

**INTERIM MANAGEMENT REPORT
FOR THE THREE MONTHS
ENDED 31 MARCH 2022**

Limassol, May 5th, 2022

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Directors' report on the Company's and Group's operations

We have prepared this report as required by 60 section 2 of the Regulation of the Ministry of Finance dated 29 March 2018 on current and periodic information to be published by issuers of securities and conditions of recognition of information required by the law of non-member country as equal.

Presentation of financial and other information

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

Financial and Operating Data

This quarterly report contains financial statements of, and financial information relating to the Group. In particular, this quarterly report contains our interim consolidated financial statements for the three months ended 31 March 2022. The financial statements appended to this quarterly report are presented in U.S. dollars and have been prepared in accordance with International Accounting Standard ("IAS") 34.

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

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

Currency Presentation

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

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

Forward-looking statements

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

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

Part I: Interim Management Report

1. Overview

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

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

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

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

2. Executive summary for the three-month period ended 31 March 2022

The first two months of 2022 were very strong both for the Company and the Group. The Company has showed once again its strengths delivering increased revenues than in corresponding periods of 2021 – a historic year for ASBIS.

On February 24th following the invasion of Russia in Ukraine, during March 2022, we had to suspend our operations in Ukraine and significantly limit our activities in Russia and Belarus due to the war and imposed sanctions on these two countries. Thanks to the broad geographic coverage, strong market position, contingency plan and experience gained from previous crises, we were able to limit the negative effects of the war in Ukraine. We have also managed to regain some of the lost revenues from the markets affected by the war. We have secured or moved supplies from these countries to safe locations and intensified sales in non-conflicted markets.

In Q1 2022, ASBIS further improved its profits, delivering the highest net profit after tax for this quarter in the Company's history.

In Q1 2022 revenues amounted to USD 694.6 million, a decrease of 5.3% as compared to Q1 2021. Operating profit (EBIT) increased by 5.9% and amounted to USD 24.3 million, compared to USD 23.0 million in Q1 2021. Net profit has increased by 5.9% and amounted to USD 16.0 million, compared to USD 15.1 million a year earlier. In Q1 2022, the Group also significantly improved its gross profit margin to a new record high of 7.61% from 6.43% in Q1 2021.

Despite the war in Ukraine that affected sales in a number of countries across our operations, in Q1 2022, multiple product lines have increased. The highest increase in product lines was recorded by servers & server blocks.

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

A country-by-country analysis confirms that the major decrease in sales was noted in the markets directly affected by the war in Ukraine. On the other hand, though, the Company was able to much increase sales in non-conflict markets, like:

- Georgia – a growth of 52.0%
- Kazakhstan – a growth of 42.1%
- Azerbaijan – a growth of 28.0%
- Slovakia - a growth of 15.7%

In Q1 2022, the Company experienced several important business events:

- ASBIS has achieved the PREFERRED tier for its headquarters and ELITE tier for the Middle East office from Ubiquiti which focuses on democratizing network technology on a global scale,
- ASBIS has signed a contract with Prarena 1s.r.o for the lease of nearly 10,000 m2 of warehouse space for a new distribution center in Prague. Thus, the area of the ASBIS Group distribution center in Prague, from which the entire region of Central and Eastern Europe and Eastern Europe is supplied, will double,
- ASBIS has been recognized by NVIDIA as a Solutions Integration Partner with a “Compute” competency in the EMEA region,
- ASBIS has opened a new Apple iPoint store at the Shum Shopping Center in the city of Aktau in Kazakhstan,
- ASBIS has been promoted to NVIDIA Elite Partner across the EMEA region. This new level of partnership offers ASBIS new opportunities and closer cooperation with NVIDIA,
- ASBIS has signed a distribution agreement with Loewe - a leading international brand of TV sets and entertainment electronics with almost 100 years of operating history,
- ASBIS has signed a contract, expanding its territories to distribute Vertiv solutions in Algeria and Tunisia.

Following our dividend policy, the Annual General Meeting of Shareholders held on the 4th of May 2022, decided to pay to our investors a final dividend from the Company's profits for 2021 in the total amount of USD 5,550,000 (USD 0.10 per share). Including the interim dividend paid in December last year, the total amount of the dividend will reach a USD 16,650,000 (USD 0.30 per share).

It is worth mentioning that in Q1 2022, ASBIS as a socially responsible Company assigned USD 1 million to help Ukraine. We have launched a special humanitarian fund called “Ukraine Help Fund”. It was strictly humanitarian aid in the form of the most needed medical, sleeping material and food products. Within the fund we delivered 10 fully equipped ambulances. To date, ASBIS has supplied more than 27,000 medical and first aid kits, technological products such as generators and power banks, and many other essentials including blankets, sleeping bags and other food and industrial items. The Group is ready to consider extra support, if necessary, with the assignment of more funds.

In summary, given the current situation in Ukraine, we are very satisfied with the Group's achievements in Q1 2022 and very proud of the spirit of solidarity and unity of ASBIS Group employees in these tough times. The results of Q1 2022 prove, what we have indicated many times, that ASBIS is well prepared to defend its position thanks to its flexibility, more than 30 years on the IT market and strong relationship with vendors. We have successfully completed the first quarter of 2022, the best first quarter ever for the Group in terms of net profitability.

The principal events of the three months ended 31 March 2022 were as follows (in US\$ thousand):

- Revenues in Q1 2022 slightly decreased by 5.3% to US\$ 694,611 from US\$ 733,369 in Q1 2021.
- Gross profit in Q1 2022 increased by 12.1% to US\$ 52,858 from US\$ 47,172 in Q1 2021.
- Gross profit margin in Q1 2022 much improved and reached a new record high of 7.61% from 6.43% in Q1 2021.
- Selling expenses in Q1 2022 increased by 19.0% to US\$ 17,285 from US\$ 14,527 in Q1 2021.
- Administrative expenses in Q1 2022 increased by 16.2% to US\$ 11,260 from US\$ 9,690 in Q1 2021. These expenses include the usage of the fund dedicated to support Ukraine.
- EBITDA in Q1 2022 increased and reached US\$ 25,649 in comparison to US\$ 24,103 in Q1 2021, an improvement of 6.4%.
- As a result of increased gross profit, operating cost under strict control, in Q1 2022 the Company's net profit after taxation reached U.S. \$ 16,030 as compared to U.S.\$ 15,135 in Q1 2021. This is the highest net profit for this quarter in the Company's history.

The following table presents revenues breakdown by regions for Q1 2022 and Q1 2021 (in US\$ thousand):

Region	Q1 2022	Q1 2021	YoY change
Former Soviet Union	383,771	393,287	-2.4%
Central and Eastern Europe	165,901	168,096	-1.3%
Middle East and Africa	90,722	89,237	1.7%
Western Europe	43,538	63,272	-31.2%
Other	10,679	19,477	-45.2%
Total	694,611	733,369	-5.3%

Definitions and use of Alternative Performance Measures:

Gross profit

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

Gross profit margin

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

EBITDA

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

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

3. Summary of historical financial data

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

For your convenience, certain US\$ amounts as of and for the three months ended March 31st, 2022, and 2021, have been converted into Euro and PLN, based on the exchange rates provided by the National Bank of Poland:

	As at 31 March 2022	Three months ended 31 March 2022 average	As at 31 March 2021	Three months ended 31 March 2021 average
USD/PLN	4.1801	4.1638	3.9676	3.8128
EUR/PLN	4.6525	4.6472	4.6603	4.5721

Balance sheet items have been translated using the exchange rate as at the reporting date, while income statement and cash flow statement items have been translated using the arithmetic average rate for the period.

<i>(in thousands)</i>	Three months ended 31 March 2022			Three months ended 31 March 2021		
	<u>USD</u>	<u>PLN</u>	<u>EUR</u>	<u>USD</u>	<u>PLN</u>	<u>EUR</u>
Revenue	694,611	2,892,198	622,353	733,369	2,796,165	611,571
Cost of sales	(641,753)	(2,672,110)	(574,993)	(686,198)	(2,616,313)	(572,234)
Gross profit	52,858	220,088	47,359	47,172	179,856	39,338
Gross profit margin	7.61%			6.43%		
Selling expenses	(17,285)	(71,971)	(15,487)	(14,527)	(55,388)	(12,114)
Administrative expenses	(11,260)	(46,884)	(10,089)	(9,690)	(36,946)	(8,081)
Profit from operations	24,313	101,234	21,784	22,955	87,522	19,143
Financial income	1,740	7,245	1,559	1,133	4,320	945
Financial expenses	(6,446)	(26,840)	(5,775)	(5,453)	(20,791)	(4,547)
Share of profit/(loss) of equity-accounted investees	(23)	(96)	(21)	8	31	7
Other gains and losses	19	79	17	62	236	52
Profit before taxation	19,603	81,622	17,564	18,705	71,318	15,598
Taxation	(3,573)	(14,877)	(3,201)	(3,570)	(13,612)	(2,977)
Profit after taxation	16,030	66,745	14,362	15,135	57,706	12,621

