

**ASBISC ENTERPRISES PLC**

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

# **ASBISC ENTERPRISES PLC**

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## **REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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# ASBISC ENTERPRISES PLC

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## 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) (appointed on 7 May 2021) Chief Human Relations Officer
	Yuri Ulasovich (Cypriot) (resigned on 5 May 2021)
	Demos Demou (Cypriot) (resigned on 5 May 2021) Non-Executive Director
	Tasos A.Panteli (Cypriot) Non-Executive Director
	Maria Petridou (Cypriot) (appointed on 29 March 2021) Non-Executive Director
Secretary	Alfo Secretarial Limited Limassol, Cyprus
Registered office	Kolonakiou 43, Diamond Court Ayios Athanasios, 4103, 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
	Deutsche Bank Trust Company Americas
	Alpha Bank Group
	Tascombank JSC (formerly Bank Business Standard)
	Ceskoslovenska Obchodni Banka, A.S
	Société Générale Group
	Mashereqbank Pcs
	National Bank of Fujairah
	Erste and Steiermaerkische Bank D.D
	Fimbank Plc
	First Ukrainian International bank
	Joint-stock Company OTP Bank
	OP Corporate Bank Plc
	Unicredit Bulbank AD

# ASBISC ENTERPRISES PLC

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## 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 2021, 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 2021 which are presented on pages 15 to 78:

- (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 Tziamalīs  
Executive Director

Julia Prihodko  
Executive Director

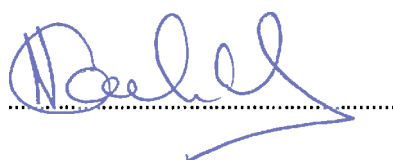
Tasos A. Panteli  
Non-Executive Director

Maria Petridou  
Non-Executive Director



### Financial Controller

Loizos Papavassiliou



Limassol, 30 March 2022

# ASBISC ENTERPRISES PLC

## MANAGEMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021.

### 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 10 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 15 to 78.

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

	The Group		The Company	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Revenue	3,077,976	2,366,441	2,205,401	1,896,200
Gross profit	218,528	138,285	84,842	42,915
Profit before tax	94,242	44,667	74,168	44,152
Taxation	(17,175)	(8,152)	(8,506)	(4,318)
Profit for the year	77,067	36,515	65,662	39,834
Earnings per share (US\$ cents)	138.78	66.15	N/A	N/A
Total equity	189,464	135,638	135,576	91,691
<b>Average number of employees during the year</b>	<b>2,079</b>	<b>1,837</b>	<b>167</b>	<b>150</b>

In the year ended December 31, 2021 we have continued our strong growth trend observed in the previous year. Following our strategy to focus more on profitability rather than on revenues, we have enjoyed a significant growth in gross and net margins. We have managed to outperform the markets and competition and strengthen our market position. Profitability has exceeded our expectations and cash flow has significantly improved.

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
- national and international economic and geopolitical factors in note 35
- technological changes and other market trends
- financial and other risks as described in notes 32 and 33.

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 note 32 to the financial statements.

### Significant events after the end of the financial year

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

Following the commencement of the war between Ukraine and Russia, additional severe sanctions were imposed by the United States of America, the European Union and some other countries on the Russian government, as well as major financial institutions and certain other entities and individuals in Russia. In addition, restrictions have been introduced on the supply of various goods and services to Russian entities. In response to the sanctions described above, the Russian government has introduced certain currency control measures.

# ASBISC ENTERPRISES PLC

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## MANAGEMENT REPORT (continued)

### Research and Development

In 2021, the Group spent US\$ 922(2020: US\$ 1,031) 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 in order 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\$11,100,000 of US\$ 0.20 per share for the year 2020
- An interim dividend of US\$11,100,000 of US\$ 0.20 per share for the year 2021

The Board of Directors also proposes the payment of a final dividend of US\$ 0.100 per share for the year 2021, amounting to US\$ 5,500,000 based on improved 2021 profitability.

### Share Capital

On 31 December 2021 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 2021 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 Mr. Yuri Ulasovich who resigned on the 5<sup>th</sup> of May 2021, Mrs. Julia Prihodko, who was appointed on the 7<sup>th</sup> of May 2021 as an Executive Director and Mrs. Maria Petridou, who was appointed on the 29<sup>th</sup> of March 2021 as a Non-Executive Director of the Company. 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 28 to the financial statements.

In accordance with the Company's Articles of Association, Mrs. Julia Prihodko and Mr. Constantinos Tziamalis who are subject to retirement by rotation, retire at the next annual general meeting of the Company and, being eligible, 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 two non-executive Directors together with the Chairman. The Audit Committee consists of the two non-executive Directors. More information on the composition and functions of the committees is given in the corporate governance statement

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## 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 2021:

Name	Number of votes/shares	Votes/share capital %
Siarhei Kostevitch and KS Holdings Ltd	20,443,127	36.83
Free float	<u>35,056,873</u>	<u>63.17</u>
	<u>55,500,000</u>	<u>100.00</u>

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

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

At the end of 2021 the Company held no shares (2020: 325,389).

### 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 re-appoint and fix their remuneration will be submitted at the forthcoming annual general meeting.

Pursuant to the regulatory requirement for the mandatory rotation of its current External Auditors, the Company will be conducting a competitive tender process to appoint External Auditors for the Company and its subsidiaries. The relevant tender will be overseen by the Audit Committee of the Board of Directors of the Company.

### BY ORDER OF THE BOARD OF DIRECTORS

Director



Limassol, 30 March 2022



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 the separate financial statements of **Asbisc Enterprises PLC** (the "Company") and its subsidiaries (the "Group"), which are presented on pages 7 to 14 and comprise the consolidated and the separate statements of financial position as at 31 December 2021 and the consolidated and the separate income statements, statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and the separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and the Company as at 31 December 2021, and of their consolidated and the separate financial performance and their consolidated and separate 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.

<b>Key audit matter 1 – Investments in subsidiaries: impairment assessment</b>	
Refer to notes 2 and 10 of the separate financial statements	
<b>Key audit matter</b>	<b>How the matter was addressed in our audit</b>
<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"> <li>- understanding and evaluating the process applied by the Company in the determination of the impairment indicators;</li> <li>- assessing the compliance and the consistency of the accounting methods applied with the IFRS-EU;</li> <li>- 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;</li> <li>- involvement of KPMG Valuation specialists for the purpose of review the model and recalculation of weighted average cost of capital;</li> <li>- reviewing disclosures to the financial statements to ensure compliance with requirements of relevant IFRS-EU.</li> </ul>
<b>Key audit matter 2 – valuation of inventory</b>	
Refer to notes 2 and 13 of the financial statements	
<b>Key audit matter</b>	<b>How the matter was addressed in our audit</b>
<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"> <li>- understanding and evaluating the process applied by the Company and the Group in the determination of the impairment provision;</li> <li>- assessing the compliance and the consistency of the accounting methods applied with the IFRS-EU;</li> <li>- 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;</li> <li>- verifying on a sampling basis that the inventory held as at year end was recorded on the lower of cost and net realizable value;</li> <li>- Participating the year end count and performing independent count test;</li> <li>- reviewing disclosures to the financial statements to ensure compliance with requirements of relevant IFRS-EU.</li> </ul>

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

<b>Key audit matter 3 – valuation of trade receivables</b>	
<b>Refer to notes 2 and 14 of the financial statements</b>	
<b>Key audit matter</b>	<b>How the matter was addressed in our audit</b>
<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"> <li>- understanding and evaluating the process applied by the Company and the Group in the determination of the impairment provision;</li> <li>- assessing the compliance and the consistency of the accounting methods applied with the IFRS-EU;</li> <li>- 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;</li> <li>- 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;</li> <li>- evaluating the reasonableness of management's key judgements made in applying IFRS 9 on the calculation of expected credit losses, including the selection of method, model, assumptions and data sources. We have tested the mathematical accuracy of the model and assessed the completeness, accuracy and relevance of the data and assessed whether the related financial statements disclosure was in line with the requirements of IFRS 9;</li> <li>- reviewing disclosures to the financial statements to ensure compliance with requirements of relevant IFRS-EU.</li> </ul>

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

<b>Key audit matter 4 – Revenue recognition</b>	
Refer to notes 2 and 3 of the financial statements.	
<b>Key audit matter</b>	<b>How the matter was addressed in our audit</b>
<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"> <li>- understanding and evaluating the process applied by the Company and the Group which govern the revenue recognition process;</li> <li>- assessing the compliance and the consistency of the accounting methods applied with the IFRS-EU;</li> <li>- evaluating key contractual arrangements with customers;</li> <li>- testing sample of sales transactions closer to the year end to assess that the revenue is recorded in the correct period;</li> <li>- performing substantive analytical procedures based on the historical data, comparing year on year key indicators;</li> <li>- reviewing disclosures to the financial statements to ensure compliance with requirements of relevant IFRS-EU.</li> </ul>

**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 (but does not include the Management Representations); 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 the separate financial statements**

The Board of Directors is responsible for the preparation of consolidated and the 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 the 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 the separate financial statements (continued)***

In preparing the consolidated and the 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 and the Company'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 the 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 the 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 Company 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 the 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 the 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 in June 2012 by the General Meeting of the Company's members to audit the consolidated and the separate financial statements of the Group and the Company for the year ended 31 December 2012. Our total uninterrupted period of engagement, having been renewed annually, is 10 years covering the periods ending 30 June 2012 to 31 December 2021.

***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 30 March 2022.

***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"). In addition, there are no non-audit services which were provided by us to the Group and the Company which have not been disclosed in the consolidated and the separate financial statements.

***Other legal requirements***

A. 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 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.



**Other legal requirements (continued)**

- In the light of the knowledge and understanding of the business and the Group's and the Company's environment obtained in the course of the audit, we have not identified material misstatements in the management report.
- 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 financial statements.
- In light of the knowledge and understanding of the Group and the Company's 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.

**B. 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 2021 comprising an XHTML file which includes the consolidated 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 2021, 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 2021 that correspond to the elements in Table 1 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 financial statements for the year ended 31 December 2021 in accordance with the requirements set out in the ESEF Regulation.

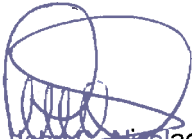
Our responsibility is to examine the digital files prepared by the Board of Directors of Asbisc Enterprises PLC. According to the Audit Guidelines issued by the Institute of Certified Public Accountants of Cyprus (the "Audit Guidelines"), we are required to plan and perform our audit procedures in order 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 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 16<sup>th</sup> 1943 Street

3022 Limassol

Cyprus

Limassol, 30 March 2022

## ASBISC ENTERPRISES PLC

### CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021 (in thousands of US\$)

	Note	2021 US\$	2020 US\$
<b>Revenue</b>	3	3,077,976	2,366,441
Cost of sales		<u>(2,859,448)</u>	<u>(2,228,156)</u>
<b>Gross profit</b>		218,528	138,285
Selling expenses		(62,286)	(48,541)
Administrative expenses		<u>(42,493)</u>	<u>(33,071)</u>
<b>Profit from operations</b>		113,749	56,673
Financial income	6	4,626	4,319
Financial expenses	6	<u>(24,313)</u>	<u>(16,708)</u>
<b>Net finance costs</b>		(19,687)	(12,389)
Other gains and losses	4	180	377
Share of profit of equity-accounted investees	11	<u>-</u>	<u>6</u>
<b>Profit before tax</b>	5	94,242	44,667
Taxation	7	<u>(17,175)</u>	<u>(8,152)</u>
<b>Profit for the year</b>		<u>77,067</u>	<u>36,515</u>
<b>Attributable to:</b>			
Equity holders of the parent		77,023	36,517
Non-controlling interests		<u>44</u>	<u>(2)</u>
		<u>77,067</u>	<u>36,515</u>
		<b>US\$ cents</b>	<b>US\$ cents</b>
<b>Earnings per share</b>			
Basic and diluted from continuing operations	30	<u>138.86</u>	<u>66.15</u>

The notes on pages 24 to 78 form an integral part of these consolidated financial statements.



