ASBISc Enterprises Plc

INTERIM MANAGEMENT REPORT FOR THE THREE MONTHS ENDED 31 MARCH 2023

Limassol, May 11th, 2023

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

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

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

Currency Presentation

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

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

Forward-looking statements

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

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

Part I: Interim Management Report

1. Overview

ASBISc Enterprises Plc is one of the leading distributors of Information Technology ("IT") products in Europe, Middle East and Africa ("EMEA") Emerging Markets: Central and Eastern Europe, the Baltic States, the Former Soviet Union, the Middle East and Africa, combining a broad geographical reach with a wide range of products distributed on a "one-stop-shop" basis. Our main focus is on the following countries: Kazakhstan, Ukraine, Middle East countries (i.e., United Arab Emirates, Qatar and other Gulf states), Slovakia, Poland, Czech Republic, Caucasus region (Armenia, Azerbaijan, Georgia), Romania, Croatia, Slovenia, Bulgaria, Serbia, Hungary, 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 revenues is comprised of sales of IT products under our private labels: Prestigio, Prestigio Solutions, Canyon, Perenio, AENO, LORGAR and CRON ROBOTICS.

ASBISc commenced business in 1990 and in 1995 incorporated the parent 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 28 countries. This network supplies products to the Group's in-country operations and directly to its customers in approximately 60 countries.

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

2. Executive summary for the three-month period ended 31 March 2023

After an extremely challenging, but very successful 2022, ASBIS entered 2023 very strong with plans for further growth and development. Thanks to the consistent implementation of our strategy and great determination in action, we have turned over the difficult past year, thanks to which we plan growth in the coming years. We are developing not only new markets such as Central Asia, Caucasus region and Africa, but also further strengthening the development of our portfolio of IT products and services, including the division related to robotics - ASBIS Robotic Solutions (AROS).

In Q1 2023, we have continued to diversify our activities by investing in the regenerative medicine segment of the biotechnology industry which is seen as a multi-billion global market. We have invested in Theramir Ltd - another biotech company which develops stem cell and RNA based technologies for the diagnosis and treatment of cancer disease.

Looking at the Q1 2023 results, ASBIS further improved its revenues and profits, delivering the highest ever quarterly net profit after tax in the Company's history.

In Q1 2023, revenues were USD 722.0 million (up 3.9% compared to Q1 2022). The gross profit margin much improved and amounted to 8.60% from 7.61% in Q1 2022.Operating profit (EBIT) increased by 18.0% and reached USD 28.7 million, compared to USD 24.3 million in Q1 2022. The net profit reached a new record high of USD 17.4 million, up 8.4% over the comparable period of last year.

The quarter-over-quarter increase in net sales reflected a growth in three out of four of the Company's geographic reportable segments. 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 increased to 56.16% in Q1 2023, as compared to 55.25% in Q1 2022.

A country-by-country analysis confirms the excellent growth rates the Group was able to achieve in almost all major countries of operations. The countries with the highest year–on–year sales growth in Q1 2023 were:

- Germany - a growth of 229.9%
- Georgia – a growth of 118.9%
- Azerbaijan– a growth of 102.4%
- Armenia – a growth of 61.8%
- Kazakhstan – a growth of 40.1%
- Ukraine - a growth of 31.8%

As regards our own brands, we are very pleased with the way AENO is developing. AENO Premium Eco Smart Heater (one of the hottest demanded products of our own brand) was honored with the prestigious Red Dot Award: Product Design in two categories - Heating and Air Conditioning Technology and Smart Product for outstanding design, high quality and innovation in the field of home heating.

AENO has recently hit the markets of Spain and Portugal, making an important step in AENO's growth strategy.

For 2023 we plan further expansion of our own brands towards Western Europe and Africa.

In Q1 2023, the Company experienced other important business events:

- ASBIS has established a subsidiary in Greece, ASBIS Hellas S.A. The company focuses both on consumer and advanced IT solutions - VAD services; as well as on its newly established robotics division which is expected to boost revenues from this country.

- Breezy, a subsidiary of ASBIS, due to its dynamic development, started operating on two more markets: Poland and Moldova. The company launched a production facility in Poland dealing with diagnostics and restoring original mobile devices to full efficiency for retail networks and telecommunications operators in the countries where ASBIS operates. The facility has an area of over 1,000 m2 and is located in Raszyn near Warsaw.

- ASBIS doubled its robotics commercial division - ASBIS Robotic Solutions (AROS) and started operations of this division in new countries such as Hungary and Bulgaria as well as in the Middle East and North Africa (MENA Region). Local, experienced AROS teams are already operating in Poland, the Czech Republic, Slovakia, Romania, Greece and Cyprus.

On the 5th of April 2023, ASBIS published an ambitious forecast for 2023. ASBIS expects sales revenue in 2023 to range between USD 3.0 billion and USD 3.2 billion and net profit after tax between USD 78 million and USD 82 million. This means that 2023 may be a record year in the Group's history, especially at the profit level.

In Q1 2023, based on the strong financial position of the Company, the Board of Directors decided to recommend to the Annual General Meeting of Shareholders the payment of a final dividend of USD 0.25 per share. Together with the interim dividend paid in December 2022, the total dividend from 2022 profits reached USD 0.45 per share, the highest dividend paid to shareholders in the history of ASBIS.

We have completed the best first quarter ever - a great achievement for us that we are all proud of. Once again, we have demonstrated our strength and ability to adopt to new market conditions and grab all possible opportunities that have appeared. We look to the following months in 2023 with confidence and optimism. We have many areas of growth and we are investing further in the development of robotics and in new markets such as Central Asia and Africa.

The principal events of the three months ended 31 March 2023 were as follows (in US$ thousand):

- Revenues in Q1 2023 increased by 3.9% to US$ 721,992 from US$ 694,611 in Q1 2022.
- Gross profit in Q1 2023 increased by 17.4% to US$ 62,066 from US$ 52,858 in Q1 2022.
- Gross profit margin in Q1 2023 much improved and reached 8.60% from 7.61% in Q1 2022.
- Selling expenses in Q1 2023 increased by 7.8% to US$ 18.631 from US$ 17,285 in Q1 2022.
- Administrative expenses in Q1 2023 increased by 30.9% to US$ 14,739 from US$ 11,260 in Q1 2022. These expenses include costs for the support of Ukraine.
- EBITDA in Q1 2023 much increased and reached US$ 30,608 in comparison to US$ 25,649 in Q1 2022.
- As a result of increased revenues and gross profit, operating costs under strict control, the Company's net profit after taxation reached U.S. $ 17,382 as compared to U.S.$ 16,030 in Q1 2022. This is the highest net profit for this quarter in the Company's history.

The following table presents revenues breakdown by regions for Q1 2023 and Q1 2022 (in US$ thousand):

Region	Q1 2023	Q1 2022	YoY change
Former Soviet Union	405,473	383,771	5.7%
Central and Eastern Europe	159,975	165,901	-3.6%
Middle East and Africa	91,849	90,722	1.2%
Western Europe	60,747	43,538	39.5%
Other	3,948	10,679	-63.0%
Total	**721,992**	**694,611**	**3.9%**

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, 2023, and 2022, have been converted into Euro and PLN, based on the exchange rates provided by the National Bank of Poland:

	As at 31 March 2023	Three months ended 31 March 2023 average	As at 31 March 2022	Three months ended 31 March 2022 average
USD/PLN	4.2934	4.3630	4.1801	4.1638
EUR/PLN	4.6755	4.7005	4.6525	4.6472

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 2023			**Three months ended 31 March 2022**		
(in thousands)	**USD**	**PLN**	**EUR**	**USD**	**PLN**	**EUR**
Revenue	**721,992**	**3,150,027**	**670,152**	**694,611**	**2,892,198**	**622,353**
Cost of sales	(659,926)	(2,879,235)	(612,542)	(641,753)	(2,672,110)	(574,993)
Gross profit	**62,065**	**270,788**	**57,609**	**52,858**	**220,088**	**47,359**
Gross profit margin	***8.60%***			***7.61%***		
Selling expenses	(18,631)	(81,286)	(17,293)	(17,285)	(71,971)	(15,487)
Administrative expenses	(14,739)	(64,306)	(13,681)	(11,260)	(46,884)	(10,089)
Profit from operations	**28,695**	**125,195**	**26,635**	**24,313**	**101,234**	**21,784**
Financial income	922	4,023	856	1,740	7,245	1,559
Financial expenses	(9,038)	(39,432)	(8,389)	(6,446)	(26,840)	(5,775)
Share of profit/(loss) of equity-accounted investees	(69)	(301)	(64)	(23)	(96)	(21)
Other gains and losses	386	1,684	358	19	79	17
Profit before taxation	**20,897**	**91,173**	**19,397**	**19,603**	**81,622**	**17,564**
Taxation	(3,515)	(15,336)	(3,263)	(3,573)	(14,877)	(3,201)
Profit after taxation	**17,382**	**75,837**	**16,134**	**16,030**	**66,745**	**14,362**

EBITDA calculation

	USD	PLN	EUR	USD	PLN	EUR
Profit before tax	20,897	91,173	19,397	19,603	81,622	17,564
Add back:						
Financial expenses/net	8,116	35,410	7,533	4,707	19,599	4,217
Other income	(386)	(1,684)	(358)	(19)	(79)	(17)
Share of profit of equity-accounted investees	69	301	64	22	92	20
Depreciation	1,593	6,950	1,479	1,030	4,289	923
Amortization	319	1,392	296	306	1,274	274
EBITDA for the period	**30,608**	**127,445**	**27,113**	**25,649**	**106,796**	**22,981**

