

ASBISC ENTERPRISES PLC

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

ASBISC ENTERPRISES PLC

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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ASBISC ENTERPRISES PLC

OFFICERS AND PROFESSIONAL ADVISERS

Board of Directors	Siarhei Kostevitch (Cypriot) Chairman and Chief Executive Officer
	Marios Christou (Cypriot) Chief Financial Officer
	Constantinos Tziamalis (Cypriot) Deputy Chief Executive Officer
	Julia Prihodko (Ukrainian) Chief Human Relations Officer
	Hanna Kaplan (Cypriot) Financial Manager (appointed on 23 June 2023)
	Tasos A.Panteli (Cypriot) Non-Executive Director
	Maria Petridou (Cypriot) Non-Executive Director
Secretary	Constantinos Petrides (Cypriot) Non-Executive Director (appointed on 23 June 2023)
	Alfo Secretarial Limited Limassol, Cyprus
Registered office	Iapetou 1, Ayios Athanasios, 4101, Limassol, Cyprus
Independent auditors	KPMG Limited Limassol, Cyprus
Legal adviser	Costas Tsirides & Co. Law Office Limassol, Cyprus
Bankers	Tatrabanka a.s. Všeobecná Uverová Banka a.s. Raiffeisen Bank International AG Bank of Cyprus Public Company Ltd Global Supply Chain Finance Ltd Barclays Bank Plc Alpha Bank Group Tascombank JSC JSC Halyk Bank JSC Bank Centercredit Ceskoslovenska Obchodni Banka, A.S Société Générale Group National Bank of Fujairah Emirates Islamic Bank PJSC First Ukrainian International bank Joint-stock Company OTP Bank OP Corporate Bank Plc Unicredit Group Abu Dhabi Commercial Bank (ADCB) Bank Pekao S.A Credit Agricole Group Erste Group TBC Bank

ASBISC ENTERPRISES PLC

DECLARATION BY THE MEMBERS OF THE BOARD OF DIRECTORS AND THE COMPANY OFFICIALS RESPONSIBLE FOR THE DRAFTING OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

(In accordance with the provisions of Law 190(I)/2007 on Transparency Requirements)

In accordance with Article 9, sections (3c) and (7), of the Transparency Requirements (Traded Securities in a Regulated Market) Law 190(I)/2007, as amended from time to time (the "Law"), we, the members of the Board of Directors and the Financial Controller responsible for the drafting of the consolidated financial statements of Asbisc Enterprises Plc (the "Company") and its subsidiaries (the "Group") and the Company's separate financial statements for the year ended 31 December 2023, confirm to the best of our knowledge that:

a) the consolidated financial statements of the Group and the Company's separate financial statements for the year ended 31 December 2023 which are presented on pages 14 to 80:

- (i) have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union and the provisions of subsection (4) of Article 9 of the Law, and
- (ii) give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the Company, and

b) the management report provides a fair review of the development and performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties that they face.

Members of the Board of Directors

Siarhei Kostevitch
Chairman and Chief Executive Officer

Marios Christou
Executive Director

Constantinos Tziamalis
Executive Director

Julia Prihodko
Executive Director

Hanna Kaplan
Executive Director

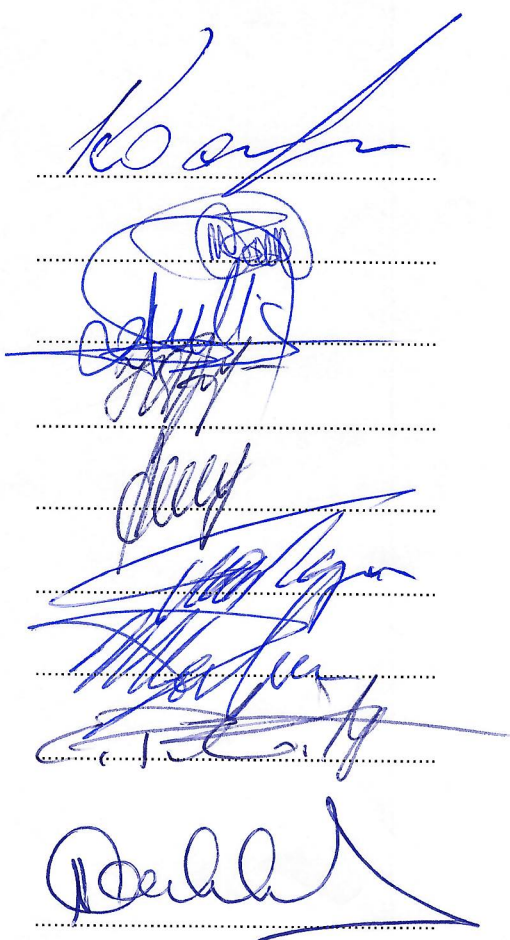
Tasos A.Panteli
Non-Executive Director

Maria Petridou
Non-Executive Director

Constantinos Petrides
Non-Executive Director

Financial Controller

Loizos Papavassiliou



The image shows a series of handwritten signatures in blue ink, each corresponding to a member of the Board of Directors or the Financial Controller. The signatures are written over horizontal dotted lines. From top to bottom, the signatures correspond to: Siarhei Kostevitch, Marios Christou, Constantinos Tziamalis, Julia Prihodko, Hanna Kaplan, Tasos A.Panteli, Maria Petridou, Constantinos Petrides, and Loizos Papavassiliou.

Limassol, 27 March 2024

ASBISC ENTERPRISES PLC

MANAGEMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors present their annual report on the affairs of Asbisc Enterprises Plc (the "Company" or the "parent Company") and its subsidiaries (together with the Company, the "Group") together with the Group's and the Company's audited financial statements for the year ended 31 December 2023.

Principal activity

The principal activity of the Group and the Company continues to be the worldwide trading and distribution of computer hardware and software.

Group financial statements

The consolidated financial statements include the financial statements of the Company and those of its subsidiary companies. The names and more details about the subsidiaries are shown in note 11 to the financial statements.

Review of the development, financial performance and current position of the Group and the Company and the description of its major risks and uncertainties

The Group's and the Company's development to date, financial results and position are presented in the financial statements on pages 14 to 80.

The key performance and financial position figures are as follows:
(in thousands of US\$)

	The Group		The Company	
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
Revenue	3,061,228	2,690,039	1,963,668	1,787,965
Gross profit	252,269	227,831	71,782	70,956
Profit before tax	64,969	91,046	47,507	39,231
Taxation	(12,013)	(15,176)	(4,840)	(5,003)
Profit for the year	<u>52,956</u>	<u>75,870</u>	<u>42,667</u>	<u>34,228</u>
Earnings per share (US\$ cents)	<u>95.87</u>	<u>137.10</u>	<u>N/A</u>	<u>N/A</u>
Total equity	<u>281,212</u>	<u>244,180</u>	<u>171,002</u>	<u>152,236</u>
Average number of employees during the year	<u>2,673</u>	<u>2,222</u>	<u>301</u>	<u>220</u>

The most important event that affected the Group's results in the year, was the disposal of ASBIS subsidiary in Russia and the complete closure of the Company's operations in this country.

The exit from Russia negatively impacted the Group's net profit for 2023; however, the Group and the Company strongly underline that there is no more risk relating to the exit from Russia and consider the Russian topic as closed. The write-offs in relation to the exit from Russia do not impact in any respect the ongoing operations of the Group, which continues to grow dynamically in other geographical directions and incorporates innovative solutions into its portfolio, such as robotics and trade-in business.

The Group and the Company face the following major risks and uncertainties:

- competitive pressures in the marketplace it operates that may significantly affect gross and net margins
- technological changes and other market trends
- financial and other risks as described in notes 35 and 36.

The Group has systems and procedures in place to maintain its expertise and keep it aware of changes in its marketplace to help mitigate market risks. It also has rigorous controls to help mitigate financial and other risks. These are described in notes 35 and 36 to the financial statements.

Significant events after the end of the financial year

There are no significant events after the reporting date that require disclosure in or adjustment to the financial statements.

Existence of branches

The Company also operates through a warehouse in the Czech Republic.

Expected future developments of the Group and the Company

The Directors do not expect any significant changes in the activities of the Group and the Company for the foreseeable future.

ASBISC ENTERPRISES PLC

MANAGEMENT REPORT (continued)

Employees

During 2023 we have employed an average number of 2,673 employees, of whom 301 were employed by the Company and the remainder in the rest of the Group's offices worldwide. The split of employees by area of activity is as follows:

	As at 31 December	
	2023	2022
Sales and Marketing	1,484	1,213
Administration and IT	419	338
Finance	213	200
Logistics	557	471
Total	2,673	2,222

Research and Development

In 2023, the Group spent US\$ 853,321 (2022: US\$ 1,556,801) on Research and Development, focusing on development of tablets, small home appliances and other product lines that are sold under the Prestigio, Canyon and Perenio own brands in all regions of the Company's operations. The Group will continue to have research and development expenditures to support the design and development of own brand products to maintain and enhance its competitive position.

Dividends

Our dividend policy is to pay dividends at levels consistent with our growth and development plans, while maintaining a reasonable level of liquidity. During the year, the following dividends were declared and paid by the Company:

- A final dividend of US\$ 0.25 per share for the year 2022, amounting to US\$ 13,875,000
- An interim dividend of US\$ 0.20 per share for the year 2023, amounting to US\$ 11,100,000

The Board of Directors also proposes the payment of a final dividend of US\$ 0.30 per share for the year 2023, amounting to US\$ 16,665,000.

Share Capital

On 31 December 2023 the issued and fully paid-up share capital of the Company consisted of 55,500,000 ordinary shares of US\$ 0.20 each. There were no changes in the share capital of the Company during the year and up to the date of these financial statements.

Board of Directors

The members of the Board of Directors at 31 December 2023 and at the date of this report are set out on page 1. They were all members of the Board of Directors throughout the year except Hanna Kaplan and Constantinos Petrides who were appointed on 23rd of June 2023 as an Executive Director and as a Non-Executive Director of the Company respectively. There were no significant changes in the assignment of the responsibilities of the members of the Board of Directors. The remuneration of the members of the Board of Directors is disclosed in notes 5 and 31 to the financial statements.

In accordance with the Company's Articles of Association, Mrs. Hanna Kaplan, Mrs. Maria Petridou, Mr. Constantinos Petrides and Mr. Tasos Panteli who are subject to retirement by rotation, will retire at the next annual general meeting of the Company and being eligible, will offer themselves for re-election.

Corporate Governance

The Directors of the Company recognize the importance of corporate governance policies, practices and procedures. Being listed on the Warsaw Stock Exchange in Poland, the Company follows the provisions of Corporate Governance of the Warsaw Stock Exchange Code of Best Practices, to the extent practicable and appropriate for a public company of the size of the Company. Those rules, information on their application and any deviation can be found on the Company's internet site for investors at <http://investor.asbis.com> and <http://inwestor.asbis.pl>.

The Board of the Company has two committees:

- the Audit Committee and
- the Remuneration Committee

The Remuneration Committee consists of the three non-executive Directors together with the Chairman. The Audit Committee consists of the three non-executive Directors. More information on the composition and functions of the committees is given in the corporate governance statement.

ASBISC ENTERPRISES PLC

MANAGEMENT REPORT (continued)

Main shareholders

The following table presents shareholders possessing directly or indirectly more than 5% of the Company's shares and shares held by the Company under the share buyback program as at 31 December 2023:

Name	Number of votes/shares	Votes/share capital %
Siarhei Kostevitch and KS Holdings Ltd	20,448,127	36.84
Free float	<u>35,051,873</u>	<u>63.16</u>
	<u>55,500,000</u>	<u>100.00</u>

Following an extraordinary general meeting of the shareholders on 28th 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

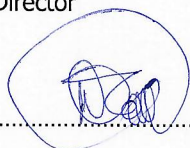
At the end of 2023 the Company held a total of nil (2022: 328,800) shares purchased under the buyback program.

Auditors

The independent auditors of the Company, Messrs KPMG Limited, have expressed their willingness to continue in office and a resolution authorizing the Board of Directors to fix their remuneration will be submitted at the forthcoming annual general meeting.

BY ORDER OF THE BOARD OF DIRECTORS

Director



Limassol, 28 March 2024



KPMG Limited
Chartered Accountants
11, June 16th 1943 Street, 3022 Limassol, Cyprus
P.O.Box 50161, 3601 Limassol, Cyprus
T: +357 25 869000, F: +357 25 363842

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
ASBISC ENTERPRISES PLC**

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the accompanying consolidated and separate financial statements of **Asbisc Enterprises PLC** (the "Company") and its subsidiaries (the "Group"), which are presented on pages 14 to 80 and comprise the consolidated and the separate statement of financial position as at 31 December 2023, and the consolidated and the separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated and the separate financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements and the separate financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2023, and of their financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap.113").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the consolidated and the separate financial statements" section of our report. We remained independent of the Group and the Company throughout the period of our appointment in accordance with the International Code of Ethics (Including International Independence Standards) for Professional Accountants of the International Ethics Standards Board for Accountants ("IESBA Code") together with the ethical requirements in Cyprus that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and the separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter 1 – Investments in subsidiaries: impairment assessment	
Refer to notes 2 and 11 of the separate financial statements	
Key audit matter	How the matter was addressed in our audit
<p>Significant judgement is required by the management of the Company in determining whether there are any indications for impairment and, where such indications exist, in assessing the recoverable amount of the investments.</p> <p>We focused on this area because of the significance of the carrying amount of the investments in the separate financial statements and because inherent uncertainty and subjectivity is involved the assessment of the recoverable amount.</p>	<p>Our audit procedures included among other:</p> <ul style="list-style-type: none"> - understanding and evaluating the process applied by the Company in the determination of the impairment indicators; - assessing the compliance and the consistency of the accounting methods applied with the IFRS-EU; - testing of the principles and integrity of the Company's valuation model, including evaluating the assumptions used by the Company and comparing the Company's assumptions to our own assessments in relation to key inputs; - recalculation of weighted average cost of capital, used in the valuation model; - reviewing disclosures to the financial statements to ensure compliance with requirements of relevant IFRS-EU.
Key audit matter 2 – valuation of inventory	
Refer to notes 2 and 16 of the financial statements	
Key audit matter	How the matter was addressed in our audit
<p>There is an increased need to hold inventory to serve as a buffer in anticipation of customer needs. Given that the IT industry is characterized by rapid changes in technology and short product shelf lives, inventory may rapidly become obsolete. Significant judgment is required in determining the appropriate carrying amount of inventories.</p>	<p>Our audit procedures included among other:</p> <ul style="list-style-type: none"> - understanding and evaluating the process applied by the Company and the Group in the determination of the impairment provision; - assessing the compliance and the consistency of the accounting methods applied with the IFRS-EU; - testing the accuracy of the inventory ageing report and assessing the ageing of inventory, inventory levels; comparing year on year key indicators, including stock turnover and gross profit margins; - verifying on a sampling basis that the inventory held as at year end was recorded on the lower of cost and net realizable value; - participating the year end count and performing independent count test; - reviewing disclosures to the financial statements to ensure compliance with requirements of relevant IFRS-EU.

Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud (continued)

Key audit matter 3 – valuation of trade receivables	
Refer to notes 2 and 17 of the financial statements	
Key audit matter	How the matter was addressed in our audit
<p>The Company and the Group have significant trade receivables as at the year end. Despite the fact that a large portion of these is credit insured, credit insurance companies are becoming more risk averse in granting credit limits to customers. Given the size of trade receivables and the risk that some of them may not be recoverable, significant judgment is required to estimate the level of the allowance required to reflect the risk.</p> <p>In addition, application of requirements of IFRS 9 “Financial Instruments” could increase the risk of misstatement as it is a complex accounting standard which requires considerable judgments to be made. Specifically, a model has been developed by management to calculate expected credit losses by applying judgement in a number of significant areas.</p>	<p>Our audit procedures included among other:</p> <ul style="list-style-type: none"> - understanding and evaluating the process applied by the Company and the Group in the determination of the impairment provision; - assessing the compliance and the consistency of the accounting methods applied with the IFRS-EU; - discussing with the responsible credit officers and the responsible Company’s director the recoverability and the procedures followed for the collection of significant overdue balances and evaluate the assessment made by them; - assessing on sample basis the recoverability of overdue amounts by reference to subsequent receipts from customers or, where there were no subsequent receipts, to sales and payment track records, we inspected relevant correspondence with customers and legal advisors, as applicable, and inspected insurance documents for the insured customers; - independent recalculation of expected credit loss provision with the involvement of finance-risk-management specialists and comparison the management’s calculation of expected credit loss provision; - reviewing disclosures to the financial statements to ensure compliance with requirements of relevant IFRS-EU.

Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud (continued)

Key audit matter 4 – Revenue recognition	
Refer to notes 2 and 3 of the financial statements	
Key audit matter	How the matter was addressed in our audit
<p>The vast majority of the Group's and the Company's revenue is generated from the sales of IT equipment and services.</p> <p>The Group and the Company generally recognize revenue in accordance with the terms and conditions of sale, which vary and may affect the timing of revenue recognition.</p> <p>We have identified revenue recognition as a key audit matter because of revenue is one of the Group's and the Company's performance indicators giving rise to an inherent risk that revenue could be subject to overstatement to meet targets or expectations.</p>	<p>Our audit procedures included among other:</p> <ul style="list-style-type: none"> - understanding and evaluating the process applied by the Company and the Group which govern the revenue recognition process; - assessing the compliance and the consistency of the accounting methods applied with the IFRS-EU; - evaluating key contractual arrangements with customers to assess revenue recognition as per required standards; - testing sample of sales transactions closer to the year end and subsequent to the year end to assess that the revenue is recorded in the correct period; - testing sample of sales transactions throughout the year to assess the existence of revenue - performing analytical procedures based on the historical data, comparing year on year key indicators; - reviewing disclosures to the financial statements to ensure compliance with requirements of relevant IFRS-EU.

Other information

The Board of Directors is responsible for the other information. The other information comprises the Director's report on the Group operations part I and part II, the remuneration report and the consolidated management report.

Our opinion on the consolidated and the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as required by the Companies Law, Cap.113.

In connection with our audit of the consolidated and the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

With regards to the Director's report on the Group operations part I and part II and Remuneration report we have nothing to report.

With regards to the Consolidated Management report, our report in this regard is presented in the "Report on other legal and regulatory requirements" section.

Responsibilities of the Board of Directors and those charged with governance for the consolidated and separate financial statements

The Board of Directors is responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRS-EU and the requirements of the Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Board of Directors and those charged with governance for the consolidated and separate financial statements (continued)

In preparing the consolidated and separate financial statements, the Board of Directors is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to either liquidate the Company or to cease the Group's operations, or there is no realistic alternative but to do so.

The Board of Directors and those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated and the separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Parent to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and the separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Auditors' responsibilities for the audit of the consolidated and separate financial statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Report on other regulatory and legal requirements

Other regulatory requirements

Pursuant to the requirements of Article 10(2) of European Union (EU) Regulation 537/2014 we provide the following information in our Independent Auditors' Report, which is required in addition to the requirements of ISAs.

Date of appointment and period of engagement

We were appointed auditors on 26 November 2023 by Board of Directors Meeting to audit the consolidated and separate financial statements of the Group for the year ended 31 December 2023. Our total uninterrupted period of engagement, is 12 years covering the periods ending 30 June 2012 to 31 December 2023.

Consistency of auditors' report to the additional report to the Audit Committee

We confirm that our audit opinion on the consolidated and separate financial statements expressed in this report is consistent with the additional report presented to the Audit Committee of the Company, which is dated 27 March 2024.

Provision of Non-audit Services ('NAS')

We have not provided any prohibited NAS referred to in Article 5 of EU Regulation 537/2014 as applied by Section 72 of the Auditors Law of 2017, L.53(I)/2017, as amended from time to time ("Law L53(I)/2017"). Total remuneration for NAS provided by KPMG during the period covered by audit is USD 25 thousand.

Other legal requirements

Pursuant to the additional requirements of law L.53(I)/2017, and based on the work undertaken in the course of our audit, we report the following:

- In our opinion, the consolidated management report, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap 113, and the information given is consistent with the consolidated and the separate financial statements.
- In the light of the knowledge and understanding of the business and the Group's and Company's environment obtained in the course of the audit, we have not identified material misstatements in the consolidated management report.

Other legal requirements (continued)

- In our opinion, based on the work undertaken in the course of our audit, the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Companies Law, Cap. 113, and which is also published in full on the Company's website, have been prepared in accordance with the requirements of the Companies Law, Cap. 113, and is consistent with the consolidated and separate financial statements.
- In light of the knowledge and understanding of the Group and Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of the subparagraph 2(a) of Article 151 of the Companies Law, Cap. 113. We have not identified any material misstatements in this respect.
- In our opinion, based on the work undertaken in the course of our audit, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Companies Law, Cap.113.

European Single Electronic Format

We have examined the digital files of the European Single Electronic Format (ESEF) of Asbisc Enterprises PLC for the year ended 31 December 2023 comprising an XHTML file which includes the consolidated and separate financial statements for the year then ended and XBRL files with the marking up carried out by the entity of the consolidated statement of financial position as at 31 December 2023, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and all disclosures made in the consolidated financial statements or made by cross-reference therein to other parts of the annual financial report for the year ended 31 December 2023 that correspond to the elements of Annex II of the EU Delegated Regulation 2019/815 of 17 December 2018 of the European Commission, as amended from time to time (the "ESEF Regulation") (the "digital files").

The Board of Directors of Asbisc Enterprises PLC is responsible for preparing and submitting the consolidated and separate financial statements for the year ended 31 December 2023 in accordance with the requirements set out in the ESEF Regulation.

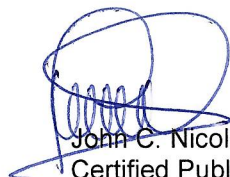
Our responsibility is to examine the digital files prepared by the Board of Directors of Asbisc Enterprises PLC. According to the Audit Guidelines issued by the Institute of Certified Public Accountants of Cyprus (the "Audit Guidelines"), we are required to plan and perform our audit procedures in order to examine whether the content of the consolidated financial statements included in the digital files correspond to the consolidated financial statements we have audited, and whether the format and marking up included in the digital files have been prepared in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital files examined correspond to the consolidated financial statements, and the consolidated financial statements included in the digital files, are presented and marked-up, in all material respects, in accordance with the requirements of the ESEF Regulation.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 10(1) of the EU Regulation 537/2014 and Section 69 of Law L.53(I)/2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditors' report is John C. Nicolaou.



John C. Nicolaou, CPA

Certified Public Accountant and Registered Auditor

for and on behalf of

KPMG Limited

Certified Public Accountants and Registered Auditors

11, June 16th 1943 Street

3022 Limassol

Cyprus

Limassol, 27 March 2024

ASBISC ENTERPRISES PLC

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of US\$)

	Note	2023 US\$	2022 US\$
Revenue	3	3,061,228	2,690,039
Cost of sales		<u>(2,808,959)</u>	<u>(2,462,208)</u>
Gross profit		252,269	227,831
Selling expenses		(82,745)	(69,217)
Administrative expenses		<u>(57,031)</u>	<u>(47,620)</u>
Profit from operations		112,493	110,994
Financial income	6	2,719	5,242
Financial expenses	6	(34,930)	(25,694)
Realized foreign exchange loss relating to foreign operations liquidated and disposed		<u>(11,286)</u>	<u>(282)</u>
Net finance costs		(43,497)	(20,734)
Other gains and losses	4	(3,790)	948
Share of loss of equity-accounted investees	12	<u>(237)</u>	<u>(162)</u>
Profit before tax	5	64,969	91,046
Taxation	7	<u>(12,013)</u>	<u>(15,176)</u>
Profit for the year		<u>52,956</u>	<u>75,870</u>
Attributable to:			
Equity holders of the parent		53,048	75,867
Non-controlling interests		<u>(92)</u>	<u>3</u>
		<u>52,956</u>	<u>75,870</u>
		US\$ cents	US\$ cents
Earnings per share			
Basic and diluted from continuing operations (expressed in US\$)	33	<u>0.96</u>	<u>1.37</u>
Other comprehensive loss:			
Exchange difference on the translation of foreign operations		(3,124)	(4,039)
Reclassification adjustments relating to foreign operations liquidated and disposed of in the year		<u>11,286</u>	<u>282</u>
Other comprehensive profit/(loss) for the year		<u>8,162</u>	<u>(3,757)</u>
Total comprehensive income for the year		<u>61,118</u>	<u>72,113</u>
Total comprehensive income attributable to:			
Equity holders of the parent		61,224	72,128
Non-controlling interests		<u>(105)</u>	<u>(15)</u>
		<u>61,118</u>	<u>72,113</u>

The notes on pages 22 to 80 form an integral part of these consolidated financial statements.

ASBISC ENTERPRISES PLC


CONSOLIDATED STATEMENT OF FINANCIAL POSITION


AS AT 31 DECEMBER 2023

(in thousands of US\$)

	Notes	2023 US\$	2022 US\$
ASSETS			
Non-current assets			
Property, plant and equipment	8	66,933	50,313
Intangible assets	9	1,700	1,077
Investment property	10	3,571	4,404
Equity-accounted investees	12	5,075	1,640
Goodwill	34	608	372
Financial assets at fair value through other comprehensive income	13	2,376	1,515
Financial assets at fair value through profit and loss	14	528	-
Deferred tax assets	24	473	285
Total non-current assets		81,264	59,606
Current assets			
Inventories	16	413,775	514,804
Trade receivables	17	346,123	328,931
Other current assets	18	27,116	23,586
Derivative financial assets	29	125	413
Current taxation	7	515	1,588
Cash at bank and in hand	30	143,560	134,598
Total current assets		931,214	1,003,920
Total assets		1,012,478	1,063,526
EQUITY AND LIABILITIES			
Equity			
Share capital	19	11,100	11,100
Share premium		23,872	23,721
Retained earnings and other components of equity		245,796	208,650
Equity attributable to owners of the parent		280,768	243,471
Non-controlling interests		444	709
Total equity		281,212	244,180
Non-current liabilities			
Long-term borrowings	21	14,663	9,183
Other long-term liabilities	22	935	859
Deferred tax liabilities	24	119	120
Total non-current liabilities		15,717	10,162
Current liabilities			
Trade payables and prepayments	26	349,683	417,976
Trade payables factoring facilities	15	41,822	18,024
Other current liabilities	25	122,203	164,023
Short-term borrowings	20	196,993	205,296
Derivative financial liabilities	28	702	263
Current taxation	7	4,146	3,602
Total current liabilities		715,549	809,184
Total liabilities		731,266	819,346
Total equity and liabilities		1,012,478	1,063,526

Signed on behalf of the Board of Directors on the 27th of March, 2024


Constantinos Tziamalīs
Director


Marios Christou
Director

The notes on pages 22 to 80 form an integral part of these consolidated financial statements.

ASBISC ENTERPRISES PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of US\$)

	Share capital US\$	Share premium US\$	Treasury stock US\$	Translation of foreign operations US\$	Retained earnings US\$	Total US\$	Non-controlling interests US\$	Total US\$
Balance at 1 January 2022	11,100	23,721	-	(12,431)	166,520	188,910	554	189,464
<i>Total comprehensive income</i>								
Profit for the year	-	-	-	-	75,867	75,867	3	75,870
Other comprehensive loss for the year	-	-	-	(3,739)	-	(3,739)	(18)	(3,757)
<i>Transactions with owners of the Company</i>								
Changes in ownership interests	-	-	-	-	-	-	-	-
Increase of share capital of subsidiary with non-controlling interest	-	-	-	-	-	-	170	170
Contributions and distributions	-	-	(996)	-	-	(996)	-	(996)
Acquisition of treasury shares	-	-	-	-	(16,571)	(16,571)	-	(16,571)
Final dividend declared (Note 37)	-	-	-	-	-	-	-	-
Balance at 31 December 2022	11,100	23,721	(996)	(16,170)	225,816	243,471	709	244,180
<i>Total comprehensive income</i>								
Profit/(loss) for the year	-	-	-	-	53,048	53,048	(92)	52,956
Other comprehensive profit/(loss) for the year	-	-	-	8,176	-	8,176	(14)	8,162
<i>Transactions with owners of the Company</i>								
Changes in ownership interests	-	-	-	-	(99)	(99)	(130)	(229)
Acquisition of non-controlling interest without a change in control	-	-	-	-	-	-	-	-
Contributions and distributions	-	151	996	-	-	1,147	-	1,147
Treasury shares sold	-	-	-	-	(24,975)	(24,975)	(29)	(25,004)
Final dividend declared (Note 37)	-	-	-	-	-	-	-	-
Balance at 31 December 2023	11,100	23,872	-	(7,994)	253,790	280,768	444	281,212

The retained earnings shown above at 31 December 2023 were readily distributable up to the amount of US\$ 136,030 which represents the retained earnings of the Company. The remaining amount in retained earnings of US\$ 117,760 represents the earnings retained in the subsidiary companies of the Group. Share premium represents the difference between the issue price of the shares of the Company and their nominal value. The share premium can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law, Cap. 113 on reduction of share capital. The translation reserve comprises all foreign currency differences from the translation of the financial statements of foreign operations.

The notes on pages 22 to 80 form an integral part of these consolidated financial statements.

ASBISC ENTERPRISES PLC

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

	Note	2023 US\$	2022 US\$
Profit for the year before tax		64,969	91,046
Adjustments for:			
Exchange difference arising on consolidation		7,888	(2,765)
Depreciation of property, plant and equipment	8	6,995	4,554
Amortization of intangible assets	9	678	1,203
Depreciation of investment property	10	54	30
Provision for slow moving and obsolete stock	16	2,225	2,740
Share of loss of equity-accounted investees	12	237	162
(Profit)/loss from disposal of property, plant and equipment and intangible assets	4	(2,934)	48
Profit from disposal of investment property	4	(3,515)	-
Loss/(profit) from disposal of subsidiaries	4	1,149	(1)
Provision for bad debts and receivables written off	17	3,171	1,029
Impairment loss of non-trade receivable	4	9,908	-
Bad debts recovered	4	(2)	(7)
Interest received	6	(625)	(999)
Interest paid		16,772	11,387
Operating profit before working capital changes		106,970	108,427
Decrease/(increase) in inventories		81,064	(192,983)
(Increase)/decrease in trade receivables		(36,263)	22,321
Increase in other current assets		(6,788)	(11,848)
(Decrease)/increase in trade payables and prepayments		(47,821)	31,688
Increase/(decrease) in trade payables factoring facilities		23,799	(10,274)
(Decrease)/increase in other current liabilities		(39,807)	34,697
Increase in other non-current liabilities		269	68
Decrease in factoring creditors		(9,493)	(10,857)
Cash inflows/(outflows) from operations		71,930	(28,761)
Interest paid	6	(15,724)	(10,886)
Taxation paid, net	7	(10,795)	(16,401)
Net cash inflows/(outflows) from operating activities		45,411	(56,048)
Cash flows from investing activities			
Purchase of intangible assets	9	(1,299)	(400)
Purchase of property, plant and equipment		(16,384)	(11,109)
Acquisition of investment property		(7)	-
Proceeds from disposal of property, plant and equipment and intangible assets		4,913	631
Net proceeds from disposal of subsidiaries		-	14
Net cash disposed of from disposal of subsidiaries		396	188
Net cash acquired from acquisition of subsidiaries		1,213	-
Increase of share capital of subsidiary with non-controlling interest		-	170
Payments for purchase of investments in subsidiaries		(377)	-
Payments for purchase of investments in associates		(3,472)	(1,568)
Net payment from acquisition of financial assets at fair value through other comprehensive income		(862)	-
Net payment from acquisition of financial assets at fair value through profit and loss		(528)	-
Acquisition of non-controlling interest without a change in control		(230)	-
Proceeds from disposal of investment property		4,302	-
Interest received	6	625	999
Net cash outflows from investing activities		(11,710)	(11,075)
Cash flows from financing activities			
Disposal/(acquisition) from treasury shares		1,148	(996)
Payment of final dividend		(24,975)	(16,571)
Repayments of long-term loans and long-term obligations under finance lease		(2,271)	(1,190)
Acquisition of non-controlling interest		(130)	-
Proceeds of short-term borrowings and short-term obligations under finance lease		8,481	27,312
Net cash (outflows)/inflows from financing activities		(17,747)	8,555
Net increase/(decrease) in cash and cash equivalents		15,954	(58,568)
Cash and cash equivalents at the beginning of the year		92,352	150,920
Cash and cash equivalents at the end of the year	30	108,306	92,352

The notes on pages 22 to 80 form an integral part of these consolidated financial statements.

ASBISC ENTERPRISES PLC

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

	Note	2023 US\$	2022 US\$
Revenue	3	1,963,668	1,787,965
Cost of sales		<u>(1,891,886)</u>	<u>(1,717,009)</u>
Gross profit		71,782	70,956
Selling expenses		(19,935)	(11,956)
Administrative expenses		<u>(31,359)</u>	<u>(22,579)</u>
Profit from operations		20,488	36,421
Financial income	6	405	3,807
Financial expenses	6	<u>(7,640)</u>	<u>(3,849)</u>
Net finance costs		(7,235)	(42)
Other gains and losses	4	34,491	3,014
Share of loss of equity-accounted investees	12	<u>(237)</u>	<u>(162)</u>
Profit before tax	5	47,507	39,231
Taxation	7	<u>(4,840)</u>	<u>(5,003)</u>
Profit for the year		42,667	34,228
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>42,667</u>	<u>34,228</u>

The notes on pages 22 to 80 form an integral part of these consolidated financial statements.

