**ASBISc Enterprises Plc**

# INTERIM MANAGEMENT REPORT FOR THE THREE MONTHS ENDED 31 MARCH 2021

Limassol, May 6th, 2021

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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 2021. 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: Additional information

### 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, Iraq, Qatar and other Gulf states), Russia, Belarus, Kazakhstan, Ukraine and Latvia.

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

ASBISc commenced business in 1990 in Belarus 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 2021

In the three-month period ended March 31, 2021, ASBIS once again has demonstrated its strength and ability to adopt to new market conditions and grab all possible opportunities that are presented.

In the first quarter of 2021, ASBIS significantly improved both revenues and profits. Revenues were USD 733.4 million (up 47% compared to Q1 2020) due to the high demand for IT products and services. The net profit reached USD 15.1 million, up 575% over the comparable period last year.

The quarter-over-quarter increase in net sales reflected a strong growth in all the Company's geographic reportable segments and almost all major product lines. The highest increase in product lines was recorded by peripherals and audio devices which increased by 138% and 99% respectively, as compared to Q1 2020.

Looking at the regions, the Former Soviet Union and Central & Eastern Europe regions traditionally had the largest share in the Group's revenues. The share of the Former Soviet Union in total revenues grew to 53.63% in Q1 2021, from 53.06% in Q1 2020**.**

A country-by-country analysis confirms the excellent growth rates the Group was able to achieve in all major countries of operations. The important countries with the highest sales growth in Q1 2021 were:

- Kazakhstan – a growth of 83%
- United Arab Emirates – a growth of 77%
- Ukraine – a growth of 46%
- Czech Republic - a growth of 29%

In the first quarter of 2021, ASBIS published a strong forecast for 2021. ASBIS expects sales revenue in 2021 between USD 2.7 billion and USD 2.9 billion, and net profit after tax between USD 47 million and USD 51 million. This is a significant increase in results compared to those generated in 2020. In 2020, ASBIS generated record-breaking financial results in its history - revenues amounted to nearly USD 2.4 billion, while the net profit amounted to USD 36.5 million.

In the three months ended March 31, 2021, based on the strong financial position of the Company, the Board of Directors decided to recommend the Annual General Meeting of Shareholders the payment of a final dividend of USD 0.20 cents per share. This suggests a payment of another USD 11,100,000 out of the 2020 net profit after tax, apart from the interim dividend paid in December last year. The Annual General Meeting held on the 5th of May 2021 approved the final dividend which means that the entire dividend for 2020 is the highest in ASBIS history.

We have completed the first quarter of 2021, the best first quarter ever for the Group and we consider it to have been a very successful one and consistent with our expectations. Having seen the results of the first quarter, we are confident to deliver the forecasted numbers.

**The principal events of the three months ended 31 March 2021 were as follows (in US$ thousand):**

- Revenues in Q1 2021 increased by 46.5% to US$ 733,369 from US$ 500,506 in Q1 2020.
- Gross profit in Q1 2021 increased by 85.6% to US$ 47,172 from US$ 25,411 in Q1 2020.
- Gross profit margin in Q1 2021 much improved to 6.43% from 5.08% in Q1 2020.
- Selling expenses in Q1 2021 increased by 31.4% to US$ 14,527 from US$ 11,053 in Q1 2020.
- Administrative expenses in Q1 2021 increased by 21.3% to US$ 9,690 from US$ 7,990 in Q1 2020.
- EBITDA in Q1 2021 was extremely high year-on-year and reached US$ 24,103 in comparison to US$ 7,376 in Q1 2020, a super strong improvement of 226.7%.
- As a result of a strong growth in revenues and gross profit and controlled expenses, in Q1 2021 the Company has enormously improved its net profit after taxation by 575.2% to U.S. $ 15,135 as compared to U.S.$ 2,241 in Q1 2020. This result is considered to be a remarkable one for the Group, confirming once again the strengths of the Group and its ability to deliver super strong results.

The following table presents revenues breakdown by regions for Q1 2021 and Q1 2020 (in US$ thousand):

| Region | Q1 2021 | Q1 2020 | YoY change |
|---|---|---|---|
| Former Soviet Union | 393,287 | 265,547 | 48.1% |
| Central and Eastern Europe | 168,096 | 143,801 | 16.9% |
| Middle East and Africa | 89,237 | 50,166 | 77.9% |
| Western Europe | 63,272 | 31,351 | 101.8% |
| Other | 19,476 | 9,641 | 102.0% |
| **Total** | **733,369** | **500,506** | **46.5%** |

**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, 2021 and 2020, have been converted into Euro and PLN, based on the exchange rates provided by the National Bank of Poland:

| | As at 31 March 2021 | Three months ended 31 March 2021 average | As at 31 March 2020 | Three months ended 31 March 2020 average |
|---|---|---|---|---|
| **USD/PLN** | 3.9676 | 3.8128 | 4.1466 | 3.9907 |
| **EUR/PLN** | 4.6603 | 4.5721 | 4.5523 | 4.3963 |

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.

| | **Three months ended 31 March 2021** | | | **Three months ended 31 March 2020** | | |
|---|---|---|---|---|---|---|
| *(in thousands)* | USD | PLN | EUR | USD | PLN | EUR |
| **Revenue** | **733,369** | **2,863,470** | **640,002** | **505,506** | **1,997,353** | **454,329** |
| Cost of sales | (686,198) | (2,679,289) | (598,836) | (475,095) | (1,895,946) | (431,263) |
| **Gross profit** | **47,172** | **184,185** | **41,166** | **25,411** | **101,407** | **23,067** |
| ***Gross profit margin*** | ***6.43%*** | | | ***5.08%*** | | |
| Selling expenses | (14,527) | (56,721) | (12,678) | (11,053) | (44,109) | (10,033) |
| Administrative expenses | (9,690) | (37,835) | (8,456) | (7,990) | (31,885) | (7,253) |
| **Profit from operations** | **22,955** | **89,629** | **20,033** | **6,368** | **25,413** | **5,780** |
| Financial income | 1,133 | 4,424 | 989 | 733 | 2,925 | 665 |
| Financial expenses | (5,453) | (21,291) | (4,759) | (4,380) | (17,479) | (3,976) |
| Share of profit/(loss) of equity-accounted investees | 8 | 31 | 7 | 0 | 0 | 0 |
| Other gains and losses | 62 | 242 | 54 | 243 | 970 | 221 |
| **Profit before taxation** | **18,705** | **73,034** | **16,324** | **2,964** | **11,828** | **2,691** |
| Taxation | (3,570) | (13,939) | (3,115) | (723) | (2,885) | (656) |
| **Profit after taxation** | **15,135** | **59,095** | **13,208** | **2,241** | **8,943** | **2,034** |

**EBITDA calculation**

| | USD | PLN | EUR | USD | PLN | EUR |
|---|---|---|---|---|---|---|
| Profit before tax | 18,705 | 73,034 | 16,324 | 2,964 | 11,828 | 2,691 |
| *Add back:* | | | | | | |
| Financial expenses/net | 4,320 | 16,868 | 3,770 | 3,647 | 14,554 | 3,311 |
| Other income | (62) | (242) | (54) | (243) | (970) | (221) |
| Share of profit of equity-accounted investees | (8) | (31) | (7) | 0 | 0 | 0 |
| Depreciation | 867 | 3,385 | 757 | 778 | 3,105 | 706 |
| Amortization | 281 | 1,097 | 245 | 230 | 918 | 209 |
| (Impairment of goodwill)/Negative goodwill | 0 | 0 | 0 | 0 | 0 | 0 |
| **EBITDA for the period** | **24,103** | **94,111** | **21,034** | **7,376** | **29,435** | **6,695** |

| | | | | | | |
|---|---|---|---|---|---|---|
| *Attributable to:* | | | | | | |
| Non-controlling interests | (1) | (4) | (1) | (32) | (128) | (29) |
| Owners of the Company | 15,136 | 59,099 | 13,209 | 2,273 | 9,071 | 2,063 |
| | **15,135** | **59,095** | **13,208** | **2,241** | **8,943** | **2,034** |

| | USD cents | PLN grosz | EUR cents | USD cents | PLN grosz | EUR cents |
|---|---|---|---|---|---|---|
| Basic and diluted earnings per share from continuing operations | 27.27 | 106.48 | 23.80 | 4.10 | 16.36 | 3.72 |

| | Three months ended 31 March 2021 | | | Three months ended 31 March 2020 | | |
|---|---|---|---|---|---|---|
| *(in thousands)* | USD | PLN | EUR | USD | PLN | EUR |
| Net cash movement from operating activities | (75,523) | (294,883) | (65,908) | (72,598) | (289,714) | (65,900) |
| Net cash movement from investing activities | (673) | (2,628) | (587) | (944) | (3,767) | (857) |
| Net cash movement from financing activities | 2,382 | 9,301 | 2,079 | (1,392) | (5,555) | (1,264) |
| **Net movement in cash and cash equivalents** | **(73,813)** | **(288,206)** | **(64,416)** | **(74,934)** | **(299,037)** | **(68,021)** |
| Cash at the beginning of the period | 113,683 | 443,880 | 99,210 | 78,306 | 312,493 | 71,081 |
| **Cash at the end of the period** | **39,870** | **155,674** | **34,794** | **3,372** | **13,457** | **3,061** |

| | As at 31 March 2021 | | | As at 31 December 2020 | | |
|---|---|---|---|---|---|---|
| *(in thousands)* | USD | PLN | EUR | USD | PLN | EUR |
| Current assets | 647,742 | 2,434,474 | 527,536 | 751,844 | 3,117,596 | 684,840 |
| Non-current assets | 35,909 | 134,960 | 29,245 | 37,068 | 153,706 | 33,765 |
| **Total assets** | **683,651** | **2,569,434** | **556,781** | **788,912** | **3,271,302** | **718,604** |
| Current liabilities | 527,868 | 1,983,939 | 429,908 | 646,507 | 2,680,806 | 588,890 |
| Non-current liabilities | 6,466 | 24,302 | 5,266 | 6,767 | 28,060 | 6,164 |
| **Total liabilities** | **534,334** | **2,008,241** | **435,174** | **653,274** | **2,708,866** | **595,054** |
| **Equity** | **149,318** | **561,197** | **121,608** | **135,638** | **562,437** | **123,550** |

