

MAILPAC GROUP LIMITED
UNAUDITED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

MAILPAC GROUP LIMITED
QUARTERLY REPORT (Unaudited)
YEAR ENDED DECEMBER 31, 2022

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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 quarter and year ended December 31, 2022.

The year 2022 was one where Mailpac worked back to a level of normalcy, showing favourable performance as the Jamaican economy continued to ease its way out of the throes of the COVID-19 pandemic and its effective rebound impact on consumers and the economy in general.

FINANCIAL PERFORMANCE

Revenues for Q4 2022 were \$466.2 million which, while 7.3% lower than the same quarter of the previous year, were 25.2% higher than the corresponding period of 2019, the last pre-pandemic year. Revenues for the year stood at \$1.68 billion. Gross profit for the quarter was \$229.7 million, a 10.2% decrease over the previous year but a 23.3% increase over Q4 2019. Gross profit for the year stood at \$821.1 million.

Operating expenses for the quarter were \$125.5 million, coming in 3.4% lower than the comparative quarter of the previous year as the Company reduced its promotions expenses by making more efficient use of its marketing budget.

Net income for Q4 2022 came in at \$92.9 million, 20.1% lower than the comparative quarter of the previous year. Net income for the year stood at \$308.2 million. While overall profitability was down relative to the corresponding quarter in 2021, we remain encouraged by the continued strong performance of the Company in a year that saw significant contraction in global online shopping. Mailpac continues to be the most integral provider to Jamaica's evolving consumer market, and we expect that positioning and general growth of the ecommerce sector, to ultimately get the business back to the perennial growth path it was on before the pandemic.

FINANCIAL POSITION

Total Assets at the end of the quarter stood at \$687.6 million, with \$209.4 million of cash on the balance sheet at the end of the period. Shareholder's Equity stood at \$577.8 million at the end of Q4 2022. It should be noted that the Shareholder's Equity has been impacted by the \$425.0 million in dividends paid out by the Company in 2022.

OUTLOOK

We are very satisfied with the performance of Mailpac Group Limited in Q4 2022 and FY2022 as the Company continued to lead the ever-growing ecommerce market in innovation and service, including the launch of our digital barrel packing service (PYB!), resulting in strong financial performance and cash-flow generation, including a record \$425.0 million in dividends paid to shareholders.

We look forward to 2023 and the rollout of further strategic initiatives poised to create enhanced growth for Mailpac Group. Additionally, we are exploring both local and regional opportunities for acquisition and/or partnerships to drive the Company's revenue to achieve greater economies of scale. As always, we extend our endless thanks to our dedicated team and our loyal customers for their continued support throughout the 'bounce back' year and continue to wish you 'Happy Shopping'.



Khary Robinson

Executive Chairman

MAILPAC GROUP LIMITED
STATEMENT OF FINANCIAL POSITION (Unaudited)
AS AT DECEMBER 31, 2022

	<u>Note</u>	Year Ended Dec 2022 \$	Audited Year End Dec 2021 \$
ASSETS			
Non-current Assets			
Property, plant and equipment		97,680,710	97,586,541
Right-of-use assets	3	43,188,802	47,656,576
Intangible assets	4	238,600,701	240,440,181
Total non-current assets		379,470,213	385,683,298
Current Assets			
Deposit on asset		38,900,000	-
Due from related companies		-	8,022,396
Trade and other receivables	5	59,782,400	66,329,900
Cash and cash equivalents		209,478,205	363,813,562
Total current assets		308,160,605	438,165,858
TOTAL ASSETS		687,630,818	823,849,156
EQUITY AND LIABILITIES			
Equity			
Share capital	6	267,356,112	267,356,112
Accumulated surplus		310,455,331	427,197,791
Total equity		577,811,443	694,553,903
Non-current Liabilities			
Lease liabilities	3	28,854,094	31,411,854
Deferred tax liability		1,195,870	1,303,018
Total non-current liabilities		30,049,964	32,714,872
Current Liabilities			
Lease liabilities	3	17,893,605	19,490,052
Trade and other payables	7	61,875,806	76,540,616
Due to related companies		-	549,713
Total current liabilities		79,769,411	96,580,381
TOTAL EQUITY AND LIABILITIES		687,630,818	823,849,156