ASBISC ENTERPRISES PLC

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

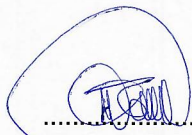
AS AT 31 DECEMBER 2023

(in thousands of US\$)

	Notes	2023 US\$	2022 US\$
ASSETS			
Non-current assets			
Property, plant and equipment	8	24,626	22,446
Intangible assets	9	926	691
Investment property	10	3,571	4,404
Investment in subsidiary companies	11	21,314	21,241
Financial assets at fair value through other comprehensive income	13	2,376	1,515
Financial assets at fair value through profit and loss	14	528	-
Equity-accounted investees	12	5,075	1,640
Total non-current assets		58,416	51,937
Current assets			
Inventories	16	203,853	221,481
Trade receivables	17	56,548	53,314
Other current assets	18	160,602	157,852
Derivative financial assets	29	32	316
Cash at bank and in hand	30	54,720	64,375
Total current assets		475,755	497,338
Total assets		534,171	549,275
EQUITY AND LIABILITIES			
Equity			
Share capital	19	11,100	11,100
Share premium		23,872	23,721
Retained earnings and other components of equity		136,030	117,416
Total equity		171,002	152,237
Non-current liabilities			
Long-term borrowings	21	4,824	4,412
Deferred tax liabilities	24	115	115
Total non-current liabilities		4,939	4,527
Current liabilities			
Trade payables and prepayments	26	223,743	253,532
Trade payables factoring facilities	15	41,822	15,443
Other current liabilities	25	73,753	104,306
Short-term borrowings	20	15,845	16,569
Derivative financial liability	28	648	256
Current taxation	7	2,419	2,405
Total current liabilities		358,230	392,511
Total liabilities		363,169	397,038
Total equity and liabilities		534,171	549,275

The financial statements were approved by the Board on the 28th of March, 2024


Constantinos Tziamalis
Director


Marios Christou
Director

The notes on pages 22 to 80 form an integral part of these consolidated financial statements.

ASBISC ENTERPRISES PLC

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

	Share capital US\$	Share premium US\$	Treasury stock US\$	Retained earnings US\$	Total US\$
Balance at 1 January 2022	11,100	23,721	-	100,755	135,576
<i>Total comprehensive income</i>					
Profit for the year	-	-	-	34,228	34,228
<i>Transactions with owners of the Company</i>					
Contributions and distributions					
Final dividend declared (Note 37)	-	-	-	(16,571)	(16,571)
Acquisition of treasury shares	-	-	(996)	-	(996)
Balance at 31 December 2022	11,100	23,721	(996)	118,412	152,237
<i>Total comprehensive income</i>					
Profit for the year	-	-	-	42,667	42,667
<i>Transactions with owners of the Company</i>					
Contributions and distributions					
Final dividend declared (Note 37)	-	-	-	(25,049)	(25,049)
Acquisition of treasury shares	-	151	996	-	1,147
Balance at 31 December 2023	<u>11,100</u>	<u>23,872</u>	<u>-</u>	<u>136,030</u>	<u>171,002</u>

The retained earnings shown above at 31 December 2023 were readily distributable up to the amount of US\$ 136,030 which represents the retained earnings of the Company. Share premium represents the difference between the issue price of the shares and their nominal value. The share premium can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law, Cap. 113 on reduction of share capital.

Companies which do not distribute 70% of their profits after tax, as defined by the relevant Cyprus tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% is payable on such deemed dividends to the extent that the ultimate shareholders (physical persons) are Cyprus domiciled tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

Dividends paid to non-Cyprus tax resident shareholders are not subject to withholding tax in Cyprus. Dividends paid to Cyprus tax resident domiciled physical persons are subject to withholding tax at the above rates.

ASBISC ENTERPRISES PLC

PARENT COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

	Note	2023 US\$	2022 US\$
Profit for the year before tax		47,507	39,231
Adjustments for:			
Depreciation of property, plant and equipment	8	2,060	991
Amortization of intangible assets	9	457	1,032
Depreciation of investment property	10	54	30
Impairment loss on investments in subsidiaries	4	931	-
(Profit)/loss from the sale of property, plant and equipment and intangible assets	4	(19)	25
Provision for bad debts and receivables written off		3,101	1,003
Provision for slow moving and obsolete stock	16	1,911	2,273
Share of loss of equity-accounted investees		237	162
Profit from disposal of subsidiaries	4	(14,667)	-
Profit from disposal of investment property	4	(3,515)	-
Impairment loss of non-trade receivable	4	9,908	-
Dividend income	4	(7,575)	(591)
Interest received	6	(110)	(93)
Interest paid		1,340	243
Operating profit before working capital changes		41,620	44,306
Decrease/(increase) in inventories		15,717	(121,466)
Increase trade receivables		(6,335)	(5,732)
(Increase)/decrease in other current assets		(2,466)	16,689
(Decrease)/increase in trade payables and prepayments		(29,789)	34,855
Increase/(decrease) in trade payables factoring facilities		26,379	(10,468)
(Decrease)/increase in other current liabilities		(25,595)	39,885
Increase/(decrease) in factoring creditors		2,018	(2,100)
Cash inflows/(outflows) from operations		21,549	(4,031)
Interest paid	6	(1,002)	(177)
Taxation paid, net	7	(4,826)	(5,794)
Net cash inflows/(outflows) from operating activities		15,721	(10,002)
Cash flows from investing activities			
Purchase of intangible assets	9	(692)	(410)
Purchase of property, plant and equipment		(3,139)	(5,985)
Proceeds/(write-offs) from sale of property, plant and equipment and intangible assets		19	(28)
Acquisition of investment property		(7)	-
Interest received		110	93
Dividends received	4	7,575	591
Proceeds from disposal of investment property		4,295	-
Net payment from acquisition of financial assets at fair value through other comprehensive income		(862)	-
Net payment from acquisition of financial assets at fair value through profit and loss		(528)	-
Payments for purchase of investments in associates		(3,472)	(1,568)
Net increase in investment in subsidiary companies		(1,004)	(3,302)
Net cash inflows/(outflows) from investing activities		2,295	(10,609)
Cash flows from financing activities			
Payment of final dividend	37	(25,049)	(16,571)
(Repayments)/proceeds of long-term loans and long-term obligations under finance lease		(752)	275
Disposal/(acquisition) of treasury shares		1,148	(996)
Repayments of short-term borrowings and short-term obligations under finance lease		(182)	(712)
Net cash outflows from financing activities		(24,835)	(18,004)
Net decrease in cash and cash equivalents		(6,819)	(38,615)
Cash and cash equivalents at the beginning of the year		59,211	97,826
Cash and cash equivalents at the end of the year	30	52,392	59,211

The notes on pages 22 to 80 form an integral part of these consolidated financial statements.

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

1. Incorporation and principal activities

Asbisc Enterprises Plc (the "Company" or "the parent Company") was incorporated in Cyprus on 9 November 1995 with limited liability. The Group's and the Company's principal activity is the trading and distribution of computer hardware and software in a number of geographical regions as disclosed in note 27. The main shareholder of the Company is K.S. Holdings Limited, a Company incorporated in Cyprus. The details of the Company's registered office are disclosed on page 1.

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

2. Significant accounting policies

Changes in significant accounting policies

The accounting policies adopted for the preparation of these consolidated and separate financial statements for the twelve months ended 31 December 2023 are consistent with those followed for the preparation of the annual financial statements for the year 2022.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap.113.

The financial statements were approved by the Board of Directors and authorized for issue on the 27th of March 2024.

Basis of preparation

The financial statements which are expressed in United States Dollars, the Group's presentation and the Company's presentation and functional currency, have been prepared under the historical cost convention except for certain financial instruments that are measured at fair value, as explained in the accounting policies below.

The financial statements are presented in US dollars (US\$), and all values are presented in US\$ thousand unless otherwise stated.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS-EU requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Group's and the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis; revisions to estimates are recognized prospectively.

Information about judgments made in applying accounting policies and the estimates and assumptions, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed in note 2 on pages 36, 37 and 38.

Adoption of new and revised IFRSs and interpretations by the European Union (EU)

As from 1 January 2023, the Group and the Company adopted all changes to International Financial Reporting Standards (IFRSS) as adopted by the EU, which are relevant to its operations. This adoption did not have a material effect on the financial statements of the Group and the Company.

The following Standards, Amendments to Standards and Interpretations have been issued by the International Accounting Standards Board (IASB) but are not yet effective for annual periods beginning on 1 January 2023. Those which may be relevant to the Group and the Company are set out below. The Group and the Company do not plan to adopt these Standards early.

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

2. Significant accounting policies (continued)

Standards and Interpretations not adopted by the EU

- IAS 1 Presentation of Financial Statements (Amendments) Classification of Liabilities as Current or Non-current and Non-current Liabilities with covenants (effective for annual periods beginning on or after 1 January 2024).
- IFRS 16 Leases (Amendments): Lease Liability in Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024).
- IAS 7 Statement of Cash Flows (Amendments) and IFRS 7 Financial Instruments: Disclosures (Amendments)- Supplier Finance Arrangements (effective for annual periods beginning on or after 1 January 2024).
- IFRS 10 Consolidated Financial Statements (Amendments) and IAS 28 Investments in Associates and Joint Ventures (Amendments): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date postponed indefinitely, early adoption continues to be permitted).

The Board of Directors expects that the adoption of these standards or interpretations in future periods will not have a material effect on the financial statements of the Group and the Company.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). The Group "controls" an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal as appropriate.

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Unrealized gains arising from transactions from equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration of each acquisition is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognized in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognized.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognized at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share based payment awards are measured in accordance with IFRS 2 Share based payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Noncurrent Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

2. Significant accounting policies (continued)

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary and any related NCI and other components of equity. The profit or loss on disposal is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognized in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investments in subsidiary and associates

In the individual accounts of the Company, investments in subsidiary, associate and jointly controlled companies are presented at cost less provision for impairment. The Group's interests in equity-accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Interest in associates is accounted for using the equity method and is recognized initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued, except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Financial assets at fair value through other comprehensive income (FVOCI)

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- They are held under a business model whose objective it is "hold to collect" the associated cash flows and sell, and
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognized in other comprehensive income will be transfer to profit and loss upon derecognition of the asset.

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

2. Significant accounting policies (continued)

Financial assets at fair value through profit and loss (FVPL)

The Group accounts for financial assets at FVPL if the assets meet the following conditions:

- Debt investments that do not qualify for measurement at either amortized cost or FVOCI
- Equity investments that are held for trading, and
- Equity investments for which the Group has not elected to recognize fair value gains and losses through OCI.

Goodwill

Goodwill arising in a business combination is recognized as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination.

Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Segmental reporting

The Group is organized by geographical segments and this is the primary format for segmental reporting. Each geographical segment is subject to risks and returns that are different from those of other segments.

Revenue recognition

The Group recognizes revenue mainly from the following major sources:

- Sale of goods
- Sale of optional warranties related to the aforementioned products
- Sale of software licenses
- Rendering of services

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer. The Group recognizes revenue when it transfers control of a product to a customer.

Sale of goods

The Group sells IT components and finished products mainly to small-medium businesses and retail market. Revenue represents amounts invoiced to customers in respect of sales of goods during the year and is stated net of trade discounts, rebates, customer returns and other similar allowances. Based on historical data and using the "most likely amount" method, the expected returns for the year were of insignificant value. Therefore, a significant reversal of revenue was not expected, and the effect of the returns was recorded as occurred.

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

2. Significant accounting policies (continued)

Revenue from the sale of goods is recognized when the control of the product is transferred to the customer. The point in time at which the control is transferred and the performance obligation is considered as satisfied, is decided based on the incoterms of each sale of goods and also by considering the following indicators:

- the entity has a present right to payment for the asset
- the customer has legal title to the asset
- the entity has transferred physical possession of the asset
- the customer has the significant risks and rewards related to the ownership of the asset and
- the customer has accepted the asset.

More specifically, for each of the most used incoterms, revenue is recognized at the following point in time:

- Ex-works (EXW) - when the goods become available to the buyer
- Carriage-paid-to (CPT) – when the goods have been delivered to the carrier
- Carriage-and-insurance-paid-to (CIP) - when the goods have been delivered to the carrier
- Free carrier (FCA) - when the goods have been delivered to the carrier at the named place or point

Sale of optional warranties

The Group sells optional warranties only when the vendor offers this option. The Group enters into agreements with purchasers of its goods to perform necessary repairs falling outside of the products standard warranty period. Since it is the vendor that has the ultimate liability regarding the optional warranties sold, the performance obligation is considered satisfied upon sale and the related revenue is recognized immediately

Sale of software licenses

The Group sells licenses only for software created by third parties. Software licenses are neither customized nor subject to significant integration services by the Group. Since the Group only acts just as the distributor of the licenses, the performance obligation is considered satisfied upon sale and the related revenue is recognized immediately.

Rendering of services

The Group provides mainly Value-Added Services (VAD) relating to the sale of IT components and finished products when the vendor offers this option. The Group enters into fixed price maintenance contracts with its customers between one and three years in length. Customers are required to pay in advance for each twelve-month service period and the relevant payment due dates are specified in each contract. Since it is the vendor that has the ultimate liability regarding the services sold, the performance obligation is considered satisfied upon sale and the related revenue is recognized immediately.

Dividend and interest income

Dividend income from investments is recognized when the Company's right to receive payment has been established.

Interest income is recognized when it is probable that the economic benefits will flow to the Group and the Company and the amount of revenue can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Borrowing costs

All borrowing costs are recognized in the income statement in the period in which they are incurred using the effective interest method.

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

2. Significant accounting policies (continued)

Employee benefits

Defined contribution pension plans

A defined contribution plan, the Employee Provident Fund, is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company operates a defined contribution scheme, the assets of which are held in a separate trustee-administered fund. Obligations for contributions to defined contribution pension plans are recognized as staff costs in the statement of comprehensive income in the year during which services are rendered by employees.

Contributions to the Government Social Insurance Fund

The Group/Company and the employees contribute to the Government Social Insurance Fund at the prevailing statutory rate which is applied on employees' salaries. The scheme is funded by payments from employees and by the Group/Company. The Group's/Company's contributions are expensed as incurred and are included in staff costs. The Group/Company has no further payment obligations once the contributions have been paid. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share-based payment transactions

The grant-date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Foreign currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in United States Dollars (US\$), which is the functional currency of the Company and the presentation currency for both the consolidated and separate financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items are measured in terms of historical cost in a foreign currency and are not retranslated.

Exchange differences are recognized in the profit and loss in the period in which they arise. For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in United States Dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are reclassified to other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of US\$)

2. Significant accounting policies (continued)

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit reported in the income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case the tax is also recognized in equity.

Dividend distribution

Dividend distribution to the shareholders is recognized in the financial statements in the year in which dividends are declared.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, rental or administrative purposes, are carried at cost less any recognized impairment loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and are ready for their intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

2. Significant accounting policies (continued)

Depreciation is provided at rates calculated to write off the cost less the estimated residual value of property, plant and equipment (other than freehold land and properties under construction) on a straight-line basis over their estimated useful economic lives as follows:

Leasehold property	Over the remaining period of the right for usage of the land
Buildings	46 - 100 years
Computer hardware	5 years
Warehouse machinery	3 - 5 years
Motor vehicles	5 years
Furniture, fittings and office equipment	10 years

No depreciation is provided on land.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in the profit and loss when the asset is disposed.

The estimated useful life and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets

Intangible assets consist of computer software, patents and licenses which are stated at cost less accumulated amortization and accumulated impairment losses. Amortization is provided at rates calculated to write off the cost less the estimated residual value of the assets using the straight-line method as follows:

Computer software	3 - 10 years
Patents and licenses	3 years

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

Investment Property

Investment property comprises a number of commercial properties that are leased to third parties. Investment property initially measured at cost less accumulated depreciation and any accumulated impairment losses (note 10). Rental income from investment property is recognized as "other gains and losses" on a straight-line basis over the term of the lease. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the continued use of the asset. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Repairs and maintenance

Expenditure for repairs and maintenance of property, plant and equipment and costs associated with maintenance of computer software programs are recognized as an expense as incurred.

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

2. Significant accounting policies (continued)

Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the Group and the Company review the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent basis of allocation is identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimated of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments

Financial assets and financial liabilities are recognized when a Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

(i) *Classification and subsequent measurement*

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair Value through Other Comprehensive Income – debt investment; Fair Value through Other Comprehensive Income – equity investment; or Fair value through profit or loss.

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

2. Significant accounting policies (continued)

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

- *Financial assets at FVTPL*

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

- *Financial assets at FVOCI*

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in other comprehensive income. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

- *Financial assets at amortized cost*

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. Financial assets at amortized cost comprise of the following:

Trade receivables including factored trade receivables

The Group enters into various invoice discounting agreements with factoring companies from which a percentage of approved invoices are collected in advance. The invoices which are given for collection in advance are with recourse and included within trade receivables, whereas the amount collected from the factoring Company is presented in the statement of financial position under current liabilities until the date of settlement by the debtors. Factoring expenses are charged to the statement of comprehensive income.

Loans granted

Loans granted by the Company to the borrower are categorized as loans. All loans are recognized when cash is advanced to the borrower.

Cash and cash equivalents

The Group considers all short-term highly liquid instruments with maturities of 3 months or less which are subject to insignificant risk of changes in value to be cash equivalents.

