

MAILPAC GROUP LIMITED
UNAUDITED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

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FINANCIAL STATEMENTS (Unaudited)
YEAR ENDED DECEMBER 31, 2021

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DIRECTORS' REPORT TO SHAREHOLDERS

OVERVIEW

The Board of Directors of Mailpac Group Limited ("Mailpac") is pleased to present our unaudited financial statements for the twelve months ended December 31, 2021.

Q4 2021 was a rewarding quarter for the Company as Mailpac continued to produce strong revenues and profits. Although revenues came in lower in Q4 2021 due to factors that drove uniquely higher demand in Q4 2020, profits increased for the quarter as the company continued its fixed cost rationalization.

FINANCIAL PERFORMANCE

Revenues for the quarter were \$501.7 million, which was 2.0 % lower than the \$512.1 million achieved in the same quarter of the previous year. Similar to Q3, this decline was due to an anomaly in online shopping during 2020 driven by government-mandated limitations on physical movement. Gross profit for the quarter was \$254.5 million, which represented a 9.8% increase over the comparable quarter in 2020.

For the twelve months ended December 31, 2021, revenues increased by 5.4% ending at \$1.8 billion. Gross profit came in at \$893.4 million, up 9.0% relative to the previous year, due to cost rationalization in the first half of 2021.

Operating expenses for the quarter were \$129.8 million, ending 17.8% higher than the \$110.2 million incurred in the prior year comparable quarter. This increase reflects the cost of our enhanced processing capacity, improved customer service capacity, additional delivery store locations, and amplified brand marketing. This is aligned with Mailpac's stated commitment to invest in expanding its footprint as the e-commerce logistics provider of choice for Jamaican consumers.

Net income for Q4 2021 came in at \$114.6 million, 10.0% higher than the same quarter for the previous year. Full-year ended December 31st, 2021, profitability came in at \$400.0, trailing 2020 by 9.7%.

FINANCIAL POSITION

Total assets at the end of Q4 was \$820.6 million, with \$366.4 million of cash on hand at the end of the period. Shareholders' equity stood at \$696.7 million at the end of the period under review, inclusive of \$275 million in dividends having been issued to shareholders year to date.

OUTLOOK

We continue to be pleased with the performance of Mailpac as the Company continues to deliver stellar financial returns for shareholders. However, as the economic environment returns to some level of normalcy, Mailpac is now repositioning itself. More specifically, the company will move on from its investments in infrastructure that was required to meet the spike in the demand from the pandemic and focus squarely on the long-term steady growth expected from participating as the leader in the Caribbean's e-commerce industry.

Today, given the investments made throughout 2021, Mailpac is more focused and better equipped to meet its long-term goal of becoming a regional leader in e-commerce fulfillment. Through a mix of organic initiatives and acquisitions or investments, we expect Mailpac to efficiently capitalize on the inevitable long-term growth in the e-commerce sector within the Caribbean region.

We look forward to 2022 and want to, again, thank our dedicated team and our customers for their continued support and for a continued future of 'Happy Shopping'.



Khary Robinson

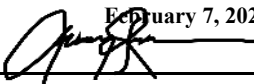
Executive Chairman

MAILPAC GROUP LIMITED
STATEMENT OF FINANCIAL POSITION (Unaudited)
AS AT DECEMBER 31, 2021

	<u>Note</u>	Year Ended Dec 2021 \$	Audited Year End Dec 2020 \$
ASSETS			
Non-current Assets			
Property, plant and equipment		96,606,076	57,695,793
Right-of-use assets	3	47,656,576	13,527,213
Intangible assets	4	240,440,181	242,279,656
Total non-current assets		384,702,833	313,502,662
Current Assets			
Other assets		-	128,866
Due from related companies		7,940,000	723,130
Trade and other receivables	5	61,578,644	56,043,025
Cash and cash equivalents		366,362,321	283,988,978
Total current assets		435,880,965	340,883,999
TOTAL ASSETS		820,583,798	654,386,661
EQUITY AND LIABILITIES			
Equity			
Share capital	6	267,356,112	267,356,112
Accumulated surplus		429,371,889	304,362,121
Total equity		696,728,001	571,718,233
Non-current Liabilities			
Lease liabilities	3	31,411,854	7,937,630
Deferred tax liability		502,041	502,041
Total non-current liabilities		31,913,895	8,439,671
Current Liabilities			
Lease liabilities	3	19,490,052	6,009,495
Trade and other payables	7	71,890,215	60,567,270
Due to related companies		561,635	7,651,992
Total current liabilities		91,941,902	74,228,757
TOTAL EQUITY AND LIABILITIES		820,583,798	654,386,661

