

**INTERIM REPORT  
FOR THE SIX MONTHS  
ENDED 30 JUNE 2020**

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## **DIRECTORS' REPORT ON THE COMPANY'S AND GROUP'S OPERATIONS**

We have prepared this report as required by Paragraph 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 six month 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 six-month report contains financial statements of, and financial information relating to the Group. In particular, this six-month report contains our interim consolidated financial statements for the six months ended 30 June 2020. The financial statements appended to this six-month 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 six-month 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 six-month report may not conform exactly to the total figure given for that column or row.

#### **Currency Presentation**

Unless otherwise indicated, all references in this six month report to "U.S. \$" 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 six-month 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 six-month 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 six-month 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 six-month report.

## **Part I Additional information**

### **1. Overview**

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

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

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

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

### **2. Executive summary for the three and six month periods ended June 30<sup>th</sup>, 2020**

During Q2 2020 and H1 2020, we once again have shown our strength, giving higher revenues despite the ongoing pandemic worldwide.

The Company achieved strong gross profit margins and controlled expenses. As a result, net profit after taxation in Q2 and H1 2020 was significantly higher as compared to the corresponding periods of 2019. We also had significant improvements in cash flow from operations year-on-year.

In H1 2020, multiple product lines have been performing significantly well. The ongoing pandemic has escalated the online education to be one of the most important achievements of the IT industry. Mobile systems like tablets and laptops have been on the top of the list of revenue gainers. Components which help to build servers (SSDs, Server HDDs, etc.) have also noticed a very strong demand since more and more power is needed to accommodate the growing needs of consumers for systems related to creating, sending and sharing information.

Our own products, Prestigio and Canyon have also seen good demand. As far as Canyon is concerned, we have noticed a significant increase in demand for web cameras, headsets and other gaming accessories.

In the three months ended June 30, 2020, the Company continued its dividend policy paying a final dividend of USD 0.075 per share. Thus, the grand total for dividends from the Company's 2019 profits (including the interim dividend pay-out on December 19th, 2019) amounted to USD 0.135 per share, which means the highest dividend in the Company's history. We will continue our stable dividend policy unless significant market changes will appear.

We are very pleased with our results, especially if considering the market conditions. This means that in times of pandemic, closed markets and the general slowdown of global economies, our results are higher

to those generated last year. This is a great achievement, demonstrating the maturity of our organization and an effective business model.

**The principal events of the three-month period ended June 30<sup>th</sup>, 2020, were as follows:**

- In Q2 2020 revenues increased by 2.6% to U.S.\$ 380,439 from U.S.\$ 370,909 in Q2 2019.
- In Q2 2020 gross profit increased by 4.2% to U.S.\$ 21,927 from U.S.\$ 21,053 in Q2 2019.
- In Q2 2020 gross profit margin increased to 5.76% from 5.68% in Q2 2019.
- In Q2 2020 selling expenses decreased by 0.6% to U.S.\$ 9,466 from U.S.\$ 9,520 in Q2 2019.
- In Q2 2020 administrative expenses increased by 12.0% to U.S.\$ 7,016 from U.S.\$ 6,262 in Q2 2019.
- In Q2 2020 EBITDA was slightly higher year-on-year and reached U.S.\$ 6,479 as compared to U.S.\$ 6,384 in Q2 2019.
- The Company finished Q2 2020 with a stunning net profit after tax, amounting to U.S.\$ 2,468, a 170.22% growth compared to U.S.\$ 913 in Q2 2019.

**The following table presents revenues breakdown by regions in the three-month period ended June 30<sup>th</sup>, 2020 and 2019 respectively (in U.S.\$ thousand):**

Region	Q2 2020	Q2 2019	Change %
Former Soviet Union	191,903	194,828	-1.5%
Central and Eastern Europe	94,343	97,291	-3.0%
Middle East and Africa	50,450	45,529	10.8%
Western Europe	30,808	28,760	7.1%
Other	12,935	4,501	187.4%
<b>Grand Total</b>	<b>380,439</b>	<b>370,909</b>	<b>2.6%</b>

**The principal events of the six month period ended June 30<sup>th</sup>, 2020, were as follows:**

- Revenues increased by 11.8% to U.S.\$ 880,945 from U.S.\$ 788,241 in H1 2019.
- Gross profit increased by 12.3% to U.S.\$ 47,338 from U.S.\$ 42,161 in H1 2019.
- Gross profit margin increased to 5.37% from 5.35% in H1 2019.
- Selling expenses increased by 2.1% to U.S.\$ 20,518 from U.S.\$ 20,093 in H1 2019.
- Administrative expenses increased by 23.1% to U.S.\$ 15,006 from U.S.\$ 12,194 in H1 2019.
- EBITDA reached U.S.\$ 13.856 as compared to U.S.\$ 11,794 in H1 2019, a strong improvement of 17.5%.

- As a result of strong growth in revenues, gross profit and controlled expenses, in H1 2020 the Company strongly increased its net profit after tax by 80.7% to U.S.\$ 4,710 as compared to U.S.\$ 2,606 in H1 2019. This result is considered to be excellent for the Group.

The following table presents revenues breakdown by regions in the six month periods ended June 30<sup>th</sup>, 2020 and 2019 respectively (in U.S.\$ thousand):

Region	H1 2020	H1 2019	Change %
Former Soviet Union	457,450	399,980	14.4%
Central and Eastern Europe	238,144	207,829	14.6%
Middle East and Africa	100,617	102,351	-1.7%
Western Europe	62,159	63,629	-2.3%
Other	22,575	14,452	56.2%
<b>Grand Total</b>	<b>880,945</b>	<b>788,241</b>	<b>11.8%</b>

### 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 U.S. \$ amounts as of and for the three and six months ended 30 June 2020 and 2019, have been converted into Euro and PLN as follows:

- Individual items of the statement of financial position – based at average exchange rates quoted by the National Bank of Poland for a given balance sheet dated December 31<sup>st</sup>, 2019, that is: 1 US\$ = 3.7977 PLN and 1 EUR = 4.2585 PLN and June 30<sup>th</sup>, 2020, that is: 1 US\$ = 3.9806 PLN and 1 EUR = 4.4660 PLN.
- Individual items in the income statement and statement of cash flows – based at exchange rates representing the arithmetic averages of the exchange rates quoted by the National Bank of Poland for the last day of each month in a given period 1 January to 30 June 2020, that is: 1 US\$ = 4.0214 PLN and 1 EUR = 4.4413 PLN and 1 January to 30 June 2019, that is: 1 US\$ = 3.7936 PLN and 1 EUR = 4.2880 PLN.
- Individual items in the income statement and statement of cash flows for separate Q2 2020 and Q2 2019 – based at exchange rates representing the arithmetic averages of the exchange rates quoted by the National Bank of Poland for the last day of each month in a given period 1 April to 30 June 2020, that is: 1 US\$ = 4.0522 PLN and 1 EUR = 4.4862 PLN and 1 April to 30 June 2019, that is: 1 US\$ = 3.8042 PLN and 1 EUR = 4.2782 PLN.

(In thousands of US\$)	Period from			Period from		
	1 January to 30 June 2020			1 January to 30 June 2019		
	USD	PLN	EUR	USD	PLN	EUR
<b>Revenue</b>	<b>880,945</b>	<b>3,542,662</b>	<b>797,672</b>	<b>788,241</b>	<b>2,990,245</b>	<b>697,346</b>
Cost of sales	(833,607)	(3,352,295)	(754,809)	(746,080)	(2,830,304)	(660,047)
<b>Gross profit</b>	<b>47,338</b>	<b>190,367</b>	<b>42,863</b>	<b>42,161</b>	<b>159,941</b>	<b>37,299</b>
Selling expenses	(20,518)	(82,512)	(18,579)	(20,093)	(76,224)	(17,776)
Administrative expenses	(15,006)	(60,346)	(13,588)	(12,194)	(46,259)	(10,788)
<b>Profit from operations</b>	<b>11,814</b>	<b>47,509</b>	<b>10,697</b>	<b>9,874</b>	<b>37,458</b>	<b>8,735</b>
Financial expenses	(7,131)	(28,677)	(6,457)	(8,607)	(32,651)	(7,614)
Financial income	1,281	5,151	1,160	1,537	5,831	1,360
Other gains and losses	239	961	216	320	1,214	283
Share of profit/(loss) of equity-accounted investees	0	0	0	(2)	(8)	(2)
<b>Profit before taxation</b>	<b>6,203</b>	<b>24,945</b>	<b>5,617</b>	<b>3,122</b>	<b>11,844</b>	<b>2,762</b>
Taxation	(1,493)	(6,004)	(1,352)	(515)	(1,954)	(456)
<b>Profit after taxation</b>	<b>4,710</b>	<b>18,941</b>	<b>4,265</b>	<b>2,606</b>	<b>9,886</b>	<b>2,305</b>
<b>Attributable to:</b>						
Non-controlling interest	(20)	(80)	(18)	(10)	(38)	(9)
<b>Equity holders of the parent</b>	<b>4,730</b>	<b>19,021</b>	<b>4,283</b>	<b>2,616</b>	<b>9,924</b>	<b>2,314</b>
	USD	PLN	EUR	USD	PLN	EUR
	(cents)	(grosz)	(cents)	(cents)	(grosz)	(cents)
Basic and diluted earnings per share from continuing operations	8.52	34.26	7.71	4.72	17.91	4.18
	<b>USD</b>	<b>PLN</b>	<b>EUR</b>	<b>USD</b>	<b>PLN</b>	<b>EUR</b>
Net cash (inflows/outflows) from operating activities	1,446	5,815	1,309	(27,016)	(102,487)	(23,901)
Net cash outflows from investing activities	(2,322)	(9,338)	(2,103)	(733)	(2,781)	(648)
Net cash inflows/(outflows) from financing activities	1,141	4,588	1,033	(441)	(1,673)	(390)
<b>Net (increase/decrease) in cash and cash equivalents</b>	<b>265</b>	<b>1,066</b>	<b>240</b>	<b>(28,191)</b>	<b>(106,941)</b>	<b>(24,939)</b>
<b>Cash at the beginning of the period</b>	<b>78,306</b>	<b>314,902</b>	<b>70,904</b>	<b>58,109</b>	<b>220,440</b>	<b>51,408</b>
<b>Cash at the end of the period</b>	<b>78,571</b>	<b>315,972</b>	<b>71,145</b>	<b>29,919</b>	<b>113,500</b>	<b>26,469</b>
	<b>USD</b>	<b>PLN</b>	<b>EUR</b>	<b>USD</b>	<b>PLN</b>	<b>EUR</b>
Current assets	486,754	1,937,573	433,850	599,469	2,276,603	534,602
Non-current assets	34,861	138,768	31,072	33,318	126,632	29,713
<b>Total assets</b>	<b>521,615</b>	<b>2,076,341</b>	<b>464,922</b>	<b>632,787</b>	<b>2,403,135</b>	<b>564,315</b>
Liabilities	413,986	1,647,913	368,991	524,592	1,992,243	467,827
Equity	107,629	428,428	95,931	108,195	410,892	96,488