## ASBISC ENTERPRISES PLC

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### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

(in thousands of US\$)

	2021 US\$	2020 US\$
<b>Profit for the year</b>	<u>77,067</u>	<u>36,515</u>
<b>Other comprehensive (loss)/income:</b>		
Exchange difference on the translation of foreign operations	(1,764)	629
Reclassification adjustments relating to foreign operations liquidated and disposed of in the year	<u>62</u>	<u>-</u>
<b>Other comprehensive (loss)/income for the year</b>	<u>(1,702)</u>	<u>629</u>
<b>Total comprehensive income</b>	<u><u>75,365</u></u>	<u><u>37,144</u></u>
<b>Attributable to:</b>		
Equity holders of the parent	75,344	37,122
Non-controlling interests	<u>21</u>	<u>22</u>
	<u><u>75,365</u></u>	<u><u>37,144</u></u>

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The notes on pages 24 to 78 form an integral part of these consolidated financial statements.

# ASBISC ENTERPRISES PLC

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 (in thousands of US\$)

	Notes	2021 US\$	2020 US\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	43,724	32,728
Intangible assets	9	1,903	2,418
Equity-accounted investees	11	1,749	827
Goodwill	31	595	629
Deferred tax assets	21	456	466
<b>Total non-current assets</b>		<b>48,427</b>	<b>37,068</b>
<b>Current assets</b>			
Inventories	13	324,560	277,557
Trade receivables	14	352,275	295,846
Other current assets	15	11,959	19,140
Derivative financial assets	26	192	199
Current taxation	7	1,156	204
Cash at bank and in hand	27	184,618	158,898
<b>Total current assets</b>		<b>874,760</b>	<b>751,844</b>
<b>Total assets</b>		<b>923,187</b>	<b>788,912</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	16	11,100	11,100
Share premium		23,721	23,518
Retained earnings and other components of equity		154,089	100,725
Equity attributable to owners of the parent		188,910	135,343
Non-controlling interests		554	295
<b>Total equity</b>		<b>189,464</b>	<b>135,638</b>
<b>Non-current liabilities</b>			
Long-term borrowings	18	5,105	5,729
Other long-term liabilities	19	791	732
Deferred tax liabilities	21	329	306
<b>Total non-current liabilities</b>		<b>6,225</b>	<b>6,767</b>
<b>Current liabilities</b>			
Trade payables and prepayments	23	386,287	336,010
Trade payables factoring facilities	12	28,298	51,403
Other current liabilities	22	129,290	92,369
Short-term borrowings	17	178,704	160,962
Derivative financial liabilities	25	299	883
Current taxation	7	4,620	4,880
<b>Total current liabilities</b>		<b>727,498</b>	<b>646,507</b>
<b>Total liabilities</b>		<b>733,723</b>	<b>653,274</b>
<b>Total equity and liabilities</b>		<b>923,187</b>	<b>788,912</b>

Signed on behalf of the Board of Directors on 30 March 2022.

  
.....  
**Siarhei Kostevitch**  
Director

  
.....  
**Marios Christou**  
Director

The notes on pages 24 to 78 form an integral part of these consolidated financial statements.

## ASBISC ENTERPRISES PLC

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021 (in thousands of US\$)

	Attributable to the owners of the parent						Non- controlling interests	Total
	Share capital US\$	Share premium US\$	Treasury stock US\$	Translation of foreign operations US\$	Retained earnings US\$	Total US\$	US\$	US\$
<b>Balance at 1 January 2020</b>	11,100	23,518	(176)	(11,357)	84,856	107,941	254	108,195
<i>Total comprehensive income</i>								
Profit for the year	-	-	-	-	36,517	36,517	(2)	36,515
Other comprehensive income for the year	-	-	-	605	-	605	24	629
<i>Transactions with owners of the Company</i>								
Changes in ownership interests								
Non-controlling interest on establishment of new subsidiary	-	-	-	-	-	-	19	19
Contributions and distributions								
Final dividend declared (Note 34)	-	-	-	-	(9,684)	(9,684)	-	(9,684)
Acquisition of treasury shares	-	-	(36)	-	-	(36)	-	(36)
<b>Balance at 31 December 2020</b>	11,100	23,518	(212)	(10,752)	111,689	135,343	295	135,638
<i>Total comprehensive income</i>								
Profit for the year	-	-	-	-	77,023	77,023	44	77,067
Other comprehensive loss for the year	-	-	-	(1,679)	-	(1,679)	(23)	(1,702)
<i>Transactions with owners of the Company</i>								
Changes in ownership interests								
Non-controlling interest on increase of the share capital of subsidiary	-	-	-	-	-	-	103	103
Disposal of non-controlling interest without a change in control	-	-	-	-	-	-	108	108
Elimination of minority interest at disposal	-	-	-	-	-	-	27	27
Contributions and distributions								
Final dividend declared (Note 34)	-	-	-	-	(22,192)	(22,192)	-	(22,192)
Treasury shares sold	-	203	212	-	-	415	-	415
<b>Balance at 31 December 2021</b>	11,100	23,721	-	(12,431)	166,520	188,910	554	189,464

The retained earnings shown above at 31 December 2021 were readily distributable up to the amount of US\$ 100,755 which represents the retained earnings of the Company. The remaining amount in retained earnings of US\$ 65,765 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. Treasury stock represents the remaining balance of own shares bought back (note 16).

The notes on pages 24 to 78 form an integral part of these consolidated financial statements.

# ASBISC ENTERPRISES PLC

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

(in thousands of US\$)

	Note	2021 US\$	2020 US\$
<b>Profit for the year before tax</b>		94,242	44,667
Adjustments for:			
Exchange difference arising on consolidation		(580)	205
Depreciation of property, plant and equipment	8	3,910	3,388
Amortization of intangible assets	9	1,164	999
Impairment loss on intangible assets	4	-	39
Provision for slow moving and obsolete stock	13	(604)	1,410
Share of loss of equity-accounted investees	11	-	(6)
Loss/(profit) from the sale of property, plant and equipment and intangible assets	4	67	(24)
Provision for bad debts and receivables written off	14	352	477
Bad debts recovered	4	(11)	(24)
Interest received	6	(146)	(231)
Interest paid		6,065	4,308
<b>Operating profit before working capital changes</b>		104,459	55,208
Increase in inventories		(46,400)	(12,926)
Increase in trade receivables		(56,770)	(84,131)
Decrease/(increase) in other current assets		7,188	(2,359)
Increase in trade payables and prepayments		50,277	14,734
(Decrease)/increase in trade payables factoring facilities		(23,105)	22,297
Increase in other current liabilities		36,602	32,095
Increase in other non-current liabilities		60	97
(Decrease)/increase in factoring creditors		(6,914)	25,858
<b>Cash inflows from operations</b>		65,397	50,873
Interest paid	6	(5,660)	(3,948)
Taxation paid, net	7	(18,370)	(4,750)
<b>Net cash inflows from operating activities</b>		41,367	42,175
<b>Cash flows from investing activities</b>			
Purchase of intangible assets	9	(694)	(808)
Purchase of property, plant and equipment		(13,284)	(3,608)
(Write-offs)/proceeds from sale of property, plant and equipment and intangible assets		(11)	24
Payments for purchase of investments in subsidiaries		(37)	(594)
Payments for purchase of investments in associates		(1,149)	-
Interest received	6	146	231
<b>Net cash outflows from investing activities</b>		(15,029)	(4,755)
<b>Cash flows from financing activities</b>			
Proceeds from/(acquisition of) treasury shares		418	(36)
Payment of final dividend		(22,192)	(9,684)
(Repayments)/proceeds of long-term loans and long-term obligations under finance lease		(2,882)	194
Proceeds of short-term borrowings and short-term obligations under finance lease		35,555	7,483
<b>Net cash inflows/(outflows) from financing activities</b>		10,899	(2,043)
<b>Net increase in cash and cash equivalents</b>		37,237	35,377
<b>Cash and cash equivalents at the beginning of the year</b>		113,683	78,306
<b>Cash and cash equivalents at the end of the year</b>	27	150,920	113,683

The notes on pages 24 to 78 form an integral part of these consolidated financial statements.

## ASBISC ENTERPRISES PLC

### PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

(in thousands of US\$)

	Note	2021 US\$	2020 US\$
<b>Revenue</b>	3	2,205,401	1,896,200
Cost of sales		<u>(2,120,559)</u>	<u>(1,853,285)</u>
<b>Gross profit</b>		84,842	42,915
Selling expenses		(10,021)	(5,610)
Administrative expenses		<u>(17,375)</u>	<u>(12,728)</u>
<b>Profit from operations</b>		57,446	24,577
Financial income	6	2,844	2,404
Financial expenses	6	<u>(5,673)</u>	<u>(4,737)</u>
<b>Net finance costs</b>		(2,829)	(2,333)
Other gains and losses	4	19,545	21,908
Share of profit of equity-accounted investees		<u>6</u>	<u>-</u>
<b>Profit before tax</b>	5	74,168	44,152
Taxation	7	<u>(8,506)</u>	<u>(4,318)</u>
<b>Profit for the year</b>		65,662	39,834
Other comprehensive income for the year		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u>65,662</u>	<u>39,834</u>

The notes on pages 24 to 78 form an integral part of these consolidated financial statements.

# ASBISC ENTERPRISES PLC

## PARENT COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

(in thousands of US\$)

	Notes	2021 US\$	2020 US\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	17,356	6,689
Intangible assets	9	1,312	1,872
Investment in subsidiary companies	10	18,211	16,446
Equity-accounted investees		<u>1,749</u>	<u>821</u>
<b>Total non-current assets</b>		<u>38,628</u>	<u>25,828</u>
<b>Current assets</b>			
Inventories	13	102,287	112,045
Trade receivables	14	48,585	46,486
Other current assets	15	174,694	183,096
Derivative financial assets	26	164	164
Cash at bank and in hand	27	<u>98,168</u>	<u>118,065</u>
<b>Total current assets</b>		<u>423,898</u>	<u>459,856</u>
<b>Total assets</b>		<u>462,526</u>	<u>485,684</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	16	11,100	11,100
Share premium		23,721	23,518
Retained earnings and other components of equity		<u>100,755</u>	<u>57,073</u>
<b>Total equity</b>		<u>135,576</u>	<u>91,691</u>
<b>Non-current liabilities</b>			
Long-term borrowings	18	725	887
Deferred tax liabilities	21	<u>275</u>	<u>232</u>
<b>Total non-current liabilities</b>		<u>1,000</u>	<u>1,119</u>
<b>Current liabilities</b>			
Trade payables and prepayments	23	218,677	269,991
Trade payables factoring facilities	12	25,911	51,403
Other current liabilities	22	64,752	52,546
Short-term borrowings	17	13,444	15,057
Derivative financial liability	25	129	613
Current taxation	7	<u>3,037</u>	<u>3,264</u>
<b>Total current liabilities</b>		<u>325,950</u>	<u>392,874</u>
<b>Total liabilities</b>		<u>326,950</u>	<u>393,993</u>
<b>Total equity and liabilities</b>		<u>462,526</u>	<u>485,684</u>

The financial statements were approved by the Board on 30 March 2022.

  
Siarhei Kostevitch  
Director

  
Marios Christou  
Director

The notes on pages 24 to 78 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 2021

(in thousands of US\$)

	Share capital US\$	Share premium US\$	Treasury stock US\$	Retained earnings US\$	Total US\$
<b>Balance at 1 January 2020</b>	11,100	23,518	(176)	27,134	61,576
<i>Total comprehensive income</i>					
Profit for the year	-	-	-	39,835	39,835
<i>Transactions with owners of the Company</i>					
Contributions and distributions					
Final dividend declared (Note 34)	-	-	-	(9,684)	(9,684)
Acquisition of treasury shares	-	-	(36)	-	(36)
<b>Balance at 31 December 2020</b>	11,100	23,518	(212)	57,285	91,691
<i>Total comprehensive income</i>					
Profit for the year	-	-	-	65,662	65,662
<i>Transactions with owners of the Company</i>					
Contributions and distributions					
Final dividend declared (Note 34)	-	-	-	(22,192)	(22,192)
Treasury shares sold	-	203	212	-	415
<b>Balance at 31 December 2021</b>	<u>11,100</u>	<u>23,721</u>	<u>-</u>	<u>100,755</u>	<u>135,576</u>

The retained earnings shown above at 31 December 2021 were readily distributable up to the amount of US\$ 100,755 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 defense 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 defense 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.