EBITDA calculation

	<u>USD</u>	<u>PLN</u>	<u>EUR</u>	<u>USD</u>	<u>PLN</u>	<u>EUR</u>
Profit before tax	19,603	81,622	17,564	18,705	71,318	15,598
<i>Add back:</i>						
Financial expenses/net	4,707	19,599	4,217	4,320	16,471	3,603
Other income	(19)	(79)	(17)	(62)	(236)	(52)
Share of profit of equity-accounted investees	22	92	20	(8)	(31)	(7)
Depreciation	1,030	4,289	923	867	3,306	723
Amortization	306	1,274	274	281	1,071	234
(Impairment of goodwill)/Negative goodwill	0	0	0	0	0	0
EBITDA for the period	25,649	106,796	22,981	24,103	91,899	20,100

Attributable to:

Non-controlling interests	(20)	(83)	(18)	(1)	(4)	(1)
Owners of the Company	16,050	66,828	14,380	15,136	57,710	12,622
	16,030	66,745	14,362	15,135	57,706	12,621

	<u>USD cents</u>	<u>PLN grosz</u>	<u>EUR cents</u>	<u>USD cents</u>	<u>PLN grosz</u>	<u>EUR cents</u>
Basic and diluted earnings per share from continuing operations	28.92	120.42	25.91	27.27	103.97	22.74

	Three months ended 31 March 2022			Three months ended 31 March 2021		
<i>(in thousands)</i>	<u>USD</u>	<u>PLN</u>	<u>EUR</u>	<u>USD</u>	<u>PLN</u>	<u>EUR</u>
Net cash movement from operating activities	(49,637)	(206,677)	(44,473)	(75,523)	(287,952)	(62,980)
Net cash movement from investing activities	(1,688)	(7,028)	(1,512)	(673)	(2,566)	(561)
Net cash movement from financing activities	(9,382)	(39,064)	(8,406)	2,383	9,086	1,987
Net movement in cash and cash equivalents	(60,707)	(252,770)	(54,392)	(73,813)	(281,432)	(61,554)
Cash at the beginning of the period	150,919	628,392	135,219	113,683	433,447	94,803
Cash at the end of the period	90,212	375,622	80,828	39,870	152,015	33,248

	As at 31 March 2022			As at 31 December 2021		
<i>(in thousands)</i>	<u>USD</u>	<u>PLN</u>	<u>EUR</u>	<u>USD</u>	<u>PLN</u>	<u>EUR</u>
Current assets	850,969	3,557,136	764,564	874,760	3,551,526	772,172
Non-current assets	48,319	201,978	43,413	48,427	196,614	42,748
Total assets	899,288	3,759,114	807,977	923,187	3,748,139	814,919
Current liabilities	690,650	2,886,986	620,524	727,498	2,953,642	642,180
Non-current liabilities	5,709	23,864	5,129	6,225	25,274	5,495
Total liabilities	696,359	2,910,850	625,653	733,723	2,978,915	647,675
Equity	202,929	848,264	182,324	189,464	769,224	167,244

4. Organization of ASBIS Group

The following table presents our corporate structure as at March 31st, 2022:

Company	Consolidation Method
ASBISC Enterprises PLC	Mother company
Asbis Ukraine Limited (Kiev, Ukraine)	Full (100%)
Asbis PL Sp.z.o.o (Warsaw, Poland)	Full (100%)
Asbis Poland Sp. z o.o. (Warsaw, Poland)	Full (100%)
Asbis Romania S.R.L (Bucharest, Romania)	Full (100%)
Asbis Cr d.o.o (Zagreb, Croatia)	Full (100%)
Asbis d.o.o Beograd (Belgrade, Serbia)	Full (100%)
Asbis Hungary Commercial Limited (Budapest, Hungary)	Full (100%)
Asbis Bulgaria Limited (Sofia, Bulgaria)	Full (100%)
Asbis CZ, spol.s.r.o (Prague, Czech Republic)	Full (100%)
UAB Asbis Vilnius (Vilnius, Lithuania)	Full (100%)

Asbis Slovenia d.o.o (Trzin, Slovenia)	Full (100%)
Asbis Middle East FZE (Dubai, U.A.E)	Full (100%)
Asbis SK sp.l sr.o (Bratislava, Slovakia)	Full (100%)
FPUE Automatic Systems of Business Control (Minsk, Belarus)	Full (100%)
E.M. Euro-Mall Ltd (Limassol, Cyprus)	Full (100%)
OOO 'Asbis'-Moscow (Moscow, Russia)	Full (100%)
Asbis Morocco Limited (Casablanca, Morocco)	Full (100%)
Prestigio Plaza Ltd (formerly Prestigio Technologies) (Limassol, Cyprus)	Full (100%)
Perenio IoT spol. s.r.o. (Prague, Czech Republic)	Full (100%)
Asbis Kypros Ltd (Limassol, Cyprus)	Full (100%)
"ASBIS BALTICS" SIA (Riga, Latvia)	Full (100%)
Asbis d.o.o. (Sarajevo, Bosnia Herzegovina)	Full (90%)
ASBIS Close Joint-Stock Company (Minsk, Belarus)	Full (100%)
ASBIS Kazakhstan LLP (Almaty, Kazakhstan)	Full (100%)
Euro-Mall SRO (Bratislava, Slovakia)	Full (100%)
Asbis China Corp. (former Prestigio China Corp.) (Shenzhen, China)	Full (100%)
ASBIS DE GMBH, (Munchen, Germany)	Full (100%)
EUROMALL BULGARIA EOOD (Sofia, Bulgaria)	Full (100%)
E-vision Production Unitary Enterprise (Minsk, Belarus)	Full (100%)
iSupport Ltd (Kiev, Ukraine) (former ASBIS SERVIC Ltd)	Full (100%)
I ON Ltd (Kiev, Ukraine)	Full (100%)
ASBC MMC LLC (Baku, Azerbaijan)	Full (65.85%)
ASBC KAZAKHSTAN LLP (Almaty, Kazakhstan)	Full (100%)
Atlantech Ltd (Ras Al Khaimah, U.A.E)	Full (100%)
ASBC LLC (Tbilisi, Georgia)	Full (100%)
Private Educational Institution "Center of excellence in Education for executives and specialists in Information Technology" (Minsk, Belarus)	Full (100%)
OOO Must (Moscow, Russia)	Full (100%)
Real Scientists Limited (London, United Kingdom)	Full (55%)
i-Care LLC (Almaty, Kazakhstan)	Full (100%)
ASBIS IT Solutions Hungary Kft. (Budapest, Hungary)	Full (100%)
Breezy LLC (Minsk, Belarus) (former Café-Connect LLC)	Full (100%)
MakSolutions LLC (Minsk, Belarus)	Full (100%)
Breezy TOO (Almaty, Kazakhstan) (former TOO "ASNEW")	Full (100%)
Breezy Ltd (Kiev, Ukraine)	Full (100%)
I.O.N. Clinical Trading Ltd (Limassol, Cyprus)	Full (70%)
R.SC. Real Scientists Cyprus Ltd (Limassol, Cyprus)	Full (85%)
ASBIS CA LLC (Tashkent, Uzbekistan)	Full (100%)
Breezy Service LLC (Kiev, Ukraine)	Full (100%)
Breezy Trade-In Ltd (Limassol, Cyprus) (former Redmond Europe Ltd)	Full (80%)
I.O. Clinic Latvia SIA (Riga, Latvia)	Full (100%)
SIA Joule Production (Riga, Latvia)	Full (100%)
ASBC LLC (Yerevan, Armenia)	Full (100%)
Breezy Georgia LLC (Tbilisi, Georgia)	Full (100%)
ASBC Entity OOO (Tashkent, Uzbekistan)	Full (100%)

5. Changes in the structure of the Group

During the three months ended March 31st, 2022, there were no changes in the Group's structure:

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

During the three months ended March 31st, 2022, the Company has not published a financial forecast for 2022.

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

Having seen the results for Q1 2022, we are confident that we shall be able to deliver the announced financial forecast for 2022.

7. Information on dividend payment

During the three-month period ended March 31st, 2022, no dividend was paid.

However, on May 4th, 2022, the Annual General Meeting of Shareholders, in line with the recommendation of the Company's Board of Directors, decided to pay out a dividend from the Company's 2021 profits for the amount of USD 0.10 per share, a total amount of USD 5,550,000. The dividend record date was set for May 16th, 2022, and the dividend pay-out date for May 26th, 2022.

Thus, the grand total for dividends from the Company's 2021 profits (including the interim dividend pay-out on December 2nd, 2021) amounted to USD 0.30 per share, which means a grand total payment of USD 16,650,000 from 2021 net profit after tax - the highest dividend in the Company's history.

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

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

Name	Number of shares	% of share	Number of votes	% of votes
KS Holdings Ltd*	20,448,127	36.84%	20,448,127	36.84%
ASBISc Enterprises Plc (buy-back program)	90,000	0.16%	90,000	0.16%
Free float	34,961,873	62.99%	34,961,873	62.99%
Total	55,500,000	100%	55,500,000	100%

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

Information on buy-back program realization:

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

Till the date of publication of this report, the Company purchased under the current buy-back program 90,000 of own shares, representing 0.162% of share capital and giving 90,000 votes (0.162%) at the General Meeting of Shareholders. Besides the above-mentioned purchase of own shares, there were no changes in the number of shares possessed by major shareholders during the period between March 31st, 2022 (the date of the publication of the Annual Report for 2021) and the date of this report.

