we need to be constantly overlooking and analyzing the situation to avoid any possible losses.

17. Information about important events that occurred after the period ended on September 30th, 2020 and before this report release

According to our best knowledge, in the period between September 30th, 2020 and November 5th, 2020 no events have occurred that could affect either the Company's operations or its financial stability.

Part II Financial Information

The financial information of ASBISc Enterprises Plc presented as a part of this report is as follows:

Report and Condensed Consolidated Interim Financial Statements for the period ended 30 September 2020

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ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

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ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(in thousands of US\$)

| | Note | For the three months ended 30 September 2020 US\$ | For the three months ended 30 September 2019 US\$ | For the nine months ended 30 September 2020 US\$ | For the nine months ended 30 September 2019 US\$ |
|--|------|---|---|--|--|
| Revenue | 4,23 | 619,682 | 462,674 | 1,500,627 | 1,250,915 |
| Cost of sales | | (583,544) | (435,477) | (1,417,152) | (1,181,557) |
| Gross profit | | 36,138 | 27,197 | 83,475 | 69,358 |
| Selling expenses | | (11,432) | (10,516) | (31,950) | (30,609) |
| Administrative expenses | | (8,237) | (7,374) | (23,243) | (19,568) |
| Profit from operations | | 16,469 | 9,307 | 28,282 | 19,181 |
| Financial income | 7 | 932 | 1,033 | 2,019 | 2,571 |
| Financial expenses | 7 | (4,515) | (3,947) | (11,452) | (12,554) |
| Net finance costs | | (3,583) | (2,914) | (9,433) | (9,983) |
| Other gains and losses | 5 | 35 | (325) | 274 | (5) |
| Share of loss of equity-accounted investees | | - | (15) | - | (17) |
| Negative goodwill on acquisition of subsidiary | | - | 111 | - | 111 |
| Profit before tax | 6 | 12,921 | 6,164 | 19,123 | 9,287 |
| Taxation | 8 | (2,518) | (1,562) | (4,011) | (2,077) |
| Profit for the period | | <u>10,403</u> | <u>4,602</u> | <u>15,112</u> | <u>7,210</u> |
| Attributable to: | | | | | |
| Equity holders of the parent | | 10,417 | 4,614 | 15,146 | 7,232 |
| Non-controlling interests | | (14) | (12) | (34) | (22) |
| | | <u>10,403</u> | <u>4,602</u> | <u>15,112</u> | <u>7,210</u> |
| | | US\$ cents | US\$ cents | US\$ cents | US\$ cents |
| Earnings per share | | | | | |
| Basic and diluted from continuing operations | | <u>18.77</u> | <u>8.31</u> | <u>27.29</u> | <u>13.03</u> |

ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(in thousands of US\$)

| | For the three months ended 30 September 2020 US\$ | For the three months ended 30 September 2019 US\$ | For the nine months ended 30 September 2020 US\$ | For the nine months ended 30 September 2019 US\$ |
|--|---|---|--|--|
| Profit for the period | <u>10,403</u> | <u>4,602</u> | <u>15,112</u> | <u>7,210</u> |
| Other comprehensive loss | | | | |
| Exchange difference on translating foreign operations | (266) | (827) | (1,369) | (711) |
| Reclassification adjustments relating to foreign operations liquidated in the period | <u>-</u> | <u>-</u> | <u>-</u> | <u>10</u> |
| Other comprehensive loss for the period | <u>(266)</u> | <u>(827)</u> | <u>(1,369)</u> | <u>(701)</u> |
| Total comprehensive income for the period | <u><u>10,137</u></u> | <u><u>3,775</u></u> | <u><u>13,743</u></u> | <u><u>6,509</u></u> |
| Total comprehensive income attributable to: | | | | |
| Equity holders of the parent | 10,140 | 3,795 | 13,754 | 6,541 |
| Non-controlling interests | <u>(3)</u> | <u>(20)</u> | <u>(11)</u> | <u>(32)</u> |
| | <u><u>10,137</u></u> | <u><u>3,775</u></u> | <u><u>13,743</u></u> | <u><u>6,509</u></u> |

ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020

(in thousands of US\$)

| | Note | As at 30 September 2020 US\$ | As at 31 December 2019 US\$ |
|--|------|---------------------------------------|--------------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 9 | 31,473 | 29,680 |
| Intangible assets | 10 | 2,429 | 2,593 |
| Equity-accounted investees | 11 | 821 | 227 |
| Goodwill | 27 | 609 | 591 |
| Deferred tax assets | 20 | 159 | 227 |
| Total non-current assets | | <u>35,491</u> | <u>33,318</u> |
| Current assets | | | |
| Inventories | 12 | 245,155 | 266,039 |
| Trade receivables | 13 | 200,519 | 212,168 |
| Other current assets | 14 | 17,521 | 16,035 |
| Derivative financial asset | 25 | 395 | 945 |
| Current taxation | 8 | 913 | 595 |
| Cash at bank and in hand | 26 | 119,561 | 103,687 |
| Total current assets | | <u>584,064</u> | <u>599,469</u> |
| Total assets | | <u>619,555</u> | <u>632,787</u> |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 15 | 11,100 | 11,100 |
| Share premium | | 23,518 | 23,518 |
| Retained earnings and other components of equity | | 82,904 | 73,323 |
| Equity attributable to owners of the parent | | 117,522 | 107,941 |
| Non-controlling interests | | 243 | 254 |
| Total equity | | <u>117,765</u> | <u>108,195</u> |
| Non-current liabilities | | | |
| Long term borrowings | 17 | 5,369 | 3,338 |
| Other long-term liabilities | 18 | 706 | 635 |
| Deferred tax liabilities | 20 | 428 | 511 |
| Total non-current liabilities | | <u>6,503</u> | <u>4,484</u> |
| Current liabilities | | | |
| Trade payables | | 277,578 | 321,277 |
| Trade payables factoring facilities | 29 | 24,493 | 29,106 |
| Other current liabilities | 21 | 71,150 | 59,036 |
| Short term borrowings | 16 | 119,469 | 107,173 |
| Derivative financial liability | 24 | 51 | 2,082 |
| Current taxation | 8 | 2,546 | 1,434 |
| Total current liabilities | | <u>495,287</u> | <u>520,108</u> |
| Total liabilities | | <u>501,790</u> | <u>524,592</u> |
| Total equity and liabilities | | <u>619,555</u> | <u>632,787</u> |

The financial statements were approved by the Board of Directors on 4 November 2020.

