

**INTERIM REPORT  
FOR THE THREE AND NINE MONTHS  
ENDED 30 SEPTEMBER 2022**

Limassol, 3 November 2022

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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 2022. The financial statements appended to 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 Interim Management Report**

### **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: Kazakhstan, Ukraine, Slovakia, Poland, Czech Republic, Romania, Croatia, Slovenia, Bulgaria, Serbia, Hungary, Middle East countries (i.e., United Arab Emirates, Qatar and other Gulf states) 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, Perenio, Lorgar and AENO.

ASBISc commenced business in 1990 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 1, Iapetou Street, 4101, Agios Athanasios, Limassol, Cyprus.

### **2. Executive summary for the three- and nine-month periods ended September 30<sup>th</sup>, 2022**

In Q3 2022, despite the ongoing war in Ukraine, the high inflationary pressures and the extremely uncertain geopolitical environment, ASBIS has continued its strategy of focusing on profitability. It continued regaining some of the lost revenues from the markets affected by the war and further developing its markets and product portfolio. We have been focusing on higher-margin IT products and solutions and we are continuously refining our portfolio of offering.

Since the beginning of the war, we have deployed all available resources in a very dynamic and efficient way in non-conflict markets, in particular: Kazakhstan, Azerbaijan, Uzbekistan, Georgia and Armenia: five countries in which we are an authorized distributor of Apple products. We have also invested in Adriatic and Balkan regions. In our opinion, all these markets have good growth potential. ASBIS has also been doing very well in the Middle East - the revenues generated by the United Arab Emirates exceeded our expectations during the period under review.

Ukraine has been growing dynamically month after month and became our second largest contributor in revenues. This proves the strong business stamina of our local team which has been an admiring act, during these tough times they undergo.

In Q3 2022 revenues amounted to USD 698.7 million (down only 2.5% compared to Q3 2021). Operating profit (EBIT) increased by 6.6% and reached USD 29.2 million, compared to USD 27.4 million in Q3 2021.

Net profit has increased by 10.3%, reaching USD 20.1 million, compared to USD 18.2 million a year earlier. In Q3 2022, the gross profit margin remained very strong and amounted to 8.01% from 7.37% in Q3 2021.

In the 9M 2022, ASBIS generated revenues of USD 1,910 million (down only 10.3% compared to the 9M 2021) and earned a net profit after tax of USD 47.2 million, a decrease of 2.4% as compared to the same period of last year.

As regards our own brands, the Company still keeps pushing its five own brands to generate higher levels of revenues and at the same time higher gross profit margins.

A country-by-country analysis confirms that a major decrease in sales in Q3 2022 was noticed in the markets directly involved in the invasion in Ukraine i.e., Russia and Belarus, where the Group has decided to significantly reduce its business. On the other hand, though, the Company was able to much increase sales in multiple other non-conflict markets, like:

- Armenia - a growth of 824.0%
- Azerbaijan— a growth of 156.4%
- Kazakhstan – a growth of 98.2%
- Georgia – a growth of 82.1%
- United Arab Emirates - a growth of 75.4%

In Q3 2022, the Company experienced several important business events:

- EMBIO Diagnostics, an ASBIS associate company, has completed its breakthrough product B.EL.D., which, thanks to the use of biosensors, quickly and accurately diagnoses food safety, air and water quality and other environmental pollutants.
- ASBIS has donated 5 medical cars to hospitals in Ukraine cities: Kharkiv, Dnipro, Zaporizhzhia, Mykolaiv, and Kyiv.
- AENO - a young dynamic own brand of ASBIS has introduced to the market the designer premium eco-friendly smart heater with energy-saving infrared and convection heating method and low power consumption.
- ASBIS has opened in Almaty, the largest city in Kazakhstan, a new iSpace salon, with the status of Apple Premium Partner. It is the seventh Apple store operated by ASBIS in Kazakhstan and the 21st Apple store.

Following our dividend policy, we have decided to pay out our investors an interim dividend from the Company's profits for 2022 in total amount of USD 11,100,000, which represents a USD 0.20 per share payout. Having seen our Q3 2022 and 9M 2022 results, we can assume that if no unforeseen circumstances arise, the entire dividend for 2022 will be the highest in our history.

In Q3 2022, ASBIS has continued its support for Ukraine through cooperation with humanitarian organizations and state institutions. Thanks to joint efforts, we managed to transfer five, fully equipped medical cars to hospitals in Ukraine, which made it possible to provide quick medical assistance to people and save more lives. Since the beginning of the invasion, ASBIS has provided humanitarian aid to Ukraine including numerous essential items, first aid kits, power generators, transport vehicles, as well as 20 ambulances.

Summing up, taking into consideration the war in Ukraine, high inflation and unfavorable geopolitical environment, we are extremely pleased with the Group's achievements in Q3 2022.

The Group has once again showed its strength and motivation to deliver a super strong outcome. The results of Q3 2022 allow us to be very optimistic for the following months.

**The principal events of the three-month period ended September 30<sup>th</sup>, 2022, were as follows (in U.S. \$ thousand):**

- Revenues in Q3 2022 decreased by only 2.49 % to U.S. \$ 698,676 from U.S. \$ \$ 716,511 in Q3 2021.
- Gross profit in Q3 2022 increased by 6.06% to U.S. \$ 55,995 from U.S. \$ 52,798 in Q3 2021.
- Gross profit margin in Q3 2022 remained very strong and reached 8.01% as compared to 7.37% in Q3 2021.
- Selling expenses in Q3 2022 slightly increased by 2.03% to U.S. \$ 15,396 from U.S. \$ 15,089 in Q3 2021.
- Administrative expenses in Q3 2022 increased by 10.51% to U.S. \$ 11,382 from U.S. \$ 10,299 in Q3 2021.
- EBITDA in Q3 2022 was higher year-on-year and reached U.S. \$ 30,625 as compared to U.S. \$ 28,717 in Q3 2021, an improvement of 6.64%.
- The Group finished Q3 2022 with an impressive net profit after tax amounting to U.S. \$ 20,106, as compared to U.S.\$ 18,234 in Q3 2021, representing a 10.26% growth.

**The following table presents revenues breakdown by regions in the three-month period ended September 30<sup>th</sup>, 2022, and 2021 respectively (in U.S. \$ thousand):**

Region	Q3 2022	Q3 2021	Change %
Former Soviet Union	371,217	422,699	-12.2%
Central and Eastern Europe	145,034	148,183	-2.1%
Middle East and Africa	121,765	75,478	61.3%
Western Europe	46,261	61,880	-25.2%
Other	14,399	8,271	74.1%
<b>Total</b>	<b>698,676</b>	<b>716,511</b>	<b>-2.5%</b>

**The principal events of the nine-month period ended September 30<sup>th</sup>, 2022, were as follows (in U.S. \$ thousand):**

- Revenues in Q1-Q3 2022 dropped by only 10.34% to U.S. \$ 1,909,711 from U.S. \$ 2,129,987 in the corresponding period of 2021.
- Gross profit in Q1-Q3 2022 improved by 6.78% to U.S. \$ 157,140 from U.S. \$ 147,158 in the corresponding period of 2021.

- Selling expenses in Q1-Q3 2022 increased by 11.70% to U.S. \$ 50,028 from U.S. \$ 44,788 in the corresponding period of 2021.
- Administrative expenses in Q1-Q3 2022 grew by 15.88% to U.S. \$ 34,117 from U.S. \$ 29,441 in the corresponding period of 2021. These expenses include costs for the support of Ukraine.
- EBITDA in Q1-Q3 2022 was positive and reached U.S. \$ 77,056, as compared to U.S. \$ 76,606 in the corresponding period of 2021.
- As a result of growth in gross profit and controlled expenses, in Q1-Q3 2022 the Group was able to deliver a strong net profit after tax of U.S. \$ 47,215 as compared to U.S. \$ 48,396 in the corresponding period of 2021. This result is considered to be excellent for the Group.

The following table presents revenues breakdown by regions in the nine-month periods ended September 30<sup>th</sup>, 2022, and 2021 respectively (in U.S.\$ thousand):

Region	Q1-Q3 2022	Q1-Q3 2021	Change %
Former Soviet Union	989,937	1,167,990	-15.2%
Central and Eastern Europe	461,123	466,217	-1.1%
Middle East and Africa	299,866	243,244	23.3%
Western Europe	125,365	208,793	-40.0%
Other	33,420	43,743	-23.6%
<b>Total</b>	<b>1,909,711</b>	<b>2,129,987</b>	<b>-10.3%</b>

#### 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 2022 and 2021, 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 31<sup>st</sup>, 2021, that is: 1 US\$ = 4.0600 PLN and 1 EUR = 4.5994 PLN and September 30<sup>th</sup>, 2022, that is: 1 US\$ = 4.9533 PLN and 1 EUR = 4.8698 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 2021, that is: 1 US\$ = 3.8907 PLN and 1 EUR = 4.5811 PLN and 1 July to 30 September 2022, that is: 1 US\$ = 4.7753 PLN and 1 EUR = 4.7787 PLN.
- Individual items in the income statement and statement of cash flows for separate Q3 2022 and Q3 2021 – 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 2021, that is: 1 US\$ = 3.8179 PLN and 1 EUR = 4.5585 PLN and 1 January to 30 September 2022, that is: 1 US\$ = 4.4413 PLN and 1 EUR = 4.6880 PLN.

	Period from 1 July to 30 September 2022			Period from 1 July to 30 September 2021		
	USD	PLN	EUR	USD	PLN	EUR
<b>Revenue</b>	<b>698,676</b>	<b>3,336,364</b>	<b>698,169</b>	<b>716,511</b>	<b>2,787,729</b>	<b>608,524</b>
Cost of sales	(642,681)	(3,068,973)	(642,215)	(663,713)	(2,582,308)	(563,683)
<b>Gross profit</b>	<b>55,995</b>	<b>267,391</b>	<b>55,954</b>	<b>52,798</b>	<b>205,421</b>	<b>44,841</b>
<i>Gross profit margin</i>	<i>8.01%</i>			<i>7.37%</i>		
Selling expenses	(15,396)	(73,520)	(15,385)	(15,089)	(58,707)	(12,815)
Administrative expenses	(11,382)	(54,352)	(11,374)	(10,299)	(40,070)	(8,747)
<b>Profit from operations</b>	<b>29,217</b>	<b>139,519</b>	<b>29,196</b>	<b>27,410</b>	<b>106,644</b>	<b>23,279</b>
Financial expenses	(6,258)	(29,884)	(6,253)	(6,341)	(24,671)	(5,385)
Financial income	1,339	6,394	1,338	886	3,447	752
Other gains and losses	331	1,581	331	91	354	77
Share of loss from associates	(10)	(48)	(10)	(8)	(31)	(7)
<b>Profit before taxation</b>	<b>24,619</b>	<b>117,562</b>	<b>24,601</b>	<b>22,038</b>	<b>85,743</b>	<b>18,717</b>
Taxation	(4,513)	(21,551)	(4,510)	(3,804)	(14,800)	(3,231)
<b>Profit after taxation</b>	<b>20,106</b>	<b>96,012</b>	<b>20,091</b>	<b>18,234</b>	<b>70,943</b>	<b>15,486</b>
<b>Attributable to:</b>						
Non-controlling interest	6	29	6	(19)	(74)	(16)
<b>Equity holders of the parent</b>	<b>20,100</b>	<b>95,983</b>	<b>20,085</b>	<b>18,253</b>	<b>71,017</b>	<b>15,502</b>

