PRODUCTIVE BUSINESS SOLUTIONS LIMITED

INTERIM REPORT Q4 2021 AND FULL FISCAL YEAR 2021

UNAUDITED

INTERIM REPORT TO OUR STOCKHOLDERS

PBS ACHIEVES RECORD FINANCIAL PERFORMANCE IN 2021

Fellow Shareholders:

Productive Business Solutions Limited (PBS) is pleased to present its financial results for fourth quarter and the twelve-month period both ended December 31st., 2021. This year PBS solidified its position as the leading enterprise technology company in the Caribbean and Central America recording the highest revenue, EBITDA and net profit after tax in its history.

PBS' growth in 2021 was broad based and demonstrated the capability of the Company's newly expanded platform which now encompasses 19 countries and 2,100 professionals. The quality of PBS' earnings also continues to improve as information technology, communications, security and advance services grow. At the scale PBS has achieved, these lines of business often produce predictable, recurring revenue and high returns on capital.

Q4 Performance (October-December 2021)

For the quarter ended 31 December 2021 PBS achieved revenues of US$76.5 million, an increase of US$26.6 million or 53% over the corresponding period in 2020. EBITDA was US$16.0 million compared to US$7.3 million in the fourth quarter of 2020. The net profit was US$8.0 million, an increase of US$6.6 million for the corresponding period of 2020.

The fourth quarter 2021 results are the best quarterly performance in the history of the company.

Year-to-Date Performance (January-December 2021)

For the twelve months ended December 31st. 2021, PBS achieved revenues of US$222 million, an increase of US$60 million, or 27%. The EBITDA in 2021 of US$32 million represent an increase of 32% over 2020. Net profit in 2021 was US$5.7 million as compared to US$120,000 in 2020. The growth of all key metrics accelerated during the year. This acceleration reflects PBS' traditional seasonality but also the underlying momentum of our business.

PBS' key wins in 2021 included the sale of high-end banking solutions for two of the largest banks in Central America and executing mission critical printing projects for the presidential elections in Honduras and Costa Rica. In the Caribbean, PBS began to implement national identification projects in two countries and signed a major ATM service agreement with one of the Caribbean's largest bank. In the public education sector, the Company provided special services to more than 400,000 devices across multiple countries as well as associated service and content solutions. The printing page volume recoup to pre-pandemic levels. The disruption of global supply chain has created a strong backlog of orders for the first half of 2022.

PBS continues to benefit from the long-term trend of increasing technology spending by governments and firms in the developing world. Covid-19 has accelerated the pace of technological adoption leading to increased investment in digital transformation. The pandemic highlighted the urgent opportunity for Caribbean & Central America economies to converge to the technological levels of their global peers. PBS is well positioned to lead this change.

On September 1st, 2021, PBS completed the acquisition of PBS Technologies Limited (formerly Massy Technologies). The acquisition added significant scale and shifted the product mix further towards enterprise information technology, communications, and advanced services. Further, the acquisition added Trinidad and Tobago, Antigua and Guyana to PBS' footprint and resulted in balanced revenue between across the Caribbean and Central America.

PBS produced excellent financial results in 2021. These results demonstrate the capabilities of PBS' integrated platform, deep relationships with the global technology brands and the largest governments and companies in our region. It also showcases the talent of the thousands of information technology professionals on the PBS team. We look forward to building on this strong base and continuing the growth of our business in 2022.

Sincerely,

Paul. B. Scott
Chairman of the Board

Pedro M. París C.
Director
Group CEO

Productive Business Solutions Limited
Consolidated Statement of Comprehensive Income
For the quarter ending December 31st, 2021

(Expressed in United States dollars unless otherwise indicated)

