

MAILPAC GROUP LIMITED
UNAUDITED FINANCIAL STATEMENTS
THREE (3) MONTHS ENDED JUNE 30, 2023

MAILPAC GROUP LIMITED
QUARTERLY REPORT (Unaudited)
THREE (3) MONTHS ENDED JUNE 30, 2023

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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 June 30, 2023.

During the second quarter of 2023, Mailpac continued to maintain its leading position within the industry by placing unwavering emphasis on enhancing customer relations and optimizing the shopping and delivery experience for our valued customers. Our continued commitment to innovation and sustainable growth has driven us to explore new avenues to expand our offerings, ensuring a promising trajectory towards greater profitability in the future.

FINANCIAL PERFORMANCE

In the second quarter of 2023, Mailpac generated revenues of \$406.1 million, experiencing a marginal 0.5% decrease compared to the same period in the previous year. The overall variance was due to a slight dip in revenue from Mailpac Local. Our gross profit remained steady at \$201.3 million, mirroring the comparative period of the previous year.

Operating expenses for the quarter were \$113.0 million, reflecting a 5.8% increase compared to the corresponding quarter of the previous year. This increase was primarily due to a planned salary restructuring exercise and higher administrative expenses related to rent and security. These strategic decisions aimed to fortify our operational efficiency and long-term sustainability.

Net income for Q2 2023 amounted to \$74.4 million, representing an 8.5% decrease compared to the same quarter of the previous year. We firmly believe that as we continue to deliver on our promise to diversify and enrich our offerings to customers, our profitability will witness significant improvements as these initiatives bear fruit.

FINANCIAL POSITION

At the end of the quarter, Mailpac's Total Assets stood at \$631.6 million, and we maintained a robust cash position of \$169.5 million on our balance sheet. Shareholder's Equity reached \$537.1 million at the end of Q2 2023, affirming our strong financial foundation and positioning us for sustainable growth.

OUTLOOK

Looking ahead, we are optimistic and determined to sustain our success as the market leader. Our focal points will continue to be diversifying our customer base through new and creative offerings, enhancing customer experience, and promoting responsible growth. By nurturing a culture of operational excellence, we are confident in our ability to continue to rise in this ever-evolving business landscape.

The Board of Directors and management team express sincere gratitude to our shareholders, customers, employees, and partners for their steadfast support, which has been the cornerstone of our achievements. We remain dedicated to creating enduring value for all stakeholders, and we earnestly anticipate your continued trust and confidence in Mailpac.

Sincerely,



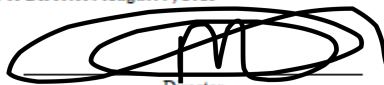
Executive Chairman

MAILPAC GROUP LIMITED
 STATEMENT OF FINANCIAL POSITION (Unaudited)
 AS AT JUNE 30, 2023

	Note	Unaudited Six (6) months ended June 30, 2023 \$	Unaudited Six (6) months ended June 30, 2022 \$	Audited Year ended December 31, 2022 \$
ASSETS				
Non-current Assets				
Property, plant and equipment		140,619,920	96,749,952	137,104,195
Right-of-use assets	3	35,600,732	40,658,091	43,188,802
Intangible assets	4	237,680,962	239,520,441	238,600,706
Total non-current assets		413,901,614	376,928,484	418,893,703
Current Assets				
Deposit on asset		-	42,408,710	-
Due from related companies		-	133,179	590,191
Trade and other receivables	5	48,254,259	45,781,894	58,749,849
Cash and bank balances		169,463,168	252,632,189	209,478,205
Total current assets		217,717,427	340,955,972	268,818,245
TOTAL ASSETS		631,619,041	717,884,456	687,711,948
EQUITY AND LIABILITIES				
Equity				
Share capital	6	267,356,112	267,356,112	267,356,112
Accumulated surplus		269,812,026	339,819,127	310,233,088
Total equity		537,168,138	607,175,239	577,589,200
Non-current Liabilities				
Lease liabilities	3	22,805,130	28,033,533	28,854,094
Deferred tax liability		1,504,270	1,303,018	1,504,270
Total non-current liabilities		24,309,400	29,336,551	30,358,364
Current Liabilities				
Lease liabilities	3	16,930,622	15,866,828	17,893,605
Trade and other payables	7	53,210,881	65,505,838	58,874,150
Due to related companies		-	-	2,996,629
Total current liabilities		70,141,503	81,372,666	79,764,384
TOTAL EQUITY AND LIABILITIES		631,619,041	717,884,456	687,711,948

The financial statements on pages 3 to 11 were approved for issue by the Board of Directors August 9, 2023 and signed on its behalf by:


