

MAILPAC GROUP LIMITED
UNAUDITED FINANCIAL STATEMENTS
THREE (3) MONTHS ENDED MARCH 31, 2023

MAILPAC GROUP LIMITED
QUARTERLY REPORT (Unaudited)
THREE (3) MONTHS ENDED MARCH 31, 2023

TABLE OF CONTENTS

	Page (s)
Directors' Report to the Shareholders	3
Unaudited Statement of Financial Position	4
Unaudited Statement of Comprehensive Income	5
Unaudited Statement of Changes in Equity	6
Unaudited Statement of Cash Flows	7
Notes to the Unaudited Financial Statements	8-12
Top 10 Shareholders & Shareholdings of Directors, Officers and Connected Parties	13-14

DIRECTORS' REPORT TO SHAREHOLDERS

OVERVIEW

The Board of Directors of Mailpac Group Limited ("Mailpac" or "the Company") is pleased to present the unaudited financial statements for the quarter ending March 31, 2023.

The first quarter of 2023 saw Mailpac continuing to reap the benefits of its commitment to enhanced service and efficiency for online shopping in Jamaica. Despite the headwinds of inflation and the lingering adverse impact of the pandemic, Mailpac resumed its growth in profitability by boosting its operational efficiency, deepening its relationship with its customers, and improving the shopping and delivery experience for local customers across the board.

FINANCIAL PERFORMANCE

Revenues for Q1 2023 were \$398.0 million, just 0.1% lower than the same quarter of the previous year. Gross profit for the quarter was \$191.0 million, which represented a 4.5% increase over the comparative period of the previous year. This increase in profitability came from the efficiency initiatives over the past year as well as greater affinity and shopping frequency within our existing customer base.

Operating expenses for the quarter were \$115.2 million, coming in 1.8% lower than the comparative quarter of the previous year as the Company continued to improve efficiency in the management and ultimate delivery of our packages.

Net income for Q1 2023 came in at \$60.2 million, 6.8% higher than the comparative quarter of the previous year. The increase in our net position signals a realization of efficiency enhancements as well as a return to more predictable shopping tendencies of the Jamaican consumer base. As we continue to focus on providing exceptional customer service and delivering satisfaction, we believe that our trajectory for sustained growth is promising.

FINANCIAL POSITION

Total Assets at the end of the quarter stood at \$726.7 million, with \$263.6 million of cash on the balance sheet at the end of the period. Shareholder's Equity stood at \$637.7 million at the end of Q1 2023.

OUTLOOK

As we look to the future, we are filled with optimism about our potential for continued success. Our key areas of focus will continue to be on driving innovation, enhancing customer experience, and promoting sustainable growth. We are confident that our solid financial footing, talented team, and dedication to excellence will equip us to tackle any obstacles that may arise.

The Board of Directors and management team extend their heartfelt appreciation to our shareholders, customers, employees and partners for their unwavering support. We remain steadfast in our commitment to creating enduring value for our stakeholders, and we eagerly anticipate your continued trust and confidence in our Company.


Executive Chairman


MAILPAC GROUP LIMITED
STATEMENT OF FINANCIAL POSITION (Unaudited)
AS AT MARCH 31, 2023

		Unaudited Three (3) months ended	Unaudited Three (3) months ended	Audited Year ended
	<u>Note</u>	March 31, 2023	March 31, 2022	December 31, 2022
		\$	\$	\$
ASSETS				
Non-current Assets				
Property, plant and equipment		139,895,144	100,291,077	137,104,195
Right-of-use assets	3	38,442,094	43,477,163	43,188,802
Intangible assets	4	238,140,831	239,980,311	238,600,706
Total non-current assets		416,478,069	383,748,551	418,893,703
Current Assets				
Due from related companies		-	2,795,754	590,191
Trade and other receivables	5	46,675,311	41,753,452	58,749,849
Cash and bank balances		263,553,474	445,314,020	209,478,205
Total current assets		310,228,785	489,863,226	268,818,245
TOTAL ASSETS		726,706,854	873,611,777	687,711,948
EQUITY AND LIABILITIES				
Equity				
Share capital	6	267,356,112	267,356,112	267,356,112
Accumulated surplus		370,384,437	483,505,066	310,233,088
Total equity		637,740,549	750,861,178	577,589,200
Non-current Liabilities				
Lease liabilities	3	25,809,411	30,928,407	28,854,094
Deferred tax liability		1,504,270	1,303,018	1,504,270
Total non-current liabilities		27,313,681	32,231,425	30,358,364
Current Liabilities				
Lease liabilities	3	16,149,816	16,002,826	17,893,605
Trade and other payables	7	45,502,808	68,600,617	58,874,150
Due to related companies		-	5,915,731	2,996,629
Total current liabilities		61,652,624	90,519,174	79,764,384
TOTAL EQUITY AND LIABILITIES		726,706,854	873,611,777	687,711,948