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

During the period between March 31st, 2022 (the date of the publication of the Annual Report for 2021) and May 5th, 2022 (date of this report) there were no changes in the number of shares possessed by the members of the Board of Directors.

The table below presents the number of shares held by the members of the Board of Directors as of the date of this report.:

Name	Number of Shares	% of the share capital
Siarhei Kostevitch (directly and indirectly) *	20,448,127	36.84%
Constantinos Tziamalis	556,600	1.00%
Marios Christou	463,061	0.83%
Julia Prihodko	0	0%
Tasos A. Panteli	0	0%
Maria Petridou	0	0%

*Siarhei Kostevitch holds shares as the shareholder of KS Holdings Ltd.

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

10. Changes in the members of managing bodies

During the three-month period ended March 31st, 2022, there were no changes in the members of the Company's Board of Directors.

After the period ended on March 31st, 2022, Mrs. Julia Prihodko - Chief Human Relations Officer and Mr. Constantinos Tziamalis - Deputy CEO of ASBIS Group have been re-elected during the Annual General Meeting of Shareholders of the Company held on the 4th of May 2022.

11. Significant administrative and court proceedings against the Company

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

12. Related Party Transactions

During the three months ended March 31st, 2022, neither the Company nor any of the members of our Group have concluded any material related party transaction, other than with market conditions.

13. Information on guarantees granted to third parties

The total corporate guarantees the Company has issued, as at March 31st, 2022, to support its subsidiaries' local financing, amounted to USD 225,192. The total bank guarantees and letters of credit raised by the Group as at March 31st, 2022, was USD 61,190 – as per note number 16 to the financial statements.

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

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

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

In the three month period ended March 31st, 2022, the Company's results of operations have been affected and are expected to continue to be affected by a number of factors. These factors are presented in brief below:

The war between Russia and Ukraine and sanctions imposed on Russia and Belarus

The war between Russia and Ukraine which were the two major markets for ASBIS constitutes a major disruption in demand in both countries and the whole region around them. The act of war between the two countries has created the most unfavorable business environment in both countries. Despite the large geographical presence of the Group, it is not possible to totally weather the impact of a full-scale war between these two countries. The Company considers the situation as critical, and it is 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 business can be retained due to the sanctions imposed on Russia. These sanctions are significant and limit the ability of the Group to sell specific products; this is expected to adversely impact our revenues. The Group is considering its position and will evaluate all business possibilities in these markets.

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

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

It is of extreme importance for the Company to be able to weather this situation and take all necessary steps to avoid any serious impact from the overall situation.

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

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

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

Currency fluctuations

The Company's reporting currency is the U.S. dollar. In Q1 2022 a good portion of our revenues were denominated in U.S. dollars, while the balance is denominated in Euro, Ruble, UAH, KZT and other currencies, certain of which are linked to the Euro. Our trade payable balances are principally (about 80%) denominated in U.S. dollars. In addition, approximately half of our operating expenses are denominated in U.S. dollars and the other half in Euro or other currencies, certain of which are linked to the Euro. As a result, reported results are affected by movements in exchange rates, particularly in the exchange rate of the U.S. dollar against the Euro and other currencies of the countries in which we operate, including the Russian Ruble, the Ukrainian Hryvnia, the Czech Koruna, the Polish Zloty, the Croatian Kuna, the Kazakhstani Tenge and the Hungarian Forint.

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

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

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

Competition and price pressure

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

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

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

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

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

Low gross profit margins

The Company's business is comprised of both a traditional distribution of third-party products and own brand. This allows the Company to deliver healthier gross profit margins when conditions are favorable.

In the traditional distribution business, the Company's gross profit margins, like those of other distributors of IT products, are low and the Company expects that in the distribution arm of its business they will remain low in the foreseeable future.

Increased competition arising from industry consolidation and low demand for certain IT products may hinder the Company's ability to maintain or improve its gross margins. A portion of the Company's operating expenses is relatively fixed, and planned expenditures are based in part on anticipated orders that are forecasted with limited visibility of future demand. As a result, the Company may not be able to reduce its operating expenses as a percentage of revenue to mitigate any reductions in gross margins in the future.

To increase gross margins, the Company has developed its own brand business as this allows for higher gross profit margins. It has also invested in the VAD business which is also expected to deliver higher gross profit margins.

Inventory obsolescence and price erosion

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

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

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

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

Credit risk

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

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

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

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

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

Worldwide financial environment

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

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

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

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

Seasonality

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

Development of own-brand business

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

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

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

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

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

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

Warranty claims from own-brand products

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

This situation has much improved in previous years and in the course of the three months of 2022.

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

The Group is undertaking all possible steps towards ensuring proper compensation of past expenses. At the same time, in an effort to avoid such problems in the future, a much more scrutinized selection of suppliers is currently in place, which, however, does not guarantee the elimination of the risk of warranty losses.

High cost of debt

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

The Company has already negotiated improved terms with some of its supply-chain financiers and banks and is currently undertaking certain extra steps to further lower its cost of financing.

Environmental and Climate Changes

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

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

In terms of physical risks resulting from climate changes, we may face both acute and chronic risks. Acute physical risks may arise from weather-related events in the form of floods, fires or droughts that may damage factories in certain regions, cause factories to limit or temporarily stop their production or disrupt our supply chain in other ways. These may result in temporary limitations in our product offering or rising prices of hardware and components. Chronic physical risks i.e., risks that may result from long-term changes in the climate, may also affect ASBIS.

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

Shortages of specific components in IT industry

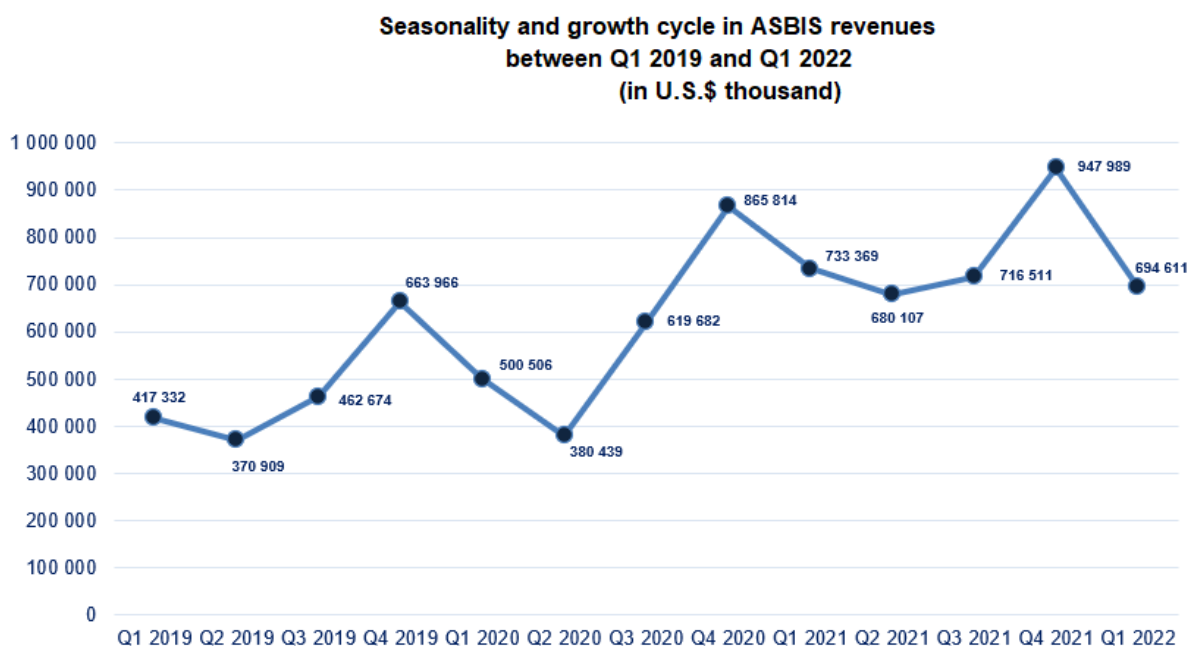
Throughout the last quarters, and with the demand for IT products to rise significantly, there have been shortages in the market of semiconductors and microchips. This might lead to higher cost price for multiple products which will have an adverse effect on Group revenues.