.....
Siarhei Kostevitch
Director

.....
Marios Christou
Director

ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(in thousands of US\$)

Attributable to the owners of the parent

| | Share capital US\$ | Share premium US\$ | Treasury stock US\$ | Translation of foreign operations US\$ | Retained earnings US\$ | Total US\$ | Non controlling interests US\$ | Total US\$ |
|--|-----------------------|--------------------------|---------------------------|---|------------------------------|---------------|---|---------------|
| Balance at 1 January 2019 | 11,100 | 23,518 | (14) | (11,334) | 75,688 | 98,958 | 275 | 99,233 |
| Profit/(loss) for the period 1 January 2019 to 30 September 2019 | - | - | - | - | 7,232 | 7,232 | (22) | 7,210 |
| Other comprehensive loss for the period 1 January 2019 to 30 September 2019 | - | - | - | (691) | - | (691) | (10) | (701) |
| Payment of final dividend | - | - | - | - | (2,775) | (2,775) | - | (2,775) |
| Acquisition of treasury shares | - | - | (120) | - | - | (120) | - | (120) |
| Balance at 30 September 2019 | 11,100 | 23,518 | (134) | (12,025) | 80,145 | 102,604 | 243 | 102,847 |
| Profit for the period 1 October 2019 to 31 December 2019 | - | - | - | - | 8,025 | 8,025 | 5 | 8,030 |
| Other comprehensive profit for the period 1 October 2019 to 31 December 2019 | - | - | - | 668 | - | 668 | 6 | 674 |
| Payment of final dividend | - | - | - | - | (3,314) | (3,314) | - | (3,314) |
| Acquisition of treasury shares | - | - | (42) | - | - | (42) | - | (42) |
| Balance at 31 December 2019 | 11,100 | 23,518 | (176) | (11,357) | 84,856 | 107,941 | 254 | 108,195 |
| Profit/(loss) for the period 1 January 2020 to 30 September 2020 | - | - | - | - | 15,146 | 15,146 | (34) | 15,112 |
| Other comprehensive (loss)/profit for the period 1 January 2020 to 30 September 2020 | - | - | - | (1,392) | - | (1,392) | 23 | (1,369) |
| Payment of final dividend | - | - | - | - | (4,138) | (4,138) | - | (4,138) |
| Acquisition of treasury shares | - | - | (35) | - | - | (35) | - | (35) |
| Balance at 30 September 2020 | 11,100 | 23,518 | (211) | (12,749) | 95,864 | 117,522 | 243 | 117,765 |

ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(in thousands of US\$)

| | Note | For the three months ended 30 September 2020 US\$ | For the three months ended 30 September 2019 US\$ | For the nine months ended 30 September 2020 US\$ | For the nine months ended 30 September 2019 US\$ |
|--|------|---|---|--|--|
| Profit for the period before tax and minority interest | | 12,921 | 6,164 | 19,123 | 9,287 |
| Adjustments for: | | | | | |
| Exchange difference arising on consolidation | | 123 | (988) | (1,068) | (1,052) |
| Depreciation of property, plant and equipment | 9 | 961 | 792 | 2,533 | 2,169 |
| Amortization of intangible assets | 10 | 247 | 352 | 717 | 894 |
| Impairment losses on intangible assets | 5 | 39 | 127 | 39 | 141 |
| Provision for slow moving and obsolete stock | | (267) | 437 | (913) | 329 |
| Share of loss of equity-accounted investees | | - | 15 | - | 17 |
| Loss/(profit) from the sale of property, plant and equipment and intangible assets | 5 | 27 | (20) | (38) | (18) |
| Provision for bad debts and receivables written off | | 391 | (104) | 607 | 40 |
| Bad debts recovered | 5 | (5) | (1) | (9) | (3) |
| Impairment of investments in associates | | - | 152 | - | 152 |
| Interest received | 7 | (23) | (58) | (210) | (169) |
| Interest paid | | 1,106 | 1,134 | 3,114 | 3,487 |
| Operating profit before working capital changes | | 15,520 | 8,002 | 23,895 | 15,274 |
| (Increase)/decrease in inventories | | (47,616) | (55,951) | 21,797 | (30,602) |
| (Increase)/decrease in trade receivables | | (37,572) | (36,757) | 11,051 | (21,733) |
| (Increase)/decrease in other current assets | | (324) | 930 | (936) | (47) |
| Increase/(decrease) in trade payables | | 55,916 | 52,004 | (43,699) | 9,812 |
| Decrease in trade payables factoring facilities | | (2,761) | (1,264) | (4,613) | (4,081) |
| Increase in other current liabilities | | 5,622 | 15,225 | 9,450 | 7,839 |
| Increase in other non-current liabilities | | 4 | 26 | 71 | 71 |
| Increase/(decrease) in factoring creditors | | 13,818 | 21,479 | (10,187) | 3,108 |
| Cash inflows/(outflows) from operations | | 2,607 | 3,694 | 6,829 | (20,359) |
| Interest paid | | (1,001) | (1,134) | (2,845) | (3,487) |
| Taxation paid, net | 8 | (2,338) | (1,544) | (3,271) | (2,154) |
| Net cash (outflows)/inflows from operating activities | | (732) | 1,016 | 713 | (26,000) |

ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(in thousands of US\$)

| | For the three months ended 30 September 2020 US\$ | For the three months ended 30 September 2019 US\$ | For the nine months ended 30 September 2020 US\$ | For the nine months ended 30 September 2019 US\$ |
|--|---|---|--|--|
| Note | | | | |
| Cash flows from investing activities | | | | |
| Purchase of intangible assets | 10 | (371) | (38) | (565) |
| Purchase of property, plant and equipment | | (548) | (1,119) | (2,926) |
| Payment for purchase of investments in subsidiaries | | - | (1,045) | - |
| (Write-offs)/proceeds from sale of property, plant and equipment and intangible assets | | (27) | 12 | 37 |
| Interest received | 7 | 23 | 58 | 210 |
| Net cash outflows from investing activities | | <u>(923)</u> | <u>(2,132)</u> | <u>(3,244)</u> |
| Cash flows from financing activities | | | | |
| Acquisition of treasury shares | | - | (120) | (35) |
| Payment of final dividend | | - | - | (4,138) |
| (Repayments)/proceeds of long-term loans and long-term lease liabilities | | (1,010) | 612 | 513 |
| Proceeds of short-term borrowings and short-term lease liabilities | | 6,517 | 4,909 | 10,309 |
| Net cash inflows from financing activities | | <u>5,507</u> | <u>5,401</u> | <u>6,649</u> |
| Net increase/(decrease) in cash and cash equivalents | | 3,852 | 4,285 | 4,118 |
| Cash and cash equivalents at beginning of the period | | <u>78,572</u> | <u>29,919</u> | <u>78,306</u> |
| Cash and cash equivalents at end of the period | 26 | <u>82,424</u> | <u>34,204</u> | <u>82,424</u> |

ASBISC ENTERPRISES PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(in thousands of US\$)

1. Incorporation and principal activities

Asbisc Enterprises Plc (the "Company or "the parent Company") was incorporated in Cyprus on 9 November 1995 with limited liability. The Group's and the Company's principal activity is the trading and distribution of computer hardware and software in a number of geographical regions as disclosed in note 23. The main shareholder of the Company is K.S. Holdings Limited, a Company incorporated in Cyprus

The Company is listed on the Warsaw Stock Exchange since 30th October 2007.

2. Basis of preparation

(a) Statement of compliance

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required for a complete set of IFRS financial statements and they should be read in conjunction with the audited financial statements for the year ended 31 December 2019. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2019.

These interim financial statements were authorized for issue by the Company's Board of Directors on 4th of November 2020.

(b) Use of judgments and estimates

Preparing the interim financial statements requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2019

3. Significant accounting policies

The accounting policies adopted for the preparation of the condensed consolidated interim financial statements for the nine months ended 30 September 2020 are consistent with those followed for the preparation of the annual financial statements for the year 2019 except for the adoption by the group of all the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for annual periods beginning on 1 January 2020. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

4. Revenue

| | For the nine months ended 30 September 2020 US\$ | For the nine months ended 30 September 2019 US\$ |
|----------------------------|---|---|
| Sales of goods | 1,473,314 | 1,237,793 |
| Sales of optional warranty | 8,193 | 3,691 |
| Sales of licenses | 15,352 | 4,399 |
| Rendering of services | 3,768 | 5,032 |
| | <u>1,500,627</u> | <u>1,250,915</u> |

Effect of seasonality

The Group's revenue and consequently its profitability are significantly lower during the first half of the year. The seasonality is driven by increased household expenditure during the Christmas period as well as the commencement of the academic period during the second half of the year resulting in a positive effect on demand for the Group's products.

ASBISC ENTERPRISES PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(in thousands of US\$)

5. Other gains and losses

| | For the three months ended 30 September 2020 US\$ | For the three months ended 30 September 2019 US\$ | For the nine months ended 30 September 2020 US\$ | For the nine months ended 30 September 2019 US\$ |
|--|--|--|---|---|
| (Loss)/profit on disposal of property, plant and equipment | (27) | 20 | 38 | 18 |
| Other income/(loss) | 77 | (222) | 212 | 100 |
| Bad debts recovered | 5 | 1 | 9 | 3 |
| Rental income | 19 | 3 | 55 | 15 |
| Impairment loss on goodwill | (39) | (127) | (39) | (141) |
| | <u>35</u> | <u>(325)</u> | <u>275</u> | <u>(5)</u> |

6. Profit before tax

| | For the three months ended 30 September 2020 US\$ | For the three months ended 30 September 2019 US\$ | For the nine months ended 30 September 2020 US\$ | For the nine months ended 30 September 2019 US\$ |
|---|--|--|---|---|
| Profit before tax is stated after charging: | | | | |
| (a) Amortization of intangible assets (Note 10) | 247 | 352 | 717 | 894 |
| (b) Depreciation (Note 9) | 961 | 792 | 2,533 | 2,169 |
| (c) Auditors' remuneration | 109 | 85 | 307 | 273 |
| (d) Directors' remuneration – executive (Note 28) | 183 | 155 | 549 | 475 |
| (e) Directors' remuneration – non-executive (Note 28) | | | | |
| | <u>7</u> | <u>7</u> | <u>20</u> | <u>16</u> |

7. Financial expense, net

| | For the three months ended 30 September 2020 US\$ | For the three months ended 30 September 2019 US\$ | For the nine months ended 30 September 2020 US\$ | For the nine months ended 30 September 2019 US\$ |
|-------------------------------|--|--|---|---|
| Financial income | | | | |
| Interest income | 23 | 58 | 210 | 169 |
| Other financial income | 909 | 744 | 1,809 | 1,884 |
| Net exchange gain | - | 231 | - | 518 |
| | <u>932</u> | <u>1,033</u> | <u>2,019</u> | <u>2,571</u> |
| Financial expense | | | | |
| Bank interest | 1,001 | 1,134 | 2,845 | 3,487 |
| Bank charges | 864 | 305 | 2,196 | 1,842 |
| Derivative charges | 224 | 426 | 784 | 1,396 |
| Interest on lease liabilities | 105 | 75 | 269 | 209 |
| Factoring interest | 1,338 | 1,436 | 3,487 | 3,589 |
| Factoring charges | 95 | 78 | 259 | 214 |
| Other financial expenses | 71 | 5 | 93 | 20 |
| Other interest | 323 | 488 | 1,222 | 1,797 |
| Net exchange loss | 494 | - | 297 | - |
| | <u>4,515</u> | <u>3,947</u> | <u>11,452</u> | <u>12,554</u> |
| Net | <u>(3,583)</u> | <u>(2,914)</u> | <u>(9,433)</u> | <u>(9,983)</u> |