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

,2023


Director


Director

The accompanying notes form an integral part of the financial statements

MAILPAC GROUP LIMITED
STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
THREE MONTHS ENDED MARCH 31, 2023

	<u>Note</u>	Unaudited Three (3) months ended March 31, 2023 \$	Unaudited Three (3) months ended March 31, 2022 \$	Audited Year ended December 31, 2022 \$
Revenues		398,012,625	398,462,588	1,686,568,861
Cost of sales		206,982,269	215,635,455	865,429,260
Gross profit		191,030,356	182,827,133	821,139,601
Selling and promotion		18,423,045	24,498,269	66,770,036
Administrative and general expenses		96,770,792	90,432,997	395,329,824
		115,193,837	114,931,266	462,099,860
Operating profit		75,836,519	67,895,867	359,039,741
Other income		586,471	7,104,992	11,619,259
		76,422,990	75,000,859	370,659,000
Finance and policy costs		16,271,641	18,693,584	62,422,451
Profit before taxation		60,151,349	56,307,275	308,236,549
Taxation charge	8	-	-	(201,252)
Net profit, being total comprehensive income for the period / year		60,151,349	56,307,275	308,035,297
Earnings per share for profit attributable to the ordinary equity holders of the company	9	0.02	0.02	0.12

The accompanying notes form an integral part of the financial statements

MAILPAC GROUP LIMITED
STATEMENT OF CHANGES IN EQUITY (Unaudited)
THREE MONTHS ENDED MARCH 31, 2023

	Share Capital \$	Accumulated Surplus \$	Total \$
Balance at December 31, 2021 (Audited)	267,356,112	427,197,791	694,553,903
Dividends	-	-	-
Net profit, being total comprehensive income for the period	-	56,307,275	56,307,275
Balance at March 31, 2022	267,356,112	483,505,066	750,861,178
Balance at December 31, 2022 (Audited)	267,356,112	310,233,088	577,589,200
Dividends (see note 10)	-		-
Net profit, being total comprehensive income for the period	-	60,151,349	60,151,349
Balance at March 31, 2023	267,356,112	370,384,437	637,740,549

MAILPAC GROUP LIMITED
STATEMENT OF CASH FLOWS (Unaudited)
THREE MONTHS ENDED MARCH 31, 2023

	Unaudited Three (3) months ended March 31, 2023 \$	Unaudited Three (3) months ended March 31, 2022 \$	Audited Year ended December 31, 2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the period / year	60,151,349	56,307,275	308,035,297
Adjustments for items not affecting cash resources:			
Depreciation and amortization	2,060,063	1,927,505	8,538,578
Depreciation right of use assets	4,746,708	4,179,413	17,118,949
Interest expense on right of use assets	901,537	999,815	3,740,144
Loss on disposal of property, plant and equipment			876,006
Expected credit loss provision	-	3,291,249	1,462,225
Unrealized foreign currency loss / (gain)	155,608	548,783	1,141,234
Realized foreign currency loss / (gain)	2,989,311	(239,151)	-
Reclassification of work-in progress to expenses	-	-	3,508,710
Deferred taxation	-	-	201,252
	<u>71,004,576</u>	<u>67,014,889</u>	<u>344,622,395</u>
Decrease / (increase) in operating assets:			
Due from related companies	(2,406,438)	10,592,660	7,432,206
Other assets	-	-	-
Trade and other receivables	12,074,538	21,285,200	6,117,826
(Decrease) / increase in operating liabilities:			
Trade and other payables	(16,942,255)	(7,729,010)	(22,894,521)
Net cash provided by operating activities	<u>63,730,421</u>	<u>91,163,739</u>	<u>335,277,906</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cost of work-in-progress	(287,500)	(2,155,302)	(41,055,302)
Proceed from sale of property, plant and equipment	-	-	163,179
Acquisition of property, plant and equipment	(4,103,642)	(2,016,868)	(9,709,344)
Net cash used in investing activities	<u>(4,391,142)</u>	<u>(4,172,170)</u>	<u>(50,601,468)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	-	-	(419,732,285)
Loan from related companies	-	-	2,446,916
Lease liabilities, net	(5,264,010)	(4,925,947)	(20,545,526)
Net cash used in financing activities	<u>(5,264,010)</u>	<u></u>	<u>(437,830,895)</u>
NET INCREASE / (DECREASE) IN CASH AND BANK BALANCES	54,075,269	86,991,569	(153,154,456)
CASH AND BANK BALANCES - Beginning of the period / year	209,478,205	363,813,562	363,813,562
Effects of movements on foreign currency bank balances	<u>-</u>	<u>(565,164)</u>	<u>(1,180,901)</u>
CASH AND BANK BALANCES - End of the period / year	<u>263,553,474</u>	<u>450,239,967</u>	<u>209,478,205</u>