## 4. Organization of ASBIS Group

The following table presents our corporate structure as at March 31st, 2021:

| 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 Sp. z o.o in liquidation (Warsaw, Poland) | 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 TR Bilgisayar Limited Sirketi (Istanbul, Turkey) | 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%) |
| Advanced Systems Company LLC (Riyadh, Kingdom of Saudi Arabia) | Full (100%) |
| E-vision Production Unitary Enterprise (Minsk, Belarus) | Full (100%) |
| ASBIS SERVIC Ltd (Kiev, Ukraine) | 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%) |
| LLC Vizuatika (Minsk, Belarus) | Full (75%) |
| LLC Vizuators (Minsk, Belarus) | Full (75%) |
| ASBC LLC (Tbilisi, Georgia) | Full (100%) |
| ALC Avectis (Minsk, Belarus) | Full (100%) |
| OOO Avectis (Moscow, Russia) | 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%) |
| Café-Connect LLC (Minsk, Belarus) | Full (100%) |
| MakSolutions LLC (Minsk, Belarus) | Full (100%) |
| TOO “ASNEW” (Almaty, Kazakhstan) | 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%) |
| Vizuators LLC (Moscow, Russia) | Full (100%) |
| Breezy Service LLC (Kiev, Ukraine) | Full (100%) |
| Redmond Europe Ltd (Limassol, Cyprus) | Full (100%) |
| I.O. Clinic Latvia SIA (Riga, Latvia) | Full (100%) |
| SIA Joule Production (Riga, Latvia) | Full (100%) |

### 5. Changes in the structure of the Group

During the three months ended March 31st, 2021 there were following changes in the Group’s structure:

- On January 8th, 2021, the Issuer has acquired the 100% shares of the company SIA Joule Production (Riga, Latvia). The Issuer holds 100% in this subsidiary, being equal to share capital of EUR 5,000 (USD 6,052). We acquired this entity for development, production and distribution of IT products and medical devices.
- On February 1st, 2021, the Issuer has acquired 100% shares of the company Vizuators LLC (Moscow, Russia). The Issuer holds 100% in this subsidiary, being equal to share capital of RUB 10,000 (USD 134). We acquired this entity for sale of software licenses.
- On February 3rd, 2021, the Issuer has acquired the 100% shares of the company I.O. Clinic Latvia SIA (Riga, Latvia). The Issuer holds 100% in this subsidiary, being equal to share capital of EUR 5,000 (USD 6,052). We acquired this entity for development, production and distribution of IT products and medical devices.
- On February 5th, 2021, the Issuer has acquired 100% shares of the company ASBIS CA LLC (Tashkent, Uzbekistan). The Issuer holds 100% in this subsidiary, being equal to share capital of UZS 105,000,000 (USD 9,962). We acquired this entity to distribute IT products.
- On March 15th, 2021, the Issuer has acquired 100% shares of the company Breezy Service LLC (Kiev, Ukraine). The Issuer holds 100% in this subsidiary, being equal to share capital of UAH 1,000 (USD 35). We acquired this entity to provide warranty services.
- On March 30th, 2021, the Issuer has acquired the remaining 50% shares of the company Redmond Europe Ltd (Limassol, Cyprus). The Issuer holds 100% in this subsidiary, being equal to share capital of EUR 400,000 (USD 461,660). We acquired this entity to distribute IT products.

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

On March 29th, 2021 the Company announced its official financial forecast for 2021 that assumed revenues between US$ 2.7 billion and 2.9 billion and net profit after tax between US$ 47.0 and US$ 51.0 million.

Having seen the results for Q1 2021, we are confident that we shall be able to deliver the announced financial forecast for 2021.

## 7. Information on dividend payment

During the three-month period ended March 31st, 2021 no dividend was paid.

However, on May 5th, 2021 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 2020 profits for the amount of USD 0.20 cents per share, a total amount of USD 11,100,000. The dividend record date was set for May 17th, 2021 and the dividend pay-out date for May 27th, 2021.

Thus, the grand total for dividends from the Company's 2020 profits (including the interim dividend pay-out on December 17th, 2020) amounted to USD 0.30 cents per share, which means a grand total payment of USD 16,650,000 from 2020 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* | 20,443,127 | 36.83% | 20,443,127 | 36.83% |
| Free float | 35,056,873 | 63.17% | 35,056,873 | 63.17% |
| **Total** | **55,500,000** | **100%** | **55,500,000** | **100%** |

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

**Information on the disposal program of the treasury shares:**

In Q1 2021, the Board of Directors decided that all treasury stock which the Company has purchased during the buy-back programs (i.e., 325,389 shares) will be offered to key, selected employees for the average price of PLN 5.0 per share. These shares have been purchased on the Warsaw Stock Exchange, on an average of PLN 2,52 per share. The agreements between the Company and employees apply a 12 month lock-up period.

Till the date of publication of this report, based on the agreements between the Company and employees, ASBIS sold all 325,389 of own shares, representing 0.59% of share capital and giving 325,389 votes (0.59%) at the General Meeting of Shareholders.

Besides the above-mentioned sales of the treasury shares, there were no changes in the number of shares possessed by major shareholders during the period between March 31st, 2021 (the date of the publication of the Annual Report for 2020) 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, 2021 (the date of the publication of the Annual Report for 2020) and May 6th, 2021 (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)* | 20,443,127 | 36.83% |
| Constantinos Tziamalis | 555,000 | 1.00% |
| Marios Christou | 463,061 | 0.83% |
| 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, 2021 there was one change in the members of the Company's Board of Directors.

On March 29th, 2021, Mrs. Maria Petridou has been appointed to the Board of Directors as a Non-Executive Director.

After the period ended on March 31st, 2021, the Company's Annual General Meeting of Shareholders held on May 5th, 2021, has re-elected Mr Tasos. A. Panteli and Mrs Maria Petridou to the Board of Directors.

After the period ended on March 31st, 2021, Mr Yuri Ulasovich - Executive Director and Mr Demos Demou - Non-executive Director of the Company have retired from their offices as being eligible not offered themselves for re-elections during the Annual General Meeting of Shareholders of the Company held on the 5th of May 2021.

**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, 2021 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, 2021 to support its subsidiaries' local financing, amounted to USD 200,315. The total bank guarantees and letters of credit raised by the Group as at March 31st, 2021 was USD 52,510 – 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, 2021, 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 pandemic situation with COVID- 19 and how the world will return back from this situation**

The pandemic challenge for the global economy is still continuing. We are in the third wave and countries one after the other are imposing measures to weather the situation. The current situation is more difficult from that of the first wave.
Imposed shutdown of the economies in countries of our operation, might lead into an un-precedent economic slowdown which creates a significant uncertainty on how the international landscape would evolve when the markets will reopen. Although the Company's business has not been adversely affected by the COVID-19 pandemic so far, we cannot exclude a possibility that the operations of the Group will be significantly affected in the future.
The full extent of the future impact of the COVID-19 pandemic on the Company's operational and financial performance is currently uncertain and will depend on many factors outside the Company's control, including, without limitation: a) the timing, extent, duration of the pandemic; b) the availability, distribution and effectiveness of vaccines; c) the imposition of protective public safety measures and d) the impact of the pandemic on the global economy and demand for consumer products.
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. Despite the fact that 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 2021 approximately 45% 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 in order to mitigate any reductions in gross margins in the future.
In an effort to increase gross margins, the Company has developed its own brand business, that 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, in particular, 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 as a result 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.
A number of the Company's most significant contracts with its major suppliers contain advantageous contract terms that protect the Company against exposure to price fluctuations, defective products and stock obsolescence.

**Credit risk**
The Company buys components and finished products from its suppliers on its own account and resells them to its customers. The Company extends credit to some of its customers at terms ranging from 21 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 world's financial crisis has eased throughout the last few years. Following partial recovery, the Company has undertaken certain efforts to benefit from this recovery both in revenues and profitability. 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 turmoil in different countries, the volatility of currencies and fragility of demand in many markets. Additionally, from time to time, unpredictable situations may happen in selected markets.