#### EBITDA calculation

	USD	PLN	EUR	USD	PLN	EUR
Profit before tax	24,619	117,562	24,601	22,038	85,743	18,717
<i>Add back:</i>						
Financial expenses/net	4,919	23,490	4,915	5,455	21,224	4,633
Other income	(331)	(1,581)	(331)	(91)	(354)	(77)
Share of loss of equity-accounted investees	10	48	10	8	31	7
Depreciation	1,093	5,219	1,092	1,012	3,937	859
Amortization	315	1,504	315	295	1,148	251
(Impairment of goodwill)/Negative goodwill	0	0	0	0	0	0
<b>EBITDA for the period</b>	<b>30,625</b>	<b>146,243</b>	<b>30,603</b>	<b>28,717</b>	<b>111,729</b>	<b>24,389</b>



	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)	PLN (grosz)	EUR (cents)
Basic and diluted earnings per share from continuing operations	36.22	172.96	36.19	32.89	127.97	27.93

	USD	PLN	EUR	USD	PLN	EUR
Net cash inflows from operating activities	24,754	118,207	24,736	44,582	173,455	37,863
Net cash outflows from investing activities	(2,801)	(13,376)	(2,799)	(1,475)	(5,739)	(1,253)
Net cash (outflows)/inflows from financing activities	(2,680)	(12,798)	(2,678)	13,769	53,571	11,694
<b>Net increase in cash and cash equivalents</b>	<b>19,273</b>	<b>92,034</b>	<b>19,259</b>	<b>56,876</b>	<b>221,287</b>	<b>48,304</b>
<b>Cash at the beginning of the period</b>	<b>90,112</b>	<b>430,309</b>	<b>90,047</b>	<b>48,407</b>	<b>188,337</b>	<b>41,111</b>
<b>Cash at the end of the period</b>	<b>109,385</b>	<b>522,343</b>	<b>109,306</b>	<b>105,283</b>	<b>409,625</b>	<b>89,416</b>

	As of 30 September 2022			As of 31 December 2021		
	USD	PLN	EUR	USD	PLN	EUR
Current assets	848,246	4,201,617	862,790	874,760	3,551,526	772,172
Non-current assets	50,135	248,334	50,995	48,427	196,614	42,748
<b>Total assets</b>	<b>898,381</b>	<b>4,449,951</b>	<b>913,785</b>	<b>923,187</b>	<b>3,748,139</b>	<b>814,919</b>
Liabilities	670,117	3,319,291	681,607	733,723	2,978,915	647,675
Equity	228,264	1,130,660	232,178	189,464	769,224	167,244

	Period from 1 January to 30 September 2022			Period from 1 January to 30 September 2021		
	USD	PLN	EUR	USD	PLN	EUR
<b>Revenue</b>	<b>1,909,711</b>	<b>8,481,642</b>	<b>1,809,215</b>	<b>2,129,987</b>	<b>8,132,030</b>	<b>1,783,931</b>
Cost of sales	(1,752,571)	(7,783,733)	(1,660,345)	(1,982,828)	(7,570,195)	(1,660,681)
<b>Gross profit</b>	<b>157,140</b>	<b>697,909</b>	<b>148,871</b>	<b>147,158</b>	<b>561,831</b>	<b>123,249</b>
<i>Gross profit margin</i>	8.23%			6.91%		
Selling expenses	(50,028)	(222,190)	(47,395)	(44,788)	(170,995)	(37,511)
Administrative expenses	(34,117)	(151,525)	(32,322)	(29,441)	(112,402)	(24,658)
<b>Profit from operations</b>	<b>72,995</b>	<b>324,194</b>	<b>69,154</b>	<b>72,929</b>	<b>278,434</b>	<b>61,080</b>
Financial expenses	(18,594)	(82,582)	(17,616)	(16,863)	(64,381)	(14,123)
Financial income	2,828	12,560	2,679	2,967	11,328	2,485
Other gains and losses	647	2,874	613	335	1,279	281
Share of loss from associates	(85)	(378)	(81)	(6)	(23)	(5)
<b>Profit before taxation</b>	<b>57,791</b>	<b>256,668</b>	<b>54,750</b>	<b>59,362</b>	<b>226,637</b>	<b>49,718</b>
Taxation	(10,576)	(46,971)	(10,019)	(10,966)	(41,867)	(9,184)
<b>Profit after taxation</b>	<b>47,215</b>	<b>209,697</b>	<b>44,730</b>	<b>48,396</b>	<b>184,770</b>	<b>40,533</b>
<b>Attributable to:</b>						
Non-controlling interests	(18)	(80)	(17)	(15)	(57)	(13)
<b>Equity holders of the parent</b>	<b>47,233</b>	<b>209,777</b>	<b>44,747</b>	<b>48,411</b>	<b>184,827</b>	<b>40,546</b>

**EBITDA calculation**

	USD	PLN	EUR	USD	PLN	EUR
Profit before tax	57,791	256,668	54,750	59,362	226,637	49,718
<i>Add back:</i>						
Financial expenses/net	15,766	70,022	14,936	13,896	53,053	11,638
Other income	(647)	(2,874)	(613)	(335)	(1,279)	(281)
Share of loss of equity-accounted investees	85	378	81	6	23	5
Depreciation	3,173	14,092	3,006	2,815	10,747	2,358
Amortization	888	3,944	841	862	3,291	722
(Impairment of goodwill)/Negative goodwill	0	0	0	0	0	0
<b>EBITDA for the period</b>	<b>77,056</b>	<b>294,190</b>	<b>64,537</b>	<b>76,606</b>	<b>296,904</b>	<b>64,862</b>

	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)	PLN (grosz)	EUR (cents)
Basic and diluted earnings per share from continuing operations	85.10	324.90	71.27	87.23	333.03	73.06

	USD	PLN	EUR	USD	PLN	EUR
Net cash outflows from operating activities	(25,410)	(112,854)	(24,073)	(4,200)	(16,035)	(3,518)
Net cash outflows from investing activities	(7,234)	(32,129)	(6,853)	(11,062)	(42,233)	(9,265)
Net cash (outflows)/inflows from financing activities	(8,890)	(39,483)	(8,422)	6,864	26,206	5,749
<b>Net decrease in cash and cash equivalents</b>	<b>(41,535)</b>	<b>(184,470)</b>	<b>(39,349)</b>	<b>(8,398)</b>	<b>(32,063)</b>	<b>(7,034)</b>
<b>Cash at the beginning of the period</b>	<b>150,919</b>	<b>670,280</b>	<b>142,977</b>	<b>113,683</b>	<b>434,028</b>	<b>95,213</b>
<b>Cash at the end of the period</b>	<b>109,384</b>	<b>485,810</b>	<b>103,628</b>	<b>105,283</b>	<b>401,958</b>	<b>88,178</b>

**4. Organization of ASBIS Group**

The following table presents our corporate structure as at 30 September 2022:

Company	Consolidation Method
<b>ASBISC Enterprises PLC</b>	<b>Mother company</b>
Asbis Ukraine Limited (Kiev, Ukraine)	Full (100%)
Asbis PL Sp.z.o.o (Warsaw, Poland)	Full (100%)
Asbis Poland Sp. z o.o. (Warsaw, Poland)	Full (100%)
Asbis Romania S.R.L (Bucharest, Romania)	Full (100%)
Asbis Cr d.o.o (Zagreb, Croatia)	Full (100%)
Asbis d.o.o Beograd (Belgrade, Serbia)	Full (100%)
Asbis Hungary Commercial Limited (Budapest, Hungary)	Full (100%)
Asbis Bulgaria Limited (Sofia, Bulgaria)	Full (100%)
Asbis CZ, spol.s.r.o (Prague, Czech Republic)	Full (100%)
UAB Asbis Vilnius (Vilnius, Lithuania)	Full (100%)
Asbis Slovenia d.o.o (Trzin, Slovenia)	Full (100%)
Asbis Middle East FZE (Dubai, U.A.E)	Full (100%)
Asbis SK sp.l sr.o (Bratislava, Slovakia)	Full (100%)
FPUE Automatic Systems of Business Control (Minsk, Belarus)	Full (100%)

E.M. Euro-Mall Ltd (Limassol, Cyprus)	Full (100%)
OOO 'Asbis'-Moscow (Moscow, Russia)	Full (100%)
Asbis Morocco Limited (Casablanca, Morocco)	Full (100%)
Prestigio Plaza Ltd (formerly Prestigio Technologies) (Limassol, Cyprus)	Full (100%)
Perenio IoT spol. s.r.o. (Prague, Czech Republic)	Full (100%)
Asbis Kypros Ltd (Limassol, Cyprus)	Full (100%)
"ASBIS BALTICS" SIA (Riga, Latvia)	Full (100%)
Asbis d.o.o. (Sarajevo, Bosnia Herzegovina)	Full (90%)
ASBIS Close Joint-Stock Company (Minsk, Belarus)	Full (100%)
ASBIS Kazakhstan LLP (Almaty, Kazakhstan)	Full (100%)
Euro-Mall SRO (Bratislava, Slovakia)	Full (100%)
Asbis China Corp. (former Prestigio China Corp.) (Shenzhen, China)	Full (100%)
ASBIS DE GMBH, (Munich, Germany)	Full (100%)
EUROMALL BULGARIA EOOD (Sofia, Bulgaria)	Full (100%)
E-vision Production Unitary Enterprise (Minsk, Belarus)	Full (100%)
iSupport Ltd (Kiev, Ukraine) (former ASBIS SERVIC Ltd)	Full (100%)
I ON 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%)
ASBC LLC (Tbilisi, Georgia)	Full (100%)
Real Scientists Limited (London, United Kingdom)	Full (55%)
i-Care LLC (Almaty, Kazakhstan)	Full (100%)
ASBIS IT Solutions Hungary Kft. (Budapest, Hungary)	Full (100%)
Breezy LLC (Minsk, Belarus) (former Café-Connect LLC)	Full (100%)
MakSolutions LLC (Minsk, Belarus)	Full (100%)
Breezy TOO (Almaty, Kazakhstan) (former TOO "ASNEW")	Full (100%)
Breezy Ltd (Kiev, Ukraine)	Full (100%)
I.O.N. Clinical Trading Ltd (Limassol, Cyprus)	Full (70%)
R.SC. Real Scientists Cyprus Ltd (Limassol, Cyprus)	Full (85%)
ASBIS CA LLC (Tashkent, Uzbekistan)	Full (100%)
Breezy Service LLC (Kiev, Ukraine)	Full (100%)
Breezy Trade-In Ltd (Limassol, Cyprus) (former Redmond Europe Ltd)	Full (80%)
I.O. Clinic Latvia SIA (Riga, Latvia)	Full (100%)
SIA Joule Production (Riga, Latvia)	Full (100%)
ASBC LLC (Yerevan, Armenia)	Full (100%)
Breezy Georgia LLC (Tbilisi, Georgia)	Full (100%)
ASBC Entity OOO (Tashkent, Uzbekistan)	Full (100%)
ACEAN.PL Sp. z o.o (Warsaw, Poland)	Full (100%)
Entoliva Ltd (Limassol, Cyprus)	Full (100%)

## 5. Changes in the structure of the Company

During the three months ended September 30<sup>th</sup>, 2022, there have been the following changes in the Group's structure:

- On July 22<sup>nd</sup>, 2022, the Issuer has disposed 100% of shares in the company OOO Must (Moscow, Russia) for a consideration of USD 14.
- On August 8<sup>th</sup>, 2022, the Issuer has acquired 100% shares of the company Entoliva Ltd (Limassol, Cyprus). The Issuer holds 100% of shares in this subsidiary, being equal to share capital of EUR 10 (USD 10). We acquired this entity for land development.

