Productive Business Solutions Limited

Consolidated Financial Statements

For the Quarter Ended

September 30th, 2021

UNAUDITED

INTERIM REPORT TO OUR STOCKHOLDERS

Productive Business Solutions Limited (PBS) is pleased to present its financial performance for the period ended September 30, 2021. During the period PBS solidified its position as the leading enterprise technology company in the Caribbean and Central America. PBS accomplished this objective by growing and diversifying its business organically and by completing the acquisition of PBS Technologies Limited (formerly Massy Technologies) on September 1st, 2021.

Key wins across our business in 2021 include; High-end banking solutions for two Central American banks and mission critical digital printing projects for the upcoming Presidential elections in Honduras and Nicaragua. In the Caribbean, PBS is implementing a National Identification Systems (NIDS) as well as signing its first major ATM, as a service agreement with one of the largest Caribbean banks. In the Public Education sector, the company has provided technology products, complex large-scale services and content solutions for more than 400K devices across many countries. These successful initiatives demonstrate that PBS continues to be a trusted technology enterprise partner.

The acquisition of PBS Technologies Limited significantly increases the scale of our business and shifts the mix of our business towards enterprise information technology and communications. Geographically, it adds Trinidad and Tobago, Antigua and Guyana to our footprint and balances our revenue streams across the Caribbean and Central America. Finally, it deepens our leadership team and adds technical expertise.

The growth in our sales reflects the execution of our strategy to diversify our business by shifting towards information technology, communications, security and advances services and by increasing our stream of recurring revenue. PBS revenues increased 25% compared to the corresponding period last year excluding revenue associated with the acquisition of PBS Technologies. Our printing business continues to be adversely impacted by the effects of Covid-19 in many markets. The growth in our sales reflects the execution of our strategy to diversify our business by shifting towards information technology, communications, security and advances services and by increasing our stream of recurring revenue.

Our gross profit was flat in the first three quarters of 2021 versus prior year due mostly to change in our product mix.

Our administrative expenses are higher this year due to the resumption of travel costs, transaction costs associated with the acquisition of PBS Technologies, global chain supply issues and provisions for receivables from customers impacted by Covid-19.

Historically, PBS revenue cycle has been heavily weighted to the fourth quarter. Our sales pipeline for remainder of the year is healthy and we expect to close 2021 with significant annual increases in most key financial metrics.

P.B. Scott
Chairman

Pedro Paris
Director, CEO

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

	Third Quarter		Nine Months Ending September 30th	
	2021 Unaudited USD'000	2020 Unaudited USD'000	2021 Unaudited USD'000	2020 Unaudited USD'000
Continuing Operations				
Revenue	42,405	39,538	145,462	112,703
Direct expenses	(24,488)	(23,954)	(97,168)	(64,441)
Gross Profit	**17,917**	**15,584**	**48,294**	**48,262**
Other income	105	411	503	712
Selling, general and administrative expenses	(16,333)	(13,493)	(43,138)	(42,412)
Operating Profit	**1,689**	**2,502**	**5,658**	**6,562**
Finance costs	(3,001)	(2,084)	(6,498)	(6,474)
Profit before Taxation	**(1,312)**	**418**	**(840)**	**88**
Taxation	(247)	(555)	(1,403)	(1,364)
Loss for the period	**(1,559)**	**(137)**	**(2,243)**	**(1,276)**
Items that may be subsequently reclassified to profit or loss:				
Currency translation differences on net assets of subsidiaries	193	(1,031)	(1,045)	(1,933)
TOTAL COMPREHENSIVE LOSS	**(1,367)**	**(1,168)**	**(3,288)**	**(3,209)**
(Loss)/Income for the Year Attributable to:				
Shareholder of the Company	(1,601)	(114)	(2,290)	(1,319)
Non-controlling interest	42	(23)	47	43
	(1,559)	**(137)**	**(2,243)**	**(1,276)**
Comprehensive (Loss)/Income for the Year Attributable to:				
Shareholder of the Company:	(1,409)	(1,100)	(3,335)	(3,207)
Non-controlling interest	42	(68)	47	(2)
	(1,367)	**(1,168)**	**(3,288)**	**(3,209)**
	Cents	**Cents**	**Cents**	**Cents**
Basic and diluted earnings per share for (loss)/profit from continuing operation attributable to ordinary share holder	(0.86)	(0.09)	(1.23)	(1.07)

Note: shares outstanding in September 2021: 186,213,523; September 2020: 123,272,727

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

	Third Quarter		Year to date September	
	2021 USD'000	**2020 USD'000**	**2021 USD'000**	**2020 USD'000**
Operating profit	1,429	2,502	5,398	6,562
(+) Depreciation/amortization and gain/loss on disposition of property (included in Operating profit)				
Depreciation	3,061	3,108	9,178	9,459
Amortization	369	272	912	815
EBITDA	**4,859**	**5,882**	**15,489**	**16,836**

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

	September 2021	September 2020	December 2020
	Unaudited	Unaudited	Audited
Non-Current Assets			
Property, plant and equipment	30,560	24,245	24,844
Intangible assets	111,276	20,282	20,010
Right of use	15,791	13,892	13,873
Lease receivables	1,957	557	2,280
Pension plan assets	85	-	85
Long term receivables	992	1,948	1,085
Deferred tax assets	2,840	1,252	1,326
	163,501	62,176	63,503
Current Assets			
Due from related parties	3,358	3,190	3,708
Inventories	31,142	36,153	31,947
Trade and other receivables	68,300	49,741	51,726
Current portion of lease receivables	2,134	3,336	1,296
Taxation recoverable	11,945	10,510	10,222
Contract assets	11,417	6,149	12,684
Cash and cash equivalents	17,289	3,250	5,850
	145,584	112,329	117,433
Current Liabilities			
Trade and other payables	44,797	31,629	30,516
Due to related parties	8,181	9,365	8,270
Taxation payable	6,292	3,874	5,290
Lease payable ST	3,144	2,544	2,683
Finance lease ST	2,862	166	761
Short term loans	15,406	9,591	8,613
Contract liabilities	1,763	308	4,110
	82,444	57,476	60,243
Net Current Assets	63,140	54,853	57,190
	226,641	117,029	120,693