	Fourth Quarter		For the Year Ending December 31st	
	2021 Unaudited	2020 Unaudited	2021 Unaudited	2020 Audited
	USD'000	USD'000	USD'000	USD'000
Continuing Operations				
Revenue	76,460	49,893	221,922	161,860
Direct expenses	(46,261)	(31,724)	(143,430)	(97,896)
Gross Profit	**30,198**	**18,170**	**78,492**	**63,964**
Other income	759	667	1,261	1,910
Selling, general and administrative expenses	(19,150)	(14,679)	(62,288)	(55,013)
Operating Profit	**11,806**	**4,158**	**17,465**	**10,861**
Finance costs	(3,861)	(2,011)	(10,360)	(8,618)
Profit before Taxation	**7,945**	**2,147**	**7,105**	**2,244**
Taxation	38	(751)	(1,365)	(2,124)
Profit/(loss) for the period	**7,983**	**1,396**	**5,740**	**120**
Items that may be subsequently reclassified to profit or loss:				
Currency translation differences on net assets of subsidiaries	(473)	(629)	(1,615)	(2,558)
TOTAL COMPREHENSIVE INCOME/(LOSS)	**7,510**	**767**	**4,125**	**(2,438)**
Income/(loss) for the Year Attributable to:				
Shareholder of the Company	8,352	1,391	6,070	72
Non-controlling interest	(369)	5	(330)	48
	7,983	**1,396**	**5,740**	**120**
Comprehensive Income/(Loss) for the Year Attributable to:				
Shareholder of the Company:	7,879	762	4,455	(2,486)
Non-controlling interest	(369)	5	(330)	48
	7,510	**767**	**4,125**	**(2,438)**
	US Cents	**US Cents**	**US Cents**	**US Cents**
Basic and diluted earnings per share for profit from continuing operation attributable to ordinary share holder	4.49	1.13	3.26	0.06

Note: shares outstanding in December 2021: 186,213,523 and in December 2020: 123,272,727

Productive Business Solutions Limited
Non-IFRS Performance Measures – Unaudited
For the quarter ending December 31st, 2021

(Expressed in United States dollars unless otherwise indicated)

	Fourth Quarter		Year to date December	
	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000
Operating profit	11,806	4,158	17,465	10,861
(+) Depreciation/amortization and gain/loss on disposition of property (included in Operating profit)				
Depreciation	3,731	2,926	12,910	12,385
Amortization	833	272	1,745	1,086
EBITDA	**16,370**	**7,356**	**32,119**	**24,332**

Productive Business Solutions Limited
Consolidated Statement of Financial Position
December 31st, 2021

(Expressed in United States dollars unless otherwise indicated)

	December 2021	December 2020
	Unaudited USD'000	Audited USD'000
Non-Current Assets		
Property, plant and equipment	31,610	24,844
Intangible assets	103,344	20,010
Right of use	15,348	13,873
Lease receivables	1,638	2,280
Pension plan assets	92	85
Long term receivables	956	1,085
Deferred tax assets	3,986	1,326
	156,973	63,503
Current Assets		
Due from related parties	4,047	3,708
Inventories	39,015	31,947
Trade and other receivables	88,120	51,726
Current portion of lease receivables	2,156	1,296
Taxation recoverable	11,940	10,222
Contract assets	13,231	12,684
Cash and cash equivalents	21,754	5,850
	180,264	117,433
Current Liabilities		
Trade and other payables	68,175	30,516
Due to related parties	4,952	8,270
Taxation payable	8,225	5,290
Lease payable ST	3,143	2,683
Finance lease ST	280	761
Short term loans	22,681	5,372
Current portion of LT loans	7,804	3,241
Contract liabilities	4,323	4,110
	119,582	60,243
Net Current Assets	60,682	57,190
	217,655	120,693

Productive Business Solutions Limited
Consolidated Statement of Financial Position (continued)
December 31st, 2021

(Expressed in United States dollars unless otherwise indicated)

Equity		
Attributable to Shareholder of the Company		
Share capital	105,782	57,317
Other reserves	(27,744)	(18,429)
Accumulated deficit	(2,095)	(6,127)
	75,943	32,761
Non-controlling Interests	529	851
	76,472	33,612
Non-Current Liabilities		
Retirement benefit obligation	600	525
Contingent consideration payable	1,796	1,728
Deferred income tax liabilities	8,005	334
Lease payable LT	16,449	12,648
Finance lease LT	507	1,319
Borrowings	113,827	70,527
	141,183	87,081
	217,655	120,693