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

On May 4th, 2022, the Company announced its official financial forecast for 2022 that assumed revenues between US\$ 2.2 billion and US\$ 2.4 billion and net profit after tax between US\$ 48.0 and US\$ 52.0 million.

Having seen the results for Q3 2022, we are confident that we shall be able to deliver the announced financial forecast for 2022. The management is considering all relevant matters and will come out to the market with its upgraded forecast.

## 7. Information on dividend payment

During the three months ended September 30th, 2022, the Company has not paid any dividend.

On November 2nd, 2022, the Company's Board of Directors decided for a payment of an interim dividend from 2022 profits of US\$ 0.20 per share. The record date for the shareholders to receive this dividend is the 17<sup>th</sup> of November 2022 and the payment date is the 1<sup>st</sup> of December 2022.

## 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	Number of votes	% of votes
KS Holdings Ltd*	20,448,127	36.84%	20,448,127	36.84%
ASBISc Enterprises Plc (buy-back program)	328,800	0.59%	328,800	0.59%
Free float	34,723,073	62.56%	34,723,073	62.56%
<b>Total</b>	<b>55,500,000</b>	<b>100%</b>	<b>55,500,000</b>	<b>100%</b>

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

### Summary of the buy-back program:

On March 31st, 2022, the Company started to execute the current buy-back program which was approved by the Extraordinary General Meeting of Shareholders held on February 28th, 2022. According to the resolution, the Board of Directors has been authorized to buy-back up to 2,000,000 shares for a maximum of USD 1,000,000.

In Q3 2022, the buy-back program has come to end, due to the use of all funds that have been allocated for this purpose.

Within the buy-back program, the Company during market sessions between 31st March 2022 and 1st September 2022, purchased a total number of 328,800 own shares, representing 0.59% of its share capital and giving 328,800 votes (0.59%) at the General Meeting of Shareholders.

The average unit price of the purchase was PLN 13.32 per share.

The Board of Directors of the Company has not yet decided how to use this treasury stock. According to the resolution of the EGM, the shares purchased within the program could be held for a maximum of two years from the acquisition date.

Besides the above-mentioned purchase of own shares, there were no changes in the number of shares possessed by major shareholders during the period between August 11th, 2022 (the date of the publication of the interim report for H1 2022) and the date of this report.

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

During the three months ended September 30<sup>th</sup>, 2022, and in the period between August 11<sup>th</sup>, 2022 (the date of the publication of the interim report for H1 2022) and November 3<sup>rd</sup>, 2022 (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:

<b>Name</b>	<b>Number of Shares</b>	<b>% Of the share capital</b>
Siarhei Kostevitch (directly and indirectly) *	20,448,127	36.83%
Constantinos Tziamalis	556,600	1.00%
Marios Christou	463,061	0.83%
Julia Prihodko	0	0%
Maria Petridou	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 treasury stock.

#### **10. Changes in the members of managing bodies**

During the three-month period ended September 30<sup>th</sup>, 2022, 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 30<sup>th</sup>, 2022, 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 of September 30<sup>th</sup>, 2022, to support its subsidiaries' local financing, amounted to U.S. \$ \$ 174,637.

The total bank guarantees, and letters of credit raised by the Group (mainly to Group suppliers) as of September 30<sup>th</sup>, 2022, was U.S. \$ 41,289 – as per note number 17 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 30<sup>th</sup>, 2022, 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 war between Russia and Ukraine and sanctions imposed on Russia and Belarus**

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

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

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

The COVID-19 pandemic has had and continues to have a significant impact around the world. We are still in the pandemic mode and the world is looking to see how the situation will evolve onwards. The shutdowns of the economies are no longer options, however, the zero-COVID policy in China and Chinese covid lockdowns have disrupted the supply chain and made consumers much concerned about the overall situation.

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. Even though we have improved our procedures, we cannot be certain that all risks are mitigated.

##### **Currency fluctuations**

The Company's reporting currency is the U.S. dollar. In the 9M 2022 a good portion of our revenues was denominated in U.S. dollars, while the balance is denominated in Euro, Ruble, UAH, KZT and other currencies, certain of which are linked to the Euro. Our trade payable balances are principally (about 85%) denominated in U.S. dollars. In addition, approximately half of our operating expenses are denominated in U.S. dollars and the other half in Euro or other currencies, certain of which are linked to the Euro.

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



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

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

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

### **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 brands. This allows the Company to deliver healthier gross profit margins when conditions are favorable. In the traditional distribution business, the Company's gross profit margins, like those of other distributors of IT products, are low and the Company expects that in the distribution arm of its business they will remain low in the foreseeable future.

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

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

To increase gross margins, the Company has developed its own brand business as this allows for higher gross profit margins. The Company has also invested in the VAD business which delivers higher gross profit margins.

**Inventory obsolescence and price erosion**

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

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

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

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

**Credit risk**

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

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

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

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

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

**Worldwide financial environment**

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

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

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

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



**Seasonality**

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

**Development of own-brand business**

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

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

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

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

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

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

**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 2022.

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. At 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 banks and is currently undertaking certain extra steps to further lower its cost of financing. Base rates have recently shown a significant increase and this has increased the Company's WACD.

**Environmental and Climate Changes**

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

We may also face market risk with consumers switching to more energy-efficient appliances or making more savvy purchases to limit their own impact on the environment. We will monitor these trends and introduce the latest hardware for our customers. We may also face reputational risks with difficulties in attracting customers, business partners and employees if we do not take strong enough actions against climate changes.

In terms of physical risks resulting from climate changes, we may face both acute and chronic risks. Acute physical risks may arise from weather-related events in the form of floods, fires or droughts that may damage factories in certain regions, cause factories to limit or temporarily stop their production or disrupt our supply chain in other ways.

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

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

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

#### **Three- and nine-month periods ended 30 September 2022 compared to the three- and nine-month periods ended 30 September 2021**

**Revenues:** Revenues in Q3 2022 and Q1-Q3 2022 decreased as compared to the corresponding periods of 2021, mainly due to the war in Ukraine, which has limited our revenues in the FSU and destabilized the CEE region and negatively affected our business in countries involved in the war as well as nearby countries. However, the Company was able to offset to a large extent the negative effects emanating from the war in Ukraine by focusing on development and investment in non-conflict markets.

- Revenues in Q3 2022 decreased by only 2.49% to U.S. \$ 698,676 from U.S. \$ 716,511 in Q3 2021.
- Revenues in Q1-Q3 2022 dropped by only 10.34% to U.S. \$ 1,909,711 from U.S. \$ 2,129,987 in the corresponding period of 2021.

**Seasonality and growth cycle in ASBIS revenues  
between Q3 2019 and Q3 2022  
(in U.S.\$ thousand)**



**Gross profit:** Gross profit increased both in Q3 2022 and Q1-Q3 2022 as compared to the corresponding periods of 2021.

- Gross profit in Q3 2022 increased by 6.06% to U.S. \$ 55,995 from U.S. \$ 52,798 in Q3 2021.
- Gross profit in Q1-Q3 2022 grew by 6.78% to U.S. \$ 157,139 from U.S. \$ 147,158 in the corresponding period of 2021.



**Gross profit margin** much increased both in Q3 2022 and Q1-Q3 2022 as compared to the corresponding periods of 2021.

- Gross profit margin in Q3 2022 improved and reached 8.01% from 7.37% in Q3 2021.
- Gross profit margin in Q1-Q3 2022 strongly increased to 8.23% from 6.91% in the corresponding period of 2021.

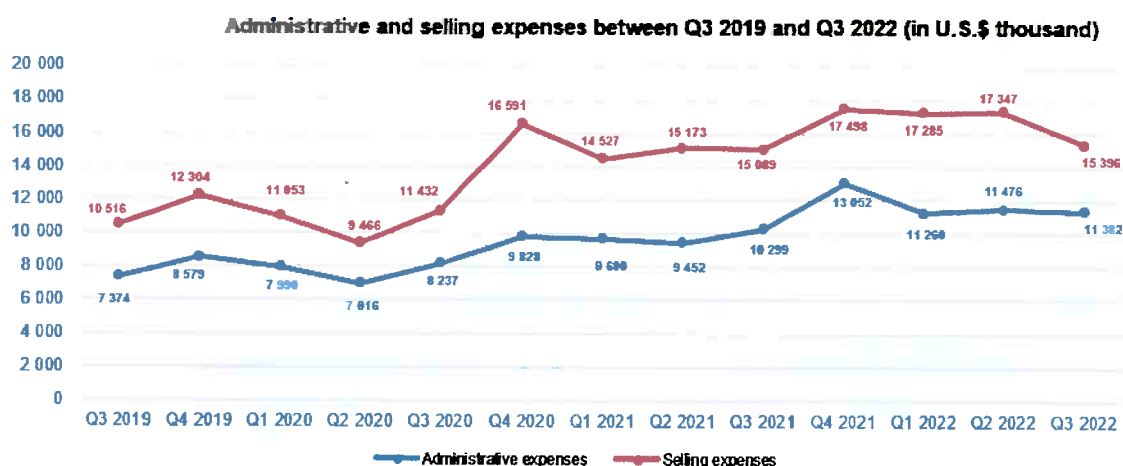
**Selling expenses** largely comprise of salaries and benefits paid to sales employees (sales, marketing and logistics departments), marketing and advertising fees, commissions, and traveling expenses. Selling expenses usually grow together (but not in-line) with growing sales and, most importantly,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

- Selling expenses in Q3 2022 increased slightly by 2.03% to U.S. \$ 15,396 from U.S. \$ 15,089 in Q3 2021.
- Selling expenses in Q1-Q3 2022 grew by 11.70% to U.S. \$ 50,028 from U.S. \$ 44,788 in the corresponding period of 2021.

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

- Administrative expenses in Q3 2022 grew by 10.51% to U.S. \$ 11,382 from U.S. \$ 10,299 in Q3 2021.
- Administrative expenses in Q1-Q3 2022 grew by 15.88% to U.S. \$ 34,117 from U.S. \$ 29,441 in the corresponding period of 2021.

In Q3 2022 and Q1-Q3 2022 administrative expenses include the costs incurred to support Ukraine.



#### EBITDA:

- In Q3 2022 EBITDA improved by 6.64% and reached U.S. \$ 30,625 as compared to U.S. \$ 28,717 in Q3 2021
- EBITDA in Q1-Q3 2022 was positive and amounted to U.S. \$ 77,056, as compared to U.S. \$ 76,606 in the corresponding period of 2021.

#### Net profit:

The Company recorded both in Q3 2022 and Q1 -Q3 2022 a net profit for the Group, which is considered to be remarkable for the Group given the current situation in Ukraine.

- In Q3 2022, the Group's net profit after tax increased by 10.26% and reached U.S. \$ 20,106, as compared to U.S. \$ 18,234 in Q3 2021.
- In Q1-Q3 2022, the Group's net profit after taxation amounted to U.S. \$ 47,215, as compared to U.S. \$ 48,396 in the corresponding period of 2021.

#### 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 2022 or the 9M 2022. In Q3 2022 and the 9M 2022 sales in the F.S.U. decreased by 12.2% and 15.2% respectively, while the sales in the CEE slightly decreased by 2.1% in Q3 2022 and 1.1% in the 9M 2022. It's worth mentioning that the sales in Middle East and Africa increased significantly both in Q3 2022 and the 9M 2022 by 61.3% and 23.3% respectively, as compared to last year.

This confirms that we were able to offset lower sales in the F.S.U. with higher sales in other regions of our operations. The major reasons for lower sales are mainly attributed to the war in Ukraine (that has also affected nearby countries), high inflation and lower customer demand.