- *Debt investments at FVOCI*

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

- *Equity investments at FVOCI*

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

2. Significant accounting policies (continued)

(ii) *Derecognition*

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial assets.

The Group enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

(i) *Classification and subsequent measurement*

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company/Group are accounted for and measured initially at their fair values, and subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and
- the amount initially recognized less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies as set out below.

As at each reporting date presented in these financial statements, the Company participates in financial guarantee contracts and provides financial guarantees to its subsidiaries.

To be classified as a financial guarantee contract, a contract needs to comply with all of the following conditions:

- The reference obligation is a debt instrument.
- The holder is compensated only for a loss that it incurs.
- The contract does not compensate the holder for more than the actual loss that it incurs.

Financial guarantee contract in the scope of IFRS 9 is initially recognized at fair value. If the financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, then its fair value at inception is considered to be equal to the premium received unless there is evidence to the contrary.

In the case of a guarantee provided by the Company over the liability of a subsidiary, when no consideration is or will be received, the Company recognize a liability in its financial statements for the fair value of the guarantee at the date of granting the financial guarantee and the respective increase in the cost of the investment in subsidiary.

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

2. Significant accounting policies (continued)

Subsequently, all financial guarantee contracts mentioned above are measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9 over the loan balance as at reporting date; and
- the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of IFRS 15.

Fee income recognized in accordance with the principles of IFRS 15 is posted within "finance income" caption of statement of profit and loss and other comprehensive income.

Any gain or loss caused by remeasurement of guarantee liabilities is posted through respective "finance income" and "finance expenses" captions of statement of profit and loss and other comprehensive income.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis to the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

(ii) *Derecognition*

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or liability, or, where appropriate, a shorter period.

Inventories

Inventories comprise of:

- IT products (components and finished products) which are stated at the lower of cost and net realizable value. Cost is determined on the basis of standard cost method for the price protected stock items and on the weighted average cost method for the non-price protected stock items and comprises the cost of acquisition plus any other costs that are incurred to bring the stock items to their present location and condition. Net realizable value represents the estimated selling price for inventories less all cost necessary to make the sale.
- Land under development which is carried at cost.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Provisions

A provision is recognized in the statement of financial position when the Company/Group has a legal or constructive present obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

2. Significant accounting policies (continued)

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

Warranties

Provisions for the expected cost of warranty are recognized at the date of sale of the relevant products, at the Directors' best estimate of the expenditure required to settle the Company's/Group's obligations.

Marketing

Provisions for the expected cost of marketing activities are recognized based on purchase of products, cost of goods sold and other various vendors rebates depending on turnover and marketing strategy. Marketing provisions are mainly used to support promotional and advertising related activities.

Impairment

Financial assets

The Group uses 'expected credit loss' (ECL) model. This impairment model applies to financial assets measured at amortized cost, contract assets and debt instruments at FVOCI but not to investments in equity instruments. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group recognizes loss allowances for ECLs on financial assets measured at amortized cost.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL) due.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

2. Significant accounting policies (continued)

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. Goodwill is tested annually for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Leases

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group and the Company elected not to separate components and will instead account for the lease and non-lease components as a single lease component.

The Group and the Company leases land and buildings and motor vehicles. As a lessee, the Group and the Company previously classified leases as operating or finance leased based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Under IFRS 16, the Group and the Company recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on balance sheet. The Group and the Company presents lease liabilities in 'long-term borrowings' and 'short-term borrowings' in the statements of financial position.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group/Company by the end of the lease term or the cost of the right-of-use asset reflects that the Group/Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

2. Significant accounting policies (continued)

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group/Company is reasonably certain to exercise, lease payments in an optional renewal period if the Group/Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group/Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group/Company's estimate of the amount expected to be payable under a residual value guarantee, if the Group/Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Non-recoverable VAT is excluded from lease accounting as VAT payments are not made to the lessor in exchange for the right to use an underlying asset. Instead, they are levies imposed by the government and are in the scope of IFRIC 21 (Levies) and are recognized when they are due under the tax law (when the invoice is issued). They are expensed in Statement of profit or loss and other comprehensive income immediately at the moment they are recognized.

Short-term leases and leases of low-value assets

The Group/Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group/Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Critical judgements in applying the entity's accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The estimates and assumptions, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Revenue recognition

In making its judgment, management considered the detailed criteria for the recognition of revenue from the sale of goods as set out in IFRS 15 Revenue from Contracts with Customers and, in particular, whether the Company/Group had transferred to the buyer the significant risks and rewards of ownership of the goods. The timing of the transfer of control is decided based on related incoterms. The management is satisfied that the significant risks and rewards have been transferred and the recognition of the revenue in the current year is appropriate.

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

2. Significant accounting policies (continued)

Provision for bad and doubtful debts

The Company/Group reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record, the customer's overall financial position and expected recovery from credit insurance. If indications of non-recoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through the income statement. The review of credit risk is continuous, and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

Calculation of loss allowance

When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. Loss rates are calculated separately for exposures in different segments which share common credit risk characteristics and are based on actual credit loss experience over the past four years. Significant customers, if any, are assessed individually.

Provision for obsolete and slow-moving inventory

The Company/Group reviews its inventory records for evidence regarding the salability of inventory and its net realizable value on disposal. The provision for obsolete and slow-moving inventory is based on management's past experience, taking into consideration arrangements with suppliers for price protection and for returning defective stock; the value of inventory as well as the movement and the level of stock of each category of inventory.

Any change in the amount of provision is recognized in the income statement. The review of the net realizable value of the inventory is continuous and the methodology and assumptions used for estimating the provision for obsolete and slow-moving inventory are reviewed regularly and adjusted accordingly.

Impairment of investments in subsidiaries, associated and jointly controlled enterprises

The Group and Company periodically evaluates the recoverability of investments in subsidiaries, associates and jointly controlled enterprises/jointly controlled enterprises whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that the investment in subsidiaries/associates/jointly controlled enterprises may be impaired, the estimated future undiscounted cash flows associated with these entities would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

Warranty provisions

Warranty provisions represent the Company's/Group's best estimate of the liability as a result of the warranties granted on certain products and is based on past experience and industry averages for defective products.

Income taxes

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company/Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

2. Significant accounting policies (continued)

Trade payables factoring facilities

Significant judgment is required in determining the appropriate presentation of supply-chain factoring facilities in the statement of financial position and statement of cash flow. The Group and the Company disclose the amounts factored by suppliers separately from trade payables because the nature and function of the financial liabilities is sufficiently different from a trade payable that a separate presentation is appropriate. The payments to the bank are included within operating cash flows because they continue to be part of the normal operating cycle of the Group and their principal nature remains operating – i.e. payments for the purchase of goods and services.

3. Revenue

3.1 Disaggregation of revenue from contracts with customers

Analysis of revenue by category under revenue from contracts with customers is disaggregated by products and service lines:

	The Group		The Company	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Sales of goods	3,037,010	2,654,543	1,954,471	1,778,909
Sales of licenses	17,836	29,296	9,183	9,022
Rendering of services	5,583	5,758	-	-
Sales of optional warranty	799	442	14	34
Total revenue from contracts with customers	<u>3,061,228</u>	<u>2,690,039</u>	<u>1,963,668</u>	<u>1,787,965</u>

Revenue analysis by geographical market

The Group and the Company

The Group operates as a trader and distributor of computer hardware and software in a number of geographical regions. The following table shows an analysis of the Group's sales by geographical market, irrespective of the origin of the goods.

	The Group		The Company	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Former Soviet Union	1,563,280	1,407,196	1,014,972	1,011,366
Central Eastern Europe	791,026	653,643	528,172	385,931
Middle East & Africa	425,652	407,717	267,150	239,718
Western Europe	257,372	183,088	133,501	100,759
Other	23,898	38,395	19,873	50,191
Total revenue from contracts with customers	<u>3,061,228</u>	<u>2,690,039</u>	<u>1,963,668</u>	<u>1,787,965</u>

Timing of revenue recognition

Goods transferred at a point in time	3,053,527	2,683,981	1,963,668	1,787,665
Services transferred at a point in time	7,701	6,058	-	300
Total revenue from contracts with customers	<u>3,061,228</u>	<u>2,690,039</u>	<u>1,963,668</u>	<u>1,787,965</u>

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

3. Revenue (continued)

Revenue analysis by currency

	The Group		The Company	
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
US Dollar	588,105	832,016	1,675,876	1,656,109
Euro	636,605	413,459	286,626	131,381
Kazakhstan Tenge	624,787	554,343	-	-
Ukraine Hryvnia	394,031	323,667	-	-
United Arab Emirates Dirham	294,320	-	-	-
Russian Ruble	95,016	194,297	-	-
Belarusian Ruble	65,687	89,205	-	-
Czech Koruna	65,590	53,159	-	-
Romanian New Lei	58,159	47,812	-	-
Bulgarian Lev	44,521	37,557	-	-
Polish Zloty	57,256	30,301	-	-
Croatian Kuna	-	19,924	-	-
Bosnian Mark	20,972	19,759	-	-
Hungarian Forint	8,203	8,072	-	-
Other	107,976	66,468	1,166	475
	<u>3,061,228</u>	<u>2,690,039</u>	<u>1,963,668</u>	<u>1,787,965</u>

3.2 Contract balances

	The Group		The Company	
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
Trade and other receivables	<u>346,123</u>	<u>328,931</u>	<u>56,548</u>	<u>53,314</u>

The Group

Trade receivables are non-interest bearing. On 31 December 2023, US\$ 6,064 (2022: US\$ 3,331) was recognized as provision for impairment of trade receivables (note 17).

Contract assets are initially recognized for revenue earned from provision of series of services as receipt of consideration is conditional on successful completion of these services. Upon completion of the services and acceptance by the customer, the amounts recognized as contract assets are reclassified to trade receivables. During 2023 and 2022, the impact of contract assets was not material at the Group level.

Contract liabilities primarily relate to the advance consideration received from customers for delivery of series of services for which revenue is recognized over time. During 2023 and 2022, the impact of contract liabilities was not material at the Group level.

The Company

Trade receivables are non-interest bearing. On 31 December 2023, US\$ 4,479 (2022: US\$ 1,378) was recognized as provision for expected credit losses on trade receivables (note 17).

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

3. Revenue (continued)

Contract liabilities primarily relate to the advance consideration received from customers for delivery of series of services for which revenue is recognized over time. During 2023 and 2022, the impact of contract liabilities was not material at the Company level.

4. Other gains and losses

	The Group		The Company	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Dividend received	-	-	7,575	591
Profit/(loss) on disposal of property, plant and equipment	2,934	(48)	19	(25)
Profit from sale of investment property	3,515	-	3,515	-
Net (loss)/profit from disposal of subsidiaries (Note 34.2)	(1,149)	-	14,667	-
Other net income	463	636	19,263	2,210
Bad debts recovered	2	7	-	-
Rental income	353	353	291	238
Impairment loss of non-trade receivable (i)	(9,908)	-	(9,908)	-
Impairment of investments	-	-	(931)	-
	<u>(3,790)</u>	<u>948</u>	<u>34,491</u>	<u>3,014</u>

(i) The impairment loss of non-trade receivable resulted from the disposal of ASBIS OOO (Russia).

5. Profit before tax

	The Group		The Company	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Profit before tax is stated after charging:				
(a) Amortization of intangible assets (Note 9)	678	1,203	457	1,032
(b) Depreciation (Note 8)	6,995	4,554	2,060	991
(c) Depreciation of investment property (Note 10)	54	30	54	30
(c) Auditors' remuneration – audit fees	574	536	303	293
(d) Directors' remuneration – executive (Note 31)	1,753	1,650	1,753	1,650
(e) Directors' remuneration – non-executive (Note 31)	<u>74</u>	<u>25</u>	<u>74</u>	<u>25</u>

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

6. Financial expense, net

	The Group		The Company	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Financial income				
Interest income	625	999	6	9
Interest income from loans to subsidiary companies (Note 31)	-	-	104	84
Other financial income	1,737	3,365	295	2,205
Net exchange gain	357	878	-	1,509
	<u>2,719</u>	<u>5,242</u>	<u>405</u>	<u>3,807</u>
Financial expense				
Bank interest	15,724	10,886	1,002	177
Bank charges	5,702	4,617	1,164	1,206
Derivative charges	616	798	572	747
Interest on lease liabilities	1,048	501	338	65
Factoring interest	8,736	7,478	684	459
Factoring charges	412	276	133	160
Other financial expenses	116	112	23	13
Other interest	2,576	1,026	2,572	1,022
Net exchange loss	-	-	1,152	-
	<u>34,930</u>	<u>25,694</u>	<u>7,640</u>	<u>3,849</u>
Realized foreign exchange loss relating to foreign operations liquidated and disposed	11,286	282	-	-
Net	<u>(43,497)</u>	<u>(20,734)</u>	<u>(7,235)</u>	<u>(42)</u>

7. Tax

	The Group		The Company	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Payables balance 1 January	2,014	3,464	2,405	3,037
Provision for the year	12,632	15,223	5,288	5,265
Over provision of prior year	(449)	(51)	(448)	(103)
Exchange difference on retranslation	229	(221)	-	-
Amounts paid, net	<u>(10,795)</u>	<u>(16,401)</u>	<u>(4,826)</u>	<u>(5,794)</u>
Net payable balance 31 December	<u>3,631</u>	<u>2,014</u>	<u>2,419</u>	<u>2,405</u>

	The Group		The Company	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Tax receivable	(515)	(1,588)	-	-
Tax payable	<u>4,146</u>	<u>3,602</u>	<u>2,419</u>	<u>2,405</u>
Net	<u>3,631</u>	<u>2,014</u>	<u>2,419</u>	<u>2,405</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 taxable results of the foreign subsidiary companies.

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

7. Tax (continued)

The Company and all Cyprus resident companies of the Group are subject to corporation tax at the rate of 12.5% (2022: 12.5%). The tax rates of subsidiaries in foreign jurisdictions range between 0% and 30%.

Dividends received by the Cyprus companies of the Group are exempt from corporation tax and they are also exempt from defence tax.

Bank interest received by the Company and all Cyprus resident companies of the Group is subject to defence tax of 30% (2022: 30%).

Tax charge for the year

	The Group		The Company	
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
Provisions and withholding tax for the year	12,632	15,223	5,288	5,265
Over provision of prior year	(449)	(51)	(448)	(103)
Deferred tax charge	(170)	4	-	(159)
Net	<u>12,013</u>	<u>15,176</u>	<u>4,840</u>	<u>5,003</u>

The charge for taxation is based on the Group's/Company's profits for the year as adjusted for tax purposes. The reconciliation of the charge for the year is as follows:

	The Group		The Company	
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
Profit before tax	64,969	91,046	47,507	39,231
Corporation tax thereon at the applicable tax rates	12,479	15,932	5,938	4,904
Tax on income not taxable in determining taxable profit	(3,983)	(5,303)	(3,679)	(472)
Effect of using tax losses brought forward	(125)	(111)	-	-
Effect of unused current year tax losses	162	23	-	-
Temporary differences	613	500	649	174
Tax charges and penalties	2	4	-	-
Tax on non-allowable expenses	3,478	4,175	2,377	656
	<u>12,626</u>	<u>15,220</u>	<u>5,285</u>	<u>5,262</u>
Special contribution to defence fund	6	3	3	3
Over provision of prior years	(449)	(51)	(448)	(103)
Deferred tax charge	(170)	4	-	(159)
Tax charge	<u>12,013</u>	<u>15,176</u>	<u>4,840</u>	<u>5,003</u>

OECD Pillar Two model rules

The Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in Cyprus, the jurisdiction in which the Company is incorporated and will come into effect from 1 January 2024. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

The Group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect. Due to the complexities in applying the legislation and calculating GloBE income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. Therefore, even for those entities with an accounting effective tax rate above 15%, there may still be Pillar Two tax implications. The entity is currently engaged with tax specialists to assist them with applying the legislation.

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

8. Property, plant and equipment

The Group

Cost	Land and buildings US\$	Assets under construction US\$	Computer hardware US\$	Warehouse machinery US\$	Motor vehicles US\$	Furniture and fittings US\$	Office equipment US\$	Total US\$
At 1 January 2022	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)
At 31 December 2022	48,086	315	7,238	843	4,439	4,250	5,325	70,496
Additions	15,181	790	2,341	280	1,118	2,103	3,269	25,082
Disposals/write-offs	(2,887)	-	(1,697)	(39)	(431)	(956)	(611)	(6,621)
Transfers	121	(121)	-	-	-	-	-	-
Foreign exchange difference on retranslation	365	-	9	5	-	(3)	296	672
At 31 December 2023	60,866	984	7,891	1,089	5,126	5,394	8,279	89,629
Accumulated depreciation								
At 1 January 2022	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)
At 31 December 2022	8,070	-	4,488	570	2,396	2,199	2,460	20,183
Charge for the year	3,557	-	1,167	109	725	534	903	6,995
Disposals/write-offs	(1,787)	-	(1,601)	(27)	(386)	(553)	(290)	(4,644)
Foreign exchange difference on retranslation	61	-	21	10	22	34	14	162
At 31 December 2023	9,901	-	4,075	662	2,757	2,214	3,087	22,696
Net book value								
At 31 December 2023	50,965	984	3,816	427	2,369	3,180	5,192	66,933
At 31 December 2022	40,016	315	2,750	273	2,043	2,051	2,865	50,313

Land and buildings are mortgaged for financing purposes. The cost of fully depreciated assets of the Group that are still in use amounted to US\$ 5,076 (2022: US\$ 5,251).