 Director


 Director

The accompanying notes form an integral part of the financial statements

MAILPAC GROUP LIMITED
STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
SIX MONTHS ENDED JUNE 30, 2023

	Note	Three Months June 30, 2023 ₹	Three Months June 30, 2022 ₹	Six Months June 30, 2023 ₹	Six Months June 30, 2022 ₹	Audited Year ended December 31, 2022 ₹
Revenues		406,149,085	408,291,934	804,161,710	806,754,522	1,686,568,861
Cost of sales		204,805,179	207,008,960	411,787,448	422,644,415	865,429,260
Gross profit		201,343,906	201,282,974	392,374,262	384,110,107	821,139,601
Selling and promotion expenses		13,090,920	13,055,755	31,513,965	37,554,024	66,770,036
Administrative and general expenses		99,996,850	93,846,466	196,767,642	184,279,463	395,329,824
		113,087,770	106,902,221	228,281,607	221,833,487	462,099,860
Operating profit		88,256,136	94,380,753	164,092,655	162,276,620	359,039,741
Other income		825,849	1,117,809	1,412,320	8,222,801	11,619,259
		89,081,985	95,498,562	165,504,975	170,499,421	370,659,000
Finance and policy costs		14,654,396	14,184,501	30,926,037	32,878,085	62,422,451
Profit before taxation		74,427,589	81,314,061	134,578,938	137,621,336	308,236,549
Taxation charge	8	-	-	-	-	(201,252)
Net profit, being total comprehensive income for the period / year		74,427,589	81,314,061	134,578,938	137,621,336	308,035,297
Earnings per share for profit attributable to the ordinary equity holders of the company	9	0.03	0.03	0.05	0.06	0.12

The accompanying notes form an integral part of the financial statements

MAILPAC GROUP LIMITED
STATEMENT OF CHANGES IN EQUITY (Unaudited)
SIX MONTHS ENDED JUNE 30, 2023

	Share Capital \$	Accumulated Surplus \$	Total \$
Balance at December 31, 2021 (Audited)	267,356,112	427,197,791	694,553,903
Dividends	-	(225,000,000)	(225,000,000)
Net profit, being total comprehensive income for the period	-	137,621,336	137,621,336
Balance at June 30, 2022	267,356,112	339,819,127	607,175,239
Balance at December 31, 2022 (Audited)	267,356,112	310,233,088	577,589,200
Dividends (see note 10)	-	(175,000,000)	(175,000,000)
Net profit, being total comprehensive income for the period	-	134,578,938	134,578,938
Balance at June 30, 2023	267,356,112	269,812,026	537,168,138

MAILPAC GROUP LIMITED
STATEMENT OF CASH FLOWS (Unaudited)
SIX MONTHS ENDED JUNE 30, 2023

	Unaudited Six (6) months ended June 30, 2023 ₹	Unaudited Six (6) months ended June 30, 2022 ₹	Audited Year ended December 31, 2022 ₹
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the period / year	134,578,938	137,621,336	308,035,297
Adjustments for items not affecting cash resources:			
Depreciation and amortization	4,151,363	3,995,163	8,538,578
Depreciation right of use assets	9,496,045	8,356,632	17,118,949
Interest expense on right of use assets	1,734,331	1,944,582	3,740,144
Loss on disposal of property, plant and equipment	-	-	876,006
Expected credit loss provision	25,547	2,814,226	1,462,225
Unrealized foreign currency loss	226,314	537,162	1,141,234
Realized foreign currency loss / (gain)	3,578,909	(383,723)	-
Reclassification of work-in progress to expenses	-	-	3,508,710
Deferred taxation	-	-	201,252
	<u>153,791,447</u>	<u>154,885,378</u>	<u>344,622,395</u>
(Increase) / decrease in operating assets:			
Due from related companies	(2,406,438)	7,339,504	7,432,206
Trade and other receivables	10,470,043	17,733,779	6,117,826
Decrease in operating liabilities:			
Trade and other payables	(14,572,543)	(11,108,758)	(22,894,521)
Net cash provided by operating activities	<u>147,282,509</u>	<u>168,849,903</u>	<u>335,277,906</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cost of work-in-progress	(287,500)	(41,073,206)	(41,055,302)
Proceed from sale of property, plant and equipment	-	-	163,179
Acquisition of property, plant and equipment	(6,459,848)	(3,574,340)	(9,709,344)
Net cash used in investing activities	<u>(6,747,348)</u>	<u>(44,647,546)</u>	<u>(50,601,467)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	(169,739,462)	(224,926,018)	(419,732,285)
Loan from related companies	-	-	2,446,916
Lease liabilities, net	(10,594,020)	(10,304,273)	(20,545,526)
Net cash used in financing activities	<u>(180,333,482)</u>	<u>(235,230,291)</u>	<u>(437,830,895)</u>
NET DECREASE IN CASH AND BANK BALANCES	(39,798,321)	(111,027,934)	(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	(216,716)	(153,439)	(1,180,901)
CASH AND BANK BALANCES - End of the period / year	<u>169,463,168</u>	<u>252,632,189</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)
SIX MONTHS ENDED JUNE 30, 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 June 30, 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)
SIX MONTHS ENDED JUNE 30, 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)
SIX MONTHS ENDED JUNE 30, 2023