(In thousands of US\$)	Period from 1 April to 30 June 2020			Period from 1 April to 30 June 2019		
	USD	PLN	EUR	USD	PLN	EUR
<b>Revenue</b>	<b>380,439</b>	<b>1,541,615</b>	<b>343,632</b>	<b>370,909</b>	<b>1,411,000</b>	<b>329,809</b>
Cost of sales	(358,512)	(1,452,762)	(323,827)	(349,856)	(1,330,911)	(311,089)
<b>Gross profit</b>	<b>21,927</b>	<b>88,853</b>	<b>19,806</b>	<b>21,053</b>	<b>80,089</b>	<b>18,720</b>
Selling expenses	(9,466)	(38,358)	(8,550)	(9,520)	(36,216)	(8,465)
Administrative expenses	(7,016)	(28,430)	(6,337)	(6,263)	(23,825)	(5,569)
<b>Profit from operations</b>	<b>5,445</b>	<b>22,064</b>	<b>4,918</b>	<b>5,270</b>	<b>20,048</b>	<b>4,686</b>
Financial expenses	(2,751)	(11,148)	(2,485)	(4,594)	(17,476)	(4,085)
Financial income	547	2,217	494	149	567	132
Other gains and losses	(4)	(16)	(4)	106	403	94
Share of profit/(loss) of equity-accounted investees	0	0	0	4	15	4
<b>Profit before taxation</b>	<b>3,237</b>	<b>13,117</b>	<b>2,924</b>	<b>935</b>	<b>3,557</b>	<b>831</b>
Taxation	(769)	(3,116)	(695)	(22)	(84)	(20)
<b>Profit after taxation</b>	<b>2,468</b>	<b>10,001</b>	<b>2,229</b>	<b>913</b>	<b>3,473</b>	<b>812</b>
<b>Attributable to:</b>						
Non-controlling interests	12	49	11	(17)	(65)	(15)
<b>Equity holders of the parent</b>	<b>2,456</b>	<b>9,952</b>	<b>2,218</b>	<b>930</b>	<b>3,538</b>	<b>827</b>
	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)	PLN (grosz)	EUR (cents)
Basic and diluted earnings per share from continuing operations	4.43	17.95	4.00	1.68	6.39	1.49
	<b>USD</b>	<b>PLN</b>	<b>EUR</b>	<b>USD</b>	<b>PLN</b>	<b>EUR</b>
Net cash inflows/(outflows) from operating activities	74,043	300,037	66,880	36,621	139,312	32,385
Net cash outflows from investing activities	(1,378)	(5,584)	(1,245)	(173)	(658)	(153)
Net cash inflows/(outflows) from financing activities	2,534	10,268	2,289	292	1,111	258

#### 4. Organization of ASBIS Group

The following table presents our corporate structure as at 30 June 2020:

Company	Consolidation Method
<b>ASBISC Enterprises PLC</b>	<b>Mother</b>
Asbis Ukraine Limited (Kiev, Ukraine)	Full (100%)
Asbis PL Sp.z.o.o (Warsaw, Poland)	Full (100%)
Asbis Poland Sp. z o.o. (Warsaw, Poland)	Full (100%)
Asbis Romania S.R.L (Bucharest, Romania)	Full (100%)
Asbis Cr d.o.o (Zagreb, Croatia)	Full (100%)
Asbis d.o.o Beograd (Belgrade, Serbia)	Full (100%)
Asbis Hungary Commercial Limited (Budapest, Hungary)	Full (100%)
Asbis Bulgaria Limited (Sofia, Bulgaria)	Full (100%)
Asbis CZ, spol.s.r.o (Prague, Czech Republic)	Full (100%)
UAB Asbis Vilnius (Vilnius, Lithuania)	Full (100%)
Asbis Slovenia d.o.o (Trzin, Slovenia)	Full (100%)
Asbis Middle East FZE (Dubai, U.A.E)	Full (100%)



Asbis SK sp.l sr.o (Bratislava, Slovakia)	Full (100%)
FPUE Automatic Systems of Business Control (Minsk, Belarus)	Full (100%)
E.M. Euro-Mall Ltd (former ISA Hardware Limited–Group) (Limassol, Cyprus)	Full (100%)
OOO 'Asbis'-Moscow (Moscow, Russia)	Full (100%)
Asbis Morocco Limited (Casablanca, Morocco)	Full (100%)
Prestigio Plaza Sp. z o.o in liquidation (Warsaw, Poland)	Full (100%)
Prestigio Plaza Ltd (formerly Prestigio Technologies) (Limassol, Cyprus)	Full (100%)
Perenio IoT spol. s.r.o. (Prague, Czech Republic) (former Prestigio Europe s.r.o)	Full (100%)
Asbis Kypros Ltd (Limassol, Cyprus)	Full (100%)
Asbis TR Bilgisayar Limited Sirketi (Istanbul, Turkey)	Full (100%)
"ASBIS BALTICS" SIA (Riga, Latvia)	Full (100%)
Asbis d.o.o. (former Megatrend d.o.o.) (Sarajevo, Bosnia Herzegovina)	Full (90%)
ASBIS Close Joint-Stock Company (former CZAO ASBIS) (Minsk, Belarus)	Full (100%)
ASBIS Kazakhstan LLP (Almaty, Kazakhstan)	Full (100%)
Euro-Mall SRO (Bratislava, Slovakia)	Full (100%)
Prestigio China Corp. (former AOSBIS TECHNOLOGY (SHENZHEN) CORP.)	Full (100%)
ASBIS DE GMBH, (Munchen, Germany)	Full (100%)
EUROMALL BULGARIA EOOD (Sofia, Bulgaria)	Full (100%)
Advanced Systems Company LLC (Riyadh, Kingdom of Saudi Arabia)	Full (100%)
SHARK Computers a.s. (merged with SHARK ONLINE a.s.) (Bratislava, Slovakia)	Full (100%)
E-vision Production Unitary Enterprise (Minsk, Belarus)	Full (100%)
ASBIS SERVIC Ltd (Kiev, Ukraine)	Full (100%)
I ON Ltd (Kiev, Ukraine)	Full (100%)
ASBC MMC LLC (Baku, Azerbaijan)	Full (65.85%)
ASBC KAZAKHSTAN LLP (Almaty, Kazakhstan)	Full (100%)
Atlantech Ltd (Ras Al Khaimah, U.A.E)	Full (100%)
LLC Vizuatika (Minsk, Belarus)	Full (75%)
LLC Vizuator (Minsk, Belarus)	Full (75%)
ASBC LLC (Tbilisi, Georgia)	Full (100%)
ALC Avectis (Minsk, Belarus)	Full (100%)
OOO Avectis (former Aksiomtech) (Moscow, Russia)	Full (100%)
Private Educational Institution "Center of excellence in Education for executives and specialists in Information Technology" (Minsk, Belarus)	Full (100%)
OOO Must (Moscow, Russia)	Full (100%)
Real Scientists Limited (London, United Kingdom)	Full (55%)
i-Care LLC (Almaty, Kazakhstan)	Full (100%)

## 5. Changes in the structure of the Company

During the six months ended June 30<sup>th</sup>, 2020 there has been following a change in the Group's structure:

- On March 16<sup>th</sup> 2020, the issuer has acquired 55% shares of the company Real Scientists Limited (London, United Kingdom). The Issuer holds 55% in this subsidiary, being equal to share capital of GBP 13,750 (USD 17,062). We acquired this entity to provide intellectual property services.

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

On August 11th, 2020 the Company announced its official financial forecast for 2020. Having seen the results for H1 2020, we are confident that we shall be able to deliver the announced financial forecast that assumes revenues between US\$ 2.0 and US\$ 2.2 billion and net profit after tax between US\$ 18.0 and US\$ 20.0 million.

## 7. Information on dividend payment

During the three-month period ended 30 June, 2020 following the Board of Directors' recommendation and the Annual General Meeting of Shareholders resolution, a dividend of USD 0.075 per share has been paid out on June 4th, 2020. The dividend date was set for May 21st, 2020.

Thus, the grand total for dividends from the Company's 2019 profits (including the interim dividend pay-out on December 19th, 2019) amounted to USD 0.135 per share, which means a grand total payment of USD 7,492,500 from 2019 net profit after tax – the highest dividend in the Company's history.

## 8. Shareholders possessing more than 5% of the Company's shares as of the date of the 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 pursuant 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.

<b>Name</b>	<b>Number of shares</b>	<b>% of share capital</b>	<b>Number of votes</b>	<b>% of votes</b>
KS Holdings Ltd*	20,443,127	36.83%	20,443,127	36.83%
ASBISc Enterprises Plc (buy-back program)	325,389	0.59%	325,389	0.59%
Free-float	34,731,484	62.58%	34,731,484	62.58%
<b>TOTAL</b>	<b>55,500,000</b>	<b>100%</b>	<b>55 500 000</b>	<b>100%</b>

\*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 May 7th, 2020 (the date of the publication of the interim report for Q1 2020) and the date of this report.

### Information on the buy-back program:

On August 13th, 2019, the Company started to execute the buy-back program which was approved by the Extraordinary General Meeting of Shareholders held on July 15th, 2019. According to the resolution, the Board of Directors has been authorized to buy-back up to 500,000 shares for a maximum of USD 300,000. On July 15th, 2020, due to the expiry date, the buy-back program was completed.

Under the buy-back program, the Company purchased 309,000 of own shares. The average unit price of the purchase was PLN 2.52 per share. The purchased package is 0.56% of share capital and gives 309,000 votes (0.56%) at the AGM.

Thus, together with the own shares purchased in the past years at the amount of 16,389, the Company holds in total 325,389 of own shares, representing 0.59% of share capital and giving 325,389 votes (0.59%) at the General Meeting of Shareholders.

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

During the period between May 7th, 2020 (the date of the publication of the interim report for Q1 2020) and August 12th, 2020 (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. The information included in the table below is based on information received from members of our Management Board:

Name	Number of Shares	% of the share capital
Siarhei Kostevitch (directly and indirectly)*	20,443,127	36.83%
Constantinos Tziamalis	555,000	1.00%
Marios Christou	463,061	0.83%
Yuri Ulasovich	210,000	0.38%
Demos Demou	0	0%
Tasos A. Panteli	0	0%

\*Siarhei Kostevitch holds ASBIS shares as a 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 six-month period ended June 30th, 2020 there were the following changes in the members of the Company's Board of Directors:

- The Company's Annual General Meeting of Shareholders held on May 6th, 2020 has re-elected Mr Siarhei Kostevitch and Marios Christou to the Board of Directors.

There were no other changes in the members of the Company's Board of Directors in the course of H1 2020.

## 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 six months ended June 30<sup>th</sup>, 2020 neither the Company nor any of the members of our Group have concluded any material related party transaction, other than with market conditions.

## 13. Information on guarantees granted to third parties

The total corporate guarantees the Company has issued, as at June 30th 2020 to support its subsidiaries' local financing, amounted to U.S.\$ 160,455. The total bank guarantees and letters of credit raised by the Group (mainly to Group suppliers) as at June 30th, 2020 was U.S. \$ 45,672 – as per note number 16 to the financial statements.