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(in thousands of US\$)

8. Tax

| | As at 30 September 2020 US\$ | As at 31 December 2019 US\$ |
|--|---|--|
| Payable balance 1 January | 839 | 1,411 |
| Provision for the period/year | 4,025 | 3,708 |
| Under/(over) provision of prior periods/year | 16 | (400) |
| Exchange difference on retranslation | 24 | (17) |
| Amounts paid, net | <u>(3,271)</u> | <u>(3,863)</u> |
| Net payable balance 30 September/31 December | <u>1,633</u> | <u>839</u> |
| | As at 30 September 2020 US\$ | As at 31 December 2019 US\$ |
| Tax receivable | (913) | (595) |
| Tax payable | <u>2,546</u> | <u>1,434</u> |
| Net | <u>1,633</u> | <u>839</u> |

The consolidated taxation charge for the period consists of the following:

| | For the three months ended 30 September 2020 US\$ | For the three months ended 30 September 2019 US\$ | For the nine months ended 30 September 2020 US\$ | For the nine months ended 30 September 2019 US\$ |
|--------------------------------|--|--|---|---|
| Provision for the period | 2,460 | 1,435 | 4,025 | 1,949 |
| Under provision of prior years | 16 | - | 16 | - |
| Deferred tax charge (Note 20) | <u>42</u> | <u>127</u> | <u>(30)</u> | <u>128</u> |
| Charge for the period | <u>2,518</u> | <u>1,562</u> | <u>4,011</u> | <u>2,077</u> |

The taxation charge of the Group comprises corporation tax charge in Cyprus on the taxable profits of the company and those of its subsidiaries which are subject to tax in Cyprus and corporation tax in other jurisdictions on the results of the foreign subsidiary companies.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(in thousands of US\$)

9. Property, plant and equipment

| | Land and buildings US\$ | Computer hardware US\$ | Warehouse machinery US\$ | Motor vehicles US\$ | Furniture and fittings US\$ | Office equipment US\$ | Total US\$ |
|---|-------------------------------|------------------------------|--------------------------------|---------------------------|-----------------------------------|-----------------------------|---------------|
| Cost | | | | | | | |
| At 1 January 2019 | 24,820 | 6,746 | 416 | 2,124 | 2,892 | 3,589 | 40,587 |
| Recognition of right-of-use asset on initial application of IFRS 16 | 3,771 | - | - | 722 | - | - | 4,493 |
| Adjusted balance at 1 January 2019 | 28,591 | 6,746 | 416 | 2,846 | 2,892 | 3,589 | 45,080 |
| Additions | 863 | 762 | 139 | 247 | 39 | 277 | 2,327 |
| Disposals | (235) | (397) | (31) | (98) | (73) | (119) | (953) |
| Foreign exchange difference on retranslation | 469 | 139 | - | 114 | (52) | 92 | 762 |
| At 31 December 2019 | 29,688 | 7,250 | 524 | 3,109 | 2,806 | 3,839 | 47,216 |
| Additions | 1,898 | 674 | 73 | 1,119 | 379 | 448 | 4,591 |
| Disposals | (368) | (40) | (24) | (270) | (153) | (14) | (869) |
| Foreign exchange difference on retranslation | (126) | (88) | 25 | (131) | (47) | (195) | (562) |
| At 30 September 2020 | 31,092 | 7,796 | 598 | 3,827 | 2,985 | 4,078 | 50,376 |
| Accumulated depreciation | | | | | | | |
| At 1 January 2019 | 4,275 | 5,283 | 244 | 1,254 | 2,015 | 2,266 | 15,337 |
| Charge for the year | 1,532 | 503 | 167 | 484 | 37 | 275 | 2,998 |
| Disposals | (235) | (397) | (31) | (98) | (9) | (119) | (889) |
| Foreign exchange difference on retranslation | 69 | 58 | - | (5) | (22) | (10) | 90 |
| At 31 December 2019 | 5,641 | 5,447 | 380 | 1,635 | 2,021 | 2,412 | 17,536 |
| Charge for the period | 1,049 | 483 | 25 | 471 | 288 | 217 | 2,533 |
| Disposals | (368) | (40) | (24) | (270) | (153) | (14) | (869) |
| Foreign exchange difference on retranslation | (333) | 23 | 25 | (61) | 11 | 38 | (297) |
| At 30 September 2020 | 5,989 | 5,913 | 406 | 1,775 | 2,167 | 2,653 | 18,903 |
| Net book value | | | | | | | |
| At 30 September 2020 | 25,103 | 1,883 | 192 | 2,052 | 818 | 1,425 | 31,473 |
| At 31 December 2019 | 24,047 | 1,803 | 144 | 1,474 | 785 | 1,427 | 29,680 |

ASBISC ENTERPRISES PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(in thousands of US\$)

9. Property, plant and equipment (continued)

Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

| | As at 30 September 2020 US\$ | As at 31 December 2019 US\$ |
|---------------------------|---|--|
| Land and buildings | 4,838 | 3,913 |
| Motor vehicles | 794 | 550 |
| Total right-of-use assets | <u>5,632</u> | <u>4,463</u> |