Treasury stock represents the remaining balance of own shares bought back (note 16).

# ASBISC ENTERPRISES PLC

## PARENT COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

(in thousands of US\$)

	Note	2021 US\$	2020 US\$
<b>Profit for the year before tax</b>		74,168	44,153
Adjustments for:			
Depreciation of property, plant and equipment	8	755	651
Amortization of intangible assets	9	959	826
Impairment loss on investments in subsidiaries	4	2,357	727
Profit from the sale of property, plant and equipment and intangible assets	4	(24)	(41)
Provision for bad debts and receivables written off		1,859	(39)
Provision for slow moving and obsolete stock	13	(586)	783
Share of profit of equity-accounted investees		(6)	-
Dividend income	4	(12,251)	(15,210)
Interest received	6	(70)	(138)
Interest paid		139	348
<b>Operating profit before working capital changes</b>		67,300	32,060
Decrease in inventories		10,344	40,999
Increase trade receivables		(2,274)	(406)
Decrease/(increase) in other current assets		6,719	(70,317)
(Decrease)/increase in trade payables and prepayments		(51,314)	13,963
(Decrease)/increase in trade payables factoring facilities		(25,492)	22,297
Increase/(decrease) in other current liabilities		10,824	(503)
(Decrease)/increase in factoring creditors		(281)	4,633
<b>Cash inflows from operations</b>		15,826	42,726
Interest paid	6	(81)	(277)
Taxation paid, net	7	(8,691)	(1,478)
<b>Net cash inflows from operating activities</b>		7,054	40,971
<b>Cash flows from investing activities</b>			
Purchase of intangible assets	9	(399)	(539)
Purchase of property, plant and equipment	8	(11,169)	(694)
Proceeds from sale of property, plant and equipment and intangible assets		24	41
Interest received		70	138
Dividends received	4	12,251	15,210
Proceeds/(acquisition) from/of treasury shares		418	(35)
Net increase in equity-accounted investees		(361)	(593)
Net increase in investment in subsidiary companies		(3,788)	(345)
<b>Net cash (outflows)/inflows from investing activities</b>		(2,954)	13,183
<b>Cash flows from financing activities</b>			
Payment of final dividend	34	(22,192)	(9,684)
Repayments of long-term loans		(410)	(263)
Proceeds of short-term borrowings		(62)	16
<b>Net cash outflows from financing activities</b>		(22,664)	(9,931)
<b>Net increase in cash and cash equivalents</b>		(18,564)	44,222
<b>Cash and cash equivalents at the beginning of the year</b>		116,390	72,168
<b>Cash and cash equivalents at the end of the year</b>	27	97,826	116,390

The notes on pages 24 to 78 form an integral part of these consolidated financial statements.



# ASBISC ENTERPRISES PLC

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## 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 24. 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 2021 are consistent with those followed for the preparation of the annual financial statements for the year 2020.

### 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 30<sup>th</sup> of March 2022.

### 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 37 and 38.

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

As from 1 January 2021, 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 2021. Those which may be relevant to the Group and the Company are set out below. The Group and the Company does not plan to adopt these Standards early.

# ASBISC ENTERPRISES PLC

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## 2. Significant accounting policies (continued)

### (i) Standards and Interpretations adopted by the EU

- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Annual Improvements 2018-2020 (All issued 14 May 2020) (effective for annual periods beginning on or after 1 January 2022).
- Amendments to IFRS 9, IAS 39 and IFRS17: Interest Rate Benchmark Reform - Phase 2 (issued on 27 August 2020) (effective for annual periods beginning on or after 1 January 2021).

### (ii) Standards and Interpretations not adopted by the EU

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (issued on 23 January 2020) (effective for annual periods beginning on or after 1 January 2022).
- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Annual Improvements 2018-2020 (All issued 14 May 2020) (effective for annual periods beginning on or after 1 January 2022).
- IFRS 10 (Amendments) and IAS 28 (Amendments) "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" (effective date postponed indefinitely).

The Board of Directors expects that the adoption of these standards 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.

# ASBISC ENTERPRISES PLC

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## 2. Significant accounting policies (continued)

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.

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.

# ASBISC ENTERPRISES PLC

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## 2. Significant accounting policies (continued)

### 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.

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.

# ASBISC ENTERPRISES PLC

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## 2. Significant accounting policies (continued)

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.

## **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.

# ASBISC ENTERPRISES PLC

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## 2. Significant accounting policies (continued)

### 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.

### 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.



# ASBISC ENTERPRISES PLC

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## 2. Significant accounting policies (continued)

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.

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.

# ASBISC ENTERPRISES PLC

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## 2. Significant accounting policies (continued)

### 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.

### 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.

### Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the Group and the Company reviews 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 estimates 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.



# ASBISC ENTERPRISES PLC

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## 2. Significant accounting policies (continued)

### 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.

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 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

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## 2. Significant accounting policies (continued)

### (ii) *Derecognition*

The Group derecognises 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 provide 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.

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.

# ASBISC ENTERPRISES PLC

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## 2. Significant accounting policies (continued)

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 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.

### **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.

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.

# ASBISC ENTERPRISES PLC

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## 2. Significant accounting policies (continued)

### *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.

### *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.

## ASBISC ENTERPRISES PLC

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### 2. Significant accounting policies (continued)

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 allocates 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.

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.

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## 2. Significant accounting policies (continued)

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 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.

### *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.

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## 2. Significant accounting policies (continued)

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.

### *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.



# ASBISC ENTERPRISES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(in thousands of US\$)

### 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	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Sales of goods	3,042,908	2,337,831	2,198,742	1,890,861
Sales of optional warranty	370	615	266	99
Sales of licenses	29,359	27,853	6,393	5,240
Rendering of services	5,339	142	-	-
Total revenue from contracts with customers	<u>3,077,976</u>	<u>2,366,441</u>	<u>2,205,401</u>	<u>1,896,200</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	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Former Soviet Union	1,774,834	1,289,513	1,273,119	1,085,185
Central Eastern Europe	654,117	574,389	491,477	417,549
Middle East & Africa	327,799	279,419	251,838	223,010
Western Europe	266,607	171,104	138,312	103,796
Other	54,619	52,016	50,655	66,660
Total revenue from contracts with customers	<u>3,077,976</u>	<u>2,366,441</u>	<u>2,205,401</u>	<u>1,896,200</u>

#### Timing of revenue recognition

Goods transferred at a point in time	3,072,637	2,366,299	2,205,327	1,896,200
Services transferred at a point in time	5,339	142	74	-
Total revenue from contracts with customers	<u>3,077,976</u>	<u>2,366,441</u>	<u>2,205,401</u>	<u>1,896,200</u>



# ASBISC ENTERPRISES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(in thousands of US\$)

### 3. Revenue (continued)

#### Revenue analysis by currency

	The Group		The Company	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
US Dollar	1,025,593	911,879	2,022,750	1,706,989
Euro	518,059	438,409	181,785	187,289
Russian Ruble	329,585	205,995	459	1,020
Ukraine Hryvnia	408,596	208,690	-	-
Kazakhstan Tenge	353,724	233,597	-	-
Czech Koruna	67,359	61,464	-	-
Romanian New Lei	52,702	49,400	-	-
Belarusian Ruble	173,317	135,686	-	-
Bulgarian Lev	42,452	33,974	-	-
Croatian Kuna	26,042	20,790	-	-
Hungarian Forint	5,463	6,383	-	-
Polish Zloty	21,049	14,496	-	-
Bosnian Mark	20,218	18,459	-	-
Other	33,817	27,219	407	902
	<u>3,077,976</u>	<u>2,366,441</u>	<u>2,205,401</u>	<u>1,896,200</u>

#### 3.2 Contract balances

	The Group		The Company	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Trade and other receivables	<u>352,275</u>	<u>295,846</u>	<u>48,585</u>	<u>46,486</u>

#### The Group

Trade receivables are non-interest bearing. On 31 December 2021, US\$ 2,379 (2020: US\$ 2,097) was recognized as provision for impairment of trade receivables (note 14).

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 2021 and 2020, the impact of contract assets was not material at the Group level.

Contract liabilities primarily relates to the advance consideration received from customers for delivery of series of services for which revenue is recognized over time. During 2021 and 2020, the impact of contract liabilities was not material at the Group level.

#### The Company

Trade receivables are non-interest bearing. On 31 December 2021, US\$ 375 (2020: US\$ 200) was recognized as provision for expected credit losses on trade receivables (note 14).

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(in thousands of US\$)

### 3. Revenue (continued)

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 2021 and 2020, the impact of contract assets was not material at the Company level.

Contract liabilities primarily relates to the advance consideration received from customers for delivery of series of services for which revenue is recognized over time. During 2021 and 2020, the impact of contract liabilities was not material at the Company level.

### 4. Other gains and losses

	The Group		The Company	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Dividend received	-	-	12,251	15,210
Profit/(loss) on disposal of property, plant and equipment	(67)	24	24	41
Other net income	150	290	9,563	7,303
Bad debts recovered	11	24	-	-
Rental income	86	78	92	81
Impairment of investments	-	-	(2,357)	(727)
Loss on disposal of investment	-	-	(28)	-
Impairment loss on goodwill (Note 31)	-	(39)	-	-
	<u>180</u>	<u>377</u>	<u>19,545</u>	<u>21,908</u>

### 5. Profit before tax

	The Group		The Company	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Profit before tax is stated after charging:				
(a) Amortization of intangible assets (Note 9)	1,164	999	959	826
(b) Depreciation (Note 8)	3,910	3,388	755	651
(c) Auditors' remuneration – audit fees	437	432	213	243
(d) Directors' remuneration – executive (Note 28)	1,706	1,047	1,706	1,047
(e) Directors' remuneration – non-executive (Note 28)	<u>32</u>	<u>28</u>	<u>32</u>	<u>28</u>

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(in thousands of US\$)

### 6. Financial expense, net

	The Group		The Company	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
<b>Financial income</b>				
Interest income	146	231	12	88
Interest income from loans to subsidiary companies (Note 28)	-	-	58	50
Other financial income	3,546	2,976	2,774	2,266
Net exchange gain	934	1,112	-	-
	<u>4,626</u>	<u>4,319</u>	<u>2,844</u>	<u>2,404</u>
<b>Financial expense</b>				
Bank interest	5,660	3,948	81	277
Bank charges	4,928	3,533	1,330	1,120
Derivative charges	1,661	1,102	1,421	912
Interest on lease liabilities	405	360	58	71
Factoring interest	9,173	5,558	463	386
Factoring charges	386	358	165	150
Other financial expenses	358	143	-	-
Other interest	1,742	1,706	1,712	1,667
Interest on loans from subsidiary companies	-	-	-	-
Net exchange loss	-	-	443	154
	<u>24,313</u>	<u>16,708</u>	<u>5,673</u>	<u>4,737</u>
Net	<u>(19,687)</u>	<u>(12,389)</u>	<u>(2,829)</u>	<u>(2,333)</u>

### 7. Tax

	The Group		The Company	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Payables balance 1 January	4,676	839	3,264	417
Provision for the year	17,532	8,544	8,886	4,309
Under/(over) provision of prior year	(361)	40	(422)	17
Exchange difference on retranslation	(13)	3	-	-
Amounts paid, net	<u>(18,370)</u>	<u>(4,750)</u>	<u>(8,691)</u>	<u>(1,478)</u>
Net payable balance 31 December	<u>3,464</u>	<u>4,676</u>	<u>3,037</u>	<u>3,264</u>

	The Group		The Company	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Tax receivable	(1,156)	(204)	-	-
Tax payable	<u>4,620</u>	<u>4,880</u>	<u>3,037</u>	<u>3,264</u>
Net	<u>3,464</u>	<u>4,676</u>	<u>3,037</u>	<u>3,264</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 2021

(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% (2020: 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% (2020: 30%).