The accompanying notes form an integral part of the financial statements

MAILPAC GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)
THREE MONTHS ENDED MARCH 31, 2023

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 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 three (3) month period ended March 31, 2023 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, 2022 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)
THREE MONTHS ENDED MARCH 31, 2023

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 THE FINANCIAL STATEMENTS (Unaudited)
THREE MONTHS ENDED MARCH 31, 2023

4. RIGHT-OF-USE ASSETS

	Unaudited Three (3) months ended March 31, 2023 \$	Unaudited Three (3) months ended March 31, 2022 \$	Audited Year ended December 31, 2022 \$
At Valuation			
Balance at beginning of period / year	71,624,412	60,126,973	60,126,973
Terminated right of use asset	-	-	-
Additions	-	-	11,497,439
Balance at end of period / year	<u>71,624,412</u>	<u>60,126,973</u>	<u>71,624,412</u>
Accumulated			
Depreciation charge			
Balance at beginning of period/year	28,435,610	12,470,397	12,470,397
Depreciation on terminated right of use asset	-	-	-
Charge for period / year	4,746,708	4,179,413	15,965,213
Balance at end of period / year	<u>33,182,318</u>	<u>16,649,810</u>	<u>28,435,610</u>
Net Book Value			
Balance at period / year end	<u><u>38,442,094</u></u>	<u><u>43,477,163</u></u>	<u><u>43,188,802</u></u>

Lease Liabilities:

	Unaudited Three (3) months ended March 31, 2023 \$	Unaudited Three (3) months ended March 31, 2022 \$	Audited Year ended December 31, 2022 \$
Non-current lease liabilities	<u>25,809,411</u>	<u>30,928,407</u>	<u>28,854,094</u>
Current lease liabilities	<u>16,149,816</u>	<u>16,002,826</u>	<u>17,893,605</u>

MAILPAC GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)
THREE MONTHS ENDED MARCH 31, 2023

5. 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.

	Unaudited Three (3) months ended March 31, 2023 \$	Unaudited Three (3) months ended March 31, 2022 \$	Audited Year ended December 31, 2022 \$
Cost:			
Purchase goodwill	171,000,000	171,000,000	171,000,000
Customer contracts, lists of existing customers and other intangibles	73,579,000	73,579,000	73,579,000
	<u>244,579,000</u>	<u>244,579,000</u>	<u>244,579,000</u>
Amortization:			
Balance at beginning of period	5,978,294	4,138,819	4,138,819
Charge for the period / year	459,874	459,870	1,839,475
	<u>6,438,169</u>	<u>4,598,689</u>	<u>5,978,294</u>
Balance at period / year end	<u><u>238,140,831</u></u>	<u><u>239,980,311</u></u>	<u><u>238,600,706</u></u>

6. TRADE AND OTHER RECEIVABLES

Trade receivable materially represents balance due on credit sales:

	Unaudited Three (3) months ended March 31, 2023 \$	Unaudited Three (3) months ended March 31, 2022 \$	Audited Year ended December 31, 2022 \$
Trade receivables	43,823,615	39,452,904	53,819,786
Less: expected credit loss provision	(6,231,080)	(8,352,717)	(6,523,693)
Net trade receivables	37,592,535	31,100,187	47,296,093
Deposits	3,179,422	2,407,147	3,179,422
Prepayments	4,186,937	7,198,740	6,640,335
Other receivables	1,716,418	1,047,378	1,633,999
	<u>46,675,311</u>	<u>41,753,452</u>	<u>58,749,849</u>

7. SHARE CAPITAL

	Unaudited Three (3) months ended March 31, 2023 \$	Unaudited Three (3) months ended March 31, 2022 \$	Audited Year ended December 31, 2022 \$
<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	27,395,000
250,000,000 ordinary shares of no par value	250,000,000	250,000,000	250,000,000
Less: transaction costs of share issue	(10,038,888)	(10,038,888)	(10,038,888)
	<u>267,356,112</u>	<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 THE FINANCIAL STATEMENTS (Unaudited)
THREE MONTHS ENDED MARCH 31, 2023

8. TRADE AND OTHER PAYABLES

	Unaudited Three (3) months ended March 31, 2023	Unaudited Three (3) months ended March 31, 2022	Audited Year ended December 31, 2022
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Trade payables	33,592,237	57,091,855	38,480,598
Statutory liabilities	3,205,957	3,365,543	7,100,112
GCT payables	98,254	437,995	109,529
Accruals	1,631,250	1,537,342	3,800,000
Dividend payables	5,220,089	4,354,934	5,267,715
Other payables	1,755,020	1,812,948	4,116,196
	<u>45,502,808</u>	<u>68,600,616</u>	<u>58,874,150</u>

9. 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 Jamaica Stock Exchange Junior Market.