10. Intangible assets

| | Computer software US\$ | Patents and licenses US\$ | Total US\$ |
|--|---------------------------------------|--|-----------------------|
| Cost | | | |
| At 1 January 2019 | 9,746 | 2,383 | 12,129 |
| Additions | 514 | 1 | 515 |
| Disposals/ write-offs | (112) | (1,100) | (1,212) |
| Foreign exchange difference on retranslation | (11) | (3) | (14) |
| At 31 December 2019 | 10,137 | 1,281 | 11,418 |
| Additions | 220 | 345 | 565 |
| Disposals/ write-offs | (30) | (80) | (57) |
| Foreign exchange difference on retranslation | 71 | (11) | 7 |
| At 30 September 2020 | <u>10,398</u> | <u>1,535</u> | <u>11,933</u> |
| Accumulated amortization | | | |
| At 1 January 2019 | 7,124 | 1,937 | 9,061 |
| Charge for the year | 802 | 231 | 1,033 |
| Disposals/ write-offs | (112) | (1,043) | (1,155) |
| Foreign exchange difference on retranslation | (114) | - | (114) |
| At 31 December 2019 | 7,700 | 1,125 | 8,825 |
| Charge for the period | 663 | 54 | 717 |
| Disposals/ write-offs | (30) | (80) | (82) |
| Foreign exchange difference on retranslation | 76 | (4) | 44 |
| At 30 September 2020 | <u>8,409</u> | <u>1,095</u> | <u>9,504</u> |
| Net book value | | | |
| At 30 September 2020 | <u>1,989</u> | <u>440</u> | <u>2,429</u> |
| At 31 December 2019 | <u>2,437</u> | <u>156</u> | <u>2,593</u> |

ASBISC ENTERPRISES PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(in thousands of US\$)

11. Equity-accounted investees

| | As at 30 September 2020 US\$ | As at 31 December 2019 US\$ |
|--|---------------------------------------|--------------------------------------|
| Cost | | |
| At 1 January | 274 | 366 |
| Additions (i), (ii) | 594 | 227 |
| Full acquisition of investment in associate (iii), (iv) | - | (319) |
| At 30 September/31 December | <u>868</u> | <u>274</u> |
| Accumulated share of loss from equity-accounted investees | | |
| At 1 January | (47) | (30) |
| Share of loss from equity-accounted investees during the period/year | - | (25) |
| Exchange difference | - | 8 |
| At 30 September/31 December | <u>(47)</u> | <u>(47)</u> |
| Carrying amount of equity-accounted investees | <u>821</u> | <u>227</u> |

- (i) In January 2020, the Company acquired 40% shareholding in Clevetura LLC, for the consideration of US\$ 594. The investment is accounted for as an associate.
- (ii) In April 2019, the Company acquired 50% shareholding in Redmond Europe Ltd, for the consideration of US\$ 227. The investment is accounted for as a joint venture.
- (iii) In July 2019, the Company acquired the remaining 60% shareholding of ASBC LLC (Georgia) and the investment was derecognized from associate.
- (iv) In July 2019, the Company acquired the remaining 75% shareholding of ALC Avectis and the investment was derecognized from associate.

During the period ended 30 September 2020, the Group concluded a loan agreement with its associate LLC Clevetura for the amount of US\$30. The loan bears interest of 4% p.a and is repayable in January 2021. In addition, the Group acquired services for the total amount of US\$374 from the associate.

12. Inventories

| | As at 30 September 2019 US\$ | As at 31 December 2019 US\$ |
|--|---------------------------------------|--------------------------------------|
| Goods in transit | 38,857 | 50,309 |
| Goods held for resale | 209,087 | 219,459 |
| Provision for slow moving and obsolete stock | (2,789) | (3,729) |
| | <u>245,155</u> | <u>266,039</u> |

As at 30 September 2020, inventories pledged as security for financing purposes amounted to US\$ 71,162 (2019: US\$ 72,470). Inventory written off during the period recognized in profit or loss was US\$ nil (2019: US\$ nil).

Movement in provision for slow moving and obsolete stock

| | As at 30 September 2020 US\$ | As at 31 December 2019 US\$ |
|--------------------------------|---------------------------------------|--------------------------------------|
| On 1 January | 3,729 | 3,182 |
| Provisions for the period/year | 174 | 1,361 |
| Provided stock written-off | (1,087) | (807) |
| Exchange difference | (27) | (7) |
| On 30 September/31 December | <u>2,789</u> | <u>3,729</u> |

ASBISC ENTERPRISES PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(in thousands of US\$)

13. Trade receivables

| | As at 30 September 2020 US\$ | As at 31 December 2019 US\$ |
|------------------------------|---|--|
| Trade receivables | 202,689 | 213,825 |
| Allowance for doubtful debts | <u>(2,170)</u> | <u>(1,657)</u> |
| | <u>200,519</u> | <u>212,168</u> |

Movement in provision for doubtful debts:

| | As at 30 September 2020 US\$ | As at 31 December 2019 US\$ |
|-------------------------------------|---|--|
| On 1 January | 1,657 | 3,545 |
| Provisions for the period/year | 1,055 | 904 |
| Amount written-off as uncollectible | (447) | (2,739) |
| Bad debts recovered | (9) | (80) |
| Exchange difference | <u>(86)</u> | <u>27</u> |
| On 30 September/31 December | <u>2,170</u> | <u>1,657</u> |

As at 30 September 2020, receivables of the Group that have been assigned as security for financing purposes amounted to US\$ 54,348 (2019: US\$ 78,672).

14. Other current assets

| | As at 30 September 2020 US\$ | As at 31 December 2019 US\$ |
|--|---|--|
| Deposits and advances to service providers | 689 | 733 |
| Employee floats | 114 | 584 |
| VAT and other taxes refundable | 8,644 | 7,900 |
| Other debtors and prepayments | <u>8,074</u> | <u>6,818</u> |
| | <u>17,521</u> | <u>16,035</u> |

15. Share capital

| | As at 30 September 2020 US\$ | As at 31 December 2019 US\$ |
|---|---|--|
| Authorized 63,000,000 (2019: 63,000,000) shares of US\$ 0.20 each | <u>12,600</u> | <u>12,600</u> |
| Issued and fully paid 55,500,000 (2019: 55,500,000) ordinary shares of US\$ 0.20 each | <u>11,100</u> | <u>11,100</u> |

ASBISC ENTERPRISES PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(in thousands of US\$)

16. Short-term borrowings

| | As at 30 September 2020 US\$ | As at 31 December 2019 US\$ |
|-------------------------------------|---|--|
| Bank overdrafts (Note 26) | 37,137 | 25,380 |
| Current portion of long-term loans | 109 | 176 |
| Bank short-term loans | 37,016 | 26,089 |
| Current lease liabilities (Note 19) | <u>1,195</u> | <u>1,329</u> |
| Total short-term debt | <u>75,457</u> | <u>52,974</u> |
| Factoring creditors | <u>44,012</u> | <u>54,199</u> |
| | <u>119,469</u> | <u>107,173</u> |

Summary of borrowings and overdraft arrangements

As at 30 September 2020 the Group enjoyed factoring facilities of US\$ 96,030 (31 December 2019 US\$ 118,035).