Attributable to:						
Non-controlling interests	(69)	(301)	(64)	(20)	(83)	(18)
Owners of the Company	17,451	76,138	16,198	16,050	66,828	14,380
	17,382	**75,837**	**16,134**	**16,030**	**66,745**	**14,362**

	USD cents	**PLN grosz**	**EUR cents**	**USD cents**	**PLN grosz**	**EUR cents**
Basic and diluted earnings per share from continuing operations	31.41	137.04	29.15	28.92	120.42	25.91

	Three months ended 31 March 2023			**Three months ended 31 March 2022**		
(in thousands)	**USD**	**PLN**	**EUR**	**USD**	**PLN**	**EUR**
Net cash movement from operating activities	(100,012)	(436,349)	(92,831)	(49,637)	(206,677)	(44,473)
Net cash movement from investing activities	(3,838)	(16,745)	(3,562)	(1,688)	(7,028)	(1,512)
Net cash movement from financing activities	5,274	23,010	4,895	(9,382)	(39,064)	(8,406)
Net movement in cash and cash equivalents	**(98,576)**	**(430,084)**	**(91,498)**	**(60,707)**	**(252,770)**	**(54,392)**
Cash at the beginning of the period	92,352	402,929	85,721	150,919	628,392	135,219
Cash at the end of the period	**(6,224)**	**(27,155)**	**(5,777)**	**90,212**	**375,622**	**80,828**

	As at 31 March 2023			**As at 31 December 2022**		
(in thousands)	**USD**	**PLN**	**EUR**	**USD**	**PLN**	**EUR**
Current assets	930,741	3,996,043	854,677	1,003,920	4,419,055	942,249
Non-current assets	64,472	276,804	59,203	59,606	262,374	55,944
Total assets	**995,212**	**4,272,843**	**913,879**	**1,063,526**	**4,681,429**	**998,194**
Current liabilities	722,042	3,100,015	663,034	809,184	3,561,866	759,476
Non-current liabilities	11,971	51,396	10,993	10,162	44,731	9,538
Total liabilities	**734,014**	**3,151,416**	**674,028**	**819,346**	**3,606,597**	**769,014**
Equity	**261,200**	**1,121,436**	**239,854**	**244,180**	**1,074,832**	**229,180**

4. Organization of ASBIS Group

The following table presents our corporate structure as at March 31st, 2023:

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%)
ASBC F.P.U.E. (Minsk, Belarus)	Full (100%)
E.M. Euro-Mall Ltd (Limassol, Cyprus)	Full (100%)
OOO 'Asbis'-Moscow (Moscow, Russia)	Full (100%)
Asbis Morocco Sarl (Casablanca, Morocco)	Full (100%)
Prestigio Plaza Ltd (Limassol, Cyprus)	Full (100%)
Perenio IoT spol. s.r.o. (Prague, Czech Republic)	Full (100%)
Asbis Kypros Ltd (Limassol, Cyprus)	Full (100%)
"ASBIS BALTICS" SIA (Riga, Latvia)	Full (100%)
Asbis d.o.o. (Sarajevo, Bosnia Herzegovina)	Full (90%)
ASBIS Close Joint-Stock Company (Minsk, Belarus)	Full (100%)
ASBIS Kazakhstan LLP (Almaty, Kazakhstan)	Full (100%)
Euro-Mall SRO (Bratislava, Slovakia)	Full (100%)
Asbis China Corp. (former Prestigio China Corp.) (Shenzhen, China)	Full (100%)
ASBIS DE GMBH, (Munchen, Germany)	Full (100%)
EUROMALL BULGARIA EOOD (Sofia, Bulgaria)	Full (100%)
E-Vision Production Unitary Enterprise (Minsk, Belarus)	Full (100%)
iSupport Ltd (Kiev, Ukraine) (former ASBIS SERVIC Ltd)	Full (100%)
I ON LLC (Kiev, Ukraine)	Full (100%)
ASBC MMC LLC (Baku, Azerbaijan)	Full (65.85%)
ASBC KAZAKHSTAN LLP (Almaty, Kazakhstan)	Full (100%)
Atlantech Ltd (Ras Al Khaimah, U.A.E)	Full (100%)
ASBC LLC (Tbilisi, Georgia)	Full (100%)
Real Scientists Limited (London, United Kingdom)	Full (55%)
i-Care LLC (Almaty, Kazakhstan)	Full (100%)
ASBIS IT Solutions Hungary Kft. (Budapest, Hungary)	Full (100%)
Breezy LLC (Minsk, Belarus) (former Café-Connect LLC)	Full (100%)
MakSolutions LLC (Minsk, Belarus)	Full (100%)

Breezy Kazakhstan TOO (Almaty, Kazakhstan) (former TOO “ASNEW”)	Full (100%)
Breezy LLC (Kiev, Ukraine)	Full (100%)
I.O.N. Clinical Trading Ltd (Limassol, Cyprus)	Full (70%)
R.SC. Real Scientists Cyprus Ltd (Limassol, Cyprus)	Full (85%)
ASBIS CA LLC (Tashkent, Uzbekistan)	Full (100%)
Breezy Service LLC (Kiev, Ukraine)	Full (100%)
Breezy Trade-In Ltd (Limassol, Cyprus) (former Redmond Europe Ltd)	Full (80%)
I.O. Clinic Latvia SIA (Riga, Latvia)	Full (100%)
SIA Joule Production (Riga, Latvia)	Full (100%)
ASBC LLC (Yerevan, Armenia)	Full (100%)
Breezy Georgia LLC (Tbilisi, Georgia)	Full (100%)
ASBC Entity OOO (Tashkent, Uzbekistan)	Full (100%)
ACEAN.PL Sp. z o.o (Warsaw, Poland)	Full (100%)
Entoliva Ltd (Limassol, Cyprus)	Full (100%)
ASBIS HELLAS SINGLE MEMBER S.A. (Athens, Greece)	Full (100%)
Prestigio Plaza Kft (Budapest, Hungary)	Full (100%)
ASBC SRL (Chisinau, Moldova)	Full (100%)
Breezy-M SRL (Chisinau, Moldova)	Full (100%)
Breezy Poland Sp. z o.o. (Warsaw, Poland)	Full (100%)

5. Changes in the structure of the Group

During the three months ended March 31st, 2023, there were no changes in the Group’s structure.

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

During the three months ended March 31st, 2023, the Company has not published a financial forecast for 2023.

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

Having seen the results for Q1 2023, we remain confident that we shall be able to deliver the announced financial forecast for 2023.

7. Information on dividend payment

During the three-month period ended March 31st, 2023, no dividend was paid.

On May 10th, 2023, 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 2022 profits of USD 0.25 per share. The dividend record date was set for June 26th, 2023, and the dividend pay-out date for July 6th, 2023.

Thus, the grant total for dividends from the Company’s 2022 profits (including the interim dividend paid in December 2022) amounted to USD 0.45 per share, making it the highest dividend in the Company’s history.

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

The following table presents shareholders possessing more than 5% of the Company's shares as of the date of publication of this report, according to our best knowledge.

The information included in the table is based on the information received from the shareholders according to Art. 69, sec. 1, point 2 of the Act on Public Offering, conditions governing the introduction of financial instruments to organized trading and public companies.

Name	Number of shares	% of share	Number of votes	% of votes
KS Holdings Ltd*	20,448,127	36.84%	20,448,127	36.84%
ASBISc Enterprises Plc (buy-back program)	328,800	0.59%	328,800	0.59%
Free float	34,723,073	62.57%	34,723,073	62.57%
Total	**55,500,000**	**100%**	**55,500,000**	**100%**

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

There were no changes in the number of shares possessed by major shareholders during the period between March 30th, 2023 (the date of the publication of the Annual Report for 2022) 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 30th, 2023 (the date of the publication of the Annual Report for 2022) and May 11th, 2023 (date of this report) there were no changes in the number of shares possessed by the members of the Board of Directors.

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

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

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

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

10. Changes in the members of managing bodies

During the three-month period ended March 31st, 2023, there were no changes in the members of the Company's Board of Directors.

After the period ended on March 31st, 2023, Mr. Siarhei Kostevitch - Chief Executive Officer and Mr. Marios Christou - Chief Financial Officer have been re-elected during the Annual General Meeting of Shareholders of the Company held on the 10th of May 2023.

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, 2023, neither the Company nor any of the members of our Group have concluded any material related party transaction, other than with market conditions.

13. Information on guarantees granted to third parties

The total corporate guarantees the Company has issued, as of March 31st, 2023, to support its subsidiaries' local financing, amounted to USD 179,120. The total bank guarantees and letters of credit raised by the Group as of March 31st, 2023, was USD 48,796 – as per note number 17 to the financial statements.

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

No changes in conditional commitments or conditional assets 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, 2023, the Company's results of operations have been affected and are expected to continue to be affected by a number of factors. These factors are presented in brief below:

The ongoing war between Russia and Ukraine following the illegal invasion of Russia in Ukraine

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

The Group being fully compliant to the directions given by the EU and its suppliers, has undertaken all necessary actions to prevent sales of sanctioned products to sanctioned entities and/or individuals.