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

8. Property, plant and equipment (continued)

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

The Group

	Land and buildings US\$	Warehouse machinery US\$	Motor vehicles US\$	Total US\$
Balance at 1 January 2022	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)
Balance at 31 December 2022	12,682	18	815	13,515
Depreciation charge for the year	(2,892)	(5)	(381)	(3,278)
Additions to right of use assets	8,524	-	413	8,937
Derecognition of right of use assets	-	-	-	-
Foreign exchange difference on retranslation	71	(13)	(38)	20
Balance at 31 December 2023	18,385	-	809	19,194

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\$ 3,321 (2022: US\$ 2,252).

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of US\$)

8. Property, plant and equipment (continued)

The Company

Cost	Land and buildings US\$	Assets under construction US\$	Computer hardware US\$	Warehouse machinery US\$	Motor vehicles US\$	Furniture and fittings US\$	Office equipment US\$	Total US\$
At 1 January 2022	10,818	7,249	3,856	183	548	649	1,144	24,447
Additions	5,510	2,992	574	2	142	412	883	10,515
Disposals	-	-	(2,481)	-	(23)	(409)	(721)	(3,634)
Transfers	4,125	(9,926)	-	-	-	-	-	(5,801)
At 31 December 2022	20,453	315	1,949	185	667	652	1,306	25,527
Additions	2,000	-	416	184	180	297	1,163	4,240
Disposals/write-offs	-	-	(5)	-	(57)	(19)	(29)	(110)
Transfers	121	(121)	-	-	-	-	-	-
At 31 December 2023	22,574	194	2,360	369	790	930	2,440	29,657

Accumulated depreciation

At 1 January 2022	2,355	-	3,179	32	248	461	816	7,091
Charge for the year	523	-	242	36	89	39	62	991
Disposals	-	-	(2,481)	-	(23)	(409)	(721)	(3,634)
Transfers	(1,367)	-	-	-	-	-	-	(1,367)
At 31 December 2022	1,511	-	940	68	314	91	157	3,081
Charge for the year	1,243	-	328	58	111	84	236	2,060
Disposals/write-offs	-	-	(5)	-	(57)	(19)	(29)	(110)
At 31 December 2023	2,754	-	1,263	126	368	156	364	5,031

Net book value

At 31 December 2023	19,820	194	1,097	243	422	774	2,076	24,626
At 31 December 2022	18,942	315	1,009	117	353	561	1,149	22,446

The land and buildings have been mortgaged as securities for financing purposes. The cost of fully depreciated assets of the Company that are still in use amounted to US\$ 775 (2022: US\$ 629).

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of US\$)

8. Property, plant and equipment (continued)

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

The Company

	Land and buildings US\$	Total US\$
Balance at 1 January 2022		
Depreciation charge for the year	3,997	3,997
Additions to right of use assets	(376)	(376)
Balance at 31 December 2022	<u>4,461</u>	<u>4,461</u>
Depreciation charge for the year	8,082	8,082
Additions to right of use assets	(1,028)	(1,028)
Balance at 31 December 2023	<u>1,102</u>	<u>1,102</u>
	<u>8,156</u>	<u>8,156</u>

The Company leases the distribution center in Prague, Czech Republic and a 9,990 square meters land in Cyprus.

The total cash outflows for the leases related to the above right-of-use assets were US\$ 1,118 (2022: US\$ 370).

9. Intangible assets

The Group

	Computer software US\$	Patents and licenses US\$	Total US\$
Cost at 1 January 2022			
Additions	11,008	1,690	12,698
Disposals/write-offs	335	65	400
Foreign exchange difference on retranslation	(2,198)	(338)	(2,536)
At 31 December 2022	<u>(37)</u>	<u>46</u>	<u>9</u>
Additions	9,108	1,463	10,571
Disposals/write-offs	166	1,133	1,299
Foreign exchange difference on retranslation	(16)	(16)	(32)
At 31 December 2023	<u>63</u>	<u>1</u>	<u>64</u>
	<u>9,321</u>	<u>2,581</u>	<u>11,902</u>
Accumulated amortization			
At 1 January 2022			
Charge for the year	9,554	1,241	10,795
Disposals/write-offs	1,050	153	1,203
Foreign exchange difference on retranslation	(2,198)	(336)	(2,534)
At 31 December 2022	<u>(11)</u>	<u>41</u>	<u>30</u>
Charge for the year	8,395	1,099	9,494
Disposals/write-offs	569	109	678
Foreign exchange difference on retranslation	(16)	(16)	(32)
At 31 December 2023	<u>58</u>	<u>4</u>	<u>62</u>
	<u>9,006</u>	<u>1,196</u>	<u>10,202</u>
Net book value			
At 31 December 2023	<u>315</u>	<u>1,385</u>	<u>1,700</u>
At 31 December 2022	<u>713</u>	<u>364</u>	<u>1,077</u>

The cost of fully amortized intangibles of the Group that are still in use amounted to US\$ 4,826 (2022: US\$ 2,119).

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of US\$)

9. Intangible assets (continued)

The Company	Computer software US\$	Patents and licenses US\$	Total US\$
Cost at 1 January 2022	10,121	914	11,035
Additions	334	77	411
Disposals/write offs	(2,285)	(220)	(2,505)
At 31 December 2022	8,170	771	8,941
Additions	120	572	692
Disposals/write offs	(2)	(2)	(4)
At 31 December 2023	8,288	1,341	9,629
Accumulated amortization			
At 1 January 2022	9,056	667	9,723
Charge for the year	907	125	1,032
Disposals/write offs	(2,285)	(220)	(2,505)
At 31 December 2022	7,678	572	8,250
Charge for the year	380	77	457
Disposals/write offs	(2)	(2)	(4)
At 31 December 2023	8,056	647	8,703
Net book value			
At 31 December 2023	232	694	926
At 31 December 2022	492	199	691

The cost of fully amortized intangibles of the Company that are still in use amounted to US\$ 3,995 (2022: US\$ 1,372).

10. Investment Property

The Group	Land and buildings US\$
Cost at 1 January 2022	-
Transfers	5,801
At 31 December 2022	5,801
Additions	7
Disposals	(1,617)
At 31 December 2023	4,191
Accumulated amortization	
At 1 January 2022	-
Charge for the period	30
Transfers	1,367
At 31 December 2022	1,397
Charge for the period	54
Disposals	(831)
At 31 December 2023	620
Net book value	
At 31 December 2023	3,571
At 31 December 2022	4,404

During 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.

During the year, the Group disposed one of the two investment properties and a gain of US\$ 3,515 arose on the event. The remaining property is leased to a third party under operating leases with rent payable monthly.

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of US\$)

10. Investment Property (continued)

The Company

	Land and buildings US\$
Cost at 1 January 2022	
Transfer	-
	<u>5,801</u>
At 31 December 2022	
Additions	5,801
Disposals	7
At 31 December 2023	<u>(1,617)</u>
	<u>4,191</u>
Accumulated amortization	
At 1 January 2022	
Charge for the period	-
Transfers	30
	<u>1,367</u>
At 31 December 2022	
Charge for the period	<u>1,397</u>
Disposals	54
At 31 December 2023	<u>(831)</u>
	<u>620</u>
Net book value	
At 31 December 2023	<u>3,571</u>
At 31 December 2022	<u>4,404</u>

During 2022, the Company decided to change the use of two properties from owner-occupied to investment property.

During the year, the Company disposed of one of the two investment properties and a gain of US\$ 3,515 arose on the event. The remaining property is leased to a third party under operating leases with rent payable monthly.

Rental income recognized by the Company during 2023 was US\$ 291 (2022: US\$ 209) and was included in 'other gains and losses' (Note 4).

Amounts recognized in profit or loss

	The Group		The Company	
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
Rental Income	283	193	291	209
Depreciation on investment Property	<u>(54)</u>	<u>(30)</u>	<u>(54)</u>	<u>(30)</u>
Net income	<u>229</u>	<u>163</u>	<u>237</u>	<u>179</u>

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of US\$)

11. Investment in subsidiary companies

The Company

	2023 US\$	2022 US\$
Cost		
At 1 January		
Increase in investments (i), (ii), (iii), (v), (vi)	26,653	23,623
Disposal of investments (iv)	3,220	3,302
Increase/(decrease) in fair value of financial guarantees to subsidiaries (vii)	(7,001)	-
At 31 December	131	(272)
	23,003	26,653
Accumulated impairment		
At 1 January		
Impairment of investments	(5,412)	(5,412)
Disposals during the year (iv)	(931)	-
At 31 December	4,654	-
	(1,689)	(5,412)
Carrying amount of investment in subsidiary companies	21,314	21,241

- (i) In October 2023, the Company acquired 100% shares of the Company ASBC South Africa (PTY) Ltd (South Africa) and holds 100% shares in this subsidiary, being equal to the share capital of US\$ 0.1. In December 2023, the Company acquired the 100% shares of the company Sarovita Ltd (Cyprus) and holds 100% in this subsidiary, being the equal to share capital of US\$ 1.
- (ii) In December 2023, the Company acquired the 30% of the company I.O.N Clinical Trading Ltd (Cyprus) for the consideration of US\$100. In May 2023, the company acquired 11.15% of Breezy Trade-In Ltd (Cyprus) for the consideration of US\$130.
- (iii) In June 2023, the Company acquired 81% shares of the company ASBIS Africa Property Limited (South Africa) and holds 100% in this subsidiary.
- (iv) In October 2023, the Company disposed the 100% of the company ASBIS PL Sp. z.o.o. (Poland) for zero consideration. The Company disposed the 100% of the company OOO ASBIS- Moscow (Russia) for the consideration of US\$13,890. In December the Company disposed 100% of the company I.O. Clinic Latvia SIA (Latvia) for the consideration of US\$3.
- (v) In August 2022, the Company acquired 100% shares of the company Entoliva Ltd (Cyprus) and holds 100% in this subsidiary, being the equal to share capital of US\$ 10. In November 2022, the Company acquired the 100% shares of the company ASBIS HELLAS SINGLE MEMBER S.A. (Greece) and holds 100% in this subsidiary, being equal to share capital of US\$ 103.
- (vi) In April 2022 and November 2022, the Company increased its investment in its wholly owned subsidiary ASBIS POLAND SP. Z.O.O (Poland) for the amount of US\$ 479 and US\$ 861 respectively. In April 2022, the Company increase its investment in its 65.85% owned subsidiary ASBC MMC (Uzbekistan) for the amount of US\$ 329. In December 2022, the Company increased its investment in its wholly owned subsidiary E.M. EURO-MALL LTD for the amount of US\$ 1,520.
- (vii) During 2023, the Company increased its financial guarantees provided to subsidiaries for the amount of US\$ 131 (2022: decrease of US\$ 272).

All subsidiaries are involved in the trading and distribution of computer hardware and software apart from Entoliva Ltd which is involved in land development.

The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future discounted cash flows associated with these subsidiaries would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

11. Investment in subsidiary companies (continued)

Based on the results of the impairment assessment performed as at 31 December 2023, the management decided to fully impair investment ASBIS HUNGARY COMMERCIAL LTD (Hungary). The total amount of impairment loss amounting to US\$ 931 is recognized in the statement of profit and loss and other comprehensive income.

At the year end the Company held a participation in the following subsidiaries:

Subsidiary Company	Country of incorporation	Percentage of participation	
		2023	2022
		%	%
ASBIS UKRAINE LTD	Ukraine	100	100
ASBIS KAZAKHSTAN LLP	Kazakhstan	100	100
ASBIS PL SP. Z O.O. – dormant (xii)	Poland	-	100
ASBIS POLAND SP. Z.O.O	Poland	100	100
ASBIS ROMANIA SRL	Romania	100	100
ASBISC-CR D.O.O.	Croatia	100	100
ASBIS D.O.O.	Serbia	100	100
ASBIS HUNGARY COMMERCIAL LTD	Hungary	100	100
ASBIS BULGARIA LTD	Bulgaria	100	100
ASBIS CZ, SPOL S.R.O.	Czech Republic	100	100
ASBIS VILNIUS UAB	Lithuania	100	100
ASBIS D.O.O.	Slovenia	100	100
ASBIS ME FZE	United Arab Emirates	100	100
ASBIS SK SPOL S.R.O.	Slovakia	100	100
ASBC F.P.U.E.	Belarus	100	100
E.M. EURO-MALL LTD	Cyprus	100	100
ASBIS OOO (xii)	Russia	-	100
ASBIS MOROCCO SARL – dormant	Morocco	100	100
ASBIS BALTICS SIA	Latvia	100	100
ASBIS KYPROS LIMITED	Cyprus	100	100
PRESTIGIO PLAZA LTD (ii)	Cyprus	100	100
PERENIO IoT SPOL S.R.O. (v)	Czech Republic	100	100
EURO-MALL SRO (xiii)	Slovakia	100	100
ASBIS CHINA CORP.	China	100	100
EUROMALL BULGARIA EOOD – dormant (ii)	Bulgaria	100	100
ASBIS D.O.O.	Bosnia Herzegovina	90	90
ASBIS DE GmbH (i)	Germany	100	100
CJSC ASBIS	Belarus	100	100
"E-VISION" UNITARY ENTERPRISE	Belarus	100	100
ASBIS IT Solutions Hungary Kft	Hungary	100	100
I ON LLC (ii)	Ukraine	100	100
ASBC MMC	Azerbaijan	65.85	65.85
iSupport LTD (vii)	Ukraine	100	100
ASBC KAZAKHSTAN LLP (vi)	Kazakhstan	100	100
Atlantech LTD (vi)	United Arab Emirates	100	100
ASBC LLC (ii)	Georgia	100	100
i-Care LLC (ix)	Kazakhstan	100	100
Real Scientists Ltd	United Kingdom	55	55
MakSolutions LLC (xi)	Belarus	100	100

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

11. Investment in subsidiary companies (continued)

Subsidiary Company	Country of incorporation	Percentage of participation	
		2023	2022
		%	%
Breezy LLC (xi)	Belarus	100	100
Breezy Kazakhstan TOO (xi)	Kazakhstan	100	100
Breezy LLC (xi)	Ukraine	100	100
I.O.N Clinical Trading Ltd	Cyprus	100	70
R.SC. Real Scientists Cyprus Ltd	Cyprus	85	85
Breezy Trade-In Ltd	Cyprus	91.15	80
ASBIS CA LLC	Uzbekistan	100	100
Breezy Service LLC (x)	Ukraine	100	100
I.O. Clinic Latvia SIA (xiv) (xii)	Latvia	-	100
Joule Production SIA (viii)	Latvia	100	100
ASBC LLC (Armenia) (ii)	Armenia	100	100
Breezy Georgia LLC (xi)	Georgia	100	100
ASBC Entity OOO (ii)	Uzbekistan	100	100
ACEAN.PL Sp. z o.o (ii) (iv)	Poland	100	100
Entoliva Ltd (iv)	Cyprus	100	100
ASBIS HELLAS SINGLE MEMBER S.A. (iv)	Greece	100	100
Prestigio Plaza Kft (ii) (iv)	Hungary	100	100
ASBC SRL (ii) (iv)	Moldova	100	100
Breezy-M SRL (iv) (xi)	Moldova	100	100
Breezy Poland Sp. Z.o.o. (iv) (xi)	Poland	100	100
ASBIS AM LLC (iii)	Armenia	100	-
ASBIS Georgia LLC (iii)	Georgia	100	-
ASBIS AZ LLC (iii) (vi)	Azerbaijan	100	-
ASBIS s.r.l. (iii)	Moldova	100	-
Asbis Africa Pty Ltd (iii)	South Africa	100	-
ASBC Morocco s.a.r.l. (iii)	Morocco	100	-
Sarovita Ltd (iii)	Cyprus	100	-
ASBC South Africa (Pty) Ltd (ii), (iii)	South Africa	100	-

(i) Under liquidation

(ii) Held by E.M. Euro-Mall Ltd – Cyprus

(iii) Established/acquired during 2023

(iv) Established/acquired during 2022

(v) Held by Prestigio Plaza Ltd

(vi) Held by Asbis Middle East FZE

(vii) Held by Asbis Ukraine Ltd

(viii) Held by R.SC. Real Scientists Cyprus Ltd

(ix) Held by ASBC Kazakhstan LLC

(x) Held by Breezy Ltd

(xi) Held by Breezy Trade-In Ltd

(xii) Disposed during 2023

(xiii) Held by Sarovita Ltd

(xiv) Held by I.O.N Clinical Trading Ltd

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

12. Equity-accounted investees

The Company	As at 31 December 2023 US\$	As at 31 December 2022 US\$
Cost		
At 1 January	1,843	1,790
Additions (i), (ii), (iii), (iv)	<u>3,672</u>	<u>53</u>
At 31 December	<u>5,515</u>	<u>1,843</u>
Accumulated share of loss from equity-accounted investees		
At 1 January	(203)	(41)
Share of loss from equity-accounted investees during the year	<u>(237)</u>	<u>(162)</u>
At 31 December	<u>(440)</u>	<u>(203)</u>
Carrying amount of equity-accounted investees	<u>5,075</u>	<u>1,640</u>

- (i) In December 2023, the Company acquired additional 6% shareholding in Displayforce Global Ltd (Cyprus), for the consideration of US\$ 1,921.
- (ii) In December 2023, the Company acquired 20% shareholding in Blend Energy Ltd (Cyprus), for the consideration of US\$ 1,313.
- (iii) In November 2023, the Company acquired 20% shareholding in Autonomics Tech Ltd (Cyprus), for the consideration of US\$ 438.
- (iv) 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.