With the pandemic continuing, this is expected to change in the second half of 2022. The Group must take all necessary measures to ensure constant supply of components and finished products to satisfy the demand from its customers

Results of Operations

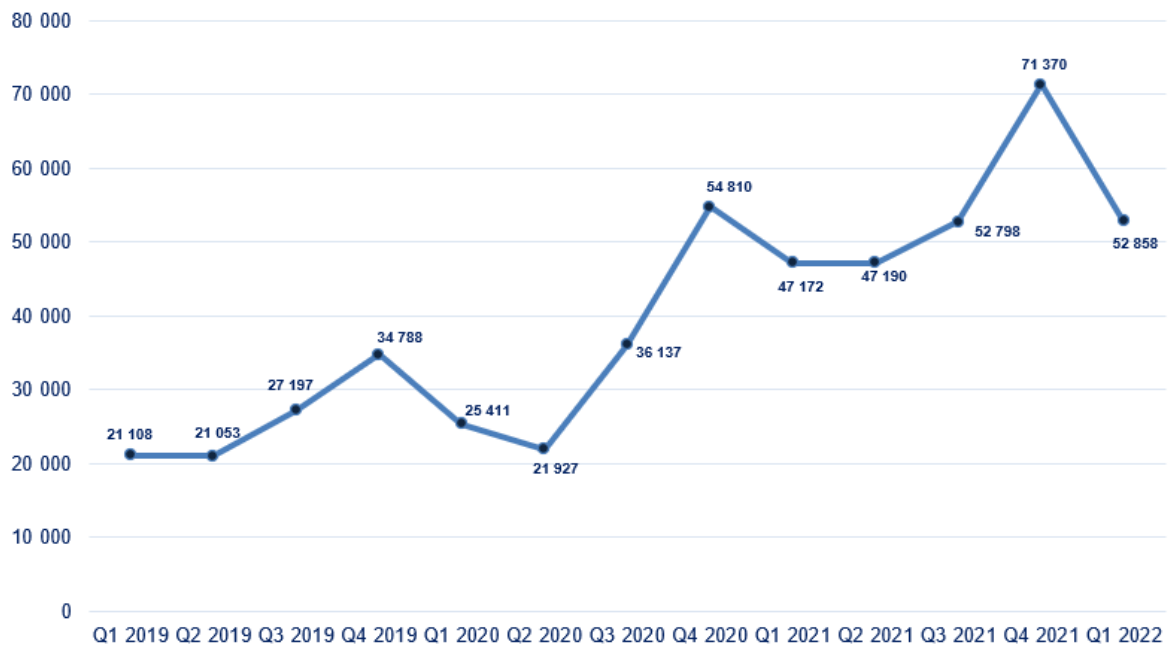
Three-month period ended 31 March 2022 compared to the three-month period ended 31 March 2021 (in US\$ thousand)

- **Revenues:** In Q1 2022 revenues decreased by only 5.3% to US\$ 694,611 from US\$ 733,369 in Q1 2021. This decrease relates to the war in Ukraine, which has negatively affected our business in countries involved in the war and nearby countries.



- **Gross profit:** In Q1 2022 gross profit amounted to US\$ 52,858 from US\$ 47,172 in Q1 2021.

**Gross profit
between Q1 2011 and Q1 2022
(in U.S.\$ thousand)**



- **Gross profit margin:**

In Q1 2022 gross profit margin strongly increased to record-high of 7.61% as compared to 6.43% in Q1 2021.

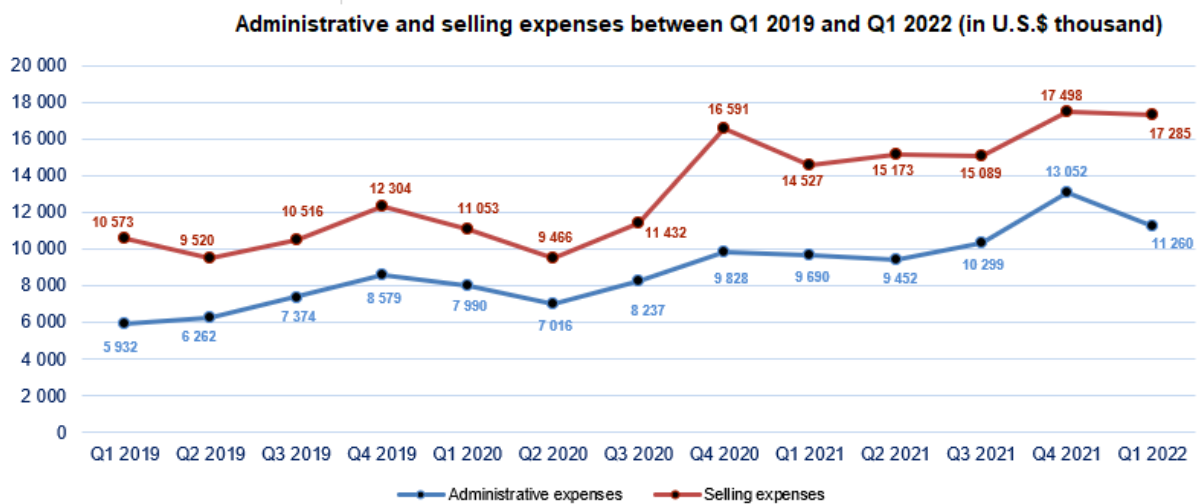
The strong improvement of the gross profit margin is the result of the current Company's strategy to focus more on the development of its product portfolio by adding new product lines and IT solutions with higher gross profit margins.

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

Selling expenses in Q1 2022 increased by 19.0% to US\$ 17,285 from US\$ 14,527 in Q1 2021.

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

Administrative expenses in Q1 2022 increased by 16.2% to US\$ 11,260 from US\$ 9,690 in Q1 2021.



- **EBITDA:** In Q1 2022 EBITDA was positive and increased by 6.4% to US\$ 25,649 from US\$ 24,103 in Q1 2021.
- **Net profit:** as a result of increased gross profit and operating cost under strict control, in Q1 2022 net profit after taxation increased and reached US\$ 16,030 as compared to US\$ 15,135 in Q1 2021. This result is considered to be more than satisfactory for the Group given the current situation in Ukraine – our second largest market so far.

Sales by regions and countries

Traditionally and throughout the Company's operations, the F.S.U. and the CEE regions contribute to the majority of our revenues. This has not changed in Q1 2022. In Q1 2022 revenues derived in the F.S.U region have decreased by 2.4% in Q1 2022, while sales in the Central and Eastern Europe region have decreased by only 1.3%. The major reasons for lower sales are attributed to war in Ukrainian (that has also affected nearby countries) and slower customer demand.

As a result of the above-mentioned facts, the contribution of certain regions – like the CEE region, in total revenues of the Company for Q1 2022 has changed compared to Q1 2021. The F.S.U. region contribution was 55.25%, compared to 53.63%, Central and Eastern Europe contribution has grown to 23.88% from 22.92%, Western Europe has decreased to 6.27% from 8.63% and the Middle East and Africa has increased slightly to 13.06% from 12.17%.

Country-by-country analysis confirms that a major decrease in sales was noted in the markets directly affected by the war in Ukraine. The decrease in Ukraine was one of the highest. As a result, revenues in Ukraine have decreased by 21.7%, compared to Q1 2021. In conjunction with this, revenues derived in our single biggest market so far - Russia have decreased by 24.6% in Q1 2022, as compared to the corresponding period of 2021. On the other hand, though, the Company was able to much increase sales in markets that were not directly affected by the war in Ukraine, like Kazakhstan – currently our biggest market, where revenues grew by 42.1% as compared to Q1 2021.

The table below provides a geographical breakdown of sales in the three-month periods ended March 31st, 2022, and 2021.

	Q1 2022		Q1 2021	
	US\$ thousand	% of total revenues	US\$ thousand	% of total revenues
Former Soviet Union	383,771	55.25%	393,287	53.63%
Central and Eastern Europe	165,901	23.88%	168,096	22.92%
Middle East and Africa	90,722	13.06%	89,237	12.17%
Western Europe	43,538	6.27%	63,272	8.63%
Other	10,679	1.54%	19,477	2.66%
Total	694,611	100%	733,369	100%

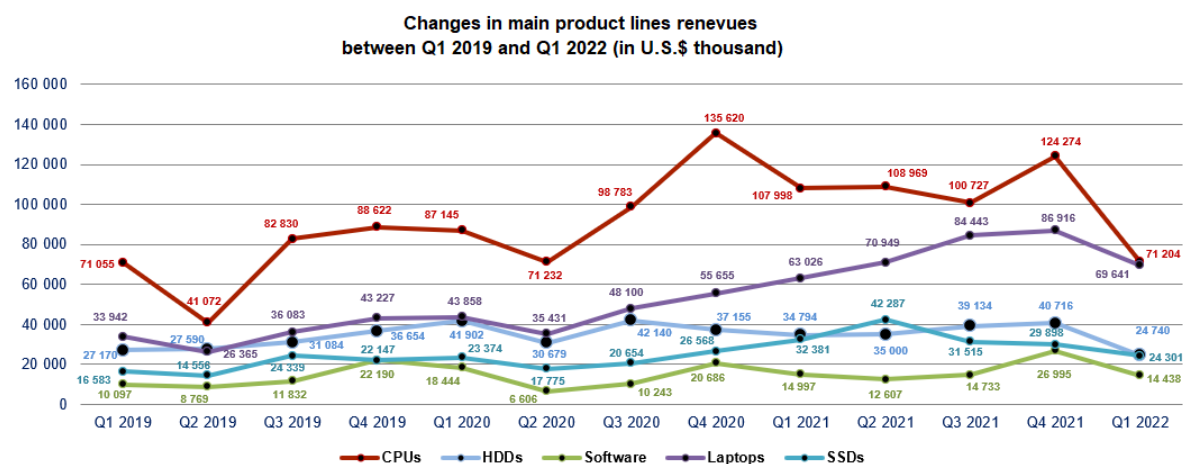
Revenue breakdown – Top 10 countries in Q1 2022 and Q1 2021 (in US\$ thousand)

	Q1 2022		Q1 2021	
	Country	Sales	Country	Sales
1.	Kazakhstan	125,201	Russia	123,515
2.	Russia	93,131	Ukraine	98,858
3.	Ukraine	77,431	Kazakhstan	88,092
4.	United Arab Emirates	62,817	United Arab Emirates	57,694
5.	Slovakia	54,689	Slovakia	47,288
6.	Belarus	33,339	Belarus	41,952
7.	Czech Republic	25,486	Czech Republic	24,731
8.	Poland	22,954	The Netherlands	24,726
9.	Azerbaijan	17,560	Poland	22,430
10.	Georgia	13,961	Romania	16,563
	TOTAL	694,611	TOTAL	733,369

Sales by product lines

Despite the war in Ukraine that affected sales in a number of countries across our operations, in Q1 2022 the Group has continued enforcing its profit oriented strategy, which includes changes in product portfolio towards the increase of sales of products generating higher gross profit margins.

