



**Consolidated Financial Statements**

**For the Quarter Ended**

**December 31<sup>st</sup>, 2020**

**UNAUDITED**



**Productive Business Solutions Limited  
Directors' Statement**

**INTERIM REPORT TO OUR STOCKHOLDERS**

We are pleased to present our fourth quarter 2020 results.

Total fourth quarter revenues were \$50.6 million, a 4.6% increase over the same quarter of 2019 reflecting a continuing strong rebound led primarily by the technology segment of the Company.

Our I.T. portfolio has a healthy backlog which will help us continue our revenue growth. PBS in Q4 2020 signed additional contracts throughout our network and these transactions will be recognized throughout 2021. This combined with the sustainability of our cost reductions program gives the company a strong platform for the upcoming year.

The rebound in revenue from Q2 2020 was despite having several countries' economies closed as well as various industries covered by PBS still significantly impacted due to Covid-19. Nevertheless, Government has become an important contributor to PBS results, where our breadth of product portfolio and our reputation has allowed us to win various substantial government bids across our geographies.

As a result of Covid-19, PBS has adapted proactively, and its coverage strategy has shifted to a vertical industry coverage model. We believe this has allowed us to react quickly to the marketplace. Our printing side of the business is slowly regaining traction as some economies begin to reopen.

PBS Q4 2020 Gross Profit of US\$18.2 million was US\$5.1 million less than the same period in 2019. The reduction in gross profit (and gross margin) was due predominately to the increase in I.T. sales which typically generates a lower gross margin. To mitigate this, PBS is positioning itself to increase its value-added services on I.T. sales to improve the I.T. margins.

The decrease in Gross Profit was substantially offset by lower Selling, General and Administrative Expenses. The company implemented cost reductions which resulted in a \$4.2 million savings as compared to prior year. EBITDA for the quarter was flat versus prior year, US\$7.4 million versus US\$7.5 million.



**Productive Business Solutions Limited  
Directors' Statement**

Finance Costs in Q4 2020 were unfavorable versus 2019 by US\$0.9 million primarily due to the renegotiated bond interest rates which resulted in a one-time favorable impact in 2019 due its IFRS treatment. Without this treatment, PBS Interest Expense on borrowings was US\$238K lower in Q4 2020 than in Q4 2019.

Profit after Taxation in the fourth quarter 2020 was US\$1.1 million.

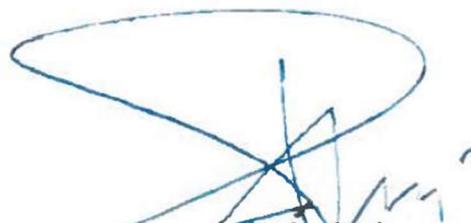
**Financial Highlights – Year Ending December 31st, 2020**

- Revenue of US\$163.3 million versus US\$180.1 million in 2019.
- Gross profit of US\$66.5 million, down \$4.3 million versus 2019; Gross Margin 40.7% vs 39.9%.
- Selling, General and Administrative Expenses were US\$57.1 million, lower than 2019 by US\$4.0 million.
- EBITDA was US\$24.3 million, lower than 2019 by US\$0.4 million.

Net Loss for the year was US\$0.2 million, unfavorable US\$1.8 million as compared to 2019.



P.B. Scott  
Chairman



Pedro Paris  
Director, CEO



**Productive Business Solutions Limited**  
 Consolidated Statement of Comprehensive Income  
**For the quarter ending December 31<sup>st</sup>, 2020**  
 (Expressed in United States dollars unless otherwise indicated)

