



Productive Business Solutions Limited

Consolidated Financial Statements

For the Quarter Ended

June 30th, 2021

UNAUDITED



**Productive Business Solutions Limited
Directors' Statement**

INTERIM REPORT TO OUR STOCKHOLDERS

In the second quarter of 2021 PBS experienced growth in its revenues and operating profitability as the impact of COVID 19 receded and we executed on our strategy to become the leading enterprise information technology business in the Caribbean and Central America.

We recorded revenues of \$.7 million in the second quarter of 2021, an increase of 71.7% over the same period last year. Print volumes have recovered sharply from their pandemic lows but remain 7% behind pre-Covid levels. The main driver of PBS' significant revenue growth was the strong performance of our information technology business.

Governments, financial institutions and large corporates increasingly look to PBS to provide a diversified offering of information technology solutions. For example, this year PBS worked alongside governments to implement large projects in response of COVID, helped leading banks execute digital transformation and managed the regional technology needs of some of the largest businesses in the world.

PBS also invested in improving the quality of our business. These actions will maintain the revenue trajectory we experienced this quarter but will also improve gross margins and our mix of recurring revenue in future quarters.

For example, PBS recently achieved Cisco Gold Integrator Certification. This certification covers all of our markets and recognizes our capability to develop and implement enterprise networking, data center, cyber security and collaboration projects. Combined with the software development and consulting we offer at our Hightech subsidiary, this certification positions PBS as one of the premier enterprise solutions integrators in our region.

In the second quarter, PBS' gross profit was US\$14.8 million or US\$0.9 million greater than the same period in 2020. Our EBITDA was US\$5.2 million or US\$0.5 million higher than in the second quarter of 2021. As we grow the business, we remained focused on ensuring that operating costs and working capital remain at appropriate levels.



**Productive Business Solutions Limited
Directors' Statement**

PBS has momentum and a robust pipeline of opportunities. We look forward to a strong second half of 2021.

A handwritten signature in black ink, appearing to read 'P.B. Scott', written over a horizontal line.

P.B. Scott
Chairman

A handwritten signature in blue ink, appearing to read 'Pedro Paris', written over a horizontal line.

Pedro Paris
Director, CEO



Productive Business Solutions Limited
 Consolidated Statement of Comprehensive Income
For the quarter ending June 30th, 2021
 (Expressed in United States dollars unless otherwise indicated)

	Second Quarter		Six Months Ending June 30th	
	2021	2020	2021	2020
	Unaudited	Unaudited	Unaudited	Unaudited
	USD'000	USD'000	USD'000	USD'000
Continuing Operations				
Revenue	53,718	31,260	103,057	73,165
Direct expenses	(38,944)	(17,326)	(72,681)	(40,488)
Gross Profit	14,775	13,934	30,377	32,678
Other income	308	254	398	301
Selling, general and administrative	(13,317)	(12,908)	(26,805)	(28,919)
Operating Profit	1,765	1,280	3,969	4,060
Finance costs	(1,712)	(1,730)	(3,497)	(4,389)
Profit before Taxation	53	(451)	472	(330)
Taxation	(591)	(412)	(1,156)	(809)
Profit/(loss) for the period	(538)	(862)	(684)	(1,139)
Items that may be subsequently reclassified to profit or loss:				
Currency translation differences on net assets of subsidiaries	(433)	(567)	(294)	(902)
TOTAL COMPREHENSIVE INCOME/(LOSS)	(971)	(1,429)	(977)	(2,041)
(Loss)/Income for the Year Attributable to:				
Shareholder of the Company	(580)	(1,149)	(726)	(1,205)
Non-controlling interest	42	287	42	66
	(538)	(862)	(684)	(1,139)
Comprehensive (Loss)/Income for the Year Attributable to:				
Shareholder of the Company:	(1,013)	(1,716)	(1,019)	(2,107)
Non-controlling interest	42	287	42	66
	(971)	(1,429)	(977)	(2,041)
	Cents	Cents	Cents	Cents
Basic and diluted earnings per share for (loss)/profit from continuing operation attributable to ordinary share holder	(0.47)	(0.93)	(0.59)	(0.98)



Productive Business Solutions Limited
Non-IFRS Performance Measures - Unaudited
For the quarter ending June 30th, 2021
(Expressed in United States dollars unless otherwise indicated)

	Second Quarter		Year to date June	
	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000
Operating profit	1,765	1,280	3,969	4,060
(+) Depreciation/amortization and gain/loss on disposition of property (included in Operating profit)				
Depreciation	3,168	3,157	6,117	6,351
Amortization	272	295	543	543
EBITDA	5,205	4,732	10,630	10,954



Productive Business Solutions Limited
Consolidated Statement of Financial Position
June 30th, 2021

(Expressed in United States dollars unless otherwise indicated)