As a result of the above-mentioned facts, the contribution of certain regions – like the CEE region, in total revenues of the Company for Q3 2022 and the 9M 2022 has changed compared to the corresponding periods of 2021. Central and Eastern Europe contribution has grown both in Q3 2022 and the 9M 2022 to 20.76% from 20.68% and 24.15% from 21.89% respectively. At the same time, the F.S.U. region contribution has decreased to 53.13% from 58.99% in Q3 2022 and 51.84% from 54.84% in the 9M 2022.

Country-by-country analysis confirms that a major decrease in sales was noted in the markets directly affected by the war in Ukraine. Our business in Ukraine was one of the highest affected but due to the strong effort of the Group, we were able to fill out the gap and deliver strong revenues in Q3 2022 which were down only 2% as compared to Q3 2021.

On the other hand, though, the Company was able to much increase sales in markets that were not directly affected by the war in Ukraine, like Kazakhstan – currently our biggest market, where revenues grew by 98.2% in Q3 2022 and 63.3% in the 9M 2022 as compared to Q3 2021 and the 9M 2021 accordingly.

United Arab Emirates - our second largest market delivered the revenues of USD 232.4 million in the 9M 2022 (an increase by 42.8% year-over-year).

Azerbaijan and Armenia grew exceptionally both in Q3 2022 and the 9M 2022 as compared to the corresponding periods of 2021.

Poland generated a strong growth both in Q3 2022 and the 9M 2022 (+15.7% and 12.7% respectively).

The tables below provide a geographical breakdown of sales for the three- and nine-month periods ended September 30<sup>th</sup>, 2022, and 2021 (in U.S. \$ thousand).

	Q3 2022		Q3 2021	
	U.S. \$ thousand	% Of total revenues	U.S. \$ thousand	% Of total revenues
<b>Former Soviet Union</b>	371,217	53.13%	422,699	58.99%
<b>Central and Eastern Europe</b>	145,034	20.76%	148,183	20.68%
<b>Middle East and Africa</b>	121,765	17.43%	75,478	10.53%
<b>Western Europe</b>	46,261	6.62%	61,880	8.64%
<b>Other</b>	14,399	2.06%	8,271	1.15%
<b>Total</b>	<b>698,676</b>	<b>100%</b>	<b>716,511</b>	<b>100%</b>

	Q1-Q3 2022		Q1-Q3 2021	
	U.S. \$ thousand	% Of total revenues	U.S. \$ thousand	% Of total revenues
<b>Former Soviet Union</b>	989,937	51.84%	1,167,990	54.84%
<b>Central and Eastern Europe</b>	461,123	24.15%	466,217	21.89%
<b>Middle East and Africa</b>	299,866	15.70%	243,244	11.42%
<b>Western Europe</b>	125,365	6.56%	208,793	9.80%
<b>Other</b>	33,420	1.75%	43,743	2.05%
<b>Total</b>	<b>1,909,711</b>	<b>100%</b>	<b>2,129,987</b>	<b>100%</b>

**Revenue breakdown – Top 10 countries in Q3 2022 and Q3 2021 (In U.S. \$ thousand)**

Q3 2022		Q3 2021	
Country	Sales	Country	Sales
1. Kazakhstan	163,351	Russia	158,112
2. Ukraine	103,427	Ukraine	105,535
3. United Arab Emirates	97,883	Kazakhstan	82,402
4. Slovakia	54,376	United Arab Emirates	55,804
5. Azerbaijan	27,194	Belarus	47,195
6. Armenia	23,580	Slovakia	43,022
7. Czech Republic	19,347	Czech Republic	23,981
8. Poland	19,272	Poland	16,658
9. Germany	18,660	The Netherlands	15,920
10. Georgia	18,630	Romania	13,508
<b>TOTAL</b>	<b>698,676</b>	<b>TOTAL</b>	<b>716,511</b>

**Revenue breakdown – Top 10 countries in Q1-Q3 2022 and Q1-Q3 2021 (in U.S. \$ thousand)**

Q1-Q3 2022		Q1-Q3 2021	
Country	Sales	Country	Sales
1. Kazakhstan	399,887	Russia	396,865
2. United Arab Emirates	232,356	Ukraine	296,535
3. Ukraine	218,397	Kazakhstan	244,849
4. Slovakia	165,161	United Arab Emirates	162,661
5. Russia	118,958	Slovakia	130,231
6. Czech Republic	72,589	Belarus	126,257
7. Azerbaijan	65,118	Czech Republic	74,691
8. Poland	59,068	The Netherlands	64,194
9. Belarus	56,745	Poland	52,408
10. Armenia	50,060	Romania	44,109
<b>TOTAL</b>	<b>1,909,711</b>	<b>TOTAL</b>	<b>2,129,987</b>

**Sales by product lines**

Starting from the 24<sup>th</sup> of February 2022, revenues have been under a serious pressure caused by the invasion of Russia in Ukraine that affected sales in a number of countries across our operations. In Q3 2022 revenues from almost all main product lines (except smartphones) decreased compared to Q3 2021. As a result, revenues from sale of all product lines in the 9M 2022 were lower than in corresponding period of 2021.

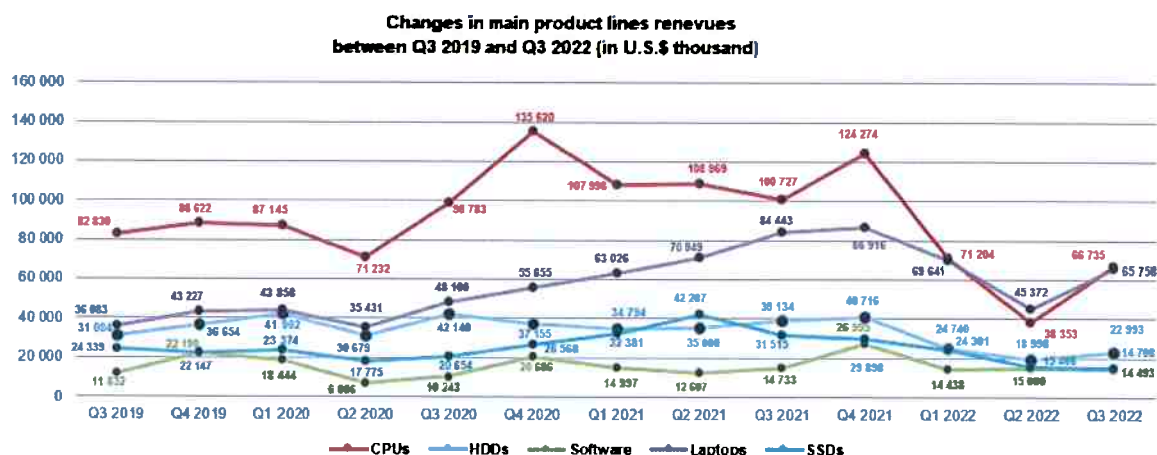
As always, ASBIS has a very flexible approach to market conditions, so the main focus now is on strengthening its sales in Central Europe, selected non-conflict FSU countries like Kazakhstan, Azerbaijan, Georgia and Armenia, and countries in the Middle East and Africa. We are already seeing a good increase in sales in these regions.



We are not only developing our markets, but also constantly introducing higher-margin IT solutions to our portfolio of products and services, so that meets today's customer needs as much as possible. Therefore, we have signed new distribution agreements and extended our cooperation with current partners to new markets that have not been covered by the agreements so far.

One of the latest agreements was the one signed with Milesight - a rapidly growing AIoT solution provider that offers value-added services and state-of-the-art technologies for the digital protection of people and property. Milesight gives us world-class products, we see great potential and synergy in combining our existing portfolio of servers, storage and network equipment with physical security products.

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

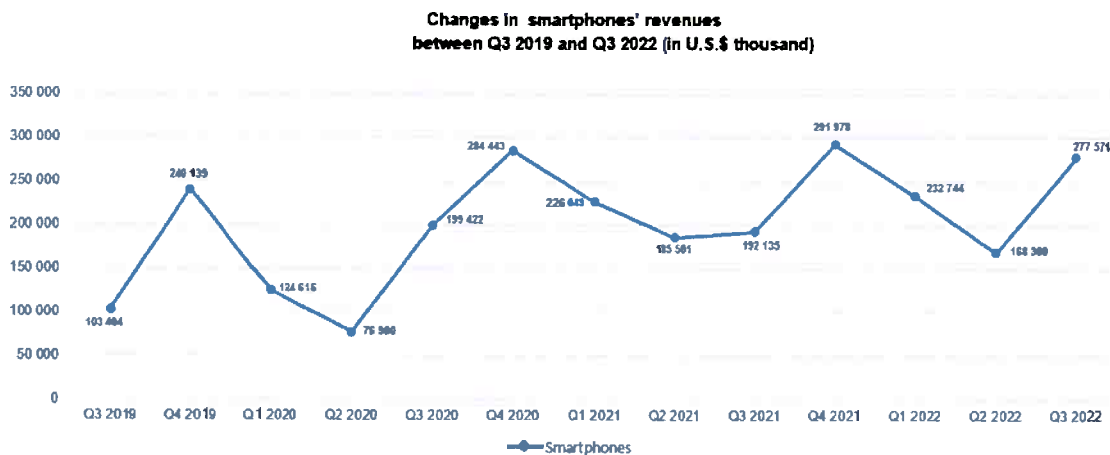


In Q3 2022 and the 9M 2022 the main drivers for our sales were smartphones, CPUs and laptops.

Revenues emanated from CPUs decreased by 33.7% in Q3 2022 and 44.5% in the 9M 2022. Revenues from HDDs dropped by 41.2% in Q3 2022 and 38.7% in the 9M 2022. In Q3 2022 revenues from software decreased by 1.6% but increased by 3.8% in the 9M 2022. Laptop business decreased by 22.1% in Q3 2022 and 17.2% in the 9M 2022. Revenues from SSDs decreased by 53.3% in Q3 2022 and 48.7% in the 9M 2022.

From "Other" product lines, the Company has noticed a positive trend in the 9M 2022 in servers and server blocks (+8.8%), smart devices (+23.7%) and display products (+9.4%).

The chart below indicates the trends in smartphone sales:



Sales of smartphones, which contribute to the majority of our revenues increased both in Q3 2022 and the 9M 2022 by 44.5% and 12.4% respectively, as compared to the corresponding periods of 2021.

The increase observed in Q3 2022 and the 9M 2022 was a result of higher demand and higher sales of a different mix of iPhone sales. We expect that the demand for the iPhones models will remain strong in the months to come.