A recent example is the outbreak of the Covid-19 worldwide and the current situation in Ukraine. 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.

**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 the sales of smart-home, smart-security sensors and other products.

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 2021.

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 is currently undertaking certain extra steps to further lower its cost of financing. However, the sanctions imposed to Russia and tensions related to the Ukrainian crisis have resulted in increased financing cost in these countries and this may limit our efforts to further decrease our average cost of debt.

In the course of the three months of 2021, we have experienced a stable cost of financing in the F.S.U. and this is reflected in our overall financial cost.

**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**

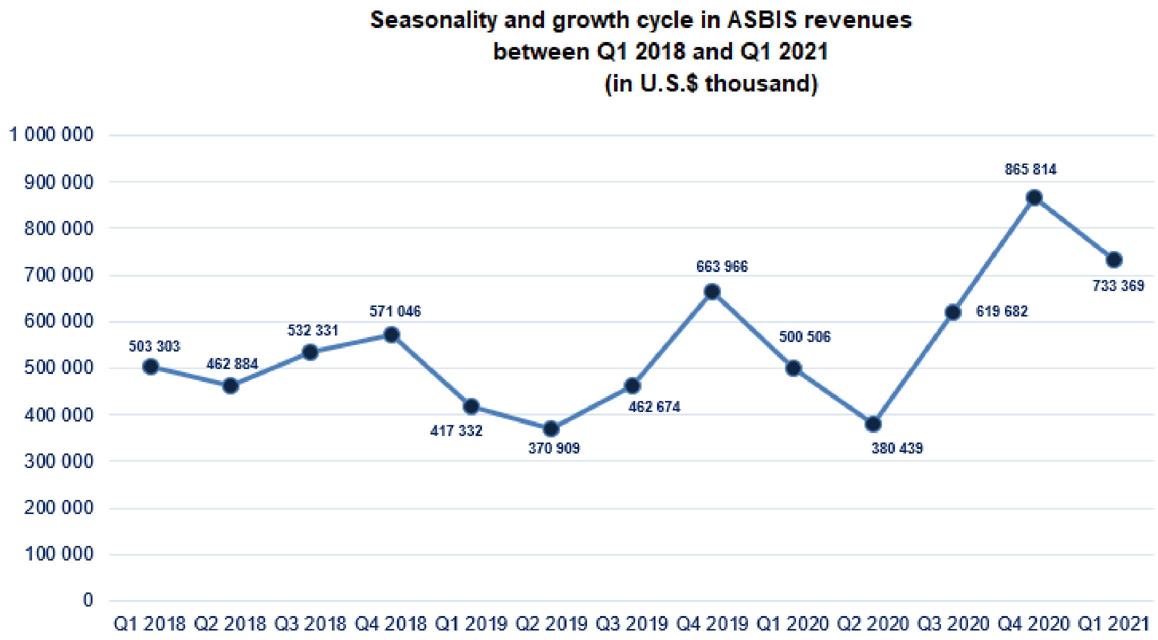
Throughout the last quarters, and with the demand for IT products to rise significantly, there have been shortages in the market of semiconductors and microchips. This might lead to higher cost price for multiple products which will have an adverse effect on Group revenues.

With the pandemic continuing, this is not expected to change any time soon. The Group must take all necessary measures to ensure constant supply of components and finished products to satisfy the demand from its customers

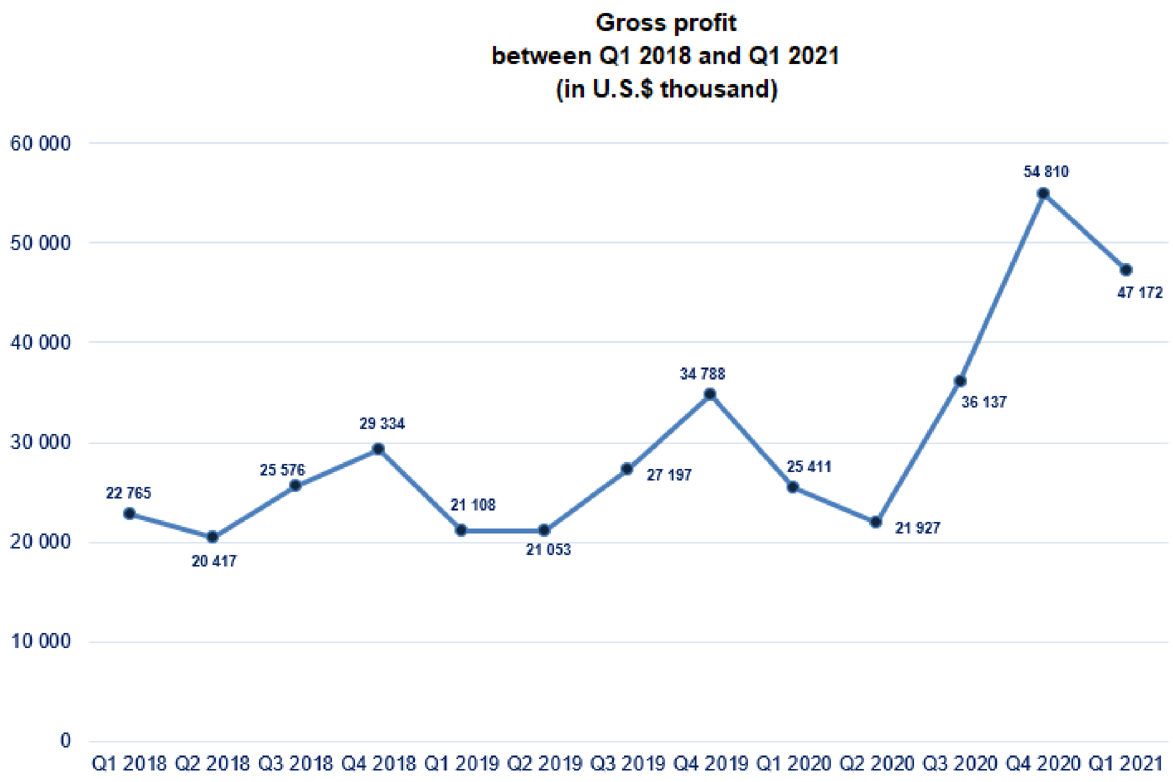
***Results of Operations***

**Three-month period ended 31 March 2021 compared to the three-month period ended 31 March 2020 (in US$ thousand)**

- **Revenues:** In Q1 2021 revenues grew significantly by 46.5% to US$ 733,369 from US$ 500,506 in Q1 2020.



- **Gross profit:** In Q1 2021 gross profit skyrocketed to as high as US$ 47,172 from US$ 25,411 in Q1 2020.




- **Gross profit margin:**

  In Q1 2021 gross profit margin much improved and hit a record high of 6.43% as compared to 5.08% in Q1 2020.

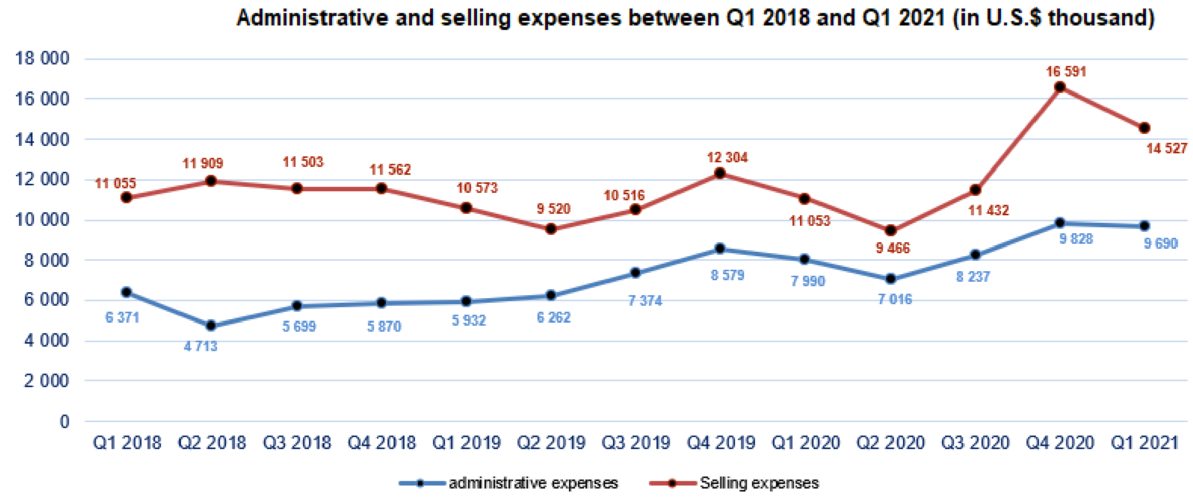
  The strong improvement of the gross profit margin is the result of the current Company's strategy to focus more on the development of its product portfolio by adding new product lines and IT solutions with higher gross profit margins.

- **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 2021 increased by 31.4% to US$ 14,527 from US$ 11,053 in Q1 2020.

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

  Administrative expenses in Q1 2021 increased by 21.3% to US$ 9,690 from US$ 7,990 in Q1 2020.




- **EBITDA:** In Q1 2021 EBITDA was positive and increased enormously by 226.7% to US$ 24,103 from US$ 7,376 in Q1 2020.

