

ASBISc Enterprises Plc



**INTERIM REPORT  
FOR THE THREE AND NINE MONTHS  
ENDED 30 SEPTEMBER 2023**

Limassol, 9 November 2023

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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 2023. The financial statements appended to this this quarterly report, are presented in U.S. dollars and have been prepared in accordance with International Accounting Standard ("IAS") 34.

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

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

#### **Currency Presentation**

Unless otherwise indicated, all references in this quarterly report to "U.S. \$" or "U.S. dollars" are to the lawful currency of the United States; all references to "€" or the "Euro" are to the lawful currency of the member states of the European Union that adopt the single currency in accordance with the EC Treaty, which means the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992) and as amended by the Treaty of Amsterdam (signed in Amsterdam on 2 October 1997) and includes, for this purpose, Council Regulations (EC) No. 1103/97 and No. 974/98; and all references to "PLN" or "Polish Zloty" are to the lawful currency of the Republic of Poland.

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

### **FORWARD-LOOKING STATEMENTS**

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

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



## **Part I Interim Management Report**

### **1. Overview**

ASBISc Enterprises Plc is a leading Value Add Distributor, developer and provider of ICT, IoT products, solutions, and services to the markets of Europe, the Middle East, and Africa (EMEA) with local operations in Central and Eastern Europe, the Baltic republics, the former Soviet Union, the Middle East and North Africa, combining a broad geographical reach with a wide range of products distributed on a "one-stop-shop" basis. Our focus is on the following countries: Kazakhstan, Ukraine, Slovakia, Poland, Czech Republic, Romania, Croatia, Slovenia, Bulgaria, Serbia, Hungary, Middle East countries (i.e., United Arab Emirates, Qatar and other Gulf states) 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 Logitech. In addition, a part of our revenues is comprised of sales of IT products under our private labels: Prestigio, Prestigio Solutions, Canyon, Perenio, AENO, LORGAR and CRON ROBOTICS.

ASBISc commenced business in 1990 and in 1995 we incorporated our holding Company in Cyprus and moved our headquarters to Limassol. Our Cypriot headquarters support, through two master distribution centres (located in the Czech Republic and the United Arab Emirates), our network of 31 warehouses located in 34 countries. This network supplies products to the Group's in-country operations and directly to its customers in approximately 60 countries.

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

### **2. Executive summary for the three- and nine-month periods ended September 30<sup>th</sup>, 2023**

During the third quarter of 2023, despite the inflationary pressures, weaker demand and the uncertain geopolitical environment, ASBIS was able to increase its revenues in all major markets of its operation including the already established markets of Caucasus, Western Europe and Africa. The Company has managed to build strong foundations and competent teams to achieve our ambitious forecast.

We have been also further strengthening the development of our portfolio of IT products and services with technologically advanced solutions, including the division related to robotics - ASBIS Robotic Solutions (AROS).

Analyzing Q3 2023 results, revenues delivered were USD 771.8 million (up 10.5% compared to Q3 2022). The gross profit margin stabilized and amounted to 7.99% from 8.01% in Q3 2022. Operating profit (EBIT) decreased by 4.8% and reached USD 27.8 million, compared to USD 29.2 million in Q3 2022. The net profit improved and reached USD 22.2 million, up 10.6% over the corresponding period of last year.

All in all, it was the best third quarter ever in ASBIS history in both terms of revenues and net profitability.

In the 9M of 2023, ASBIS generated revenues of USD 2,167.9 million (up 13.5%, compared to the 9M 2022) and delivered a net profit after tax of USD 50.9 million, an increase of 7.7% as compared to the same period of 2022.



The quarter-over-quarter increase in net sales reflected a strong growth in the Central and Eastern Europe region and Western Europe. The Former Soviet Union and Central & Eastern Europe regions traditionally had the largest share in the Group's revenues.

In Q3 2023 multiple product lines have recorded a significant growth on a year-on-year basis. The leader of the Company's sales remained smartphones followed by CPUs and laptops.

A country-by-country analysis confirms solid growth rates the Group achieved in almost all major countries of operations. The important countries with the highest sales growth in Q3 2023 were:

- Poland - a growth of 43.4%
- Slovakia – a growth of 39.3%
- Germany - a growth of 37.3%

As regards our own brands, we are very pleased with the way they have been developing in recent months.

- **AENO** has launched its flagship product, the RC4S Robot Vacuum Cleaner and intensified its activities on many European markets like Poland, Hungary, the United Kingdom, the Benelux and DACH regions. Moreover, to this, AENO has experienced a successful start to the seasonal sales with its line of Premium Eco Smart Heaters, expanding its presence by introducing its heaters to new countries, including Greece, South Africa, and Austria. Across all Western Europe regions, AENO is in the process of strategically placing its new Premium Eco LED Smart Heaters online in preparation for the upcoming season.
- **Canyon** has made a strategic entry into the African market, commencing sales in Nigeria and Kenya. This geographic expansion signifies the brand's commitment to exploring and establishing a presence in emerging markets, which could offer substantial growth opportunities in the long term. Canyon has also started implementation of a big project - developing its products in exclusive designs. This is expected to be seen on our markets in early 2024. The Smartwatch category has continued its growth and reached an impressive share of all own brand revenues.
- **Prestigio Solutions** has launched a new interactive panel series designed to improve the experience in business and education – called “the Multiboard Light+”. This innovative solution offers unparalleled interactivity, making it the perfect tool for presentations, meetings and classrooms.
- **AROS** has successfully developed a palletizing solution in Q3 2023 and started international sales in Q4 2023 in Poland, Romania, Czech Republic, Slovakia, Bulgaria, Hungary, Greece, Cyprus and Ukraine. AROS has launched a brand-new product line of robotic servomotors. The first external robotic units, containing AROS servomotors, are going to be operating in the markets in early spring 2024. In Q3 2023, AROS developed the Coca-Cola Beverage Kiosk, an automated robotic beverage station built upon the AROS Beverage Kiosk. AROS has increased their partnership chains across the EMEA region. By the end of Q3 2023 the total pool of AROS partner-integrators has reached 31 companies and AROS expects to have another 15 Value Added Resellers by the end of this year.

In Q3 2023, the Company experienced other important business events:

- ASBIS has achieved the highest tier of partnership and has been granted the Elite status by Ubiquiti, a global leader in managed Wi-Fi systems and networking infrastructure.
- ASBIS expanded cooperation with the global company Gen and became an authorized distributor of Norton solutions, one of the world's largest producers of antivirus and security software for PCs, Macs and mobile devices. The agreement covers eight countries: Bosnia, Croatia, Cyprus, Greece, Malta, Romania, Serbia and Slovenia.



- ASBIS has expanded its Pure Storage coverage to 9 new CEE countries. ASBIS now offers Pure Storage solutions to customers in 27 countries in EMEA including nine new ones.
- ASBIS has signed a distribution agreement with ProMobi Technologies for extending Scafeusion UEM software. This partnership enables ASBIS to enhance its distribution portfolio with top-notch mobile device management solutions.
- ASBIS has signed a strategic agreement with the ASUS AIoT Business Group to distribute the NUC product line, previously owned by Intel, across the entire EMEA region.
- ASBIS has expanded its cooperation with Bang & Olufsen, a global luxury audio brand, into the African region. The agreement covers fifteen countries, including Kenya, Tanzania, Botswana, Mozambique, Zimbabwe, Uganda, Namibia, Angola, Benin, Ghana, Ivory Coast, Mauritius, Nigeria, Togo, and South Africa.

Following our stable dividend policy, we have decided to pay out our investors an interim dividend from the Company's 2023 profits in total amount of USD 11,100,000, which represents a USD 0.20 per share payout. Having seen our Q3 2023 and the 9M 2023 results, we can assume that if no unforeseen circumstances arise, the entire dividend for 2023 could be the highest in our history. We want to continue our hefty dividend policy, always in combination with sufficient cash to support growth.

In summary, taking into consideration the unfavorable geopolitical environment, we are very pleased with the Group's achievements in Q3 2023. The Group has once again showed its strength and motivation to deliver a robust outcome. The results of Q3 2023 allow us to be optimistic for the following months and boost us with confidence to achieve the forecasted numbers.

**The principal events of the three-month period ended September 30<sup>th</sup>, 2023, were as follows (in U.S. \$ thousand):**

- Revenues in Q3 2023 increased by 10.47 % to U.S. \$ 771,800 from U.S. \$ 698,676 in Q3 2022.
- Gross profit in Q3 2023 increased by 10.13% to U.S. \$ 61,668 from U.S. \$ 55,995 in Q3 2022.
- Gross profit margin in Q3 2023 stabilized at 7.99% as compared to 8.01% in Q3 2022.
- Selling expenses in Q3 2023 increased by 29.12% to U.S. \$ 19,878 from U.S. \$ 15,396 in Q3 2022.
- Administrative expenses in Q3 2023 increased by 22.76% to U.S. \$ 13,973 from U.S. \$ 11,382 in Q3 2022.
- EBITDA in Q3 2023 reached U.S. \$ 29,719 as compared to U.S. \$ 30,610 in Q3 2022.
- The Group finished Q3 2023 with a style, delivering a net profit after tax of U.S. \$ 22,239, as compared to U.S.\$ 20,106 in Q3 2022, representing a 10.61% growth. This is the highest ever net profit for this quarter in ASBIS history.

The following table presents revenues breakdown by regions in the three-month period ended September 30<sup>th</sup>, 2023, and 2022 respectively (in U.S. \$ thousand):

Region	Q3 2023	Q3 2022	Change %
Former Soviet Union	385,172	371,217	3.8%
Central and Eastern Europe	189,047	145,034	30.3%
Middle East and Africa	123,551	121,765	1.5%
Western Europe	69,280	46,261	49.8%
Other	4,751	14,399	-67.0%
<b>Total</b>	<b>771,800</b>	<b>698,676</b>	<b>10.5%</b>

The principal events of the nine-month period ended September 30<sup>th</sup>, 2023, were as follows (in U.S. \$ thousand):

- Revenues in Q1-Q3 2023 grew by 13.52% to U.S. \$ 2,167,939 from U.S. \$ 1,909,711 in the corresponding period of 2022.
- Gross profit in Q1-Q3 2023 improved by 13.21% to U.S. \$ 177,903 from U.S. \$ 157,140 in the corresponding period of 2022.
- Selling expenses in Q1-Q3 2023 increased by 16.07% to U.S. \$ 58,065 from U.S. \$ 50,028 in the corresponding period of 2022.
- Administrative expenses in Q1-Q3 2023 grew by 23.09% to U.S. \$ 41,995 from U.S. \$ 34,117 in the corresponding period of 2022. These expenses include USD 2 million for the support of Ukraine.
- EBITDA in Q1-Q3 2023 was higher year-on-year and reached U.S. \$ 83,498, as compared to U.S. \$ 77,040 in the corresponding period of 2022.
- As a result of a growth in revenues, gross profit and controlled expenses, in Q1-Q3 2023 the Group was able to deliver a strong net profit after tax of U.S. \$ 50,866 as compared to U.S. \$ 47,215 in the corresponding period of 2022. This result is considered to be satisfactory for the Group.

The following table presents revenues breakdown by regions in the nine-month periods ended September 30<sup>th</sup>, 2023, and 2022 respectively (in U.S.\$ thousand):

Region	Q1-Q3 2023	Q1-Q3 2022	Change %
Former Soviet Union	1,114,401	989,937	12.6%
Central and Eastern Europe	529,364	461,123	14.8%
Middle East and Africa	318,012	299,866	6.1%
Western Europe	188,778	125,365	50.6%
Other	17,384	33,420	-48.0%
<b>Total</b>	<b>2,167,939</b>	<b>1,909,711</b>	<b>13.5%</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.

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

### **EBITDA**

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

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

## **3. Summary historical financial data**

The following data sets out our summary of 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 2023 and 2022, 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>, 2022, that is: 1 US\$ = 4.4018 PLN and 1 EUR = 4.6899 PLN and September 30<sup>th</sup>, 2023, that is: 1 US\$ = 4.3697 PLN and 1 EUR = 4.6356 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 2022, that is: 1 US\$ = 4.7753 PLN and 1 EUR = 4.7787 PLN and 1 July to 30 September 2023, that is: 1 US\$ = 4.1589 PLN and 1 EUR = 4.5058 PLN.
- Individual items in the income statement and statement of cash flows for separate Q3 2023 and Q3 2022 – 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 2022, that is: 1 US\$ = 4.4413 PLN and 1 EUR = 4.6880 PLN and 1 January to 30 September 2023, that is: 1 US\$ = 4.2337 PLN and 1 EUR = 4.5773 PLN.