The table below sets a breakdown of revenues, by product lines, for Q3 2022 and Q3 2021 (in U.S. \$ thousand):

	Q3 2022		Q3 2021	
	U.S. \$ thousand	% of total revenues	U.S. \$ thousand	% of total revenues
Smartphones	277,571	39.73%	192,135	26.82%
Central processing units (CPUs)	66,735	9.55%	100,727	14.06%
PC mobile (laptops)	65,758	9.41%	84,443	11.79%
Peripherals	35,281	5.05%	36,182	5.05%
Audio devices	25,113	3.59%	33,286	4.65%
Servers & server blocks	24,718	3.54%	27,582	3.85%
Hard disk drives (HDDs)	22,993	3.29%	39,134	5.46%
Smart devices	20,822	2.98%	14,080	1.97%
Display products	16,473	2.36%	15,772	2.20%
Networking products	15,185	2.17%	16,023	2.24%
Solid-state drives (SSDs)	14,708	2.11%	31,515	4.40%
Software	14,493	2.07%	14,733	2.06%
Multimedia	12,937	1.85%	12,830	1.79%
PC desktop	12,224	1.75%	16,763	2.34%
Tablets	11,714	1.68%	15,758	2.20%
Accessories	9,717	1.39%	7,919	1.11%
Home appliances	8,602	1.23%	4,825	0.67%
Video cards and GPUs	7,037	1.01%	15,208	2.12%
Other	36,593	5.24%	37,596	5.25%
<b>Total revenue</b>	<b>698,676</b>	<b>100%</b>	<b>716,511</b>	<b>100%</b>

The table below sets a breakdown of revenues, by product lines, for Q1-3 2022 and Q1-3 2021 (in U.S. \$ thousand):

	Q1-Q3 2022		Q1-Q3 2021	
	U.S. \$ thousand	% of total revenues	U.S. \$ thousand	% of total revenues
Smartphones	678,625	35.54%	603,686	28.34%
PC mobile (laptops)	180,771	9.47%	218,418	10.25%
Central processing units (CPUs)	176,292	9.23%	317,694	14.92%
Peripherals	104,306	5.46%	103,293	4.85%
Servers & server blocks	82,218	4.31%	75,562	3.55%
Audio devices	73,728	3.86%	95,055	4.46%
Hard disk drives (HDDs)	66,731	3.49%	108,928	5.11%
Solid-state drives (SSDs)	54,475	2.85%	106,182	4.99%
Smart devices	53,696	2.81%	43,412	2.04%
Networking products	47,265	2.47%	51,765	2.43%
Display products	45,639	2.39%	41,714	1.96%
Software	43,932	2.30%	42,337	1.99%



Multimedia	42,477	2.22%	41,978	1.97%
PC desktop	41,187	2.16%	52,218	2.45%
Memory modules (RAM)	39,733	2.08%	49,342	2.32%
Tablets	29,930	1.57%	45,807	2.15%
Video cards and GPUs	25,151	1.32%	29,828	1.40%
Accessories	24,293	1.27%	22,896	1.07%
Other	99,261	5.20%	79,872	3.75%
<b>Total revenue</b>	<b>1,909,711</b>	<b>100%</b>	<b>2,129,987</b>	<b>100%</b>

## 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 the 9 months of 2022 has been mainly impacted by increased working capital utilization. The management of the Company aims to have a positive cash flow from operations for 2022.

The following table presents a summary of cash flows for the nine months ended September 30<sup>th</sup>, 2022, and 2021 (in U.S. \$ thousand):

	Nine months ended September 30 <sup>th</sup>	
	2022	2021
Net cash outflows from operating activities	(25,410)	(4,200)
Net cash outflows from investing activities	(7,234)	(11,062)
Net cash (outflows)/inflows from financing activities	(8,890)	6,864
Net decrease in cash and cash equivalents	(41,534)	(8,398)

### ***Net cash outflows from operations***

Net cash outflows from operations amounted to U.S. \$ 25,410 for the nine months ended September 30<sup>th</sup>, 2022, compared to outflows of U.S. \$ 4,200 in the corresponding period of 2021. The Company expects cash from operations to turn positive for the year 2022.

### ***Net cash outflows from investing activities***

Net cash outflows from investing activities were U.S. \$ 7,234 for the nine months ended September 30<sup>th</sup>, 2022, compared to outflows of U.S. \$ 11,062 in the corresponding period of 2021.

### ***Net cash outflows from financing activities***

Net cash outflows from financing activities were U.S. \$ 8,890 for the nine months ended September 30<sup>th</sup>, 2022, compared to inflows of U.S. \$ 6,864 in the corresponding period of 2021.

### ***Net decrease in cash and cash equivalents***

As a result of a higher working capital utilization, cash and cash equivalents decreased by US\$ 41,534, as compared to decrease of US\$ 8,398 in the corresponding period of 2021.

## **16. Factors which may affect our results in the future**

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

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

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

The COVID-19 pandemic has had, and continues to have, a significant impact around the world. We are still in the pandemic mode and the world is looking to see how the situation will evolve from now onwards. The shutdowns of the economies are no longer options, however Chinese covid lockdowns have disrupted supply chains and made consumers much concerned about the overall situation.

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

### **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.

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 very well 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. Since the F.S.U. and CEE regions are the biggest contributors to the Company's revenues, it is very important to adapt to any market changes that might arise in these geographies. This is especially important while facing the war in Ukraine also affecting nearby countries. Therefore, we now pay more and more attention to any possible market developments in all other growing regions.

In 2022 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, 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 and weather any unforeseen issues that may appear in the future.

### **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 strong increase observed in Q3 2022 and the 9M 2022 as compared to the corresponding periods of 2021 was a result of the continuation of the current Company's strategy to focus mostly on high margin products and services. It is worth underlining that increased gross profit margin was achieved at a time of the war in Ukraine.

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 2022. Therefore, the hedging strategy should be followed and further improved without any exception in the coming months of 2022 and going forward.

### **Ability of the Group to control expenses**

Selling and administrative expenses increased both in Q3 2022 and the 9M 2022 by 5.5% and by 13.4% respectively as compared to the corresponding periods of 2021. This was mostly due to investments in human capital to support the Company's development.

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

### **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 and Electronic Distribution (ESD) 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 the 9M 2022. 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 30<sup>th</sup>, 2022, and before this report release**

According to our best knowledge, in the period between September 30<sup>th</sup>, 2022, and November 3<sup>rd</sup>, 2022, 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 2022**

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**ASBISC ENTERPRISES PLC**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

# ASBISC ENTERPRISES PLC

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## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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# ASBISC ENTERPRISES PLC

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(in thousands of US\$)

	Note	For the three months ended 30 September 2022		For the three months ended 30 September 2021		For the nine months ended 30 September 2021	
		US\$	US\$	US\$	US\$	US\$	US\$
<b>Revenue</b>	4,24	698,676	716,511	1,909,711	2,129,987		
Cost of sales		(642,681)	(663,713)	(1,752,571)	(1,982,829)		
<b>Gross profit</b>		55,995	52,798	157,140	147,158		
Selling expenses		(15,396)	(15,089)	(50,028)	(44,788)		
Administrative expenses		(11,382)	(10,299)	(34,117)	(29,441)		
<b>Profit from operations</b>		29,217	27,410	72,995	72,929		
Financial income	7	1,339	886	2,828	2,967		
Financial expenses	7	(6,258)	(6,341)	(18,594)	(16,863)		
<b>Net finance costs</b>		(4,919)	(5,455)	(15,766)	(13,896)		
Other gains and losses	5	331	91	647	335		
Share of loss of equity-accounted investees		(10)	(8)	(85)	(6)		
<b>Profit before tax</b>	6	24,619	22,038	57,791	59,362		
Taxation	8	(4,513)	(3,804)	(10,576)	(10,966)		
<b>Profit for the period</b>		20,106	18,234	47,215	48,396		
<b>Attributable to:</b>							
Equity holders of the parent		20,100	18,253	47,233	48,411		
Non-controlling interests		6	(19)	(18)	(15)		
		20,106	18,234	47,215	48,396		
<b>Earnings per share</b>		US\$ cents	US\$ cents	US\$ cents	US\$ cents		
Basic and diluted from continuing operations		36.22	32.89	85.10	87.23		

## ASBISC ENTERPRISES PLC

### CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2022 *(in thousands of US\$)*

	For the three months ended 30 September 2022 US\$	For the three months ended 30 September 2021 US\$	For the nine months ended 30 September 2022 US\$	For the nine months ended 30 September 2021 US\$
<b>Profit for the period</b>	20,106	18,234	47,215	48,396
<b>Other comprehensive loss</b>				
Exchange difference on translating foreign operations	(6,341)	(585)	(2,333)	(863)
Reclassification adjustments relating to foreign operations liquidated and disposed in the period	282	-	282	-
<b>Other comprehensive loss for the period</b>	(6,059)	(585)	(2,051)	(863)
<b>Total comprehensive income for the period</b>	14,047	17,649	45,164	47,533
<b>Total comprehensive income attributable to:</b>				
Equity holders of the parent	14,064	17,673	45,228	47,566
Non-controlling interests	(17)	(24)	(64)	(33)
	14,047	17,649	45,164	47,533



# ASBISC ENTERPRISES PLC

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

(in thousands of US\$)

	Note	As at 30 September 2022 US\$	As at 31 December 2021 US\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	42,005	43,724
Intangible assets	10	1,330	1,903
Investment property	11	4,419	-
Equity-accounted investees	12	1,717	1,749
Goodwill	28	339	595
Deferred tax assets	21	325	456
<b>Total non-current assets</b>		<b>50,135</b>	<b>48,427</b>
<b>Current assets</b>			
Inventories	13	339,950	324,560
Trade receivables	14	327,931	352,275
Other current assets	15	21,054	11,959
Derivative financial asset	26	1,433	192
Current taxation	8	531	1,156
Cash at bank and in hand	27	157,347	184,618
<b>Total current assets</b>		<b>848,246</b>	<b>874,760</b>
<b>Total assets</b>		<b>898,381</b>	<b>923,187</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	16	11,100	11,100
Share premium		23,721	23,721
Retained earnings and other components of equity		192,783	154,089
Equity attributable to owners of the parent		227,604	188,910
Non-controlling interests		660	554
<b>Total equity</b>		<b>228,264</b>	<b>189,464</b>
<b>Non-current liabilities</b>			
Long-term borrowings	18	4,175	5,105
Other long-term liabilities	19	836	791
Deferred tax liabilities	21	214	329
<b>Total non-current liabilities</b>		<b>5,225</b>	<b>6,225</b>
<b>Current liabilities</b>			
Trade payables and prepayments	23	326,364	386,287
Trade payables factoring facilities	30	15,853	28,298
Other current liabilities	22	137,605	129,290
Short-term borrowings	17	180,059	178,704
Derivative financial liability	25	1,158	299
Current taxation	8	3,853	4,620
<b>Total current liabilities</b>		<b>664,892</b>	<b>727,498</b>
<b>Total liabilities</b>		<b>670,117</b>	<b>733,723</b>
<b>Total equity and liabilities</b>		<b>898,381</b>	<b>923,187</b>

The financial statements were approved by the Board of Directors on the 2<sup>nd</sup> of November 2022.