#### Tax charge for the year

	The Group		The Company	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Provisions and withholding tax for the year	17,532	8,544	8,886	4,309
Under/(over) provision of prior year	(361)	40	(422)	17
Deferred tax charge	4	(432)	42	(8)
Net	<u>17,175</u>	<u>8,152</u>	<u>8,506</u>	<u>4,318</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	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Profit before tax	94,242	44,667	74,168	44,152
Corporation tax thereon at the applicable tax rates	12,994	7,063	9,270	5,519
Tax on income not taxable in determining taxable profit	(2,292)	(2,356)	(1,700)	(2,087)
Effect of using tax losses brought forward	(34)	(49)	-	-
Effect of unused current year tax losses	72	18	-	-
Temporary differences	214	773	479	289
Tax charges and penalties	9	12	-	6
Tax on non-allowable expenses	6,565	3,081	837	582
	<u>17,528</u>	<u>8,542</u>	<u>8,886</u>	<u>4,309</u>
Special contribution to defense fund	4	2	-	-
(Under)/over provision of prior years	(361)	40	(422)	17
Deferred tax charge	4	(432)	42	(8)
<b>Tax charge</b>	<u>17,175</u>	<u>8,152</u>	<u>8,506</u>	<u>4,318</u>

## ASBISC ENTERPRISES PLC

### NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (in thousands of US\$)

#### 8. Property, plant and equipment

##### The Group

	Land and buildings US\$	Assets under construction US\$	Computer hardware US\$	Warehouse machinery US\$	Motor vehicles US\$	Furniture and fittings US\$	Office equipment US\$	Total US\$
<b>Cost</b>								
<b>At 1 January 2020</b>	29,688	-	7,250	524	3,109	2,806	3,839	47,216
Additions	2,361	-	978	115	1,573	411	616	6,054
Disposals	(575)	-	(137)	(24)	(561)	(155)	(18)	(1,470)
Foreign exchange difference on retranslation	767	-	10	25	(38)	35	(237)	562
<b>At 31 December 2020</b>	32,241	-	8,101	640	4,083	3,097	4,200	52,362
Additions	4,755	7,249	1,363	159	794	875	559	15,754
Disposals	(250)	-	(495)	(24)	(335)	(74)	(87)	(1,265)
Foreign exchange difference on retranslation	(896)	-	(169)	20	(52)	(68)	(72)	(1,242)
<b>At 31 December 2021</b>	<b>35,850</b>	<b>7,249</b>	<b>8,800</b>	<b>795</b>	<b>4,485</b>	<b>3,830</b>	<b>4,600</b>	<b>65,609</b>
<b>Accumulated depreciation</b>								
<b>At 1 January 2020</b>	5,641	-	5,447	380	1,635	2,021	2,412	17,536
Charge for the year	1,347	-	682	36	664	310	349	3,388
Disposals	(575)	-	(137)	(24)	(561)	(155)	(18)	(1,470)
Foreign exchange difference on retranslation	22	-	87	24	8	76	(37)	180
<b>At 31 December 2020</b>	6,435	-	6,079	416	1,746	2,252	2,706	19,634
Charge for the year	1,661	-	729	73	796	271	380	3,910
Disposals	(250)	-	(495)	(24)	(290)	(74)	(87)	(1,220)
Foreign exchange difference on retranslation	(136)	-	(140)	23	(85)	(68)	(33)	(439)
<b>At 31 December 2021</b>	<b>7,710</b>	<b>-</b>	<b>6,173</b>	<b>488</b>	<b>2,167</b>	<b>2,381</b>	<b>2,966</b>	<b>21,885</b>
<b>Net book value</b>								
At 31 December 2021	28,140	7,249	2,627	307	2,318	1,449	1,634	43,724
At 31 December 2020	25,806	-	2,022	224	2,337	845	1,494	32,728

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\$ 8,487 (2020: US\$9,980).

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (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\$
<b>Balance at 1 January 2020</b>	3,933	-	530	4,463
Depreciation charge for the year	(1,036)	(1)	(353)	(1,390)
Additions to right of use assets	2,395	37	740	3,172
Derecognition of right of use assets	(726)	-	-	(726)
Foreign exchange difference on retranslation	509	(1)	142	650
<b>Balance at 31 December 2020</b>	5,075	35	1,059	6,169
Depreciation charge for the year	(1,233)	(7)	(435)	(1,675)
Additions to right of use assets	4,565	-	463	5,028
Foreign exchange difference on retranslation	(120)	(2)	12	(110)
<b>Balance at 31 December 2021</b>	8,287	26	1,099	9,412

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

The total cash outflows for the leases related to the above right-of-use assets were US\$ 2,504 (2020: US\$ 860).

## ASBISC ENTERPRISES PLC

### NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (in thousands of US\$)

#### The Company

	Land and buildings US\$	Assets under construction US\$	Computer hardware US\$	Warehouse machinery US\$	Motor vehicles US\$	Furniture and fittings US\$	Office equipment US\$	Total US\$
<b>Cost</b>								
<b>At 1 January 2020</b>	7,504	-	3,325	-	327	511	836	12,503
Additions	11	-	169	69	273	26	146	694
Disposals	-	-	(5)	-	(151)	(2)	-	(158)
<b>At 31 December 2020</b>	7,515	-	3,489	69	449	535	982	13,039
Additions	3,303	7,249	363	114	116	114	162	11,421
Disposals	-	-	4	-	(17)	-	-	(13)
<b>At 31 December 2021</b>	10,818	7,249	3,856	183	548	649	1,144	24,447
<b>Accumulated depreciation</b>								
<b>At 1 January 2020</b>	1,574	-	2,859	-	238	430	755	5,856
Charge for the year	379	-	149	2	76	17	28	651
Disposals	-	-	(5)	-	(150)	(2)	-	(157)
<b>At 31 December 2020</b>	1,953	-	3,003	2	164	445	783	6,350
Charge for the year	402	-	172	30	101	16	33	754
Disposals	-	-	4	-	(17)	-	-	(13)
<b>At 31 December 2021</b>	2,355	-	3,179	32	248	461	816	7,091
<b>Net book value</b>								
<b>At 31 December 2021</b>	8,463	7,249	677	151	300	188	328	17,356
<b>At 31 December 2020</b>	5,562	-	486	67	285	90	199	6,689

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\$ 3,830 (2020: US\$ 5,144).



# ASBISC ENTERPRISES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (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\$
<b>Balance at 1 January 2020</b>	1,354	1,354
Depreciation charge for the year	(318)	(318)
Additions to right of use assets	-	-
Derecognition of right of use assets	-	-
Foreign exchange difference on retranslation	-	-
<b>Balance at 31 December 2020</b>	1,036	1,036
Depreciation charge for the year	(342)	(342)
Additions to right of use assets	3,303	3,303
Derecognition of right of use assets	-	-
Foreign exchange difference on retranslation	-	-
<b>Balance at 31 December 2021</b>	3,997	3,997

The Company leases the distribution center in Prague, Czech Republic. During 2021, the Company entered into lease agreement for 9,990 square meters land in Cyprus.

The total cash outflows for the leases related to the above right-of-use assets were US\$ 329 (2020: US\$ 367).

### 9. Intangible assets

#### The Group

	Computer software US\$	Patents and licenses US\$	Total US\$
<b>Cost at 1 January 2020</b>	10,137	1,281	11,418
Additions	398	410	808
Disposals/ write-offs	(31)	(120)	(151)
Foreign exchange difference on retranslation	88	2	90
<b>At 31 December 2020</b>	10,592	1,573	12,165
Additions	548	146	694
Disposals/ write-offs	(97)	(47)	(144)
Foreign exchange difference on retranslation	(35)	18	(17)
<b>At 31 December 2021</b>	11,008	1,690	12,698
<b>Accumulated amortization</b>			
<b>At 1 January 2020</b>	7,700	1,125	8,825
Charge for the year	905	94	999
Disposals/ write-offs	(31)	(120)	(151)
Foreign exchange difference on retranslation	71	3	74
<b>At 31 December 2020</b>	8,645	1,102	9,747
Charge for the year	1,008	156	1,164
Disposals/ write-offs	(93)	(39)	(132)
Foreign exchange difference on retranslation	(6)	22	16
<b>At 31 December 2021</b>	9,554	1,241	10,795
<b>Net book value</b>			
At 31 December 2021	1,454	449	1,903
At 31 December 2020	1,947	471	2,418

The cost of fully amortized intangibles of the Group that are still in use amounted to US\$ 2,157 (2020: US\$ 2,186).

## ASBISC ENTERPRISES PLC

### NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (in thousands of US\$)

#### 9. Intangible assets (continued)

The Company	Computer software US\$	Patents and licenses US\$	Total US\$
<b>Cost at 1 January 2020</b>	9,565	532	10,097
Additions	249	290	539
Disposals/write offs	-	-	-
<b>At 31 December 2020</b>	9,814	822	10,636
Additions	307	92	399
Disposals/write offs	-	-	-
<b>At 31 December 2021</b>	10,121	914	11,035
<b>Accumulated amortization</b>			
<b>At 1 January 2020</b>	7,433	505	7,938
Charge for the year	784	42	826
Disposals/ write offs	-	-	-
<b>At 31 December 2020</b>	8,217	547	8,764
Charge for the year	839	120	959
Disposals/ write offs	-	-	-
<b>At 31 December 2021</b>	9,056	667	9,723
<b>Net book value</b>			
31 December 2021	1,065	247	1,312
31 December 2020	1,597	275	1,872

The cost of fully amortized intangibles of the Company that are still in use amounted to US\$ 1,372 (2020: US\$ 1,372).

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(in thousands of US\$)

### 10. Investments

#### Investment in subsidiary companies

	As at 31 December 2021 US\$	As at 31 December 2020 US\$
<b>The Company</b>		
Cost		
At 1 January	19,501	18,192
Increase in investments (i), (ii), (iii), (iv), (v), (vi)	3,933	345
Increase in fair value of financial guarantees to subsidiaries (vii)	189	964
At 31 December	23,623	19,501
<b>Accumulated impairment</b>		
At 1 January	(3,055)	(2,328)
Impairment charge for the year (iv), (viii)	(2,357)	(727)
<b>At 31 December</b>	<b>(5,412)</b>	<b>(3,055)</b>
Carrying amount of investment in subsidiary companies	<u>18,211</u>	<u>16,446</u>

- (i) In February 2021, the Company acquired the 100% shareholding of ASBIS CA LLC (Uzbekistan) and holds 100% in this subsidiary, being equal to share capital of US\$ 50. In August 2021, the Company acquired the 100% shareholding of ASBC LLC (Armenia) and holds 100% in this subsidiary, being equal to share capital of US\$ 245. In December 2021, the Company acquired the 100% shareholding of ASBC Entity OOO (Uzbekistan) and holds 100% in this subsidiary, being equal to share capital of US\$ 51.
- (ii) In March 2021, the Company acquired the remaining 50% shareholding of Breezy Trade-In Ltd (Cyprus) for the total consideration of US\$ 31 and in October 2021, disposed 20% shareholding for the total consideration of US\$ 80.
- (iii) In April 2021, the Company increased its investment in its wholly owned subsidiary ASBIS IT Solutions Hungary Kft (Hungary) for the amount of US\$ 199. In May 2021, the Company increased its investment in its wholly owned subsidiary ASBC F.P.U.E. (Belarus) for the amount of US\$ 142. In July 2021, the Company increased its investment in its 70% owned subsidiary I.O.N Clinical Trading Ltd (Cyprus) for the amount of US\$ 240. In November 2021, the Company increased its investment in its wholly owned subsidiary ASBIS POLAND SP. Z.O.O (Poland) for the amount of US\$ 216.
- (iv) In March 2021, the Company increased its investment in its wholly owned subsidiary ASBIS PL SP. Z O.O. (Poland) for the amount of US\$ 2,357 and impaired the full amount.
- (v) In March 2020, the Company acquired the 55% shareholding of Real Scientists Ltd (Cyprus) for the total consideration of US\$ 17. In September 2020, the Company acquired the 100% shareholding of ASBIS IT Solutions Hungary Kft (Hungary) for the total consideration of US\$ 10. In October 2020, the Company acquired the 70% shareholding of I.O.N. Clinical Trading Ltd and 85% shareholding of R.SC. Real Scientists Cyprus Ltd (Cyprus) for the consideration of US\$ 8 and US\$ 10 respectively.
- (vi) In October 2020, the Company increased its investment in its wholly owned subsidiary ASBC LLC (Georgia) for the amount of US\$ 300.
- (vii) During 2021, the Company increased its financial guarantees provided to subsidiaries for the amount of US\$ 188 (2020: US\$ 964).
- (viii) During 2020, the wholly owned subsidiary ASBIS Hungary Commercial Ltd (Hungary) has ceased majority of its operations, hence the impairment of the full amount of the respective investment.