10. 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.

	Unaudited Three (3) months ended March 31, 2023	Unaudited Three (3) months ended March 31, 2022	Audited Year ended December 31, 2022
Net profit attributable to shareholders	<u>60,151,349</u>	<u>56,307,275</u>	<u>308,035,297</u>
Weighted average number of shares in issue	<u>2,500,000,000</u>	<u>2,500,000,000</u>	<u>2,500,000,000</u>
	<u>\$ 0.02</u>	<u>\$ 0.02</u>	<u>\$ 0.12</u>

**MAILPAC GROUP LIMITED
TOP TEN SHAREHOLDERS
THREE MONTHS ENDED MARCH 31, 2023**

TOP 10 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	JCSD TRUSTEE SERVICES LIMITED A/C BARITA UNIT TRUST CAPITAL GROWTH FUND	-	94,782,234	94,782,234	3.7913%
3	MF&G ASSET MANAGEMENT LTD. JAMAICA INVESTMENTS FUND	-	62,052,750	62,052,750	2.4821%
4	JCSD TRUSTEE SERVICES LTD SIGMA GLOBAL VENTURE	-	45,583,878	45,583,878	1.8234%
5	BARITA INVESTMENT LTD-LONG A/C (TRADING)	-	42,470,843	42,470,843	1.6988%
6	JMMB FUND MANAGERS LTD.T1- EQUITIES FUND	-	25,000,000	25,000,000	1.0000%
7	PAM - POOLED EQUITY FUND	-	21,989,400	21,989,400	0.8796%
8	SJIML A/C 3119	-	14,633,588	14,633,588	0.5853%
9	BALJIT DEOL	-	12,686,500	12,686,500	0.5075%
10	NCB CAPITAL MARKETS LTD. A/C 2231	-	10,284,279	10,284,279	0.4114%

Total Issued Capital: 2,500,000,000

Total Units Owned by Top Ten Shareholders: 2,144,483,472

Percentage Owned by Top Ten Shareholders: 85.7793%

MAILPAC GROUP LIMITED
SHAREHOLDINGS FOR DIRECTORS AND SENIOR OFFICERS
THREE MONTHS ENDED MARCH 31, 2023

DIRECTORS

PRIMARY ACCOUNT HOLDER	CONNECTED PARTIES	DIRECT HOLDINGS	VOLUME	% OF ISSUED SHARES
KHARY ROBINSON <i>NORBROOK EQUITY PARTNERS LIMITED</i> <i>LENNOX ROBINSON</i> <i>MARCIA ROBINSON</i>	- 1,815,000,000 3,069,611 2,855,600	-	1,820,925,211	72.83701%
GARTH PEARCE <i>NORBROOK EQUITY PARTNERS LIMITED</i>	- 1,815,000,000	-	1,815,000,000	72.60000%
MARK JOSE GONZALES <i>JOSHUA JOSE GONZALES</i>	-	10,197,235	10,197,235	0.40789%
TRACY-ANN N. SPENCE <i>SEAN ANDRE SPENCE</i> <i>EMILE G. SPENCE</i> <i>CARSON NICHOLAS</i>	-	4,128,207	4,128,207	0.16513%
WILLIAM A. CRAIG <i>CANDIS M. CRAIG</i> <i>BILLY CRAIG INSURANCE BROKERS LTD</i>	-	4,000,000	4,000,000	0.16000%
STEPHEN GREIG	-	126,000	126,000	0.00504%

SENIOR OFFICERS

PRIMARY ACCOUNT HOLDER	CONNECTED PARTIES	DIRECT HOLDINGS	VOLUME	% OF ISSUED SHARES
MARK JOSE GONZALES	-	10,197,235	10,197,235	0.17778%
SAMANTHA RAY	-	4,650,000	4,650,000	0.40789%
CHRISTEEN MARLINE ALLEN	-	277,500	277,500	0.01110%
TOMMY WALTERS	-	3,316	3,316	0.00013%