In addition, the Group as at 30 September 2020 had the following financing facilities with banks in the countries that the Company and its subsidiaries are operating:

- overdraft lines of US\$ 121,956 (31 December 2019: US\$ 97,398)
- short term loans/revolving facilities of US\$ 48,378 (31 December 2019: US\$ 42,700)
- bank guarantee and letters of credit lines of US\$ 51,942 (31 December 2019: US\$ 41,266)

The Group had for the period ending 30 September 2020 cash lines (overdrafts, loans and revolving facilities) and factoring lines.

The Weighted Average Cost of Debt (cash lines and factoring lines) for the period was 7.7% (for 2019: 7.6%)

The factoring, overdraft and revolving facilities as well as the loans granted to the Company and its subsidiaries by their bankers are secured by:

- Floating charges over all assets of the Company
- Mortgage on land and buildings that the Group owns in Cyprus, Czech Republic, Belarus, Middle East, Bulgaria, Slovakia and Ukraine
- Charge over receivables and inventories
- Corporate guarantees to the extent of facilities granted to subsidiary companies
- Assignment of insurance policies
- Pledged deposits of US\$ 37,419 (31 December 2019: US\$ 27,485)

17. Long-term borrowings

| | As at 30 September 2020 US\$ | As at 31 December 2019 US\$ |
|---|---|--|
| Bank loans | 499 | 35 |
| Non-current lease liabilities (Note 19) | <u>4,870</u> | <u>3,303</u> |
| | <u>5,369</u> | <u>3,338</u> |

ASBISC ENTERPRISES PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(in thousands of US\$)

18. Other long-term liabilities

| | As at 30 September 2020 US\$ | As at 31 December 2019 US\$ |
|-----------------------------|---------------------------------------|--------------------------------------|
| Other long-term liabilities | <u>706</u> | <u>635</u> |

19. Lease liabilities

| | As at 30 September 2020 US\$ | As at 31 December 2019 US\$ |
|---|---------------------------------------|--------------------------------------|
| Current lease liabilities (Note 16) | 1,195 | 1,329 |
| Non-current lease liabilities (Note 17) | <u>4,870</u> | <u>3,303</u> |
| | <u>6,065</u> | <u>4,632</u> |

20. Deferred tax

| | As at 30 September 2020 US\$ | As at 31 December 2019 US\$ |
|---|---------------------------------------|--------------------------------------|
| Debit balance on 1 January | 284 | (99) |
| Deferred tax (credit)/charge for the period/year (Note 8) | (30) | 417 |
| Exchange difference on retranslation | <u>15</u> | <u>(34)</u> |
| At 30 September/31 December | <u>269</u> | <u>284</u> |

| | As at 30 September 2020 US\$ | As at 31 December 2019 US\$ |
|--------------------------|---------------------------------------|--------------------------------------|
| Deferred tax assets | (159) | (227) |
| Deferred tax liabilities | <u>428</u> | <u>511</u> |
| Net deferred tax assets | <u>269</u> | <u>284</u> |

21. Other current liabilities

| | As at 30 September 2020 US\$ | As at 31 December 2019 US\$ |
|------------------------------------|---------------------------------------|--------------------------------------|
| Salaries payable and related costs | 2,514 | 2,406 |
| VAT payable | 4,807 | 6,332 |
| Accruals and deferred income | 42,318 | 31,408 |
| Non-trade accounts payable | 5,164 | 5,344 |
| Provision for marketing | 11,315 | 8,973 |
| Provision for warranties | <u>5,032</u> | <u>4,573</u> |
| | <u>71,150</u> | <u>59,036</u> |

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(in thousands of US\$)

22. Commitments and contingencies

As at 30 September 2020 the Group was committed in respect of purchases of inventories of a total cost value of US\$ 21,578 (31 December 2019: US\$ 12,684) which were in transit at 30 September 2020 and delivered in October 2020. Such inventories and the corresponding liability towards the suppliers have not been included in these financial statements since, according to the terms of purchase, title of the goods has not passed to the Group at period end.

As at 30 September 2020 the Group issued bank guarantees and stand-by letters of credit from a number of financial institutions to mainly guarantee for the Group's trade payable balances in the amount of US\$ 51,942 (31 December 2019: US\$ 41,266).

As at the 30th September 2020 the Group had no other capital or legal commitments and contingencies.

23. Operating segments

1.1 Reportable segments

The Group mainly operates in a single industry segment as a distributor of IT products. The Group's operating segments are based on geographic location, and the measure of segment profit is profit from operations. The Group operates in four principal geographical areas – Former Soviet Union, Central Eastern Europe, Western Europe and Middle East & Africa.

