



PRODUCTIVE BUSINESS SOLUTIONS LIMITED

INTERIM REPORT Q1 2024

UNAUDITED



INTERIM REPORT TO OUR STOCKHOLDERS

*Q1 2024 Financial Performance Overview

In the first quarter of 2024, Productive Business Solutions (PBS) reported revenues of US\$65.9 million, a decrease of US\$21.6 million compared to the same period in 2023. Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) for the quarter was US\$8.5 million, down from US\$10.2 million in the first quarter of the previous year. Additionally, our Profit After Tax (PAT) for the first quarter was US\$0.4 million, as compared to US\$1.7 million during the corresponding period in 2023.

Notably, our first quarter results in 2023 were impacted by a large transaction in which PBS provided laptops to the government in El Salvador. The transaction produced a significant revenue contribution to PBS in that period but carried a lower-than-average gross margin. As a result, PBS recorded higher gross profit in Q1 2024 relative to Q1 2023 despite a reduction in revenue. PBS' gross margin for the first quarter of 2024 improved to 35.5% from 26.5%, which is more representative of our business without the influence of any large, non-recurring sales.

Historically, the fourth quarter represents the strongest financial period for PBS, while the first quarter typically exhibits the lowest earning. Our performance in Q1 2024 reflects this seasonal trend.

Strategic Acquisition Announcement

We are delighted to share a significant milestone in our company's journey. During this quarter, we successfully initiated the strategic acquisition of Xerox operations in Ecuador and Peru and expect to close the transaction by the end of the second quarter 2024. This acquisition is a testament to our commitment to expanding our market presence and enhancing our service offerings in the Latin American region.

The integration of Xerox operations in these key markets strengthens our capabilities in delivering expanded product/service and industry-leading solutions to a broader client base and offers a deeper Latin American footprint for our regional and global customers. We expect that this transaction will close in the coming months subject to regulatory approvals.

PBS expects to file its Audited Financial Statements for 2023 by June 30, 2024. The audit has been delayed as a result of accounting corrections which impact revenue, cost of goods sold, and contract assets primarily in periods before 2023.

Outlook

Our company's pipeline of sales opportunities for the remainder of the year is strong. We expect PBS' 2024 revenue, EBITDA and profitability to closely align with our full-year budgetary expectations.

PBS connects the largest enterprise software companies in the world to the leading firms and governments in our region. Our business is increasingly diversified by country, customer and supplier. Moreover, our growth reflects the enduring long-term trends of digital transformation to meet the needs of businesses and consumers. As we look ahead, we expect PBS to continue its trajectory of profitable growth.



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 March 31st, 2024

(Expressed in United States dollars unless otherwise indicated)

	March YTD	
	2024	2023
	Unaudited	Unaudited
	USD'000	USD'000
Continuing Operations		
Revenue	65,900	87,488
Direct expenses	42,483	64,297
Gross Profit	23,417	23,191
Other income	440	622
Selling, general and administrative expenses	19,835	17,926
Operating Profit	4,022	5,888
Finance costs	(2,949)	(3,101)
Profit before Taxation	1,073	2,787
Taxation	675	1,059
Profit for the period	398	1,728
Items that may be subsequently reclassified to profit or loss:		
Currency translation differences on net assets of subsidiaries	1,403	3,056
TOTAL COMPREHENSIVE INCOME	1,801	4,784
Income for the Year Attributable to:		
Shareholder of the Company	398	1,702
Non-controlling interest	-	26
	398	1,728
Comprehensive Income for the Year Attributable to:		
Shareholder of the Company:	1,801	4,758
Non-controlling interest	-	26
	1,801	4,784
	Cents	Cents
Basic and diluted earnings per share for profit from continuing operation attributable to ordinary share holder	0.21	0.91

Note: ordinary shares outstanding in March 2024 186,213,523 (March 2023: 186,213,523)



Productive Business Solutions Limited
Non-IFRS Performance Measures – Unaudited
For the quarter ending March 31st, 2024J

(Expressed in United States dollars unless otherwise indicated)