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 31 December 2023, acquired services for the total amount of US\$ 252 (2022: US\$ 532) from this associate.

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

13. Financial assets at fair value through other comprehensive income

	The Group		The Company	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Financial assets at fair value through other comprehensive income	<u>2,376</u>	<u>1,515</u>	<u>2,376</u>	<u>1,515</u>

The details of the investments are as follow

Name	Country of incorporation	Participation %	Cost US\$	Impairment US\$	As at 31 December 2023 US\$	As at 31 December 2022 US\$
Promed Bioscience Ltd RSL	Cyprus	16%	808	-	808	808
Revolutionary Labs Ltd	Cyprus	15.5%	707	-	707	707
Theramir Ltd	Cyprus	4.5%	<u>861</u>	<u>-</u>	<u>861</u>	<u>-</u>
			<u>2,376</u>	<u>-</u>	<u>2,376</u>	<u>1,515</u>

In January 2023, the Group and the Company acquired 4.5% of shares of Theramir Ltd.

In November 2022, the Group and the Company acquired 16% of shares of Promed Science Ltd and 15.5% shares of RSL Revolutionary Labs Ltd.

The Group has recognized the above as investments at FVOCI as the Group intends to hold for the long term for strategic purposes.

14. Financial assets at fair value through profit and loss

Name	Country of incorporation	Participation %	Cost US\$	Impairment US\$	As at 31 December 2023 US\$	As at 31 December 2022 US\$
KV Kinisis Ventures fund Raif V.V.I.V PLC	Cyprus	-	<u>528</u>	<u>-</u>	<u>528</u>	<u>-</u>

In October 2023, the Group and the Company contributed to KV Kinisis Ventures Fund Raif.

15. Trade payables factoring facilities

	The Group		The Company	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Trade payables factoring facilities	<u>41,822</u>	<u>18,024</u>	<u>41,822</u>	<u>15,443</u>

The Group and the Company participate in trade payables factoring facilities (or "supply chain financing facilities" - "SCFs") programs which enable the Group and the Company to obtain extended payment terms for pre-approved suppliers. The Group incurs additional interest towards the SCFs on the amounts due to suppliers. The Company may elect to have any of its SCFs pay its suppliers either on the discount date or on the due date and then obtain extended payment terms from them.

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

15. Trade payables factoring facilities (continued)

The Group discloses the amounts factored by suppliers separately from trade payables because the nature and function of the financial liabilities is sufficiently different from a trade payable that a separate presentation is appropriate. The payments to the bank are included within operating cash flows because they continue to be part of the normal operating cycle of the Group and their principal nature remains operating – i.e. payments for the purchase of goods and services.

As at 31 December 2023, the Company and the Group enjoyed trade payables factoring facilities of US\$ 42,000 (2022: US\$ 20,500 and US\$ 31,874 respectively).

16. Inventories

	The Group		The Company	
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
Trading goods (i)	411,788	513,418	203,853	221,481
Land development (ii)	1,987	1,386	-	-
	<u>413,775</u>	<u>514,804</u>	<u>203,853</u>	<u>221,481</u>

(i) Trading goods

	The Group		The Company	
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
Goods held for resale	367,557	449,733	173,721	196,607
Goods in transit	53,836	71,069	37,319	30,150
Provision for slow moving and obsolete stock	(9,605)	(7,384)	(7,187)	(5,276)
	<u>411,788</u>	<u>513,418</u>	<u>203,853</u>	<u>221,481</u>

The Group

As at 31 December 2023, inventories pledged as security for financing purposes amounted to US\$ 59,287 (2022: US\$ 82,547).

The Company

As at 31 December 2023, inventories pledged as security for financing purposes amounted to US\$ 11,500 (2022: US\$ 11,500).

Movement in provision for slow moving and obsolete stock

	The Group		The Company	
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
On 1 January	7,384	4,746	5,276	3,003
Provisions during the year	2,845	3,294	1,773	2,340
Provided stock written off	(620)	(554)	138	(67)
Exchange difference	(4)	(102)	-	-
On 31 December	<u>9,605</u>	<u>7,384</u>	<u>7,187</u>	<u>5,276</u>

(ii) Land development

	The Group		The Company	
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
Land - Not under development yet	<u>1,987</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. During the year ended 31 December 2023, the Group acquired an additional plot of land for the same reason. As at 31 December 2023, the project is in progress.

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

17. Trade receivables

	The Group		The Company	
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
Trade receivables	344,815	313,503	55,454	46,577
Prepayments to trade vendors	7,372	18,759	5,573	8,115
Allowance for doubtful debts	(6,064)	(3,331)	(4,479)	(1,378)
	<u>346,123</u>	<u>328,931</u>	<u>56,548</u>	<u>53,314</u>

The Group

As at 31 December 2023, receivables of the Group that have been pledged as security for financing purposes amounted to US\$ 67,507 (2022: US\$ 80,040).

The Company

As at 31 December 2023, the Company had no receivables that have been pledged as security for financing purposes.

Movement in provision for doubtful debts:

	The Group		The Company	
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
On 1 January	3,331	2,379	1,378	375
Provisions during the year	3,859	1,269	3,191	1,079
Amount written-off as uncollectible	(688)	(240)	(90)	(76)
Bad debts recovered	(2)	(7)	-	-
Exchange difference	(436)	(70)	-	-
On 31 December	<u>6,064</u>	<u>3,331</u>	<u>4,479</u>	<u>1,378</u>

Ageing of trade receivables

The Group

Year	Total receivables US\$	Outstanding but not due yet US\$	Overdue between 1-30 days US\$	Overdue between 30-60 days US\$	Overdue more than 60 days US\$
2023	344,815	300,489	26,942	1,383	16,001
2022	313,503	276,219	22,869	6,597	7,818

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of US\$)

17. Trade receivables (continued)

The Group

Ageing of impaired receivables (provision for bad debts)

Year	Total	Outstanding but not due yet	Overdue between 1-30 days	Overdue between 30-60 days	Overdue more than 60 days
	US\$	US\$	US\$	US\$	US\$
2023	6,064	-	-	276	5,788
2022	3,331	408	6	1	2,916

The Company

Ageing of trade receivables

Year	Total receivables	Outstanding but not due yet	Overdue between 1-30 days	Overdue between 30-60 days	Overdue more than 60 days
	US\$	US\$	US\$	US\$	US\$
2023	55,454	42,507	3,592	689	8,666
2022	46,577	39,015	4,337	770	2,455

Ageing of impaired receivables (provision for bad debts)

Year	Total	Outstanding but not due yet	Overdue between 1-30 days	Overdue more 30-60 days	Overdue more than 60 days
	US\$	US\$	US\$	US\$	US\$
2023	4,479	-	-	-	4,479
2022	1,378	-	-	-	1,378

18. Other current assets

	The Group		The Company	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
VAT and other taxes refundable	10,831	16,253	73	1,178
Deposits and advances to service providers	230	386	21	20
Employee floats	229	167	119	127
Other debtors and prepayments	15,826	6,780	6,848	1,380
Amount due from subsidiary companies (Note 31)	-	-	153,554	154,020
Allowance for doubtful debts from subsidiary companies	-	-	(3,790)	(2,290)
Loans due from subsidiary companies (Note 31)	-	-	3,777	3,417
	<u>27,116</u>	<u>23,586</u>	<u>160,602</u>	<u>157,852</u>

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of US\$)

19. Share capital

(for the purposes of this note the amounts are stated in full)

	2023 US\$	2022 US\$
Authorized		
63,000,000 (2022: 63,000,000) shares of US\$ 0.20 each	<u>12,600,000</u>	<u>12,600,000</u>
Issued and fully paid		
55,500,000 (2022: 55,500,000) ordinary shares of US\$ 0.20 each	<u>11,100,000</u>	<u>11,100,000</u>

On 31 December 2023 the issued and fully paid share capital of the Company consisted of 55,500,000 ordinary shares of US\$ 0.20 each.

Following an extraordinary general meeting of the shareholders on 28th 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 2023 the Company held a total of nil (2022: 328,800) shares purchased for a nil consideration (2022: US\$ 996).

20. Short-term borrowings

	The Group		The Company	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Current borrowings				
Bank overdrafts (Note 30)	35,254	42,246	2,328	5,164
Current portion of long-term loans	633	224	-	-
Bank short-term loans	105,133	98,146	-	-
Current lease liabilities (Note 23)	<u>3,179</u>	<u>2,393</u>	<u>845</u>	<u>751</u>
Total short-term debt	<u>144,199</u>	<u>143,009</u>	<u>3,173</u>	<u>5,915</u>
Factoring creditors	<u>52,794</u>	<u>62,287</u>	<u>12,672</u>	<u>10,654</u>
	<u>196,993</u>	<u>205,296</u>	<u>15,845</u>	<u>16,569</u>

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

20. Short-term borrowings (continued)

Summary of borrowings and overdraft arrangements

The Group

As at 31 December 2023 the Group had factoring facilities of US\$ 104,828 (2022: US\$ 199,952).

In addition, the Group as at 31 December 2023 had the following financing facilities with banks in the countries that the Company and its subsidiaries operate:

- overdraft lines of US\$ 99,846 (2022: US\$ 100,237)
- short-term loans/revolving facilities of US\$ 135,181 (2022: US\$ 133,686)
- bank guarantees and letters of credit of US\$ 48,008 (2022: US\$ 41,960)

The Group had for the year ended 31 December 2023 cash lines (overdrafts, loans and revolving facilities) and factoring lines.

The Weighted Average Cost of Debt (cash lines and factoring lines) for the year is 11.9% (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\$ 27,138 (2022: US\$ 20,822)

The Company

As at 31 December 2023 the Company enjoyed factoring facilities of US\$ 13,000 (2022: US\$ 18,000).

In addition, the Company, as at 31 December 2023 had the following financing facilities with banks:

- Overdraft facilities of US\$ 33,333 (2022: US\$ 31,113)
- Long-term loan facilities US\$ nil (2022: US\$ nil)
- Bank guarantees and letters of credit of US\$ 45,893 (2022: US\$ 38,906)

The Company had cash lines (overdrafts and revolving facilities) with an average cost for the year of 7.0% (2022: 6.2%).

The overdraft, revolving and factoring facilities granted to the Company are secured by:

- Floating charges over all assets of the Company
- Pledged deposits US\$ 21,673 (2022: US\$ 16,880)
- Mortgage on immovable properties in the amount of US\$ 2,654 (2022 US\$ 8,558)

21. Long-term borrowings

	The Group		The Company	
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
Bank loans	436	553	-	-
Non-current lease liabilities (note 23)	14,227	8,630	4,824	4,412
	<u>14,663</u>	<u>9,183</u>	<u>4,824</u>	<u>4,412</u>

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22. Other long-term liabilities

	The Group		The Company	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Other long-term liabilities	935	859	-	-

23. Lease liabilities

	The Group		The Company	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Current lease liabilities (Note 20)	3,179	2,393	845	751
Non-current lease liabilities (Note 21)	14,227	8,630	4,824	4,412
	17,406	11,023	5,669	5,163

24. Deferred tax

The Group

	Temporary differences between accounting and tax base of PPE and intangibles (note i) US\$	Tax losses (note ii) US\$	Other temporary differences (note iii) US\$	Total US\$
Credit/(debit) balance on 1 January 2022	25	-	(152)	(127)
Deferred tax (charge)/credit for the year	(64)	1	67	4
Exchange difference on retranslation	-	-	(42)	(42)
(Debit)/credit balance on 31 December 2022	(39)	1	(127)	(165)
Deferred tax (charge)/credit for the year	(187)	-	17	(170)
Exchange difference on retranslation	-	-	(19)	(19)
(Debit)/credit balance on 31 December 2023	(226)	1	(129)	(354)

The Company

	Temporary differences between accounting and tax base of PPE and intangibles (note i) US\$	Tax losses (note ii) US\$	Other temporary differences (note iii) US\$	Total US\$
Credit balance on 1 January 2022	275	-	-	275
Deferred tax charge for the year	(160)	-	-	(160)
Credit balance on 31 December 2022	115	-	-	115
Credit balance on 31 December 2023	115	-	-	115

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

24. Deferred tax (continued)

Note (i)

The Group and the Company

The deferred tax liability relates to excess of capital allowances over depreciation and amortization.

Note (ii)

The Group

The deferred tax asset arises from the tax losses that can be carried forward and setoff against the first available taxable profits of the Group companies subject to the carry forward of losses restrictions stipulated in the relevant laws of the country of each relevant subsidiary.

The Company

The deferred tax asset arises from the tax losses that can be carried forward and set-off against the first available taxable profits of the Company.

In accordance with the Cyprus tax legislation, tax losses can be carried forward for 5 years.

Note (iii)

The Group and the Company

Other temporary differences relate mainly to different accounting bases between treatment in accordance with IFRSs and treatment in accordance with local tax standards and mainly consist of the tax effect of unrealized profits/losses on revaluation of working capital and of different treatment in valuing inventory.

Note (iv)

The Group and the Company

Deferred tax assets and liabilities are offset when there is a legally unforeseeable right to set-off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

	The Group		The Company	
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
Deferred tax assets	(473)	(285)	-	-
Deferred tax liabilities	119	120	115	115
Net deferred tax (assets)/liabilities	(354)	(165)	115	115

25. Other current liabilities

	The Group		The Company	
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
Salaries payable and related costs	5,355	4,305	693	515
VAT payable	11,793	8,854	125	-
Non-trade accounts payable	7,978	6,004	3,319	2,178
Accruals, deferred income and other provisions	68,601	107,213	42,886	65,746
Provision for marketing	23,273	30,182	19,116	26,032
Provision for warranties	5,203	7,465	4,386	5,313
Amount payable to subsidiary companies (Note 31)	-	-	3,228	4,522
	122,203	164,023	73,753	104,306

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of US\$)

26. Trade payables and prepayments

	The Group		The Company	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Trade payables	335,869	400,283	219,808	245,310
Prepayments from customers	13,814	17,693	3,935	8,222
	<u>349,683</u>	<u>417,976</u>	<u>223,743</u>	<u>253,532</u>

27. Operating segments

The Group

1.1 Segment information

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 and results

	Segment revenue		Segment operating profit	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Former Soviet Union	1,563,280	1,407,196	51,748	54,422
Central Eastern Europe	791,026	653,643	26,355	26,946
Middle East & Africa	425,652	407,717	20,691	21,056
Western Europe	257,372	183,088	13,074	8,151
Other	23,898	38,395	625	419
	<u>3,061,228</u>	<u>2,690,039</u>	<u>112,493</u>	<u>110,994</u>
Net financial expenses (note 6)			(43,497)	(20,734)
Share of loss from equity-accounted investees (note 12)			(237)	(162)
Other gains and losses (note 4)			(3,790)	948
Profit before taxation			<u>64,969</u>	<u>91,046</u>

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of US\$)

27. Operating segments (continued)

1.3 Segment capital expenditure (CAPEX) and depreciation & amortization

The following is an analysis of the Group's capital expenditure in both tangible and intangible assets as well as their corresponding charges in the income statement:

	Segment CAPEX		Segment depreciation and amortization	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Former Soviet Union	13,037	10,407	2,358	1,831
Central Eastern Europe	17,570	14,510	1,940	1,570
Middle East & Africa	11,503	3,677	382	197
Cyprus	29,124	27,541	2,949	2,179
Other	1,578	31	98	10
	<u>72,812</u>	<u>56,166</u>	<u>7,727</u>	<u>5,787</u>

1.4 Segment assets and liabilities

Segment assets	2023 US\$	2022 US\$
Former Soviet Union	436,644	408,154
Central Eastern Europe	173,688	118,280
Western Europe	173,974	210,638
Middle East & Africa	<u>139,514</u>	<u>227,291</u>
Total	923,820	964,363
Assets allocated in capital expenditure (1.3)	72,812	56,166
Other unallocated assets	<u>15,846</u>	<u>42,997</u>
Consolidated assets	<u>1,012,478</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.

1.5 Geographical information

Since the Group's operating segments are based on geographical location and this information has been provided above (1.2 – 1.4) no further analysis is included.

1.6. Information about major customers

It is of a strategic importance for the Group to place no reliance to any customer individually, since no customer is accountable for material percentage of the total business.