	Period from 1 July to 30 September 2023			Period from 1 July to 30 September 2022		
	USD	PLN	EUR	USD	PLN	EUR
	<b>Revenue</b>	<b>771,800</b>	<b>3,209,813</b>	<b>712,368</b>	<b>698,676</b>	<b>3,336,364</b>
Cost of sales	(710,132)	(2,953,344)	(655,449)	(642,681)	(3,068,973)	(642,215)
<b>Gross profit</b>	<b>61,668</b>	<b>256,469</b>	<b>56,919</b>	<b>55,995</b>	<b>267,391</b>	<b>55,954</b>
<i>Gross profit margin</i>	7.99%			8.01%		
Selling expenses	(19,878)	(82,670)	(18,347)	(15,396)	(73,520)	(15,385)
Administrative expenses	(13,973)	(58,112)	(12,897)	(11,382)	(54,352)	(11,374)
<b>Profit from operations</b>	<b>27,817</b>	<b>115,687</b>	<b>25,675</b>	<b>29,217</b>	<b>139,519</b>	<b>29,196</b>
Financial expenses	(8,636)	(35,916)	(7,971)	(6,258)	(29,884)	(6,253)
Financial income	512	2,129	473	1,339	6,394	1,338
Other gains and losses	6,149	25,573	5,676	331	1,581	331
Share of profit/(loss) of equity-accounted investees	342	1,422	316	(10)	(48)	(10)
<b>Profit before taxation</b>	<b>26,185</b>	<b>108,900</b>	<b>24,169</b>	<b>24,619</b>	<b>117,562</b>	<b>24,601</b>
Taxation	(3,945)	(16,407)	(3,641)	(4,513)	(21,551)	(4,510)
<b>Profit after taxation</b>	<b>22,240</b>	<b>92,493</b>	<b>20,527</b>	<b>20,106</b>	<b>96,012</b>	<b>20,091</b>
<b>Attributable to:</b>						
Non-controlling interest	(129)	(536)	(119)	6	29	6
<b>Equity holders of the parent</b>	<b>22,369</b>	<b>93,030</b>	<b>20,647</b>	<b>20,100</b>	<b>95,983</b>	<b>20,085</b>

#### EBITDA calculation

	USD	PLN	EUR	USD	PLN	EUR
Profit before tax	26,184	108,896	24,168	24,619	117,562	24,601
<i>Add back:</i>						
Financial expenses/net	8,124	33,787	7,498	4,919	23,490	4,915
Other income	(6,149)	(25,573)	(5,676)	(331)	(1,581)	(331)
Share of profit/(loss) of equity-accounted investees	(342)	(1,422)	(316)	10	48	10
<b>EBIT for the period</b>	<b>27,817</b>	<b>115,687</b>	<b>25,675</b>	<b>29,217</b>	<b>139,519</b>	<b>29,196</b>
Depreciation	1,778	7,394	1,641	1,078	5,148	1,077
Amortization	125	520	115	315	1,504	315
<b>EBITDA for the period</b>	<b>29,720</b>	<b>123,602</b>	<b>27,431</b>	<b>30,610</b>	<b>146,171</b>	<b>30,588</b>

	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)	PLN (grosz)	EUR (cents)
Basic and diluted earnings per share from continuing operations	40.19	167.14	37.10	36.22	172.96	36.19

	USD	PLN	EUR	USD	PLN	EUR
Net cash inflows from operating activities	3,325	13,828	3,069	24,754	118,207	24,736
Net cash inflows/(outflows) from investing activities	5,885	24,475	5,432	(2,801)	(13,376)	(2,799)
Net cash inflows/(outflows) from financing activities	3,294	13,699	3,040	(2,680)	(12,798)	(2,678)
<b>Net increase in cash and cash equivalents</b>	<b>12,504</b>	<b>51,002</b>	<b>11,541</b>	<b>19,273</b>	<b>92,034</b>	<b>19,259</b>
<b>Cash at the beginning of the period</b>	<b>15,254</b>	<b>63,439</b>	<b>14,079</b>	<b>90,112</b>	<b>430,309</b>	<b>90,047</b>
<b>Cash at the end of the period</b>	<b>27,757</b>	<b>115,438</b>	<b>25,620</b>	<b>109,385</b>	<b>522,343</b>	<b>109,306</b>

	As of 30 September 2023,			As of 31 December 2022,		
	USD	PLN	EUR	USD	PLN	EUR
Current assets	965,674	4,219,706	910,283	1,003,920	4,419,055	942,249
Non-current assets	71,295	311,538	67,205	59,606	262,374	55,944
<b>Total assets</b>	<b>1,036,969</b>	<b>4,531,243</b>	<b>977,488</b>	<b>1,063,526</b>	<b>4,681,429</b>	<b>998,194</b>
Liabilities	761,172	3,326,083	717,511	819,346	3,606,597	769,014
Equity	275,797	1,205,150	259,977	244,180	1,074,832	229,180

	Period from 1 January to 30 September 2023			Period from 1 January to 30 September 2022		
	USD	PLN	EUR	USD	PLN	EUR
<b>Revenue</b>	<b>2,167,939</b>	<b>9,178,403</b>	<b>2,005,200</b>	<b>1,909,711</b>	<b>8,481,642</b>	<b>1,809,215</b>
Cost of sales	(1,990,036)	(8,425,215)	(1,840,652)	(1,752,571)	(7,783,733)	(1,660,345)
<b>Gross profit</b>	<b>177,903</b>	<b>753,188</b>	<b>164,549</b>	<b>157,140</b>	<b>697,909</b>	<b>148,871</b>
<i>Gross profit margin</i>	8.21%			8.23%		
Selling expenses	(58,065)	(245,830)	(53,706)	(50,028)	(222,190)	(47,395)
Administrative expenses	(41,995)	(177,794)	(38,843)	(34,117)	(151,525)	(32,322)
<b>Profit from operations</b>	<b>77,843</b>	<b>329,564</b>	<b>72,000</b>	<b>72,995</b>	<b>324,194</b>	<b>69,154</b>
Financial expenses	(26,090)	(110,457)	(24,132)	(18,594)	(82,582)	(17,616)
Financial income	1,847	7,820	1,708	2,828	12,560	2,679
Other gains and losses	6,955	29,445	6,433	647	2,874	613
Share of profit/(loss) of equity-accounted investees	60	254	55	(85)	(378)	(81)
<b>Profit before taxation</b>	<b>60,615</b>	<b>256,626</b>	<b>56,065</b>	<b>57,791</b>	<b>256,668</b>	<b>54,750</b>
Taxation	(9,749)	(41,274)	(9,017)	(10,576)	(46,971)	(10,019)
<b>Profit after taxation</b>	<b>50,866</b>	<b>215,351</b>	<b>47,048</b>	<b>47,215</b>	<b>209,697</b>	<b>44,730</b>
<b>Attributable to:</b>						
Non-controlling interests	(326)	(1,380)	(302)	(18)	(80)	(17)
<b>Equity holders of the parent</b>	<b>51,192</b>	<b>216,732</b>	<b>47,349</b>	<b>47,233</b>	<b>209,777</b>	<b>44,747</b>

#### EBITDA calculation

	USD	PLN	EUR	USD	PLN	EUR
Profit before tax	60,615	256,626	56,065	57,791	256,668	54,750
<i>Add back:</i>						
Financial expenses/net	24,243	102,683	22,423	15,766	70,022	14,936
Other income	(6,955)	(29,445)	(6,433)	(647)	(2,874)	(613)
Share of profit/(loss) of equity-accounted investees	(60)	(254)	(55)	85	378	81
<b>EBIT for the period</b>	<b>77,843</b>	<b>329,564</b>	<b>72,000</b>	<b>72,995</b>	<b>324,194</b>	<b>69,154</b>
Depreciation	5,077	21,494	4,696	3,158	14,026	2,992
Amortization	578	2,447	535	888	3,944	841
<b>EBITDA for the period</b>	<b>83,498</b>	<b>353,505</b>	<b>77,230</b>	<b>77,040</b>	<b>342,164</b>	<b>72,987</b>

	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)	PLN (grosz)	EUR (cents)
Basic and diluted earnings per share from continuing operations	91.92	389.16	85.02	85.10	377.96	80.62



	USD	PLN	EUR	USD	PLN	EUR
Net cash outflows from operating activities	(37,251)	(157,710)	(34,455)	(25,410)	(112,854)	(24,073)
Net cash outflows from investing activities	(3,998)	(16,926)	(3,698)	(7,234)	(32,129)	(6,853)
Net cash outflows from financing activities	(23,345)	(98,836)	(21,593)	(8,890)	(39,483)	(8,422)
<b>Net decrease in cash and cash equivalents</b>	<b>(64,594)</b>	<b>(273,472)</b>	<b>(59,745)</b>	<b>(41,534)</b>	<b>(184,466)</b>	<b>(39,348)</b>
<b>Cash at the beginning of the period</b>	<b>92,352</b>	<b>390,991</b>	<b>85,419</b>	<b>150,919</b>	<b>670,280</b>	<b>142,977</b>
<b>Cash at the end of the period</b>	<b>27,758</b>	<b>117,519</b>	<b>25,674</b>	<b>109,384</b>	<b>485,810</b>	<b>103,628</b>

#### 4. Organization of ASBIS Group

The following table presents our corporate structure as at 30 September 2023:

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) *1	Full (100%)
Asbis Poland Sp. z o.o. (Warsaw, Poland)	Full (100%)
Asbis Romania S.R.L (Bucharest, Romania)	Full (100%)
Asbis Cr d.o.o (Zagreb, Croatia)	Full (100%)
Asbis d.o.o Beograd (Belgrade, Serbia)	Full (100%)
Asbis Hungary Commercial Limited (Budapest, Hungary)	Full (100%)
Asbis Bulgaria Limited (Sofia, Bulgaria)	Full (100%)
Asbis CZ, spol.s.r.o (Prague, Czech Republic)	Full (100%)
UAB Asbis Vilnius (Vilnius, Lithuania)	Full (100%)
Asbis Slovenia d.o.o (Trzin, Slovenia)	Full (100%)
Asbis Middle East FZE (Dubai, U.A.E)	Full (100%)
Asbis SK sp.l sr.o (Bratislava, Slovakia)	Full (100%)
ASBC F.P.U.E. (Minsk, Belarus)	Full (100%)
E.M. Euro-Mall Ltd (Limassol, Cyprus)	Full (100%)
OOO 'Asbis'-Moscow (Moscow, Russia) *1	Full (100%)
Asbis Morocco Sarl (Casablanca, Morocco)	Full (100%)
Prestigio Plaza Ltd (Limassol, Cyprus)	Full (100%)
Perenio IoT spol. s.r.o. (Prague, Czech Republic)	Full (100%)
Asbis Kypros Ltd (Limassol, Cyprus)	Full (100%)
"ASBIS BALTICS" SIA (Riga, Latvia)	Full (100%)
Asbis d.o.o. (Sarajevo, Bosnia Herzegovina)	Full (90%)
ASBIS Close Joint-Stock Company (Minsk, Belarus)	Full (100%)
ASBIS Kazakhstan LLP (Almaty, Kazakhstan)	Full (100%)
Euro-Mall SRO (Bratislava, Slovakia)	Full (100%)
Asbis China Corp. (former Prestigio China Corp.) (Shenzhen, China)	Full (100%)
ASBIS DE GMBH, (Munchen, Germany)	Full (100%)
EUROMALL BULGARIA EOOD (Sofia, Bulgaria)	Full (100%)
E-Vision Production Unitary Enterprise (Minsk, Belarus)	Full (100%)
iSupport Ltd (Kiev, Ukraine) (former ASBIS SERVIC Ltd)	Full (100%)
I ON LLC (Kiev, Ukraine)	Full (100%)
ASBC MMC LLC (Baku, Azerbaijan)	Full (65.85%)
ASBC KAZAKHSTAN LLP (Almaty, Kazakhstan)	Full (100%)