#### **14. Information on changes in conditional commitments or conditional assets occurred since the end of the 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 and six month period ended June 30<sup>th</sup>, 2020, the Company's results of operations have been affected and are expected to continue to be affected by a number of factors. These factors are presented in brief below:

##### **The pandemic situation with COVID- 19 and how the world will return back from this situation**

The current situation could be the most difficult situation that the global economies have ever faced. The shutdown of the economies across the globe has led into an un-precedent situation which creates a significant uncertainty on how the global landscape would evolve when the markets will reopen. We can not exclude that the operations of the Group will be significantly affected from this situation. There might be significant changes in consumer behaviour which might lead to decreased demand. It is of extreme importance for the Company to be able to weather this situation and take all necessary steps to avoid any serious impact from the overall situation.

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

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

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

##### **Currency fluctuations**

The Company's reporting currency is the U.S. dollar. In 2020 approximately 50% of our revenues were denominated in U.S. dollars, while the balance is denominated in Euro, Ruble, UAH, KZT and other currencies, certain of which are linked to the Euro. Our trade payable balances are principally (about 80%) denominated in U.S. dollars. In addition, approximately half of our operating expenses are denominated in U.S. dollars and the other half in Euro or other currencies, certain of which are linked to the Euro. As a result, reported results are affected by movements in exchange rates, particularly in the exchange rate of the U.S. dollar against the Euro and other currencies of the countries in which we operate, including the Russian Ruble, the Ukrainian Hryvnia, the Czech Koruna, the Polish Zloty, the Croatian Kuna, the Kazakhstani Tenge and the Hungarian Forint.

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

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

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

### **Competition and price pressure**

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

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

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

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

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

### **Low gross profit margins**

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

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

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

In an effort to increase gross margins, the Company has developed its own brand business, that allows for higher gross profit margins. It has also invested in the VAD business which is also expected to deliver higher gross profit margins.

### **Inventory obsolescence and price erosion**

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

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

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

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

### **Credit risk**

The Company buys components and finished products from its suppliers on its own account and resells them to its customers. The Company extends credit to some of its customers at terms ranging from 21 to 90 days or, in a few cases, to 120 days.

The Company's payment obligations towards its suppliers under such agreements are separate and distinct from its customers' obligations to pay for their purchases, except in limited cases where the Company's arrangements with its suppliers require the Company to resell to certain resellers or distributors. Thus, the Company is liable to pay its suppliers regardless of whether its customers pay for their respective purchases. As the Company's profit margin is relatively low compared to the total price of the products sold, in the event where the Company is not able to recover payments from its customers, it is exposed to financial liquidity risk. The Company has in place credit insurance which covers such an eventuality for the majority of its revenue.

Despite all efforts to secure our revenues, certain countries remained non-insured (Ukraine and Belarus) therefore it is very important for us to ensure that we find other sources of securities which help us minimizing our credit risk. The Board of Directors decided to enhance risk management procedures. These do not guarantee that all issues will be avoided, however, granted the Company with confidence that is in a position to weather any possible major credit issue that may arise.

### **Worldwide financial environment**

The world's financial crisis has eased throughout the last few years. Following partial recovery, the Company has undertaken certain efforts to benefit from this recovery both in revenues and profitability. The revised strategy and adaptation to the new environment, i.e., by rebuilding our product portfolio, has paid off in terms of profitability and sales last year.

However, there are many uncertainties about the world economy following turmoil in different countries, the volatility of currencies and fragility of demand in many markets. Additionally, from time to time, unpredictable situations may happen in selected markets. A recent example is the outbreak of the Covid-19 worldwide. We believe that the Company is much more flexible and better prepared to weather any obstacles that may arise due to the worldwide financial environment.

### **Seasonality**

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

### **Development of own-brand business**

The Company's strategy is to focus more on profitability than on revenues, thus we continue to develop the own-brand business that allows for higher gross profit margins. This includes the development of tablets and other product lines that are sold under Prestigio and Canyon brands in all regions of the Company's operations.

The Company has also invested in another own brand, Perenio - which includes the sales of smart-home, smart-security sensors and other products.

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

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

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

### **Warranty claims from own-brand products**

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

This situation has much improved in previous years and in the course of the six months of 2020.

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

The Group is undertaking all possible steps towards ensuring proper compensation of past expenses.

In the same time, in an effort to avoid such problems in the future, a much more scrutinized selection of suppliers is currently in place, which, however, does not guarantee the elimination of the risk of warranty losses.

### **High cost of debt**

The distribution business entails a higher need for cash available to support growth. The Group has managed to raise cash from various financial institutions, however, in certain cases, the cost of this financing is expensive. The Company has already negotiated improved terms with some of its supply-chain financiers and is currently undertaking certain extra steps to further lower cost of financing. However, the sanctions imposed to Russia and tensions related to the Ukrainian crisis have resulted in increased financing cost in these countries and this may limit our efforts to further decrease our average cost of debt.

In the course of H1 2020, we have experienced a stable cost of financing in the F.S.U. and this is reflected in our overall financial cost.

### **Environmental and climate changes**

In terms of transition risks that arise from the transition to a low-carbon and climate-resilient economy, we may face the following risks: policy and legal risks (there may be laws or policies put in place that may require a more environmentally cautious approach to raw materials and land use), technology risks (changes in technology used to produce IT equipment) – these both may lead to growing prices in terms of IT equipment and solutions. We may also face market risk with consumers switching to more energy-efficient appliances or making more savvy purchases to limit their own impact on the environment. We will monitor these trends and introduce the latest hardware for our customers. We may also face reputational risks with difficulties in attracting customers, business partners and employees if we do not take strong enough actions against climate changes. In terms of physical risks resulting from climate changes, we may face both acute and chronic risks. Acute physical risks may arise from weather-related events in the form of floods, fires or droughts that may damage factories in certain regions, cause factories to limit or temporarily stop their production or disrupt our supply chain in other ways. These may result in temporary limitations in our product offering or rising prices of hardware and components. Chronic physical risks i.e. risks that may result from long-term changes in the climate, may also affect ASBIS.

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

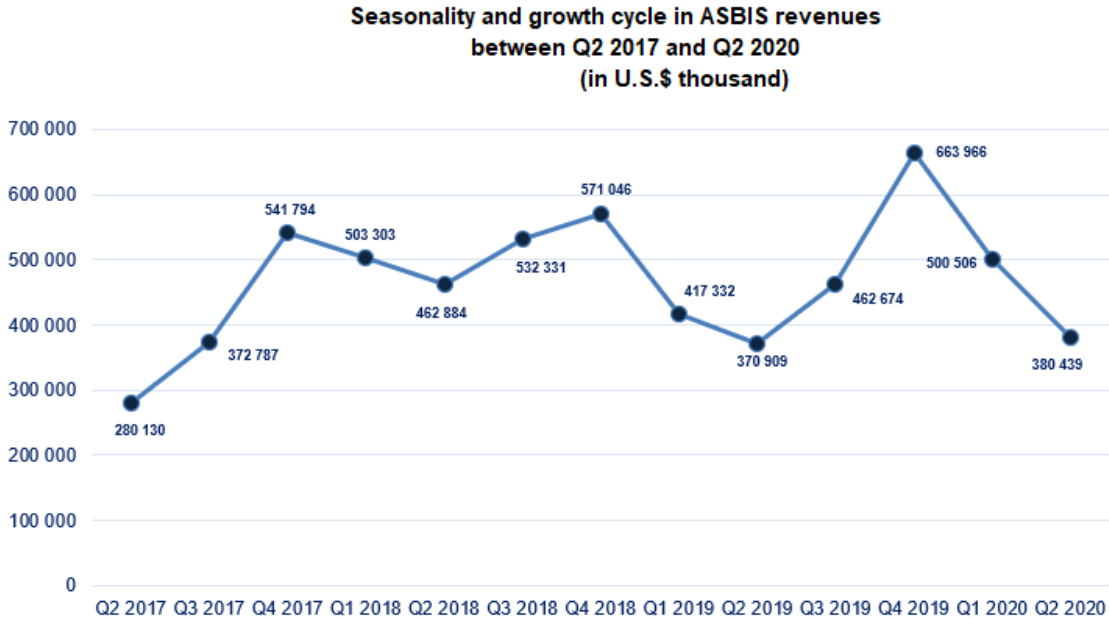
**Results of Operations**

Three and six month periods ended 30 June 2020 compared to the three and six month periods ended 30 June 2019

- Revenues:**

In Q2 2020 revenues increased by 2.6% to U.S.\$ 380,439 from U.S.\$ 370,909 in Q2 2019.

In H1 2020 revenues increased by 11.8% to U.S.\$ 880,945 from U.S.\$ 788,241 in H1 2019.



- Gross profit:**

In Q2 2020 gross profit increased by 4.2% to U.S.\$ 21,927 from U.S.\$ 21,053 in Q2 2019.

In H1 2020 gross profit increased by 12.3% to U.S.\$ 47,338 from U.S.\$ 42,161 in H1 2019.



**Gross profit  
between Q2 2017 and Q2 2020  
(in U.S.\$ thousand)**



- **Gross profit margin** improved both in Q2 2020 and in H1 2020 as compared to the corresponding periods of 2019.

In Q2 2020 gross profit margin increased to 5.76% from 5.68% in Q2 2019.

In H1 2020 gross profit margin increased to 5.37% from 5.35% in H1 2019.

- **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. Selling expenses usually grow together (but not in-line) with growing sales and, most importantly, gross profit.

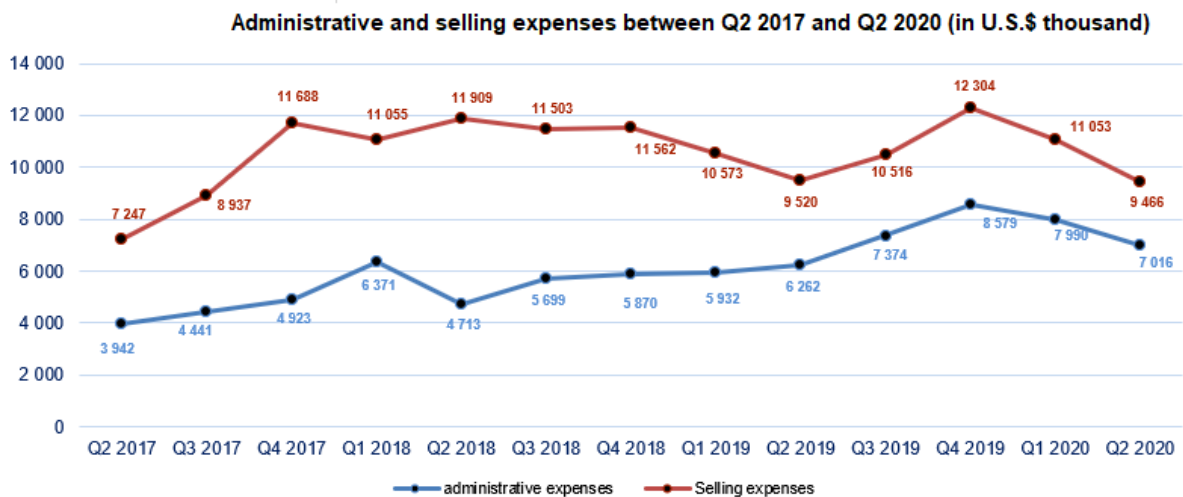
In Q2 2020 selling expenses decreased by 0.6% to U.S.\$ 9,466 from U.S.\$ 9,520 in Q2 2019.