All subsidiaries are involved in the trading and distribution of computer hardware and software.

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

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(in thousands of US\$)

### 10. Investments (continued)

carrying amounts to determine if a write-down to fair value is necessary. Based on the results of the impairment assessment performed as at 31 December 2021, the management decided to fully impair investment in ASBIS PL SP. Z O.O. (Poland) (note iv). The total amount of impairment loss amounting to US\$ 2,357 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	
		2021 %	2020 %
ASBIS UKRAINE LTD	Ukraine	100	100
ASBIS KAZAKHSTAN LLP	Kazakhstan	100	100
ASBIS PL SP. Z O.O. - dormant	Poland	100	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	Russia	100	100
ASBIS MOROCCO SARL – dormant	Morocco	100	100
ASBIS LV SIA	Latvia	100	100
ASBIS KYPROS LIMITED	Cyprus	100	100
PRESTIGIO PLAZA LTD	Cyprus	100	100
PERENIO IoT SPOL S.R.O. (iv)	Czech Republic	100	100
EURO-MALL SRO (ii)	Slovakia	100	100
PRESTIGIO 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
PRESTIGIO PLAZA SP.ZO.O. (i)	Poland	-	100
ASBIS TR BILGISAYAR LIMITED Sirketi – (i)	Turkey	-	100
CJSC ASBIS	Belarus	100	100
ADVANCED SYSTEMS COMPANY LLC (i)	Saudi Arabia	-	100
"E-VISION" UNITARY ENTERPRISE	Belarus	100	100
ASBIS IT Solutions Hungary Kft	Hungary	100	100
I ON LTD (ii)	Ukraine	100	100
ASBC MMC	Azerbaijan	65.85	65.85
iSupport LTD (former ASBIS SERVIC LTD) (vii)	Ukraine	100	100
ASBC KAZAKHSTAN LLP (v)	Kazakhstan	100	100
Atlantech LTD (v)	United Arab Emirates	100	100
ALC Avestis (i)	Belarus	-	100
OOO Avestis (i)	Russia	-	100
ASBC LLC	Georgia	100	100
LLC Vizuatika (i)	Belarus	-	75
Private Educational Institution "Center of excellence in Education for executives and specialists in Information Technology" (xi)	Belarus	100	100
OOO Must (xii)	Russia	100	100
LLC Vizuator (i)	Belarus	-	75

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(in thousands of US\$)

### 10. Investments (continued)

Subsidiary Company	Country of incorporation	Percentage of participation	
		2021	2020
		%	%
i-Care LLC (xiii)	Kazakhstan	100	100
Real Scientists Ltd	United Kingdom	55	55
MakSolutions LLC (ii)	Belarus	100	100
Breezy LLC (former Café-Connect LLC) (xv)	Belarus	100	100
Breezy TOO (former TOO "ASNEW") (xiii)	Kazakhstan	100	100
Breezy Ltd (vii)	Ukraine	100	100
I.O.N Clinical Trading Ltd	Cyprus	70	70
R.SC. Real Scientists Cyprus Ltd	Cyprus	85	85
Breezy Trade-In Ltd (former Redmond Europe Ltd) (iii)	Cyprus	80	50
ASBIS CA LLC (iii)	Uzbekistan	100	-
Breezy Service LLC (iii) (xiv)	Ukraine	100	-
I.O. Clinic Latvia SIA (iii) (vi)	Latvia	100	-
Joule Production SIA (iii) (x)	Latvia	100	-
ASBC LLC (Armenia) (iii)	Armenia	100	-
Breezy Georgia LLC (iii) (xvi)	Georgia	100	-
ASBC Entity OOO (iii)	Uzbekistan	100	-

(i) Liquidated during 2021, or under liquidation

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

(iii) Established/acquired during 2021

(iv) Held by Prestigio Plaza Ltd

(v) Held by Asbis Middle East FZE

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

(vii) Held by Asbis Ukraine Ltd

(viii) Held by Atlantech Ltd

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

(xi) Held by CJSC ASBIS

(xii) Held by Asbis OOO

(xiii) Held by ASBC Kazakhstan LLC

(xiv) Held by Breezy Ltd (xv) Held by ASBC F.P.U.E.

(xvi) Held by Breezy Trade-In Ltd

### 11. Equity-accounted investees

The Group	As at 31 December 2021 US\$	As at 31 December 2020 US\$
<b>Cost</b>		
At 1 January	868	274
Additions (i), (ii)	1,149	594
Full acquisition of investment in associate (iii)	(227)	-
<b>At 31 December</b>	<b>1,790</b>	<b>868</b>
<b>Accumulated share of loss from equity-accounted investees</b>		
At 1 January	(41)	(47)
Share of profit from equity-accounted investees during the year	-	6
<b>At 31 December</b>	<b>(41)</b>	<b>(41)</b>
<b>Carrying amount of equity-accounted investees</b>	<b>1,749</b>	<b>827</b>

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(in thousands of US\$)

### 11. Equity-accounted investees (continued)

- (i) In December 2021, the Company acquired 20% shareholding in Embio Diagnostics Ltd (Cyprus), for the consideration of US\$ 1,149. The investment is accounted for as an associate.
- (ii) In January 2020, the Company acquired 40% shareholding in LLC Clevetura (Belarus), for the consideration of US\$ 594. The investment is accounted for as an associate.
- (iii) In March 2021, the Group acquired the remaining 50% shareholding of Breezy Trade-In Ltd (former Redmond Europe Ltd), for the consideration of US\$ 31.

During the period ended 31 December 2020, the Group concluded a loan agreement with its associate LLC Clevetura for the amount of US\$ 30. The loan bears interest of 4% p.a. and is repayable in December 2022. In addition, the Group, for the period ending 31 December 2021, acquired services for the total amount of US\$ 611 (2020: US\$ 435) from this associate.

### 12. Trade payables factoring facilities

	The Group		The Company	
	2021	2020	2021	2020
	US\$	US\$	US\$	US\$
Trade payables factoring facilities	28,298	51,403	25,911	51,403

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 due date and then obtain extended payment terms from them.

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 2021, the Company and the Group enjoyed trade payables factoring facilities of US\$ 62,000 and US\$ 70,749, respectively (2020 US\$ 52,000 and US\$ 52,000 respectively).

### 13. Inventories

	The Group		The Company	
	2021	2020	2021	2020
	US\$	US\$	US\$	US\$
Goods in transit	59,620	55,119	27,215	24,941
Goods held for resale	269,686	227,746	78,075	90,693
Provision for slow moving and obsolete stock	(4,746)	(5,308)	(3,003)	(3,589)
	324,560	277,557	102,287	112,045

#### The Group

As at 31 December 2021, inventories pledged as security for financing purposes amounted to US\$ 103,948 (2020: US\$ 73,274).

#### The Company

As at 31 December 2021, inventories pledged as security for financing purposes amounted to US\$ 18,500 (2020: US\$ 13,000).

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(in thousands of US\$)

### 13. Inventories (continued)

Movement in provision for slow moving and obsolete stock

	<b>The Group</b>		<b>The Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
On 1 January	5,308	3,728	3,589	2,806
Provisions during the year	716	3,105	31	2,117
Provided stock written off	(1,319)	(1,695)	(617)	(1,334)
Exchange difference	41	170	-	-
On 31 December	<u>4,746</u>	<u>5,308</u>	<u>3,003</u>	<u>3,589</u>

### 14. Trade receivables

	<b>The Group</b>		<b>The Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Trade receivables	344,645	294,515	44,023	44,476
Prepayments to trade vendors	10,009	3,427	4,937	2,210
Allowance for doubtful debts	(2,379)	(2,096)	(375)	(200)
	<u>352,275</u>	<u>295,846</u>	<u>48,585</u>	<u>46,486</u>

#### The Group

As at 31 December 2021, receivables of the Group that have been pledged as security for financing purposes amounted to US\$ 89,968 (2020: US\$ 66,884).

#### The Company

As at 31 December 2021, receivables of the Company that have been pledged as security for financing purposes amounted to US\$ nil (2020: US\$ 6,866).

Movement in provision for doubtful debts:

	<b>The Group</b>		<b>The Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
On 1 January	2,096	1,657	200	239
Provisions during the year	652	1,226	243	11
Amount written-off as uncollectible	(300)	(749)	(68)	(50)
Bad debts recovered	(11)	(24)	-	-
Exchange difference	(58)	(14)	-	-
On 31 December	<u>2,379</u>	<u>2,096</u>	<u>375</u>	<u>200</u>

Ageing of trade receivables

#### The Group

<b>Year</b>	<b>Total receivables</b>	<b>Outstanding but not due yet</b>	<b>Overdue between 1-30 days</b>	<b>Overdue between 30-60 days</b>	<b>Overdue more than 60 days</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
2021	344,645	322,510	14,388	2,451	5,296
2020	294,515	260,035	17,916	1,913	14,651



## ASBISC ENTERPRISES PLC

### NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(in thousands of US\$)

#### 14. 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\$
2021	2,379	302	5	10	2,062
2020	2,096	775	-	18	1,303

##### 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\$
2021	44,023	36,741	4,167	760	2,355
2020	44,476	25,141	5,450	1,115	12,770

###### 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\$
2021	375	-	-	-	375
2020	200	-	-	-	200

#### 15. Other current assets

	The Group		The Company	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
VAT and other taxes refundable	6,886	14,065	568	8,788
Deposits and advances to service providers	302	554	21	204
Employee floats	112	171	40	88
Other debtors and prepayments	4,659	4,350	656	1,105
Amount due from non-consolidated related parties	-	-	210	219
Amount due from subsidiary companies (Note 28)	-	-	172,261	162,600
Allowance for doubtful debts from subsidiary companies	-	-	(1,684)	-
Loans due from subsidiary companies (Note 28)	-	-	2,622	10,092
	<u>11,959</u>	<u>19,140</u>	<u>174,694</u>	<u>183,096</u>

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(in thousands of US\$)

### 16. Share capital

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

	2021 US\$	2020 US\$
<b>Authorized</b>		
63,000,000 (2020: 63,000,000) shares of US\$ 0.20 each	<u>12,600,000</u>	<u>12,600,000</u>
<b>Issued and fully paid</b>		
55,500,000 (2020: 55,500,000) ordinary shares of US\$ 0.20 each	<u>11,100,000</u>	<u>11,100,000</u>

On 31 December 2021 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 28<sup>th</sup> March 2022, a share buyback program with the following conditions was approved:

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

Following an extraordinary general meeting of the shareholders on 15<sup>th</sup> July 2019, 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\$ 300,000
- the maximum number of shares that can be bought within the program is 500,000 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 1.5 per share with the maximum price of PLN 3.0 per share.