1.2 Segment revenues

| | For the three months ended 30 September 2020 US\$ | For the three months ended 30 September 2019 US\$ | For the nine months ended 30 September 2020 US\$ | For the nine months ended 30 September 2019 US\$ |
|------------------------|--|--|---|---|
| Former Soviet Union | 340,984 | 241,581 | 798,434 | 641,561 |
| Central Eastern Europe | 146,654 | 125,812 | 384,798 | 333,640 |
| Middle East & Africa | 82,094 | 60,049 | 182,711 | 162,400 |
| Western Europe | 34,818 | 22,577 | 96,977 | 86,206 |
| Other | 15,132 | 12,655 | 37,707 | 27,108 |
| | <u>619,682</u> | <u>462,674</u> | <u>1,500,627</u> | <u>1,250,915</u> |

1.3 Segment results

| | For the three months ended 30 September 2020 US\$ | For the three months ended 30 September 2019 US\$ | For the nine months ended 30 September 2020 US\$ | For the nine months ended 30 September 2019 US\$ |
|---|--|--|---|---|
| Former Soviet Union | 7,555 | 4,830 | 13,278 | 11,057 |
| Central Eastern Europe | 3,545 | 2,276 | 7,066 | 4,998 |
| Western Europe | 1,132 | 894 | 1,977 | 981 |
| Middle East & Africa | 2,367 | 1,244 | 3,637 | 2,005 |
| Other | 1,870 | 63 | 2,324 | 140 |
| Profit from operations | <u>16,469</u> | <u>9,307</u> | <u>28,282</u> | <u>19,181</u> |
| Net financial expenses | (3,583) | (2,914) | (9,433) | (9,983) |
| Share of loss from equity-accounted investees | - | (15) | - | (17) |
| Negative goodwill and goodwill written off, net | - | 111 | - | 111 |
| Other gains and losses | 35 | (325) | 274 | (5) |
| Profit before taxation | <u>12,921</u> | <u>6,164</u> | <u>19,123</u> | <u>9,287</u> |

ASBISC ENTERPRISES PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(in thousands of US\$)

23. Operating segments (continued)

1.4 Segment capital expenditure (CAPEX)

| | As at 30 September 2020 US\$ | As at 31 December 2019 US\$ |
|------------------------|---------------------------------------|--------------------------------------|
| Former Soviet Union | 8,131 | 7,794 |
| Central Eastern Europe | 13,826 | 12,946 |
| Middle East & Africa | 3,790 | 3,318 |
| Unallocated | 8,764 | 8,806 |
| | <u>34,511</u> | <u>32,864</u> |

1.5 Segment depreciation and amortization

| | For the three months ended 30 September 2020 US\$ | For the three months ended 30 September 2019 US\$ | For the nine months ended 30 September 2020 US\$ | For the nine months ended 30 September 2019 US\$ |
|------------------------|---|---|--|--|
| Former Soviet Union | 474 | 303 | 1,148 | 845 |
| Central Eastern Europe | 309 | 374 | 846 | 766 |
| Middle East & Africa | 46 | 51 | 150 | 153 |
| Unallocated | 380 | 142 | 1,106 | 1,025 |
| | <u>1,209</u> | <u>870</u> | <u>3,250</u> | <u>2,789</u> |

1.6 Segment assets

| | As at 30 September 2020 US\$ | As at 31 December 2019 US\$ |
|---|---------------------------------------|--------------------------------------|
| Former Soviet Union | 352,185 | 366,466 |
| Central Eastern Europe | 60,130 | 91,037 |
| Western Europe | 90,912 | 74,246 |
| Middle East & Africa | 46,454 | 45,356 |
| Total | <u>549,681</u> | <u>577,105</u> |
| Assets allocated in capital expenditure (1.4) | 34,511 | 32,864 |
| Other unallocated assets | <u>35,363</u> | <u>22,818</u> |
| Consolidated assets | <u>619,555</u> | <u>632,787</u> |

For the purposes of monitoring segment performance and allocating resources between segments only assets were allocated to the reportable segments. As the Group liabilities are mainly used jointly by the reportable segments, these were not allocated to each segment.

1.7 Geographical information

Since the Group's operating segments are based on geographical location and this information has been provided above (1.2 – 1.6) no further analysis is included.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(in thousands of US\$)

24. Derivative financial liability

| | As at 30 September 2020 US\$ | As at 31 December 2019 US\$ |
|--|---------------------------------------|--------------------------------------|
| <u>Derivative financial liabilities carried at fair value through profit or loss</u> | | |
| Foreign currency derivative contracts | <u>51</u> | <u>2,082</u> |

25. Derivative financial asset

| | As at 30 September 2020 US\$ | As at 31 December 2018 US\$ |
|---|---------------------------------------|--------------------------------------|
| <u>Derivative financial assets carried at fair value through profit or loss</u> | | |
| Foreign currency derivative contracts | <u>395</u> | <u>945</u> |

26. Cash and cash equivalents

| | As at 30 September 2020 US\$ | As at 31 December 2019 US\$ |
|---------------------------|---------------------------------------|--------------------------------------|
| Cash at bank and in hand | 119,561 | 103,687 |
| Bank overdrafts (Note 16) | <u>(37,137)</u> | <u>(25,380)</u> |
| | <u>82,424</u> | <u>78,307</u> |

The cash at bank and in hand balance includes an amount of US\$ 37,419 (31 December 2019: US\$ 27,485) which represents pledged deposits against financial facilities granted and margin accounts for foreign exchange hedging.

27. Goodwill

| | As at 30 September 2020 US\$ | As at 31 December 2019 US\$ |
|--|---------------------------------------|--------------------------------------|
| At 1 January | 591 | 400 |
| Additions | 39 | 515 |
| Impairment loss (note ii) | (39) | (315) |
| Foreign exchange difference on retranslation | <u>18</u> | <u>(9)</u> |
| At 30 September/31 December (note i) | <u>609</u> | <u>591</u> |

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(in thousands of US\$)

27. Goodwill (continued)

(i) The capitalized goodwill arose from the business combination of the following subsidiary:

| | As at 30 September 2020 US\$ | As at 31 December 2019 US\$ |
|--|---------------------------------------|--------------------------------------|
| OOO Must | 201 | 201 |
| ASBIS d.o.o. (BA) (formerly Megatrend D.O.O. Sarajevo) | 408 | 390 |
| | <u>609</u> | <u>591</u> |