In H1 2020 selling expenses increased by 2.1% to U.S.\$ 20,518 from U.S.\$ 20,093 in H1 2019.

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

In Q2 2020 administrative expenses increased by 12.0% to U.S.\$ 7,016 from U.S.\$ 6,262 in Q2 2019

In H1 2020 administrative expenses increased by 23.1% to U.S.\$ 15,006 from U.S.\$ 12,194 in H1 2019.



- **EBITDA:**

In Q2 2020 EBITDA was slightly higher compared to Q2 2019 and reached U.S.\$ 6,479 as compared to U.S.\$ 6,384 in Q2 2019.

In H1 2020 EBITDA significantly increased to U.S.\$ 13,856 as compared to U.S.\$ 11,794 in H1 2019.

- **Net profit:** The Company closed both Q2 2020 and H1 2020 with satisfactory net profit for the Group which is very good and beats our expectations.

In Q2 2020 net profit after tax amounted to U.S.\$ 2,468, a 170.2% growth compared to U.S.\$ 913 in Q2 2019.

In H1 2020 net profit after tax significantly increased by 80.7% and amounted to U.S.\$ 4,710 as compared to U.S.\$ 2,607 in H1 2019.

### Sales by regions and countries

Traditionally and throughout the Company's operations, the F.S.U. and the CEE regions contribute the majority of our revenues. This has not changed in Q2 and H1 2020. In Q2 2020 sales in the F.S.U. and the CEE dropped by 1.5% and 3.0% respectively, whereas in H1 2020 revenues in both regions grew by 14.4% and by 14.6% accordingly.

Following all the above-mentioned changes, the share of the F.S.U. region in our total revenues increased to 51.93% in H1 2020 from 50.74% in H1 2019.

Country-by-country analysis reveals a better understanding of the above-mentioned results. A decrease observed in Q2 2020 in the F.S.U is a result of a trend in Russia (-4.4% in Q2 2020 and +6.1% in H1 2020), Ukraine (-9.8% in Q2 2020 and +6.0% in H1 2020), Kazakhstan (+17.4% in Q2 2020 and +39.3% in H1 2020) and Belarus (-0.5% in Q2 2020 and +22.2% in H1 2020). The decrease of sales in the F.S.U. region was expected since most of retailers have been closed during Q2 2020.

At the same time, the drop in the CEE in Q2 2020 is a result of a declining trend in Slovakia (-22.8% in Q2 2020 and +3.9% in H1 2020), in the Czech Republic (-3.6% in Q2 2020 and +9.2% in H1 2020) and Romania (-12.9% in Q2 2020 and +5.2% in H1 2020).

Poland generated a significant growth both in Q2 2020 and H1 2020 (+130.3% and 115.7% respectively).

The MEA result is mainly determined by revenues in the UAE (-0.8% in Q2 2020 and -13.3% in H1 2020).

Sales in Western Europe grew by 7.1% in Q2 2020 and dropped by 2.3% in H1 2020 as compared to the corresponding periods of 2019.

The tables below provide a geographical breakdown of sales for the three and six month periods ended June 30<sup>th</sup>, 2020 and 2019.

	Q2 2020		Q2 2019	
	U.S. \$ thousand	% of total revenues	U.S. \$ thousand	% of total revenues
<b>Former Soviet Union</b>	191,903	50.44%	194,828	52.53%
<b>Central and Eastern Europe</b>	94,343	24.80%	97,291	26.23%
<b>Middle East and Africa</b>	50,450	13.26%	45,529	12.27%
<b>Western Europe</b>	30,808	8.10%	28,760	7.75%
<b>Other</b>	12,935	3.40%	4,501	1.21%
<b>Total</b>	<b>380,439</b>	<b>100%</b>	<b>370,909</b>	<b>100%</b>

	H1 2020		H1 2019	
	U.S. \$ thousand	% of total revenues	U.S. \$ thousand	% of total revenues
<b>Former Soviet Union</b>	457,450	51.93%	399,980	50.74%
<b>Central and Eastern Europe</b>	238,144	27.03%	207,829	26.37%
<b>Middle East and Africa</b>	100,617	11.42%	102,351	12.98%
<b>Western Europe</b>	62,159	7.06%	63,629	8.07%
<b>Other</b>	22,575	2.56%	14,452	1.83%
<b>Total</b>	<b>880,945</b>	<b>100%</b>	<b>788,241</b>	<b>100%</b>

**Revenue breakdown – Top 10 countries in Q2 2020 and Q2 2019 (in U.S. Dollar thousand)**

	Q2 2020		Q2 2019	
	Country	Sales	Country	Sales
1.	<b>Russia</b>	69,581	<b>Russia</b>	72,767
2.	<b>Ukraine</b>	55,248	<b>Ukraine</b>	61,279
3.	<b>United Arab Emirates</b>	32,760	<b>Slovakia</b>	34,913
4.	<b>Kazakhstan</b>	28,764	<b>United Arab Emirates</b>	33,019
5.	<b>Slovakia</b>	26,948	<b>Kazakhstan</b>	24,497
6.	<b>Belarus</b>	24,057	<b>Belarus</b>	24,187
7.	<b>The Netherlands</b>	16,893	<b>Czech Republic</b>	14,921
8.	<b>Czech Republic</b>	14,380	<b>Romania</b>	11,579
9.	<b>Poland</b>	11,711	<b>The Netherlands</b>	8,037
10.	<b>Romania</b>	10,085	<b>Bulgaria</b>	6,945
	<b>TOTAL</b>	<b>380,439</b>	<b>TOTAL</b>	<b>370,909</b>

## Revenue breakdown – Top 10 countries in H1 2020 and H1 2019 (in U.S. Dollar thousand)

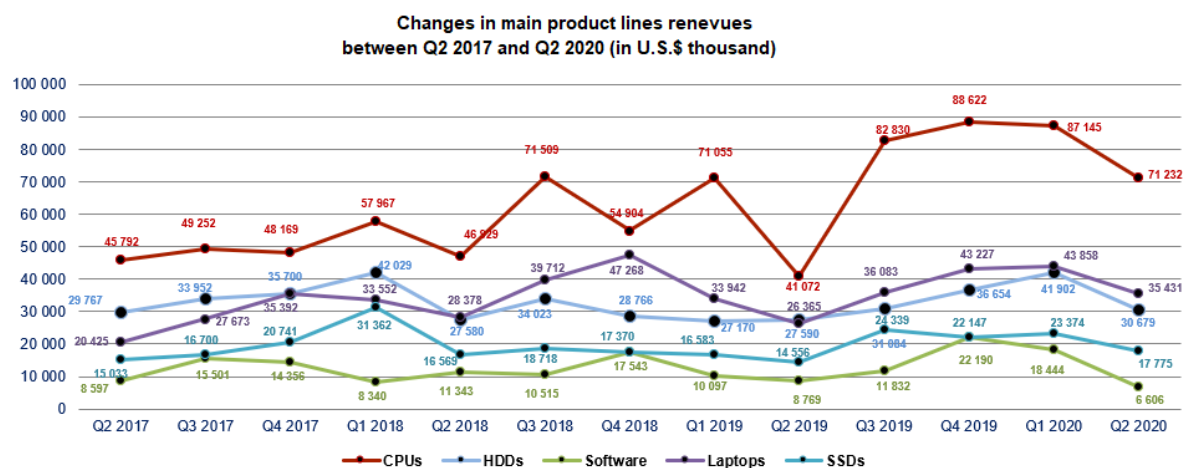
H1 2020			H1 2019	
	Country	Sales	Country	Sales
1.	Russia	166,176	Russia	156,560
2.	Ukraine	123,106	Ukraine	116,113
3.	Kazakhstan	76,927	Slovakia	72,649
4.	Slovakia	75,467	United Arab Emirates	75,370
5.	United Arab Emirates	65,375	Kazakhstan	55,219
6.	Belarus	59,396	Belarus	48,588
7.	Czech Republic	33,630	Czech Republic	30,807
8.	Poland	31,314	Romania	24,103
9.	The Netherlands	29,153	The Netherlands	21,297
10.	Romania	25,368	Poland	14,516
	<b>TOTAL</b>	<b>880,945</b>	<b>TOTAL</b>	<b>788,241</b>

### Sales by product lines

The first half of this year has shown that ASBIS had no issue in significantly raising its revenues despite the ongoing COVID-19 outbreak. Once again ASBIS has proved that thanks to its effective strategy it can quickly adapt to the market and generate strong results.

During H1 2020 almost all major product lines of the Group except smartphones have noticed a significant growth on a year-on-year basis.

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

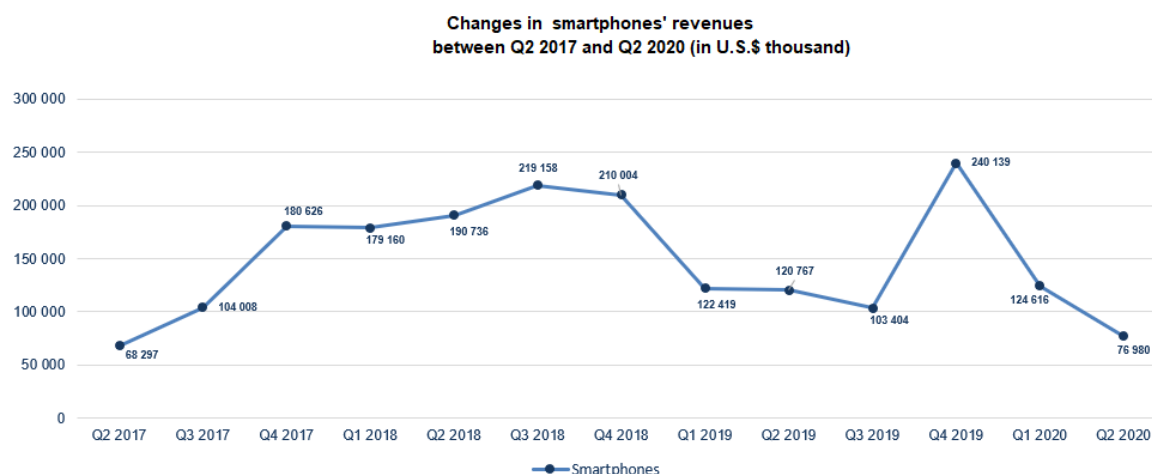


In Q2 2020 and H1 2020, sales were mainly driven by smartphones, CPUs, accessories & multimedia and laptops.