The financial statements on pages 4 to 12 were approved for issue by the Board of Directors

February 7, 2022 and signed on its behalf by:


 Khary Robinson, Executive Chairman


 Mark Gonzales, Director and CEO

The accompanying notes form an integral part of the financial statements

MAILPAC GROUP LIMITED
STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
YEAR ENDED DECEMBER 31, 2021

	<u>Note</u>	Three Months Dec 2021 \$	Three Months Dec 2020 \$	Year Ended Dec 2021 \$	Audited Year End Dec 2020 \$
Revenues		501,732,908	512,140,140	1,819,782,353	1,726,239,428
Cost of sales		247,200,186	280,253,951	926,382,537	906,719,764
Gross profit		254,532,722	231,886,189	893,399,816	819,519,664
Selling and promotion		20,854,362	21,656,391	69,027,650	53,891,610
Administrative and general expenses		108,965,833	88,520,909	373,187,428	286,219,745
		129,820,195	110,177,300	442,215,078	340,111,355
Operating profit		124,712,527	121,708,889	451,184,738	479,408,309
Other income		5,307,533	6,653,571	7,049,478	7,367,603
		130,020,060	128,362,460	458,234,216	486,775,912
Finance and policy costs		15,440,618	24,187,968	58,224,448	43,726,775
Profit before taxation		114,579,442	104,174,492	400,009,768	443,049,137
Taxation (charge) / credit	8	-	(338,199)	-	28,213
Net profit, being total comprehensive income for the period / year		114,579,442	103,836,293	400,009,768	443,077,350
Earnings per share for profit attributable to the ordinary equity holders of the company	9	0.05	0.04	0.16	0.18

The accompanying notes form an integral part of the financial statements

MAILPAC GROUP LIMITED
STATEMENT OF CHANGES IN EQUITY (Unaudited)
YEAR ENDED DECEMBER 31, 2021

	Share Capital \$	Accumulated Surplus \$	Total \$
Balance at December 31, 2019 (Audited)	267,356,112	86,284,771	353,640,883
Dividends (see note 10)	-	(225,000,000)	(225,000,000)
Net profit, being total comprehensive income for the year	-	443,077,350	443,077,350
Balance at December 31, 2020 (Audited)	267,356,112	304,362,121	571,718,233
Dividends (see note 10)	-	(275,000,000)	(275,000,000)
Net profit, being total comprehensive income for the year	-	400,009,768	400,009,768
Balance at December 31, 2021 (Unaudited)	267,356,112	429,371,889	696,728,001

The accompanying notes form an integral part of the financial statements

MAILPAC GROUP LIMITED
STATEMENT OF CASH FLOWS (Unaudited)
YEAR ENDED DECEMBER 31, 2021

	Year Ended Dec 2021 ₹	Audited Year Ended Dec 2020 ₹
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit for the year	400,009,768	443,077,350
Adjustments for items not affecting cash resources:		
Depreciation and amortization	6,751,138	4,227,531
Depreciation right of use assets	13,374,408	10,086,388
Interest expense on right of use assets	2,793,733	1,484,726
Expected credit loss	(16,134)	-
Unrealized foreign currency loss / (gain)	1,889,767	(61,200)
Realized foreign currency loss / (gain)	2,472,102	(4,455,845)
Taxation expense	-	(28,213)
	<u>427,274,782</u>	<u>454,330,737</u>
Decrease / (increase) in operating assets:		
Due from related companies	(7,216,870)	(710,000)
Other assets	128,866	(128,866)
Trade and other receivables	(5,519,485)	(6,948,415)
(Decrease) / increase in operating liabilities:		
Trade and other payables	<u>11,322,946</u>	<u>14,731,546</u>
Cash flows provided by operating activities	<u>425,990,239</u>	461,275,002
Taxation paid	<u>-</u>	<u>(9,961,695)</u>
Net cash provided by operating activities	<u>425,990,239</u>	<u>451,313,307</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cost of work-in-progress	(6,883,731)	(18,488,447)
Acquisition of property, plant and equipment	<u>(36,938,215)</u>	<u>(8,947,675)</u>
Net cash used in investing activities	<u>(43,821,946)</u>	<u>(27,436,122)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(275,000,000)	(224,868,143)
Loan from related companies	-	6,266,750
Loan repayment to related companies	(7,090,357)	(15,327,109)
Repayment of loan to director	-	(1,419,195)
Lease liabilities, net	<u>(13,342,724)</u>	<u>(11,161,368)</u>
Net cash used in financing activities	<u>(295,433,081)</u>	<u>(246,509,065)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	86,735,212	177,368,120
CASH AND CASH EQUIVALENTS - Beginning of the year	283,988,978	106,521,716
Effects of movements on foreign currency bank balances	<u>(4,361,869)</u>	<u>99,142</u>
CASH AND CASH EQUIVALENTS - End of the year	<u><u>366,362,321</u></u>	<u><u>283,988,978</u></u>