	First Quarter	
	2024	2023
	USD' 000	USD' 000
Operating Profit	4,022	5,888
(+) Depreciation/amortization		
Depreciation	2,193	2,040
Amortization	648	787
Depreciation included in Direct Expenses	1,610	1,509
EBITDA	<u>8,473</u>	<u>10,224</u>



Productive Business Solutions Limited
Consolidated Statement of Financial Position
March 31st, 2024

(Expressed in United States dollars unless otherwise indicated)

	March 2024	March 2023	December 2023
	Unaudited	Unaudited	Unaudited
Non-Current Assets			
Property, plant and equipment	34,340	32,590	34,784
Intangible assets	102,268	100,873	102,917
Right of use	9,736	13,019	10,940
Lease receivables	7,415	7,435	7,118
Pension plan assets	1,025	991	1,025
Long term receivables	8,924	4,443	8,365
Deferred tax assets	13,632	12,222	12,748
Contract assets Long Term	2,313	703	2,000
Investments	5,905	246	232
	<u>185,557</u>	<u>172,523</u>	<u>180,128</u>
Current Assets			
Due from related parties	3,765	5,108	4,842
Inventories	45,152	43,167	41,696
Trade and other receivables	103,737	98,975	104,783
Current portion of lease receivables	3,660	2,266	3,461
Taxation recoverable	16,067	15,712	14,317
Contract assets Short Term	1,287	869	3,031
Cash and cash equivalents	25,275	25,562	31,923
	<u>198,944</u>	<u>191,660</u>	<u>204,051</u>
Current Liabilities			
Trade and other payables	91,899	75,390	89,556
Due to related parties	7,184	9,853	8,228
Taxation payable	9,850	8,809	12,276
Lease payable Short Term	2,834	3,408	3,180
Short term loans	18,186	23,514	26,611
Current portion of Long Term loans	20,120	4,891	20,777
Contract liabilities	5,566	8,696	7,708
Bank overdraft	-	2,981	-
	<u>155,639</u>	<u>137,543</u>	<u>168,336</u>
Net Current Assets	<u>43,305</u>	<u>54,118</u>	<u>35,715</u>
	<u>228,862</u>	<u>226,641</u>	<u>215,843</u>



Productive Business Solutions Limited
Consolidated Statement of Financial Position (continued)
March 31st, 2024

(Expressed in United States dollars unless otherwise indicated)

	<u>March 2024</u>	<u>March 2023</u>	<u>December 2023</u>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>
Equity			
Attributable to Shareholder of the Company			
Share capital	123,017	123,017	123,017
Other reserves	(10,643)	(15,321)	(12,046)
Retained Earnings/(Accumulated deficit)	<u>(14,261)</u>	<u>(13,283)</u>	<u>(14,659)</u>
	<u>98,113</u>	<u>94,413</u>	<u>96,312</u>
Non-controlling Interests	<u>1,071</u>	<u>1,028</u>	<u>1,071</u>
	<u>99,184</u>	<u>95,441</u>	<u>97,383</u>
Non-Current Liabilities			
Retirement benefit obligation	1,558	1,815	1,050
Contingent consideration payable	930	1,860	-
Deferred income tax liabilities	3,305	2,755	2,653
Lease payable Long Term	12,568	15,187	13,766
Borrowings	110,001	109,548	99,768
Other long term liabilities	<u>1,316</u>	<u>35</u>	<u>1,223</u>
	<u>129,678</u>	<u>131,200</u>	<u>118,460</u>
	<u>228,862</u>	<u>226,641</u>	<u>215,843</u>

Approved for issue by the Board of Directors on June 10th, 2024 and signed on its behalf
by

Chairman of the
Board

Pedro M. Paris C.
Director
Group CEO

Productive Business Solutions Limited

Consolidated Statement of Cash Flows

March 31st, 2024

(Expressed in United States dollars unless otherwise indicated)