- **Net profit:** Net profit after taxation in Q1 2021 reached US$ 15,135 as compared to US$ 2,241 in Q1 2020. This result is considered to be remarkable for the Group and meets our expectations.

**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 2021. In Q1 2021 sales in both the F.S.U. and the CEE regions increased strongly by 48.1% and 16.9% respectively. Following all the above-mentioned changes, the share of the F.S.U in total revenues increased to 53.63% in Q1 2021 from 53.06% in Q1 2020.

Country-by-country analysis confirms the excellent growth rates the Group was able to achieve in all major countries of operations. Strong growth in F.S.U. has arisen from an improvement in Russia (+27.9% in Q1 2021), Ukraine (+45.7% in Q1 2021), Kazakhstan (+82.9% in Q1 2021) and Belarus (+18.7% in Q1 2021) as compared to Q1 2020. The increase of sales in the F.S.U. region was mostly driven by Apple products sales and business projects.

At the same time, a 28.5% growth in the Czech Republic, 14.4% growth in Poland and 8.4% growth in Romania have led the CEE to 16.9% growth in Q1 2021 as compared to Q1 2020.

The MEA region, which is mainly derived by revenues in the UAE, has strongly increased at a pace of 77.9% as compared to Q1 2020.

Western Europe, despite not being a major focus area for us, in Q1 2021 doubled its revenues as compared to Q1 2020.

The table below provides a geographical breakdown of sales in the three month periods ended March 31st, 2021 and 2020.

| | Q1 2021 | | Q1 2020 | |
|---|---|---|---|---|
| | **US$ thousand** | **% of total revenues** | **US$ thousand** | **% of total revenues** |
| Former Soviet Union | 393,287 | 53.63% | 265,547 | 53.06% |
| Central and Eastern Europe | 168,096 | 22.92% | 143,801 | 28.73% |
| Middle East and Africa | 89,237 | 12.17% | 50,166 | 10.02% |
| Western Europe | 63,272 | 8.63% | 31,351 | 6.26% |
| Other | 19,476 | 2.66% | 9,641 | 1.93% |
| **Total** | **733,369** | **100%** | **500,506** | **100%** |

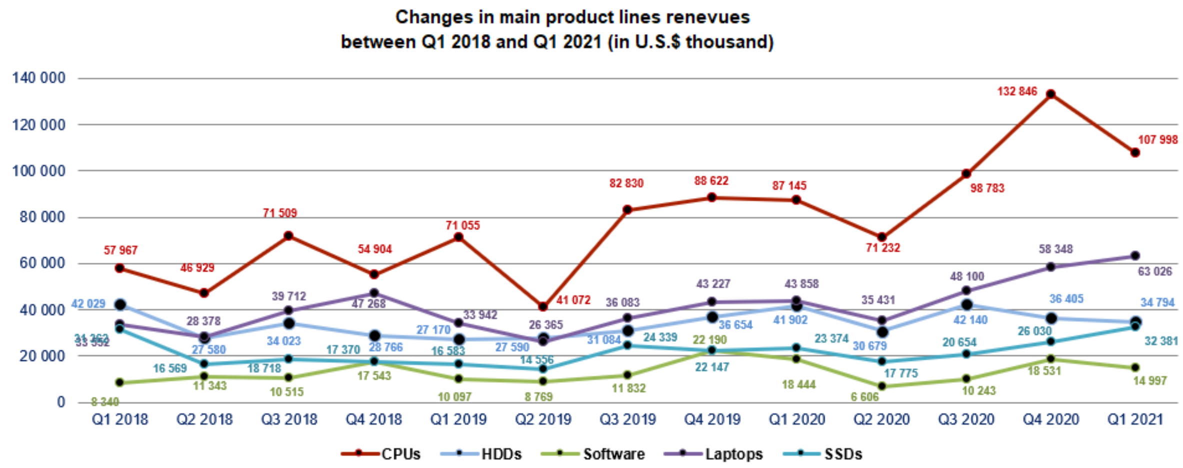
Revenue breakdown – Top 10 countries in Q1 2021 and Q1 2020 (in US$ thousand)

| | Q1 2021 | | Q1 2020 | |
|---|---|---|---|---|
| | **Country** | **Sales** | **Country** | **Sales** |
| 1. | Russia | 123,515 | Russia | 96,595 |
| 2. | Ukraine | 98,858 | Ukraine | 67,858 |
| 3. | Kazakhstan | 88,092 | Slovakia | 48,519 |
| 4. | United Arab Emirates | 57,694 | Kazakhstan | 48,163 |
| 5. | Slovakia | 47,288 | Belarus | 35,340 |
| 6. | Belarus | 41,952 | United Arab Emirates | 32,614 |
| 7. | Czech Republic | 24,731 | Poland | 19,603 |
| 8. | The Netherlands | 24,726 | Czech Republic | 19,250 |
| 9. | Poland | 22,430 | Romania | 15,283 |
| 10. | Romania | 16,563 | The Netherlands | 12,260 |
| | **TOTAL** | **733,369** | **TOTAL** | **500,506** |

**Sales by product lines**

The first quarter of this year has shown once again that ASBIS had no issue in significantly raising its revenues despite new waves of the pandemic. During Q1 2021 almost all major product lines of the Group have noticed a significant growth on a year-on-year basis. All changes in our product portfolio comply with our main focus, which is the increase in margins and profitability.

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

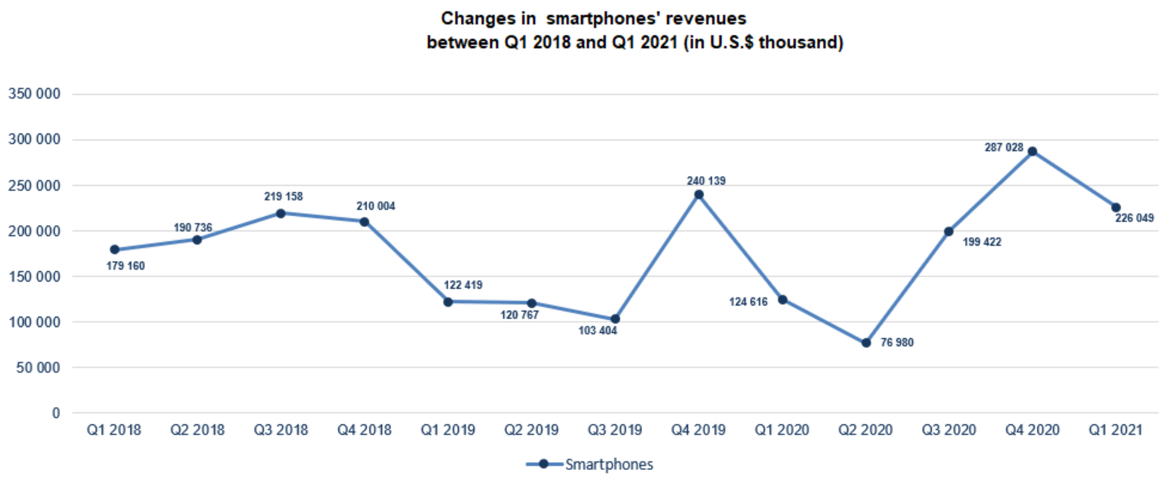



In Q1 2021 sales was driven by smartphones, CPUs and laptops.

Sales from CPUs increased in Q1 2021 by 23.9%, as compared to Q1 2020. Sales from software decreased by 18.7% in Q1 2021, as compared to Q1 2020. Revenues from SSDs grew by 38.5% while from HDDS declined by 17.0% in Q1 2021, as compared to Q1 2020. The business of laptops grew by 43.7% in Q1 2021, as compared to Q1 2020.

Among other product lines, the Company has noticed a positive result in Q1 2021 in peripherals (+137.6%), audio devices (+98.6%), PC desktop (+62.0%) and networking products (+49.8%).

The chart below indicates the trends in smartphones sales:




In Q1 2021 sales of smartphones, the leader in our revenues, significantly increased by 81.4% as compared to Q1 2020. This was the result of persistent demand for the newest Apple iPhone 12 models.

The table below sets a breakdown of revenues, by product lines, for Q1 2021 and Q1 2020 (in US$ thousand):

| | Q1 2021 | | Q1 2020 | |
|---|---|---|---|---|
| | **U.S. $ thousand** | **% of total revenues** | **U.S. $ thousand** | **% of total revenues** |
| Smartphones | 226,049 | 30.82% | 124,616 | 24.90% |
| Central processing units (CPUs) | 107,998 | 14.73% | 87,145 | 17.41% |
| PC mobile (laptops) | 63,026 | 8.59% | 43,858 | 8.76% |
| Peripherals | 35,734 | 4.87% | 15,038 | 3.00% |
| Hard disk drives (HDDs) | 34,794 | 4.74% | 41,902 | 8.37% |
| Audio devices | 32,988 | 4.50% | 16,606 | 3.32% |
| SSDs | 32,381 | 4.42% | 23,374 | 4.67% |
| Servers and server blocks | 23,067 | 3.15% | 24,212 | 4.84% |
| Networking products | 21,130 | 2.88% | 14,108 | 2.82% |
| PC desktop | 19,934 | 2.72% | 12,305 | 2.46% |
| Memory modules (RAM) | 18,043 | 2.46% | 13,658 | 2.73% |
| Tablets | 15,497 | 2.11% | 10,426 | 2.08% |
| Smart devices | 15,392 | 2.10% | 10,373 | 2.07% |
| Software | 14,997 | 2.04% | 18,444 | 3.69% |
| Multimedia | 14,905 | 2.03% | 4,921 | 0.98% |
| Display products | 14,061 | 1.92% | 9,540 | 1.91% |
| Accessories | 8,137 | 1.11% | 5,559 | 1.11% |
| Video cards and GPUs | 7,529 | 1.03% | 2,558 | 0.51% |
| Other | 27,707 | 3.78% | 21,863 | 4.37% |
| **Total revenue** | **733,369** | **100%** | **500,506** | **100%** |

Note: The breakdown of revenue by product lines was updated to provide a more detailed insight into the Group's revenues.