Revenues from CPUs increased by 73.4% in Q2 2020 and by 41.2% in H1 2020. Sales from HDDs grew by 11.2% in Q2 2020 and by 32.5% in H1 2020. Revenues from software decreased by 24.7% in Q2 2020 but increased by 32.8% in H1 2020. The business of laptops and SSDs grew respectively by 34.4% and 22.1% in Q2 2020 and by 31.5% and 32.1% in H1 2020.

From "Other" product lines, the Company has noticed a positive trend in H1 2020 in servers and server blocks (+23.3%), networking products (+19.8%) and accessories & multimedia (+19.3%).

The chart below indicates the trends in smartphones sales:



In H1 2020 sales of smartphones, which contribute to the majority of our revenues, decreased by 17.1%, as compared to H1 2019. This is mainly owed to of the economic uncertainty brought on by the COVID-19 pandemic. Most of the leading manufacturers were severely impacted by the temporary closures of their factories in China and reduced consumer spending.

The table below sets a breakdown of revenues, by product lines, for Q2 2020 and Q2 2019:

	Q2 2020		Q2 2019	
	U.S. \$ thousand	% of total revenues	U.S. \$ thousand	% of total revenues
Smartphones	76,980	20.23%	120,767	32.56%
Central processing units (CPUs)	71,232	18.72%	41,072	11.07%
Accessories & multimedia	49,264	12.95%	40,604	10.95%
PC-mobile (laptops)	35,431	9.31%	26,365	7.11%
Hard disk drives (HDDs)	30,679	8.06%	27,590	7.44%
Servers and server blocks	21,429	5.63%	20,513	5.53%
SSDs	17,775	4.67%	14,556	3.92%
Networking products	13,276	3.49%	11,313	3.05%
PC desktop	11,764	3.09%	10,911	2.94%
Memory modules (RAM)	10,227	2.69%	7,906	2.13%
Other	42,382	11.14%	49,312	13.29%
<b>Total revenue</b>	<b>380,439</b>	<b>100%</b>	<b>370,909</b>	<b>100%</b>

	H1 2020		H1 2019	
	U.S. \$ thousand	% of total revenues	U.S. \$ thousand	% of total revenues
Smartphones	201,596	22.88%	243,186	30.85%
Central processing units (CPUs)	158,378	17.98%	112,127	14.22%
Accessories & multimedia	98,411	11.17%	82,484	10.46%
PC-mobile (laptops)	79,289	9.00%	60,307	7.65%
Hard disk drives (HDDs)	72,581	8.24%	54,761	6.95%
Servers and server blocks	45,641	5.18%	37,030	4.70%
SSDs	41,149	4.67%	31,139	3.95%
Networking products	27,383	3.11%	22,853	2.90%
Software	25,050	2.84%	18,867	2.39%
PC desktop	24,062	2.73%	21,006	2.66%
Other	107,405	12.19%	104,481	13.25%
<b>Total revenue</b>	<b>880,945</b>	<b>100%</b>	<b>788,241</b>	<b>100%</b>

### Liquidity and Capital Resources

The Company has in the past funded its liquidity requirements, including ongoing operating expenses, capital expenditures and investments, for the most part, through operating cash flows, debt financing and equity financing. Cash flow in Q2 and H1 2020 has been impacted by revenue growth, improved working capital utilization and a dividend payout. Nevertheless, cash from operations in H1 2020 has significantly improved year – on – year by more than U.S.\$ 28 million.

The following table presents a summary of cash flows for the six months ended June 30<sup>th</sup>, 2020 and 2019:

	Six months ended June 30 <sup>th</sup>	
	2020	2019
		U.S. \$
Net cash inflows/(outflows) from operating activities	1.446	(27,016)
Net cash outflows from investing activities	(2.322)	(733)
Net cash inflows/(outflows) from financing activities	1.141	(441)
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>265</b>	<b>(28,191)</b>

#### ***Net cash inflows from operations***

Net cash inflows from operations amounted to U.S. \$ 1.446 for the six months ended June 30<sup>th</sup>, 2020, as compared to outflows of U.S. \$ 27.016 in the corresponding period of 2019.

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

Net cash outflows from investing activities were U.S. \$ 2.322 for the six months ended June 30<sup>th</sup>, 2020, as compared to outflows of U.S. \$ 733 in the corresponding period of 2019.

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

Net cash inflows from financing activities were U.S. \$ 1.141 for the six months ended June 30<sup>th</sup>, 2020, as compared to outflows of U.S.\$ 441 for the corresponding period of 2019.

#### ***Net increase in cash and cash equivalents***

As a result of a higher profitability and improved working capital utilization, cash and cash equivalents have increased by US\$ 265, as compared to a decrease of US\$ 28,191 in the corresponding period of 2019.

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

### **Spreading of the Covid-19 Virus and continuation of the lockdown situation**

During the recent months, the spreading of the newly found virus in China has negatively affected the economies across the globe which has caused significant disruptions to the overall economic environment. We should bear in mind that the pandemic effects will continue to occur at all levels of demand (consumers, corporations, governments, etc.). The unknown factor will be whether there will be a second wave of the disease and another lockdown period for the economies. This will definitely have an adverse impact on the Company.

The Company is monitoring the evolution of this virus very closely and has already undertaken certain measures to weather the situation. Despite that the pandemic has not affected its H1 results, we are ready to take more actions following the developments over this situation. The second wave of the virus which started to spread in various countries is an alert that the situation might be escalated again.

### **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. During last year, there have been significant tensions between the largest economies and this might adversely affect our results.

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

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

The diversified geographic coverage of the Group's revenues ensures that we do mitigate the risk of lower sales in a particular country with the possibility of higher sales in a few other countries. Russia and Ukraine are currently the markets that lead in terms of revenues. The F.S.U. and CEE regions are expected to continue having the leading share in our revenues breakdown. This follows the focus of the Group to its strong competencies and further development of the product portfolio at these marketplaces.

In 2020 the primary target for the Group remains unchanged, it is profitability but always with a strong cash flow.

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

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

### **The Group's ability to increase gross profit margins**

The Group's ability to increase its gross profit margin is of a huge importance. The increase observed in Q2 and H1 2020 as compared to the corresponding periods of 2019 was a result of the current Company's strategy to focus mostly on high margin products.

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

### **Currency volatilities**

The multi-currency environment that the Group operates in exposes its financial results to steep currency fluctuations. We have been successfully shielded by our hedging policy in H1 2020. Therefore, the hedging strategy should be followed and further improved without any exception in the course of H2 2020 and going forward.

### **Ability of the Group to control expenses**

Selling and administrative expenses in total increased in Q2 2020 and H1 2020 by 4.4% and 10.0% respectively as compared to corresponding periods of 2019. This was a result of increased revenues and gross profit and investments made in human capital in all regions of our operations. We consider cost control to be a significant factor towards delivering improved results going forward and it is very important that the Group is undertaking all necessary steps to further reduce its expenses.

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

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

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

### **Ability to cover warranty claims from customers**

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

As a result, we have not faced any specific problems in this area in H1 2020. However, we need to be constantly overlooking and analyzing the situation to avoid any possible losses.

## **17. Information about important events that occurred after the period ended on June 30<sup>th</sup>, 2020 and before this report release**

According to our best knowledge, in the period between May 7<sup>th</sup>, 2020 and August 12<sup>th</sup>, 2020 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 Condensed Consolidated Interim Financial Statements for the period ended 30 June 2020

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**ASBISC ENTERPRISES PLC**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2020

# ASBISC ENTERPRISES PLC

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## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

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# **ASBISC ENTERPRISES PLC**

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## **BOARD OF DIRECTORS REPRESENTATIONS**

In accordance with the requirements of the Ordinance of the Minister of Finance dated March 29<sup>th</sup>, 2018 on current and periodical information published by issuers of securities and on the conditions of recognizing as equivalent the information required by the laws of non-EU Member States, the Board of Directors of ASBISC ENTERPRISES PLC hereby represents that:

- to its best knowledge, the semi-annual condensed consolidated financial statements and the comparative data have been prepared in accordance with the applicable accounting policies and that they give a true, fair and clear reflection of the group's financial position and its financial result, and that the semi-annual Director's Report on operations gives a true view of the group's development, achievements, and position, including description of basic risks and threats;

Limassol, August 11<sup>th</sup>, 2020

# ASBISC ENTERPRISES PLC

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

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

In accordance with Article 10, sections (3c) and (7), of the Transparency Requirements (Traded Securities in Regulated Markets) Law 190 (1) / 2007 we, the members of the Board of Directors and the company officials responsible for the drafting of the condensed consolidated interim financial statements of ASBISC Enterprises Plc (the "company") and its subsidiaries (the "group") for the period ended 30 June 2020, confirm to the best of our knowledge that:

- a) the condensed consolidated interim financial statements for the period ended 30 June 2020 which are presented on pages 4 to 23:
  - (i) have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union and the provisions of subsection (4) of Article 10 of the Law, and
  - (ii) give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation, taken as a whole, and
- b) the Board of Directors' report provides a fair review of the developments and the performance of the business and the position of the company's and the undertakings included in the consolidation, taken as a whole, together with a description of the principal risks and uncertainties that they face.

#### Members of the Board of Directors:

Siarhei Kostevitch (Cypriot)  
Chairman and Chief Executive Officer .....

Marios Christou (Cypriot)  
Executive Director .....

Constantinos Tziamalis (Cypriot)  
Executive Director .....

Yuri Ulasovich (Cypriot)  
Executive Director .....

Demos Demou (Cypriot)  
Non-Executive Director .....

Tasos A. Panteli (Cypriot)  
Non-Executive Director .....

#### Financial Controller responsible for the drafting of the financial statements

Loizos Papavassiliou (Cypriot)  
Financial Controller .....

Limassol, 11<sup>th</sup> August 2020

**INDEPENDENT AUDITORS' REPORT ON THE REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

**TO THE BOARD OF DIRECTORS OF ASBISC ENTERPRISES PLC**

*Introduction*

We have reviewed the accompanying condensed consolidated interim financial statements of Asbisc Enterprises PLC and its subsidiaries (the "group") on pages 4 to 23 which comprise the condensed consolidated interim statement of financial position of the group as at 30 June 2020, and the condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows of the group for the six month period then ended and notes to the interim financial information (the "Condensed Consolidated Interim Financial Information"). Management is responsible for the preparation and fair presentation of this Condensed Consolidated Interim Financial Information in accordance with the International Accounting Standard 34 "*Interim Financial Reporting*". Our responsibility is to express a conclusion on this Condensed Consolidated Interim Financial Information based on our review.

*Scope of review*

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Consolidated Interim Financial Information as at 30 June 2020 is not prepared, in all material respects, in accordance with IAS 34 "*Interim Financial Reporting*".

Certified Public Accountants and Registered Auditors  
KPMG Center,  
No.11, 16th June 1943 Street,  
3022 Limassol,  
Cyprus.