Atlantech Ltd (Ras Al Khaimah, U.A.E)	Full (100%)
ASBC LLC (Tbilisi, Georgia)	Full (100%)
Real Scientists Limited (London, United Kingdom)	Full (55%)
i-Care LLC (Almaty, Kazakhstan)	Full (100%)
ASBIS IT Solutions Hungary Kft. (Budapest, Hungary)	Full (100%)
Breezy LLC (Minsk, Belarus) (former Café-Connect LLC)	Full (100%)
MakSolutions LLC (Minsk, Belarus)	Full (100%)
Breezy Kazakhstan TOO (Almaty, Kazakhstan) (former TOO "ASNEW")	Full (100%)
Breezy LLC (Kiev, Ukraine)	Full (100%)
I.O.N. Clinical Trading Ltd (Limassol, Cyprus)	Full (70%)
R.SC. Real Scientists Cyprus Ltd (Limassol, Cyprus)	Full (85%)
ASBIS CA LLC (Tashkent, Uzbekistan)	Full (100%)
Breezy Service LLC (Kiev, Ukraine)	Full (100%)
Breezy Trade-In Ltd (Limassol, Cyprus) (former Redmond Europe Ltd)	Full (91.15%)
I.O. Clinic Latvia SIA (Riga, Latvia)	Full (100%)
SIA Joule Production (Riga, Latvia)	Full (100%)
ASBC LLC (Yerevan, Armenia)	Full (100%)
Breezy Georgia LLC (Tbilisi, Georgia)	Full (100%)
ASBC Entity OOO (Tashkent, Uzbekistan)	Full (100%)
ACEAN.PL Sp. z o.o (Warsaw, Poland)	Full (100%)
Entoliva Ltd (Limassol, Cyprus)	Full (100%)
ASBIS HELLAS SINGLE MEMBER S.A. (Athens, Greece)	Full (100%)
Prestigio Plaza Kft (Budapest, Hungary)	Full (100%)
ASBC SRL (Chisinau, Moldova)	Full (100%)
Breezy-M SRL (Chisinau, Moldova)	Full (100%)
Breezy Poland Sp. z o.o. (Warsaw, Poland)	Full (100%)
ASBIS AM LLC (Yerevan, Armenia)	Full (100%)
ASBIS Georgia LLC (Tbilisi, Georgia)	Full (100%)
ASBIS AZ LLC (Baku, Azerbaijan)	Full (100%)
ASBIS s.r.l. (Chisinau, Moldova)	Full (100%)
Asbis Africa Proprietary Limited (Johannesburg, South Africa)	Full (100%)
ASBC Morocco s.a.r.l. (Morocco, Casablanca)	Full (100%)

\*1: This subsidiary was disposed of in October 2023.

## 5. Changes in the structure of the Company

During the three months ended September 30<sup>th</sup>, 2023, there have been no changes in the Group's structure. The Company has decided and proceeded with a disposal of OOO ASBIS- Moscow in October 2023, completing its divestment from the country.

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

On April 5<sup>th</sup>, 2023, the Company announced its official financial forecast for 2023 that assumed revenues between USD 3.0 billion and 3.2 billion and net profit after tax between USD 78.0 million and US\$ 82.0 million.

Having seen the results for Q3 2023, we remain confident that we shall be able to deliver the announced financial forecast for 2023.



## 7. Information on dividend payment

During the three months ended September 30th, 2023, the Company has paid out the final dividend from 2022 profits of US\$ 0.25 per share.

On November 8th, 2023, the Company's Board of Directors decided for a payment of an interim dividend from 2023 profits of US\$ 0.20 per share. The record date for the shareholders to receive this dividend is the 27<sup>th</sup> of November 2023 and the payment date is the 7<sup>th</sup> of December 2023.

## 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%
Free float	35,051,873	63.16%	35,051,873	63.16%
<b>Total</b>	<b>55,500,000</b>	<b>100%</b>	<b>55,500,000</b>	<b>100%</b>

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

## Summary on the disposal program of the treasury shares:

In Q2 2023, the Board of Directors decided that all treasury stock which the Company purchased during the buy-back programs (i.e., 328,800 shares) will be offered to key, selected employees and the Provident Fund of ASBIS Group for the average price of PLN 15.0 per share.

These shares have been purchased on the Warsaw Stock Exchange, on an average of PLN 13.32 per share. The agreements between the Company and employees apply a 12-month lock-up period.

Till the date of publication of this report, based on the agreements between the Company and employees, ASBIS sold all treasury stock, representing 0.59% of share capital and giving 328,800 votes (0.59%) at the General Meeting of Shareholders.

Besides the above-mentioned sales of the treasury shares, there were no changes in the number of shares possessed by major shareholders during the period between August 10th, 2023 (the date of the publication of the interim report for H1 2023) 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>, 2023, and in the period between August 10<sup>th</sup>, 2023 (the date of the publication of the interim report for H1 2023) and November 9<sup>th</sup>, 2023 (date of this report) there were the following changes in the number of shares possessed by the members of the Board of Directors:

Name	Number of shares acquired	Number of shares disposed
Julia Prihodko	2,000	-
Constantinos Tziamalis	-	150,000

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	36.84%
Constantinos Tziamalis	406,600	0.73%
Marios Christou	480,761	0.87%
Julia Prihodko	2,000	0%
Hanna Kaplan	21,000	0.04%
Maria Petridou	0	0%
Tasos A. Panteli	0	0%
Constantinos Petrides	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 30th, 2023, there were no changes in the members of the Company's Board of Directors.

#### **11. Significant administrative and court proceedings against the Company**

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

#### **12. Related party transactions**

In the three and nine-month periods ended September 30th, 2023, 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 30th, 2023, to support its subsidiaries' local financing, amounted to U.S. \$ \$ 157,350.

The total bank guarantees, and letters of credit raised by the Group (mainly to Group suppliers) as of September 30th, 2023, was U.S. \$ 48,942 – 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>, 2023, 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 in Ukraine**

The war between Russia and Ukraine (which were, before the war, the two major markets for ASBIS) constituted a major disruption in demand in both countries, the whole region and the globe. The war has created the most unfavourable business environment in the whole region. Despite the large geographical presence of the Group, it is not possible to totally weather the impact of a full-scale war between these two countries. The Company considers the situation as critical, and it is extremely difficult to assess how this will further evolve. The Company ceased any business development in Russia, following all sanctions imposed by suppliers and other international organizational bodies. The Group has decided to totally divest from Russia and has completed the sale of its subsidiary in the country during October 2023.

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.

### **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 2023 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. Having decided to divest completely from Russia, the Group will face a crystallization of the respective currency translation reserve.

### **Competition and price pressure**

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

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

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

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

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

### **Gross profit margins sustainability**

The Company's business is comprised of both a traditional distribution of third-party products and own brands. This allows the Company to deliver healthier gross profit margins when conditions are favourable. In the traditional distribution business, the Company's gross profit margins, like those of other distributors of IT products, are low and the Company expects that in the distribution arm of its business they will remain low in the foreseeable future.

Increased competition arising from industry consolidation and low demand for certain IT products may hinder the Company's ability to maintain or improve its gross margins.

A portion of the Company's operating expenses is relatively fixed, and planned expenditures are based in part on anticipated orders that are forecasted with limited visibility of future demand.

As a result, the Company may not be able to reduce its operating expenses as a percentage of revenue to mitigate any reductions in gross margins in the future. In addition to the above, recent increases in gross profit margins may no longer be sustainable given the over-supply in the markets and decreased demand.

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

At the end of 2022 we have added to our portfolio a new own brand namely "CRON Robotics" operating under a new business division - AROS - ASBIS Robotic Solutions. The Company is also constantly investing in the VAD business which delivers higher gross profit margins.

### **Inventory obsolescence and price erosion**

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

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

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



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

#### **Credit risk**

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

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

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

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

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

#### **Worldwide financial environment**

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

We believe that the Company is much more flexible and better prepared to weather any obstacles that may arise due to the worldwide financial environment, however we can see that a full-scale war in our territories may bring unprecedented consequences.

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

#### **Seasonality**

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

#### **Development of own-brand business**

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

This includes the development of tablets and other product lines that are sold under Prestigio and Canyon brands in all regions of the Company's operations. The Company has also invested in another own brand, Perenio - which includes sales of smart-home, smart-security sensors and other products.

The results from Perenio brand were not the ones we expected to see; thus, we currently undertake certain corrective actions.

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



In Q4 2022, the Company has launched a new own brand “CRON Robotics” operating under a new business division – AROS - ASBIS Robotic Solutions. The core business of this division is based on two major segments – the distribution of collaborative robots (cobots) from leading global brands in the sector as well as own robotic platforms under own brand.

In July 2023, ASBIS presented the first draft beer serving robotic kiosk in Limassol.

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 several quality control measures to mitigate this risk but given the volumes and many 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.

#### **High cost of debt**

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

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

#### **Environmental and climate changes**

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

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

We may also face reputational risks with difficulties in attracting customers, business partners and employees if we do not take strong enough actions against climate 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.

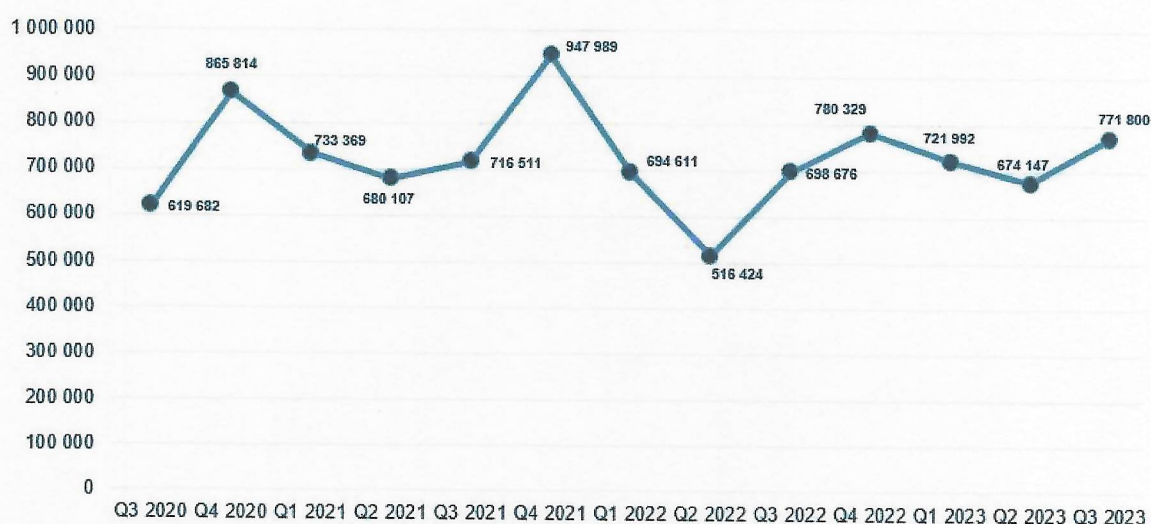
**Results of Operations (in U.S. \$ thousand)**

**Three- and nine-month periods ended 30 September 2023 compared to the three- and nine-month periods ended 30 September 2022**

**Revenues:** Revenues both in Q3 2023 and Q1-Q3 2023 showed solid growth as compared to the corresponding periods of 2022.

- Revenues in Q3 2023 increased by 10.47% to U.S. \$ 771,800 from U.S. \$ 698,676 in Q3 2022.
- Revenues in Q1-Q3 2023 grew by 13.52% to U.S. \$ 2,167,939 from U.S. \$ 1,909,711 in the corresponding period of 2022.

**Seasonality and growth cycle in ASBIS revenues  
between Q3 2020 and Q3 2023  
(in U.S.\$ thousand)**

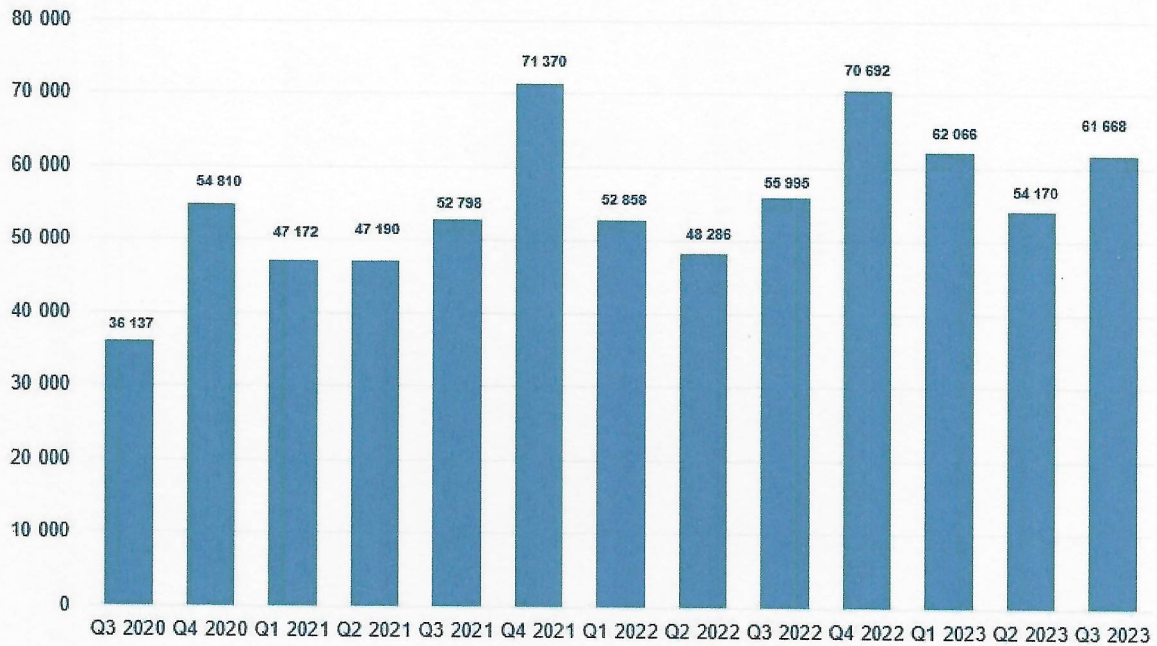


**Gross profit:** Gross profit increased both in Q3 2023 and Q1-Q3 2023 as compared to the corresponding periods of 2022.