At the end of 2021 the Company held a total of nil (2020: 325,389) shares purchased for a total consideration of US\$ nil (2020: US\$ 212).

### 17. Short-term borrowings

	The Group		The Company	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
<b>Current borrowings</b>				
Bank overdrafts (Note 27)	33,698	45,215	342	1,675
Current portion of long-term loans	241	61	-	-
Bank short-term loans	69,885	34,256	-	-
Current lease liabilities (Note 20)	<u>1,737</u>	<u>1,373</u>	<u>347</u>	<u>347</u>
Total short-term debt	<u>105,561</u>	<u>80,905</u>	<u>689</u>	<u>2,022</u>
Factoring creditors	<u>73,143</u>	<u>80,057</u>	<u>12,755</u>	<u>13,035</u>
	<u>178,704</u>	<u>160,962</u>	<u>13,444</u>	<u>15,057</u>

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (in thousands of US\$)

### 17. Short-term borrowings (continued)

#### Summary of borrowings and overdraft arrangements

##### The Group

As at 31 December 2021 the Group had factoring facilities of US\$ 168,974 (2020: US\$ 117,775).

In addition, the Group as at 31 December 2021 had the following financing facilities with banks in the countries that the Company and its subsidiaries operate:

- overdraft lines of US\$ 119,776 (2020: US\$ 111,439)
- short-term loans/revolving facilities of US\$ 101,450 (2020: US\$ 52,939)
- bank guarantee and letters of credit lines of US\$ 60,275 (2020: US\$ 52,183)

The Group had for the year ended 31 December 2021 cash lines (overdrafts, loans and revolving facilities) and factoring lines.

The Weighted Average Cost of Debt (cash lines and factoring lines) for the period is 6.0% (2020: 8.0%).

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

- Floating charges over all assets of the Company
- Mortgage on land and buildings that the Group owns in Cyprus, Czech Republic, Belarus, Middle East, Bulgaria, Slovakia and Ukraine
- Charge over receivables and inventories
- Corporate guarantees
- Assignment of insurance policies
- Pledged deposits of US\$ 32,453 (2020: US\$ 33,322)

##### The Company

As at 31 December 2021 the Company enjoyed factoring facilities of US\$ 18,000 (2020: US\$ 14,000).

In addition, the Company, as at 31 December 2021 had the following financing facilities with banks:

- Overdraft facilities of US\$ 35,128 (2020: US\$ 36,190)
- Long-term loan facilities US\$ nil (2020: US\$ nil)
- Bank guarantee and letter of credit lines of US\$ 56,967 (2020: US\$ 49,118)

The Company had cash lines (overdrafts and revolving facilities) with average cost for the year of 4.3% (2020: 5.0%). The overdraft, revolving and factoring facilities granted to the Company are secured by:

- Floating charges over all assets of the Company
- Pledged deposits US\$ 28,886 (2020: US\$ 29,660)
- Mortgage on immovable properties in the amount of US\$ 25,020 (2020 US\$ 8,952)

### 18. Long-term borrowings

	The Group		The Company	
	2021	2020	2021	2020
	US\$	US\$	US\$	US\$
Bank loans	123	523	-	-
Non-current lease liabilities (note 20)	4,982	5,206	725	887
	<u>5,105</u>	<u>5,729</u>	<u>725</u>	<u>887</u>

## ASBISC ENTERPRISES PLC

### NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (in thousands of US\$)

#### 19. Other long-term liabilities

	The Group		The Company	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Other long-term liabilities	791	732	-	-

#### 20. Lease liabilities

	The Group		The Company	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Current lease liabilities (Note 17)	1,737	1,373	347	347
Non-current lease liabilities (Note 18)	4,982	5,206	725	887
	6,719	6,579	1,072	1,234

#### 21. 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 2020	369	-	(85)	284
Deferred tax credit for the year	(338)	-	(94)	(431)
Exchange difference on retranslation	(10)	-	(2)	(13)
Credit/(debit) balance on 31 December 2020	21	-	(181)	(160)
Deferred tax charge for the year	4	-	-	4
Exchange difference on retranslation	-	-	29	29
Credit/(debit) balance on 31 December 2021	25	-	(152)	(127)

##### 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/(debit) balance on 1 January 2020	240	-	-	240
Deferred tax credit for the year	(8)	-	-	(8)
Credit balance on 31 December 2020	232	-	-	232
Deferred tax charge for the year	43	-	-	43
Credit balance on 31 December 2021	275	-	-	275

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(in thousands of US\$)

### 21. 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)**

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.

	<b>The Group</b>		<b>The Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Deferred tax assets	(456)	(466)	-	-
Deferred tax liabilities	329	306	275	232
Net deferred tax (assets)/liabilities	(127)	(160)	275	232

### 22. Other current liabilities

	<b>The Group</b>		<b>The Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Salaries payable and related costs	4,834	3,103	2,219	518
VAT payable	11,177	9,413	170	8
Non-trade accounts payable	8,081	5,974	2,835	1,642
Accruals, deferred income and other provisions	77,893	56,041	36,306	33,038
Provision for marketing	19,857	11,935	13,304	9,178
Provision for warranties	7,448	5,903	5,336	4,117
Amount payable to subsidiary companies (Note 28)	-	-	4,582	4,045
	<u>129,290</u>	<u>92,369</u>	<u>64,752</u>	<u>52,546</u>

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(in thousands of US\$)

### 23. Trade payables and prepayments

	The Group		The Company	
	2021	2020	2021	2020
	US\$	US\$	US\$	US\$
Trade payables	364,396	312,066	212,626	251,244
Prepayments from customers	21,891	23,944	6,051	18,747
	<u>386,287</u>	<u>336,010</u>	<u>218,677</u>	<u>269,991</u>

### 24. 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 – 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	
	2021	2020	2021	2020
	US\$	US\$	US\$	US\$
Former Soviet Union	1,774,834	1,289,513	58,804	29,275
Central Eastern Europe	654,117	574,389	21,577	14,500
Middle East & Africa	327,799	279,419	11,175	7,016
Western Europe	266,607	171,104	15,936	3,354
Other	54,619	52,016	6,257	2,528
	<u>3,077,976</u>	<u>2,366,441</u>	<u>113,749</u>	<u>56,673</u>
Net financial expenses (note 6)			(19,687)	(12,389)
Share of loss from equity-accounted investees (note 11)			-	6
Other gains and losses (note 4)			180	377
<b>Profit before taxation</b>			<u>94,242</u>	<u>44,667</u>

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(in thousands of US\$)

### 24. 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	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Former Soviet Union	9,315	8,491	1,517	1,488
Central Eastern Europe	14,569	14,943	1,486	1,169
Middle East & Africa	3,631	3,745	187	199
Cyprus	18,668	8,561	1,872	1,521
Unallocated	39	35	12	10
	<u>46,222</u>	<u>35,775</u>	<u>5,074</u>	<u>4,387</u>

#### 1.4 Segment assets and liabilities

Segment assets	2021 US\$	2020 US\$
Former Soviet Union	500,800	453,802
Central Eastern Europe	68,868	69,654
Western Europe	168,729	125,934
Middle East & Africa	<u>104,370</u>	<u>65,653</u>
Total	842,767	715,043
Assets allocated in capital expenditure (1.3)	46,222	35,775
Other unallocated assets	<u>34,198</u>	<u>38,094</u>
Consolidated assets	<u>923,187</u>	<u>788,912</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

During 2021 none of the Group's customers accounted individually for more than 2.5% (2020: 2.2%) of total sales; it is of strategic importance for the Group not to rely on any single customer.

### 25. Derivative financial liabilities

	The Group		The Company	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
<u>Derivative financial liabilities carried at fair value through profit or loss</u>				
Foreign currency derivative contracts	<u>299</u>	<u>883</u>	<u>129</u>	<u>613</u>



## ASBISC ENTERPRISES PLC

### NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(in thousands of US\$)

#### 25. Derivative financial liabilities (continued)

##### Fair value measurement of derivative financial liabilities

The Group	Nominal amount 2021 US\$	Nominal amount 2020 US\$	Fair value 2021 US\$	Fair value 2020 US\$
Buying US\$/Selling EUR	17,818	-	64	-
Buying US\$/Selling PLN	500	329	2	1
Buying US\$/Selling RON	1,050	2,400	2	34
Buying US\$/Selling RUB	6,400	7,660	41	306
Buying US\$/Selling KZT	1,025	-	25	-
Buying US\$/Selling GBP	42	-	1	-
Buying US\$/Selling CZK	300	4,000	2	80
Buying US\$/Selling UAH	8,843	884	94	220
Buying US\$/Selling HUF	456	-	3	-
Buying EUR/Selling US\$	1,002	3,145	14	72
Buying BGN/Selling USD	119	-	2	-
Buying GBP/Selling US\$	-	305	-	12
Charges on open contracts	-	-	49	158
	<u>37,555</u>	<u>18,723</u>	<u>299</u>	<u>883</u>

(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.

##### The Company

	Nominal amount 2021 US\$	Nominal amount 2020 US\$	Fair value 2021 US\$	Fair value 2020 US\$
Buying US\$/Selling PLN	500	329	2	1
Buying US\$/Selling RUB	6,400	7,660	41	306
Buying US\$/Selling CZK	300	4,000	2	80
Buying US\$/Selling EUR	17,818	-	64	-
Buying US\$/Selling HUF	456	-	3	-
Buying US\$/Selling RON	1,050	2,400	2	34
Buying US\$/Selling GBP	42	-	1	-
Buying EUR/Selling US\$	1,002	3,145	14	72
Buying EUR/Selling CZK	-	-	-	-
Buying GBP/Selling US\$	-	305	-	12
Charges on open contracts	-	-	-	108
	<u>27,568</u>	<u>17,839</u>	<u>129</u>	<u>613</u>

(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.

(lii) 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.

## ASBISC ENTERPRISES PLC

### NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (in thousands of US\$)

#### 25. Derivative financial liabilities (continued)

(iv) During the year the Group realized a loss from execution of foreign currency derivative contracts of US\$ 2,052 (2020: loss of US\$ 1,644) and the Company realized a loss of US\$ 234 (2020: gain of US\$ 1,826).

#### 26. Derivative financial assets

	The Group		The Company	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
<u>Derivative financial assets carried at fair value through profit or loss</u>				
Foreign currency derivative contracts	192	199	164	164

The Group	Nominal amount 2021 US\$	Nominal amount 2020 US\$	Fair value 2021 US\$	Fair value 2020 US\$
Buying US\$/Selling RUB	-	308	-	148
Buying US\$/Selling EUR	6,744	-	46	-
Buying US\$/Selling RON	350	50	-	7
Buying US\$/Selling BGN	-	6	-	6
Buying US\$/Selling HRK	1,085	1,410	29	30
Buying US\$/Selling PLN	500	5,387	3	106
Buying US\$/Selling HUF	1,618	-	113	-
Buying EUR/Selling HRK	-	-	-	-
Buying EUR/Selling US\$	-	861	-	3
Buying EUR/Selling PLN	827	-	1	-
Charges on open contracts	-	-	-	(101)
	11,124	8,022	192	199

The Company	Nominal amount 2021 US\$	Nominal amount 2020 US\$	Fair value 2021 US\$	Fair value 2020 US\$
Buying US\$/Selling EUR	6,744	-	46	-
Buying US\$/Selling PLN	500	5,387	3	106
Buying US\$/Selling RUB	-	308	-	148
Buying US\$/Selling RON	350	50	-	7
Buying US\$/Selling HUF	1,618	-	113	-
Buying EUR/Selling US\$	-	861	-	3
Buying EUR/Selling PLN	827	-	2	-
Charges on open contracts	-	-	-	(100)
	10,039	6,606	164	164

#### 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.

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (in thousands of US\$)

### 26. 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\$ 2,052 (2020: loss of US\$ 1,644) and the Company realized a loss of US\$ 234 (2020: gain of US\$ 1,826).