.....  
Siarhei Kostevitch  
Director

.....  
Marios Christou  
Director

# ASBISC ENTERPRISES PLC

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 SEPTEMBER 2022  
(in thousands of US\$)

	Attributable to the owners of the parent					Non-controlling interests US\$	Total US\$
	Share capital US\$	Share premium US\$	Treasury stock US\$	Translation of foreign operations US\$	Retained earnings US\$		
<b>Balance at 1 January 2021</b>	11,100	23,518	(212)	(10,752)	111,689	295	135,638
Profit/(loss) for the period 1 January 2021 to 30 September 2021	-	-	-	-	48,411	(15)	48,396
Other comprehensive loss for the period 1 January 2021 to 30 September 2021	-	-	-	(845)	-	(18)	(863)
Non-controlling interest on establishment of new subsidiary	-	-	-	-	-	103	103
Elimination of non-controlling interest at disposal	-	-	-	-	(11,092)	31	31
Payment of final dividend	-	203	212	-	-	-	(11,092)
Treasury shares sold	-	-	-	-	-	-	415
<b>Balance at 30 September 2021</b>	11,100	23,721	-	(11,597)	149,008	396	172,628
Profit for the period 1 October 2021 to 31 December 2021	-	-	-	-	28,612	59	28,671
Other comprehensive loss for the period 1 October 2021 to 31 December 2021	-	-	-	(834)	-	(5)	(839)
Payment of final dividend	-	-	-	-	(11,100)	-	(11,100)
Non-controlling interest on establishment of new subsidiary	-	-	-	-	-	108	108
Elimination of non-controlling interest at disposal	-	-	-	-	-	(4)	(4)
<b>Balance at 31 December 2021</b>	11,100	23,721	-	(12,431)	166,520	554	189,464
Profit/(loss) for the period 1 January 2022 to 30 September 2022	-	-	-	-	47,233	(18)	47,215
Other comprehensive loss for the period 1 January 2022 to 30 September 2022	-	-	-	(2,005)	-	(46)	(2,051)
Increase of share capital of subsidiary with non-controlling interest	-	-	-	-	-	170	170
Elimination of non-controlling interest at disposal	-	-	(997)	-	-	-	(997)
Acquisition of treasury shares	-	-	-	-	(5,537)	-	(5,537)
Payment of final dividend	-	-	-	-	-	-	-
<b>Balance at 30 September 2022</b>	11,100	23,721	(997)	(14,436)	208,216	660	228,264

# ASBISC ENTERPRISES PLC

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(in thousands of US\$)

	Note	For the three months ended 30 September 2022	For the three months ended 30 September 2021	For the nine months ended 30 September 2022	For the nine months ended 30 September 2021
		US\$	US\$	US\$	US\$
<b>Profit for the period before tax and non-controlling interest</b>		24,619	22,038	57,791	59,362
Adjustments for:					
Exchange difference arising on consolidation		(3,452)	(313)	57	(297)
Depreciation of property, plant and equipment	9	1,078	1,012	3,158	2,815
Amortization of intangible assets	10	314	295	888	862
Depreciation of investment property	11	15	-	15	-
Impairment losses on intangible assets	5	-	-	-	-
Provision for slow moving and obsolete stock		(60)	(264)	1,846	(510)
Share of loss of equity-accounted investees	12	10	8	85	6
(Profit)/Loss from the sale of property, plant and equipment and intangible assets	5	(4)	(2)	2	45
Profit from disposal of subsidiaries		(1)	-	(1)	-
Provision for bad debts and receivables written off	5	367	340	1,887	1,234
Bad debts recovered		-	-	(2)	(11)
Interest received	7	(352)	(35)	(663)	(79)
Interest paid		2,762	1,490	7,775	4,031
<b>Operating profit before working capital changes</b>		25,296	24,569	72,838	67,458
(Increase)/decrease in inventories		(17,090)	85,986	(17,236)	4,678
(Increase)/decrease in trade receivables		(101,209)	(22,757)	22,457	15,981
(Increase)/decrease in other current assets		(8,028)	10,555	(10,336)	3,419
Increase/(decrease) in trade payables		73,133	(61,144)	(59,923)	(98,749)
Increase/(decrease) in trade payables factoring facilities		10,192	5,350	(12,445)	(3,275)
Increase in other current liabilities		5,060	367	9,173	20,131
(Decrease)/increase in other non-current liabilities		(2)	22	45	62
Increase/(decrease) in factoring creditors		43,361	11,220	(12,114)	1,940
<b>Cash inflows from operations</b>		30,713	54,168	(7,541)	11,647
Interest paid	7	(2,673)	(1,395)	(7,482)	(3,736)
Taxation paid, net	8	(3,286)	(8,191)	(10,387)	(12,111)
<b>Net cash inflows/(outflows) from operating activities</b>		24,754	44,582	(25,410)	(4,200)

## ASBISC ENTERPRISES PLC

### CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2022 *(in thousands of US\$)*

	Note	For the three months ended 30 September 2022 US\$	For the three months ended 30 September 2021 US\$	For the nine months ended 30 September 2022 US\$	For the nine months ended 30 September 2021 US\$
<b>Cash flows from investing activities</b>					
Purchase of intangible assets	10	(150)	(146)	(361)	(457)
Purchase of property, plant and equipment		(3,877)	(1,374)	(8,529)	(10,657)
Payments for acquisition of subsidiaries		-	-	-	(37)
Payments for purchase of investments in associates		-	-	(53)	-
Net proceeds from disposal of subsidiaries		14	-	14	-
Net cash disposed of from disposal of subsidiaries		188	-	188	-
Increase of share capital of subsidiary with non-controlling interest		-	-	170	-
Proceeds from sale of property, plant and equipment and intangible assets		672	10	674	12
Interest received	7	352	35	663	79
<b>Net cash outflows from investing activities</b>		<b>(2,801)</b>	<b>(1,475)</b>	<b>(7,234)</b>	<b>(11,062)</b>
<b>Cash flows from financing activities</b>					
(Acquisition)/disposal of treasury shares		(261)	39	(997)	414
Payment of final dividend		-	-	(5,537)	(11,092)
Repayments of long-term loans and long-term lease liabilities		(222)	(746)	(1,477)	(1,572)
(Repayments)/proceeds of short-term borrowings and short-term lease liabilities		(2,197)	14,476	(879)	19,115
<b>Net cash (outflows)/inflows from financing activities</b>		<b>(2,680)</b>	<b>13,769</b>	<b>(8,890)</b>	<b>6,864</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>19,273</b>	<b>56,876</b>	<b>(41,534)</b>	<b>(8,398)</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>90,112</b>	<b>48,407</b>	<b>150,919</b>	<b>113,683</b>
<b>Cash and cash equivalents at end of the period</b>	27	<b>109,385</b>	<b>105,283</b>	<b>109,385</b>	<b>105,285</b>

# ASBISC ENTERPRISES PLC

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## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(in thousands of US\$)

### 1. Incorporation and principal activities

Asbisc Enterprises Plc (the "Company or "the parent Company") was incorporated in Cyprus on the 9<sup>th</sup> of 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 24. 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 the 30<sup>th</sup> of 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 2021. 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 2021.

These interim financial statements were authorized for issue by the Company's Board of Directors on the 2<sup>nd</sup> of November 2022.

#### (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 2021.

### 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 2022 are consistent with those followed for the preparation of the annual financial statements for the year 2021 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 2022. 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 three months ended 30 September 2022 US\$	For the three months ended 30 September 2021 US\$	For the nine months ended 30 September 2022 US\$	For the nine months ended 30 September 2021 US\$
Sales of goods	692,085	709,037	1,889,357	2,107,992
Sales of optional warranty	66	69	127	243
Sales of licenses	5,236	6,366	16,007	19,338
Rendering of services	<u>1,289</u>	<u>1,039</u>	<u>4,220</u>	<u>2,414</u>
	<u>698,676</u>	<u>716,511</u>	<u>1,909,711</u>	<u>2,129,987</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 2022

(in thousands of US\$)

### 5. Other gains and losses

	For the three months ended 30 September 2022 US\$	For the three months ended 30 September 2021 US\$	For the nine months ended 30 September 2022 US\$	For the nine months ended 30 September 2021 US\$
Profit/(loss) on disposal of property, plant and equipment	4	2	(2)	(45)
Other income	192	66	436	306
Bad debts recovered	-	-	2	11
Rental income	135	22	211	63
	<u>331</u>	<u>91</u>	<u>647</u>	<u>335</u>

### 6. Profit before tax

	For the three months ended 30 September 2022 US\$	For the three months ended 30 September 2021 US\$	For the nine months ended 30 September 2022 US\$	For the nine months ended 30 September 2021 US\$
Profit before tax is stated after charging:				
(a) Amortization of intangible assets (Note 10)	314	295	888	862
(b) Depreciation (Note 9)	1,078	1,012	3,158	2,815
(c) Depreciation of investment property (Note 11)	15	-	15	-
(d) Auditors' remuneration	120	97	411	325
(e) Directors' remuneration – executive (Note 29)	288	447	1,194	1,307
(f) Directors' remuneration – non-executive (Note 29)	6	7	19	25
	<u>6</u>	<u>7</u>	<u>19</u>	<u>25</u>

### 7. Financial expense, net

	For the three months ended 30 September 2022 US\$	For the three months ended 30 September 2021 US\$	For the nine months ended 30 September 2022 US\$	For the nine months ended 30 September 2021 US\$
<b>Financial income</b>				
Interest income	352	35	663	79
Other financial income	987	619	2,165	2,556
Net exchange gain	-	232	-	332
	<u>1,339</u>	<u>886</u>	<u>2,828</u>	<u>2,967</u>
<b>Financial expense</b>				
Bank interest	2,673	1,395	7,482	3,736
Bank charges	1,024	1,262	3,314	3,435
Derivative charges	177	479	547	1,235
Interest on lease liabilities	90	95	293	296
Factoring interest	1,744	2,532	5,135	6,379
Factoring charges	57	95	207	285
Other financial expenses	6	70	78	111
Other interest	143	413	744	1,386
Net exchange loss	344	-	794	-
	<u>6,258</u>	<u>6,341</u>	<u>18,594</u>	<u>16,863</u>
Net	<u>(4,919)</u>	<u>(5,455)</u>	<u>(15,766)</u>	<u>(13,896)</u>

## ASBISC ENTERPRISES PLC

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(in thousands of US\$)

#### 8. Tax

	<b>As at 30 September 2022 US\$</b>	<b>As at 31 December 2021 US\$</b>
Payable balance 1 January	3,464	4,676
Provision for the period/year	10,598	17,532
Over provision of prior years	(50)	(361)
Exchange difference on retranslation	(303)	(13)
Amounts paid, net	<u>(10,387)</u>	<u>(18,370)</u>
Net payable balance 30 September/31 December	<u>3,322</u>	<u>3,464</u>
	<b>As at 30 September 2022 US\$</b>	<b>As at 31 December 2021 US\$</b>
Tax receivable	(531)	(1,156)
Tax payable	<u>3,853</u>	<u>4,620</u>
Net	<u>3,322</u>	<u>3,464</u>

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

	<b>For the three months ended 30 September 2022 US\$</b>	<b>For the three months ended 30 September 2021 US\$</b>	<b>For the nine months ended 30 September 2022 US\$</b>	<b>For the nine months ended 30 September 2021 US\$</b>
Provision for the period	4,616	4,222	10,598	11,278
Over provision of prior years	(103)	(417)	(50)	(365)
Deferred tax charge (Note 21)	-	(1)	28	52
Charge for the period	<u>4,513</u>	<u>3,804</u>	<u>10,576</u>	<u>10,966</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.