### 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 financing and equity financing. In Q1 2021 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, 2021 and 2020:

| *(in thousands)* | **Three months ended 31 March 2021 USD** | **Three months ended 31 March 2020 USD** |
|---|---|---|
| Net cash movement from operating activities | (75,523) | (72,598) |
| Net cash movement from investing activities | (673) | (944) |
| Net cash movement from financing activities | 2,382 | (1,392) |
| **Net movement in cash and cash equivalents** | **(73,813)** | **(74,934)** |

***Net cash outflows from operations***

Net cash outflows from operations amounted to US$ 75,523 for the three months ended March 31st, 2021, compared to outflows of US$ 72,598 in the corresponding period of 2020. This result is typical for the first quarter of the year due to seasonality, also taking into consideration the very high growth in revenues. The Company expects cash from operations to turn positive for the year 2021.

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

Net cash outflows from investing activities were US$ 673 for the three months ended March 31st, 2021, compared to outflows of US$ 944 in the corresponding period of 2020.

***Net cash inflows from financing activities***

Net cash inflows from financing activities were US$ 2,382 for the three months ended March 31st, 2021, compared to outflows of US$ 1,392 in the corresponding period of 2020.

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

As a result of higher increased working capital utilization, cash and cash equivalents have decreased by US$ 73,813, compared to a decrease of US$ 74,934 in the corresponding period of 2020.

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

### Covid-19 update

During the recent months, a novel strain of coronavirus ("COVID-19") began spreading rapidly throughout the world, prompting governments and businesses to take unprecedented measures in response. Such measures included restrictions on travel and business operations, temporary closures of businesses, and quarantines. The COVID-19 pandemic has significantly affected the economies across the globe which has caused significant disruptions to the overall economic environment.

We should bear in mind that the pandemic effects will continue to occur at all levels of demand (consumers, corporations, governments, etc.) and may in the future materially and adversely impact the Company's business, results of operations and financial condition.

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 in 2020 and also in Q1 2021, 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. We have seen this recently with the movement of armed troops between Russia and Ukraine at their borders.

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 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. Russia and Ukraine are currently the markets that lead in terms of revenues. The F.S.U. and CEE regions are expected to continue having the leading share in our revenues' breakdown. This follows the focus of the Group to its strong competencies and further development of the product portfolio at these marketplaces.

In 2021 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 in the pandemic era, 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.

**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 2021 as compared to the corresponding period of 2020 was a result of the continuation of the current Company's strategy to focus mostly on high margin products.

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 2021. Therefore, the hedging strategy should be followed and further improved without any exception in the course of 2021 and going forward.

**Ability of the Group to control expenses**

Selling and administrative expenses increased in Q1 2021 by 31.4% and by 21.3% respectively as compared to Q1 2020. This was a result of strong increased of the revenues, gross profit and investments made in human capital in all regions of our operations. 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 2021. 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, 2021 and before this report release

According to our best knowledge, in the period between March 31st, 2021 and May 6th, 2021 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, 2021**

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# ASBISC ENTERPRISES PLC

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 31 MARCH 2021
*(in thousands of US$)*

| | Note | For the three months ended 31 March 2021 US$ | For the three months ended 31 March 2020 US$ |
|---|---|---|---|
| **Revenue** | 4,23 | 733,369 | 500,506 |
| Cost of sales | | (686,198) | (475,095) |
| **Gross profit** | | 47,172 | 25,411 |
| Selling expenses | | (14,527) | (11,053) |
| Administrative expenses | | (9,690) | (7,990) |
| **Profit from operations** | | 22,955 | 6,368 |
| Financial income | 7 | 1,133 | 733 |
| Financial expenses | 7 | (5,453) | (4,380) |
| **Net finance costs** | | (4,320) | (3,647) |
| Other gains and losses | 5 | 62 | 243 |
| Share of profit of equity-accounted investees | 11 | 8 | - |
| **Profit before tax** | 6 | 18,705 | 2,964 |
| Taxation | 8 | (3,570) | (723) |
| **Profit for the period** | | 15,135 | 2,241 |
| **Attributable to:** | | | |
| Equity holders of the parent | | 15,136 | 2,273 |
| Non-controlling interests | | (1) | (32) |
| | | 15,135 | 2,241 |
| | | US$ cents | US$ cents |
| **Earnings per share** | | | |
| Basic and diluted from continuing operations | | 27.27 | 4.10 |

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2021

*(in thousands of US$)*

| | For the three months ended 31 March 2021 US$ | For the three months ended 31 March 2020 US$ |
|---|---|---|
| **Profit for the period** | 15,135 | 2,241 |
| **Other comprehensive loss** | | |
| Exchange difference on translating foreign operations | (1,459) | (2,708) |
| **Other comprehensive loss for the period** | (1,459) | (2,708) |
| **Total comprehensive income/(loss) for the period** | 13,679 | (467) |
| **Total comprehensive income/(loss) attributable to:** | | |
| Equity holders of the parent | 13,689 | (437) |
| Non-controlling interests | (10) | (30) |
| | 13,679 | (467) |

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

*(in thousands of US$)*

| | Notes | As at 31 March 2021 US$ | As at 31 December 2020 US$ |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 9 | 32,023 | 32,728 |
| Intangible assets | 10 | 2,296 | 2,418 |
| Equity-accounted investees | 11 | 602 | 827 |
| Goodwill | 27 | 610 | 629 |
| Deferred tax assets | 20 | 378 | 466 |
| **Total non-current assets** | | 35,909 | 37,068 |
| **Current assets** | | | |
| Inventories | 12 | 277,353 | 277,557 |
| Trade receivables | 13 | 264,428 | 295,846 |
| Other current assets | 14 | 16,474 | 19,140 |
| Derivative financial assets | 25 | 16 | 199 |
| Current taxation | 8 | 165 | 204 |
| Cash at bank and in hand | 26 | 89,306 | 158,898 |
| **Total current assets** | | 647,742 | 751,844 |
| **Total assets** | | 683,651 | 788,912 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 15 | 11,100 | 11,100 |
| Share premium | | 23,518 | 23,518 |
| Retained earnings and other components of equity | | 114,414 | 100,725 |
| Equity attributable to owners of the parent | | 149,032 | 135,343 |
| Non-controlling interests | | 286 | 295 |
| **Total equity** | | 149,318 | 135,638 |
| **Non-current liabilities** | | | |
| Long term borrowings | 17 | 5,423 | 5,729 |
| Other long-term liabilities | 18 | 747 | 732 |
| Deferred tax liabilities | 20 | 296 | 306 |
| **Total non-current liabilities** | | 6,466 | 6,767 |
| **Current liabilities** | | | |
| Trade payables | 22 | 228,237 | 336,010 |
| Trade payables factoring facilities | 29 | 34,292 | 51,403 |
| Other current liabilities | 21 | 100,288 | 92,369 |
| Short term borrowings | 16 | 158,593 | 160,962 |
| Derivative financial liabilities | 24 | 132 | 883 |
| Current taxation | 8 | 6,326 | 4,880 |
| **Total current liabilities** | | 527,868 | 646,507 |
| **Total liabilities** | | 534,334 | 653,274 |
| **Total equity and liabilities** | | 683,651 | 788,912 |

**The financial statements were approved by the Board of Directors on 5 May 2021.**

| | |
|---|---|
| ………………………………. | ………………………………. |
| **Siarhei Kostevitch** | **Marios Christou** |
| **Director** | **Director** |

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

## FOR THE PERIOD ENDED 31 MARCH 2021

*(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 2020** | 11,100 | 23,518 | (176) | (11,357) | 84,856 | 107,941 | 254 | 108,195 |
| Profit/(loss) for the period 1 January 2020 to 31 March 2020 | - | - | - | - | 2,274 | 2,274 | (32) | 2,242 |
| Other comprehensive (loss)/income for the period 1 January 2020 to 31 March 2020 | - | - | - | (2,710) | - | (2,710) | 2 | (2,708) |
| Minority interest on establishment of new subsidiary | - | - | - | - | - | - | 14 | 14 |
| **Balance at 31 March 2020** | 11,100 | 23,518 | (176) | (14,067) | 87,130 | 107,505 | 237 | 107,742 |
| Profit for the period 1 April 2020 to 31 December 2020 | - | - | - | - | 34,243 | 34,243 | 30 | 34,273 |
| Other comprehensive income for the period 1 April 2020 to 31 December 2020 | - | - | - | 3,315 | - | 3,315 | 22 | 3,337 |
| Payment of final dividend | - | - | - | - | (9,684) | (9,684) | - | (9,684) |
| Minority interest on establishment of new subsidiary | - | - | - | - | - | - | 6 | 6 |
| Acquisition of treasury shares | - | - | (36) | - | - | (36) | - | (36) |
| **Balance at 31 December 2020** | 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 |