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

The COVID-19 pandemic has had and continues to have a significant impact around the world. The COVID-19 pandemic has at times caused significant volatility and disruption in global financial markets. The shutdown of the economies is no longer an option, however the overall environment is relatively fragile until the pandemic is declared as finished.

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

Throughout the years of operations, the Company has from time to time suffered from specific in-country problems, emanating from the deterioration of specific countries' financial situation, due to a number of issues including but not limited to political instability. We need to monitor any developments, react fast and weather every risk showing up in a specific market to secure our results.
The Company needs to keep in mind that different in-country problems might arise at any time and affect our operations. Even though we have much 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 2023 a good portion of our revenues was denominated in U.S. dollars, while the balance is denominated in EUR, UAH, KZT, AED, PLN and other currencies, certain of which are linked to the Euro. Our trade payable balances are principally (about 85%) denominated in U.S. dollars. In addition, approximately half of our operating expenses are denominated in U.S. dollars and the other half in Euro or other currencies, certain of which are linked to the Euro.

Therefore, 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 phone brokers, who sell opportunistically in any region and/or country

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

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

Gross profit margins sustainability
The Company's business is comprised of both a traditional distribution of third-party products and own brands. This allows the Company to deliver healthier gross profit margins when conditions are favorable.
In the traditional distribution business, the Company's gross profit margins, like those of other distributors of IT products, are low and the Company expects that in the distribution arm of its business they will remain low in the foreseeable future.
Increased competition arising from industry consolidation and low demand for certain IT products may hinder the Company's ability to maintain or improve its gross margins.
A portion of the Company's operating expenses is relatively fixed, and planned expenditures are based in part on anticipated orders that are forecasted with limited visibility of future demand.
As a result, the Company may not be able to reduce its operating expenses as a percentage of revenue to mitigate any reductions in gross margins in the future.

To increase gross margins, the Company has dynamically developed its own brand business as this allows for higher gross profit margins.
At the end of 2022 we have added to our portfolio a new own brand namely "CRON Robotics" operating under a new business division - AROS - ASBIS Robotic Solutions. The Company is also constantly investing in the VAD business which delivers higher gross profit margins.

Inventory obsolescence and price erosion
The Company is often required to buy components and finished products according to forecasted requirements and orders of its customers and in anticipation of market demand. The market for IT finished products and components is characterized by rapid changes in technology and short product shelf life, and, consequently, inventory may rapidly become obsolete. Due to the fast pace of technological changes, the industry may sometimes face a shortage or, at other times, an oversupply of IT products.
As the Company increases the scope of its business and of inventory management for its customers, there is an increasing need to hold inventory to serve as a buffer in anticipation of the actual needs of the Company's customers. This increases the risk of inventory becoming devalued or obsolete and could affect the Company's profits either because prices for obsolete products tend to decline quickly, or because of the need to make provisions or even write-offs.

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

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

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

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

As the Company's profit margin is relatively low compared to the total price of the products sold, in the event where the Company is not able to recover payments from its customers, it is exposed to financial liquidity risk. The Company has in place credit insurance which covers such an eventuality for the majority of its revenue.
Despite all efforts to secure our revenues, certain countries remained non-insured (Ukraine), therefore it is very important for us to ensure that we find other sources of securities which help us minimize our credit risk. The Board of Directors decided to enhance the Company's risk management procedures.
These do not guarantee that all issues will be avoided, however, they have granted the Company with confidence that is in a position to weather any possible major credit issue that may arise.

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

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

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

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

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

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

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

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

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

The Company is undertaking 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.

High cost of debt
The distribution business entails a higher need for cash available to support growth. The Group has managed to raise cash from various financial institutions, however, in certain cases, the cost of this financing is expensive.
The Company has already negotiated improved terms with some of its financiers and is currently undertaking certain extra steps to further lower its cost of financing. Base rates (US Libor, Euribor, other local base rates) have recently shown a significant uptrend and this has significantly increased the Company's WACD.

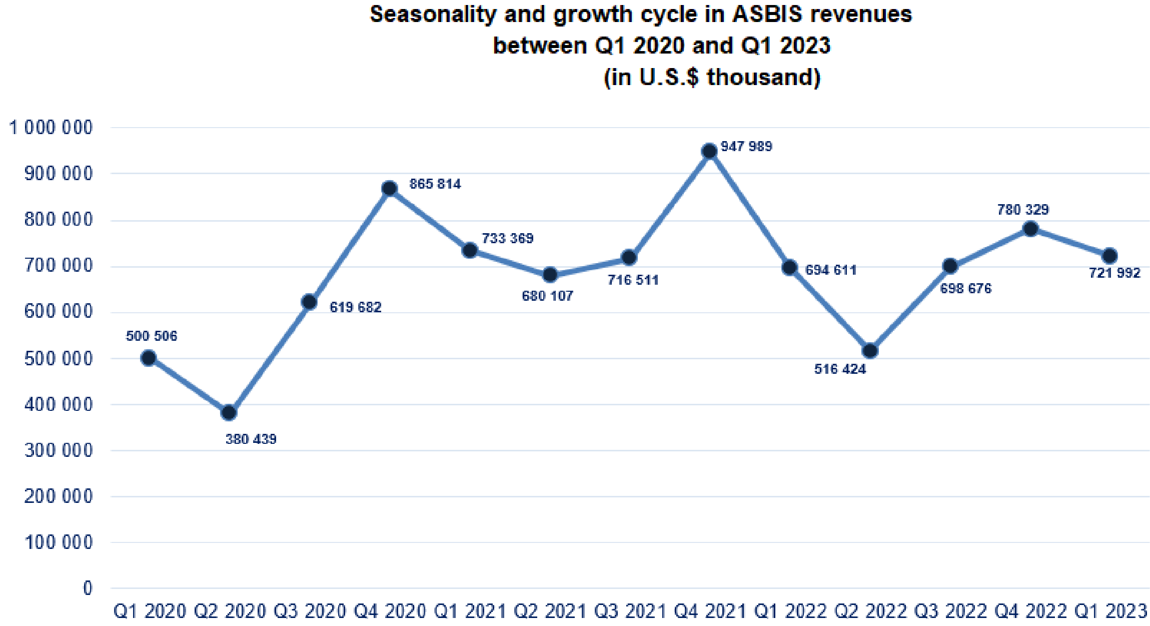
Environmental and climate changes
In terms of transition risks that arise from the transition to a low-carbon and climate-resilient economy, we may face the following risks: policy and legal risks (there may be laws or policies put in place that may require a more environmentally cautious approach to raw materials and land use), technology risks (changes in technology used to produce IT equipment) – these both may lead to growing prices in terms of IT equipment and solutions.
We may also face market risk with consumers switching to more energy-efficient appliances or making more savvy purchases to limit their own impact on the environment. We will monitor these trends and introduce the latest hardware for our customers. We may also face reputational risks with difficulties in attracting customers, business partners and employees if we do not take strong enough actions against climate changes. In terms of physical risks resulting from climate changes, we may face both acute and chronic risks.

Acute physical risks may arise from weather-related events in the form of floods, fires or droughts that may damage factories in certain regions, cause factories to limit or temporarily stop their production or disrupt our supply chain in other ways. These may result in temporary limitations in our product offering or rising prices of hardware and components. Chronic physical risks (i.e., risks that may result from long-term changes in the climate) may also affect ASBIS. Growing temperatures worldwide may cause a need for more temperature-resilient hardware and appliances and may also result in more hardware malfunctions that may increase warranty claims.

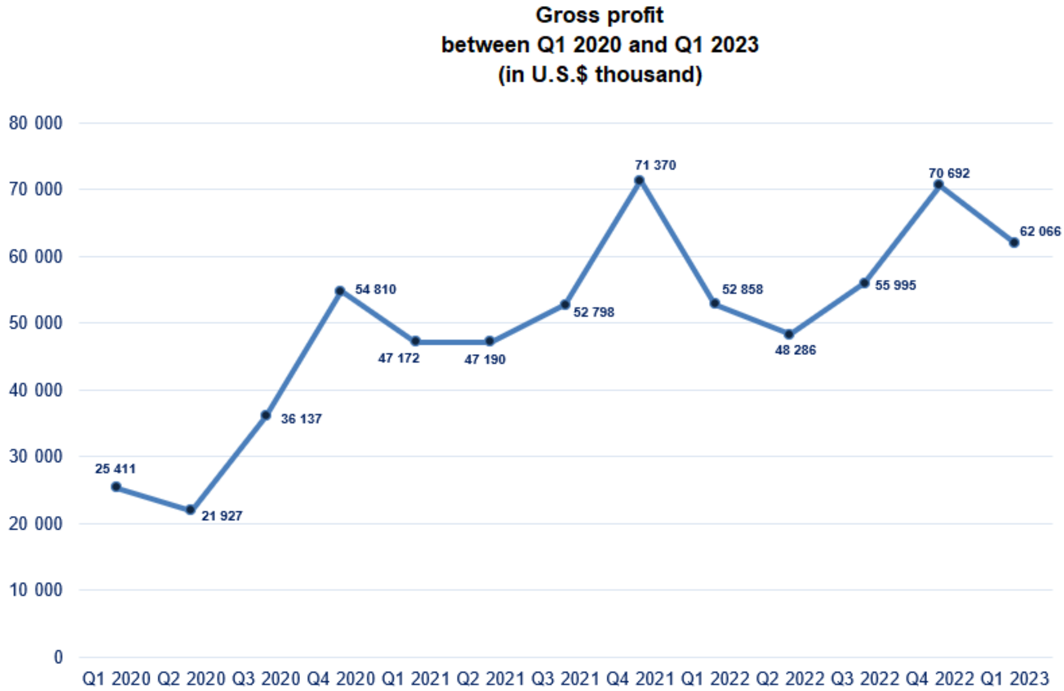
Results of Operations

Three-month period ended 31 March 2023 compared to the three-month period ended 31 March 2022 (in US$ thousand)

- **Revenues:** In Q1 2023 revenues increased by 3.9 % reaching US$ 721,992 from US$ 694,611 in Q1 2022.