	Fourth Quarter		For the Year Ending December 31 <sup>st</sup>	
	2020	2019	2020	2019
	Unaudited	Unaudited	Unaudited	Audited
	USD'000	USD'000	USD'000	USD'000
<b>Continuing Operations</b>				
Revenue	50,603	48,360	163,306	180,104
Direct expenses	(32,381)	(25,028)	(96,822)	(108,246)
<b>Gross Profit</b>	<b>18,222</b>	<b>23,331</b>	<b>66,484</b>	<b>71,858</b>
Other income	667	(231)	1,379	770
Selling, general and administrative expenses	(14,650)	(18,884)	(57,062)	(61,077)
<b>Operating Profit</b>	<b>4,239</b>	<b>4,216</b>	<b>10,801</b>	<b>11,551</b>
Finance costs	(2,446)	(1,533)	(8,919)	(7,511)
<b>Profit before Taxation</b>	<b>1,794</b>	<b>2,684</b>	<b>1,882</b>	<b>4,041</b>
Taxation	(731)	(670)	(2,096)	(1,956)
<b>Profit/(loss) for the period</b>	<b>1,062</b>	<b>2,013</b>	<b>(214)</b>	<b>2,085</b>
<b>Items that may be subsequently reclassified to profit or loss:</b>				
Currency translation differences on net assets of subsidiaries	(629)	199	(2,563)	336
<b>TOTAL COMPREHENSIVE INCOME/(LOSS)</b>	<b>433</b>	<b>2,212</b>	<b>(2,776)</b>	<b>2,421</b>
<b>(Loss)/Income for the Year Attributable to:</b>				
Shareholder of the Company	1,057	1,726	(262)	1,798
Non-controlling interest	5	287	48	287
	<b>1,062</b>	<b>2,013</b>	<b>(214)</b>	<b>2,085</b>
<b>Comprehensive (Loss)/Income for the Year Attributable to:</b>				
Shareholder of the Company:	416	2,132	(2,791)	2,134
Non-controlling interest	17	80	15	287
	<b>433</b>	<b>2,212</b>	<b>(2,776)</b>	<b>2,421</b>
	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>
Basic and diluted earnings per share for (loss)/profit from continuing operation attributable to ordinary share holder	0.86	1.40	(0.21)	1.46

Note: shares outstanding in December 2020 and in December 2019: 123,272,727



**Productive Business Solutions Limited**  
Non-IFRS Performance Measures - Unaudited  
**For the quarter ending December 31<sup>st</sup>, 2020**  
(Expressed in United States dollars unless otherwise indicated)

	Fourth Quarter		For the Year Ending December 31st	
	2020 USD'000	2019 USD'000	2020 USD'000	2019 USD'000
Operating profit	4,239	4,216	10,801	11,551
(+) Depreciation/amortization and gain/loss on disposition of property (included in Operating profit)				
Depreciation	2,926	3,064	12,385	12,176
Amortization	272	248	1,086	992
<b>EBITDA</b>	<b>7,437</b>	<b>7,529</b>	<b>24,272</b>	<b>24,720</b>



**Productive Business Solutions Limited**  
Consolidated Statement of Financial Position  
**December 31<sup>st</sup>, 2020**

(Expressed in United States dollars unless otherwise indicated)

	<b>December 2020</b>	<b>December 2019</b>
	<b>Unaudited</b>	<b>Audited</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	25,361	25,519
Intangible assets	20,010	21,104
Right of use	13,355	16,092
Lease receivables	2,267	3,126
Long term receivables	1,488	1,935
Deferred tax assets	1,270	1,349
	<u>63,752</u>	<u>69,125</u>
<b>Current Assets</b>		
Due from related parties	3,589	3,356
Inventories	31,218	39,810
Trade and other receivables	52,816	44,057
Current portion of lease receivables	1,309	1,536
Taxation recoverable	10,730	10,148
Contract assets	11,811	6,079
Cash and cash equivalents	5,875	5,297
	<u>117,348</u>	<u>110,283</u>
<b>Current Liabilities</b>		
Trade and other payables	35,187	34,579
Due to related parties	8,479	5,162
Taxation payable	5,215	3,418
Lease payable ST	2,405	2,726
Finance lease ST	149	-
Short term loans	8,718	6,498
Contract liabilities	2,463	4,232
	<u>62,615</u>	<u>56,615</u>
<b>Net Current Assets</b>	<u>54,733</u>	<u>53,668</u>
	<u>118,484</u>	<u>122,793</u>