### 27. Cash and cash equivalents

	The Group		The Company	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Cash at bank and in hand	184,618	158,898	98,168	118,065
Bank overdrafts (Note 17)	(33,698)	(45,215)	(342)	(1,675)
	<u>150,920</u>	<u>113,683</u>	<u>97,826</u>	<u>116,390</u>

#### The Group

The cash at bank and in hand balance includes an amount of US\$ 32,453 (2020: US\$ 33,322) 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\$ 28,886 (2020: US\$ 29,660) which represents pledged deposits.

### 28. 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	2021 Number of votes/shares	2021 Votes/share capital %	2020 Number of votes/shares	2020 Votes/share capital %
Siarhei Kostevitch and KS Holdings Ltd	20,443,127	36.83	20,443,127	36.83
Asbisc Enterprises Plc (share buyback program)	-	-	325,389	0.59
Free float	<u>35,056,873</u>	<u>63.17</u>	<u>35,731,484</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:

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(in thousands of US\$)

### 28. Related party transactions and balances (continued)

#### Intercompany (trading) transactions

	Sales of goods		Purchases of goods	
	2021	2020	2021	2020
	US\$	US\$	US\$	US\$
Subsidiaries	1,599,069	1,371,781	56,653	45,489

	Sales of services		Purchases of services	
	2021	2020	2021	2020
	US\$	US\$	US\$	US\$
Subsidiaries	445	435	14,148	9,939

#### Intercompany (trading) balances

	Amounts owed by subsidiary companies		Amounts owed to subsidiary companies	
	2021	2020	2021	2020
	US\$	US\$	US\$	US\$
Subsidiaries	167,389	162,600	4,582	4,045

#### Loans to subsidiary companies

	2021	2020
	US\$	US\$
Loans to subsidiary companies (Note 15)	2,622	10,092

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

Subsidiary companies	Interest rate	Source currency	2021	2020
	%		US\$	US\$
SIA "Joule Production" (v)	2	Euro	600	-
ION Clinic Latvia SIA (vi)	2	Euro	744	-
R.SC Real Scientists Cyprus Ltd (vii)	2.5	Euro	186	-
ASBIS SK spol. S.r.o (ii)	0	US Dollar	-	9,000
CJSC ASBIS (i)	4	US Dollar	1,092	1,092
			2,622	10,092

The total interest received from subsidiary companies is analyzed below:

	2021	2020
	US\$	US\$
ION Clinic Latvia SIA (vi)	8	-
R.SC Real Scientists Cyprus Ltd (vii)	4	-
SIA "Joule Production" (v)	4	-
ALC Avectis (iii)	-	7
ASBC LLC (Georgia) (iv)	-	1
CJSC ASBIS (i)	42	42
	58	50

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(in thousands of US\$)

### 28. 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 22nd of October 2022. The loan is unsecured.
- (ii) ASBIS SK spol. S.r.o entered into a repo agreement with the Company on 22nd of December 2020, with the obligation to settle the loan by the 5th of January 2021. The loan has been settled during 2021.
- (iii) ALC Avectis entered into a loan agreement with the Company on the 7th of March 2019, with the obligation to settle the loan by the 15th of January 2020. The loan has been settled during 2020.
- (iv) ASBC LLC (Georgia) entered into a loan agreement with the Company on the 1st of July 2019, with the obligation to settle the loan by the 1st of January 2020. The loan has been settled during 2020.
- (v) SIA "Joule Production" 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 30th of December 2022 and 31st of December 2024 accordingly. The loan is unsecured.
- (vi) ION 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 2022. The loan is unsecured.
- (vii) 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 2022. The loan is unsecured.

#### Financial guarantees liabilities

	2021 US\$	2020 US\$
Financial guarantee liabilities granted to subsidiaries	1,153	964

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 2021 US\$	2020 US\$	The Company 2021 US\$	2020 US\$
Directors' remuneration and benefits - executive	1,706	1,047	1,706	1,047
Directors' remuneration - non-executive	32	28	32	28
<u>Key management remuneration</u>				
In capacity as other key management personnel	1,725	1,143	329	86
Employer's contributions - provident fund	7	4	7	2
Employer's contributions - social insurance and other benefits	175	132	26	10
	<u>3,645</u>	<u>2,354</u>	<u>2,100</u>	<u>1,173</u>

#### Share-based payment arrangements

Following an extraordinary general meeting of the shareholders on the 28th 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\$ 1,000,000
- 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

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(in thousands of US\$)

### 28. Related party transactions and balances (continued)

At 31 December 2020, the Group had the following share-based payment arrangement.

Following an extraordinary general meeting of the shareholders on 15th July 2019, 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\$ 300,000
- the maximum number of shares that can be bought within the program is 500,000 shares
- the program's time frame is 12 months from the resolution's 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 1.5 per share with the maximum price of PLN 3.0 per share.

At the end of 2021 the Company held a total of nil (2020: 325,389) shares purchased for a total consideration of US\$ nil (2020: US\$ 212) (note 16).

	<b>The Group</b>		<b>The Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Salaries and other benefits	<u>69,760</u>	<u>52,610</u>	<u>10,020</u>	<u>7,773</u>
The average number of employees for the year was	<u>2,079</u>	<u>1,837</u>	<u>167</u>	<u>150</u>

### 29. Commitments and contingencies

#### The Group

As at 31 December 2021 the Group was committed in respect of purchases of inventories of a total cost value of US\$ 9,937 (2020: US\$ 35,109) which were in transit at 31 December 2021 and delivered in January 2022. Such inventories and the corresponding liability towards the suppliers have not been included in these financial statements since, according to the terms of purchase, title of the goods has not passed to the Group at year end.

As at 31 December 2021 the Group was contingently liable to banks in respect of bank guarantees and letters of credit lines of US\$ 60,275 (2020: US\$ 52,183) (note 17) which the Group has extended to its suppliers and other counterparties.

As at the 31st December 2021 the Group had no other capital or legal commitments and contingencies.

#### The Company

As at 31 December 2021 the Company was committed in respect of purchases of inventories of a total cost value of US\$ 9,937 (2020: US\$ 35,109) which were in transit at 31 December 2020 and delivered in January 2022. Such inventories and the corresponding liability towards the suppliers have not been included in these financial statements since, according to the terms of purchase, title of the goods has not passed to the Company at year end.

As at 31 December 2021 the Company was contingently liable to banks in respect of bank guarantees and letters of credit of US\$ 56,967 (2020: US\$49,118) (note 17) 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\$ 230,835 (2020: US\$200,315).

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(in thousands of US\$)

### 30. Earnings per share

	2021 US\$	2020 US\$
Profit for the year attributable to members	77,067	36,515
Weighted average number of shares for the purposes of basic and diluted earnings per share	55,500,000	55,200,111
	US\$ cents	US\$ cents
Basic and diluted earnings per share	138.86	66.15

### 31. Business combinations

#### The Group

#### 1. Acquisitions

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

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

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

##### Acquisitions of subsidiaries to 31 December 2020

During the period, the Group has acquired 55% of the share capital of Real Scientists Ltd, 70% of the share capital of I.O.N Clinical Trading Ltd, 85% of the share capital of R.S.C. Real Scientists Cyprus Ltd and 100% of share capital of ASBIS IT Solutions Hungary Kft, MakSolutions LLC, Café-Connect LLC, TOO "ASNEW" and Breezy Ltd by means of the entity's incorporation.

Name of entity	Type of operations	Date acquired	% acquired	% owned
Real Scientists Ltd (United Kingdom)	Information Technology	16 March 2020	55%	55%
ASBIS IT Solutions Hungary Kft (Hungary)	Information Technology	2 September 2020	100%	100%
MakSolutions LLC (Belarus)	Information Technology	10 September 2020	100%	100%
Breezy LLC (Belarus) (former Café-Connect LLC)	Information Technology	10 September 2020	100%	100%
Breezy Kazakhstan TOO (Kazakhstan) (former TOO "ASNEW")	Information Technology	11 November 2020	100%	100%
Breezy Ltd (Ukraine)	Information Technology	24 October 2020	100%	100%
I.O.N Clinical Trading Ltd (Cyprus)	Information Technology	2 October 2020	70%	70%
R.S.C. Real Scientists Cyprus Ltd (Cyprus)	Information Technology	2 October 2020	85%	85%



# ASBISC ENTERPRISES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(in thousands of US\$)

### 31. 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 2021 US\$	As at 31 December 2020 US\$
Tangible and intangible assets	-	233
Inventories	-	200
Receivables	11	71
Other non-current assets	-	15
Other receivables	-	1
Short-term loans	-	(15)
Payables	-	(321)
Other payables and accruals	(1)	(135)
Cash and cash equivalents	53	102
<b>Net identifiable assets</b>	<b>63</b>	<b>151</b>
<b>Group's interest in net assets acquired</b>	<b>31</b>	<b>151</b>
Total purchase consideration	(31)	(190)
<b>Net loss</b>	<b>-</b>	<b>(39)</b>
Impairment loss on Goodwill	-	39
<b>Goodwill capitalized in statement of financial position</b>	<b>-</b>	<b>-</b>

#### 1.2. Goodwill arising on acquisitions

	2021 US\$	2020 US\$
At 1 January	629	591
Additions	-	39
Impairment loss (ii)	-	(39)
Foreign exchange difference on retranslation	(34)	38
At 31 December (i)	595	629

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

	2021 US\$	2020 US\$
OOO Must	201	201
ASBIS d.o.o. (BA)	394	428
	595	629

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(in thousands of US\$)

### 31. Business combinations (continued)

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

	2021 US\$	2020 US\$
Breezy LLC (former Café-Connect LLC)	-	12
MakSolutions LLC	-	27
	-	(39)

#### 1.3. Impairment testing

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

### 2. Disposals

#### Disposals of subsidiaries to 31 December 2021

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

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

#### Disposals of subsidiaries to 31 December 2020

During the period the following Group's subsidiaries went into liquidation. No gain or loss arose on the event.

<u>Name of disposed entity</u>	<u>Type of operations</u>	<u>Date liquidated</u>	<u>% liquidated</u>
Shark Computers a.s. (Slovakia)	Information Technology	20 November 2020	100%

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(in thousands of US\$)

### 32. 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, letter of guarantee – to safeguard itself from the credit risk. The Group have insured the majority of receivables during 2021.

During 2021 none of the Group's customers accounted individually for more than 2.5% (2020: 2.2%) of total sales; it is of strategic importance for the Group not to rely on any single customer.

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 aging profile of trade receivables is disclosed in note 14.