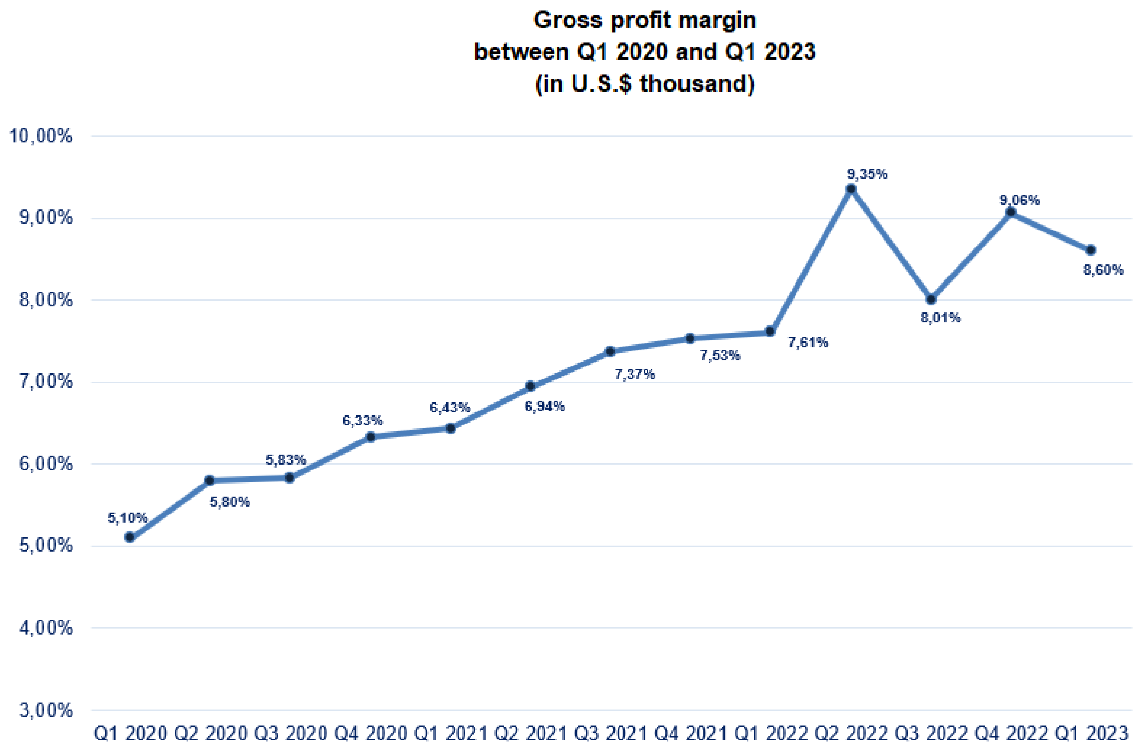
- **Gross profit:** In Q1 2023 gross profit much increased and reached US$ 62,066 from US$ 52,858 in Q1 2022.



- **Gross profit margin:**

  In Q1 2023 gross profit margin increased to 8.60% as compared to 7.61% in Q1 2022.

  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.

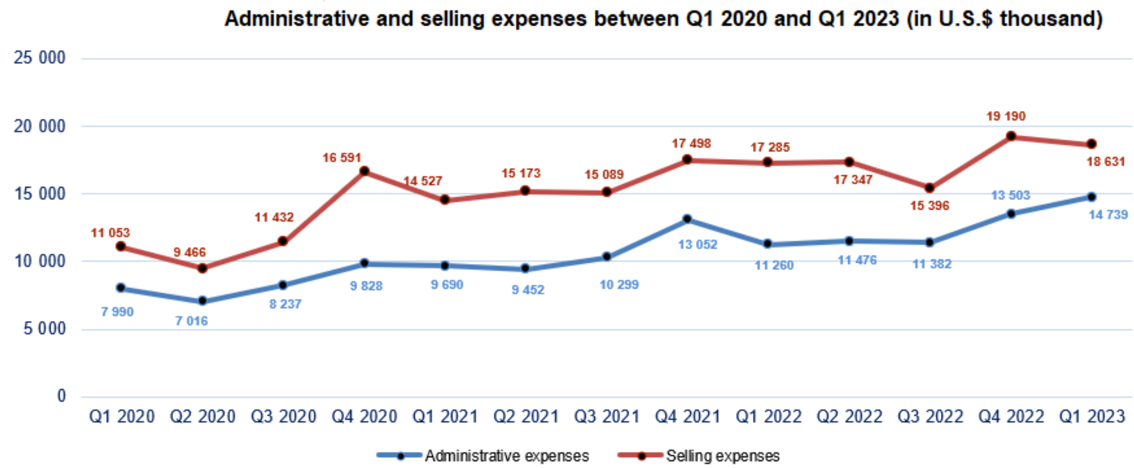


- **Selling expenses** largely comprise of salaries and benefits paid to sales employees (sales, marketing and logistics departments), marketing and advertising fees, commissions, and travelling expenses, provisions for doubtful debts and other provisions. Selling expenses usually grow together (but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

  Selling expenses in Q1 2023 increased by 7.8% to US$ 18,631 from US$ 17,285 in Q1 2022.

- **Administrative expenses** largely comprise of salaries and wages of administration personnel. For Q1 2023, it also included a special aid we made to Ukrainian schools which reached almost US$2m.

  Administrative expenses in Q1 2023 increased by 30.9% to US$ 14.739 from US$ 11,260 in Q1 2022.



- **EBITDA:** In Q1 2023 EBITDA was positive and increased by 19.3% to US$ 30,608 from US$ 25,649 in Q1 2022.

- **Net profit:** as a result of increased revenues and gross profit and operating costs kept under strict control, in Q1 2023 net profit after taxation increased and reached US$ 17,382 as compared to US$ 16,030 in Q1 2022. This result is a great achievement for us that we are all proud of. This is the highest net profit for this quarter in the Company's history.

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 2023.

In Q1 2023 revenues derived in the F.S.U region have increased by 5.7%, as compared to Q1 2022, while sales in the Central and Eastern Europe region have decreased by 3.6%. The major reasons for lower sales in the CEE region are mainly attributed to high inflation and lower customer demand. Sales in Middle East and Africa slightly increased by 1.2% in Q1 2023, as compared to last year.

As a result of the above-mentioned facts, the contribution of certain regions – like the CEE region, in total revenues of the Company for Q1 2023 has changed compared to Q1 2022. The F.S.U. region contribution increased to 56.16%, compared to 55.25% in Q1 2022. Central and Eastern Europe contribution has decreased to 22.16% from 23.88% in Q1 2022. The Middle East and Africa region has decreased to 12.72% from 13.06% in Q1 2022. Western Europe has increased to 8.41% from 6.27% in Q1 2022.

Country-by-country analysis shows a strong improvement in Kazakhstan - our biggest market, where our sales have increased by 40.1% in Q1 2023, compared to corresponding period of 2022. Our business in Ukraine – the second biggest market of our operations and one directly affected by the war, due to the strong effort of the Group, significantly increased by 31.8% as compared to Q1 2022.

United Arab Emirates delivered revenues of USD 67.5 million in Q1 2023 (an increase by 7.4% year-over-year).

Azerbaijan, Georgia and Armenia grew exceptionally in Q1 2023 as compared to the corresponding period of 2022.

Poland generated a robust growth in Q1 2023 (+12.8%) as compared to Q1 2022. The best-selling product categories in Poland were processors, video cards and other accessories.

The table below provides a geographical breakdown of sales in the three-month periods ended March 31st, 2023, and 2022.