- Gross profit in Q3 2023 increased by 10.13% to U.S. \$ 61,668 from U.S. \$ 55,995 in Q3 2022.
- Gross profit in Q1-Q3 2023 grew by 13.21% to U.S. \$ 177,903 from U.S. \$ 157,139 in the corresponding period of 2022.



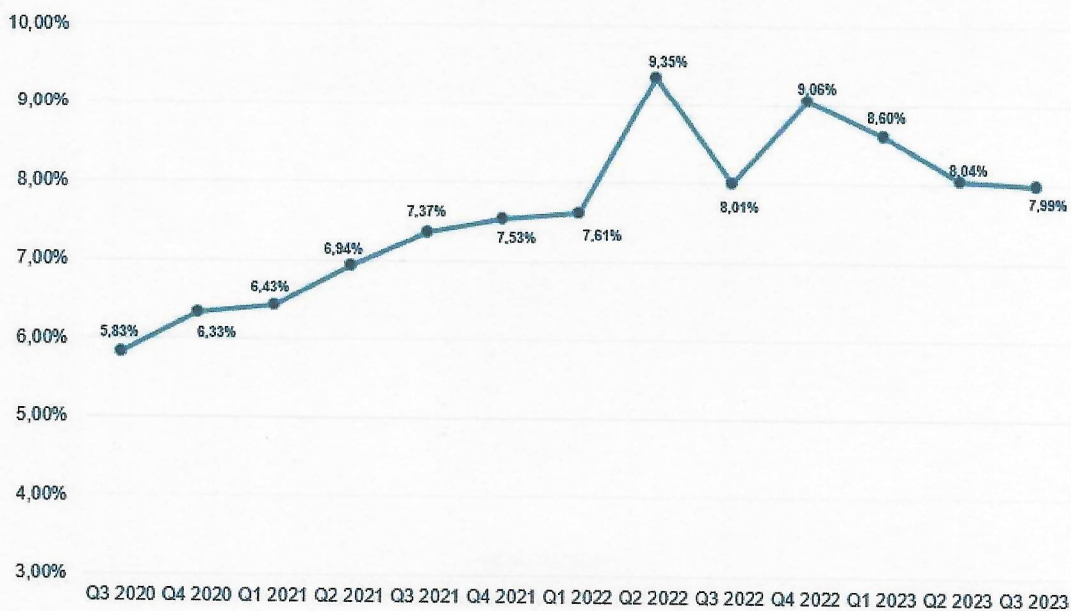
**Gross profit  
between Q3 2020 and Q3 2023  
(in U.S.\$ thousand)**



**Gross profit margin** slightly decreased both in Q3 2023 and Q1-Q3 2023 as compared to the corresponding periods of 2022.

- Gross profit margin in Q3 2023 slightly decreased and reached 7.99% from 8.01% in Q3 2022.
- Gross profit margin in Q1-Q3 2023 dropped to 8.21% from 8.23% in the corresponding period of 2022.

**Gross profit margin  
between Q3 2020 and Q3 2023  
(in U.S.\$ thousand)**





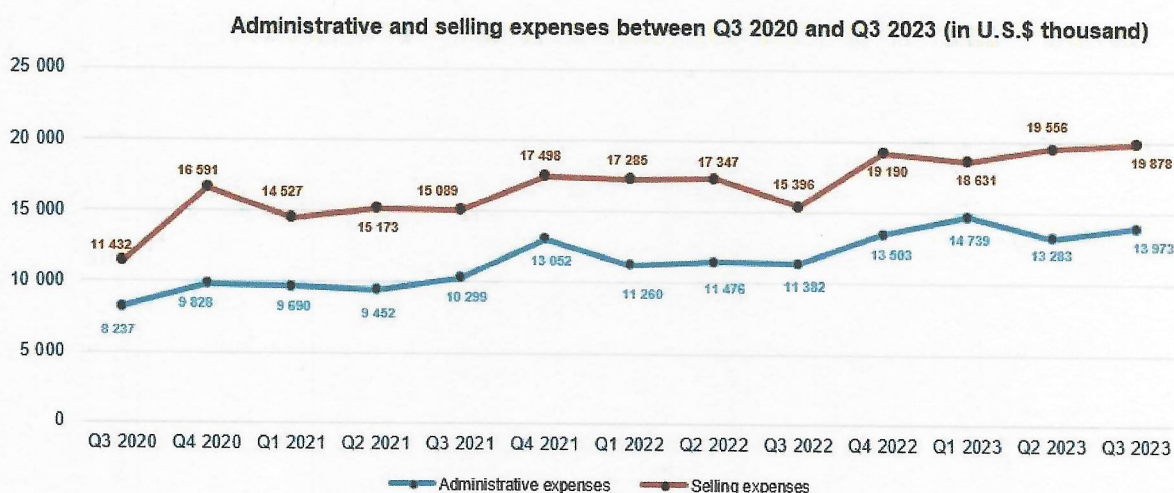
**Selling expenses** largely comprise of salaries and benefits paid to sales employees (sales, marketing and logistics departments), marketing and advertising fees, commissions, and traveling expenses. Selling expenses usually grow together (but not in-line) with growing sales and, most importantly, gross profit. During the first 9 months of 2023, the increase in selling expenses has encompassed all new investments in human capital in several business units.

- Selling expenses in Q3 2023 increased by 29.12% to U.S. \$ 19,878 from U.S. \$ 15,396 in Q3 2022.
- Selling expenses in Q1-Q3 2023 grew by 16.07% to U.S. \$ 58,065 from U.S. \$ 50,028 in the corresponding period of 2022.

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

- Administrative expenses in Q3 2023 grew by 22.76% to U.S. \$ 13,973 from U.S. \$ 11,382 in Q3 2022.
- Administrative expenses in Q1-Q3 2023 grew by 23.09% to U.S. \$ 41,995 from U.S. \$ 34,117 in the corresponding period of 2022.

In Q1-Q3 2023 administrative expenses include the costs incurred to support Ukraine.



#### EBITDA:

- In Q3 2023 EBITDA reached U.S. \$ 29,719 as compared to U.S. \$ 30,610 in Q3 2022
- EBITDA in Q1-Q3 2023 was positive and amounted to U.S. \$ 83,498, as compared to U.S. \$ 77,040 in the corresponding period of 2022.

#### Net profit:

The Company recorded both in Q3 2023 and Q1-Q3 2023 a net profit for the Group, which is considered to be satisfactory for the Group given the current uncertain geopolitical situation.

- In Q3 2023, the Group's net profit after tax increased by 10.61% and reached U.S. \$ 22,239, as compared to U.S. \$ 20,106 in Q3 2022.
- In Q1-Q3 2023, the Group's net profit after taxation grew by 7.73% and amounted to U.S. \$ 50,866, as compared to U.S. \$ 47,215 in the corresponding period of 2022.

## 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 2023 or the 9M 2023.

In Q3 2023 and the 9M 2023 revenues derived in the F.S.U region have increased by 3.8% and 12.6%, as compared to corresponding periods of last year. An even more positive trend we have observed in the CEE region (an increase by 30.3% in Q3 2023 and 14.8% in the 9M 2023). Sales in the Middle East and Africa increased by 1.5% in Q3 2023 and 6.1% in the 9M 2023, as compared to 2022. Western Europe has shown a significant growth both in Q3 2023 and in the 9M 2023 (an increase by 49.8% and 50.6% respectively).

As a result of the above-mentioned facts, the contribution of certain regions – like the CEE region, to total revenues of the Company for Q3 2023 and the 9M 2023 has changed compared to the corresponding periods of 2022. Central and Eastern Europe contribution has grown both in Q3 2023 and the 9M 2023 to 24.49% from 20.76% and 24.42% from 24.15% respectively. At the same time, the F.S.U. region's contribution has decreased to 49.91% from 53.13% in Q3 2023 and 51.40% from 51.84% in the 9M of 2023.

Country-by-country analysis shows a still strong demand in Kazakhstan - our biggest market, where our sales was flat in Q3 2023 but increased by 21.0% in the 9M 2023, compared to the corresponding periods of 2022. Our business in Ukraine – the second biggest market of our operations and one directly affected by the war, increased by 8.4% in Q3 2023 and 37.0% in the 9M 2023, as compared to the corresponding periods of last year.

United Arab Emirates - our third largest market delivered revenues of USD 240,8 million in the 9M 2023, an increase of 3.6% year-over-year.

Georgia and Azerbaijan grew strongly both in Q3 2023 and the 9M 2023 as compared to the corresponding periods of 2022.

Poland generated a robust growth both in Q3 2023 and the 9M 2023 (+43.4% and 37.4% respectively). The growth of sales in Poland was mainly attributed to the sales of traditional IT components like processors, video cards and solid-state drives (SSDs) but also a significant chunk in consumer goods, given a very successful B&O developments in the country.

The tables below provide a geographical breakdown of sales for the three- and nine-month periods ended September 30<sup>th</sup>, 2023, and 2022 (in U.S. \$ thousand).

	Q3 2023		Q3 2022	
	U.S. \$ thousand	% of total revenues	U.S. \$ thousand	% of total revenues
Former Soviet Union	385,172	49.91%	371,217	53.13%
Central and Eastern Europe	189,047	24.49%	145,034	20.76%
Middle East and Africa	123,551	16.01%	121,765	17.43%
Western Europe	69,280	8.98%	46,261	6.62%
Other	4,751	0.62%	14,399	2.06%
<b>Total</b>	<b>771,800</b>	<b>100%</b>	<b>698,676</b>	<b>100%</b>



	Q1-Q3 2023		Q1-Q3 2022	
	U.S. \$ thousand	% of total revenues	U.S. \$ thousand	% of total revenues
Former Soviet Union	1,114,401	51.40%	989,937	51.84%
Central and Eastern Europe	529,364	24.42%	461,123	24.15%
Middle East and Africa	318,012	14.67%	299,866	15.70%
Western Europe	188,778	8.71%	125,365	6.56%
Other	17,384	0.80%	33,420	1.75%
<b>Total</b>	<b>2,167,939</b>	<b>100%</b>	<b>1,909,711</b>	<b>100%</b>

Revenue breakdown – Top 10 countries in Q3 2023 and Q3 2022 (in U.S. \$ thousand)

	Q3 2023		Q3 2022	
	Country	Sales	Country	Sales
1.	Kazakhstan	161,922	Kazakhstan	163,351
2.	Ukraine	112,113	Ukraine	103,427
3.	United Arab Emirates	97,481	United Arab Emirates	97,883
4.	Slovakia	75,757	Slovakia	54,376
5.	Azerbaijan	37,330	Azerbaijan	27,194
6.	Germany	32,794	Armenia	23,580
7.	Poland	27,632	Czech Republic	19,347
8.	Czech Republic	22,113	Poland	19,272
9.	Georgia	20,742	Germany	18,660
10.	Netherlands	19,080	Georgia	18,630
	<b>TOTAL</b>	<b>771,800</b>	<b>TOTAL</b>	<b>698,676</b>

Revenue breakdown – Top 10 countries in Q1-Q3 2023 and Q1-Q3 2022 (in U.S. \$ thousand)