Limassol, 11<sup>th</sup> August 2020

# ASBISC ENTERPRISES PLC

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 30 JUNE 2020

(in thousands of US\$)

	Note	For the six months ended 30 June 2020 US\$	For the six months ended 30 June 2019 US\$
<b>Revenue</b>	4,23	880,945	788,241
Cost of sales		<u>(833,607)</u>	<u>(746,080)</u>
<b>Gross profit</b>		47,338	42,161
Selling expenses		(20,518)	(20,093)
Administrative expenses		<u>(15,006)</u>	<u>(12,194)</u>
<b>Profit from operations</b>		11,814	9,874
Financial income	7	1,281	1,537
Financial expenses	7	<u>(7,131)</u>	<u>(8,607)</u>
<b>Net finance costs</b>		(5,850)	(7,070)
Other gains	5	239	320
Share of loss of equity-accounted investees		<u>-</u>	<u>(2)</u>
<b>Profit before tax</b>	6	6,203	3,122
Taxation	8	<u>(1,493)</u>	<u>(516)</u>
<b>Profit for the period</b>		<u>4,710</u>	<u>2,606</u>
<b>Attributable to:</b>			
Equity holders of the parent		4,730	2,616
Non-controlling interests		<u>(20)</u>	<u>(10)</u>
		<u>4,710</u>	<u>2,606</u>
		US\$ cents	US\$ cents
<b>Earnings per share</b>			
Basic and diluted from continuing operations		<u>8.52</u>	<u>4.72</u>

## ASBISC ENTERPRISES PLC

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### CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2020

(in thousands of US\$)

	For the six months ended 30 June 2020 US\$	For the six months ended 30 June 2019 US\$
<b>Profit for the period</b>	<u>4,710</u>	<u>2,606</u>
<b>Other comprehensive income/(loss)</b>		
Exchange difference on translating foreign operations	(1,116)	116
Reclassification adjustments relating to foreign operations liquidated in the period	<u>-</u>	<u>10</u>
<b>Other comprehensive income/(loss) for the period</b>	<u>(1,116)</u>	<u>126</u>
<b>Total comprehensive income for the period</b>	<u><u>3,594</u></u>	<u><u>2,732</u></u>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the parent	3,614	2,743
Non-controlling interests	<u>(20)</u>	<u>(11)</u>
	<u><u>3,594</u></u>	<u><u>2,732</u></u>



# ASBISC ENTERPRISES PLC

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

(in thousands of US\$)

	Notes	As at 30 June 2020 US\$	As at 31 December 2019 US\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	30,966	29,680
Intangible assets	10	2,275	2,593
Equity-accounted investees	11	821	227
Goodwill	27	594	591
Deferred tax assets	20	205	227
<b>Total non-current assets</b>		<u>34,861</u>	<u>33,318</u>
<b>Current assets</b>			
Inventories	12	197,272	266,039
Trade receivables	13	163,333	212,168
Other current assets	14	17,324	16,035
Derivative financial asset	25	268	945
Current taxation	8	258	595
Cash at bank and in hand	26	108,299	103,687
<b>Total current assets</b>		<u>486,754</u>	<u>599,469</u>
<b>Total assets</b>		<u>521,615</u>	<u>632,787</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	15	11,100	11,100
Share premium		23,518	23,518
Retained earnings and other components of equity		72,764	73,323
Equity attributable to owners of the parent		107,382	107,941
Non-controlling interests		247	254
<b>Total equity</b>		<u>107,629</u>	<u>108,195</u>
<b>Non-current liabilities</b>			
Long term borrowings	17	5,274	3,338
Other long-term liabilities	18	702	635
Deferred tax liabilities	20	421	511
<b>Total non-current liabilities</b>		<u>6,397</u>	<u>4,484</u>
<b>Current liabilities</b>			
Trade payables		221,662	321,277
Trade payables factoring facilities	29	27,254	29,106
Other current liabilities	21	64,782	59,036
Short term borrowings	16	91,434	107,173
Derivative financial liability	24	757	2,082
Current taxation	8	1,700	1,434
<b>Total current liabilities</b>		<u>407,589</u>	<u>520,108</u>
<b>Total liabilities</b>		<u>413,986</u>	<u>524,592</u>
<b>Total equity and liabilities</b>		<u>521,615</u>	<u>632,787</u>

The financial statements were approved by the Board of Directors on 11 August 2020.

.....  
Siarhei Kostevitch  
Director

.....  
Marios Christou  
Director

## ASBISC ENTERPRISES PLC

### CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2020

(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\$
<b>Balance at 1 January 2019</b>	11,100	23,518	(14)	(11,334)	75,688	98,958	275	99,233
Profit/(loss) for the period 1 January 2019 to 30 June 2019	-	-	-	-	2,616	2,616	(10)	2,606
Other comprehensive profit/(loss) for the period 1 January 2019 to 30 June 2019	-	-	-	127	-	127	(1)	126
Payment of final dividend	-	-	-	-	(2,775)	(2,775)	-	(2,775)
<b>Balance at 30 June 2019</b>	11,100	23,518	(14)	(11,207)	75,529	98,926	264	99,190
Profit/(loss) for the period 1 July 2019 to 31 December 2019	-	-	-	-	12,641	12,641	(7)	12,634
Other comprehensive loss for the period 1 July 2019 to 31 December 2019	-	-	-	(150)	-	(150)	(3)	(153)
Payment of final dividend	-	-	-	-	(3,314)	(3,314)	-	(3,314)
Acquisition of treasury shares	-	-	(162)	-	-	(162)	-	(162)
<b>Balance at 31 December 2019</b>	11,100	23,518	(176)	(11,357)	84,856	107,941	254	108,195
Profit/(loss) for the period 1 January 2020 to 30 June 2020	-	-	-	-	4,730	4,730	(20)	4,710
Other comprehensive (loss)/profit for the period 1 January 2020 to 30 June 2020	-	-	-	(1,116)	-	(1,116)	-	(1,116)
Acquisition of shares from non-controlling interests	-	-	-	-	-	-	13	13
Payment of final dividend	-	-	-	-	(4,138)	(4,138)	-	(4,138)
Acquisition of treasury shares	-	-	(35)	-	-	(35)	-	(35)
<b>Balance at 30 June 2020</b>	11,100	23,518	(211)	(12,473)	85,448	107,382	247	107,629

# ASBISC ENTERPRISES PLC

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2020

(in thousands of US\$)

	Note	For the six months ended 30 June 2020 US\$	For the six months ended 30 June 2019 US\$
<b>Profit for the period before tax and minority interest</b>		6,203	3,122
Adjustments for:			
Exchange difference arising on consolidation		(1,194)	(64)
Depreciation of property, plant and equipment	9	1,572	1,378
Amortization of intangible assets	10	470	542
Impairment losses on intangible assets	5	-	14
Share of loss from associates		-	2
(Profit)/loss from the sale of property, plant and equipment and intangible assets	5	(64)	2
Provision for bad debts and receivables written off		217	144
Bad debts recovered	5	(4)	(2)
Provision for slow moving and obsolete stock		(646)	(107)
Interest received	7	(187)	(112)
Interest paid		<u>2,008</u>	<u>2,353</u>
<b>Operating profit before working capital changes</b>		8,375	7,272
Decrease in inventories		69,413	25,349
Decrease in trade receivables		48,623	15,024
Increase in other current assets		(612)	(978)
Decrease in trade payables		(99,615)	(42,191)
Decrease in trade payables factoring facilities		(1,852)	(2,818)
Increase/(decrease) in other current liabilities		3,828	(7,385)
Increase in other non-current liabilities		67	45
Decrease in factoring creditors		<u>(24,005)</u>	<u>(18,372)</u>
<b>Cash inflow/(outflows) from operations</b>		4,222	(24,053)
Interest paid	7	(1,844)	(2,353)
Taxation paid, net	8	<u>(932)</u>	<u>(610)</u>
<b>Net cash inflow/(outflows) from operating activities</b>		<u>1,446</u>	<u>(27,016)</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets		(195)	(259)
Purchase of property, plant and equipment		(2,378)	(593)
Proceeds from sale of property, plant and equipment and intangible assets		64	7
Interest received	7	<u>187</u>	<u>112</u>
<b>Net cash outflows from investing activities</b>		<u>(2,322)</u>	<u>(733)</u>
<b>Cash flows from financing activities</b>			
Acquisition of treasury shares		(35)	-
Payment of final dividend		(4,138)	(2,775)
Proceeds/(repayments) of long-term loans and non-current lease liabilities		1,522	(660)
Proceeds of short-term borrowings and current lease liabilities		<u>3,792</u>	<u>2,994</u>
<b>Net cash inflows/(outflows) from financing activities</b>		<u>1,141</u>	<u>(441)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		265	(28,191)
<b>Cash and cash equivalents at beginning of the period</b>		<u>78,306</u>	<u>58,109</u>
<b>Cash and cash equivalents at end of the period</b>	26	<u><u>78,571</u></u>	<u><u>29,919</u></u>

# ASBISC ENTERPRISES PLC

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## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

(in thousands of US\$)

### 1. Incorporation and principal activities

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

The Company is listed on the Warsaw Stock Exchange since 30th 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 2019. 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 2019.

These interim financial statements were authorized for issue by the Company's Board of Directors on 11<sup>th</sup> of August 2020.

#### (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 2019.

### 3. Significant accounting policies

The accounting policies adopted for the preparation of the condensed consolidated interim financial statements for the six months ended 30 June 2020 are consistent with those followed for the preparation of the annual financial statements for the year 2019 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 2020. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

### 4. Revenue

	<b>For the six months ended 30 June 2020 US\$</b>	<b>For the six months ended 30 June 2019 US\$</b>
Sales of goods	864,381	782,341
Sales of optional warranty	6,158	779
Sales of licenses	9,053	1,631
Rendering of services	<u>1,353</u>	<u>3,490</u>
	<u>880,945</u>	<u>788,241</u>

#### Effect of seasonality

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

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020 (in thousands of US\$)

### 5. Other gains and losses

	For the six months ended 30 June 2020 US\$	For the six months ended 30 June 2019 US\$
Profit/(loss) on disposal of property, plant and equipment	64	(2)
Other income	135	322
Bad debts recovered	4	2
Rental income	36	12
Impairment loss on goodwill	-	(14)
	<u>239</u>	<u>320</u>

### 6. Profit before tax

	For the six months ended 30 June 2020 US\$	For the six months ended 30 June 2019 US\$
Profit before tax is stated after charging:		
(a) Amortization of intangible assets (Note 10)	470	542
(b) Depreciation (Note 9)	1,572	1,378
(c) Auditors' remuneration	197	188
(d) Directors' remuneration – executive (Note 28)	366	320
(e) Directors' remuneration – non-executive (Note 28)	13	10
	<u>13</u>	<u>10</u>

### 7. Financial expense, net

	For the six months ended 30 June 2020 US\$	For the six months ended 30 June 2019 US\$
<b>Financial income</b>		
Interest income	187	112
Other financial income	900	1,140
Net exchange gain	194	285
	<u>1,281</u>	<u>1,537</u>
<b>Financial expense</b>		
Bank interest	1,844	2,353
Bank charges	1,331	1,537
Derivative charges	559	970
Interest on lease liabilities	163	134
Factoring interest	2,149	2,153
Factoring charges	164	136
Other financial expenses	22	15
Other interest	899	1,309
	<u>7,131</u>	<u>8,607</u>
Net	<u>(5,850)</u>	<u>(7,070)</u>