	Q1 2023		Q1 2022	
	US$ thousand	% of total revenues	US$ thousand	% of total revenues
Former Soviet Union	405,473	56.16%	383,771	55.25%
Central and Eastern Europe	159,975	22.16%	165,901	23.88%
Middle East and Africa	91,849	12.72%	90,722	13.06%
Western Europe	60,747	8.41%	43,538	6.27%
Other	3,948	0.55%	10,679	1.54%
Total	**721,992**	**100%**	**694,611**	**100%**

Revenue breakdown – Top 10 countries in Q1 2023 and Q1 2022 (in US$ thousand)

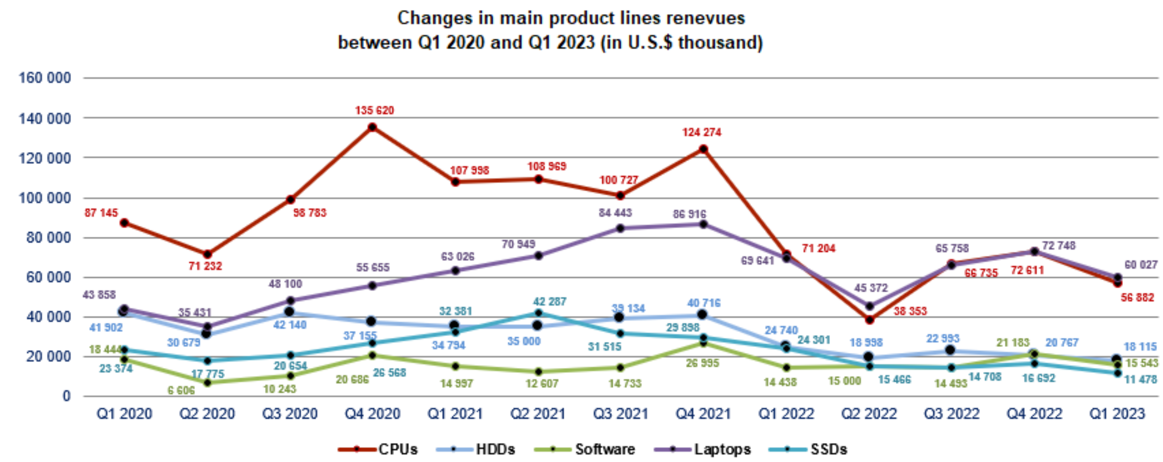
	Q1 2023		Q1 2022	
	Country	Sales	Country	Sales
1.	Kazakhstan	175,359	Kazakhstan	125,201
2.	Ukraine	102,084	Russia	93,131
3.	United Arab Emirates	67,476	Ukraine	77,431
4.	Slovakia	52,520	United Arab Emirates	62,817
5.	Azerbaijan	35,539	Slovakia	54,689
6.	Germany	35,039	Belarus	33,339
7.	Georgia	30,568	Czech Republic	25,486
8.	Poland	25,897	Poland	22,954
9.	Czech Republic	19,969	Azerbaijan	17,560
10.	Armenia	18,569	Georgia	13,961
	TOTAL	**721,992**	**TOTAL**	**694,611**

Sales by product lines

Despite the war in Ukraine, and our exit from the Russian market, we have noticed an increase in sales in a number of countries across our operations. In Q1 2023 the Group has continued enforcing its profit oriented strategy, which includes introducing higher-margin IT solutions to its portfolio of products and services. This was possible because ASBIS remains the distributor of first choice for many worldwide suppliers.

In Q1 2023 revenues from almost all main product lines (except smartphones and software) decreased compared to Q1 2022.

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

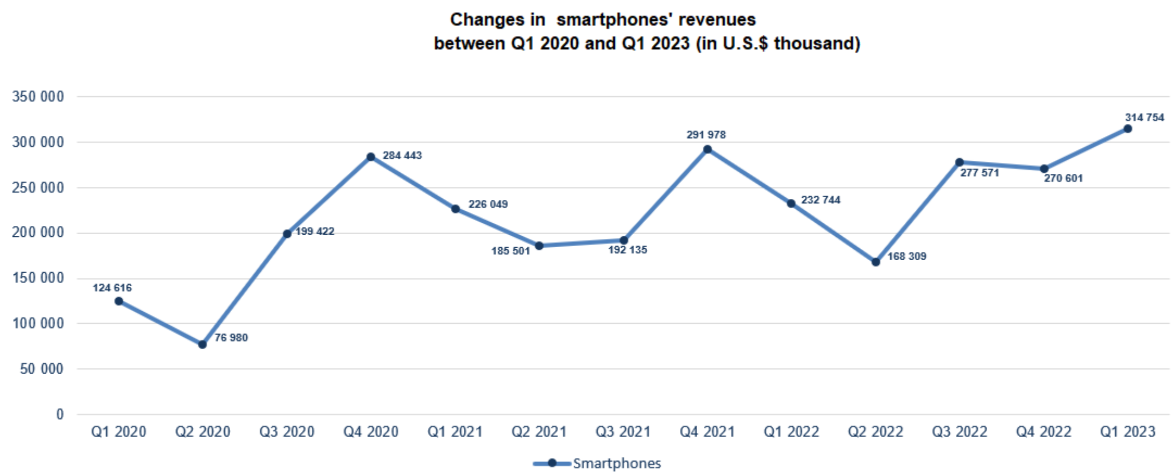


In Q1 2023 sales were mainly driven by smartphones, laptops and CPUs.

Sales from CPUs decreased in Q1 2023 by 20.1%, as compared to Q1 2022. Sales from software increased by 7.7% in Q1 2023, as compared to Q1 2022. Revenues from SSDs and HDDs decreased by 52.8% and 26.8% respectively in Q1 2023, as compared to Q1 2022. The business of laptops dropped by 13.8% in Q1 2023, as compared to Q1 2022.

Among other product lines, the Company has noticed positive results for Q1 2023 in accessories (+119.3%), tablets (+42.3%) and home appliances (+37.9%).

The chart below indicates the trend in smartphones sales:



In Q1 2023 sales of smartphones, the leader in our revenues, much increased by 35.2% as compared to Q1 2022. This was the result of the strong supply recovery and higher sales of a different mix of Apple iPhone models. We expect that the demand for the iPhone models will remain strong in the months to come.

The table below sets a breakdown of revenues, by product lines, for Q1 2023 and Q1 2022 (in US$ thousand):

	Q1 2023		Q1 2022	
	U.S. $ thousand	**% of total revenues**	**U.S. $ thousand**	**% of total revenues**
Smartphones	314,754	43.60%	232,744	33.51%
PC mobile (laptops)	60,027	8.31%	69,641	10.03%
Central processing units (CPUs)	56,882	7.88%	71,204	10.25%
Peripherals	32,804	4.54%	37,355	5.38%
Servers & server blocks	31,538	4.37%	35,293	5.08%
Audio devices	22,943	3.18%	27,238	3.92%
Display products	18,863	2.61%	15,080	2.17%
Hard disk drives (HDDs)	18,115	2.51%	24,740	3.56%
Networking products	17,576	2.43%	14,107	2.03%
Smart devices	17,556	2.43%	19,998	2.88%
Accessories	17,528	2.43%	7,993	1.15%
Multimedia	16,196	2.24%	15,062	2.17%
Software	15,543	2.15%	14,438	2.08%
Tablets	14,767	2.05%	10,380	1.49%
PC desktop	13,471	1.87%	16,820	2.42%
Solid-state drives (SSDs)	11,478	1.59%	24,301	3.50%
Home appliances	7,928	1.10%	5,748	0.83%
Consumables (printer toner cartridges)	7,082	0.98%	6,614	0.95%
Other	26,941	3.73%	45,854	6.60%
Total revenue	**721,992**	**100%**	**694,611**	**100%**

Liquidity and Capital Resources

The Company has in the past funded its liquidity requirements, including ongoing operating expenses, capital expenditures, and investments, for the most part, through operating cash flows, debt and equity financing. In Q1 2023, 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, 2023, and 2022:

(in thousands)	**Three months ended 31 March 2023 USD**	**Three months ended 31 March 2022 USD**
Net cash movement from operating activities	(100,012)	(49,637)
Net cash movement from investing activities	(3,838)	(1,688)
Net cash movement from financing activities	5,274	(9,382)
Net movement in cash and cash equivalents	**(98,576)**	**(60,707)**

Net cash outflows from operations

Net cash outflows from operations amounted to US$ 100,012 for the three months ended March 31st, 2023, compared to outflows of US$ 49,637 in the corresponding period of 2022. This result is typical for the first quarter of the year due to seasonality. The Company expects cash from operations to turn positive for the year 2023.

Net cash outflows from investing activities

Net cash outflows from investing activities were US$ 3,838 for the three months ended March 31st, 2023, compared to outflows of US$ 1,688 in the corresponding period of 2022.

Net cash inflows from financing activities

Net cash inflows from financing activities were US$ 5,274 for the three months ended March 31st, 2023, compared to outflows of US$ 9,382 in the corresponding period of 2022.

Net decrease in cash and cash equivalents

As a result of an increase in working capital utilization, cash and cash equivalents have decreased by US$ 98,576 compared to a decrease of US$ 60,707 in the corresponding period of 2022.

16. Factors which may affect our results in the future

War between Russia and Ukraine

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

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

The COVID-19 pandemic has had, and continues to have, a significant impact around the world. The shutdown of the economies is no longer an option, however Chinese Covid lockdowns have disrupted supply chains and made consumers much concerned about the overall situation.

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

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

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

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

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

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

The very well diversified geographic coverage of the Group’s revenues ensures that we do mitigate the risk of lower sales in a particular country with the possibility of higher sales in a few other countries. Since the F.S.U. and CEE regions are the biggest contributors to the Company’s revenues, it is very important to adapt to any market changes that might arise in these geographies. This is especially important while facing the war in Ukraine also affecting nearby countries. Therefore, we decided to enter new markets in Africa and Western Europe and expand our product portfolio by launching ASBIS Robotic Solutions (AROS) division.

In 2023 the primary target for the Group remains unchanged, it is profitability but always with a strong cash flow.

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

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

The Group’s ability to increase gross profit margins

The Group’s ability to increase its gross profit margin is of a huge importance. The strong increase observed in Q1 2023 as compared to the corresponding period of 2022 was a result of among other:

- focus on high-margin products and services,
- development of own brands,
- strong position in the region,
- expansion of the APR stores network,
- ceased operations in Russia where margins were lower than average.

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

Ability of the Group to control expenses

Selling and administrative expenses increased in Q1 2023 by 7.8% and 30.9% respectively as compared to Q1 2022. The total administration and selling expenses for Q1 2023 were higher than in Q1 2022. This was mostly due to investments made by the Company in the development of new business lines and geographical expansion. In Q1 2023 we continued our support, assigning another USD 2 million to help Ukraine.