	Q1-Q3 2023		Q1-Q3 2022	
	Country	Sales	Country	Sales
1.	Kazakhstan	483,918	Kazakhstan	399,887
2.	Ukraine	299,220	United Arab Emirates	232,356
3.	United Arab Emirates	240,791	Ukraine	218,397
4.	Slovakia	195,372	Slovakia	165,161
5.	Germany	102,946	Russia	118,958
6.	Azerbaijan	98,176	Czech Republic	72,589
7.	Poland	81,178	Azerbaijan	65,118
8.	Georgia	77,430	Poland	59,068
9.	Czech Republic	68,887	Belarus	56,745
10.	Romania	49,411	Armenia	50,060
	<b>TOTAL</b>	<b>2,167,939</b>	<b>TOTAL</b>	<b>1,909,711</b>

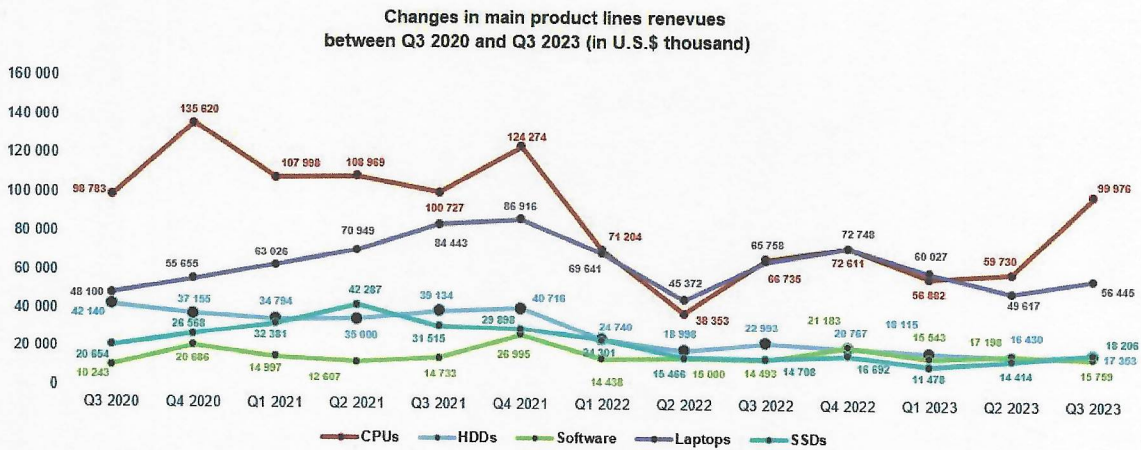
## Sales by product lines

In Q3 2023 and despite the uncertain geopolitical situation in our region, ASBIS has not slowed down on the contrary. It has steamed up its engine and continued its strategy of focusing on profitability and developing its markets and products portfolio.

We have continued the strengthening and development of our portfolio of IT products and services with technologically advanced solutions, including the division related to robotics - ASBIS Robotic Solutions (AROS). This was possible because ASBIS remains the distributor of first choice for many worldwide suppliers. During the same period, ASBIS has also enhanced its second life devices division, Breezy Group in which we invested significantly and see a very positive development. The Group expects this business unit to significantly contribute to its profitability in the short to medium term.

During Q3 2023, the majority of ASBIS's product groups have noticed a significant growth on a year-on-year basis. We experienced fantastic growth rates in CPUs, and servers & server blocks. These categories were leaders in terms of growth in absolute numbers.

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



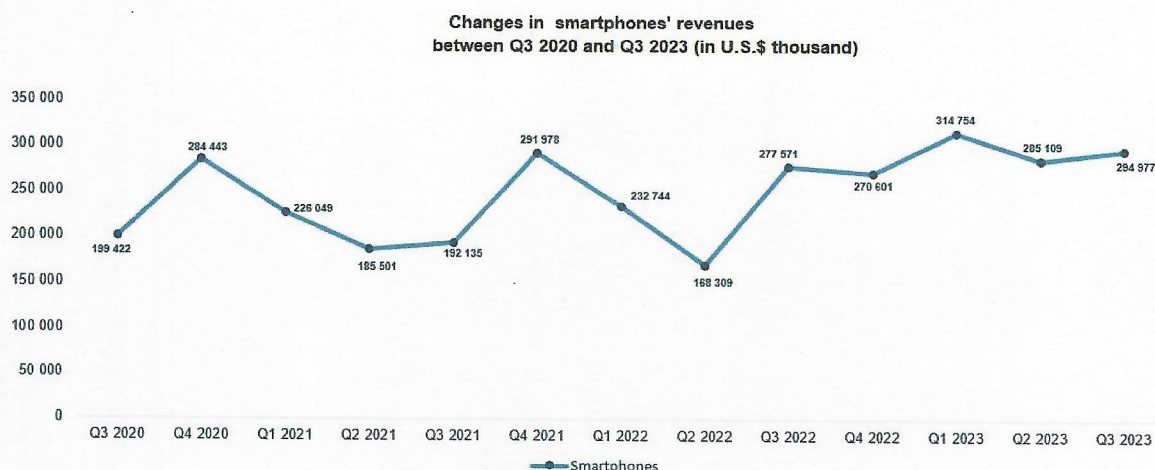
In Q3 2023 and the 9M 2023 the main drivers for our sales were smartphones, CPUs and laptops.

Revenues emanated from CPUs increased by 49.8% in Q3 2023 and 22.9% in the 9M 2023. Revenues from HDDs dropped by 24.5% in Q3 2023 and 22.2% in the 9M 2023. In Q3 2023 revenues from software grew by 8.7% and 10.4% in the 9M 2023. Laptop business decreased by 14.2% in Q3 2023 and 8.1% in the 9M 2023. Revenues from SSDs increased by 23.8% in Q3 2023 but decreased by 19.0% in the 9M 2023.

From "Other" product lines, the Company has noticed a positive trend in the 9M 2023 in accessories (+118.7%), display products (+20.7%) and servers & server blocks (+19.4%).



The chart below indicates the trends in smartphone sales:



Sales of smartphones, which contribute to the majority of our revenues increased both in Q3 2023 and the 9M 2023 by 6.3% and 31.9% respectively, as compared to the corresponding periods of 2022.

The increase observed in Q3 2023 and the 9M 2023 was a result of higher demand and sales of a different mix of iPhone. We expect that the demand for the iPhone models will remain strong in the months to come, following the launch of the new iPhone 15 models.

The table below sets a breakdown of revenues, by product lines, for Q3 2023 and Q3 2022 (in U.S. \$ thousand):

	Q3 2023		Q3 2022	
	U.S. \$ thousand	% of total revenues	U.S. \$ thousand	% of total revenues
Smartphones	294,977	38.22%	277,571	39.73%
Central processing units (CPUs)	99,976	12.95%	66,735	9.55%
PC mobile (laptops)	56,445	7.31%	65,758	9.41%
Servers & server blocks	41,725	5.41%	24,718	3.54%
Peripherals	31,699	4.11%	35,281	5.05%
Audio devices	28,560	3.70%	25,113	3.59%
PC desktop	21,570	2.79%	12,224	1.75%
Display products	20,896	2.71%	16,473	2.36%
Accessories	20,338	2.64%	9,717	1.39%
Networking products	19,975	2.59%	15,185	2.17%
Solid-state drives (SSDs)	18,206	2.36%	14,708	2.11%
Smart devices	17,417	2.26%	20,822	2.98%
Hard disk drives (HDDs)	17,353	2.25%	22,993	3.29%
Software	15,759	2.04%	14,493	2.07%
Multimedia	15,543	2.01%	12,937	1.85%
Tablets	12,746	1.65%	11,714	1.68%
Video cards and GPUs	7,452	0.97%	7,037	1.01%
Consumables	5,734	0.74%	7,024	1.01%
Other	25,428	3.29%	38,171	5.46%
<b>Total revenue</b>	<b>771,800</b>	<b>100%</b>	<b>698,676</b>	<b>100%</b>



The table below sets a breakdown of revenues, by product lines, for Q1-3 2023 and Q1-3 2022 (in U.S. \$ thousand):

	Q1-Q3 2023		Q1-Q3 2022	
	U.S. \$ thousand	% of total revenues	U.S. \$ thousand	% of total revenues
Smartphones	894,840	41.28%	678,625	35.54%
Central processing units (CPUs)	216,587	9.99%	176,292	9.23%
PC mobile (laptops)	166,089	7.66%	180,771	9.47%
Servers & server blocks	98,151	4.53%	82,218	4.31%
Peripherals	92,057	4.25%	104,306	5.46%
Audio devices	76,860	3.55%	73,728	3.86%
Display products	55,101	2.54%	45,639	2.39%
Networking products	54,087	2.49%	47,265	2.47%
Accessories	53,128	2.45%	24,293	1.27%
Smart devices	52,945	2.44%	53,696	2.81%
Hard disk drives (HDDs)	51,897	2.39%	66,731	3.49%
PC desktop	48,822	2.25%	41,187	2.16%
Software	48,501	2.24%	43,932	2.30%
Multimedia	47,363	2.18%	42,477	2.22%
Solid-state drives (SSDs)	44,098	2.03%	54,475	2.85%
Tablets	37,136	1.71%	29,930	1.57%
Consumables	20,016	0.92%	19,395	1.02%
Video cards and GPUs	19,962	0.92%	25,151	1.32%
Other	90,300	4.17%	119,599	6.26%
<b>Total revenue</b>	<b>2,167,939</b>	<b>100%</b>	<b>1,909,711</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 2023 has been mainly impacted by revenue growth and increased working capital utilization. The management of the Company aims to deliver a positive cash flow from operations for 2023.

The following table presents a summary of cash flows for the nine months ended September 30<sup>th</sup>, 2023, and 2022 (in U.S. \$ thousand):

	Nine months ended September 30 <sup>th</sup>	
	2023	2022
Net cash outflows from operating activities	(37,251)	(25,410)
Net cash outflows from investing activities	(3,998)	(7,234)
Net cash outflows from financing activities	(23,345)	(8,890)
Net decrease in cash and cash equivalents	(64,594)	(41,534)



***Net cash outflows from operations***

Net cash outflows from operations amounted to U.S. \$ 37,251 for the nine months ended September 30th, 2023, compared to outflows of U.S. \$ 25,410 in the corresponding period of 2022. The Company expects cash from operations to turn positive for the year 2023.

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

Net cash outflows from investing activities were U.S. \$ 3,998 for the nine months ended September 30th, 2023, compared to outflows of U.S. \$ 7,234 in the corresponding period of 2022.

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

Net cash outflows from financing activities were U.S. \$ 23,345 for the nine months ended September 30th, 2023, compared to outflows of U.S. \$ 8,890 in the corresponding period of 2022.

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

As a result of a higher working capital utilization, cash and cash equivalents decreased by US\$ 64,594, as compared to decrease of US\$ 41,534 in the corresponding period of 2022.

**16. Factors which may affect our results in the future.****War in Ukraine and sanctions imposed on Russia and Belarus**

The war between Russia and Ukraine (the two major markets for ASBIS before the war) is a key factor which has affected our results. Despite the large geographical presence of the Group, it would not be possible to totally weather the impact of this war. The Company is well prepared to defend its position considering its exit from Russia. In October 2023, the Company has disposed of its subsidiary company in Russia. However, the Company considers the situation critical and difficult to assess 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.

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

The markets the Group operates in 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 have already shown positive results. 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.

Growing inflation and interest rates and decreased purchasing power of consumers are of extreme importance and the Company is working hard to find mechanisms to overcome the obstacles currently faced.



### **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 have decided to enter new markets in Caucasus, Africa and Western Europe and expand our product portfolio by launching ASBIS Robotic Solutions (AROS) division.

In 2023 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 huge importance.

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 Q3 2023. Therefore, the hedging strategy should be followed and further improved without any exception in the course of 2023 and going forward.

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

Selling and administrative expenses increased in 9M 2023 and Q3 2023 by 18.91% and 26.42% respectively as compared to corresponding periods of 2022.

This was mostly due to investments made by the Company in the development of new business lines and geographical expansion. In the 9M 2023 we assigned another USD 2 million to help Ukraine.

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

### **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 by adding new product lines with higher gross (and net) profit margins to boost profitability. Such additions as VAD products and Electronic Distribution (ESD) give a new stream of income with improved gross margin for the Group.



**17. Information about important events that occurred after the period ended on September 30<sup>th</sup>, 2023, and before this report release**

In October 2023, the Company has disposed of its subsidiary company in Russia.