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
## FOR THE PERIOD ENDED 31 MARCH 2021
*(in thousands of US$)*

| | Note | For the three months ended 31 March 2021 US$ | For the three months ended 31 March 2020 US$ |
|---|---|---|---|
| **Profit for the period before tax and minority interest** | | 18,705 | 2,964 |
| Adjustments for: | | | |
| Exchange difference arising on consolidation | | (909) | (1,762) |
| Depreciation of property, plant and equipment and right-of-use assets | 9 | 867 | 778 |
| Amortization of intangible assets | 10 | 281 | 230 |
| Loss/(profit) from the sale of property, plant and equipment and intangible assets | 5 | 61 | (67) |
| Impairment losses on intangible assets and goodwill | | | |
| Provision for bad debts and receivables written off | | 898 | 372 |
| Bad debts recovered | 5 | (10) | (1) |
| Provision for slow moving and obsolete stock | | (234) | (544) |
| Share of profit of equity-accounted investees | 11 | (8) | - |
| Interest received | 7 | (16) | (61) |
| Interest paid | | 1,224 | 1,024 |
| **Operating profit before working capital changes** | | 20,859 | 2,933 |
| Decrease in inventories | | 438 | 21,259 |
| Decrease in trade receivables | | 30,529 | 42,374 |
| Decrease/(increase) in other current assets | | 2,849 | (2,121) |
| Decrease in trade payables | | (107,773) | (116,397) |
| Increase in other current liabilities | | 7,432 | 7,298 |
| Decrease in trade payables factoring facilities | | (17,111) | (6,891) |
| Increase in other non-current liabilities | | 15 | 24 |
| Decrease in factoring creditors | | (9,639) | (19,047) |
| **Cash outflows from operations** | | (72,401) | (70,568) |
| Interest paid | 7 | (1,124) | (945) |
| Taxation paid, net | 8 | (1,998) | (1,085) |
| **Net cash outflows from operating activities** | | (75,523) | (72,598) |
| **Cash flows from investing activities** | | | |
| Purchase of intangible assets | 10 | (180) | (74) |
| Purchase of property, plant and equipment | | (419) | (1,018) |
| Net (payments)/proceeds from sale of property, plant and equipment and intangible assets | | (59) | 87 |
| Payments of investments in subsidiaries | | (31) | - |
| Interest received | 7 | 16 | 61 |
| **Net cash outflows from investing activities** | | (673) | (944) |
| **Cash flows from financing activities** | | | |
| Repayments of long-term loans and non-current lease liabilities | | (601) | (322) |
| Proceeds of short-term borrowings and current lease liabilities | | 2,984 | (1,070) |
| **Net cash outflows from financing activities** | | 2,383 | (1,392) |
| **Net decrease in cash and cash equivalents** | | (73,813) | (74,934) |
| **Cash and cash equivalents at beginning of the period** | | 113,683 | 78,306 |
| **Cash and cash equivalents at end of the period** | 26 | 39,870 | 3,372 |

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

*(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 24. The main shareholder of the Company is K.S. Holdings Limited, a Company incorporated in Cyprus.

The Company is listed on the Warsaw Stock Exchange since the 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 2020. 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 2020.

These interim financial statements were authorized for issue by the Company's Board of Directors on 5th of May 2021.

(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 2020.

## 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 2021 are consistent with those followed for the preparation of the annual financial statements for the year 2020 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 2021. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

*(in thousands of US$)*

**4. Revenue**

| | For the twelve months ended 31 March 2021 US$ | For the three months ended 31 March 2020 US$ |
|---|---|---|
| Sales of goods | 725,680 | 493,590 |
| Sales of optional warranty | 73 | 452 |
| Sales of licenses | 7,585 | 6,423 |
| Rendering of services | 31 | 41 |
| | 733,369 | 500,506 |

**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 2021 US$ | For the three months ended 31 March 2020 US$ |
|---|---|---|
| Profit/(loss) on disposal of property, plant and equipment | (61) | 67 |
| Other income | 62 | 156 |
| Bad debts recovered | 10 | 1 |
| Rental income | 50 | 19 |
| | 62 | 243 |

**6. Profit before tax**

| | For the three months ended 31 March 2021 US$ | For the three months ended 31 March 2020 US$ |
|---|---|---|
| Profit before tax is stated after charging: | | |
| (a) Amortization of intangible assets (Note 10) | 281 | 230 |
| (b) Depreciation of property, plant and equipment and right-of-use assets (Note 9) | 867 | 778 |
| (c) Auditors' remuneration | 105 | 100 |
| (d) Directors' remuneration – executive (Note 28) | 489 | 229 |
| (e) Directors' remuneration – non-executive (Note 28) | 7 | 7 |

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

*(in thousands of US$)*

## 7. Financial expense, net

| | For the three months ended 31 March 2021 US$ | For the three months ended 31 March 2020 US$ |
|---|---|---|
| **Financial income** | | |
| Interest income | 16 | 61 |
| Other financial income | 1,117 | 672 |
| | 1,133 | 733 |
| **Financial expense** | | |
| Bank interest | 1,124 | 945 |
| Bank charges | 1,123 | 704 |
| Derivative charges | 239 | 283 |
| Factoring interest | 1,932 | 1,543 |
| Factoring charges | 107 | 86 |
| Other financial expenses | 20 | 2 |
| Interest on lease liabilities | 100 | 78 |
| Other interest | 445 | 441 |
| Net exchange loss | 363 | 298 |
| | 5,453 | 4,380 |
| Net | (4,320) | (3,647) |

## 8. Tax

| | As at 31 March 2021 US$ | As at 31 December 2020 US$ |
|---|---|---|
| Payable balance 1 January | 4,676 | 839 |
| Provision for the period/year | 3,502 | 8,544 |
| Under provision of prior periods/year | 5 | 40 |
| Exchange difference on retranslation | (25) | 3 |
| Amounts paid, net | (1,998) | (4,750) |
| Net payable balance 31 March/31 December | 6,160 | 4,676 |

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

*(in thousands of US$)*

***8. Tax (continued)***

| | As at 31 March 2021 US$ | As at 31 December 2020 US$ |
|---|---|---|
| Tax receivable | (165) | (204) |
| Tax payable | 6,326 | 4,880 |
| Net | 6,160 | 4,676 |

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

| | For the three months ended 31 March 2021 US$ | For the three months ended 31 March 2020 US$ |
|---|---|---|
| Provision for the period | 3,502 | 704 |
| Under provision of prior years | 5 | - |
| Deferred tax charge (Note 20) | 64 | 19 |
| Charge for the period | 3,570 | 723 |

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.

*(in thousands of US$)*

### 9. Property, plant and equipment

| | Land and buildings US$ | Computer hardware US$ | Warehouse machinery US$ | Motor vehicles US$ | Furniture and fittings US$ | Office equipment US$ | Total US$ |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| **At 1 January 2020** | 29,688 | 7,250 | 524 | 3,109 | 2,806 | 3,839 | 47,216 |
| Additions | 2,361 | 978 | 115 | 1,573 | 411 | 616 | 6,054 |
| Disposals | (575) | (137) | (24) | (561) | (155) | (18) | (1,470) |
| Foreign exchange difference on retranslation | 767 | 10 | 25 | (38) | 35 | (237) | 562 |
| **At 31 December 2020** | 32,241 | 8,101 | 640 | 4,083 | 3,097 | 4,200 | 52,362 |
| Additions | 71 | 268 | 110 | 48 | 115 | 67 | 679 |
| Disposals | (82) | (203) | (24) | (97) | (93) | (25) | (524) |
| Foreign exchange difference on retranslation | (558) | (115) | 22 | (36) | (43) | (40) | (770) |
| **At 31 March 2021** | 31,672 | 8,051 | 748 | 3,998 | 3,076 | 4,202 | 51,747 |
| **Accumulated depreciation** | | | | | | | |
| **At 1 January 2020** | 5,641 | 5,447 | 380 | 1,635 | 2,021 | 2,412 | 17,536 |
| Charge for the year | 1,347 | 682 | 36 | 664 | 310 | 349 | 3,388 |
| Disposals | (575) | (137) | (24) | (561) | (155) | (18) | (1,470) |
| Foreign exchange difference on retranslation | 22 | 87 | 24 | 8 | 76 | (37) | 180 |
| **At 31 December 2020** | 6,435 | 6,079 | 416 | 1,746 | 2,252 | 2,706 | 19,634 |
| Charge for the period | 356 | 173 | 13 | 191 | 54 | 81 | 867 |
| Disposals | (82) | (203) | (24) | (97) | (93) | (25) | (524) |
| Foreign exchange difference on retranslation | (97) | (91) | 24 | (24) | (44) | (19) | (253) |
| **At 31 March 2021** | 6,613 | 5,958 | 429 | 1,816 | 2,168 | 2,744 | 19,724 |
| **Net book value** | | | | | | | |
| At 31 March 2021 | 25,060 | 2,093 | 319 | 2,182 | 907 | 1,462 | 32,023 |
| At 31 December 2020 | 25,806 | 2,022 | 224 | 2,337 | 845 | 1,494 | 32,728 |