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

(in thousands of US\$)

### 8. Tax

	<b>For the six months ended 30 June 2020 US\$</b>	<b>As at 31 December 2019 US\$</b>
Payables balance 1 January	839	1,411
Provision for the period/year	1,565	3,708
Under provision of prior year periods	-	(400)
Exchange difference on retranslation	(30)	(17)
Amounts paid, net	(932)	(3,863)
Net payables balance 30 June/31 December	<u>1,442</u>	<u>839</u>

	<b>As at 30 June 2020 US\$</b>	<b>As at 31 December 2019 US\$</b>
Tax receivable	(258)	(595)
Tax payable	1,700	1,434
Net payables balance 30 June/31 December	<u>1,442</u>	<u>839</u>

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

	<b>For the six months ended 30 June 2020 US\$</b>	<b>For the six months ended 30 June 2019 US\$</b>
Provision for the period	1,565	515
Under provision of prior years	-	-
Deferred tax charge (Note 20)	(72)	1
Charge for the period	<u>1,493</u>	<u>516</u>

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

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2020

(in thousands of US\$)

### 9. Property, plant and equipment

	Land and buildings US\$	Computer hardware US\$	Warehouse machinery US\$	Motor vehicles US\$	Furniture and fittings US\$	Office equipment US\$	Total US\$
<b>Cost</b>							
<b>At 1 January 2019</b>	24,820	6,746	416	2,124	2,892	3,589	40,587
Recognition of right-of-use asset on initial application of IFRS 16	3,771	-	-	722	-	-	4,493
Adjusted balance at 1 January 2019	28,591	6,746	416	2,846	2,892	3,589	45,080
Additions	863	762	139	247	39	277	2,327
Disposals	(235)	(397)	(31)	(98)	(73)	(119)	(953)
Foreign exchange difference on retranslation	469	139	-	114	(52)	92	762
<b>At 31 December 2019</b>	29,688	7,250	524	3,109	2,806	3,839	47,216
Additions	1,317	379	34	574	45	403	2,752
Disposals	(349)	(34)	(24)	(262)	(14)	(11)	(694)
Foreign exchange difference on retranslation	(290)	78	-	(115)	109	(142)	(360)
<b>At 30 June 2020</b>	30,366	7,673	534	3,306	2,946	4,089	48,914
<b>Accumulated depreciation</b>							
<b>At 1 January 2019</b>	4,275	5,283	244	1,254	2,015	2,266	15,337
Charge for the year	1,532	503	167	484	37	275	2,998
Disposals	(235)	(397)	(31)	(98)	(9)	(119)	(889)
Foreign exchange difference on retranslation	69	58	-	(5)	(22)	(10)	90
<b>At 31 December 2019</b>	5,641	5,447	380	1,635	2,021	2,412	17,536
Charge for the period	674	314	16	304	71	193	1,572
Disposals	(349)	(34)	(24)	(262)	(14)	(11)	(694)
Foreign exchange difference on retranslation	(153)	18	-	(30)	14	(315)	(466)
<b>At 30 June 2020</b>	5,813	5,745	372	1,647	2,092	2,279	17,948
<b>Net book value</b>							
At 30 June 2020	24,553	1,928	162	1,659	854	1,810	30,966
At 31 December 2019	24,047	1,803	144	1,474	785	1,427	29,680

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

(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:

	<b>As at 30 June 2020 US\$</b>	<b>As at 31 December 2019 US\$</b>
Land and buildings	5,162	3,913
Motor vehicles	533	550
Total right-of-use assets	<u>5,695</u>	<u>4,463</u>

### 10. Intangible assets

	<b>Computer software US\$</b>	<b>Patents and licenses US\$</b>	<b>Total US\$</b>
<b>Cost</b>			
<b>At 1 January 2019</b>	9,746	2,383	12,129
Additions	514	1	515
Disposals/ write-offs	(112)	(1,100)	(1,212)
Foreign exchange difference on retranslation	(11)	(3)	(14)
<b>At 31 December 2019</b>	<u>10,137</u>	<u>1,281</u>	<u>11,418</u>
Additions	106	89	195
Disposals/ write-offs	(30)	(80)	(110)
Foreign exchange difference on retranslation	-	(11)	(11)
<b>At 30 June 2020</b>	<u>10,213</u>	<u>1,279</u>	<u>11,492</u>
<b>Accumulated amortization</b>			
<b>At 1 January 2019</b>	7,124	1,937	9,061
Charge for the year	802	231	1,033
Disposals/ write-offs	(112)	(1,043)	(1,155)
Foreign exchange difference on retranslation	(114)	-	(114)
<b>At 31 December 2019</b>	<u>7,700</u>	<u>1,125</u>	<u>8,825</u>
Charge for the period	434	36	470
Disposals/ write-offs	(30)	(80)	(110)
Foreign exchange difference on retranslation	40	(8)	32
<b>At 30 June 2020</b>	<u>8,143</u>	<u>1,073</u>	<u>9,217</u>
<b>Net book value</b>			
At 30 June 2020	<u>2,069</u>	<u>206</u>	<u>2,275</u>
At 31 December 2019	<u>2,437</u>	<u>156</u>	<u>2,593</u>



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## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

(in thousands of US\$)

### 11. Equity-accounted investees

	As at 30 June 2020 US\$	As at 31 December 2019 US\$
<b>Cost</b>		
At 1 January	274	366
Additions (i), (ii)	594	227
Full acquisition of investment in associate (iii), (iv)	-	(319)
<b>At 30 June/31 December</b>	<u>868</u>	<u>274</u>
<b>Accumulated share of loss from equity-accounted investees</b>		
At 1 January	(47)	(30)
Share of loss from equity-accounted investees during the period/year	-	(25)
Exchange difference	-	8
<b>At 30 June/31 December</b>	<u>(47)</u>	<u>(47)</u>
<b>Carrying amount of equity-accounted investees</b>	<u>821</u>	<u>227</u>

- (i) In January 2020, the Company acquired 40% shareholding in Clevetura LLC, for the consideration of US\$ 594. The investment is accounted for as an associate.
- (ii) In April 2019, the Company acquired 50% shareholding in Redmond Europe Ltd, for the consideration of US\$ 227. The investment is accounted for as a joint venture.
- (iii) In July 2019, the Company acquired the remaining 60% shareholding of ASBC LLC (Georgia) and the investment was derecognized from associate.
- (iv) In July 2019, the Company acquired the remaining 75% shareholding of ALC Avectis and the investment was derecognized from associate.

During the period ended 30 June 2020, the Group concluded a loan agreement with its associate LLC Clevetura for the amount of US\$30. The loan bears interest of 4% p.a and is repayable in January 2021. In addition, the Group acquired services for the total amount of US\$177 from the associate.

### 12. Inventories

	As at 30 June 2020 US\$	As at 31 December 2019 US\$
Goods in transit	34,514	50,309
Goods held for resale	165,815	219,459
Provision for slow moving and obsolete stock	(3,057)	(3,729)
	<u>197,272</u>	<u>266,039</u>

As at 30 June 2020, inventories pledged as security for financing purposes amounted to US\$ 72,214 (2019: US\$ 72,470). Inventory written off during the period recognized in profit or loss was US\$ nil (2019: US\$ nil).

#### Movement in provision for slow moving and obsolete stock:

	For the six months ended 30 June 2020 US\$	For the year ended 31 December 2019 US\$
On 1 January	3,729	3,182
Provisions for the period/year	257	1,361
Provided stock written off	(903)	(807)
Exchange difference	(26)	(7)
On 30 June/31 December	<u>3,057</u>	<u>3,729</u>

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

(in thousands of US\$)

### 13. Trade receivables

	As at 30 June 2020 US\$	As at 31 December 2019 US\$
Trade receivables	165,143	213,825
Allowance for doubtful debts	<u>(1,810)</u>	<u>(1,657)</u>
	<u>163,333</u>	<u>212,168</u>

#### Movement in provision for doubtful debts:

	For the six months ended 30 June 2020 US\$	For the year ended 31 December 2019 US\$
On 1 January	1,657	3,545
Provisions for the period/year	594	904
Amount written-off as uncollectible	(379)	(2,739)
Bad debts recovered	(4)	(80)
Exchange difference	<u>(58)</u>	<u>27</u>
On 30 June/31 December	<u>1,810</u>	<u>1,657</u>

As at 30 June 2020, receivables of the Group that have been assigned as security for financing purposes amounted to US\$ 76,539 (2019: US\$ 78,672).

### 14. Other current assets

	As at 30 June 2020 US\$	As at 31 December 2019 US\$
Employee floats	105	584
VAT and other taxes refundable	10,645	7,900
Other debtors and prepayments	5,867	6,818
Deposits and advances to service providers	<u>707</u>	<u>733</u>
	<u>17,324</u>	<u>16,035</u>

### 15. Share capital

	As at 30 June 2020 US\$	As at 31 December 2019 US\$
<b>Authorized</b>		
63,000,000 (2019: 63,000,000) shares of US\$ 0.20 each	<u>12,600</u>	<u>12,600</u>
<b>Issued and fully paid</b>		
55,500,000 (2019: 55,500,000) ordinary shares of US\$ 0.20 each	<u>11,100</u>	<u>11,100</u>

# ASBISC ENTERPRISES PLC

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## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

(in thousands of US\$)

### 16. Short term borrowings

	<b>As at 30 June 2020 US\$</b>	<b>As at 31 December 2019 US\$</b>
Bank overdrafts (Note 26)	29,728	25,380
Current portion of long-term loans	166	176
Bank short-term loans	30,135	26,089
Current lease liabilities (Note 19)	<u>1,211</u>	<u>1,329</u>
Total short-term debt	<u>61,240</u>	<u>52,974</u>
Factoring creditors	<u>30,194</u>	<u>54,199</u>
	<u>91,434</u>	<u>107,173</u>

### Summary of borrowings and overdraft arrangements

As at 30 June 2020 the Group enjoyed factoring facilities of US\$ 99,484 (31 December 2019 US\$ 118,035).

In addition, the Group as at 30 June 2020 had the following financing facilities with banks in the countries that the Company and its subsidiaries are operating:

- overdraft lines of US\$ 96,849 December 2019: US\$ 97,398)
- short term loans/revolving facilities of US\$ 42,977 (31 December 2019: US\$ 42,700)
- bank guarantee and letters of credit lines of US\$ 45,672 (31 December 2019: US\$ 41,266)

The Group had for the period ending 30 June 2020 cash lines (overdrafts, loans and revolving facilities) and factoring lines.