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

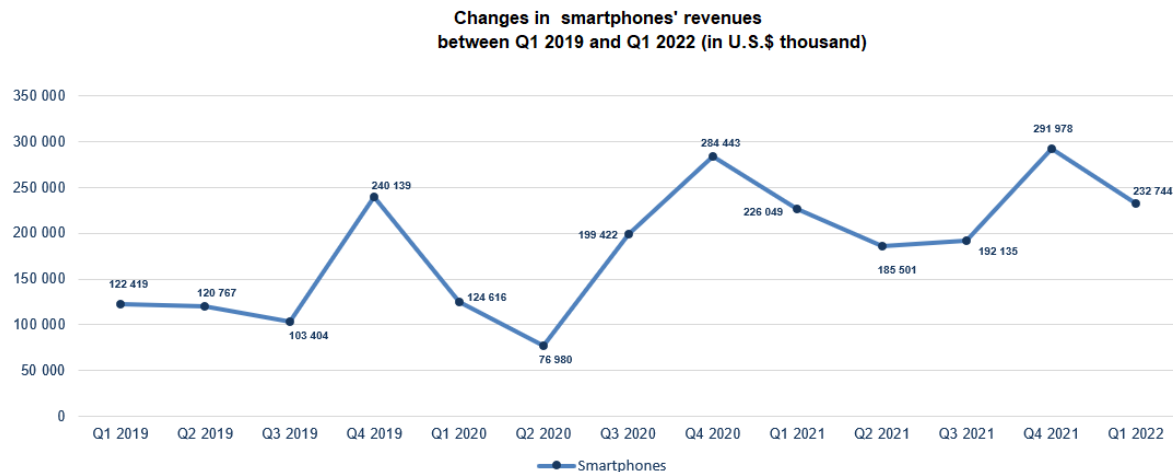


In Q1 2022 sales were mainly driven by smartphones, CPUs and laptops.

Sales from CPUs decreased in Q1 2022 by 34.1%, as compared to Q1 2021. Sales from software decreased by 3.7% in Q1 2022, as compared to Q1 2021. Revenues from SSDs and HDDs decreased by 25.0% and 28.9% respectively in Q1 2022, as compared to Q1 2021. The business of laptops grew by 10.5% in Q1 2022, as compared to Q1 2021.

Among other product lines, the Company has noticed a positive result in Q1 2021 in video cards and GPUs (+39.2%), smart devices (+29.9%) and memory modules (RAM) (+16.8%).

The chart below indicates the trends in smartphones sales:



In Q1 2022 sales of smartphones, the leader in our revenues, increased by 3.0% as compared to Q1 2021. This was the result of the persistently high demand for the Apple iPhone models.

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

	Q1 2022		Q1 2021	
	U.S. \$ thousand	% of total revenues	U.S. \$ thousand	% of total revenues
Smartphones	232,744	33.51%	226,049	30.82%
Central processing units (CPUs)	71,204	10.25%	107,998	14.73%
PC mobile (laptops)	69,641	10.03%	63,026	8.59%
Peripherals	37,355	5.38%	35,734	4.87%
Servers & server blocks	35,293	5.08%	23,067	3.15%
Audio devices	27,238	3.92%	32,988	4.50%
Hard disk drives (HDDs)	24,740	3.56%	34,794	4.74%
Solid-state drives (SSDs)	24,301	3.50%	32,381	4.42%
Memory modules (RAM)	21,071	3.03%	18,043	2.46%
Smart devices	19,998	2.88%	15,392	2.10%
PC desktop	16,820	2.42%	19,934	2.72%
Display products	15,080	2.17%	14,061	1.92%
Multimedia	15,062	2.17%	14,905	2.03%
Software	14,438	2.08%	14,997	2.04%
Networking products	14,107	2.03%	21,130	2.88%
Video cards and GPUs	10,478	1.51%	7,529	1.03%
Tablets	10,380	1.49%	15,497	2.11%
Accessories	7,993	1.15%	8,137	1.11%
Other	26,666	3.84%	27,707	3.78%
Total revenue	694,611	100%	733,369	100%

Liquidity and Capital Resources

The Company has in the past funded its liquidity requirements, including ongoing operating expenses, capital expenditures, and investments, for the most part, through operating cash flows, debt and equity financing. In Q1 2022, cash from operations was negative, which is typical for this period of the year. We do expect cash flow from operations for the full year to be positive.

The following table presents a summary of cash flows for the three months ended March 31st, 2022, and 2021:

<i>(in thousands)</i>	Three months ended 31 March 2022	Three months ended 31 March 2021
	<u>USD</u>	<u>USD</u>
Net cash movement from operating activities	(49,637)	(75,523)
Net cash movement from investing activities	(1,688)	(673)
Net cash movement from financing activities	(9,382)	2,383
Net movement in cash and cash equivalents	(60,707)	(73,813)

Net cash outflows from operations

Net cash outflows from operations amounted to US\$ 49,637 for the three months ended March 31st, 2022, compared to outflows of US\$ 75,523 in the corresponding period of 2021. This result is typical for the first quarter of the year due to seasonality. The Company expects cash from operations to turn positive for the year 2022.

Net cash outflows from investing activities

Net cash outflows from investing activities were US\$ 1,688 for the three months ended March 31st, 2022, compared to outflows of US\$ 673 in the corresponding period of 2021.

Net cash outflows from financing activities

Net cash outflows from financing activities were US\$ 9,382 for the three months ended March 31st, 2022, compared to inflows of US\$ 2,383 in the corresponding period of 2021.

Net decrease in cash and cash equivalents

As a result of improved working capital utilization, cash and cash equivalents have decreased by US\$ 60,707, compared to a decrease of US\$ 73,813 in the corresponding period of 2021.

16. Factors which may affect our results in the future

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

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

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

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

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

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

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

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

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

The very well diversified geographic coverage of the Group's revenues ensures that we do mitigate the risk of lower sales in a particular country with the possibility of higher sales in a few other countries. Since the F.S.U. and CEE regions are the biggest contributors to the Company's revenues, it is very important to adapt to any market changes that might arise in these geographies. This is especially important while facing the war in Ukraine also affecting nearby countries. Therefore, we now pay more and more attention to any possible market developments in all other growing regions.

In 2022 the primary target for the Group remains unchanged, it is profitability but always with a strong cash flow.

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

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

The Group's ability to increase gross profit margins

The Group's ability to increase its gross profit margin is of a huge importance. The strong increase observed in Q1 2022 as compared to the corresponding period of 2021 was a result of the continuation of the current Company's strategy to focus mostly on high margin products and services. It is worth mentioning that increased gross profit margin was achieved in time of the war in Ukraine.

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

Currency volatilities

The multi-currency environment that the Group operates in exposes its financial results to steep currency fluctuations. We have been successfully shielded by our hedging policy in Q1 2022. Therefore, the hedging strategy should be followed and further improved without any exception in the course of 2022 and going forward.

Ability of the Group to control expenses

Selling and administrative expenses increased in Q1 2022 by 19.0% and by 16.2% respectively as compared to Q1 2021. The total administration and selling expenses for Q1 2022 were higher than in Q1 2021. This was mostly due to investments made in human capital to support the Company's development and a special humanitarian fund called "Ukraine Help Fund" of about US\$ 1 million spent to help Ukraine.

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

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

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

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

Ability to cover warranty claims from customers

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

As a result, we have not faced any specific problems in this area in Q1 2022. However, we need to be constantly overlooking and analyzing the situation to avoid any possible losses.

17. Information about important events that occurred after the period ended on March 31st, 2022 and before this report release

According to our best knowledge, in the period between March 31st, 2022, and May 5th, 2022, no events have occurred that could affect either the Company's operations or its financial stability.