*(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:

| | As at 31 March 2021 US$ | As at 31 December 2020 US$ |
|---|---|---|
| Land and buildings | 4,828 | 5,055 |
| Warehouse machinery | 34 | 35 |
| Motor vehicles | 1,015 | 1,058 |
| Total right-of-use assets | 5,877 | 6,169 |

### 10. Intangible assets

| | Computer software US$ | Patents and licenses US$ | Total US$ |
|---|---|---|---|
| **Cost** | | | |
| **At 1 January 2020** | 10,137 | 1,281 | 11,418 |
| Additions | 398 | 410 | 808 |
| Disposals/ write-offs | (31) | (120) | (151) |
| Foreign exchange difference on retranslation | 88 | 2 | 90 |
| **At 31 December 2020** | 10,592 | 1,573 | 12,165 |
| Additions | 141 | 39 | 180 |
| Disposals/ write-offs | (31) | (35) | (67) |
| Foreign exchange difference on retranslation | (5) | (11) | (16) |
| **At 31 March 2021** | 10,697 | 1,566 | 12,263 |
| | | | |
| **Accumulated amortization** | | | |
| **At 1 January 2020** | 7,700 | 1,125 | 8,825 |
| Charge for the year | 905 | 94 | 999 |
| Disposals/ write-offs | (31) | (120) | (151) |
| Foreign exchange difference on retranslation | 71 | 3 | 74 |
| **At 31 December 2020** | 8,645 | 1,102 | 9,747 |
| Charge for the period | 243 | 38 | 281 |
| Disposals/ write-offs | (31) | (34) | (65) |
| Foreign exchange difference on retranslation | 11 | (7) | 4 |
| **At 31 March 2021** | 8,868 | 1,099 | 9,967 |
| | | | |
| **Net book value** | | | |
| At 31 March 2021 | 1,829 | 467 | 2,296 |
| At 31 December 2020 | 1,947 | 471 | 2,418 |

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

*(in thousands of US$)*

## 11. Equity-accounted investees

| | As at 31 March 2021 US$ | As at 31 December 2020 US$ |
|---|---|---|
| **Cost** | | |
| At 1 January | 868 | 274 |
| Additions (i), (ii) | - | 594 |
| Full acquisition of equity accounted investee (iii) | (233) | - |
| **At 31 March/31 December** | 635 | 868 |
| **Accumulated share of loss from equity-accounted investees** | | |
| At 1 January | (41) | (47) |
| Share of profit from equity-accounted investees during the period/year | 8 | 6 |
| Exchange difference | - | - |
| **At 31 March/31 December** | (33) | (41) |
| **Carrying amount of equity-accounted investees** | 602 | 827 |

(i) In January 2020, the Company acquired 40% shareholding in Clevetura LLC (Belarus), for the consideration of US$ 594. The investment is accounted for as an associate.

(ii) During the period ended 31 December 2020, the Group concluded a loan agreement with its associate LLC Clevetura for the amount of US$ 30**.** The loan bears interest of 4% p.a and is repayable in 31 December 2021. In addition, the Group acquired services for the total amount of US$632 from the associate.

(iii) In March 2021, the Group acquired the remaining 50% shareholding of Redmond Europe Ltd, for the consideration of US$ 31.

## 12. Inventories

| | As at 31 March 2021 US$ | As at 31 December 2020 US$ |
|---|---|---|
| Goods in transit | 34,301 | 55,119 |
| Goods held for resale | 248,053 | 227,746 |
| Provision for slow moving and obsolete stock | (5,001) | (5,308) |
| | 277,353 | 277,557 |

<u>Movement in provision for slow moving and obsolete stock:</u>

| | For the three months ended 31 March 2021 US$ | For the year ended 31 December 2020 US$ |
|---|---|---|
| On 1 January | 5,308 | 3,728 |
| Provisions for the period/year | 67 | 3,105 |
| Provided stock written off | (301) | (1,695) |
| Exchange difference on retranslation | (73) | 170 |
| On 31 March/31 December | 5,001 | 5,308 |

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021
*(in thousands of US$)*

### 13. Trade receivables

| | As at 31 March 2021 US$ | As at 31 December 2020 US$ |
|---|---|---|
| Trade receivables | 256,701 | 294,515 |
| Prepayments to trade vendors | 10,671 | 3,427 |
| Allowance for doubtful debts | (2,944) | (2,096) |
| | 264,428 | 295,846 |

Movement in provision for doubtful debts:

| | For the three months ended 31 March 2021 US$ | For the year ended 31 December 2020 US$ |
|---|---|---|
| On 1 January | 2,096 | 1,657 |
| Provisions for the period/year | 995 | 1,226 |
| Amount written-off as uncollectible | (97) | (749) |
| Bad debts recovered | (10) | (24) |
| Exchange difference on retranslation | (40) | (14) |
| On 31 March/31 December | 2,944 | 2,096 |

### 14. Other current assets

| | As at 31 March 2021 US$ | As at 31 December 2020 US$ |
|---|---|---|
| VAT and other taxes refundable | 9,559 | 14,065 |
| Deposits and advances to service providers | 609 | 554 |
| Employee floats | 92 | 171 |
| Other debtors and prepayments | 6,214 | 4,350 |
| | 16,474 | 19,140 |

### 15. Share capital

| | As at 31 March 2021 US$ | As at 31 December 2020 US$ |
|---|---|---|
| **Authorized** | | |
| 63,000,000 (2020: 63,000,000) shares of US$ 0.20 each | 12,600,000 | 12,600,000 |
| **Issued and fully paid** | | |
| 55,500,000 (2020: 55,500,000) ordinary shares of US$ 0.20 each | 11,100,000 | 11,100,000 |

*(in thousands of US$)*

### 16. Short term borrowings

| | As at 31 March 2021 US$ | As at 31 December 2020 US$ |
|---|---|---|
| Bank overdrafts (Note 26) | 49,436 | 45,215 |
| Current portion of long-term loans | 33 | 61 |
| Bank short-term loans | 37,324 | 34,256 |
| Current lease liabilities (Note 19) | 1,382 | 1,373 |
| Total short-term debt | 88,175 | 80,905 |
| Factoring creditors | 70,419 | 80,057 |
| | 158,593 | 160,962 |

**Summary of borrowings and overdraft arrangements**

As at 31 March 2021 the Group enjoyed factoring facilities of US$ 157,056 (2020 US$ 117,775).

In addition, the Group as at the 31st of March 2021 had the following financing facilities with banks in the countries that the Company and its subsidiaries are operating:

- overdraft lines of US$ 104,564 (2020: US$ 111,439)
- short term loans/revolving facilities of US$ 57,649 (2020: US$ 52,939)
- bank guarantees and letters of credit of US$ 52,510 (2020: US$ 52,183)

The Group had for the period ending 31 March 2021 cash lines (overdrafts, loans and revolving facilities) and factoring lines.

The Weighted Average Cost of Debt (cash lines and factoring lines) for the period was 7.7% (for 2020: 8.0%)

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

- Floating charges over all assets of the Company
- Mortgage on land and buildings that the Group owns in Cyprus, Czech Republic, Belarus, Middle East, Bulgaria, Slovakia and Ukraine
- Charge over receivables and inventories
- Corporate guarantees for certain financing facilities granted to subsidiary companies
- Assignment of insurance policies
- Pledged deposits of US$ 34,230 (2020: US$ 33,322)

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

*(in thousands of US$)*

## 17. Long term borrowings

| | As at 31 March 2021 US$ | As at 31 December 2020 US$ |
|---|---|---|
| Bank loans | 498 | 523 |
| Non-current lease liabilities (Note 19) | 4,925 | 5,206 |
| | 5,423 | 5,729 |

## 18. Other long-term liabilities

| | As at 31 March 2021 US$ | As at 31 December 2020 US$ |
|---|---|---|
| Other long-term liabilities | 747 | 732 |

## 19. Lease liabilities

| | As at 31 March 2021 US$ | As at 31 December 2020 US$ |
|---|---|---|
| Current lease liabilities | 1,382 | 1,373 |
| Non-current lease liabilities | 4,925 | 5,206 |
| | 6,307 | 6,579 |

## 20. Deferred tax

| | For the three months ended 31 March 2021 US$ | For the year ended 31 December 2020 US$ |
|---|---|---|
| Debit balance on 1 January | (160) | 284 |
| Deferred tax charge for the period/year | 64 | (431) |
| Exchange difference on retranslation | 15 | (13) |
| At 31 March/31 December | (82) | (160) |

| | As at 31 March 2021 US$ | As at 31 December 2020 US$ |
|---|---|---|
| Deferred tax assets | (378) | (466) |
| Deferred tax liabilities | 296 | 306 |
| Net deferred tax assets | (82) | (160) |