The accompanying notes form an integral part of the financial statements

MAILPAC GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)
YEAR ENDED DECEMBER 31, 2021

1. IDENTIFICATION

Mailpac Group Limited (the "Company") is a limited liability company incorporated in Jamaica on September 19, 2019, under the Jamaican Companies Act (the "Act").

The Company is domiciled in Jamaica with its registered office at 109 Old Hope Road, Kingston 6.

The operations of Mailpac Group Limited were previously undertaken under by two separate entities, Mailpac Services Limited and Mailpac Local Limited. On September 30, 2019, the net assets of these two entities were purchased by Mailpac Group Limited. In addition, Mailpac Group Limited acquired the long-term liabilities of Mailpac Services Limited.

Mailpac Group Limited became publicly listed on the Junior Market of the Jamaica Stock Exchange on December 4, 2019. Consequently, the Company is entitled to a 100% remission of income taxes for the first five (5) years and 50% remission for the next five (5) years thereafter, providing that the Company complies with the requirements of the Jamaica Stock Exchange Junior Market.

The principal activities of the Company are to provide international and domestic courier and mail order services, as well as online shopping of a variety of food, beverages and other household supplies.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

These unaudited financial statements for the twelve (12) months period ended December 31, 2021 have been prepared in accordance with IAS 34, "Interim Financial Reporting". These interim financial statements should be read in conjunction with the accounting policies as set out in Note #2 & #3 of the audited financial statements for the year ended December 31, 2020 which has been prepared in accordance with International Financial Reporting Standards ("IFRS") and the relevant requirements of the Act.

The unaudited financial statements have been prepared under the historical cost basis and are expressed in Jamaican dollars, unless otherwise indicated.

The Company has adopted IFRS 16 (Leases) from October 1, 2019. IFRS 16 introduces a single lease accounting model for lessees. It requires lessees to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. The standard includes an optional exemption for certain short-term leases and leases of low-value assets. For lessors, the accounting stays almost the same.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

MAILPAC GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)
YEAR ENDED DECEMBER 31, 2021

3. ACCOUNTING POLICIES

(a) Intangible assets

Intangible assets which represents goodwill, contracts rights with vendors, customers, tradenames, intellectual property rights, telephone numbers are deemed to have a finite life. These assets are carried at fair value. The Company determines when intangible assets are impaired at least on an annual basis or when events or circumstances indicates that the carrying value may be impaired. Intangible assets, except for goodwill, are amortized over the estimated useful lives of the assets of forty (40) years.

(b) Leases

A contract is, or contains, a lease if it conveys the right of use/control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use.

Leases are recognise as assets and liabilities unless the lease term is 12 months or less or the underlying asset has a low value of less than US\$5,000 or its Jamaica dollar equivalent.

The right-of-use asset is initially measured at cost, at the lease commencement date, i.e. the date at which the underlying asset is available for use by the Company. The right-of-use asset is depreciated on a straight-line basis over the remaining lease term. It is subject to impairment test.

Lease liability

The lease liability is initially measured at the present value of lease payments to be made over the lease term.

The present value of lease payments, uses an incremental borrowing rate at the commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate corresponds to the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment, with similar terms and conditions.

(c) Trade and other receivables

Trade and other receivables are stated at amortized cost.

Appropriate allowances for estimated irrecoverable amounts are recognized in the statement of comprehensive income when there is objective evidence that the asset is impaired.

(d) Related party identification

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(e) Trade and other payables

Trade and other payables are stated at amortized cost.