Approved for issue by the Board of Directors on 9th of February 2022 and signed on its behalf by

Paul. B. Scott
Chairman of the Board

Pedro M. París C.
Director
Group CEO

Productive Business Solutions Limited
Consolidated Statement of Cash Flows
December 31st, 2021

(Expressed in United States dollars unless otherwise indicated)

	For the year ending	
	2021	2020
	Unaudited	Audited
	USD'000	USD'000
Net profit	**5,740**	**120**
Items not afecting cash:		
Depreciation	12,910	12,572
Amortization	1,745	1,086
Taxation expense	1,365	2,124
Foreign exchange gains	(1,696)	(2,210)
Interest expense	9,816	8,784
Interest income	(260)	(584)
	29,360	**21,892**
Changes in non-cash working capital balances:		
Inventories	(4,515)	4,335
Contract assets	(1,420)	(6,605)
Accounts receivable	(4,936)	(7,669)
Due from related parties	(923)	(352)
Long-term receivable	532	850
Lease receivables	2,098	1,086
Taxation recoverable	1,056	-
Accounts payable	101	(974)
Contract liabilities	1,655	(122)
Due to related parties	(5,767)	4,061
Retirement benefit obligation	(325)	(117)
Cash provided by operations	**16,918**	**16,385**
Taxation paid	(478)	(377)
	16,440	16,008
Cash Flows from Financing Activities		
Interest paid bond holders	(3,418)	(3,415)
Interest paid on preference shares	(1,682)	(1,757)
Other interest paid	(5,628)	(2,944)
Dividends paid	(2,030)	(1,000)
Issuance of shares	48,464	-
Proceeds from borrowing	21,809	6,842
Repayments of borrowings	(6,019)	(7,172)
Net cash provided by/(used in) financing activities	**51,496**	**(9,446)**
Cash Flows from Investing Activities		
Interest received	260	584
Purchase of property, plant and equipment	(8,581)	(6,399)
Acquisition of business - net of cash acquired	(40,538)	-
Proceeds on disposal of property, plant and equipment	-	30
Net cash used in investing activities	**(48,859)**	**(5,785)**
Net Increase in Cash and Cash Equivalents	19,077	777
Cash and cash equivalents at beginning of the year	2,676	1,899
Cash and Cash Equivalents at end of Period	**21,753**	**2,676**

Productive Business Solutions Limited
Consolidated Statement of Changes in Equity – Unaudited
December 31st, 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**
On acquisition of subsidiaries			(7,700)			(7,700)
Currency translation differences			(1,615)			(1,615)
Ordinary shares issued	62,941	48,465				48,465
Net income/(loss)				6,062	(322)	5,740
Dividends paid				(2,030)		(2,030)
Total comprehensive income	62,941	48,465	(9,315)	4,032	(322)	42,860
Balance at 31 December 2021	**186,213**	**105,782**	**(27,744)**	**(2,095)**	**529**	**76,472**

	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	-	-	(2,558)	-	-	(2,558)
Net profit	-	-	-	105	15	120
Total comprehensive income	-	-	(2,558)	105	15	(2,438)
Balance at 31 December 2020	**123,272**	**57,317**	**(18,429)**	**(6,127)**	**851**	**33,612**

Productive Business Solutions Limited

Notes to the Interim Financial Report

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(a) Basis of preparation (continued)

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 amortized 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 utilized the modified retrospective, transition on 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*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 recognized 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 recognized, 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 recognized if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalized and amortized over the period when the benefits of the contract are consumed. Management has utilized 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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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 recognize 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.

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 confirms that when a financial liability measured

- at amortized cost is modified without this resulting in de-recognition, a gain or loss should be recognized 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 recognizes 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 recognized directly in profit or loss, in the statement of comprehensive income.

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