28. Derivative financial liabilities

	The Group		The Company	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
<u>Derivative financial liabilities carried at fair value through profit or loss</u>				
Foreign currency derivative contracts	<u>702</u>	<u>263</u>	<u>648</u>	<u>256</u>

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of US\$)

28. Derivative financial liabilities (continued)

Fair value measurement of derivative financial liabilities

The Group	Nominal amount 2023 US\$	Nominal amount 2022 US\$	Fair value 2023 US\$	Fair value 2022 US\$
Buying US\$/Selling EUR	-	12,303	-	200
Buying US\$/Selling PLN	4,700	2,600	74	18
Buying US\$/Selling RON	1,400	1,100	-	5
Buying US\$/Selling RUB	-	-	21	-
Buying US\$/Selling AZM	-	-	49	-
Buying US\$/Selling GBP	-	49	-	1
Buying US\$/Selling CSD	-	-	7	-
Buying US\$/Selling HUF	2,800	610	87	20
Buying US\$/Selling ZAR	400	-	1	-
Buying US\$/Selling BGN	-	495	-	5
Buying EUR/Selling US\$	22,282	40	462	2
Buying EUR/Selling HUF	-	719	-	12
Buying GBP/Selling US\$	104	-	1	-
	<u>31,686</u>	<u>17,916</u>	<u>702</u>	<u>263</u>

(i) The Group and the Company enter into currency derivative contracts, namely forward and future currency

The Company

	Nominal amount 2023 US\$	Nominal amount 2022 US\$	Fair value 2023 US\$	Fair value 2022 US\$
Buying US\$/Selling PLN	4,700	2,600	74	18
Buying US\$/Selling EUR	-	12,303	-	200
Buying US\$/Selling HUF	2,800	610	86	20
Buying US\$/Selling RON	1,400	1,100	21	5
Buying US\$/Selling ZAR	400	-	1	-
Buying US\$/Selling GBP	-	49	-	1
Buying EUR/Selling US\$	22,267	-	465	-
Buying EUR/Selling HUF	-	719	-	12
Buying GBP/Selling US\$	104	-	1	-
	<u>31,671</u>	<u>17,381</u>	<u>648</u>	<u>256</u>

derivatives, as part of their overall hedging strategy in order to minimize the exposure to foreign currency fluctuations.

(ii) A foreign currency forward derivative contract is a contractual agreement between two parties to exchange two currencies at a given exchange rate at some point in the future. The fair value of the derivative can be either positive (asset) or negative (liability) as a result of fluctuations in the forward exchange rates.

(iii) A foreign currency future derivative contract is a contractual agreement between two parties to buy or sell currency at a predetermined price in the future. The fair value of the derivative can be either positive (asset) or negative (liability) as a result of fluctuations in the period end exchange rate.

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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28. Derivative financial liabilities (continued)

(iv) During the year the Group realized a loss from execution of foreign currency derivative contracts of US\$ 926 (2022: gain of US\$ 1,866) and the Company realized a loss of US\$ 1,323 (2022: gain of US\$ 1,304).

29. Derivative financial assets

	The Group		The Company	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
<u>Derivative financial assets carried at fair value through profit or loss</u>				
Foreign currency derivative contracts	125	413	32	316

The Group	Nominal amount 2023 US\$	Nominal amount 2022 US\$	Fair value 2023 US\$	Fair value 2022 US\$
Buying US\$/Selling EUR	4,116	4,346	92	106
Buying US\$/Selling RON	250	750	1	2
Buying US\$/Selling BGN	151	1,159	1	9
Buying US\$/Selling ZAR	300	-	6	-
Buying US\$/Selling PLN	300	250	-	-
Buying US\$/Selling HUF	450	1,468	1	258
Buying US\$/Selling BYN	-	600	-	36
Buying US\$/Selling GBP	-	108	-	2
Buying EUR/Selling US\$	4,557	-	24	-
Buying GBP/Selling US\$	13	-	-	-
	<u>10,137</u>	<u>8,681</u>	<u>125</u>	<u>413</u>

The Company	Nominal amount 2023 US\$	Nominal amount 2022 US\$	Fair value 2023 US\$	Fair value 2022 US\$
Buying US\$/Selling EUR	-	1,252	-	54
Buying US\$/Selling PLN	300	250	-	-
Buying US\$/Selling RON	250	750	1	2
Buying US\$/Selling HUF	450	1,468	-	258
Buying US\$/Selling GBP	-	108	2	2
Buying US\$/Selling ZAR	300	-	6	-
Buying EUR/Selling US\$	4,557	-	23	-
Buying GBP/Selling US\$	13	-	-	-
	<u>5,870</u>	<u>3,828</u>	<u>32</u>	<u>316</u>

Fair value measurement of derivative financial assets

- (i) The Group and the Company enter into currency derivative contracts, namely forward and future currency derivatives, as part of their overall hedging strategy in order to minimize the exposure to foreign currency fluctuations.
- (ii) A foreign currency forward derivative contract is a contractual agreement between two parties to exchange two currencies at a given exchange rate at some point in the future. The fair value of the derivative can be either positive (asset) or negative (liability) as a result of fluctuations in the forward exchange rates.

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

29. Derivative financial assets (continued)

(iii) A foreign currency future derivative contract is a contractual agreement between two parties to buy or sell currency at a predetermined price in the future. The fair value of the derivative can be either positive (asset) or negative (liability) as a result of fluctuations in the period end exchange rate.

(iv) During the year the Group realized a loss from execution of foreign currency derivative contracts of US\$ 926 (2022: gain of US\$ 1,866) and the Company realized a loss of US\$ 1,323 (2022: gain of US\$ 1,304).

30. Cash and cash equivalents

	The Group		The Company	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Cash at bank and in hand	143,560	134,598	54,720	64,375
Bank overdrafts (Note 20)	(35,254)	(42,246)	(2,328)	(5,164)
	<u>108,306</u>	<u>92,352</u>	<u>52,392</u>	<u>59,211</u>

The Group

The cash at bank and in hand balance includes an amount of US\$ 27,138 (2022: US\$ 20,822) which represents pledged deposits against financial facilities granted and margin accounts for foreign exchange hedging.

The Company

The cash at bank and in hand balance includes an amount of US\$ 21,673 (2022: US\$ 16,880) which represents pledged deposits.

31. Related party transactions and balances

Main shareholders

The following table presents shareholders possessing directly or indirectly more than 5% of the Company's shares and shares held by the Company under the share buyback program as at 31 December:

Name	2023 Number of votes/shares	2023 Votes/share capital %	2022 Number of votes/shares	2022 Votes/share capital %
Siarhei Kostevitch and KS Holdings Ltd	20,448,127	36.84	20,448,127	36.83
Asbisc Enterprises Plc (share buyback program)	-	-	328,800	0.59
Free float	<u>35,051,873</u>	<u>63.16</u>	<u>34,723,073</u>	<u>62.58</u>
	<u>55,500,000</u>	<u>100.00</u>	<u>55,500,000</u>	<u>100.00</u>

Transactions and balances between the Company and its subsidiaries have been eliminated on consolidation.

The Company

In the normal course of business, the Company undertook during the year transactions with its subsidiary companies and had year end balances as follows:

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

31. Related party transactions and balances (continued)

Intercompany (trading) transactions

	Sales of goods		Purchases of goods	
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
Subsidiaries	1,223,368	1,280,224	59,794	61,676

	Sales of services		Purchases of services	
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
Subsidiaries	2,374	422	32,661	29,395

Intercompany (trading) balances

	Amounts owed by subsidiary companies		Amounts owed to subsidiary companies	
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
Subsidiaries	149,764	151,730	3,228	4,522

Loans to subsidiary companies

	2023	2022
	US\$	US\$
Loans to subsidiary companies (Note 17)	3,777	3,417

The total loans to subsidiary companies before provision for doubtful loans are unsecured and analyzed below:

Subsidiary companies	Interest rate	Source currency	2023	2022
	%		US\$	US\$
Joule Production SIA (ii)	2	Euro	-	386
I.O. Clinic Latvia SIA (iii)	2	Euro	-	63
R.SC Real Scientists Cyprus Ltd (iv)	2.5	Euro	191	180
CJSC ASBIS (i)	4	US Dollar	-	1,068
Entoliva Ltd (v) (vi)	3.75	Euro	2,303	1,720
Breezy Trade In Ltd (vii)	5	US Dollar	1,193	-
Breezy Poland (viii)	5	Euro	90	-
			3,777	3,417

The total interest received from subsidiary companies is analyzed below:

	2023	2022
	US\$	US\$
I.O. Clinic Latvia SIA (iii)	-	14
R.SC Real Scientists Cyprus Ltd (iv)	4	4
Joule Production SIA (ii)	3	10
CJSC ASBIS (i)	19	42
Entoliva Ltd (v)	52	14
Breezy Trade-In Ltd	10	-
Breezy Poland Sp. Z.o.o.	2	-
	90	84

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(in thousands of US\$)

31. Related party transactions and balances (continued)

- (i) CJSC ASBIS entered into a loan agreement with the Company on the 24th of November 2014, with the obligation to settle the loan by 30th of September 2023. The loan has been settled during 2023.
- (ii) Joule Production SIA entered into two loan agreements with the Company on the 29th of July 2021 and 25th of October 2021 with the obligation to settle the loan by 31st of December 2023 and 31st of December 2024 accordingly. The loans have been settled during 2023.
- (iii) I.O. Clinic Latvia SIA entered into a loan agreement with the Company on the 24th of June 2021, with the obligation to settle the loan by 31st of December 2023. The loan has been settled during 2023.
- (iv) R.SC Real Scientists Cyprus Ltd SIA entered into a loan agreement with the Company on the 1st of March 2021, with the obligation to settle the loan by 1st of March 2024. The loan maturity date is renewed every year until full repayment. The loan is unsecured.
- (v) Entoliva Ltd entered into a loan agreement with the Company on the 26th of August 2022, with the obligation to settle the loan by 25th of August 2024. The loan maturity date is renewed every year until full repayment. The loan is unsecured.
- (vi) Entoliva Ltd entered into a loan agreement with the Company on the 30th of May 2023 with the obligation to settle the loan by 30th of May 2024. The loan is unsecured.
- (vii) Breezy Trade-In Ltd entered into a loan agreement with the Company on the 7th of June 2023, with the obligation to settle the loan by 31st of December 2024. The loan is unsecured.
- (viii) Breezy Poland Sp. Z.o.o. entered into a loan agreement with the Company on the 19th of July 2023, with the obligation to settle the loan by 19th of July 2025. The loan is unsecured.

Financial guarantees liabilities

	2023 US\$	2022 US\$
Financial guarantee liabilities granted to subsidiaries	1,012	881

The Company provides free of charge financial guarantee services to its subsidiaries. The Company accounted for such financial guarantees as for financial guarantee contracts in accordance with IFRS 9. Financial guarantee facilities of subsidiaries are mainly presented by overdrafts and factoring contracts, thus financial guarantee liability recognized in short-term.

Transactions and balances of key management

	The Group 2023 US\$	2022 US\$	The Company 2023 US\$	2022 US\$
Directors' remuneration and benefits - executive	1,753	1,650	1,753	1,650
Directors' remuneration - non-executive	74	25	74	25
<u>Key management remuneration</u>				
In capacity as other key management personnel	1,696	1,874	494	456
Employer's contributions - provident fund	10	9	8	7
Employer's contributions - social insurance and other benefits	193	182	42	30
	<u>3,726</u>	<u>3,740</u>	<u>2,371</u>	<u>2,168</u>

Share-based payment arrangements

As at 31 December 2022, the Group had the following share-based payment arrangement:

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

Share option program (equity-settled)

- the maximum amount of money that can be used to realize the program is US\$ 1,000
- 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

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31. Related party transactions and balances (continued)

At the end of 2023 the Company held a total of nil (2022: 328,800) shares purchased for a nil consideration (2022: US\$ 996) (note 19).

	The Group		The Company	
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
Salaries and other benefits	95,581	76,389	18,776	12,507
The average number of employees for the year was	2,673	2,222	301	220

32. Commitments and contingencies

The Group

As at 31 December 2023 the Group was committed in respect of purchases of inventories of a total cost value of US\$ 36,552 (2022: US\$ 32,603) which were in transit at 31 December 2023 and delivered in January 2024. 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 year end.

As at 31 December 2023 the Group was contingently liable to banks in respect of bank guarantees and letters of credit lines of US\$ 48,008 (2022: US\$ 41,960) (note 20) which the Group has extended to its suppliers and other counterparties.

As at the 31st of December 2023 the Group had no other capital or legal commitments and contingencies.

The Company

As at 31 December 2023 the Company was committed in respect of purchases of inventories of a total cost value of US\$ 36,552 (2022: US\$ 32,603) which were in transit at 31 December 2023 and delivered in January 2024. 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 Company at year end.

As at 31 December 2023 the Company was contingently liable to banks in respect of bank guarantees and letters of credit of US\$ 45,893 (2022: US\$ 38,906) (note 20) which the Company has extended to its suppliers and other counterparties.

The liabilities towards the Company's suppliers covered by these guarantees are reflected in the financial statements under trade payables.

In addition, the Company has issued corporate guarantees to banks in respect of financing facilities extended to its subsidiaries in the amount of US\$ 202,399 (2022: US\$ 176,223).

ASBISC ENTERPRISES PLC

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(in thousands of US\$)

33. Earnings per share

	2023 US\$	2022 US\$
Profit for the year attributable to members	52,956	75,870
Weighted average number of shares for the purposes of basic and diluted earnings per share	55,500,000	55,500,000
	US\$ cents	US\$ cents
Basic and diluted from continuing operations (expressed in US\$)	0.96	1.37

34. Business combinations

The Group

1. Incorporations and acquisitions

1.1 Incorporations and acquisitions of subsidiaries to 31 December 2023

During the period the Group has acquired and incorporated the following subsidiaries.

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%

Name of entity	Type of operations	Date incorporated	% incorporated	% owned
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%
Sarovita Ltd (Cyprus)	Information Technology	25 December 2023	100%	100%
ASBC SA (South Africa)	Information Technology	25 December 2023	100%	100%

Incorporations and acquisitions of subsidiaries to 31 December 2022

During the period the Group has incorporated 100% of the share capital of the following subsidiaries:

Name of entity	Type of operations	Date acquired/ incorporated	% acquired/ incorporated	% owned
ACEAN.PL Sp. z.o.o (Poland)	Information Technology	12 April 2022	100%	100%
Entoliva Ltd (Cyprus)	Land Development	8 August 2022	100%	100%
Breezy Poland (Poland)	Information Technology	18 November 2022	100%	100%
ASBC SRL (Moldova)	Information Technology	8 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%

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of US\$)

34. Business combinations (continued)

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 31 December 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	-
Net identifiable assets	217	-
Group's interest in net assets acquired	176	-
Total purchase consideration	(380)	-
Goodwill capitalized in statement of financial position	204	-

1.2. Goodwill arising on acquisitions

	2023 US\$	2022 US\$
At 1 January	372	595
Additions (i)	204	-
Disposals	-	(201)
Foreign exchange difference on retranslation	32	(22)
At 31 December	608	372

- (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:

	2023 US\$	2022 US\$
ASBIS d.o.o. (BA)	386	372
ASBIS Africa Proprietary Limited	222	-
	608	372

1.3. Impairment testing

For ASBIS d.o.o. (BA), a detailed impairment analysis was performed and based on the results it has been concluded that no impairment is required.

ASBISC ENTERPRISES PLC

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34. Business combinations (continued)

2. Liquidations and disposals

Liquidations and disposals of subsidiaries to 31 December 2023

During the year, ASBIS PL SP. z o.o. and I.O. Clinic Latvia SIA has been disposed of and a gain of US\$ 1 and US\$ 9 respectively arose on the events. In addition, ASBIS OOO was disposed of and a loss of US\$1,159 arose on the event.

<u>Name of disposed entity</u>	<u>Type of operations</u>	<u>Date liquidated</u>	<u>% liquidated</u>
ASBIS PL SP. z o.o. (Poland)	Information Technology	25 October 2023	100%
<u>Name of disposed entity</u>	<u>Type of operations</u>	<u>Date disposed</u>	<u>% sold</u>
ASBIS OOO (Russia)	Information Technology	31 October 2023	100%
I.O. Clinic Latvia SIA (Latvia)	Information Technology	21 December 2023	100%

Liquidations of subsidiaries to 31 December 2022

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

<u>Name of disposed entity</u>	<u>Type of operations</u>	<u>Date liquidated</u>	<u>% liquidated</u>
Private Educational Institution "Center of excellence in Education for executives and specialists in Information Technology (Belarus)	Information Technology	19 May 2022	100%
<u>Name of disposed entity</u>	<u>Type of operations</u>	<u>Date disposed</u>	<u>% sold</u>
LLC Must (Russia)	Information Technology	29 July 2022	100%

35. Financial risk management

1. Financial risk factors

In this note, references to the Group also relate to the Company.