MAILPAC GROUP LIMITED
NOTES TO FINANCIAL STATEMENTS (Unaudited)
YEAR ENDED DECEMBER 31, 2021

3. RIGHT-OF-USE ASSETS

	Year Ended Dec 2021	Audited Year ended Dec 2020
	\$	\$
At Valuation		
Balance at beginning of year	25,013,074	13,855,778
Terminated right of use asset	(12,389,872)	-
Additions	<u>47,503,771</u>	<u>11,157,296</u>
Balance at end of year	<u>60,126,973</u>	<u>25,013,074</u>
Accumulated		
Depreciation charge		
Balance at beginning of year	11,485,861	1,399,473
Depreciation on terminated right of use asset	(12,389,872)	-
Charge for year	<u>13,374,408</u>	<u>10,086,388</u>
Balance at end of year	<u>12,470,397</u>	<u>11,485,861</u>
Net Book Value		
Balance at year end	<u>47,656,576</u>	<u>13,527,213</u>
Lease Liabilities:		
	Year Ended Dec 2021	Audited Year ended Dec 2020
	\$	\$
Non-current lease liabilities	<u>31,411,854</u>	<u>7,937,630</u>
Current lease liabilities	<u>19,490,052</u>	<u>6,009,495</u>

MAILPAC GROUP LIMITED
NOTES TO FINANCIAL STATEMENTS (Unaudited)
YEAR ENDED DECEMBER 31, 2021

4. INTANGIBLE ASSETS

As at September 30, 2019, Mailpac Group Limited acquired the net assets of Mailpac Local Limited and Mailpac Services Limited. Mailpac Group Limited also acquired the long-term liabilities of Mailpac Services Limited. Goodwill acquired on this acquisition was approximately \$171 million. Intangible assets are carried at amortized cost and depreciated over a 40-year useful life.

	Year Ended Dec 2021	Audited Year ended Dec 2020
Cost:	\$	\$
Purchase goodwill	171,000,000	171,000,000
Customer contracts, lists of existing customers and other intangibles	73,579,000	73,579,000
	244,579,000	244,579,000
Amortization:		
Balance at beginning of year	2,299,344	-
Charge for the year	1,839,475	2,299,344
	4,138,819	2,299,344
Balance at year end	240,440,181	242,279,656

5. TRADE AND OTHER RECEIVABLES

Trade receivable materially represents balance due on credit sales:

	Year Ended Dec 2021	Audited Year ended Dec 2020
	\$	\$
Trade receivables	55,179,410	43,914,766
<i>Less</i> : expected credit loss provision	(5,061,469)	(5,077,603)
Net trade receivables	50,117,941	38,837,163
Deposits	2,407,147	1,751,475
Prepayments	8,521,734	7,069,856
Other receivables	531,822	8,384,531
	61,578,644	56,043,025

6. SHARE CAPITAL

	Year Ended Dec 2021	Audited Year ended Dec 2020
	\$	\$
<u>Authorized share capital:</u>		
No maximum share capital		
<u>Issued and fully paid:</u>		
2,250,000,000 ordinary shares of no par value	27,395,000	27,395,000
250,000,000 ordinary shares of no par value	250,000,000	250,000,000
Less: transaction costs of share issue	(10,038,888)	(10,038,888)
	267,356,112	267,356,112

- (a) The issued share capital of the Company was increased to 2,250,000,000 shares prior to the initial public offering ("IPO"). An additional 250,000,000 new shares were offered to the general public in the IPO on December 4, 2019.
- (b) The proceeds of the sale of the 250,000,000 shares issued to the general public in December 2019 amounted to \$250,000,000 less transaction cost of \$10,038,888.

MAILPAC GROUP LIMITED
NOTES TO FINANCIAL STATEMENTS (Unaudited)
YEAR ENDED DECEMBER 31, 2021

7. TRADE AND OTHER PAYABLES

	Year Ended Dec 2021	Audited Year ended Dec 2020
	\$	\$
Trade payables	34,634,400	50,115,463
Statutory liabilities	6,732,386	4,505,311
GCT payable	283,880	536,830
Accruals	3,881,618	3,380,168
Credit card payable	19,350,256	-
Dividend payable	4,444,978	131,857
Other payables	2,562,697	1,897,641
	<u>71,890,215</u>	<u>60,567,270</u>

8. TAXATION

The Company's 100% income tax remission under the rules of the Jamaica Junior Stock Exchange began on December 4, 2019 for five years and 50% for a further five years thereafter, providing the Company complies with the requirements of the Junior Market of the Jamaica Stock Exchange.

9. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit after taxation and the weighted average number of shares in issue during the year.