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

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

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

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

17. Information about important events that occurred after the period ended on March 31st, 2023 and before this report release

According to our best knowledge, in the period between March 31st, 2023, and May 11th, 2023, 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, 2023

ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2023

ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 31 MARCH 2023
(in thousands of US$)

	Note	For the three months ended 31 March 2023 US$	For the three months ended 31 March 2022 US$
Revenue	4,24	721,992	694,611
Cost of sales		(659,926)	(641,753)
Gross profit		62,066	52,858
Selling expenses		(18,631)	(17,285)
Administrative expenses		(14,739)	(11,260)
Profit from operations		28,696	24,313
Financial income	7	922	1,740
Financial expenses	7	(9,038)	(6,446)
Net finance costs		(8,116)	(4,706)
Other gains and losses	5	386	19
Share of loss of equity-accounted investees	12	(69)	(23)
Profit before tax	6	20,897	19,603
Taxation	8	(3,515)	(3,573)
Profit for the period		17,382	16,030
Attributable to:			
Equity holders of the parent		17,451	16,050
Non-controlling interests		(69)	(20)
		17,382	16,030
		US$ cents	US$ cents
Earnings per share			
Basic and diluted from continuing operations		31.41	28.92

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2023

(in thousands of US$)

	For the three months ended 31 March 2023 US$	For the three months ended 31 March 2022 US$
Profit for the period	17,382	16,030
Other comprehensive loss		
Exchange difference on translating foreign operation	(362)	(2,565)
Other comprehensive loss for the period	(362)	(2,565)
Total comprehensive income for the period	17,020	13,465
Total comprehensive income attributable to:		
Equity holders of the parent	17,082	13,491
Non-controlling interests	(62)	(26)
	17,020	13,465

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

(in thousands of US$)

	Notes	As at 31 March 2023 US$	As at 31 December 2022 US$
ASSETS			
Non-current assets			
Property, plant and equipment	9	54,432	50,313
Intangible assets	10	997	1,077
Investment property	11	4,389	4,404
Equity-accounted investees	12	1,572	1,640
Goodwill	28	380	372
Financial assets at fair value through other comprehensive income	30	2,376	1,515
Deferred tax assets	21	326	285
Total non-current assets		64,472	59,606
Current assets			
Inventories	13	502,664	514,804
Trade receivables	14	327,532	328,931
Other current assets	15	29,521	23,586
Derivative financial assets	26	190	413
Current taxation	8	1,416	1,588
Cash at bank and in hand	27	69,418	134,598
Total current assets		930,741	1,003,920
Total assets		995,213	1,063,526
EQUITY AND LIABILITIES			
Equity			
Share capital	16	11,100	11,100
Share premium		23,721	23,721
Retained earnings and other components of equity		225,732	208,650
Equity attributable to owners of the parent		260,553	243,471
Non-controlling interests		647	709
Total equity		261,200	244,180
Non-current liabilities			
Long term borrowings	18	10,960	9,183
Other long-term liabilities	19	891	859
Deferred tax liabilities	21	120	120
Total non-current liabilities		11,971	10,162
Current liabilities			
Trade payables	23	302,711	417,976
Trade payables factoring facilities		20,076	18,024
Other current liabilities	22	146,236	164,023
Short term borrowings	17	250,606	205,296
Derivative financial liabilities	25	380	263
Current taxation	8	2,033	3,602
Total current liabilities		722,042	809,184
Total liabilities		734,013	819,346
Total equity and liabilities		995,213	1,063,526

The financial statements were approved by the Board of Directors on 10th of May 2023.

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Siarhei Kostevitch
Director

Marios Christou
Director

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2023
(in thousands of US$)

	Attributable to the owners of the parent							
	Share capital US$	Share premium US$	Treasury stock US$	Translation of foreign operations US$	Retained earnings US$	Total US$	Non-controlling interests US$	Total US$
Balance at 1 January 2022	11,100	23,721	-	(12,431)	166,520	188,910	554	189,464
Profit/(loss) for the period 1 January 2022 to 31 March 2022	-	-	-	-	16,050	16,050	(20)	16,030
Other comprehensive loss for the period 1 January 2022 to 31 March 2022	-	-	-	(2,559)	-	(2,559)	(6)	(2,565)
Balance at 31 March 2022	11,100	23,721	-	(14,990)	182,570	202,401	528	202,929
Profit for the period 1 April 2022 to 31 December 2022	-	-	-	-	59,817	59,817	23	59,840
Other comprehensive loss for the period 1 April 2022 to 31 December 2022	-	-	-	(1,180)	-	(1,180)	(12)	(1,192)
Final dividends declared	-	-	-	-	(16,571)	(16,571)	-	(16,571)
Acquisition of treasury shares	-	-	(996)	-	-	(996)	-	(996)
Increase of shares capital of subsidiary with non-controlling interests	-	-	-	-	-	-	170	170
Balance at 31 December 2022	11,100	23,721	(996)	(16,170)	225,816	243,471	709	244,180
Profit/(loss) for the period 1 January 2023 to 31 March 2023	-	-	-	-	17,451	17,451	(69)	17,382
Other comprehensive (loss)/profit for the period 1 January 2023 to 31 March 2023	-	-	-	(369)	-	(369)	7	(362)
Balance at 31 March 2023	11,100	23,721	(996)	(16,539)	243,267	260,553	647	261,200

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2023
(in thousands of US$)

	Note	For the three months ended 31 March 2023 US$	For the three months ended 31 March 2022 US$
Profit for the period before tax and non-controlling interest		20,897	19,603
Adjustments for:			
Exchange difference arising on consolidation		(607)	(1,920)
Depreciation of property, plant and equipment	9	1,593	1,030
Amortization of intangible assets	10	319	306
Depreciation of investment property		15	-
Provision of slow moving and obsolete stock		(55)	21
Share of loss of equity-accounted investees	12	69	23
(Profit)/loss from the sale of property, plant and equipment and intangible assets	5	(13)	12
Provision for bad debts and receivables written off		311	302
Interest received	7	(259)	(169)
Interest paid		4,440	2,179
Operating profit before working capital changes		26,710	21,387
Decrease /(increase) in inventories		12,195	(55,951)
Decrease in trade receivables		1,088	63,021
Increase in other current assets		(5,711)	(9,542)
Decrease in trade payables		(115,265)	(69,847)
Increase in trade payables factoring facilities		2,054	12,728
(Decrease)/increase in other current liabilities		(17,671)	7,193
Increase in other non-current liabilities		32	19
Increase/(decrease) in factoring creditors		5,829	(13,646)
Cash outflows from operations		(90,739)	(44,638)
Interest paid	7	(4,217)	(2,076)
Taxation paid, net	8	(5,056)	(2,923)
Net cash outflows from operating activities		(100,012)	(49,637)
Cash flows from investing activities			
Purchase of intangible assets	10	(234)	(111)
Purchase of property, plant and equipment		(3,347)	(1,736)
Payments for purchase of investments in associates		(862)	-
Proceeds/(write-offs) from sale of property, plant and equipment and intangible assets		346	(10)
Interest received	7	259	169
Net cash outflows from investing activities		(3,838)	(1,688)
Cash flows from financing activities			
Repayments of long-term loans and non-current lease liabilities		(219)	(572)
Proceeds/(repayments) of short-term borrowings and current lease liabilities		5,493	(8,810)
Net cash inflows/(outflows) from financing activities		5,274	(9,382)
Net decrease in cash and cash equivalents		(98,576)	(60,707)
Cash and cash equivalents at beginning of the period		92,352	150,919
Cash and cash equivalents at end of the period	27	(6,224)	90,212

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(in thousands of US$)

1. Incorporation and principal activities

Asbisc Enterprises Plc (the "Company or "the parent Company") was incorporated in Cyprus on 9 November 1995 with limited liability. The Group's and the Company's principal activity is the trading and distribution of computer hardware and software in a number of geographical regions as disclosed in note 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 2022. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2022.

These interim financial statements were authorized for issue by the Company's Board of Directors on the 10th of May 2023.

(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 2022.