**Productive Business Solutions Limited**  
Consolidated Statement of Financial Position (continued)  
**December 31<sup>st</sup>, 2020**  
(Expressed in United States dollars unless otherwise indicated)

**Equity**

**Attributable to Shareholder of the Company**

Share capital	57,317	57,317
Other reserves	(18,401)	(15,871)
Accumulated deficit	(6,494)	(6,232)
	<u>32,423</u>	<u>35,214</u>

**Non-controlling Interests**

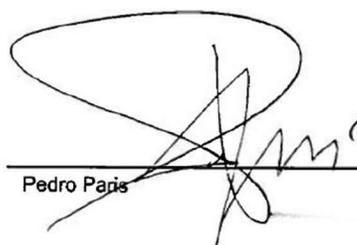
	<u>851</u>	<u>836</u>
	<u>33,274</u>	<u>36,050</u>

**Non-Current Liabilities**

Retirement benefit obligation	525	557
Deferred income tax liabilities	333	394
Lease payable LT	12,495	14,402
Finance lease LT	487	1,752
Borrowings	71,371	69,638
	<u>85,210</u>	<u>86,743</u>
	<u>118,484</u>	<u>122,793</u>

Approved for issue by the Board of Directors on 11 February 2021 and signed on its behalf by:

  
\_\_\_\_\_  
Paul Scott Director

  
\_\_\_\_\_  
Pedro Pais Director



**Productive Business Solutions Limited**

Consolidated Statement of Cash Flows

**December 31<sup>st</sup>, 2020**

(Expressed in United States dollars unless otherwise indicated)

	For the year ending	
	2020	2019
	Unaudited USD'000	Unaudited USD'000
<b>Net profit/(loss)</b>	<b>(214)</b>	<b>2,085</b>
Items not affecting cash:		
Depreciation	12,384	12,328
Amortization	1,086	992
Adjustment on debt structure	-	(2,822)
Taxation expense	2,096	1,955
Foreign exchange gains	(1,366)	(1,529)
Interest income	-	(543)
Interest expense	9,084	7,856
Deferred tax	(30)	-
	<b>23,040</b>	<b>20,322</b>
Changes in non-cash working capital balances:		
Inventories	4,321	(5,373)
Contract assets	(7,889)	(5,253)
Accounts receivable	(8,071)	6,913
Due from related parties	(465)	86
Long-term receivable	16	(369)
Lease receivables	1,086	(221)
Taxation recoverable	1,454	(1,444)
Accounts payable	(7,941)	(9,828)
Contract liabilities	2,463	562
Due to related parties	4,192	(70)
<b>Cash provided by (used in) operations</b>	<b>12,206</b>	<b>5,325</b>
<b>Cash Flows from Financing Activities</b>		
Interest paid	(7,242)	(5,810)
Dividends paid	(1,000)	(1,000)
Proceeds from borrowing	11,775	5,145
Repayments of borrowings	(9,734)	(2,533)
<b>Net cash (used in)/proved by financing activities</b>	<b>(6,201)</b>	<b>(4,198)</b>
<b>Cash Flows from Investing Activities</b>		
Interest received	-	543
Purchase of property, plant and equipment	(5,219)	(3,206)
Proceeds on disposal of property, plant and equipment	-	370
<b>Net cash (used in)/provided by investing activities</b>	<b>(5,219)</b>	<b>(2,293)</b>
Net (Decrease)/Increase in Cash and Cash Equivalents	786	(1,166)
Cash and cash equivalents at beginning of the year	1,899	3,065
Exchange losses on cash and cash equivalents	(1)	-
<b>Cash and Equivalents net of overdraft</b>	<b>2,684</b>	<b>1,899</b>



**Productive Business Solutions Limited**  
 Consolidated Statement of Changes in Equity - Unaudited  
**December 31<sup>st</sup>, 2020**  
 (Expressed in United States dollars unless otherwise indicated)