	Year Ended Dec 2021	Audited Year ended Dec 2020
Net profit attributable to shareholders	<u>400,009,768</u>	<u>443,077,350</u>
Weighted average number of shares in issue	<u>2,500,000,000</u>	<u>2,500,000,000</u>
	<u>\$ 0.16</u>	<u>\$ 0.18</u>

10. DIVIDENDS

The Company at its Board of Directors' meeting on February 11, 2021 declared an interim dividend of 6 cents (\$0.06) per share which was paid on March 15, 2021 to shareholders on record at the close of business on March 1, 2021.

An additional dividend of 5 cents (\$0.05) per share was declared at its Board of Directors' meeting on May 17, 2021 and paid on June 15, 2021 to shareholders on record at the close of business on June 1, 2021.

**MAILPAC GROUP LIMITED
TOP TEN SHAREHOLDERS
AS AT DECEMBER 31, 2021**

TOP TEN SHAREHOLDERS

	PRIMARY ACCOUNT HOLDER	JOINT HOLDER	DIRECT HOLDINGS	VOLUME	% OF ISSUED SHARES
1	NORBROOK EQUITY PARTNERS LTD	-	1,815,000,000	1,815,000,000	72.6000%
2	JCS D TRUSTEE SERVICES LIMITED A/C BARITA UNIT TRUST CAPITAL GROWTH FUND	-	94,591,194	93,833,560	3.7836%
3	MF&G ASSET MANAGEMENT LTD. - JAMAICA INVESTMENTS FUND	-	62,052,750	62,052,750	2.4821%
4	JCS D TRUSTEE SERVICES LTD - SIGMA GLOBAL VENTURE	-	45,583,878	45,583,878	1.8234%
5	JMMB FUND MANAGERS LTD.T1-EQUITIES FUND	-	25,000,000	25,000,000	1.0000%
6	BARITA FINANCE LIMITED	-	20,296,526	20,296,526	0.8119%
7	SJIML A/C 3119	-	13,252,000	13,252,000	0.5301%
8	BALJIT DEOL	-	12,686,500	12,686,500	0.5075%
9	MF & G ASSET MANAGEMENT LTD. - NCB CM UNIT TRUST SCHEME (JMD CARIBBEAN EQUITY PORTFOLIO)	-	11,269,540	12,000,000	0.4508%
10	NCB CAPITAL MARKETS LTD. A/C 2231	-	10,610,617	10,610,617	0.4244%

Total Issued Capital: 2,500,000,000

Total Units Owned by Top Ten Shareholders: 2,110,343,005

Percentage Owned by Top Ten Shareholders: 84.4137%

MAILPAC GROUP LIMITED
SHAREHOLDINGS FOR DIRECTORS AND SENIOR OFFICERS
AS AT DECEMBER 31, 2021

DIRECTORS

PRIMARY ACCOUNT HOLDER	CONNECTED PARTIES	DIRECT HOLDINGS	VOLUME	% OF ISSUED SHARES
KHARY ROBINSON <i>NORBROOK EQUITY PARTNERS LTD</i> <i>LENNOX ROBINSON</i> <i>MARCIA ROBINSON</i>	1,815,000,000 3,069,611 2,855,600	-	1,820,925,211	72.8370%
GARTH PEARCE <i>NORBROOK EQUITY PARTNERS LTD</i>	1,815,000,000	-	1,815,000,000	72.6000%
MARK GONZALES	-	7,082,235	7,082,235	0.2833%
TRACY-ANN SPENCE <i>SEAN SPENCE</i> <i>EMILE G. SPENCE</i> <i>CARSON NICHOLAS</i>	-	4,128,207	4,128,207	0.1651%
WILLIAM CRAIG <i>CANDIS CRAIG</i> <i>BILLY CRAIG INSURANCE BROKERS LTD</i>	-	4,000,000	4,000,000	0.1600%
STEPHEN GREIG	-	126,000	126,000	0.0050%

SENIOR OFFICERS

PRIMARY ACCOUNT HOLDER	CONNECTED PARTIES	DIRECT HOLDINGS	VOLUME	% OF ISSUED SHARES
MARK GONZALES	-	7,082,235	7,082,235	0.2833%
SAMANTHA RAY	-	4,650,000	4,650,000	0.1860%
CHRISTEEN ALLEN	-	277,500	277,500	0.0111%
TOMMY WALTERS	-	167,900	167,900	0.0067%