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 2023 are consistent with those followed for the preparation of the annual financial statements for the year 2022 except for the adoption by the Group of all the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for annual periods beginning on 1 January 2023. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023
(in thousands of US$)

4. Revenue

	For the three months ended 31 March 2023 US$	For the three months ended 31 March 2022 US$
Sales of goods	714,604	686,954
Sales of licenses	5,534	6,592
Rendering of services	1,612	1,029
Sales of optional warranty	242	36
	721,992	694,611

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 2023 US$	For the three months ended 31 March 2022 US$
Profit/(loss) on disposal of property, plant and equipment	13	(12)
Other income	271	10
Rental income	102	21
	386	19

6. Profit before tax

	For the three months ended 31 March 2023 US$	For the three months ended 31 March 2022 US$
Profit before tax is stated after charging:		
(a) Amortization of intangible assets (Note 10)	319	306
(b) Depreciation of property, plant and equipment (Note 9)	1,593	1,030
(c) Depreciation of investment property	15	-
(c) Auditors' remuneration	115	210
(d) Directors’ remuneration – executive (Note 29)	558	545
(e) Directors’ remuneration – non-executive (Note 29)	19	7

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(in thousands of US$)

7. Financial expense, net

	For the three months ended 31 March 2023 US$	For the three months ended 31 March 2022 US$
Financial income		
Interest income	259	169
Other financial income	663	776
Net exchange gain	-	795
	922	1,740
Financial expense		
Bank interest	4,217	2,076
Bank charges	1,223	1,213
Derivative charges	202	265
Interest on lease liabilities	223	102
Factoring interest	2,635	2,256
Factoring charges	97	83
Other financial expenses	40	67
Other interest	378	384
Exchange loss	23	-
	9,038	6,446
Net	(8,116)	(4,706)

8. Tax

	As at 31 March 2023 US$	As at 31 December 2022 US$
Payable balance 1 January	2,014	3,464
Provision for the period/year	3,550	15,223
Over provision of prior periods/year	(1)	(51)
Foreign exchange difference on retranslation	110	(221)
Amounts paid, net	(5,056)	(16,401)
Net payable balance 31 March/31 December	617	2,014

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(in thousands of US$)

8. Tax (continued)

	As at 31 March 2023 US$	As at 31 December 2022 US$
Tax receivable	(1,416)	(1,588)
Tax payable	2,033	3,602
Net	617	2,014

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

	For the three months ended 31 March 2023 US$	For the three months ended 31 March 2022 US$
Provision for the period	3,550	3,606
(Over)/under provision of prior years	(1)	51
Deferred tax credit (Note 20)	(34)	(84)
Charge for the period	3,515	3,573

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023
(in thousands of US$)

9. Property, plant and equipment

	Land and buildings US$	Assets under construction US$	Computer hardware US$	Warehouse machinery US$	Motor vehicles US$	Furniture and fittings US$	Office equipment US$	Total US$
Cost								
At 1 January 2022	35,850	7,249	8,800	795	4,485	3,830	4,600	65,609
Additions	8,923	2,992	1,368	52	726	1,617	1,784	17,462
Disposals/write-offs	(382)	-	(2,672)	(3)	(695)	(867)	(848)	(5,467)
Transfers	4,125	(9,926)	-	-	-	-	-	(5,801)
Foreign exchange difference on retranslation	(430)	-	(258)	(1)	(77)	(330)	(211)	(1,307)
At 31 December 2022	48,086	315	7,238	843	4,439	4,250	5,325	70,496
Additions	2,807	-	637	170	440	456	1,196	5,706
Disposals/write-offs	(248)	-	(139)	(11)	(59)	(407)	(119)	(983)
Transfers	112	(112)	-	-	-	-	-	-
Foreign exchange difference on retranslation	300	-	70	2	32	80	127	611
At 31 March 2023	51,057	203	7,806	1,004	4,852	4,379	6,529	75,830
Accumulated depreciation								
At 1 January 2022	7,710	-	6,173	488	2,167	2,381	2,966	21,885
Charge for the year	1,999	-	811	84	734	461	465	4,554
Disposals/write-offs	(99)	-	(2,604)	(1)	(434)	(804)	(848)	(4,790)
Transfers	(1,367)	-	-	-	-	-	-	(1,367)
Foreign exchange difference on retranslation	(173)	-	108	(1)	(71)	161	(123)	(99)
At 31 December 2022	8,070	-	4,488	570	2,396	2,199	2,460	20,183
Charge for the period	823	-	270	22	176	118	185	1,594
Disposals/write-offs	(219)	-	(127)	(9)	(59)	(142)	(94)	(650)
Foreign exchange difference on retranslation	71	-	44	10	18	44	84	271
At 31 March 2023	8,745	-	4,675	593	2,531	2,219	2,635	21,398
Net book value								
At 31 March 2023	42,312	203	3,131	411	2,321	2,160	3,894	54,432
At 31 December 2022	40,016	315	2,750	273	2,043	2,051	2,865	50.313

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(in thousands of US$)

9. Property, plant and equipment (continued)

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

	Land and buildings US$	Warehouse machinery US$	Motor vehicles US$	Total US$
Balance at 1 January 2022	8,287	26	1,099	9,412
Depreciation charge for the year	(1,625)	(6)	(400)	(2,031)
Additions to right of use assets	6,155	-	234	6,389
Derecognition of right of use assets	(36)	-	-	(36)
Foreign exchange difference on retranslation	(99)	(2)	(118)	(219)
Balance at 31 December 2022	12,682	18	815	13,515
Depreciation charge for the period	(696)	(2)	(98)	(796)
Additions to right of use assets	2,108	-	255	2,363
Foreign exchange difference on retranslation	77	-	15	92
Balance at 31 March 2023	14.171	16	987	15,174

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

The total cash outflows for the leases related to the above right-of-use assets were US$710 (2022: US$ 2,252).

10. Intangible assets

	Computer software US$	Patents and licenses US$	Total US$
Cost			
At 1 January 2022	11,008	1,690	12,698
Additions	335	65	400
Disposals/write-offs	(2,198)	(338)	(2,536)
Foreign exchange difference on retranslation	(37)	46	9
At 31 December 2022	9,108	1,463	10,571
Additions	53	181	234
Disposals/write-offs	(4)	(8)	(12)
Foreign exchange difference on retranslation	56	3	59
At 31 March 2023	9,213	1,639	10,852
Accumulated amortization			
At 1 January 2022	9,554	1,241	10,795
Charge for the year	1,050	153	1,203
Disposals/write-offs	(2,198)	(336)	(2,534)
Foreign exchange difference on retranslation	(11)	41	30
At 31 December 2022	8,395	1,099	9,494
Charge for the period	294	26	320
Disposals/write-offs	(4)	(8)	(12)
Foreign exchange difference on retranslation	50	3	53
At 31 March 2023	8,735	1,120	9,855
Net book value			
At 31 March 2023	478	519	997
At 31 December 2022	713	364	1,077

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(in thousands of US$)

11. Investment Property

	Land and buildings US$
Cost	
At 1 January 2022	-
Transfer	5,801
At 31 December 2022	5,801
At 31 March 2023	5,801
Accumulated amortization	
At 1 January 2022	-
Charge for the period	30
Transfers	1,367
At 31 December 2022	1,397
Charge for the period	15
At 31 March 2023	1,412
Net book value	
At 31 March 2023	4,389
At 31 December 2022	4,404

During the year ended 31 December 2022, the Group decided to change the use of two properties from owner-occupied to investment property. The properties are leased to third parties under operating leases with rentals payable monthly.

12. Equity-accounted investees

	As at 31 March 2023 US$	As at 31 December 2022 US$
Cost		
At 1 January	1,843	1,790
Additions (i), (ii)	-	53
At 31 March/31 December	1,843	1,843
Accumulated share of loss from equity-accounted investees		
At 1 January	(203)	(41)
Share of loss from equity-accounted investees during the period/year	(69)	(162)
At 31 March/31 December	(272)	(203)
Carrying amount of equity-accounted investees	1,571	1,640

(i) In May 2022, the Company acquired 20% shareholding in Displayforce Global Ltd (Cyprus), for the consideration of US$53. The investment is accounted for as an associate.

(ii) The loan granted to associate LLC Clevetura, borne interest of 4% p.a. and has been repaid during 2022. In addition, the Group, for the period ending 31 March 2023, acquired services for the total amount of US$ 124 (2022: US$ 532) from this associate.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(in thousands of US$)

13. Inventories

	As at 31 March 2023 US$	As at 31 December 2022 US$
Trading goods (i)	501,151	513,418
Land development (ii)	1,513	1,386
	502,664	514,804

(i) Trading goods

	As at 31 March 2023 US$	As at 31 December 2022 US$
Goods held for resale	475,057	449,733
Goods in transit	33,461	71,069
Provision for slow moving and obsolete stock	(7,367)	(7,384)
	501,151	513,418

As at 31 March 2023, inventories pledged as security for financing purposes amounted to US$ 55,200 (2022: US$ 82,547).

Movement in provision for slow moving and obsolete stock:

	For the three months ended 31 March 2023 US$	For the year ended 31 December 2022 US$
On 1 January	7,384	4,746
Provisions for the period/year	131	3,294
Provided stock written off	(186)	(554)
Foreign exchange difference on retranslation	38	(102)
On 31 March/31 December	7,367	7,384

(ii) Land development

	As at 31 March 2023 US$	As at 31 December 2022 US$
Land - Not under development yet	1,418	1,386
Buildings - work in progress	95	-
	1,513	1,386

During the year ended 31 December 2022, the Group acquired two plots of land in Cyprus, where a complex of houses is going to be built in the near future.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(in thousands of US$)

14. Trade receivables

	As at 31 March 2023 US$	As at 31 December 2022 US$
Trade receivables	320,023	313,503
Prepayments to trade vendors	11,127	18,759
Allowance for doubtful debts	(3,618)	(3,331)
	327,532	328,931

Movement in provision for doubtful debts:

	For the three months ended 31 March 2023 US$	For the year ended 31 December 2022 US$
On 1 January	3,331	3,379
Provisions for the period/year	334	1,269
Amount written-off as uncollectible	(23)	(240)
Bad debts recovered	-	(7)
Foreign exchange difference	(24)	(71)
On 31 March/31 December	3,618	3,331

As at 31 March 2023, the receivables of the Group that have been assigned as security for financing purposes amounted to US$ 70,885 (2022: US$ 80,040).