(ii) The impairment loss on goodwill relates to the following cash generating units and subsidiaries:

| | As at 30 September 2020 US\$ | As at 31 December 2019 US\$ |
|------------------|---------------------------------------|--------------------------------------|
| Vizuatika LLC | - | (13) |
| Vizuators LLC | - | (1) |
| OOO IT Training | - | (4) |
| OOO Aksiomtech | - | (123) |
| ASBC LLC | - | (174) |
| MakSolutions LLC | (27) | - |
| Café-Connect LLC | (12) | - |
| | <u>(39)</u> | <u>(315)</u> |

28. Transactions and balances of key management

| | For the three months ended 30 September 2020 US\$ | For the three months ended 30 September 2019 US\$ | For the nine months ended 30 September 2020 US\$ | For the nine months ended 30 September 2019 US\$ |
|--|---|---|--|--|
| Director's remuneration - executive (Note 6) | 183 | 155 | 549 | 475 |
| Director's remuneration - non-executive (Note 6) | 7 | 7 | 20 | 16 |
| | <u>190</u> | <u>162</u> | <u>569</u> | <u>491</u> |

29. Trade payables factoring facilities

| | As at 30 September 2020 US\$ | As at 31 December 2019 US\$ |
|-------------------------------------|---------------------------------------|--------------------------------------|
| Trade payables factoring facilities | <u>24,493</u> | <u>29,106</u> |

ASBISC ENTERPRISES PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(in thousands of US\$)

30. Business combinations

1. Acquisitions

1.1 Acquisitions of subsidiaries to 30 September 2020

During the period, the Group has acquired 55% of the share capital of Real Scientists Ltd and 100% of share capital of ASBIS IT Solutions Hungary Kft, MakSolutions LLC and Café-Connect LLC, by means of the entity's incorporation.

| <u>Name of entity</u> | <u>Type of operations</u> | <u>Date acquired</u> | <u>% acquired</u> | <u>% owned</u> |
|--------------------------------|---------------------------|----------------------|-------------------|----------------|
| Real Scientists Ltd | Information Technology | 16 March 2020 | 55% | 55% |
| ASBIS IT Solutions Hungary Kft | Information Technology | 2 September 2020 | 100% | 100% |
| MakSolution LLC | Information Technology | 10 September 2020 | 100% | 100% |
| Café-Connect LLC | Information Technology | 10 September 2020 | 100% | 100% |

Acquisitions of subsidiaries to 31 December 2019

During the year ended 31 December 2019, the Group has acquired 75% of the share capital of Vizuatika LLC and Vizulators LLC, the remaining 60% of the ASBC LLC and 100% of share capital of OOO Aksiomtech, OOO IT Training, OOO Must, ALC Avectis, i-Care LLC and Center of excellence in Education for executives and specialists in Information Technology.

| <u>Name of entity</u> | <u>Type of operations</u> | <u>Date acquired</u> | <u>% acquired</u> | <u>% owned</u> |
|--|-----------------------------------|----------------------|-------------------|----------------|
| Vizuatika LLC | Information Technology | 28 March 2019 | 75% | 75% |
| Vizulators LLC | Information Technology | 28 March 2019 | 75% | 75% |
| ALC Avectis | Information Technology | 12 July 2019 | 100% | 100% |
| ASBC LLC | Information Technology | 31 July 2019 | 60% | 100% |
| OOO Avectis (former OOO Aksiomtech) | Information Technology | 12 July 2019 | 100% | 100% |
| OOO IT Training | Educational and training Services | 7 August 2019 | 100% | 100% |
| Center of excellence in Education for executives and specialists in Information Technology | Educational Institution | 7 August 2019 | 100% | 100% |
| OOO Must | Information Technology | 30 August 2019 | 100% | 100% |
| i-Care LLC | Information Technology | 1 November 2019 | 100% | 100% |

ASBISC ENTERPRISES PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(in thousands of US\$)

1.1.b. Acquired assets and liabilities

The net carrying value of underlying separately identifiable assets and liabilities transferred to the group at the date of acquisition was as follows:

| | As at 30 September 2020 US\$ | As at 31 December 2019 US\$ |
|--|---------------------------------------|--------------------------------------|
| Tangible and intangible assets | 233 | 504 |
| Inventories | 200 | 12,670 |
| Receivables | 71 | 13,289 |
| Other non-current assets | 15 | 31 |
| Other receivables | 1 | 3,333 |
| Short-term loans | (15) | (3,080) |
| Payables | (321) | (2,721) |
| Other payables and accruals | (135) | (24,146) |
| Other non-current liabilities | - | (1) |
| Cash and cash equivalents | 101 | 558 |
| Net identifiable assets | 150 | 437 |
| Share of loss previously recognized as investment in associate | - | 48 |
| Group's interest in net assets acquired | 150 | 489 |
| Impairment of investment in associate on the acquisition | - | 152 |
| Total purchase consideration | (190) | (1,045) |
| Net loss | (39) | (404) |
| Negative goodwill credited in income statement | - | (111) |
| Impairment loss on Goodwill | 39 | 141 |
| Goodwill capitalized in statement of financial position | - | (374) |

2. Disposals

Disposals of subsidiaries to 30 September 2020

During the period the Group had no disposals of subsidiaries.

Disposals of subsidiaries to 31 December 2019

During the year ended 31 December 2019 the following Group subsidiaries went into liquidation. No gain or loss arose on the event.

| <u>Name of disposed entity</u> | <u>Type of operations</u> | <u>Date liquidated</u> | <u>% liquidated</u> |
|--------------------------------|---------------------------|------------------------|---------------------|
| Asbis Limited | Information Technology | 25 January 2019 | 100% |
| ASBIS Cloud Ltd | Information Technology | 12 July 2019 | 100% |
| OOO IT Training | Information Technology | 27 November 2019 | 100% |

31. Fair values

Financial instruments comprise financial assets and financial liabilities. Financial assets mainly consist of bank balances, receivables and investments. Financial liabilities mainly consist of trade payables, factoring balances, bank overdrafts and loans. The Directors consider that the carrying amount of the Group's financial instruments approximate their fair value at the reporting date. Financial assets and financial liabilities carried at fair value through profit or loss represent foreign currency derivative contracts categorized as a Level 2 (inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)).