	Number of Shares	Share Capital	Other Reserves	Accumulated (Deficit)/Profit	Non-controlling Interest	Total
	'000	USD'000	USD'000	USD'000	USD'000	USD'000
<b>Balance at 1 January 2020</b>	123,272	57,317	(15,871)	(6,232)	836	36,050
Currency translation differences			(2,530)		(33)	(2,563)
Net income				(262)	48	(214)
Total comprehensive income	-	-	(2,530)	(262)	15	(2,776)
<b>Balance at 31 December 2020</b>	<b>123,272</b>	<b>57,317</b>	<b>(18,401)</b>	<b>(6,494)</b>	<b>851</b>	<b>33,274</b>

	Number of Shares	Share Capital	Other Reserves	Accumulated (Deficit)/Profit	Non-controlling Interest	Total
	'000	USD'000	USD'000	USD'000	USD'000	USD'000
<b>Balance at 1 January 2019</b>	123,272	57,317	(16,207)	(6,030)	549	35,629
Currency translation differences			336	-		336
Net profit	-	-	-	1,798	287	2,085
Total comprehensive income	-	-	336	1,798	287	2,421
Dividends paid				(2,000)		(2,000)
<b>Balance at 31 December 2019</b>	<b>123,272</b>	<b>57,317</b>	<b>(15,871)</b>	<b>(6,232)</b>	<b>836</b>	<b>36,050</b>



## Productive Business Solutions Limited Shareholders

### 1. Identification and Principal Activities

Productive Business Solutions Limited (“the Company”) is a company incorporated and domiciled in Barbados under the International Business Corporation (IBC) Act Cap. 77 on 16 December 2010. The registered office of the Company is at Corporate Services Limited, Erin Court, Bishop Court’s Hill, and St. Michael, Barbados.

The principal activities of the Company and its subsidiaries, (referred to as “Group”) are the distribution of printing equipment, business machines, handsets and related accessories.

### 2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements, herein after referred to as the financial statements, are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretation Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain items of property, plant and equipment.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. Although these estimates are based on managements’ best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

#### ***Standards, interpretations and amendments to published standards effective in current year***

Certain new standards, amendments and interpretations to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new standards, interpretations and amendments and has affected the following, which are immediately relevant to its operations:

**IFRS 9, ‘Financial Instruments’** (effective for annual periods beginning on or after 1 January 2018) specifies how an entity should classify and measure financial instruments, including some hybrid contracts. It requires all financial assets to be classified on the basis of the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset; initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs; and subsequently measured at amortised cost or fair value. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. They apply a consistent approach to classifying financial assets and replace the four categories of financial assets in IAS 39, each of which had its own classification criteria. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a ‘three stage’ approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. Management has assessed the application of the credit loss model on trade receivables, lease receivables and inter-company balances under IFRS 9. The impact on these financial statements were not material. Management has utilised the modified retrospective transition approach. The Group applied IFRS 9 on 1 January 2018 and has elected not to restate comparative information in accordance with the transitional provisions. As a result, the comparative information provided continues to be accounted for in accordance with the Group’s previous accounting policy. Additional disclosures in accordance with the standard have been included in the financial statements in Note 35.



## Productive Business Solutions Limited Shareholders

### 2. Summary of Significant Accounting Policies (Continued)

#### (a) Basis of preparation (continued)

- **IFRS 15, 'Revenue from Contracts with Customers'**, (effective for the periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. Management has utilised the modified retrospective transition approach. The Group applied IFRS 15 on 1 January 2018 and has elected not to restate comparative information in accordance with the transitional provisions. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy. Furthermore management has identified contract assets and liabilities as reported in the statement of financial position. Additional disclosures in accordance with the standard have been included in the financial statements in Note 35.
- **Amendment to IFRS 15, 'Revenue from contracts with customers'**, (effective for accounting periods beginning on or after 1 January 2018). These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). The IASB has also included additional practical expedients related to transition to the new revenue standard.
- **IFRIC 22, 'Foreign currency transactions and advance consideration'**, (effective for annual periods beginning on or after 1 January 2018). The amendment clarifies how to determine the exchange rate for initial recognition of a non-monetary asset or non-monetary liability in connection with an advance consideration. The entity has not been materially impacted by this interpretation as there has always been consensus on the definition of date of the transaction (consequently the date for determining the exchange rate) as the date of initial recognition, as required by the interpretation.