Part II: Financial Information

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

Report and Interim Condensed Consolidated Financial Statements for the period ended March 31st, 2022

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Condensed consolidated interim statement of comprehensive income	2
Condensed consolidated interim statement of financial position	3
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ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2022

ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

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ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 31 MARCH 2022

(in thousands of US\$)

		For the three months ended 31 March 2022 US\$	For the three months ended 31 March 2021 US\$
	Note		
Revenue	4,23	694,611	733,369
Cost of sales		<u>(641,753)</u>	<u>(686,198)</u>
Gross profit		52,858	47,172
Selling expenses		(17,285)	(14,527)
Administrative expenses		<u>(11,260)</u>	<u>(9,690)</u>
Profit from operations		24,313	22,955
Financial income	7	1,740	1,133
Financial expenses	7	<u>(6,446)</u>	<u>(5,453)</u>
Net finance costs		(4,706)	(4,320)
Other gains and losses	5	19	62
Share of (loss)/profit of equity-accounted investees	11	<u>(23)</u>	<u>8</u>
Profit before tax	6	19,603	18,705
Taxation	8	<u>(3,573)</u>	<u>(3,570)</u>
Profit for the period		<u>16,030</u>	<u>15,135</u>
Attributable to:			
Equity holders of the parent		16,050	15,136
Non-controlling interests		<u>(20)</u>	<u>(1)</u>
		<u>16,030</u>	<u>15,135</u>
		US\$ cents	US\$ cents
Earnings per share			
Basic and diluted from continuing operations		<u>28.92</u>	<u>27.27</u>

ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2022

(in thousands of US\$)

	For the three months ended 31 March 2022 US\$	For the three months ended 31 March 2021 US\$
Profit for the period	<u>16,030</u>	<u>15,135</u>
Other comprehensive loss		
Exchange difference on translating foreign operations	<u>(2,565)</u>	<u>(1,459)</u>
Other comprehensive loss for the period	<u>(2,565)</u>	<u>(1,459)</u>
Total comprehensive income for the period	<u>13,465</u>	<u>13,679</u>
Total comprehensive income attributable to:		
Equity holders of the parent	13,491	13,689
Non-controlling interests	<u>(26)</u>	<u>(10)</u>
	<u>13,465</u>	<u>13,679</u>

ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

(in thousands of US\$)

	Notes	As at 31 March 2022 US\$	As at 31 December 2021 US\$
ASSETS			
Non-current assets			
Property, plant and equipment	9	43,873	43,724
Intangible assets	10	1,689	1,903
Equity-accounted investees	11	1,726	1,749
Goodwill	27	589	595
Deferred tax assets	20	442	456
Total non-current assets		48,319	48,427
Current assets			
Inventories	12	380,491	324,560
Trade receivables	13	288,952	352,275
Other current assets	14	21,380	11,959
Derivative financial assets	25	313	192
Current taxation	8	642	1,156
Cash at bank and in hand	26	159,191	184,618
Total current assets		850,969	874,760
Total assets		899,288	923,187
EQUITY AND LIABILITIES			
Equity			
Share capital	15	11,100	11,100
Share premium		23,721	23,721
Retained earnings and other components of equity		167,580	154,089
Equity attributable to owners of the parent		202,401	188,910
Non-controlling interests		528	554
Total equity		202,929	189,464
Non-current liabilities			
Long term borrowings	17	4,654	5,105
Other long-term liabilities	18	811	791
Deferred tax liabilities	20	244	329
Total non-current liabilities		5,709	6,225
Current liabilities			
Trade payables	22	316,441	386,287
Trade payables factoring facilities	29	41,025	28,298
Other current liabilities	21	136,627	129,290
Short term borrowings	16	191,535	178,704
Derivative financial liabilities	24	156	299
Current taxation	8	4,866	4,620
Total current liabilities		690,650	727,498
Total liabilities		696,359	733,723
Total equity and liabilities		899,288	923,187

The financial statements were approved by the Board of Directors on 4th of May 2022.

.....
Siarhei Kostevitch
Director

.....
Marios Christou
Director

ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2022

(in thousands of US\$)

	Attributable to the owners of the parent							
	Share capital US\$	Share premium US\$	Treasury stock US\$	Translation of foreign operations US\$	Retained earnings US\$	Total US\$	Non- controlling interests US\$	Total US\$
Balance at 1 January 2021	11,100	23,518	(212)	(10,752)	111,689	135,343	295	135,638
Profit for the period 1 January 2021 to 31 March 2021	-	-	-	-	15,136	15,136	(1)	15,135
Other comprehensive loss for the period 1 January 2021 to 31 March 2021	-	-	-	(1,447)	-	(1,447)	(9)	(1,456)
Acquisition of treasury shares	-	-	1	-	-	1	-	1
Balance at 31 March 2021	11,100	23,518	(211)	(12,199)	126,825	149,033	285	149,318
Profit for the period 1 April 2021 to 31 December 2021	-	-	-	-	61,887	61,887	45	61,932
Other comprehensive loss for the period 1 April 2021 to 31 December 2021	-	-	-	(232)	-	(232)	(14)	(246)
Payment of final dividend	-	-	-	-	(22,192)	-	-	(22,192)
Minority interest on establishment of new subsidiary	-	-	-	-	-	-	211	211
Elimination of minority interest at disposal	-	-	-	-	-	-	27	27
Treasury shares sold	-	203	211	-	-	-	-	414
Balance at 31 December 2021	11,100	23,721	-	(12,431)	166,520	188,910	554	189,464
Profit for the period 1 January 2022 to 31 March 2022	-	-	-	-	16,050	16,050	(20)	16,030
Other comprehensive loss for the period 1 January 2022 to 31 March 2022	-	-	-	(2,559)	-	(2,559)	(6)	(2,565)
Acquisition of treasury shares	-	-	-	-	-	-	-	-
Balance at 31 March 2022	11,100	23,721	-	(14,990)	182,570	202,401	528	202,929

ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2022

(in thousands of US\$)

		For the three months ended 31 March 2022 US\$	For the three months ended 31 March 2021 US\$
Note			
	Profit for the period before tax and minority interest	19,603	18,705
	Adjustments for:		
	Exchange difference arising on consolidation	(1,920)	(909)
	Depreciation of property, plant and equipment and right-of-use assets	1,030	867
9	Amortization of intangible assets	306	281
10	Loss from the sale of property, plant and equipment and intangible assets	12	61
5	Impairment losses on intangible assets and goodwill	-	-
	Provision for bad debts and receivables written off	302	898
	Bad debts recovered	-	(10)
5	Provision for slow moving and obsolete stock	21	(234)
	Share of loss/(profit) of equity-accounted investees	23	(8)
11	Interest received	(169)	(16)
7	Interest paid	2,179	1,224
	Operating profit before working capital changes	21,387	20,859
	Increase / decrease in inventories	(55,951)	438
	Decrease in trade receivables	63,021	30,529
	Increase / decrease in other current assets	(9,542)	2,849
	Decrease in trade payables	(69,847)	(107,773)
	Increase in other current liabilities	7,193	7,432
	Increase / Decrease in trade payables factoring facilities	12,728	(17,111)
	Increase in other non-current liabilities	19	15
	Decrease in factoring creditors	(13,646)	(9,639)
	Cash outflows from operations	(44,638)	(72,401)
	Interest paid	(2,076)	(1,124)
7	Taxation paid, net	(2,923)	(1,998)
8	Net cash outflows from operating activities	(49,637)	(75,523)
	Cash flows from investing activities		
	Purchase of intangible assets	(111)	(180)
10	Purchase of property, plant and equipment	(1,736)	(419)
	Net payments from sale of property, plant and equipment and intangible assets	(10)	(59)
	Payments of investments in subsidiaries	-	(31)
	Interest received	169	16
7	Net cash outflows from investing activities	(1,688)	(673)
	Cash flows from financing activities		
	Repayments of long-term loans and non-current lease liabilities	(572)	(601)
	Payments/proceeds of short-term borrowings and current lease liabilities	(8,810)	2,984
	Net cash outflows from financing activities	(9,382)	2,383
	Net decrease in cash and cash equivalents	(60,707)	(73,813)
	Cash and cash equivalents at beginning of the period	150,919	113,683
	Cash and cash equivalents at end of the period	90,212	39,870
26			

ASBISC ENTERPRISES PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

(in thousands of US\$)

1. Incorporation and principal activities

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

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

2. Basis of preparation

(a) Statement of compliance

These interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all the information required for a complete set of IFRS financial statements and they should be read in conjunction with the audited financial statements for the year ended 31 December 2021. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2021.

These interim financial statements were authorized for issue by the Company's Board of Directors on the 4th of May 2022.