According to our best knowledge, in the period between September 30<sup>th</sup>, 2023, and November 9<sup>th</sup>, 2023, no other 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 2023**

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**ASBISC ENTERPRISES PLC**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

# **ASBISC ENTERPRISES PLC**

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## **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

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# ASBISC ENTERPRISES PLC

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(in thousands of US\$)

	Note	For the three months ended 30 September 2023 US\$	For the three months ended 30 September 2022 US\$	For the nine months ended 30 September 2023 US\$	For the nine months ended 30 September 2022 US\$
<b>Revenue</b>	4,23	771,800	698,676	2,167,939	1,909,711
Cost of sales		(710,132)	(642,681)	(1,990,036)	(1,752,571)
<b>Gross profit</b>		61,668	55,995	177,903	157,140
Selling expenses		(19,878)	(15,396)	(58,065)	(50,028)
Administrative expenses		(13,973)	(11,382)	(41,995)	(34,117)
<b>Profit from operations</b>		27,817	29,217	77,843	72,995
Financial income	7	512	1,339	1,847	2,828
Financial expenses	7	(8,636)	(6,258)	(26,090)	(18,594)
<b>Net finance costs</b>		(8,124)	(4,919)	(24,243)	(15,766)
Other gains and losses	5	6,149	331	6,955	647
Share of profit/(loss) of equity-accounted investees		342	(10)	60	(85)
<b>Profit before tax</b>	6	26,184	24,619	60,615	57,791
Taxation	8	(3,945)	(4,513)	(9,749)	(10,576)
<b>Profit for the period</b>		22,239	20,106	50,866	47,215
<b>Attributable to:</b>					
Equity holders of the parent		22,368	20,100	51,192	47,233
Non-controlling interests		(129)	6	(326)	(18)
		22,239	20,106	50,866	47,215
<b>Earnings per share</b>					
Basic and diluted from continuing operations (expressed in US\$)		0.40	0.36	0.93	0.85
<b>Other comprehensive loss</b>					
Exchange difference on translating foreign operations		(3,993)	(6,341)	(6,343)	(2,333)
Reclassification adjustments relating to foreign operations liquidated and disposed in the period		-	282	-	282
<b>Other comprehensive loss for the period</b>		(3,993)	(6,059)	(6,343)	(2,051)
<b>Total comprehensive income for the period</b>		18,246	14,047	44,523	45,164
<b>Total comprehensive income attributable to:</b>					
Equity holders of the parent		18,385	14,064	44,870	45,228
Non-controlling interests		(139)	(17)	(347)	(64)
		18,246	14,047	44,523	45,164


# ASBISC ENTERPRISES PLC


## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

(in thousands of US\$)

	Note	As at 30 September 2023 US\$	As at 31 December 2022 US\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	61,347	50,313
Intangible assets	10	1,384	1,077
Investment property	11	3,573	4,404
Equity-accounted investees	12	1,700	1,640
Goodwill	27	586	372
Financial assets at fair value through other comprehensive income	29	2,376	1,515
Deferred tax assets	20	329	285
<b>Total non-current assets</b>		<b>71,295</b>	<b>59,606</b>
<b>Current assets</b>			
Inventories	13	496,637	514,804
Trade receivables	14	373,237	328,931
Other current assets	15	19,771	23,586
Derivative financial asset	25	298	413
Current taxation	8	1,287	1,588
Cash at bank and in hand	26	74,444	134,598
<b>Total current assets</b>		<b>965,674</b>	<b>1,003,920</b>
<b>Total assets</b>		<b>1,036,969</b>	<b>1,063,526</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	16	11,100	11,100
Share premium		23,853	23,721
Retained earnings and other components of equity		240,542	208,650
Equity attributable to owners of the parent		275,495	243,471
Non-controlling interests		302	709
<b>Total equity</b>		<b>275,797</b>	<b>244,180</b>
<b>Non-current liabilities</b>			
Long-term borrowings	18	12,211	9,183
Other long-term liabilities		964	859
Deferred tax liabilities	20	120	120
<b>Total non-current liabilities</b>		<b>13,295</b>	<b>10,162</b>
<b>Current liabilities</b>			
Trade payables and prepayments	22	373,470	417,976
Trade payables factoring facilities		41,814	18,024
Other current liabilities	21	133,158	164,023
Short-term borrowings	17	196,858	205,296
Derivative financial liability	24	125	263
Current taxation	8	2,452	3,602
<b>Total current liabilities</b>		<b>747,877</b>	<b>809,184</b>
<b>Total liabilities</b>		<b>761,172</b>	<b>819,346</b>
<b>Total equity and liabilities</b>		<b>1,036,969</b>	<b>1,063,526</b>

The financial statements were approved by the Board of Directors on the 8<sup>th</sup> of November 2023.

  
Siarhei Kostevitch  
Director

  
Marios Christou  
Director



# ASBISC ENTERPRISES PLC

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(in thousands of US\$)

	Attributable to the owners of the parent							
	Share capital US\$	Share premium US\$	Treasury stock US\$	Translation of foreign operations US\$	Retained earnings US\$	Total US\$	Non-controlling interests US\$	Total US\$
<b>Balance at 1 January 2022</b>	11,100	23,721	-	(12,431)	166,520	188,910	554	189,464
Profit/(loss) for the period 1 January 2022 to 30 September 2022	-	-	-	-	47,233	47,233	(18)	47,215
Other comprehensive loss for the period 1 January 2022 to 30 September 2022	-	-	-	(2,005)	-	(2,005)	(46)	(2,051)
Increase of share capital of subsidiary with non-controlling interest	-	-	-	-	-	-	170	170
Acquisition of treasury shares	-	-	(996)	-	-	(996)	-	(996)
Payment of final dividend	-	-	-	-	(5,537)	(5,537)	-	(5,537)
<b>Balance at 30 September 2022</b>	11,100	23,721	(996)	(14,436)	208,216	227,605	660	228,265
Profit for the period 1 October 2022 to 31 December 2022	-	-	-	-	28,634	28,634	21	28,655
Other comprehensive (loss)/profit for the period 1 October 2022 to 31 December 2022	-	-	-	(1,734)	-	(1,734)	28	(1,706)
Payment of final dividend	-	-	-	-	(11,034)	(11,034)	-	(11,034)
<b>Balance at 31 December 2022</b>	11,100	23,721	(996)	(16,170)	225,816	243,471	709	244,180
Profit/(loss) for the period 1 January 2023 to 30 September 2023	-	-	-	-	51,192	51,192	(326)	50,866
Other comprehensive loss for the period 1 January 2023 to 30 September 2023	-	-	-	(6,322)	-	(6,322)	(21)	(6,343)
Acquisition of non-controlling interest without a change in control	-	-	-	-	(99)	(99)	(31)	(130)
Treasury shares sold	-	132	996	-	-	1,128	-	1,128
Payment of final dividend	-	-	-	-	(13,875)	(13,875)	(29)	(13,904)
<b>Balance at 30 September 2023</b>	11,100	23,853	-	(22,492)	263,034	275,495	302	275,797

# ASBISC ENTERPRISES PLC

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(in thousands of US\$)

	Note	For the three months ended 30 September 2023	For the three months ended 30 September 2022	For the nine months ended 30 September 2023	For the nine months ended 30 September 2022
		US\$	US\$	US\$	US\$
<b>Profit for the period before tax and non-controlling interest</b>		26,184	24,619	60,615	57,791
Adjustments for:					
Exchange difference arising on consolidation		(3,424)	(3,452)	(5,836)	57
Depreciation of property, plant and equipment	9	1,778	1,078	5,077	3,158
Amortization of intangible assets	10	125	314	578	888
Depreciation of investment property	11	15	15	45	15
Provision for slow moving and obsolete stock		605	(60)	3,145	1,846
Share of (profit)/loss of equity-accounted investees	12	(342)	10	(60)	85
(Profit)/loss from the sale of property, plant and equipment and intangible assets	5	(2,707)	(4)	(2,745)	2
Profit from sale of investment property	11	(3,515)	-	(3,515)	-
Profit from disposal of subsidiaries		-	(1)	-	(1)
Provision for bad debts and receivables written off		252	367	787	1,887
Bad debts recovered	5	-	-	(1)	(2)
Interest received	7	(99)	(352)	(419)	(663)
Interest paid		3,567	2,762	12,366	7,775
<b>Operating profit before working capital changes</b>		22,439	25,296	70,037	72,838
(Increase)/decrease in inventories		(3,074)	(17,090)	15,756	(17,236)
(Increase)/decrease in trade receivables		(54,152)	(101,209)	(43,253)	22,457
Decrease/(increase) in other current assets		3,354	(8,028)	4,081	(10,336)
Increase/(decrease) in trade payables		15,073	73,133	(44,845)	(59,923)
Increase/(decrease) in trade payables factoring facilities		8,615	10,192	23,791	(12,445)
Increase/(decrease) in other current liabilities		1,446	5,060	(34,372)	9,173
Increase/(decrease) in other non-current liabilities		36	(2)	102	45
Increase/(decrease) in factoring creditors		17,152	43,361	(5,936)	(12,114)
<b>Cash inflows/(outflows) from operations</b>		10,889	30,713	(14,639)	(7,541)
Interest paid	7	(3,300)	(2,673)	(11,621)	(7,482)
Taxation paid, net	8	(4,264)	(3,286)	(10,991)	(10,387)
<b>Net cash inflows/(outflows) from operating activities</b>		3,325	24,754	(37,251)	(25,410)



# ASBISC ENTERPRISES PLC

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(in thousands of US\$)

	Note	For the three months ended 30 September 2023 US\$	For the three months ended 30 September 2022 US\$	For the nine months ended 30 September 2023 US\$	For the nine months ended 30 September 2022 US\$
<b>Cash flows from investing activities</b>					
Purchase of intangible assets	10	(356)	(150)	(892)	(361)
Purchase of property, plant and equipment		(1,561)	(3,877)	(12,409)	(8,529)
Payments for acquisition of subsidiaries		(380)	-	(380)	-
Payments for purchase of investments in associates		-	-	(862)	(53)
Net proceeds from disposal of subsidiaries		-	14	-	14
Net cash disposed of from disposal of subsidiaries		-	188	-	188
Net cash acquired from acquisition of subsidiaries		-	-	1,213	-
Increase of share capital of subsidiary with non-controlling interest		-	-	(31)	170
Proceeds from sale of property, plant and equipment and intangible assets		3,781	672	4,642	674
Proceeds from sale of investment property		4,302	-	4,302	-
Interest received	7	99	352	419	663
		<u>5,885</u>	<u>(2,801)</u>	<u>(3,998)</u>	<u>(7,234)</u>
<b>Net cash inflows/(outflows) from investing activities</b>					
<b>Cash flows from financing activities</b>					
Disposal/(acquisition) of treasury shares		1,128	(261)	1,128	(997)
Payment of final dividend		(13,875)	-	(13,875)	(5,537)
Repayments of long-term loans and long-term lease liabilities		(1,451)	(222)	(2,065)	(1,477)
Acquisition of non-controlling interest		-	-	(130)	-
Proceeds/(repayments) of short-term borrowings and short-term lease liabilities		17,492	(2,197)	(8,403)	(879)
		<u>3,294</u>	<u>(2,680)</u>	<u>(23,345)</u>	<u>(8,890)</u>
<b>Net cash inflows/(outflows) from financing activities</b>					
<b>Net increase/(decrease) in cash and cash equivalents</b>					
Cash and cash equivalents at beginning of the period		12,504	19,273	(64,594)	(41,534)
Cash and cash equivalents at end of the period		<u>15,254</u>	<u>90,112</u>	<u>92,352</u>	<u>150,919</u>
Cash and cash equivalents at end of the period	26	<u>27,758</u>	<u>109,385</u>	<u>27,758</u>	<u>109,385</u>

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(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 2022. 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 2022.

These interim financial statements were authorized for issue by the Company's Board of Directors on the 8<sup>th</sup> of November 2023.