3. RIGHT-OF-USE ASSETS

	Unaudited Six (6) months ended June 30, 2023 \$	Unaudited Six (6) months ended June 30, 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	(1,698,096)	(1,153,736)	-
Additions	1,907,976	1,358,147	11,497,439
Balance at end of period / year	<u>71,834,292</u>	<u>60,331,384</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	(1,698,096)	(1,153,736)	-
Charge for period / year	9,496,046	8,356,632	15,965,213
Balance at end of period / year	<u>36,233,560</u>	<u>19,673,293</u>	<u>28,435,610</u>
Net Book Value			
Balance at period / year end	<u>35,600,732</u>	<u>40,658,091</u>	<u>43,188,802</u>
Lease Liabilities:			
	Unaudited Six (6) months ended June 30, 2023 \$	Unaudited Six (6) months ended June 30, 2022 \$	Audited Year ended December 31, 2022 \$
Non-current lease liabilities	<u>22,805,130</u>	<u>28,033,533</u>	<u>28,854,094</u>
Current lease liabilities	<u>16,930,622</u>	<u>15,866,828</u>	<u>17,893,605</u>

MAILPAC GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)
SIX MONTHS ENDED JUNE 30, 2023

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.

	Unaudited Six (6) months ended June 30, 2023	Unaudited Six (6) months ended June 30, 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	919,744	919,740	1,839,475
	<u>6,898,038</u>	<u>5,058,559</u>	<u>5,978,294</u>
Balance at period / year end	<u>237,680,962</u>	<u>239,520,441</u>	<u>238,600,706</u>

5. TRADE AND OTHER RECEIVABLES

Trade receivable materially represents balance due on credit sales:

	Unaudited Six (6) months ended June 30, 2023	Unaudited Six (6) months ended June 30, 2022	Audited Year ended December 31, 2022
	\$	\$	\$
Trade receivables	45,081,264	42,440,501	53,819,786
Less: expected credit loss provision	(6,549,241)	(7,875,695)	(6,523,693)
Net trade receivables	38,532,023	34,564,806	47,296,093
Deposits	3,179,422	2,948,036	3,179,422
Prepayments	4,629,899	6,602,915	6,640,335
Other receivables	1,912,915	1,666,137	1,633,999
	<u>48,254,259</u>	<u>45,781,894</u>	<u>58,749,849</u>

6. SHARE CAPITAL

	Unaudited Six (6) months ended June 30, 2023	Unaudited Six (6) months ended June 30, 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)
SIX MONTHS ENDED JUNE 30, 2023

7. TRADE AND OTHER PAYABLES

	Unaudited Six (6) months ended June 30, 2023	Unaudited Six (6) months ended June 30, 2022	Audited Year ended December 31, 2022
	₤	₤	₤
Trade payables	33,206,784	51,760,522	38,480,598
Statutory liabilities	4,412,679	3,672,614	7,100,112
GCT payables	220,293	730,059	109,529
Accruals	2,392,500	2,391,490	3,800,000
Dividend payables	5,260,538	4,182,799	5,267,715
Other payables	7,718,087	2,768,354	4,116,196
	<u>₤33,210,881</u>	<u>₤65,505,838</u>	<u>₤58,874,150</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 Jamaica Stock Exchange Junior Market.

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.

	Unaudited Six (6) months ended June 30, 2023	Unaudited Six (6) months ended June 30, 2022	Audited Year ended December 31, 2022
Net profit attributable to shareholders	<u>134,578,938</u>	<u>137,621,336</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>\$ 0.05</u>	<u>\$ 0.06</u>	<u>\$ 0.12</u>

10. DIVIDENDS

The Company at its Board of Directors' meeting on May 10, 2023 declared an interim dividend of 7 cents (\$0.07) per share which was paid on June 7, 2023 to shareholders on record at the close of business on May 24, 2023.

**MAILPAC GROUP LIMITED
TOP TEN SHAREHOLDERS
THREE MONTHS ENDED JUNE 30, 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	-	94,783,102	94,783,102	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)	-	42,471,048	42,471,048	1.6988%
6	PAM - POOLED EQUITY FUND	-	26,275,399	26,275,399	1.0510%
7	JMMB FUND MANAGERS LTD.T1- EQUITIES FUND	-	25,000,000	25,000,000	1.0000%
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: 2,148,770,544

Percentage Owned by Top Ten Shareholders: 85.9508%

MAILPAC GROUP LIMITED
SHAREHOLDINGS FOR DIRECTORS AND SENIOR OFFICERS
THREE MONTHS ENDED JUNE 30, 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	-	10,197,235	10,197,235	0.40789%
TRACY-ANN N. SPENCE <i>SEAN ANDRE SPENCE</i>	-	4,128,207	4,128,207	0.16513%
WILLIAM A. CRAIG <i>CANDIS M. CRAIG</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	0.40789%
SAMANTHA RAY	-	4,650,000	4,650,000	0.18600%
CHRISTEEN MARLINE ALLEN	-	277,500	277,500	0.01110%
TOMMY WALTERS	-	3,316	3,316	0.00013%