	June 2021	June 2020	December 2020
	Unaudited	Unaudited	Audited
Non-Current Assets			
Property, plant and equipment	27,220	24,947	24,844
Intangible assets	19,461	20,555	20,010
Right of use *	14,435	14,987	13,873
Lease receivables	2,103	831	2,280
Pension plan assets	-	-	85
Long term receivables	1,464	1,822	1,085
Deferred tax assets	1,280	1,241	1,326
	<u>65,963</u>	<u>64,382</u>	<u>63,503</u>
Current Assets			
Due from related parties	4,934	3,196	3,708
Inventories	26,305	39,023	31,947
Trade and other receivables	62,120	48,101	51,726
Current portion of lease receivables	1,706	3,163	1,296
Taxation recoverable	11,140	10,275	10,222
Contract assets	11,741	6,393	12,684
Cash and cash equivalents	2,350	4,131	5,850
	<u>120,297</u>	<u>114,283</u>	<u>117,433</u>
Current Liabilities			
Trade and other payables	39,144	37,494	30,516
Due to related parties	7,427	5,883	8,270
Taxation payable	5,064	3,558	5,290
Lease payable ST *	3,552	2,580	2,683
Finance lease ST	176	214	761
Short term loans	8,594	9,204	8,613
Contract liabilities	2,456	789	4,110
	<u>66,414</u>	<u>59,721</u>	<u>60,243</u>
Net Current Assets	<u>53,883</u>	<u>54,562</u>	<u>57,190</u>
	<u>119,846</u>	<u>118,944</u>	<u>120,693</u>



Productive Business Solutions Limited
Consolidated Statement of Financial Position (continued)
June 30th, 2021
(Expressed in United States dollars unless otherwise indicated)

Equity

Attributable to Shareholder of the Company

Share capital	57,317	57,317	57,317
Other reserves	(18,723)	(16,773)	(18,429)
Accumulated deficit	(6,853)	(7,437)	(6,127)
	<u>31,742</u>	<u>33,107</u>	<u>32,761</u>
Non-controlling Interests	893	902	851
	<u>32,635</u>	<u>34,009</u>	<u>33,612</u>
Non-Current Liabilities			
Retirement benefit obligation	523	-	525
Contingent consideration payable	-	-	1,728
Deferred income tax liabilities	352	359	334
Lease payable LT *	12,604	13,753	12,648
Finance lease LT	896	250	1,319
Borrowings	72,832	70,573	70,527
	<u>87,207</u>	<u>84,935</u>	<u>87,081</u>
	<u>119,842</u>	<u>118,944</u>	<u>120,693</u>

Approved for issue by the Board of Directors on 4th of August 2021 and signed on its behalf by:

P.B. Scott
Chairman

Pedro Paris
Director, CEO

**Productive Business Solutions Limited**

Consolidated Statement of Cash Flows

June 30th, 2021

(Expressed in United States dollars unless otherwise indicated)

	For the six months ending	
	2021	2020
	Unaudited	Unaudited
	USD'000	USD'000
Net profit/(loss)	(684)	(1,139)
Items not affecting cash:		
Depreciation	6,117	6,350
Amortization	543	543
Taxation expense	1,156	810
Foreign exchange gains	(294)	(1,150)
Interest expense	4,132	4,446
Deferred tax	65	25
	11,035	9,885
Changes in non-cash working capital balances:		
Inventories	2,427	(136)
Contract assets	116	-
Accounts receivable	(9,399)	(5,827)
Due from related parties	(1,225)	1,623
Long-term receivable	25	(317)
Lease receivables	(233)	667
Taxation recoverable	(925)	251
Accounts payable	2,587	(570)
Contract liabilities	(7)	-
Due to related parties	(855)	200
Cash provided by (used in) operations	3,545	5,776
Cash Flows from Financing Activities		
Interest paid bond holders	(1,696)	(851)
Interest paid on preference shares	(855)	(906)
Other interest paid	(692)	(2,138)
Dividends paid	-	(1,000)
Proceeds from borrowing	4,894	2,280
Repayments of borrowings	(2,903)	(575)
Net cash (used in)/proved by financing activities	(1,252)	(3,190)
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(5,793)	(3,750)
Net cash (used in)/provided by investing activities	(5,793)	(3,750)
Net (Decrease)/Increase in Cash and Cash Equivalents	(3,500)	(1,164)
Cash and cash equivalents at beginning of the year	5,850	5,297
Exchange losses on cash and cash equivalents	-	(2)
Cash and Cash Equivalents at end of Period	2,350	4,131



Productive Business Solutions Limited
 Consolidated Statement of Changes in Equity - Unaudited
June 30th, 2021
 (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
Balance at 1 January 2021	123,272	57,317	(18,429)	(6,127)	851	33,612
Currency translation differences			(294)		-	(294)
Net income				(726)	42	(684)
Total comprehensive income	-	-	(294)	(726)	42	(977)
Balance at 30 June 2021	123,272	57,317	(18,723)	(6,853)	893	32,635

	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
Balance at 1 January 2020	123,272	57,317	(15,871)	(6,232)	836	36,050
Currency translation differences	-	-	(902)	-	-	(902)
Net profit	-	-	-	(1,205)	66	(1,139)
Total comprehensive income	-	-	(902)	(1,205)	66	(2,041)
Dividends paid				-		-
Balance at 30 June 2020	123,272	57,317	(16,773)	(7,437)	902	34,009



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