(b) Use of the judgments and estimates

Preparing the interim financial statements requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

3. Significant accounting policies

The accounting policies adopted for the preparation of the condensed consolidated interim financial statements for the three months ended 31 March 2022 are consistent with those followed for the preparation of the annual financial statements for the year 2021 except for the adoption by the Group of all the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for annual periods beginning on 1 January 2022. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

ASBISC ENTERPRISES PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

(in thousands of US\$)

4. Revenue

	For the three months ended 31 March 2022 US\$	For the three months ended 31 March 2021 US\$
Sales of goods	686,954	725,680
Sales of licenses	6,592	7,585
Rendering of services	1,029	31
Sales of optional warranty	36	73
	<u>694,611</u>	<u>733,369</u>

Effect of seasonality

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

5. Other gains and losses

	For the three months ended 31 March 2022 US\$	For the three months ended 31 March 2021 US\$
Loss on disposal of property, plant and equipment	(12)	(61)
Other income	10	62
Bad debts recovered	-	10
Rental income	21	50
	<u>19</u>	<u>62</u>

6. Profit before tax

	For the three months ended 31 March 2022 US\$	For the three months ended 31 March 2021 US\$
Profit before tax is stated after charging:		
(a) Amortization of intangible assets (Note 10)	306	281
(b) Depreciation of property, plant and equipment and right-of-use assets (Note 9)	1,030	867
(c) Auditors' remuneration	210	105
(d) Directors' remuneration – executive (Note 28)	1,706	489
(e) Directors' remuneration – non-executive (Note 28)	32	7
	<u>3,284</u>	<u>2,750</u>

ASBISC ENTERPRISES PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

(in thousands of US\$)

7. Financial expense, net

	For the three months ended 31 March 2022 US\$	For the three months ended 31 March 2021 US\$
Financial income		
Interest income	169	16
Exchange gain	795	-
Other financial income	776	1,117
	<u>1,740</u>	<u>1,133</u>
Financial expense		
Bank interest	2,076	1,124
Bank charges	1,213	1,123
Derivative charges	265	239
Factoring interest	2,256	1,932
Factoring charges	83	107
Other financial expenses	67	20
Interest on lease liabilities	102	100
Other interest	384	445
Net exchange loss	-	363
	<u>6,446</u>	<u>5,453</u>
Net	<u>(4,706)</u>	<u>(4,320)</u>

8. Tax

	As at 31 March 2022 US\$	As at 31 December 2021 US\$
Payable balance 1 January	3,464	4,676
Provision for the period/year	3,606	17,532
Over/Under provision of prior periods/year	51	(361)
Exchange difference on retranslation	26	(13)
Amounts paid, net	<u>(2,923)</u>	<u>(18,370)</u>
Net payable balance 31 March/31 December	<u>4,224</u>	<u>3,464</u>

ASBISC ENTERPRISES PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

(in thousands of US\$)

8. Tax (continued)

	As at 31 March 2022 US\$	As at 31 December 2021 US\$
Tax receivable	(642)	(1,156)
Tax payable	4,866	4,620
Net	<u>4,224</u>	<u>3,464</u>

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

	For the three months ended 31 March 2022 US\$	For the three months ended 31 March 2021 US\$
Provision for the period	3,606	3,502
Under provision of prior years	51	5
Deferred tax charge (Note 20)	<u>(84)</u>	<u>64</u>
Charge for the period	<u>3,573</u>	<u>3,570</u>

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

ASBISC ENTERPRISES PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2022

(in thousands of US\$)

9. Property, plant and equipment

	Land and buildings US\$	Assets under construction US\$	Computer hardware US\$	Warehouse machinery US\$	Motor vehicles US\$	Furniture and fittings US\$	Office equipment US\$	Total US\$
Cost								
At 1 January 2021	32,241	-	8,101	640	4,083	3,097	4,200	52,362
Additions	4,755	7,249	1,363	159	794	875	559	15,754
Disposals	(250)	-	(495)	(24)	(335)	(74)	(87)	(1,265)
Foreign exchange difference on retranslation	(896)	-	(169)	20	(57)	(68)	(72)	(1,242)
At 31 December 2021	35,850	7,249	8,800	795	4,485	3,830	4,600	65,609
Additions	(7,243)	8,194	211	-	146	311	141	1,760
Disposals	(28)	-	(70)	-	(115)	(13)	(6)	(232)
Foreign exchange difference on retranslation	(287)	-	(158)	23	(102)	81	(106)	(549)
At 31 March 2022	28,292	15,443	8,783	818	4,414	4,209	4,629	66,588
Accumulated depreciation								
At 1 January 2021	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)
At 31 December 2021	7,710	-	6,173	488	2,167	2,381	2,966	21,885
Charge for the period	461	-	157	21	197	110	84	1,030
Disposals	(28)	-	(70)	-	(115)	(13)	(6)	(232)
Foreign exchange difference on retranslation	(113)	-	(74)	24	(17)	252	(40)	32
At 31 March 2022	8,030	-	6,186	533	2,232	2,730	3,004	22,715
Net book value								
At 31 March 2022	20,262	15,443	2,597	285	2,182	1,479	1,625	43,873
At 31 December 2021	28,140	7,249	2,627	307	2,318	1,449	1,634	43,724

ASBISC ENTERPRISES PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

(in thousands of US\$)

9. Property, plant and equipment (continued)

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

	Land and buildings US\$	Warehouse machinery US\$	Motor vehicles US\$	Total US\$
Balance at 1 January 2021	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
Derecognition of right of use assets	-	-	-	-
Foreign exchange difference on retranslation	(120)	(2)	12	(110)
Balance at 31 December 2021	8,287	26	1,099	9,412
Depreciation charge for the period	(354)	(2)	(108)	(464)
Additions to right of use assets	24	-	-	24
Foreign exchange difference on retranslation	(91)	-	68	(23)
Balance at 31 March 2022	7,866	24	1,059	8,949

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\$ 521 (2021: US\$ 2,504).

10. Intangible assets

	Computer software US\$	Patents and licenses US\$	Total US\$
Cost			
At 1 January 2021	10,592	1,573	12,165
Additions	548	146	694
Disposals/ write-offs	(97)	(47)	(144)
Foreign exchange difference on retranslation	(35)	18	(17)
At 31 December 2021	11,008	1,690	12,698
Additions	95	16	111
Disposals/ write-offs	(22)	(77)	(99)
Foreign exchange difference on retranslation	4	18	22
At 31 March 2022	11,085	1,647	12,732
Accumulated amortization			
At 1 January 2021	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
At 31 December 2021	9,554	1,241	10,795
Charge for the period	267	39	306
Disposals/ write-offs	(22)	(75)	(97)
Foreign exchange difference on retranslation	15	24	39
At 31 March 2022	9,814	1,229	11,043
Net book value			
At 31 March 2022	1,271	418	1,689
At 31 December 2021	1,454	449	1,903

ASBISC ENTERPRISES PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

(in thousands of US\$)

11. Equity-accounted investees

	As at 31 March 2022 US\$	As at 31 December 2021 US\$
Cost		
At 1 January	1,790	868
Additions (i), (ii)	-	1,149
Full acquisition of equity accounted investee (iii)	-	(227)
At 31 March/31 December	2,712	1,790
Accumulated share of loss from equity-accounted investees		
At 1 January	(41)	(41)
Share of profit from equity-accounted investees during the period/year	(23)	-
Exchange difference	-	-
At 31 March/31 December	(64)	(41)
Carrying amount of equity-accounted investees	1,726	1,749

- (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 March 2021, the Group acquired the remaining 50% shareholding of Breezy Trade-In Ltd (former Redmond Europe Ltd), for the consideration of US\$ 31.

The loan granted to associate LLC Clevetura, bears interest of 4% p.a. and is repayable in December 2022. In addition, the Group, for the period ending 31 December 2021, acquired services for the total amount of US\$ 164 (2021: US\$ 611) from this associate.

12. Inventories

	As at 31 March 2022 US\$	As at 31 December 2021 US\$
Goods in transit	34,059	59,620
Goods held for resale	351,154	269,686
Provision for slow moving and obsolete stock	(4,722)	(4,746)
	380,491	324,560

As at 31 March 2022, inventories pledged as security for financing purposes amounted to US\$ 73,586 (2021: US\$ 103,948).

Movement in provision for slow moving and obsolete stock:

	For the three months ended 31 March 2022 US\$	For the year ended 31 December 2021 US\$
On 1 January	4,746	5,308
Provisions for the period/year	28	716
Provided stock written off	(8)	(1,319)
Exchange difference on retranslation	(44)	41
On 31 March/31 December	4,722	4,746

ASBISC ENTERPRISES PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

(in thousands of US\$)

13. Trade receivables

	As at 31 March 2022 US\$	As at 31 December 2021 US\$
Trade receivables	274,293	344,645
Prepayments to trade vendors	17,221	10,009
Allowance for doubtful debts	(2,562)	(2,379)
	<u>288,952</u>	<u>352,275</u>

Movement in provision for doubtful debts:

	For the three months ended 31 March 2022 US\$	For the year ended 31 December 2021 US\$
On 1 January	2,379	2,096
Provisions for the period/year	309	652
Amount written-off as uncollectible	(7)	(300)
Bad debts recovered	-	(11)
Exchange difference on retranslation	(119)	(58)
On 31 March/31 December	<u>2,562</u>	<u>2,379</u>

14. Other current assets

	As at 31 March 2022 US\$	As at 31 December 2021 US\$
VAT and other taxes refundable	12,849	6,886
Deposits and advances to service providers	346	302
Employee floats	3,215	112
Other debtors and prepayments	<u>4,970</u>	<u>4,659</u>
	<u>21,380</u>	<u>11,959</u>

15. Share capital

	As at 31 March 2022 US\$	As at 31 December 2021 US\$
Authorized		
63,000,000 (2021: 63,000,000) shares of US\$ 0.20 each	<u>12,600,000</u>	<u>12,600,000</u>
Issued and fully paid		
55,500,000 (2021: 55,500,000) ordinary shares of US\$ 0.20 each	<u>11,100,000</u>	<u>11,100,000</u>

ASBISC ENTERPRISES PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

(in thousands of US\$)

16. Short term borrowings

	As at 31 March 2022 US\$	As at 31 December 2021 US\$
Bank overdrafts (Note 26)	68,979	33,698
Current portion of long-term loans	237	241
Bank short-term loans	61,114	69,885
Current lease liabilities (Note 19)	<u>1,708</u>	<u>1,737</u>
Total short-term debt	<u>132,038</u>	<u>105,561</u>
Factoring creditors	<u>59,497</u>	<u>73,143</u>
	<u>191,535</u>	<u>178,704</u>

Summary of borrowings and overdraft arrangements

As at 31 March 2022 the Group had factoring facilities of US\$ 183,694 (2021: US\$ 168,974).