The financial statements on pages 3 to 11 were approved for issue by the Board of Directors on February 8, 2023 and signed on its behalf by:

Mr. Khary Robinson - Chairman

Dr. Mark Gonzales - Director

The accompanying notes form an integral part of the financial statements

MAILPAC GROUP LIMITED
STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
YEAR ENDED DECEMBER 31, 2022

	<u>Note</u>	Three Months Dec 2022 \$	Three Months Dec 2021 \$	Year Ended Dec 2022 \$	Audited Year End Dec 2021 \$
Revenues		466,204,726	501,732,908	1,686,571,470	1,819,782,353
Cost of sales		<u>236,524,555</u>	<u>247,200,186</u>	<u>865,429,519</u>	<u>928,582,663</u>
Gross profit		229,680,171	254,532,722	821,141,951	891,199,690
Selling and promotion		<u>15,361,347</u>	<u>20,854,362</u>	<u>64,296,119</u>	<u>68,902,027</u>
Administrative and general expenses		<u>110,140,767</u>	<u>108,965,833</u>	<u>396,523,175</u>	<u>373,339,390</u>
		<u>125,502,114</u>	<u>129,820,195</u>	<u>460,819,294</u>	<u>442,241,417</u>
Operating profit		104,178,057	124,712,527	360,322,657	448,958,273
Other income		<u>786,031</u>	<u>5,307,533</u>	<u>9,771,444</u>	<u>7,049,478</u>
		104,964,088	130,020,060	370,094,101	456,007,751
Finance and policy costs		<u>12,139,607</u>	<u>15,440,618</u>	<u>61,943,710</u>	<u>57,371,104</u>
Profit before taxation		92,824,481	114,579,442	308,150,391	398,636,647
Taxation credit	8	<u>(107,149)</u>	-	<u>(107,149)</u>	<u>(800,977)</u>
Net profit, being total comprehensive income for the period / year		<u>92,931,630</u>	<u>114,579,442</u>	<u>308,257,540</u>	<u>397,835,670</u>
Earnings per share for profit attributable to the ordinary equity holders of the company	9	<u>0.04</u>	<u>0.05</u>	<u>0.12</u>	<u>0.16</u>

The accompanying notes form an integral part of the financial statements

MAILPAC GROUP LIMITED
STATEMENT OF CHANGES IN EQUITY (Unaudited)
YEAR ENDED DECEMBER 31, 2022

	Share Capital \$	Accumulated Surplus \$	Total \$
Balance at December 31, 2020 (Audited)	267,356,112	304,362,121	571,718,233
Dividends	-	(275,000,000)	(275,000,000)
Net profit, being total comprehensive income for the period	-	397,835,670	397,835,670
Balance at December 31, 2021 (Audited)	267,356,112	427,197,791	694,553,903
Dividends (see note 10)	-	(425,000,000)	(425,000,000)
Net profit, being total comprehensive income for the period	-	308,257,540	308,257,540
Balance at December 31, 2022 (Unaudited)	<u>267,356,112</u>	<u>310,455,331</u>	<u>577,811,443</u>