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:	2021 US\$	2020 US\$
Aa3	2,475	2,632
A1	28,223	50,517
A2	34,907	30,100
A3	30,552	20,442
Baa1	841	939
Baa3	999	1,024
Ba1	1,079	22
Ba2	318	920
Ba3	222	-
B1	16,819	24,538
B2	165	812
Without credit rating	68,018	26,952
	<u>184,618</u>	<u>158,898</u>

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(in thousands of US\$)

### 32. Financial risk management (continued)

#### The Company

	2021 US\$	2020 US\$
Based on credit ratings by Moody's, the cash at banks the Company held as at year end are:		
A1	28,160	50,476
A2	34,077	29,793
A3	16,089	7,439
B1	16,158	24,087
Without credit rating	<u>3,684</u>	<u>6,270</u>
	<u>98,168</u>	<u>118,065</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 considers 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 2021 are:

#### The Group

	2021 Default rate %	2021 Gross carrying amount US\$	2021 Loss allowance US\$	2020 Default rate %	2020 Gross carrying amount US\$	2020 Loss allowance US\$
Outstanding but not due yet	0.01	322,510	48	0.02	260,343	57
Overdue between 1-30 days	0.04	14,388	5	0.03	17,916	6
Overdue between 30-60 days	0.42	2,451	10	0.20	1,899	4
Overdue more than 60 days	2.12	<u>5,296</u>	<u>112</u>	0.40	<u>13,848</u>	<u>55</u>
		<u>344,645</u>	<u>175</u>		<u>294,006</u>	<u>122</u>

#### The Company

	2021 Default rate %	2021 Gross carrying amount US\$	2021 Loss allowance US\$	2020 Default rate %	2020 Gross carrying amount US\$	2020 Loss allowance US\$
Outstanding but not due yet	0.00	177,304	1	0.00	170,780	3
Overdue between 1-30 days	0.00	22,065	0	0.01	14,771	1
Overdue between 30-60 days	0.00	7,535	0	0.01	4,974	1
Overdue more than 60 days	17.95	<u>9,380</u>	<u>1,684</u>	0.05	<u>16,551</u>	<u>9</u>
		<u>216,284</u>	<u>1,685</u>		<u>207,076</u>	<u>14</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 2021

(in thousands of US\$)

### 32. 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	
	2021	2020	2021	2020
	US\$	US\$	US\$	US\$
<b>Variable rate instruments</b>				
Overdrafts	33,698	45,215	342	1,675
Short-term loans	70,126	34,317	-	-
Long-term loans	123	523	-	-
Factoring advances	73,143	80,057	12,755	13,035
	<u>177,090</u>	<u>160,112</u>	<u>13,097</u>	<u>14,710</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 2021 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	
	2021	2020	2021	2020
	US\$	US\$	US\$	US\$
<b>Variable rate instruments</b>				
Overdrafts	337	452	3	17
Short-term loans	700	343	-	-
Long-term loans	1	5	-	-
Factoring advances	731	801	128	130
	<u>1,769</u>	<u>1,601</u>	<u>131</u>	<u>147</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 2021

(in thousands of US\$)

#### 32. Financial risk management (continued)

##### The Group

31 December 2021	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	70,248	70,248	59,631	10,495	122	-
Bank overdrafts (Note 17)	33,698	33,698	26,143	7,555	-	-
Factoring creditors (Note 17)	73,143	73,143	73,143	-	-	-
Lease liabilities (Note 20)	6,719	6,719	512	1,225	1,653	3,329
Trade and other payables	520,197	520,197	502,332	17,865	-	-
Trade payables factoring facilities (Note 12)	28,298	28,298	28,298	-	-	-
Other short and long-term liabilities	1,091	1,091	299	-	150	642
	<u>733,394</u>	<u>733,394</u>	<u>690,358</u>	<u>37,140</u>	<u>1,925</u>	<u>3,971</u>

31 December 2020	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	34,840	34,840	18,762	15,555	414	109
Bank overdrafts (Note 17)	45,215	45,215	7,637	37,578	-	-
Factoring creditors (Note 17)	80,057	80,057	80,057	-	-	-
Lease liabilities (Note 20)	6,579	6,579	385	988	1,692	3,514
Trade and other payables	433,260	433,260	420,953	12,307	-	-
Trade payables factoring facilities (Note 12)	51,403	51,403	51,403	-	-	-
Other short and long-term liabilities	1,615	1,615	883	-	1	731
	<u>652,969</u>	<u>652,968</u>	<u>580,080</u>	<u>66,428</u>	<u>2,106</u>	<u>4,354</u>

##### The Company

31 December 2021	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 17)	342	342	342	-	-	-
Factoring creditors (Note 17)	12,755	12,755	12,755	-	-	-
Lease liabilities (Note 20)	1,072	1,072	84	263	376	349
Trade and other payables	286,466	286,466	286,466	-	-	-
Trade payables factoring facilities	25,911	25,911	25,911	-	-	-
Other short and long-term liabilities	129	129	129	-	-	-
	<u>326,675</u>	<u>326,675</u>	<u>325,687</u>	<u>263</u>	<u>376</u>	<u>349</u>

31 December 2020	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 17)	1,675	1,675	1,675	-	-	-
Factoring creditors (Note 17)	13,035	13,035	13,035	-	-	-
Lease liabilities (Note 20)	1,234	1,234	69	278	375	512
Trade and other payables	325,800	325,800	325,800	-	-	-
Trade payables factoring facilities	51,403	51,403	51,403	-	-	-
Other short and long-term liabilities	613	613	613	-	-	-
	<u>393,760</u>	<u>393,760</u>	<u>392,595</u>	<u>278</u>	<u>375</u>	<u>512</u>

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(in thousands of US\$)

### 32. 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 2021

	Cash at bank and in hand	Receivables	Trade and other liabilities	Borrowings
	US\$	US\$	US\$	US\$
US Dollar	109,688	63,005	(251,794)	(12,077)
Euro	9,473	58,998	(90,781)	(31,182)
Russian Ruble	1,000	28,792	(31,131)	(10,267)
Polish Zloty	497	3,672	(2,529)	(1,251)
Czech Koruna	2,653	9,535	(3,613)	(8,167)
Belarusian Ruble	6,114	8,459	(10,383)	(15,765)
Croatian Kuna	3,524	2,183	(1,004)	(2,528)
Romanian New Lei	1,433	6,524	(1,349)	(3,226)
Bulgarian Lev	451	3,838	(1,310)	(1,904)
Hungarian Forint	123	1,292	(526)	(67)
Kazakhstan Tenge	1,666	61,623	(17,544)	(49,468)
Ukrainian Hryvnia	37,714	83,596	(88,355)	(36,561)
Bosnian Mark	477	3,548	(629)	(2,303)
United Arab Emirates Dirham	8,667	15,819	(17,824)	(6,471)
Other	1,138	3,195	(2,053)	(2,572)
	<u>184,618</u>	<u>354,079</u>	<u>(520,825)</u>	<u>(183,809)</u>

#### The Group

##### 31 December 2020

	Cash at bank and in hand	Receivables	Trade and other liabilities	Borrowings
	US\$	US\$	US\$	US\$
US Dollar	133,694	82,229	(338,183)	(15,166)
Euro	4,470	55,760	(56,890)	(39,196)
Russian Ruble	13	27,049	(10,367)	(17,828)
Polish Zloty	472	5,205	(2,067)	(949)
Czech Koruna	3,040	10,951	(2,368)	(10,072)
Belarusian Ruble	1,152	8,487	(3,483)	(9,067)
Croatian Kuna	3,832	1,860	(1,012)	(3,054)
Romanian New Lei	1,261	5,567	(1,277)	(1,664)
Bulgarian Lev	385	3,778	(1,541)	(1,998)
Hungarian Forint	571	600	(576)	(846)
Kazakhstan Tenge	1,454	55,043	(8,668)	(43,149)
Ukrainian Hryvnia	6,782	32,428	(6,351)	(14,600)
Bosnian Mark	266	4,552	(768)	(2,314)
United Arab Emirates Dirham	620	-	-	(4,125)
Other	886	3,206	(897)	(2,662)
	<u>158,898</u>	<u>296,715</u>	<u>(434,448)</u>	<u>(166,690)</u>

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(in thousands of US\$)

### 32. Financial risk management (continued)

#### The Company

##### 31 December 2021

	Cash at bank and in hand	Receivables	Trade and other liabilities	Borrowings
	US\$	US\$	US\$	US\$
US Dollar	95,906	213,260	(263,550)	(11,702)
Euro	1,646	8,632	(20,226)	(2,425)
Czech Koruna	380	-	(1,318)	-
Great British Pound	73	54	(988)	(42)
Polish Zloty	163	-	(321)	-
Other	-	1	(467)	-
	<u>98,168</u>	<u>221,947</u>	<u>(286,870)</u>	<u>(14,169)</u>

##### 31 December 2020

	Cash at bank and in hand	Receivables	Trade and other liabilities	Borrowings
	US\$	US\$	US\$	US\$
US Dollar	114,996	214,323	(311,553)	(13,714)
Euro	1,997	7,188	(14,571)	(2,067)
Czech Koruna	767	-	(508)	-
Great British Pound	185	282	(12)	(163)
Polish Zloty	120	-	-	-
Other	-	155	(3)	-
	<u>118,065</u>	<u>221,948</u>	<u>(326,647)</u>	<u>(15,944)</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 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 2020.

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.



# ASBISC ENTERPRISES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(in thousands of US\$)

### 32. Financial risk management (continued)

#### The Group

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

	2021 US\$	2020 US\$
Debt (i)	177,089	160,111
Cash at bank and in hand	(184,618)	(158,898)
Net debt	(7,529)	1,213
Equity (ii)	189,464	135,638
Net debt to equity ratio	-	0.9%

- (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:

	2021 US\$	2020 US\$
Debt (i)	13,097	14,710
Cash at bank and in hand	(98,168)	(118,065)
Net debt	(85,071)	(103,355)
Equity (ii)	135,576	91,691
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:

	2021 The Group Level 2 US\$	2021 The Company Level 2 US\$	2020 The Group Level 2 US\$	2020 The Company Level 2 US\$
<b>Assets</b>				
Derivative financial assets	192	164	199	164
<b>Liabilities</b>				
Derivative financial liabilities	299	129	883	613

# ASBISC ENTERPRISES PLC

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## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(in thousands of US\$)

### 32. Financial risk management (continued)

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.

### 33. 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.

### 34. 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\$11,100 of US\$ 0.20 per share for the year 2020
- An interim dividend of US\$11,100 of US\$ 0.20 per share for the year 2021

During 2020, the following dividends were declared and paid by the Company:

- A final dividend of US\$ 4,162 of US\$ 0.75 per share for the year 2019
- An interim dividend of US\$ 5,550 of US\$ 0.10 per share for the year 2020

The Board of Directors also proposes the payment of a final dividend of US\$ 0.10 per share for the year 2021, amounting to US\$ 5,500 based on improved 2021 profitability.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(in thousands of US\$)

### 35. Events after the reporting period

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

Following the commencement of the war between Ukraine and Russia, additional severe sanctions were imposed by the United States of America, the European Union and some other countries on the Russian government, as well as major financial institutions and certain other entities and individuals in Russia. In addition, restrictions have been introduced on the supply of various goods and services to Russian entities. In response to the sanctions described above, the Russian government has introduced certain currency control measures.

Despite the large geographical presence of the Group, it is not possible to totally weather the impact of a full-scale war between these two countries. The Group -and the Company- is well prepared to defend its position and management are taking the appropriate measures to mitigate the risks arising from this situation. However, the Company's Directors consider that the situation is critical and that it is premature to judge how it will evolve. We have a mutual understanding with all our vendors and service providers that our partnerships will continue but we cannot warrant that the current business can be retained due to the sanctions imposed on Russia. Already imposed and potential future sanctions are likely to have an adverse effect on the Russian economy which -in turn- is likely to have a negative impact on the Group's sales. However, the financial effect is not possible to quantify at this point in time.

The Group and the Company's Directors have evaluated the effect of the war on liquidity, currency, interest rate, and credit risks, as well as potential impairment and revenue of the Group and the Company. Based on their assessment, there is no significant impact on the Group's and the Company's activities, except for credit risk and revenue.

#### *Credit Risk*

The sanctions imposed may have a direct impact on the ability of certain customers to repay the outstanding receivables. The change in the ability of certain customers to repay the outstanding receivables may have an impact on the Group and the Company. After the commencement of the war, the proportion of overdue receivables has not changed significantly.

The negative impact mostly on the Ukrainian economy is also likely to increase the credit risk for many customers and may result in additional amount of expected credit losses being recognized; however, the financial effect is not expected to be significant, although currently this is not possible to quantify.

The current situation does not impact the Group's and the Company's cash flows and the ability to use its available financing lines.

#### *Revenue*

Less than 30% of the Group's sales were generated from the Ukrainian and Russian markets. As a result of the war and the imposed sanctions, the Group will no longer be able to maintain its operations at the same level as before in Ukraine and Russia. Management expects to partially replace the drop-down in affected regional sales, by an increase in the other markets where the Group has a presence (i.e., Kazakhstan, Slovakia, Poland, UAE etc.).

Therefore, the Group's and the Company's Directors have implemented a strategy to respond to the newly arisen risks to minimize their effect on the Group's performance.

These consolidated financial statements reflect the management's current assessment of the impact of the Russian and Ukrainian business environment on the operations and the financial position of the Group. The future business environment may differ from today's management's assessment.