In addition, the Group as at 31 March 2022 had the following financing facilities with banks in the countries that the Company and its subsidiaries operate:

- overdraft lines of US\$ 114,302 (2021: US\$ 119,776)
- short-term loans/revolving facilities of US\$ 88,047 (2021: US\$ 101,450)
- bank guarantee and letters of credit lines of US\$ 61,190 (2021: US\$ 60,275)

The Group had for the period ended 31st March 2022 cash lines (overdrafts, loans and revolving facilities) and factoring lines.

The Weighted Average Cost of Debt (cash lines and factoring lines) for the period is 9.2% (2021: 6.0%).

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

Floating charges over all assets of the Company

Mortgage on land and buildings that the Group owns in Cyprus, Czech Republic, Belarus, Middle East, Bulgaria, Slovakia and Ukraine

Charge over receivables and inventories

Corporate guarantees

Assignment of insurance policies

Pledged deposits of US\$ 31,939 (2021: US\$ 32,453)

ASBISC ENTERPRISES PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

(in thousands of US\$)

17. Long term borrowings

	As at 31 March 2022 US\$	As at 31 December 2021 US\$
Bank loans	63	123
Non-current lease liabilities (Note 19)	4,591	4,982
	<u>4,654</u>	<u>5,105</u>

18. Other long-term liabilities

	As at 31 March 2022 US\$	As at 31 December 2021 US\$
Other long-term liabilities	<u>811</u>	<u>791</u>

19. Lease liabilities

	As at 31 March 2022 US\$	As at 31 December 2021 US\$
Current lease liabilities (Note 16)	1,708	1,737
Non-current lease liabilities (Note 17)	4,591	4,982
	<u>6,299</u>	<u>6,719</u>

20. Deferred tax

	For the three months ended 31 March 2022 US\$	For the year ended 31 December 2021 US\$
Debit balance on 1 January	(128)	(160)
Deferred tax charge for the period/year	(84)	4
Exchange difference on retranslation	14	29
At 31 March/31 December	<u>(198)</u>	<u>(127)</u>

	As at 31 March 2022 US\$	As at 31 December 2021 US\$
Deferred tax assets	(442)	(456)
Deferred tax liabilities	244	329
Net deferred tax assets	<u>(198)</u>	<u>(127)</u>

ASBISC ENTERPRISES PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

(in thousands of US\$)

21. Other current liabilities

	As at 31 March 2022 US\$	As at 31 December 2021 US\$
Salaries payable and related costs	3,626	4,834
VAT payable	3,986	11,177
Provision for warranties	7,830	8,081
Accruals, deferred income and other provisions	91,573	77,893
Provision for marketing	21,362	19,857
Non-trade accounts payable	8,250	7,448
	<u>136,627</u>	<u>129,290</u>

22. Trade payables and prepayments

	As at 31 March 2022 US\$	As at 31 December 2021 US\$
Trade payables	291,328	364,396
Prepayments from customers	<u>25,113</u>	<u>21,891</u>
	<u>316,441</u>	<u>386,287</u>

23. Operating segments

1.1 Reportable segments

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

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

1.2 Segment revenues

	For the three months ended 31 March 2022 US\$	For the three months ended 31 March 2021 US\$
Former Soviet Union	383,771	393,287
Central Eastern Europe	165,901	168,096
Middle East & Africa	90,722	89,237
Western Europe	43,538	63,272
Other	<u>10,679</u>	<u>19,477</u>
	<u>694,611</u>	<u>733,369</u>

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

(in thousands of US\$)

23. Operating segments (continued)

1.3 Segment results

	For the three months ended 31 March 2022 US\$	For the three months ended 31 March 2021 US\$
Former Soviet Union	5,590	11,043
Central Eastern Europe	13,935	5,857
Middle East & Africa	2,957	3,312
Western Europe	1,478	2,103
Other	353	640
Profit from operations	24,313	22,955
Net financial expenses	(4,706)	(4,320)
Other gains and losses	19	61
Share of loss from associates	(23)	8
Profit before taxation	19,603	18,705

1.4 Segment capital expenditure (CAPEX)

	As at 31 March 2022 US\$	As at 31 December 2021 US\$
Former Soviet Union	8,844	9,315
Central Eastern Europe	14,187	14,569
Middle East & Africa	3,592	3,631
Cyprus	19,494	18,668
Unallocated	34	39
	46,151	46,222

1.5 Segment depreciation and amortization

	For the three months ended 31 March 2022 US\$	For the three months ended 31 March 2021 US\$
Former Soviet Union	400	340
Central Eastern Europe	386	341
Middle East & Africa	49	45
Unallocated	501	422
	1,336	1,148

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(in thousands of US\$)

23. Operating segments (continued)

1.6 Segment assets

	As at 31 March 2022 US\$	As at 31 December 2021 US\$
Former Soviet Union	274,967	500,800
Central Eastern Europe	149,750	68,868
Middle East & Africa	179,839	168,729
Western Europe	200,554	104,370
Total	805,110	842,767
Assets allocated in capital expenditure (1.4)	46,151	46,222
Other unallocated assets	48,027	34,198
Consolidated assets	899,288	923,187

24. Derivative financial liability

	As at 31 March 2022 US\$	As at 31 December 2021 US\$
<u>Derivative financial liabilities carried at fair value through profit or loss</u>		
Foreign currency derivative contracts	156	299

25. Derivative financial asset

	As at 31 March 2022 US\$	As at 31 December 2021 US\$
<u>Derivative financial assets carried at fair value through profit or loss</u>		
Foreign currency derivative contracts	313	192

26. Cash and cash equivalents

	As at 31 March 2022 US\$	As at 31 December 2021 US\$
Cash at bank and in hand	159,191	184,618
Bank overdrafts (Note 16)	(68,979)	(33,698)
	90,212	150,920

The cash at bank and in hand balance includes an amount of US\$ 31,939 (2021: US\$ 32,453) which represents pledged deposits against financial facilities granted and margin accounts for foreign exchange hedging.

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(in thousands of US\$)

27. Goodwill

	As at 31 March 2022 US\$	As at 31 December 2021 US\$
At 1 January	595	629
Foreign exchange difference on retranslation	(6)	(34)
At 31 March/31 December	<u>589</u>	<u>595</u>

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

	As at 31 March 2022 US\$	As at 31 December 2021 US\$
OOO Must	201	201
ASBIS d.o.o. (BA)	<u>388</u>	<u>394</u>
	<u>589</u>	<u>595</u>

28. Transactions and balances of key management

	For the three months ended 31 March 2022 US\$	For the three months ended 31 March 2021 US\$
Director's remuneration - executive (Note 6)	1,706	489
Director's remuneration - non-executive (Note 6)	<u>32</u>	<u>7</u>
	<u>1,738</u>	<u>496</u>

29. Trade payables factoring facilities

	As at 31 March 2022 US\$	As at 31 December 2021 US\$
Trade payables factoring facilities	<u>41,025</u>	<u>28,298</u>

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

(in thousands of US\$)

30. Business combinations

Acquisitions

1.1 Acquisitions of subsidiaries to 31 March 2022

During the period the Group had no acquisitions of subsidiaries.

Acquisitions of subsidiaries to 31 December 2021

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

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

1.1.b. Acquired assets and liabilities

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

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

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

(in thousands of US\$)

30. Business combinations (continued)

Disposals

Disposals of subsidiaries to 31 March 2022

During the period the Group had no disposals of subsidiaries.

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 Auctis (Moscow)	Information Technology	30 November 2021	100%
ALC Auctis (Belarus)	Information Technology	30 November 2021	100%

31. Commitments and contingencies

As at 31 March 2022 the Group was committed in respect of purchases of inventories of a total cost value of US\$ 16,348 (2021: US\$ 9,937) which were in transit at 31 March 2022 and delivered in April 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 March 2022 the Group was contingently liable to banks in respect of bank guarantees and letters of credit lines of US\$ 61,190 (2021: US\$ 60,275) (note 16) which the Group has extended to its suppliers and other counterparties.

As at the 31st of March 2022 the Group had no other capital or legal commitments and contingencies.

32. Fair values

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