#### **Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the Group**

The Group has concluded that the following standards which are published but not yet effective, are relevant to its operations and will impact the Group's accounting policies and financial disclosures as discussed below. These standards and amendments to existing standards are mandatory for the Group's accounting periods beginning after 1 January 2018, but the Group has not early adopted them:

- **IFRS 16, 'Leases'** (effective for annual periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15, 'Revenue from Contracts with Customers', is also applied). The International Accounting Standards Board (IASB) published IFRS 16, 'Leases', which replaces the current guidance in IAS 17. This will require changes in accounting by lessees in particular. IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group has commenced assessment and has identified that a right of use asset and lease obligation would have to be recorded on the consolidated financial statements and the associated depreciation and interest expense within the consolidated statement of comprehensive income.
- **IFRIC 23, 'Uncertainty over income tax treatments'** (effective for annual period beginning on or after 1 January 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. The adoption of this standard is not expected to have a significant impact on the group.

### 2. Summary of Significant Accounting Policies (Continued)

#### (a) Basis of preparation (continued)



## Productive Business Solutions Limited Shareholders

- **Amendment to IFRS 9, Financial instruments', on prepayment features with negative compensation** (effective for annual period beginning on or after 1 January 2019). This amendment confirm that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39. The adoption of this standard is not expected to have a significant impact on the group.

### ***Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the Group (continued)***

- **Annual improvements 2015–2017** (effective for annual period beginning on or after 1 January 2019). These amendments include minor changes to:
  - IFRS 3, 'Business combinations', – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
  - IFRS 11, 'Joint arrangements', – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
  - IAS 12, 'Income taxes' – a company accounts for all income tax consequences of dividend payments in the same way.
  - IAS 23, 'Borrowing costs' – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The adoption of these standards is not expected to have a significant impact on the Group.

There are no other new or amended standards and interpretations that are published but not yet effective that would be expected to have an impact on the accounting policies or financial disclosures of the Group.

### **(b) Consolidation**

#### **(i) Subsidiaries**

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations involving third parties by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired and liabilities assumed is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss, in the statement of comprehensive income.



## Productive Business Solutions Limited Shareholders

### Ten Largest Shareholders

Facey Group Limited	84,181,818
Portland Caribbean Fund II L.P.	22,900,576
Portland Caribbean Fund II Barbados L.P.	4,372,151
Pedro Paris Coronado	3,636,300
NCB Capital Markets (Cayman) Ltd	3,065,214
Jose Misrahi	727,200
Courtney Sylvester	663,473
Jose Guillermo Rodriguez Perdomo	363,600
Jason Martin Corrigan	363,600
Marco Antonio Almendarez Cisneros	363,600
JCSD Trustee Services - Sigma Joint Venture	320,433
Christian Asdrubal Sanchez Mena	254,500

### Shareholding of Directors

	Personal	Connected
Paul B Scott	-	84,181,818
Thomas Agnew	-	-
Lois Denny	-	-
Douglas Hewson	-	27,272,727
Ricardo Hutchinson	-	27,272,727
Edward Ince	-	-
Jose Misrahi	727,200	-
Pedro Paris Coronado	3,636,300	-
Patrick A. W. Scott	-	-
Melanie M. Subratie	-	84,181,818
Blondel Walker	-	-
Brian Wynter	-	-

### Shareholdings of Executives

Pedro Paris Coronado	3,636,300
Jose Guillermo Rodriguez Perdomo	363,600
Marco Antonio Almendarez Cisneros	363,600
Christian Asdrubal Sanchez Mena	254,500
Leonardo Jesus Velasquez Foucault	163,600
Michael Raphael Lewis	163,600
Elvin Howard Nash	142,700
Sergio Roberto Molina Barrios	127,200
Lucia Vielman Ruiz De Bernard	90,900
Mario Estuardo Pons Espana	90,900
Francisco Jose Lupiac Rodriguez	90,900