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

*(in thousands of US$)*

**21. Other current liabilities**

| | As at 31 March 2021 US$ | As at 31 December 2020 US$ |
|---|---|---|
| Salaries payable and related costs | 3,900 | 3,103 |
| VAT payable | 6,663 | 9,413 |
| Provision for warranties | 6,560 | 5,903 |
| Accruals, deferred income and other provisions | 64,509 | 56,041 |
| Provision for marketing | 14,712 | 11,935 |
| Non-trade accounts payable | 3,945 | 5,974 |
| | 100,288 | 92.369 |

**22. Trade payables and prepayments**

| | As at 31 March 2021 US$ | As at 31 December 2020 US$ |
|---|---|---|
| Trade payables | 213,310 | 312,066 |
| Prepayments from customers | 14,927 | 23,944 |
| | 228,237 | 336,010 |

**23. Operating segments**

***1.1 Reportable segments***

The Group mainly operates in a single industry segment as a distributor of IT products. The Group's operating segments are based on geographic location, and the measure of segment profit is profit from operations. The Group operates in four principal geographical areas – Former Soviet Union, Central Eastern Europe, Western Europe and Middle East & Africa

***1.2 Segment revenues***

| | For the three months ended 31 March 2021 US$ | For the three months ended 31 March 2020 US$ |
|---|---|---|
| Former Soviet Union | 393,287 | 265,547 |
| Central Eastern Europe | 168,096 | 143,801 |
| Middle East & Africa | 89,237 | 50,166 |
| Western Europe | 63,272 | 31,351 |
| Other | 19,477 | 9,641 |
| | 733,369 | 500,506 |

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

*(in thousands of US$)*

***23. Operating segments (continued)***

***1.3 Segment results***

| | For the three months ended 31 March 2021 US$ | For the three months ended 31 March 2020 US$ |
|---|---|---|
| Former Soviet Union | 11,043 | 3,857 |
| Central Eastern Europe | 5,857 | 2,025 |
| Middle East & Africa | 3,312 | 342 |
| Western Europe | 2,103 | 23 |
| Other | 640 | 123 |
| **Profit from operations** | 22,955 | 6,368 |
| Net financial expenses | (4,320) | (3,647) |
| Other gains and losses | 62 | 243 |
| Share of loss from associates | 8 | - |
| **Profit before taxation** | 18,705 | 2,964 |

***1.4 Segment capital expenditure (CAPEX)***

| | As at 31 March 2021 US$ | As at 31 December 2020 US$ |
|---|---|---|
| Former Soviet Union | 8,405 | 8,491 |
| Central Eastern Europe | 14,425 | 14,943 |
| Middle East & Africa | 3,706 | 3,745 |
| Unallocated | 8,443 | 8,596 |
| | 34,929 | 35,775 |

***1.5 Segment depreciation and amortization***

| | For the three months ended 31 March 2021 US$ | For the three months ended 31 March 2020 US$ |
|---|---|---|
| Former Soviet Union | 340 | 326 |
| Central Eastern Europe | 341 | 271 |
| Middle East & Africa | 45 | 53 |
| Unallocated | 422 | 358 |
| | 1,148 | 1,008 |

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

*(in thousands of US$)*

***23. Operating segments (continued)***

***1.6 Segment assets***

| | As at 31 March 2021 US$ | As at 31 December 2020 US$ |
|---|---|---|
| Former Soviet Union | 367,436 | 453,802 |
| Central Eastern Europe | 68,033 | 69,654 |
| Middle East & Africa | 74,164 | 65,653 |
| Western Europe | 106,376 | 125,934 |
| Total | 616,009 | 715,043 |
| Assets allocated in capital expenditure (1.4) | 34,929 | 35,775 |
| Other unallocated assets | 32,713 | 38,094 |
| Consolidated assets | 683,651 | 788,912 |

**24. Derivative financial liability**

| | As at 31 March 2021 US$ | As at 31 December 2020 US$ |
|---|---|---|
| Derivative financial liabilities carried at fair value through profit or loss | | |
| Foreign currency derivative contracts | 132 | 883 |

**25. Derivative financial asset**

| | As at 31 March 2021 US$ | As at 31 December 2020 US$ |
|---|---|---|
| Derivative financial assets carried at fair value through profit or loss | | |
| Foreign currency derivative contracts | 16 | 199 |

**26. Cash and cash equivalents**

| | As at 31 March 2021 US$ | As at 31 December 2020 US$ |
|---|---|---|
| Cash at bank and in hand | 89,306 | 158,898 |
| Bank overdrafts (Note 16) | (49,436) | (45,215) |
| | 39,870 | 113,683 |

The cash at bank and in hand balance includes an amount of US$ 34,230 (2020: US$ 33,322) which represents pledged deposits against financial facilities granted and margin accounts for foreign exchange hedging.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

*(in thousands of US$)*

## 27. Goodwill

| | As at 31 March 2021 US$ | As at 31 December 2019 US$ |
|---|---|---|
| At 1 January | 629 | 591 |
| Additions | - | 39 |
| Impairment loss (note ii) | - | (39) |
| Foreign exchange difference on retranslation | (19) | 38 |
| At 31 March/31 December (note i) | 610 | 629 |

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

| | As at 31 March 2021 US$ | As at 31 December 2020 US$ |
|---|---|---|
| OOO Must | 201 | 201 |
| ASBIS d.o.o. (BA) | 410 | 428 |
| | 610 | 629 |

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

| | As at 31 March 2021 US$ | As at 31 December 2020 US$ |
|---|---|---|
| Café-Connect LLC | - | 12 |
| MakSolutions LLC | - | 27 |
| | - | (39) |

## 28. Transactions and balances of key management

| | For the three months ended 31 March 2021 US$ | For the three months ended 31 March 2020 US$ |
|---|---|---|
| Director's remuneration - executive (Note 6) | 489 | 229 |
| Director's remuneration - non-executive (Note 6) | 7 | 7 |
| | 496 | 236 |

## 29. Trade payables factoring facilities

| | As at 31 March 2021 US$ | As at 31 December 2020 US$ |
|---|---|---|
| Trade payables factoring facilities | 34,292 | 51,403 |

*(in thousands of US$)*

**30. Business combinations**

**1. Acquisitions**

***1.1 Acquisitions of subsidiaries to 31 March 2021***

During the period, the Group has acquired the remaining 50% of the share capital of Redmond Europe Ltd and the 100% share capital of ASBIS CA LLC, Vizuators LLC, Breezy Service LLC, I.O. Clinic Latvia SIA and SIA Joule Production.

| Name of entity | Type of operations | Date acquired | % acquired | % owned |
|---|---|---|---|---|
| Redmond Europe Ltd | Information Technology | 30 March 2021 | 50% | 100% |
| ASBIS CA LLC | Information Technology | 5 February 2021 | 100% | 100% |
| Vizuators LLC | Information Technology | 1 February 2021 | 100% | 100% |
| Breezy Service LLC | Information Technology | 15 March 2021 | 100% | 100% |
| I.O. Clinic Latvia SIA | Information Technology | 3 February 2021 | 100% | 100% |
| SIA Joule Production | Information Technology | 8 January 2021 | 100% | 100% |

***Acquisitions of subsidiaries to 31 December 2020***

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

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

*(in thousands of US$)*

### *30. Business combinations (continued)*

#### *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 2021 US$** | **As at 31 December 2020 US$** |
|---|---|---|
| Tangible and intangible assets | - | 233 |
| Inventories | - | 200 |
| Receivables | 11 | 71 |
| Other non-current assets | - | 15 |
| Other receivables | - | 1 |
| Short-term loans | - | (15) |
| Payables | - | (321) |
| Other payables and accruals | (1) | (135) |
| Other non-current liabilities | - | - |
| Cash and cash equivalents | 53 | 101 |
| **Net identifiable assets** | **63** | **150** |
| **Group's interest in net assets acquired** | **31** | **150** |
| Total purchase consideration | (31) | (190) |
| **Net loss** | **-** | (39) |
| | | |
| Impairment loss on Goodwill | - | 39 |
| **Goodwill capitalized in statement of financial position** | - | - |

### 2. Disposals

***Disposals of subsidiaries to 31 March 2021***

During the period the Group had no disposals of subsidiaries.

***Disposals of subsidiaries to 31 December 2020***

During the period the following Group's subsidiary has been disposed. No gain or loss arose on the event.

| Name of disposed entity | Type of operations | Date liquidated | % liquidated |
|---|---|---|---|
| Shark Computers a.s. | Information Technology | 20 November 2020 | 100% |

## 31. Commitments and contingencies

As at the 31st of March 2021 the Group was committed in respect of purchases of inventories of a total cost value of US$ 45,847 (2020: US$ 35,109) which were in transit at 31 March 2021 and delivered in April 2021. Such inventories and the corresponding liability towards the suppliers have not been included in these financial statements since, according to the terms of purchase, title of the goods has not passed to the Group at period end.

As at the 31st of March 2021 the Group was contingently liable in respect of bank guarantees and letters of credit of US$ 52,510 (2020: US$ 52,183).

As at the 31st of March 2021 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).