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022 (in thousands of US\$)

### 9. Property, plant and equipment

Cost	Land and buildings US\$	Assets under construction US\$	Computer hardware US\$	Warehouse machinery US\$	Motor vehicles US\$	Furniture and fittings US\$	Office equipment US\$	Total US\$
<b>At 1 January 2021</b>	32,241	-	8,101	640	4,083	3,097	4,200	52,362
Additions	4,755	7,249	1,363	159	794	875	559	15,754
Disposals	(250)	-	(495)	(24)	(335)	(74)	(87)	(1,265)
Foreign exchange difference on retranslation	(896)	-	(169)	20	(57)	(68)	(72)	(1,242)
<b>At 31 December 2021</b>	35,850	7,249	8,800	795	4,485	3,830	4,600	65,609
Additions	1,812	2,992	1,017	21	390	1,472	1,178	8,882
Disposals	(382)	-	(183)	(3)	(695)	(81)	(9)	(1,353)
Transfers	4,054	(9,855)	-	-	-	-	-	(5,801)
Foreign exchange difference on retranslation	(1,880)	-	(444)	(8)	(169)	(519)	(393)	(3,413)
<b>At 30 September 2022</b>	39,454	386	9,190	805	4,011	4,702	5,376	63,824
<b>Accumulated depreciation</b>								
<b>At 1 January 2021</b>	6,435	-	6,079	416	1,746	2,252	2,706	19,634
Charge for the year	1,661	-	729	73	796	271	380	3,910
Disposals	(250)	-	(495)	(24)	(290)	(74)	(87)	(1,220)
Foreign exchange difference on retranslation	(136)	-	(140)	23	(85)	(68)	(33)	(439)
<b>At 31 December 2021</b>	7,710	-	6,173	488	2,167	2,381	2,966	21,885
Charge for the period	1,400	-	543	63	538	337	277	3,158
Disposals	(99)	-	(119)	(1)	(434)	(18)	(9)	(680)
Transfers	(1,367)	-	-	-	-	-	-	(1,367)
Foreign exchange difference on retranslation	(576)	-	(279)	(3)	(81)	64	(202)	(1,077)
<b>At 30 September 2022</b>	7,068	-	6,318	547	2,190	2,764	3,032	21,919
<b>Net book value</b>								
<b>At 30 September 2022</b>	32,386	386	2,872	258	1,821	1,938	2,344	42,005
<b>At 31 December 2021</b>	28,139	7,249	2,627	307	2,318	1,449	1,634	43,724



## ASBISC ENTERPRISES PLC

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(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:

	Land and buildings US\$	Warehouse machinery US\$	Motor vehicles US\$	Total US\$
<b>Balance at 1 January 2021</b>	5,075	35	1,059	6,169
Depreciation charge for the year	(1,233)	(7)	(435)	(1,675)
Additions to right of use assets	4,565	-	463	5,028
Foreign exchange difference on retranslation	(120)	(2)	12	(110)
<b>Balance at 31 December 2021</b>	8,287	26	1,099	9,412
Depreciation charge for the period	(1,052)	(5)	(305)	(1,362)
Additions to right of use assets	217	-	157	374
Derecognition of right of use assets	(36)	-	-	(36)
Foreign exchange difference on retranslation	(212)	(4)	(186)	(402)
<b>Balance at 30 September 2022</b>	7,204	17	765	7,986

The Group leases offices, warehouses and stores in various locations throughout the countries of operation. In addition, the Group leases motor vehicles for business use and employee commuting, as well as some warehouse machinery for warehouse operations.

The total cash outflows for the leases related to the above right-of-use assets were US\$ 1,468 (2021: US\$ 2,504).

#### 10. Intangible assets

	Computer software US\$	Patents and licenses US\$	Total US\$
<b>Cost</b>			
<b>At 1 January 2021</b>	10,592	1,573	12,165
Additions	548	146	694
Disposals/ write-offs	(97)	(47)	(144)
Foreign exchange difference on retranslation	(35)	18	(17)
<b>At 31 December 2021</b>	11,008	1,690	12,698
Additions	278	83	361
Disposals/ write-offs	(1)	(151)	(152)
Foreign exchange difference on retranslation	(104)	33	(71)
<b>At 30 September 2022</b>	11,181	1,655	12,836
<b>Accumulated amortization</b>			
<b>At 1 January 2021</b>	8,645	1,102	9,747
Charge for the year	1,008	156	1,164
Disposals/ write-offs	(93)	(39)	(132)
Foreign exchange difference on retranslation	(6)	22	16
<b>At 31 December 2021</b>	9,554	1,241	10,795
Charge for the period	766	122	888
Disposals/ write-offs	(1)	(149)	(150)
Foreign exchange difference on retranslation	(59)	32	(27)
<b>At 30 September 2022</b>	10,260	1,246	11,506
<b>Net book value</b>			
At 30 September 2022	921	409	1,330
At 31 December 2021	1,454	449	1,903

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(in thousands of US\$)

### 11. Investment Property

	<b>Land and buildings US\$</b>
<b>Cost</b>	
Transfer	<u>5,801</u>
<b>At 30 September 2022</b>	<u>5,801</u>
<b>Accumulated amortization</b>	
Charge for the period	15
Transfers	<u>1,367</u>
<b>At 30 September 2022</b>	<u>1,382</u>
<b>Net book value</b>	
At 30 September 2022	<u>4,419</u>
At 31 December 2021	<u>-</u>

During the period, the Group decided to change the use of two properties from owner-occupied to investment property. The properties are leased to third parties under operating leases with rentals payable monthly.

### 12. Equity-accounted investees

	<b>As at 30 September 2022 US\$</b>	<b>As at 31 December 2021 US\$</b>
<b>Cost</b>		
At 1 January	1,790	868
Additions (i)	53	1,149
Disposal of investment in associate (ii)	<u>-</u>	<u>(227)</u>
<b>At 30 September/31 December</b>	<u>1,843</u>	<u>1,790</u>
<b>Accumulated share of loss from equity-accounted investees</b>		
At 1 January	(41)	(41)
Share of loss from equity-accounted investees during the period/year	(85)	-
Exchange difference	<u>-</u>	<u>-</u>
<b>At 30 September/31 December</b>	<u>(126)</u>	<u>(41)</u>
<b>Carrying amount of equity-accounted investees</b>	<u>1,717</u>	<u>1,749</u>

- (i) In May 2022, the Company acquired 20% shareholding in Displayforce Global Ltd (Cyprus), for the consideration of US\$ 53. The investment is accounted for as an associate.
- (ii) In December 2021, the Company acquired 20% shareholding in Embio Diagnostics Ltd (Cyprus), for the consideration of US\$ 1,149. The investment is accounted for as an associate.
- (iii) In March 2021, the Group acquired the remaining 50% shareholding of Breezy Trade-In Ltd (former Redmond Europe Ltd), for the consideration of US\$ 31.

The loan granted to associate LLC Clevetura, bears interest of 4% p.a. and is repayable in December 2022. In addition, the Group, for the period ending 30 September 2022, acquired services for the total amount of US\$ 407 (2021: US\$ 611) from this associate.

## ASBISC ENTERPRISES PLC

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(in thousands of US\$)

#### 13. Inventories

	<b>As at 30 September 2022 US\$</b>	<b>As at 31 December 2021 US\$</b>
Trading goods (i)	338,674	324,560
Land development (ii)	1,276	-
	<u>339,950</u>	<u>324,560</u>

#### (i) Trading goods

	<b>As at 30 September 2022 US\$</b>	<b>As at 31 December 2021 US\$</b>
Goods in transit		
Goods held for resale	291,220	269,686
Provision for slow moving and obsolete stock	<u>(6,395)</u>	<u>(4,746)</u>
	<u>338,674</u>	<u>324,560</u>

As at 30 September 2022, inventories pledged as security for financing purposes amounted to US\$ 74,841 (2021: US\$ 103,948).

#### Movement in provision for slow moving and obsolete stock

	<b>As at 30 September 2022 US\$</b>	<b>As at 31 December 2021 US\$</b>
On 1 January	4,746	5,308
Provisions for the period/year	2,147	716
Provided stock written-off	(301)	(1,319)
Exchange difference	<u>(197)</u>	<u>41</u>
On 30 September/31 December	<u>6,395</u>	<u>4,746</u>

#### (ii) Land development

	<b>As at 30 September 2022 US\$</b>	<b>As at 31 December 2021 US\$</b>
Land - Not under development yet	<u>1,276</u>	<u>-</u>

During the period, the Group acquired two plots of land in Cyprus where a complex of houses is going to be built, in the near future.

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(in thousands of US\$)

### 14. Trade receivables

	As at 30 September 2022 US\$	As at 31 December 2021 US\$
Trade receivables	306,504	344,645
Prepayments to trade vendors	25,659	10,009
Allowance for doubtful debts	(4,232)	(2,379)
	<u>327,931</u>	<u>352,275</u>

Movement in provision for doubtful debts:

	As at 30 September 2022 US\$	As at 31 December 2021 US\$
On 1 January	2,379	2,096
Provisions for the period/year	2,061	652
Amount written-off as uncollectible	(174)	(300)
Bad debts recovered	(2)	(11)
Exchange difference	(32)	(58)
On 30 September/31 December	<u>4,232</u>	<u>2,379</u>

As at 30 September 2022, the receivables of the Group that have been assigned as security for financing purposes amounted to US\$ 64,109 (2021: US\$ 54,348).

### 15. Other current assets

	As at 30 September 2022 US\$	As at 31 December 2021 US\$
VAT and other taxes refundable	13,229	6,886
Deposits and advances to service providers	399	302
Employee floats	976	112
Other debtors and prepayments	6,450	4,659
	<u>20,054</u>	<u>11,959</u>

### 16. Share capital

	As at 30 September 2022 US\$	As at 31 December 2021 US\$
<b>Authorized</b> 63,000,000 (2021: 63,000,000) shares of US\$ 0.20 each	<u>12,600</u>	<u>12,600</u>
<b>Issued and fully paid</b> 55,500,000 (2021: 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 2022

(in thousands of US\$)

### 16. Share capital (continued)

Following an extraordinary general meeting of the shareholders on 28<sup>th</sup> March 2022, a share buyback program with the following conditions was approved:

- the maximum amount of money that can be used to realize the program is US\$ 1,000,000
- the maximum number of shares that can be bought within the program is 2,000,000 shares
- the program's time frame is 12 months from the resolution date
- the shares purchased within the program could be held for a maximum of two years from acquisition
- the minimum price for transaction of purchase of shares within the program is PLN 1.0 per share with the maximum price of PLN 30.0 per share

At the end of the period 30 September 2022 the Company held a total of 329 (2021: nil) shares purchased for a total consideration of US\$ 997 (2020: nil).

### 17. Short-term borrowings

	As at 30 September 2022 US\$	As at 31 December 2021 US\$
Bank overdrafts (Note 27)	47,962	33,698
Current portion of long-term loans	160	241
Bank short-term loans	69,474	69,885
Current lease liabilities (Note 20)	1,434	1,737
Total short-term debt	<u>119,030</u>	<u>105,561</u>
Factoring creditors	61,029	73,143
	<u>180,059</u>	<u>178,704</u>

### Summary of borrowings and overdraft arrangements

As at 30 September 2022 the Group had factoring facilities of US\$ 218,111 (2021 US\$ 168,974).

In addition, the Group as at 30 September 2022 had the following financing facilities with banks in the countries that the Company and its subsidiaries operate:

- overdraft lines of US\$ 98,271 (2021: US\$ 119,776)
- short-term loans/revolving facilities of US\$ 133,031 (2021: US\$ 101,450)
- bank guarantee and letters of credit lines of US\$ 41,289 (2021: US\$ 60,275)

The Group had for the period ended 30 September 2022 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 10% (2021: 6.0%).

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
- Assignment of insurance policies
- Pledged deposits of US\$ 25,554 (2021: US\$ 32,453).