The Weighted Average Cost of Debt (cash lines and factoring lines) for the period was 7.3% (for 2019: 7.6%)

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 to the extent of facilities granted to subsidiary companies
- Assignment of insurance policies
- Pledged deposits of US\$ 30,957 (31 December 2019: US\$ 27,485)

### 17. Long term borrowings

	<b>As at 30 June 2020 US\$</b>	<b>As at 31 December 2019 US\$</b>
Bank loans	478	35
Non-current lease liabilities (Note 19)	<u>4,796</u>	<u>3,303</u>
	<u>5,274</u>	<u>3,338</u>

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# ASBISC ENTERPRISES PLC

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

(in thousands of US\$)

### 18. Other long-term liabilities

	As at 30 June 2020 US\$	As at 31 December 2019 US\$
Other long-term liabilities	<u>702</u>	<u>635</u>

### 19. Lease liabilities

	As at 30 June 2020 US\$	As at 31 December 2019 US\$
Current lease liabilities (note 16)	1,211	1,329
Non-current lease liabilities (note 17)	<u>4,796</u>	<u>3,303</u>
	<u>6,007</u>	<u>4,632</u>

### 20. Deferred tax

	For the six months ended 30 June 2020 US\$	For the year ended 31 December 2019 US\$
Debit balance on 1 January	284	(99)
Deferred tax charge for the period/year (note 8)	(72)	417
Exchange difference on retranslation	<u>4</u>	<u>(34)</u>
At 30 June/31 December	<u>216</u>	<u>284</u>

	As at 30 June 2020 US\$	As at 31 December 2019 US\$
Deferred tax assets	(205)	(227)
Deferred tax liabilities	<u>421</u>	<u>511</u>
Net deferred tax liability	<u>216</u>	<u>284</u>

### 21. Other current liabilities

	As at 30 June 2020 US\$	As at 31 December 2019 US\$
Salaries payable and related costs	2,270	2,406
VAT payable	3,667	6,332
Accruals and deferred income	41,601	31,408
Non-trade accounts payable	4,265	5,344
Provision for marketing	8,345	8,973
Provision for warranties	<u>4,634</u>	<u>4,573</u>
	<u>64,782</u>	<u>59,036</u>

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

(in thousands of US\$)

### 22. Commitments and contingencies

As at 30 June 2020 the Group was committed in respect of purchases of inventories of a total cost value of US\$ 28,126 (31 December 2019: US\$ 12,684) which were in transit at 30 June 2020 and delivered in July 2020. 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 30 June 2020 the Group issued bank guarantees and stand-by letters of credit from a number of financial institutions to mainly guarantee for the Group's trade payables balances in the amount of US\$ 45,672 (31 December 2019: US\$ 41,266).

As at the 30<sup>th</sup> June 2020 the Group had no other capital or legal commitments and contingencies.

### 23. Operating segments

#### 1.1 Reportable segments

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

#### 1.2 Segment revenues

	For the six months ended 30 June 2020 US\$	For the six months ended 30 June 2019 US\$
Former Soviet Union	457,450	399,980
Central Eastern Europe	238,144	207,829
Middle East & Africa	100,617	102,351
Western Europe	62,159	63,629
Other	22,575	14,452
	<u>880,945</u>	<u>788,241</u>

#### 1.3 Segment results

	For the six months ended 30 June 2020 US\$	For the six months ended 30 June 2019 US\$
Former Soviet Union	5,723	6,227
Central Eastern Europe	3,521	2,722
Middle East & Africa	1,269	761
Western Europe	846	87
Other	455	77
<b>Profit from operations</b>	<u>11,814</u>	<u>9,874</u>
Net financial expenses	(5,850)	(7,070)
Share of loss of equity-accounted investees	-	(2)
Other gains and losses	239	320
<b>Profit before taxation</b>	<u>6,203</u>	<u>3,122</u>

# ASBISC ENTERPRISES PLC

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

(in thousands of US\$)

### 23. Operating segments (continued)

#### 1.4 Segment capital expenditure (CAPEX)

	As at 30 June 2020 US\$	As at 31 December 2019 US\$
Former Soviet Union	8,078	7,794
Central Eastern Europe	13,307	12,946
Middle East & Africa	3,826	3,318
Unallocated	8,624	8,806
	<u>33,835</u>	<u>32,864</u>

#### 1.5 Segment depreciation and amortization

	For the six months ended 30 June 2020 US\$	For the six months ended 30 June 2019 US\$
Central Eastern Europe	537	392
Former Soviet Union	674	542
Middle East & Africa	104	102
Unallocated	727	883
	<u>2,042</u>	<u>1,920</u>

#### 1.6 Segment assets

	As at 30 June 2020 US\$	As at 31 December 2019 US\$
Former Soviet Union	249,897	366,466
Central Eastern Europe	84,309	91,037
Western Europe	72,137	74,246
Middle East & Africa	55,224	45,356
Total	461,567	577,105
Assets allocated in capital expenditure (1.4)	33,835	32,864
Other unallocated assets	26,213	22,818
Consolidated assets	<u>521,615</u>	<u>632,787</u>

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

#### 1.7 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.

# ASBISC ENTERPRISES PLC

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## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

(in thousands of US\$)

### 24. Derivative financial liability

	As at 30 June 2019 US\$	As at 31 December 2019 US\$
<u>Derivative financial liabilities carried at fair value through profit or loss</u>		
Foreign currency derivative contracts	<u>757</u>	<u>2,082</u>

### 25. Derivative financial asset

	As at 30 June 2020 US\$	As at 31 December 2019 US\$
<u>Derivative financial assets carried at fair value through profit or loss</u>		
Foreign currency derivative contracts	<u>268</u>	<u>945</u>

### 26. Cash and cash equivalents

	As at 30 June 2020 US\$	As at 31 December 2019 US\$
Cash at bank and in hand	108,299	103,687
Bank overdrafts (Note 16)	<u>(29,728)</u>	<u>(25,380)</u>
	<u>78,571</u>	<u>78,307</u>

The cash at bank and in hand balance includes an amount of US\$ 30,957 (31 December 2019: US\$ 27,485) which represents pledged deposits against financial facilities granted and margin accounts for foreign exchange hedging.

### 27. Goodwill

	As at 30 June 2020 US\$	As at 31 December 2019 US\$
At 1 January	591	400
Additions	-	515
Impairment loss (note ii)	-	(315)
Foreign exchange difference on retranslation	<u>3</u>	<u>(9)</u>
At 30 June/31 December (note i)	<u>594</u>	<u>591</u>

# ASBISC ENTERPRISES PLC

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## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

(in thousands of US\$)

### 27. Goodwill (continued)

(i) The capitalized goodwill arose from the business combination of the following subsidiary:

	<b>As at 30 June 2020 US\$</b>	<b>As at 31 December 2019 US\$</b>
OOO Must	201	201
ASBIS d.o.o. (BA) (formerly Megatrend D.O.O. Sarajevo)	<u>393</u>	<u>390</u>
	<u>594</u>	<u>591</u>

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

	<b>As at 30 June 2020 US\$</b>	<b>As at 31 December 2019 US\$</b>
Vizuatika LLC	-	(13)
Vizuators LLC	-	(1)
OOO IT Training	-	(4)
OOO Aksiomtech	-	(123)
ASBC LLC	<u>-</u>	<u>(174)</u>
	<u>-</u>	<u>(315)</u>

### 28. Related party transactions

Transactions and balances of key management

	<b>For the six months ended 30 June 2020 US\$</b>	<b>For the six months ended 30 June 2019 US\$</b>
Directors' remuneration - executive (Note 6)	366	320
Directors' remuneration - non-executive (Note 6)	<u>13</u>	<u>10</u>
	<u>379</u>	<u>330</u>

### 29. Trade payables factoring facilities

	<b>As at 30 June 2020 US\$</b>	<b>As at 31 December 2019 US\$</b>
Trade payables factoring facilities	<u>27,254</u>	<u>29,106</u>



# ASBISC ENTERPRISES PLC

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

(in thousands of US\$)

### 30. Business combinations

#### 1. Acquisitions

##### 1.1 Acquisitions of subsidiaries to 30 June 2020

During the period, the Group has acquired 55% of the share capital of Real Scientists Ltd, by means of the entity's incorporation.

<u>Name of entity</u>	<u>Type of operations</u>	<u>Date acquired</u>	<u>% acquired</u>	<u>% owned</u>
Real Scientists Ltd	Information Technology	16 March 2020	55%	55%

##### Acquisitions of subsidiaries to 31 December 2019

During the year ended 31 December 2019, the Group has acquired 75% of the share capital of Vizuatika LLC and Vizutors LLC, the remaining 60% of the ASBC LLC and 100% of share capital of OOO Aksiomtech, OOO IT Training, OOO Must, ALC Avectis, i-Care LLC and Center of excellence in Education for executives and specialists in Information Technology.

<u>Name of entity</u>	<u>Type of operations</u>	<u>Date acquired</u>	<u>% acquired</u>	<u>% owned</u>
Vizuatika LLC	Information Technology	28 March 2019	75%	75%
Vizutors LLC	Information Technology	28 March 2019	75%	75%
ALC Avectis	Information Technology	12 July 2019	100%	100%
ASBC LLC	Information Technology	31 July 2019	60%	100%
OOO Avectis (former OOO Aksiomtech)	Information Technology	12 July 2019	100%	100%
OOO IT Training	Educational and training Services	7 August 2019	100%	100%
Center of excellence in Education for executives and specialists in Information Technology	Educational Institution	7 August 2019	100%	100%
OOO Must	Information Technology	30 August 2019	100%	100%
i-Care LLC	Information Technology	1 November 2019	100%	100%

##### 1.1.b. Acquired assets and liabilities

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

	<b>As at 30 June 2020 US\$</b>	<b>As at 31 December 2019 US\$</b>
Tangible and intangible assets	-	504
Inventories	-	12,670
Receivables	-	13,289
Other non-current assets	-	31
Other receivables	-	3,333
Short-term loans	-	(3,080)
Payables	-	(2,721)
Other payables and accruals	-	(24,146)
Other non-current liabilities	-	(1)
Cash and cash equivalents	-	558
<b>Net identifiable assets</b>	<b>-</b>	<b>437</b>
Share of loss previously recognized as investment in associate	-	48
<b>Group's interest in net assets acquired</b>	<b>-</b>	<b>489</b>
Impairment of investment in associate on the acquisition	-	152
Total purchase consideration	-	(1,045)
<b>Net loss</b>	<b>-</b>	<b>(404)</b>
Negative goodwill credited in income statement	-	(111)
Impairment loss on Goodwill	-	141
<b>Goodwill capitalized in statement of financial position</b>	<b>-</b>	<b>(374)</b>

# ASBISC ENTERPRISES PLC

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## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

(in thousands of US\$)

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

#### **2. Disposals**

##### ***Disposals of subsidiaries to 30 June 2020***

During the period the Group had no disposals of subsidiaries.

##### ***Disposals of subsidiaries to 31 December 2019***

During the year ended 31 December 2019 the following Group subsidiaries went into liquidation. No gain or loss arose on the event.

<u>Name of disposed entity</u>	<u>Type of operations</u>	<u>Date liquidated</u>	<u>% liquidated</u>
Asbis Limited	Information Technology	25 January 2019	100%
ASBIS Cloud Ltd	Information Technology	12 July 2019	100%
OOO IT Training	Information Technology	27 November 2019	100%

#### **31. 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)).