The accompanying notes form an integral part of the financial statements

MAILPAC GROUP LIMITED
STATEMENT OF CASH FLOWS (Unaudited)
YEAR ENDED DECEMBER 31, 2022

	Year Ended Dec 2022 \$	Audited Year Ended Dec 2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit for the year	308,257,540	397,835,670
Adjustments for items not affecting cash resources:		
Depreciation and amortization	8,497,164	5,897,309
Depreciation right of use assets	17,118,949	13,374,408
Interest expense on right of use assets	3,740,144	2,793,733
Loss on disposal of property, plant and equipment	876,006	-
Increase / (decrease) in expected credit loss	1,024,898	(16,134)
Unrealized foreign currency loss	1,141,234	2,356,456
Realized foreign currency loss	-	2,005,413
Taxation (credit) / expense	(107,149)	800,977
	340,548,786	425,047,832
Decrease / (increase) in operating assets:		
Due from related companies	7,472,683	(7,299,266)
Other assets	-	128,866
Trade and other receivables	5,522,602	(10,270,742)
(Decrease) / increase in operating liabilities:		
Trade and other payables	(19,890,724)	11,528,368
Net cash provided by operating activities	333,653,347	419,135,058
CASH FLOWS FROM INVESTING ACTIVITIES		
Cost of work-in-progress	(38,900,000)	(6,170,682)
Proceed from sale of property, plant and equipment	30,000	-
Acquisition of property, plant and equipment	(7,659,994)	(37,777,899)
Net cash used in investing activities	(46,529,994)	(43,948,581)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(419,732,285)	(270,555,022)
Loan from related companies	-	(7,102,280)
Lease liabilities, net	(20,545,526)	(13,342,723)
Net cash used in financing activities	(440,277,811)	(291,000,025)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(153,154,458)	84,186,453
CASH AND CASH EQUIVALENTS - Beginning of the period / year	363,813,562	283,988,978
Effects of movements on foreign currency bank balances	(1,180,901)	(4,361,869)
CASH AND CASH EQUIVALENTS - End of the period / year	209,478,205	363,813,562

The accompanying notes form an integral part of the financial statements

MAILPAC GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)
YEAR ENDED DECEMBER 31, 2022

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) month period ended December 31, 2022 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, 2021 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, 2022

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, 2022

3. RIGHT-OF-USE ASSETS

	Year Ended	Audited Year
	Dec 2022	ended
	\$	Dec 2021
At Valuation	\$	\$
Balance at beginning of period / year	60,126,973	25,013,074
Terminated right of use asset	(1,153,736)	(12,389,872)
Additions	<u>12,651,175</u>	<u>47,503,771</u>
Balance at end of year	<u>71,624,412</u>	<u>60,126,973</u>
Accumulated		
Depreciation charge		
Balance at beginning of period/year	12,470,397	11,485,861
Depreciation on terminated right of use asset	(1,153,736)	(12,389,872)
Charge for year	<u>17,118,949</u>	<u>13,374,408</u>
Balance at end of year	<u>28,435,610</u>	<u>12,470,397</u>
Net Book Value		
Balance at period / year end	<u><u>43,188,802</u></u>	<u><u>47,656,576</u></u>
Lease Liabilities:		
	Year Ended	Audited Year
	Dec 2022	ended
	\$	Dec 2021
	\$	\$
Non-current lease liabilities	<u>28,854,094</u>	<u>31,411,854</u>
Current lease liabilities	<u>17,893,605</u>	<u>19,490,052</u>

MAILPAC GROUP LIMITED
NOTES TO FINANCIAL STATEMENTS (Unaudited)
YEAR ENDED DECEMBER 31, 2022

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 2022	Audited Year ended Dec 2021
Cost:	<u>\$</u>	<u>\$</u>
Purchase goodwill	171,000,000	171,000,000
Customer contracts, lists of existing customers and other intangibles	73,579,000	73,579,000
	<u>244,579,000</u>	<u>244,579,000</u>
Amortization:		
Balance at beginning of period	4,138,819	2,299,344
Charge for the year	1,839,480	1,839,475
	<u>5,978,299</u>	<u>4,138,819</u>
Balance at year end	<u>238,600,701</u>	<u>240,440,181</u>

5. TRADE AND OTHER RECEIVABLES

Trade receivable materially represents balance due on credit sales:

	Year Ended Dec 2022	Audited Year ended Dec 2021
	<u>\$</u>	<u>\$</u>
Trade receivables	54,417,164	59,915,139
<i>Less: expected credit loss provision</i>	(6,086,366)	(5,061,469)
Net trade receivables	48,330,798	54,853,670
Deposits	3,179,422	2,407,147
Prepayments	6,640,335	8,521,734
Other receivables	1,614,762	547,349
	<u>59,765,317</u>	<u>66,329,900</u>