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(in thousands of US\$)

### 18. Long-term borrowings

	As at 30 September 2022 US\$	As at 31 December 2021 US\$
Bank loans	342	123
Non-current lease liabilities (Note 20)	<u>3,833</u>	<u>4,982</u>
	<u>4,175</u>	<u>5,105</u>

### 19. Other long-term liabilities

	As at 30 September 2022 US\$	As at 31 December 2021 US\$
Other long-term liabilities	<u>836</u>	<u>791</u>

### 20. Lease liabilities

	As at 30 September 2022 US\$	As at 31 December 2021 US\$
Current lease liabilities (Note 17)	1,434	1,737
Non-current lease liabilities (Note 18)	<u>3,833</u>	<u>4,982</u>
	<u>5,267</u>	<u>6,719</u>

### 21. Deferred tax

	As at 30 September 2022 US\$	As at 31 December 2021 US\$
Debit balance on 1 January	(128)	(160)
Deferred tax charge for the period/year (Note 8)	28	4
Exchange difference on retranslation	<u>(11)</u>	<u>29</u>
At 30 September/31 December	<u>(111)</u>	<u>(127)</u>

	As at 30 September 2022 US\$	As at 31 December 2021 US\$
Deferred tax assets	(325)	(456)
Deferred tax liabilities	<u>214</u>	<u>329</u>
Net deferred tax assets	<u>(111)</u>	<u>(127)</u>

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(in thousands of US\$)

### 22. Other current liabilities

	As at 30 September 2022 US\$	As at 31 December 2021 US\$
Salaries payable and related costs	3,579	4,834
VAT payable	5,576	11,177
Provision for warranties	7,600	7,448
Accruals, deferred income and other provisions	92,014	77,893
Provision for marketing	24,154	19,857
Non-trade accounts payable	4,682	8,081
	<u>137,605</u>	<u>129,290</u>

### 23. Trade payables and prepayments

	As at 30 September 2022 US\$	As at 31 December 2021 US\$
Trade payables	312,981	364,396
Prepayments from customers	<u>13,383</u>	<u>21,891</u>
	<u>326,364</u>	<u>386,287</u>

### 24. Operating segments

#### 1.1 Reportable segments

The Group mainly operates in a single industry segment as a distributor of IT products. Information reported to the chief operating decision maker for the purposes of allocating resources to the segments and to assess their performance is based on geographical locations. The Group operates in four principal geographical areas – Former Soviet Union, Eastern Europe, Western Europe and Middle East & Africa.

There are varying levels of integration between the segments and includes distribution of IT products and services. Inter-segment pricing is determined on an arm's length basis.

#### 1.2 Segment revenues

	For the three months ended 30 September 2022 US\$	For the three months ended 30 September 2021 US\$	For the nine months ended 30 September 2022 US\$	For the nine months ended 30 September 2021 US\$
Former Soviet Union	371,217	422,699	989,937	1,167,990
Central Eastern Europe	145,034	148,183	461,123	466,217
Middle East & Africa	121,765	75,478	299,866	243,244
Western Europe	46,261	61,880	125,365	208,793
Other	<u>14,399</u>	<u>8,271</u>	<u>33,420</u>	<u>43,743</u>
	<u>698,676</u>	<u>716,511</u>	<u>1,909,711</u>	<u>2,129,987</u>



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## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(in thousands of US\$)

### 24. Operating segments (continued)

#### 1.3 Segment results

	For the three months ended 30 September 2022 US\$	For the three months ended 30 September 2021 US\$	For the nine months ended 30 September 2022 US\$	For the nine months ended 30 September 2021 US\$
Former Soviet Union	13,279	13,717	32,438	36,343
Central Eastern Europe	4,780	5,503	18,755	15,388
Western Europe	2,854	3,498	5,459	8,615
Middle East & Africa	6,350	3,638	13,887	10,308
Other	1,954	1,054	2,456	2,275
<b>Profit from operations</b>	<b>29,217</b>	<b>27,410</b>	<b>72,995</b>	<b>72,929</b>
Net financial expenses	(4,919)	(5,455)	(15,766)	(13,896)
Share of loss from equity-accounted investees	(10)	(8)	(85)	(6)
Other gains and losses	331	91	647	335
<b>Profit before taxation</b>	<b>24,619</b>	<b>22,038</b>	<b>57,791</b>	<b>59,362</b>

#### 1.4 Segment capital expenditure (CAPEX)

	As at 30 September 2022 US\$	As at 31 December 2021 US\$
Former Soviet Union	9,605	9,315
Central Eastern Europe	12,450	14,569
Middle East & Africa	3,640	3,631
Cyprus	22,369	18,668
Unallocated	29	39
	<b>48,093</b>	<b>46,222</b>

#### 1.5 Segment depreciation and amortization

	For the three months ended 30 September 2022 US\$	For the three months ended 30 September 2021 US\$	For the nine months ended 30 September 2022 US\$	For the nine months ended 30 September 2021 US\$
Former Soviet Union	391	382	1,185	1,072
Central Eastern Europe	386	383	1,152	1,094
Middle East & Africa	49	48	147	139
Unallocated	581	494	1,577	1,372
	<b>1,407</b>	<b>1,307</b>	<b>4,061</b>	<b>3,677</b>

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(in thousands of US\$)

### 24. Operating segments (continued)

#### 1.6 Segment assets

	As at 30 September 2022 US\$	As at 31 December 2021 US\$
Former Soviet Union	320,975	500,800
Central Eastern Europe	113,627	68,868
Middle East & Africa	196,906	168,729
Western Europe	173,540	104,370
Total	<u>805,048</u>	<u>842,767</u>
Assets allocated in capital expenditure (1.4)	48,093	46,222
Other unallocated assets	45,240	34,198
Consolidated assets	<u>898,381</u>	<u>923,187</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.

### 25. Derivative financial liability

	As at 30 September 2022 US\$	As at 31 December 2021 US\$
<u>Derivative financial liabilities carried at fair value through profit or loss</u>		
Foreign currency derivative contracts	<u>1,158</u>	<u>299</u>

### 26. Derivative financial asset

	As at 30 September 2022 US\$	As at 31 December 2021 US\$
<u>Derivative financial assets carried at fair value through profit or loss</u>		
Foreign currency derivative contracts	<u>1,433</u>	<u>192</u>

### 27. Cash and cash equivalents

	As at 30 September 2022 US\$	As at 31 December 2021 US\$
Cash at bank and in hand	157,347	184,618
Bank overdrafts (Note 17)	<u>(47,962)</u>	<u>(33,698)</u>
	<u>109,385</u>	<u>150,920</u>

The cash at bank and in hand balance includes an amount of US\$ 25,554 (2021: US\$ 32,453) which represents pledged deposits against financial facilities granted and margin accounts for foreign exchange hedging.

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(in thousands of US\$)

### 28. Goodwill

	As at 30 September 2022 US\$	As at 31 December 2021 US\$
At 1 January	595	629
Disposals	(201)	-
Foreign exchange difference on retranslation	(55)	(34)
At 30 September/31 December (note i)	<u>339</u>	<u>595</u>

The capitalized goodwill arose from the business combinations of the following subsidiaries:

	As at 30 September 2022 US\$	As at 31 December 2021 US\$
OOO Must	-	201
ASBIS d.o.o. (BA)	<u>339</u>	<u>394</u>
	<u>339</u>	<u>595</u>

### 29. Transactions and balances of key management

	For the three months ended 30 September 2022 US\$	For the three months ended 30 September 2021 US\$	For the nine months ended 30 September 2022 US\$	For the nine months ended 30 September 2021 US\$
Director's remuneration - executive (Note 6)	288	447	1,194	1,307
Director's remuneration - non-executive (Note 6)	<u>6</u>	<u>7</u>	<u>19</u>	<u>25</u>
	<u>294</u>	<u>454</u>	<u>1,213</u>	<u>1,332</u>

### 30. Trade payables factoring facilities

	As at 30 September 2022 US\$	As at 31 December 2021 US\$
Trade payables factoring facilities	<u>15,853</u>	<u>28,298</u>

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(in thousands of US\$)

### 31. Business combinations

#### 1. Acquisitions

##### 1.1 Acquisitions of subsidiaries to 30 September 2022

During the period the Group has acquired the 100% share capital of ACEAN.PL Sp. z.o.o. and Entoliva Ltd.

<u>Name of entity</u>	<u>Type of operations</u>	<u>Date acquired</u>	<u>% acquired</u>	<u>% owned</u>
ACEAN.PL Sp. z.o.o (Poland)	Information Technology	12 April 2022	100%	100%
Entoliva Ltd (Cyprus)	Land Development	8 August 2022	100%	100%

##### Acquisitions of subsidiaries to 31 December 2021

During the year, the Group has acquired the 30% of the share capital of Breezy Trade-In Ltd (former Redmond Europe Ltd) and the 100% share capital of ASBIS CA LLC, Vizutors LLC, Breezy Service LLC, I.O. Clinic Latvia SIA, Joule Production SIA, ASBC LLC (Armenia), Breezy Georgia LLC and ASBC Entity LLC.

<u>Name of entity</u>	<u>Type of operations</u>	<u>Date acquired</u>	<u>% acquired</u>	<u>% owned</u>
Breezy Trade-In Ltd (Cyprus) (former Redmond Europe Ltd)	Information Technology	30 March 2021	30%	80%
ASBIS CA LLC (Uzbekistan)	Information Technology	5 February 2021	100%	100%
Vizutors LLC (Belarus)	Information Technology	1 February 2021	100%	100%
Breezy Service LLC (Ukraine)	Information Technology	15 March 2021	100%	100%
I.O. Clinic Latvia SIA (Latvia)	Information Technology	3 February 2021	100%	100%
Joule Production SIA (Latvia)	Information Technology	8 January 2021	100%	100%
ASBC LLC (Armenia)	Information Technology	23 August 2021	100%	100%
Breezy Georgia LLC (Georgia)	Information Technology	7 September 2021	100%	100%
ASBC Entity OOO (Uzbekistan)	Information Technology	15 December 2021	100%	100%

#### 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 is as follows:

	<b>As at 30 September 2022 US\$</b>	<b>As at 31 December 2021 US\$</b>
Receivables	-	11
Other payables and accruals	-	(1)
Cash and cash equivalents	-	53
<b>Net identifiable assets</b>	-	<b>63</b>
<b>Group's interest in net assets acquired</b>	-	<b>31</b>
Total purchase consideration	-	(31)
<b>Net loss</b>	-	-

# ASBISC ENTERPRISES PLC

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## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(in thousands of US\$)

### 31. Business combinations (continued)

#### 2. Disposals

##### *Disposals of subsidiaries to 30 September 2022*

During the year, the following subsidiaries have been disposed of and gain of \$1 arose on the event.

<u>Name of disposed entity</u>	<u>Type of operations</u>	<u>Date liquidated</u>	<u>% liquidated</u>
Private Educational Institution "Center of excellence in Education for executives and specialists in Information Technology (Belarus)	Information Technology	19 May 2022	100%
OOO Must	Information Technology	22 July 2022	100%

##### *Disposals of subsidiaries to 31 December 2021*

During the year, the following subsidiaries have been disposed of and a total loss of \$124 arose on the events.

<u>Name of disposed entity</u>	<u>Type of operations</u>	<u>Date liquidated</u>	<u>% liquidated</u>
LLC Visalia (Belarus)	Information Technology	24 May 2021	75%
LLC Vizuator (Belarus)	Information Technology	24 May 2021	75%
Vizutors LLC (Belarus)	Information Technology	24 May 2021	100%
Prestigio Plaza Sp. Z o.o (Poland)	Information Technology	25 October 2021	100%
Advanced Systems Company LLC (Kingdom of Saudi Arabia)	Information Technology	30 October 2021	100%
Asbis TR Bilgisayar Limited Sirketi (Turkey)	Information Technology	30 November 2021	100%
OOO Avectis (Moscow)	Information Technology	30 November 2021	100%
ALC Avectis (Belarus)	Information Technology	30 November 2021	100%

### 32. Commitments and contingencies

As at 30 September 2022 the Group was committed in respect of purchases of inventories of a total cost value of US\$ 6,250 (2021: US\$ 9,937) which were in transit at 30 September 2022 and delivered in October 2022. 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 2022 the Group was contingently liable to banks in respect of bank guarantees and letters of credit of US\$ 41,289 (2021: US\$ 60,275) (note 17) which the Group has extended to its suppliers and other counterparties.

As at 30 September 2022 the Group had no other capital or legal commitments and contingencies.

### 33. 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)).