The Group's activities expose it to credit risk, interest rate risk, liquidity risk and currency risk arising from the financial instruments it holds. The risk management policies employed by the Group to manage these risks are discussed below:

1.1. Credit risk

Credit risk is defined as the risk of failure of debtors to discharge their obligations towards the Group. The Group sets up and maintains specific controls to mitigate its credit risk, as it realizes its importance for the Group's viability.

The Group had established and systematically follows a thorough procedure prior to registering new customers into its system. Every new customer is checked both internally and via various reputable credit sources prior to such registration and, more importantly, prior to granting of any credit. The Group runs an internal credit department consisting of local, regional and corporate credit managers. Corporate managers decide for all significant credit line requests and review the work of regional and local managers. The Group uses all available credit tools – i.e. credit insurance, credit information bureaus, letters of guarantee – to safeguard itself from the credit risk. The Group has insured the majority of receivables during 2023.

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

35. Financial risk management (continued)

It is of a strategic importance for the Group to place no reliance to any customer individually, since no customer is accountable for material percentage of the total business.

Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit insurance is purchased. The credit risk on liquid funds and derivative financial instruments is determined by the credit ratings assigned to the financial institutions with which these funds are held.

The ageing profile of trade receivables is disclosed in note 17.

The tables below show an analysis of the Group's and Company's bank deposits at year end by credit rating of the bank in which they are held:

The Group

Based on credit ratings by Moody's; the cash at banks the Group held as at year end are:	2023 US\$	2022 US\$
Aa3	2,275	2,365
A1	18,879	5,503
A2	21,868	22,517
A3	18,438	22,969
Baa1	393	431
Baa3	8,835	13,928
Ba1	2,151	234
Ba2	2,807	791
Ba3	710	481
B1	22,511	14,402
B2	2,797	105
B3	2	3
Without credit rating	41,894	50,869
	<u>143,560</u>	<u>134,598</u>

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

35. Financial risk management (continued)

The Company

Based on credit ratings by Moody's, the cash at banks the Company held as at year end are:	2023 US\$	2022 US\$
A1	14,763	5,484
A2	19,606	21,733
A3	-	20,343
B1	18,304	15,248
Without credit rating	2,047	1,567
	<u>54,720</u>	<u>64,375</u>

Impairment on cash and cash equivalents has been measured on a twelve-month expected loss basis and reflects short maturities of the exposures. The Group and the Company consider that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties and there is no material impact on the Group's and Company's financial statements.

Trade receivables and contract assets

Expected credit loss assessment based on collective model net of specific provision as at 31 December 2023 and 2022 are:

The Group

	2023 Default rate %	2023 Gross carrying amount US\$	2023 Loss allowance US\$	2022 Default rate %	2022 Gross carrying amount US\$	2022 Loss allowance US\$
Outstanding but not due yet	0.04	300,489	111	0.02	276,219	64
Overdue between 1-30 days	0.12	26,942	34	0.06	22,869	13
Overdue between 30-60 days	0.99	1,383	14	1.54	6,597	101
Overdue more than 60 days	5.21	<u>16,001</u>	<u>833</u>	7.18	<u>7,818</u>	<u>561</u>
		<u>344,815</u>	<u>992</u>		<u>313,503</u>	<u>739</u>

The Company

	2023 Default rate %	2023 Gross carrying amount US\$	2023 Loss allowance US\$	2022 Default rate %	2022 Gross carrying amount US\$	2022 Loss allowance US\$
Outstanding but not due yet	0.01	156,263	15	0.00	172,217	8
Overdue between 1-30 days	0.02	25,456	5	0.02	11,987	3
Overdue between 30-60 days	0.11	6,553	7	0.08	6,460	5
Overdue more than 60 days	15.66	<u>20,736</u>	<u>3,247</u>	18.32	<u>9,326</u>	<u>1,708</u>
		<u>209,008</u>	<u>3,274</u>		<u>199,990</u>	<u>1,724</u>

Loss rates are based on actual credit loss experience over the past four years.

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

35. Financial risk management (continued)

1.2. Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are dependent on changes in market interest rates. The Group deposits excess cash and borrows at variable rates. The Group's management monitor the interest rate fluctuations on a continuous basis and act accordingly.

	The Group		The Company	
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
Variable rate instruments				
Overdrafts	35,254	42,246	2,328	5,164
Short-term loans	105,766	98,370	-	-
Long-term loans	436	553	-	-
Factoring advances	52,794	62,287	12,672	10,654
	<u>194,250</u>	<u>203,456</u>	<u>15,000</u>	<u>15,818</u>

At the reporting date the profile of interest-bearing financial instruments was:

Sensitivity analysis

An increase of 100 basis points in interest rates at 31 December 2023 would have decreased by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant, as well as it assumes that financial facilities outstanding at the end of the reporting period were also outstanding for the whole year. For a decrease of 100 basis points there would be an equal and opposite impact on the profit and loss. The figures below are before tax.

	Profit & loss			
	The Group		The Company	
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
Variable rate instruments				
Overdrafts	353	422	23	51
Short-term loans	1,058	984	-	-
Long-term loans	4	6	-	-
Factoring advances	528	623	127	107
	<u>1,942</u>	<u>2,035</u>	<u>150</u>	<u>158</u>

1.3. Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Group has procedures with the object of minimizing such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the earliest date on which the Group/Company can be required to pay and include only principal cash flows.

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

35. Financial risk management (continued)

The Group

31 December 2023	Carrying amounts US\$	Contractual cash flows US\$	3 months or less US\$	3-12 months US\$	1-2 years US\$	2-5 years US\$
Bank loans	106,202	106,202	95,037	10,730	139	296
Bank overdrafts (Note 20)	35,254	35,254	8,695	26,559	-	-
Factoring creditors (Note 20)	52,794	52,794	14,824	37,970	-	-
Lease liabilities (Note 23)	17,406	17,406	702	2,477	3,756	10,471
Trade and other payables	476,032	476,032	473,386	2,646	-	-
Trade payables factoring facilities (Note 15)	41,822	41,822	41,822	-	-	-
Other short and long-term liabilities	1,637	1,637	702	-	163	772
	<u>731,147</u>	<u>731,147</u>	<u>635,168</u>	<u>80,382</u>	<u>4,058</u>	<u>11,539</u>

31 December 2022	Carrying amounts US\$	Contractual cash flows US\$	3 months or less US\$	3-12 months US\$	1-2 years US\$	2-5 years US\$
Bank loans	98,924	98,924	86,410	11,961	107	446
Bank overdrafts (Note 20)	42,246	42,246	6,451	35,795	-	-
Factoring creditors (Note 20)	62,287	62,287	60,118	2,169	-	-
Lease liabilities (Note 23)	11,023	11,023	573	1,820	2,071	6,559
Trade and other payables	585,601	585,601	575,923	9,678	-	-
Trade payables factoring facilities (Note 15)	18,024	18,024	18,024	-	-	-
Other short and long-term liabilities	1,122	1,122	264	-	150	708
	<u>819,227</u>	<u>819,227</u>	<u>747,763</u>	<u>61,423</u>	<u>2,328</u>	<u>7,713</u>

The Company

31 December 2023	Carrying amounts US\$	Contractual cash flows US\$	3 months or less US\$	3-12 months US\$	1-2 years US\$	2-5 years US\$
Bank overdrafts (Note 20)	2,328	2,328	2,328	-	-	-
Factoring creditors (Note 20)	12,672	12,672	12,672	-	-	-
Lease liabilities (Note 23)	5,669	5,669	100	745	1,374	3,450
Trade and other payables	299,915	299,915	299,915	-	-	-
Trade payables factoring facilities	41,822	41,822	41,822	-	-	-
Other short and long-term liabilities	648	648	648	-	-	-
	<u>363,054</u>	<u>363,054</u>	<u>357,485</u>	<u>745</u>	<u>1,374</u>	<u>3,450</u>

31 December 2022	Carrying amounts US\$	Contractual cash flows US\$	3 months or less US\$	3-12 months US\$	1-2 years US\$	2-5 years US\$
Bank overdrafts (Note 20)	5,164	5,164	5,164	-	-	-
Factoring creditors (Note 20)	10,654	10,654	10,654	-	-	-
Lease liabilities (Note 23)	5,163	5,163	182	569	666	3,746
Trade and other payables	360,244	360,244	360,244	-	-	-
Trade payables factoring facilities	15,443	15,443	15,443	-	-	-
Other short and long-term liabilities	256	256	256	-	-	-
	<u>396,924</u>	<u>396,924</u>	<u>391,943</u>	<u>569</u>	<u>666</u>	<u>3,746</u>

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

35. Financial risk management (continued)

1.4. Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Group's/Company's measurement currency.

The Group uses short-term derivative financial instruments to minimize the risk on balances and material transactions denominated in currencies other than US Dollars, the Group's reporting currency. As a significant portion of the Group's cash flow is denominated in Russian Ruble, Euro and other local currencies (i.e. the Czech Crown, the Polish Zloty, the Hungarian Forint, etc.), the Group raises debt in such currencies in order to hedge against foreign exchange risk.

The carrying amounts of the monetary assets and monetary liabilities at the reporting date are denominated in the following currencies:

The Group

31 December 2023

	Cash at bank and in hand	Receivables	Trade and other liabilities	Borrowings
	US\$	US\$	US\$	US\$
US Dollar	65,030	16,097	(250,777)	(13,682)
Euro	27,480	85,253	(86,330)	(42,577)
Russian Ruble	65	786	(682)	-
Polish Zloty	903	11,897	(6,750)	(3,419)
Czech Koruna	2,852	13,017	(5,589)	(6,378)
Belarusian Ruble	557	12,066	(8,145)	(4,015)
Romanian New Lei	351	7,445	(1,969)	(2,969)
Bulgarian Lev	1,488	6,671	(1,489)	(5,821)
Hungarian Forint	760	1,970	(503)	(101)
Kazakhstan Tenge	3,538	79,989	(26,214)	(69,115)
Ukrainian Hryvnia	21,316	70,895	(64,562)	(34,879)
Bosnian Mark	788	5,211	(551)	(3,478)
United Arab Emirates Dirham	14,280	28,910	(15,992)	(21,622)
Other	4,152	7,029	(7,300)	(3,599)
	<u>143,560</u>	<u>347,236</u>	<u>(476,853)</u>	<u>(211,655)</u>

The Group

31 December 2022

	Cash at bank and in hand	Receivables	Trade and other liabilities	Borrowings
	US\$	US\$	US\$	US\$
US Dollar	66,049	28,873	(321,943)	(10,304)
Euro	8,442	79,840	(85,874)	(47,167)
Russian Ruble	6,626	29,532	(17,320)	(10,793)
Polish Zloty	728	6,932	(3,242)	(2,383)
Czech Koruna	2,522	8,680	(3,342)	(6,400)
Belarusian Ruble	790	5,095	(2,784)	(14,505)
Romanian New Lei	483	6,173	(1,278)	(2,589)
Bulgarian Lev	218	4,095	(1,358)	(3,841)
Hungarian Forint	228	1,421	(542)	(61)
Kazakhstan Tenge	2,993	86,006	(33,197)	(70,297)
Ukrainian Hryvnia	34,761	43,181	(81,681)	(25,161)
Bosnian Mark	728	4,338	(664)	(3,441)
United Arab Emirates Dirham	4,626	19,313	(25,487)	(13,199)
Other	5,404	7,738	(7,273)	(4,338)
	<u>134,598</u>	<u>331,217</u>	<u>(585,985)</u>	<u>(214,479)</u>

ASBISC ENTERPRISES PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US\$)

35. Financial risk management (continued)

The Company

31 December 2023

	Cash at bank and in hand	Receivables	Trade and other liabilities	Borrowings
	US\$	US\$	US\$	US\$
US Dollar	41,431	177,333	(292,052)	(13,682)
Euro	12,450	32,643	(5,509)	(6,987)
Czech Koruna	662	-	(1,588)	-
British Pound	34	136	(928)	-
Polish Zloty	143	-	(494)	-
Other	-	9	(108)	-
	<u>54,720</u>	<u>210,121</u>	<u>(300,679)</u>	<u>(20,669)</u>

31 December 2022

	Cash at bank and in hand	Receivables	Trade and other liabilities	Borrowings
	US\$	US\$	US\$	US\$
US Dollar	59,371	187,490	(357,711)	(10,304)
Euro	4,310	21,141	(1,119)	(10,677)
Czech Koruna	414	-	(586)	-
British Pound	231	145	(867)	-
Polish Zloty	49	-	(335)	-
Other	-	-	2	-
	<u>64,375</u>	<u>208,776</u>	<u>(360,616)</u>	<u>(20,981)</u>

The Company is not exposed to any material foreign exchange risk, as most of its operations are conducted in US Dollars, the Company's reporting currency. Any exposure to foreign exchange risk is restricted to monetary assets denominated in foreign currencies, mainly Euro, Czech Koruna, British Pound and Polish Zloty, and this risk is mitigated by the appropriate use of currency derivative contracts.

2. Fair values

The Group and the Company

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 Company's/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 (quoted prices (unadjusted) in active markets for identical assets or liabilities) fair value hierarchy.

3. Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through optimization of debt and equity. The Group's overall strategy remains unchanged from 2022.

The capital structure of the Group consists of debt, which includes borrowings, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

Gearing ratio

The Group's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risk associated with it.

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35. Financial risk management (continued)

The Group

The net gearing ratio at the year-end was as follows:

	2023 US\$	2022 US\$
Debt (i)	194,250	203,456
Cash at bank and in hand	(143,560)	(134,598)
Net debt	50,690	68,858
Equity (ii)	281,212	244,180
Net debt to equity ratio	18.03%	28.20%
(i)	Debt includes short-term (factoring advances, overdrafts and short-term loans) and long-term borrowings.	
(ii)	Equity includes all capital and reserves.	

The Company

The net gearing ratio at the year-end was as follows:

	2023 US\$	2022 US\$
Balance sheet and notes		
Debt (i)	15,000	15,818
Cash at bank and in hand	(54,720)	(64,375)
Net debt	(39,720)	(48,557)
Equity (ii)	171,002	152,236
Net debt to equity ratio	-	-
(i)	Debt includes short-term (factoring advances, overdrafts and short-term loans) and long-term borrowings.	
(ii)	Equity includes all capital and reserves.	

4. Fair value estimation

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- 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) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the fair value hierarchy of the Group's and the Company's assets as at 31 December:

31 December 2023	The Group 2023			The Company 2023		
	Level 1 US\$	Level 2 US\$	Level 3 US\$	Level 1 US\$	Level 2 US\$	Level 3 US\$
Assets						
Derivative financial assets	-	125	-	-	32	-
Financial assets at fair value through other comprehensive income	-	-	2,376	-	-	2,376
Financial assets at fair value through profit and loss	528	-	-	528	-	-
	528	125	2,376	528	32	2,376
Liabilities						
Derivative financial liabilities	-	702	-	-	648	-

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35. Financial risk management (continued)

31 December 2022	The Group 2022			The Company 2022		
	Level 1 US\$	Level 2 US\$	Level 3 US\$	Level 1 US\$	Level 2 US\$	Level 3 US\$
Assets						
Derivative financial assets	-	413	-	-	316	-
Financial assets at fair value through other comprehensive income	-	-	1,515	-	-	1,515
	-	413	1,515	-	316	1,515
Liabilities						
Derivative financial liabilities	-	263	-	-	256	-

The fair value of financial instruments that are not traded in an active market (for example, unlisted equity securities) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

36. Other risks

Operational risk

Operational risk is the risk that derives from the deficiencies relating to the Group's/Company's information technology and control systems as well as the risk of human error and natural disasters. The Group's/Company's systems are evaluated, maintained and upgraded continuously.

Compliance risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arises from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Compliance Officer, as well as by the monitoring controls applied by the Group/Company.

Litigation risk

Litigation risk is the risk of financial loss, interruption of the Group's operations or any other undesirable situation that arises from the possibility of non-execution or violation of legal contracts and consequentially of lawsuits. The risk is restricted through the contracts used by the Group/Company to execute its operations.

Reputation risk

The risk of loss of reputation arising from the negative publicity relating to the Group's/Company's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Group. The Group/Company applies procedures to minimize this risk.

Other risks

The general economic environment may affect the Group's/Company's operations to a great extent. Concepts such as inflation, unemployment, and development of the gross domestic product are directly linked to the economic course of every country and any variation in these and the economic environment in general may create chain reactions in all areas hence affecting the Group/Company.

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37. Dividends

Our dividend policy is to pay dividends at levels consistent with our growth and development plans, while maintaining a reasonable level of liquidity. During the year, the following dividends were declared and paid by the Company:

- A final dividend of US\$ 0.25 per share for the year 2022, amounting to US\$ 13,875
- An interim dividend of US\$ 0.20 per share for the year 2023, amounting to US\$ 11,100

During 2022, the following dividends were declared and paid by the Company:

- A final dividend of US\$ 0.10 per share for the year 2021, amounting to US\$ 5,550
- An interim dividend of US\$ 0.20 per share for the year 2022, amounting to US\$ 11,100

The Board of Directors also proposes the payment of a final dividend of US\$ 0.30 per share for the year 2023, amounting to US\$ 16,665.