	Three months ending	
	2024	2023
	Unaudited USD'000	Unaudited USD'000
Net profit	398	1,729
Items not affecting cash:		
Depreciation	3,803	3,549
Amortization	648	787
Taxation expense	660	1,059
Currency translation differences	1,403	(295)
Interest expense	2,949	2,779
Deferred tax	(216)	-
	<u>9,645</u>	<u>9,608</u>
Changes in non-cash working capital balances:		
Inventories	(3,369)	2,968
Contract assets	1,744	436
Accounts receivable	706	(6,002)
Due from related parties	233	-
Long-term receivable	(559)	(468)
Lease receivables	(496)	(1,212)
Taxation recoverable	(4,177)	(2,032)
Accounts payable	2,566	3,902
Contract liabilities	(2,143)	(6,762)
Due to related parties	(797)	-
Cash provided by operations	3,352	438
Taxation paid	-	(267)
	<u>3,352</u>	<u>171</u>
Cash Flows from Financing Activities		
Interest paid bond holders	-	(842)
Interest paid on preference shares	(816)	(825)
Other interest paid	(1,822)	(700)
Proceeds from borrowing	18,116	5,763
Repayments of borrowings	(16,492)	(3,639)
Repayment of lease liabilities	(1,544)	(1,928)
Net cash used in financing activities	(2,558)	(2,171)
Cash Flows from Investing Activities		
Interest received	473	507
Purchase of property, plant and equipment	(2,242)	(4,174)
Investment in associates	(5,673)	-
Net cash used in investing activities	(7,442)	(3,667)
Net Increase in Cash and Cash Equivalents	(6,648)	(5,667)
Cash and cash equivalents at beginning of the year	31,923	31,230
Cash and Cash Equivalents at end of Period	25,275	25,562



Productive Business Solutions Limited
Consolidated Statement of Changes in Equity – Unaudited
March 31st, 2024

(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 2024	188,213	123,017	(12,046)	(14,659)	1,071	97,383
Currency translation differences	-	-	1,403	-	-	1,403
Net income	-	-	-	398	-	398
Total comprehensive income	-	-	1,403	398	-	1,801
Balance at 31 March 2024	188,213	123,017	(10,643)	(14,261)	1,071	99,184

	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 2023	188,213	123,017	(18,377)	(14,985)	1,002	90,657
Currency translation differences	-	-	3,056	-	-	3,056
Net income	-	-	-	1,702	26	1,728
Total comprehensive income	-	-	3,056	1,702	26	4,784
Balance at 31 March 2023	188,213	123,017	(15,321)	(13,283)	1,028	95,441



Productive Business Solutions Limited

Notes to the Interim Financial Report

These unaudited interim 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 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 accounting policies followed in these interim financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2022.

Shareholders

Shareholders

Ten Largest Shareholders

Facey Group Limited	84,181,818
Musson (Jamaica) Limited	45,164,017
Portland Caribbean Fund II L.P.	34,264,960
Portland Caribbean Fund II Barbados L.P.	6,330,663
Pedro Paris Coronado	5,485,214
NCB Capital Markets (Cayman) Ltd	3,230,166
Portland Fund II Co-invest Partnership	1,632,140
Jose Misrahi	1,087,308
Courtney Sylvester	663,473
General Accident Insurance Co	612,721

Shareholding of Directors

	Personal	Connected
Paul B Scott	-	129,958,556
Thomas Agnew	-	-
Douglas Hewson	-	42,227,763
Ricardo Hutchinson	-	42,227,763
Edward Ince	-	-
Jose Misrahi	1,087,308	-
Pedro Paris Coronado	5,485,214	-
Patrick A. W. Scott	-	45,164,017
Melanie M. Subratie	-	129,958,556
Blondell Walker	-	45,164,017
Brian Wynter	-	-

Shareholdings of Executives

Pedro Paris Coronado	5,485,214
Jose Guillermo Rodriguez Perdomo	363,600
Marco Antonio Almendarez Cisneros	363,600
Christian Asdrubal Sanchez Mena	253,588
Leonardo Jesus Velasquez Foucault	163,600
Elvin Howard Nash	142,700
Sergio Roberto Molina Barrios	127,200
Mario Estuardo Pons Espana	90,900
Francisco Jose Lupiac Rodriguez	90,900
Lucia Vielman Ruiz De Bernard	50,000