15. Other current assets

	As at 31 March 2023 US$	As at 31 December 2022 US$
VAT and other taxes refundable	21,411	16,253
Other debtors and prepayments	7,388	6,780
Deposits and advances to service providers	326	386
Employee floats	396	167
	29,521	23,586

16. Share capital

	As at 31 March 2023 US$	As at 31 December 2022 US$
Authorized		
63,000,000 (2022: 63,000,000) shares of US$ 0.20 each	12,600	12,600
Issued and fully paid		
55,500,000 (2022: 55,500,000) ordinary shares of US$ 0.20 each	11,100	11,100

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023
(in thousands of US$)

16. Share capital (continued)

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

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

At the end of the period 31 March 2023 the Company held a total of 328,800 (2022: 328,800) shares purchased for a total consideration of US$ 997 (2022: 997).

17. Short term borrowings

	As at 31 March 2023 US$	As at 31 December 2022 US$
Bank overdrafts (Note 27)	75,642	42,246
Current portion of long-term loans	160	224
Bank short-term loans	103,849	98,146
Current lease liabilities (Note 20)	2,839	2,393
Total short-term debt	182,490	143,009
Factoring creditors	68,116	62,287
	250,606	205,296

Summary of borrowings and overdraft arrangements

As at 31 March 2023 the Group had factoring facilities of US$ 196,367 (2022: US$ 199,952).

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

- overdraft lines of US$ 105,065 (2022: US$ 100,237)
- short-term loans/revolving facilities of US$ 137,976 (2022: US$ 133,686)
- bank guarantee and letters of credit lines of US$ 48,796 (2022: US$ 41,960)

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

The Weighted Average Cost of Debt (cash lines and factoring lines) for the period is 12% (2022: 10,5%).

(in thousands of US$)

17. Short term borrowings (continued)

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

- Floating charges over all assets of the Company
- Mortgage on land and buildings that the Group owns in Cyprus, Czech Republic, Belarus, Middle East, Bulgaria, Slovakia and Ukraine
- Charge over receivables and inventories
- Corporate guarantees
- Assignment of insurance policies
- Pledged deposits of US$ 20,777 (2022: US$ 20,822)

18. Long term borrowings

	As at 31 March 2023 US$	As at 31 December 2022 US$
Bank loans	856	553
Non-current lease liabilities (Note 20)	10,104	8,630
	10,960	9,183

19. Other long-term liabilities

	As at 31 March 2023 US$	As at 31 December 2022 US$
Other long-term liabilities	891	859

20. Lease liabilities

	As at 31 March 2023 US$	As at 31 December 2022 US$
Current lease liabilities (Note 17)	2,839	2,393
Non-current lease liabilities (Note 18)	10,104	8,630
	12,943	11,023

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(in thousands of US$)

21. Deferred tax

	For the three months ended 31 March 2023 US$	For the year ended 31 December 2022 US$
Debit balance on 1 January	(165)	(127)
Deferred tax (charge)/credit for the period/year (Note 8)	(34)	4
Foreign exchange difference on retranslation	(7)	(42)
At 31 March/31 December	(206)	(165)

	As at 31 March 2023 US$	As at 31 December 2022 US$
Deferred tax assets	(326)	(285)
Deferred tax liabilities	120	120
Net deferred tax assets	(206)	(165)

22. Other current liabilities

	As at 31 March 2023 US$	As at 31 December 2022 US$
Salaries payable and related costs	5,143	4,305
VAT payable	6,060	8,854
Provision for warranties	8,018	7,465
Accruals, deferred income, and other provisions	90,852	107,213
Provision for marketing	28,780	30,182
Non-trade accounts payable	7,383	6,004
	146,236	164,023

23. Trade payables and prepayments

	As at 31 March 2023 US$	As at 31 December 2022 US$
Trade payables	288,617	400,283
Prepayments from customers	14,094	17.693
	302,711	417,976

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(in thousands of US$)

24. 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 2023 US$	For the three months ended 31 March 2022 US$
Former Soviet Union	405,473	383,771
Central Eastern Europe	159,975	165,901
Middle East & Africa	91,849	90,722
Western Europe	60,747	43,538
Other	3,948	10,679
	721,992	694,611

1.3 Segment results

	For the three months ended 31 March 2023 US$	For the three months ended 31 March 2022 US$
Former Soviet Union	14,874	5,590
Central Eastern Europe	6,585	14,184
Middle East & Africa	4,733	2,957
Western Europe	2,349	1,478
Other	154	353
Profit from operations	28,695	24,313
Net financial expenses	(8,115)	(4,706)
Other gains and losses	386	19
Share of loss from associates	(69)	(23)
Profit before taxation	20,897	19,603

1.4 Segment capital expenditure (CAPEX)

	As at 31 March 2023 US$	As at 31 December 2022 US$
Cyprus	28,281	27,541
Former Soviet Union	11,130	10,407
Central Eastern Europe	16,947	14,510
Middle East & Africa	3,635	3,677
Western Europe	178	-
Unallocated	26	31
	60,197	56,166

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(in thousands of US$)

24. Operating segments (continued)

1.5 Segment depreciation and amortization

	For the three months ended 31 March 2023 US$	For the three months ended 31 March 2022 US$
Cyprus	835	498
Former Soviet Union	550	400
Central Eastern Europe	485	386
Middle East & Africa	51	49
Western Europe	6	-
Other	1	3
	1,928	1,336

1.6 Segment assets

	As at 31 March 2023 US$	As at 31 March 2022 US$
Former Soviet Union	536,256	400,154
Central Eastern Europe	117,229	118,280
Western Europe	160,898	210,638
Middle East & Africa	108,747	227,291
Total	923,130	964,363
Assets allocated in capital expenditure (1.4)	60,198	56,166
Other unallocated assets	11,885	42,997
Consolidated assets	995,213	1,063,526

For the purposes of monitoring segment performance and allocating resources between segments only assets were allocated to the reportable segments. As the Group liabilities are mainly used jointly by the reportable segments, these were not allocated to each segment.

1.7 Geographical information

Since the Group's operating segments are based on geographical location and this information has been provided above (1.2 – 1.6) no further analysis is included.

25. Derivative financial liability

	As at 31 March 2023 US$	As at 31 December 2022 US$
<u>Derivative financial liabilities carried at fair value through profit or loss</u>		
Foreign currency derivative contracts	380	263

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(in thousands of US$)

26. Derivative financial asset

	As at 31 March 2023 US$	As at 31 December 2022 US$
Derivative financial assets carried at fair value through profit or loss		
Foreign currency derivative contracts	190	413

27. Cash and cash equivalents

	As at 31 March 2023 US$	As at 31 December 2022 US$
Cash at bank and in hand	69,418	134,598
Bank overdrafts (Note 17)	(75,642)	(42,246)
	(6,224)	92,352

The cash at bank and in hand balance includes an amount of US$ 20,777 (2022: US$ 20,822) which represents pledged deposits against financial facilities granted and margin accounts for foreign exchange hedging.

28. Goodwill

	As at 31 March 2023 US$	As at 31 December 2022 US$
At 1 January	372	595
Disposals	-	(201)
Foreign exchange difference on retranslation	8	(22)
At 31 March/31 December	380	372

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

	As at 31 March 2023 US$	As at 31 December 2022 US$
ASBIS d.o.o. (BA)	380	372

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(in thousands of US$)

29. Transactions and balances of key management

	For the three months ended 31 March 2023 US$	For the three months ended 31 March 2022 US$
Director's remuneration - executive (Note 6)	558	545
Director's remuneration - non-executive (Note 6)	19	7
	577	552

30. Financial assets at fair value through other comprehensive income

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

31. Business combinations

1. Incorporations and acquisitions

Incorporations and acquisitions of subsidiaries to 31 March 2023

During the period the Group had no incorporations nor acquisitions of subsidiaries.

Incorporations and acquisitions of subsidiaries to 31 December 2022

During the year the Group has incorporated the following subsidiaries:

Name of entity	Type of operations	Date acquired/ incorporated	% acquired/ incorporated	% owned
ACEAN.PL Sp. z.o.o (Poland)	Information Technology	12 April 2022	100%	100%
Entoliva Ltd (Cyprus)	Land Development	8 August 2022	100%	100%
Breezy Poland (Poland)	Information Technology	18 November 2022	100%	100%
ASBC SRL (Moldova)	Information Technology	8 November 2022	100%	100%
ASBIS Hellas Single Member S.A. (Greece)	Information Technology	18 November 2022	100%	100%
Prestigio Plaza Kft. (Hungary)	Information Technology	24 November 2022	100%	100%
Breezy-M SRL (Moldova)	Information Technology	8 December 2022	100%	100%

(in thousands of US$)

31. Business combinations (continued)

2. Liquidations and disposals

Liquidations and disposals of subsidiaries to 31 March 2023

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

Liquidations and disposals of subsidiaries to 31 December 2022

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

Name of disposed entity	Type of operations	Date liquidated	% liquidated
Private Educational Institution "Center of excellence in Education for executives and specialists in Information Technology (Belarus)	Information Technology	19 May 2022	100%

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

32. Commitments and contingencies

As at 31 March 2023 the Group was committed in respect of purchases of inventories of a total cost value of US$ 14,784 (2022: US$ 32,603) which were in transit at 31 March 2022 and delivered in April 2023. Such inventories and the corresponding liability towards the suppliers have not been included in these financial statements since, according to the terms of purchase, title of the goods has not passed to the Group at period end.

As at 31 March 2023 the Group was contingently liable to banks in respect of bank guarantees and letters of credit lines of US$ 48,796 (2022: US$ 41,960) (note 17) which the Group has extended to its suppliers and other counterparties.

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

33. 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).