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

Equity			
Attributable to Shareholder of the Company			
Share capital	105,782	57,317	57,317
Other reserves	(19,474)	(17,759)	(18,429)
Accumulated deficit	(8,417)	(7,550)	(6,127)
	77,891	32,007	32,761
Non-controlling Interests	898	834	851
	78,789	32,841	33,612
Non-Current Liabilities			
Retirement benefit obligation	524	459	525
Contingent consideration payable	1,772	-	1,728
Deferred income tax liabilities	8,001	344	334
Lease payable LT	16,175	12,747	12,648
Finance lease LT	1,700	486	1,319
Borrowings	119,679	70,152	70,527
	147,852	84,188	87,081
	226,641	117,029	120,693

Approved for issue by the Board of Directors on 12th of November 2021 and signed on its behalf by:

P.B. Scott
Chairman

Pedro Paris
Director, CEO

Productive Business Solutions Limited
Consolidated Statement of Cash Flows
September 30th, 2021
(Expressed in United States dollars unless otherwise indicated)

	For the nine months ending	
	2021	**2020**
	Unaudited	**Unaudited**
	USD'000	**USD'000**
Net profit/(loss)	**(2,443)**	**(1,276)**
Items not afecting cash:		
Depreciation	9,178	9,459
Amortization	912	815
Adjustment on debt structure	-	-
Taxation expense	1,403	1,365
Foreign exchange gains	(604)	(1,953)
Interest expense	6,414	6,740
Deferred tax	(334)	(2)
	14,610	**15,148**
Changes in non-cash working capital balances:		
Inventories	4,712	1,776
Contract assets	440	-
Accounts receivable	3,587	(7,223)
Due from related parties	366	4,884
Long-term receivable	496	(443)
Lease receivables	(548)	768
Taxation recoverable	(314)	333
Accounts payable	(14,609)	(9,477)
Contract liabilities	(933)	-
Due to related parties	(1,567)	180
Cash provided by (used in) operations	**6,240**	**5,946**
Cash Flows from Financing Activities		
Interest paid bond holders	(2,556)	(3,173)
Interest paid on preference shares	(1,682)	(850)
Other interest paid	(3,455)	(1,802)
Dividends paid	-	(1,000)
Issuance of shares	48,464	-
Proceeds from borrowing	16,348	8,622
Repayments of borrowings	(4,170)	(5,683)
Net cash (used in)/proved by financing activities	**52,949**	**(3,886)**
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(7,215)	(4,103)
Acquisition of business - net of cash acquired	(40,538)	-
Net cash (used in)/provided by investing activities	**(47,753)**	**(4,103)**
Net (Decrease)/Increase in Cash and Cash Equivalents	11,436	(2,045)
Cash and cash equivalents at beginning of the year	5,850	5,297
Exchange losses on cash and cash equivalents	3	(1)
Cash and Cash Equivalents at end of Period	**17,289**	**3,251**

Productive Business Solutions Limited
Consolidated Statement of Changes in Equity - Unaudited
September 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			(1,045)			(1,045)
Ordinary shares issued	62,941	48,465				48,465
Net income/(loss)				(2,290)	47	(2,243)
Total comprehensive income	62,941	48,465	(1,045)	(2,290)	47	45,177
Balance at 30 September 2021	**186,213**	**105,782**	**(19,474)**	**(8,417)**	**898**	**78,789**

	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	-	-	(1,888)	-	(45)	(1,933)
Net profit	-	-	-	(1,319)	43	(1,276)
Total comprehensive income	-	-	(1,888)	(1,319)	(2)	(3,209)
Balance at 30 September 2020	**123,272**	**57,317**	**(17,759)**	**(7,551)**	**834**	**32,841**

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.

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)

- **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
Musson (Jamaica) Limited	47,985,760
Portland Caribbean Fund II L.P.	35,216,820
Portland Caribbean Fund II Barbados L.P.	6,330,672
Pedro Paris Coronado	3,636,300
NCB Capital Markets (Cayman) Ltd	3,065,214
Jose Misrahi	727,200
Portland Fund II Co-invest Partership	680,280
Courtney Sylvester	663,473
Jose Guiliermo Rodriguez Perdomo	363,600
Jason Martin Corrigan	363,600
Marco Antonio Almendarez Cisneros	363,600

Shareholding of Directors

	Personal	Connected
Paul B Scott	-	132,167,578
Thomas Agnew	-	-
Lois Denny	-	-
Douglas Hewson	-	42,227,772
Ricardo Hutchinson	-	42,227,772
Edward Ince	-	-
Jose Misrahi	727,200	-
Pedro Paris Coronado	3,636,300	-
Patrick A. W. Scott	-	47,985,760
Melanie M. Subratie	-	132,167,578
Blondel Walker	-	47,985,760
Brian Wynter	-	-

Shareholdings of Executives

Pedro Paris Coronado	3,636,300
Jose Guiliermo Rodriguez Perdomo	363,600
Marco Antonio Almendarez Cisneros	363,600
Christian Asdrubal Sanchez Mena	254,500
Leonardo Jesus Velasquez Foucault	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