6. SHARE CAPITAL

	Year Ended Dec 2022	Audited Year ended Dec 2021
	<u>\$</u>	<u>\$</u>
<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)
	<u>267,356,112</u>	<u>267,356,112</u>

- (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, 2022

7. TRADE AND OTHER PAYABLES	Year Ended Dec 2022	Audited Year ended Dec 2021
	\$	\$
Trade payables	41,477,227	58,752,453
Statutory liabilities	7,100,112	6,732,386
GCT payables	109,529	283,880
Accruals	3,800,000	4,031,619
Dividend payables	5,267,715	4,444,978
Other payables	4,121,223	2,295,300
	61,875,806	76,540,616

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 2022	Audited Year ended Dec 2021
Net profit attributable to shareholders	308,257,540	397,835,670
Weighted average number of shares in issue	2,500,000,000	2,500,000,000
	\$ 0.12	\$ 0.16

10. DIVIDENDS

The Company at its Board of Directors' meeting on March 11, 2022 declared an interim dividend of 9 cents (\$0.09) per share which was paid on April 8, 2022 to shareholders on record at the close of business on March 25, 2022.

An additional dividend of four (4) cents (\$0.04) per share was declared at its Board of Directors' meeting on July 1, 2022 and paid on July 29, 2022 to shareholders on record at the close of business on July 15, 2022.

The Company in its final quarter held a Board Meeting on November 11, 2022 and declared an interim dividend of \$0.04 per share paid on December 9, 2022 to shareholders on record at the close of business on November 25, 2022.

**MAILPAC GROUP LIMITED
TOP TEN SHAREHOLDERS
AS AT DECEMBER 31, 2022**

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	72.60%
2	JCSD TRUSTEE SERVICES LIMITED A/C BARITA UNIT TRUST CAPITAL GROWTH FUND	-	94,780,703	94,780,703	3.79%
3	MF&G ASSET MANAGEMENT LTD. - JAMAICA INVESTMENTS FUND	-	62,052,750	62,052,750	2.48%
4	JCSD TRUSTEE SERVICES LTD - SIGMA GLOBAL VENTURE	-	45,583,878	45,583,878	1.82%
5	BARITA INVESTMENT LTD-LONG A/C (TRADING)	-	42,470,843	42,470,843	1.70%
6	JMMB FUND MANAGERS LTD.T1-EQUITIES FUND	-	25,000,000	25,000,000	1.00%
7	PAM - POOLED EQUITY FUND	500,000	20,183,439	20,683,439	0.83%
8	SJIML A/C 3119	-	14,633,588	14,633,588	0.59%
9	BALJIT DEOL	-	12,686,500	12,686,500	0.51%
10	NCB CAPITAL MARKETS LTD. A/C 2231	-	10,284,279	10,284,279	0.41%

Total Issued Capital: 2,500,000,000

Total Units Owned by Top Ten Shareholders: 2,143,175,980

Percentage Owned by Top Ten Shareholders: 85.73%

MAILPAC GROUP LIMITED
SHAREHOLDINGS FOR DIRECTORS AND SENIOR OFFICERS
AS AT DECEMBER 31, 2022

DIRECTORS

PRIMARY ACCOUNT HOLDER	CONNECTED PARTIES	DIRECT HOLDINGS	VOLUME	% OF ISSUED SHARES
KHARY ROBINSON <i>NORBROOK EQUITY PARTNERS LTD</i> LENNOX ROBINSON MARCIA ROBINSON	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 <i>JOSHUA GONZALES</i>	-	10,197,235	10,197,235	0.4079%
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 <i>JOSHUA GONZALES</i>	-	10,197,235	10,197,235	0.4079%
SAMANTHA RAY	-	4,650,000	4,650,000	0.1860%
CHRISTEEN ALLEN	-	277,500	277,500	0.0111%
TOMMY WALTERS	-	3,316	3,316	0.0001%