#### (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 2022.

### 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 2023 are consistent with those followed for the preparation of the annual financial statements for the year 2022 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 2023. 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 2023 US\$	For the three months ended 30 September 2022 US\$	For the nine months ended 30 September 2023 US\$	For the nine months ended 30 September 2022 US\$
Sales of goods	767,396	692,085	2,149,433	1,889,357
Sales of optional warranty	106	66	585	127
Sales of licenses	2,854	5,236	12,933	16,007
Rendering of services	1,444	1,289	4,988	4,220
	<u>771,800</u>	<u>698,676</u>	<u>2,167,939</u>	<u>1,909,711</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 2023

(in thousands of US\$)

### 5. Other gains and losses

	For the three months ended 30 September 2023 US\$	For the three months ended 30 September 2022 US\$	For the nine months ended 30 September 2023 US\$	For the nine months ended 30 September 2022 US\$
Profit/(loss) on disposal of property, plant and equipment	2,707	4	2,745	(2)
Profit from sale of investment property	3,515	-	3,515	-
Other (loss)/income	(176)	192	386	436
Bad debts recovered	-	-	1	2
Rental income	103	135	308	211
	<u>6,149</u>	<u>331</u>	<u>6,955</u>	<u>647</u>

### 6. Profit before tax

	For the three months ended 30 September 2023 US\$	For the three months ended 30 September 2022 US\$	For the nine months ended 30 September 2023 US\$	For the nine months ended 30 September 2022 US\$
Profit before tax is stated after charging:				
(a) Amortization of intangible assets (Note 10)	125	314	578	888
(b) Depreciation (Note 9)	1,778	1,078	5,077	3,158
(c) Depreciation of investment property (Note 11)	15	15	45	15
(d) Auditors' remuneration	126	120	393	411
(e) Directors' remuneration – executive (Note 28)	290	288	1,239	1,194
(f) Directors' remuneration – non-executive (Note 28)	20	6	46	19
	<u>20</u>	<u>6</u>	<u>46</u>	<u>19</u>

### 7. Financial expense, net

	For the three months ended 30 September 2023 US\$	For the three months ended 30 September 2022 US\$	For the nine months ended 30 September 2023 US\$	For the nine months ended 30 September 2022 US\$
<b>Financial income</b>				
Interest income	99	352	419	663
Other financial income	413	987	1,428	2,165
	<u>512</u>	<u>1,339</u>	<u>1,847</u>	<u>2,828</u>
<b>Financial expense</b>				
Bank interest	3,300	2,673	11,621	7,482
Bank charges	1,597	1,024	4,095	3,314
Derivative charges	134	177	501	547
Interest on lease liabilities	267	90	744	293
Factoring interest	2,398	1,744	6,899	5,135
Factoring charges	100	57	278	207
Other financial expenses	15	6	60	78
Other interest	746	143	1,735	744
Net exchange loss	79	344	157	794
	<u>8,636</u>	<u>6,258</u>	<u>26,090</u>	<u>18,594</u>
Net	<u>(8,124)</u>	<u>(4,919)</u>	<u>(24,243)</u>	<u>(15,766)</u>

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(in thousands of US\$)

### 8. Tax

	As at 30 September 2023 US\$	As at 31 December 2022 US\$
Payable balance 1 January	2,014	3,464
Provision for the period/year	10,232	15,223
Over provision of prior years	(447)	(51)
Exchange difference on retranslation	357	(221)
Amounts paid, net	<u>(10,991)</u>	<u>(16,401)</u>
Net payable balance 30 September/31 December	<u>1,165</u>	<u>2,014</u>
	As at 30 September 2023 US\$	As at 31 December 2022 US\$
Tax receivable	(1,287)	(1,588)
Tax payable	<u>2,452</u>	<u>3,602</u>
Net	<u>1,165</u>	<u>2,014</u>

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

	For the three months ended 30 September 2023 US\$	For the three months ended 30 September 2022 US\$	For the nine months ended 30 September 2023 US\$	For the nine months ended 30 September 2022 US\$
Provision for the period	4,392	4,616	10,232	10,598
Over provision of prior years	(447)	(103)	(447)	(50)
Deferred tax charge (Note 20)	-	-	(36)	28
Charge for the period	<u>3,945</u>	<u>4,513</u>	<u>9,749</u>	<u>10,576</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 2023 (in thousands of US\$)

### 9. Property, plant and equipment

	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>Cost</b>								
<b>At 1 January 2022</b>	35,850	7,249	8,800	795	4,485	3,830	4,600	65,609
Additions	8,923	2,992	1,368	52	726	1,617	1,784	17,462
Disposals/write-offs	(382)	-	(2,672)	(3)	(695)	(867)	(848)	(5,467)
Transfers	4,125	(9,926)	-	-	-	-	-	(5,801)
Foreign exchange difference on retranslation	(430)	-	(258)	(1)	(77)	(330)	(211)	(1,307)
<b>At 31 December 2022</b>	48,086	315	7,238	843	4,439	4,250	5,325	70,496
Additions	11,381	-	1,568	226	963	1,571	2,497	18,206
Disposals/write-offs	(2,657)	-	(925)	(11)	(316)	(926)	(435)	(5,270)
Transfers	112	(112)	-	-	-	-	-	-
Foreign exchange difference on retranslation	(205)	-	(122)	(3)	(53)	(84)	57	(410)
<b>At 30 September 2023</b>	56,717	203	7,759	1,055	5,033	4,811	7,444	83,022
<b>Accumulated depreciation</b>								
<b>At 1 January 2022</b>	7,710	-	6,173	488	2,167	2,381	2,966	21,885
Charge for the year	1,999	-	811	84	734	461	465	4,554
Disposals/write-offs	(99)	-	(2,604)	(1)	(434)	(804)	(848)	(4,790)
Transfers	(1,367)	-	-	-	-	-	-	(1,367)
Foreign exchange difference on retranslation	(173)	-	108	(1)	(71)	161	(123)	(99)
<b>At 31 December 2022</b>	8,070	-	4,488	570	2,396	2,199	2,460	20,183
Charge for the period	2,591	-	842	80	549	388	627	5,077
Disposals/write-offs	(1,561)	-	(909)	(10)	(258)	(510)	(125)	(3,373)
Foreign exchange difference on retranslation	(9)	-	(61)	9	(10)	(25)	(116)	(212)
<b>At 30 September 2023</b>	9,091	-	4,360	649	2,677	2,052	2,846	21,675
<b>Net book value</b>								
At 30 September 2023	47,626	203	3,399	406	2,356	2,759	4,598	61,347
At 31 December 2022	40,016	315	2,750	273	2,043	2,051	2,865	50,313

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(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 2022</b>	8,287	26	1,099	9,412
Depreciation charge for the year	(1,625)	(6)	(400)	(2,031)
Additions to right of use assets	6,155	-	234	6,389
Derecognition of right of use assets	(36)	-	-	(36)
Foreign exchange difference on retranslation	(99)	(2)	(118)	(219)
<b>Balance at 31 December 2022</b>	12,682	18	815	13,515
Depreciation charge for the period	(2,122)	(5)	(291)	(2,418)
Additions to right of use assets	5,442	-	356	5,798
Derecognition of right of use assets	-	-	-	-
Foreign exchange difference on retranslation	(146)	-	(63)	(209)
<b>Balance at 30 September 2023</b>	15,856	13	817	16,686

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\$ 2,323 (2022: US\$ 2,252).

### 10. Intangible assets

	Computer software US\$	Patents and licenses US\$	Total US\$
<b>Cost</b>			
<b>At 1 January 2022</b>	11,008	1,690	12,698
Additions	335	65	400
Disposals/write-offs	(2,198)	(338)	(2,536)
Foreign exchange difference on retranslation	(37)	46	9
<b>At 31 December 2022</b>	9,108	1,463	10,571
Additions	138	754	892
Disposals/write-offs	(14)	(8)	(22)
Foreign exchange difference on retranslation	7	(9)	(2)
<b>At 30 September 2023</b>	9,239	2,200	11,439
<b>Accumulated amortization</b>			
<b>At 1 January 2022</b>	9,554	1,241	10,795
Charge for the year	1,050	153	1,203
Disposals/write-offs	(2,198)	(336)	(2,534)
Foreign exchange difference on retranslation	(11)	41	30
<b>At 31 December 2022</b>	8,395	1,099	9,494
Charge for the period	500	78	578
Disposals/write-offs	(14)	(8)	(22)
Foreign exchange difference on retranslation	9	(4)	5
<b>At 30 September 2023</b>	8,890	1,165	10,055
<b>Net book value</b>			
At 30 September 2023	349	1,035	1,384
At 31 December 2022	713	364	1,077



# ASBISC ENTERPRISES PLC

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(in thousands of US\$)

### 11. Investment Property

	Land and buildings US\$
<b>Cost</b>	
<b>At 1 January 2022</b>	-
Transfer	<u>5,801</u>
<b>At 31 December 2022</b>	5,801
Disposals	<u>(1,617)</u>
<b>At 30 September 2023</b>	<u>4,184</u>
<b>Accumulated amortization</b>	
<b>At 1 January 2022</b>	-
Charge for the year	30
Transfers	<u>1,367</u>
<b>At 31 December 2022</b>	1,397
Charge for the period	45
Disposals	<u>(831)</u>
<b>At 30 September 2023</b>	<u>611</u>
<b>Net book value</b>	
At 30 September 2023	<u>3,573</u>
At 31 December 2022	<u>4,404</u>

During the year ended 31 December 2022, 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

	As at 30 September 2023 US\$	As at 31 December 2022 US\$
<b>Cost</b>		
At 1 January	1,843	1,790
Additions (i), (ii)	<u>-</u>	<u>53</u>
<b>At 30 September/31 December</b>	<u>1,843</u>	<u>1,843</u>
<b>Accumulated share of loss from equity-accounted investees</b>		
At 1 January	(203)	(41)
Share of profit/(loss) from equity-accounted investees during the period/year	<u>60</u>	<u>(162)</u>
<b>At 30 September/31 December</b>	<u>(143)</u>	<u>(203)</u>
<b>Carrying amount of equity-accounted investees</b>	<u>1,700</u>	<u>1,640</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) The loan granted to associate LLC Clevetura, borne interest of 4% p.a. and has been repaid during 2022. In addition, the Group, for the period ending 30 September 2023, acquired services for the total amount of US\$ 250 (2022: US\$ 532) from this associate.

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(in thousands of US\$)

### 13. Inventories

	As at 30 September 2023 US\$	As at 31 December 2022 US\$
Trading goods (i)	494,404	513,418
Land development (ii)	2,233	1,386
	<u>496,637</u>	<u>514,804</u>

#### (i) Trading goods

	As at 30 September 2023 US\$	As at 31 December 2022 US\$
Goods held for resale	455,616	449,733
Goods in transit	49,272	71,069
Provision for slow moving and obsolete stock	<u>(10,484)</u>	<u>(7,384)</u>
	<u>494,404</u>	<u>513,418</u>

As at 30 September 2023, inventories pledged as security for financing purposes amounted to US\$ 62,529 (2022: US\$ 82,547).

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

	As at 30 September 2023 US\$	As at 31 December 2022 US\$
On 1 January	7,384	4,746
Provisions for the period/year	2,988	3,294
Provided stock written-off	157	(554)
Foreign exchange difference on retranslation	<u>(45)</u>	<u>(102)</u>
On 30 September/31 December	<u>10,484</u>	<u>7,384</u>

#### (ii) Land development

	As at 30 September 2023 US\$	As at 31 December 2022 US\$
Land - Not under development yet	1,532	1,386
Buildings - work in progress	<u>701</u>	<u>-</u>
	<u>2,233</u>	<u>1,386</u>

During the year ended 31 December 2022, the Group acquired two plots of land in Cyprus for a housing complex development. As at 30 September 2023, the project is in progress.



# ASBISC ENTERPRISES PLC

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(in thousands of US\$)

### 14. Trade receivables

	As at 30 September 2023 US\$	As at 31 December 2022 US\$
Trade receivables	360,190	313,503
Prepayments to trade vendors	17,040	18,759
Allowance for doubtful debts	(3,993)	(3,331)
	<u>373,237</u>	<u>328,931</u>

#### Movement in provision for doubtful debts:

	As at 30 September 2023 US\$	As at 31 December 2022 US\$
On 1 January	3,331	2,379
Provisions for the period/year	1,030	1,269
Amount written-off as uncollectible	(243)	(240)
Bad debts recovered	(1)	(7)
Foreign exchange difference	(124)	(70)
On 30 September/31 December	<u>3,993</u>	<u>3,331</u>

As at 30 September 2023, the receivables of the Group that have been assigned as security for financing purposes amounted to US\$ 59,629 (2022: US\$ 80,040).

### 15. Other current assets

	As at 30 September 2023 US\$	As at 31 December 2022 US\$
VAT and other taxes refundable	6,093	16,253
Other debtors and prepayments	12,880	6,780
Deposits and advances to service providers	248	386
Employee floats	550	167
	<u>19,771</u>	<u>23,586</u>

### 16. Share capital

	As at 30 September 2023 US\$	As at 31 December 2022 US\$
<b>Authorized</b>		
63,000,000 (2022: 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 (2022: 55,500,000) ordinary shares of US\$ 0.20 each	<u>11,100</u>	<u>11,100</u>

# ASBISC ENTERPRISES PLC

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## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(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 2023 the Company held no shares (2022: 328,800).

### 17. Short-term borrowings

	As at 30 September 2023 US\$	As at 31 December 2022 US\$
Bank overdrafts (Note 26)	46,686	42,246
Current portion of long-term loans	287	224
Bank short-term loans	90,711	98,146
Current lease liabilities (Note 19)	<u>2,823</u>	<u>2,393</u>
Total short-term debt	<u>140,507</u>	<u>143,009</u>
Factoring creditors	<u>56,351</u>	<u>62,287</u>
	<u>196,858</u>	<u>205,296</u>

### Summary of borrowings and overdraft arrangements

As at 30 September 2023 the Group had factoring facilities of US\$ 157,043 (2022 US\$ 199,952).

In addition, the Group as at 30 September 2023 had the following financing facilities with banks in the countries that the Company and its subsidiaries operate:

- overdraft lines of US\$ 98,675 (2022: US\$ 100,237)
- short-term loans/revolving facilities of US\$ 142,424 (2022: US\$ 133,686)
- bank guarantee and letters of credit lines of US\$ 48,942 (2022: US\$ 41,960)

The Group had for the period ended 30 September 2023 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 12.0% (2022: 10.5%).

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, Belarus, Middle East, Bulgaria, Slovakia and Ukraine
- Charge over receivables and inventories
- Corporate guarantees
- Assignment of insurance policies
- Pledged deposits of US\$ 25,607 (2022: US\$ 20,822).



# ASBISC ENTERPRISES PLC

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(in thousands of US\$)

### 18. Long-term borrowings

	As at 30 September 2023 US\$	As at 31 December 2022 US\$
Bank loans	506	553
Non-current lease liabilities (Note 19)	<u>11,705</u>	<u>8,630</u>
	<u>12,211</u>	<u>9,183</u>

### 19. Lease liabilities

	As at 30 September 2023 US\$	As at 31 December 2022 US\$
Current lease liabilities (Note 17)	2,823	2,393
Non-current lease liabilities (Note 18)	<u>11,705</u>	<u>8,630</u>
	<u>14,528</u>	<u>11,023</u>

### 20. Deferred tax

	As at 30 September 2023 US\$	As at 31 December 2022 US\$
Debit balance on 1 January	(165)	(127)
Deferred tax (charge)/credit for the period/year (Note 8)	(36)	4
Exchange difference on retranslation	(8)	(42)
At 30 September/31 December	<u>(209)</u>	<u>(165)</u>

	As at 30 September 2023 US\$	As at 31 December 2022 US\$
Deferred tax assets	(329)	(285)
Deferred tax liabilities	<u>120</u>	<u>120</u>
Net deferred tax assets	<u>(209)</u>	<u>(165)</u>

# ASBISC ENTERPRISES PLC

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(in thousands of US\$)

### 21. Other current liabilities

	As at 30 September 2023 US\$	As at 31 December 2022 US\$
Salaries payable and related costs	5,074	4,305
VAT payable	8,379	8,854
Provision for warranties	7,238	7,465
Accruals, deferred income and other provisions	79,155	107,213
Provision for marketing	26,297	30,182
Non-trade accounts payable	7,015	6,004
	<u>133,158</u>	<u>164,023</u>

### 22. Trade payables and prepayments

	As at 30 September 2023 US\$	As at 31 December 2022 US\$
Trade payables	356,646	400,283
Prepayments from customers	16,824	17,693
	<u>373,470</u>	<u>417,976</u>

### 23. 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 – the 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 2023 US\$	For the three months ended 30 September 2022 US\$	For the nine months ended 30 September 2023 US\$	For the nine months ended 30 September 2022 US\$
Former Soviet Union	385,172	371,217	1,114,401	989,937
Central Eastern Europe	189,047	145,034	529,364	461,123
Middle East & Africa	123,551	121,765	318,012	299,866
Western Europe	69,280	46,261	188,778	125,365
Other	4,750	14,399	17,384	33,420
	<u>771,800</u>	<u>698,676</u>	<u>2,167,939</u>	<u>1,909,711</u>



# ASBISC ENTERPRISES PLC

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(in thousands of US\$)

### 23. Operating segments (continued)

#### 1.3 Segment results

	For the three months ended 30 September 2023 US\$	For the three months ended 30 September 2022 US\$	For the nine months ended 30 September 2023 US\$	For the nine months ended 30 September 2022 US\$
Former Soviet Union	11,484	13,279	34,192	32,438
Central Eastern Europe	8,646	4,780	23,704	18,755
Western Europe	1,770	2,854	4,979	5,459
Middle East & Africa	5,447	6,350	14,222	13,887
Other	470	1,954	746	2,456
<b>Profit from operations</b>	<b>27,817</b>	<b>29,217</b>	<b>77,843</b>	<b>72,995</b>
Net financial expenses	(8,124)	(4,919)	(24,243)	(15,766)
Other gains and losses	6,149	331	6,955	647
Share of profit/(loss) from equity-accounted investees	342	(10)	60	(85)
<b>Profit before taxation</b>	<b>26,184</b>	<b>24,619</b>	<b>60,615</b>	<b>57,791</b>

#### 1.4 Segment capital expenditure (CAPEX)

	As at 30 September 2023 US\$	As at 31 December 2022 US\$
Cyprus	27,783	27,541
Former Soviet Union	11,942	10,407
Central Eastern Europe	14,954	14,510
Middle East & Africa	11,483	3,677
Western Europe	474	3
Unallocated	253	28
	<b>66,890</b>	<b>56,166</b>

#### 1.5 Segment depreciation and amortization

	For the three months ended 30 September 2023 US\$	For the three months ended 30 September 2022 US\$	For the nine months ended 30 September 2023 US\$	For the nine months ended 30 September 2022 US\$
Cyprus	680	579	2,230	1,569
Former Soviet Union	610	391	1,724	1,185
Central Eastern Europe	480	386	1,440	1,152
Middle East & Africa	120	49	253	147
Western Europe	25	-	48	-
Other	3	2	5	8
	<b>1,918</b>	<b>1,407</b>	<b>5,700</b>	<b>4,061</b>

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(in thousands of US\$)

### 23. Operating segments (continued)

#### 1.6 Segment assets

	As at 30 September 2023 US\$	As at 31 December 2022 US\$
Former Soviet Union	443,758	408,154
Central Eastern Europe	145,882	118,280
Western Europe	205,585	210,638
Middle East & Africa	155,614	227,291
Total	<u>950,839</u>	<u>964,363</u>
Assets allocated in capital expenditure (1.4)	66,890	56,166
Other unallocated assets	19,240	42,997
Consolidated assets	<u>1,036,969</u>	<u>1,063,526</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.

### 24. Derivative financial liability

	As at 30 September 2023 US\$	As at 31 December 2022 US\$
<u>Derivative financial liabilities carried at fair value through profit or loss</u>		
Foreign currency derivative contracts	<u>125</u>	<u>263</u>

### 25. Derivative financial asset

	As at 30 September 2023 US\$	As at 31 December 2022 US\$
<u>Derivative financial assets carried at fair value through profit or loss</u>		
Foreign currency derivative contracts	<u>298</u>	<u>413</u>

### 26. Cash and cash equivalents

	As at 30 September 2023 US\$	As at 31 December 2022 US\$
Cash at bank and in hand	74,444	134,598
Bank overdrafts (Note 17)	<u>(46,686)</u>	<u>(42,246)</u>
	<u>27,758</u>	<u>92,352</u>

The cash at bank and in hand balance includes an amount of US\$ 25,607 (2022: US\$ 20,822) 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 2023

(in thousands of US\$)

### 27. Goodwill

#### 1.a. Acquired assets and liabilities

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

	As at 30 September 2023 US\$	As at 31 December 2022 US\$
Tangible and intangible assets	1	-
Inventories	733	-
Receivables	1,839	-
Other receivables	150	-
Short-term loans	(10)	-
Payables	(340)	-
Other payables and accruals	(3,369)	-
Cash and cash equivalents	1,213	-
<b>Net identifiable assets</b>	<b>217</b>	<b>-</b>
<b>Group's interest in net assets acquired</b>	<b>176</b>	<b>-</b>
Total purchase consideration	(380)	-
<b>Goodwill capitalized in statement of financial position</b>	<b>204</b>	<b>-</b>

#### 1.b. Goodwill arising on acquisitions

	As at 30 September 2023 US\$	As at 31 December 2022 US\$
At 1 January	372	595
Additions (i)	204	-
Disposals	-	(201)
Foreign exchange difference on retranslation	10	(22)
At 30 September/31 December	<b>586</b>	<b>372</b>

(i) During the period, goodwill of US\$ 204 was recognized from the acquisition of ASBIS Africa Proprietary Limited.

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

	As at 30 September 2023 US\$	As at 31 December 2022 US\$
ASBIS d.o.o. (BA)	370	372
ASBIS Africa Proprietary Limited	216	-
	<b>586</b>	<b>372</b>

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(in thousands of US\$)

### 28. Transactions and balances of key management

	For the three months ended 30 September 2023 US\$	For the three months ended 30 September 2022 US\$	For the nine months ended 30 September 2023 US\$	For the nine months ended 30 September 2022 US\$
Director's remuneration - executive (Note 6)	290	288	1,239	1,194
Director's remuneration - non-executive (Note 6)	20	6	46	19
	<u>310</u>	<u>294</u>	<u>1,285</u>	<u>1,213</u>

### 29. Financial assets at fair value through other comprehensive income

Name	Country of incorporation	Participation %	Cost US\$	Impairment US\$	As at 30 September 2023 US\$	As at 31 December 2022 US\$
Promed Bioscience Ltd RSL	Cyprus	16.0%	808	-	808	808
Revolutionary Labs Ltd	Cyprus	15.5%	707	-	707	707
Theramir Ltd	Cyprus	4.5%	861	-	861	-
			<u>2,376</u>	<u>-</u>	<u>2,376</u>	<u>1,515</u>

### 30. Business combinations

#### 1. Acquisitions

##### 1.1 Acquisitions of subsidiaries to 30 September 2023

During the period the Group has acquired the 81% shareholding of ASBIS Africa Proprietary Limited and the 100% share capital of ASBIS AM LLC, ASBIS Georgia LLC, ASBIS AZ LLC, ASBIS s.r.l. and ASBC Morocco. Also, the Group has acquired an additional 11.15% shareholding of Breezy Trade-In Ltd.

Name of entity	Type of operations	Date acquired	% acquired	% owned
Breezy Trade-In Ltd (Cyprus)	Information Technology	30 May 2023	11.15%	91.15%
ASBIS Africa Proprietary Limited (South Africa)	Information Technology	01 June 2023	81%	100%
ASBIS Georgia LLC (Georgia)	Information Technology	02 June 2023	100%	100%
ASBIS AM LLC (Armenia)	Information Technology	06 June 2023	100%	100%
ASBIS s.r.l. (Moldova)	Information Technology	16 June 2023	100%	100%
ASBIS AZ LLC (Azerbaijan)	Information Technology	20 June 2023	100%	100%
ASBC Morocco (Morocco)	Information Technology	20 June 2023	100%	100%



# ASBISC ENTERPRISES PLC

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(in thousands of US\$)

### 30. Business combinations (continued)

#### *Acquisitions of subsidiaries to 31 December 2022*

During the year the Group has incorporated the following subsidiaries:

<u>Name of entity</u>	<u>Type of operations</u>	<u>Date acquired/ incorporated</u>	<u>% acquired/ incorporated</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%
ASBC SRL (Moldova)	Information Technology	8 November 2022	100%	100%
Breezy Poland (Poland)	Information Technology	18 November 2022	100%	100%
ASBIS Hellas Single Member S.A. (Greece)	Information Technology	18 November 2022	100%	100%
Prestigio Plaza Kft. (Hungary)	Information Technology	24 November 2022	100%	100%
Breezy-M SRL (Moldova)	Information Technology	8 December 2022	100%	100%

### 2. Disposals

#### *Disposals of subsidiaries to 30 September 2023*

During the period the Group had no liquidations nor disposals of subsidiaries.

#### *Liquidations and disposals of subsidiaries to 31 December 2022*

During the year, the following subsidiaries have been liquidated and disposed of and a gain of US\$ 1 arose on the events.

<u>Name of 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%

<u>Name of entity</u>	<u>Type of operations</u>	<u>Date disposed</u>	<u>% sold</u>
LLC Must (Russia)	Information Technology	29 July 2022	100%

### 31. 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\$ 20,812 (2022: US\$ 32,603) which were in transit at 30 September 2023 and delivered in October 2023. 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 2023 the Group was contingently liable to banks in respect of bank guarantees and letters of credit of US\$ 48,942 (2022: US\$ 41,960) (note 17) which the Group has extended to its suppliers and other counterparties.

As at 30 September 2023 the Group had no other capital or legal commitments and contingencies.

### 32. 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)).