2023

MAILPAC GROUP

ANNUAL REPORT

TABLE OF CONTENTS

Vision

To be the Caribbean's most customer-centric company connecting consumers to a global array of goods and services in the most efficient manner possible.

Mission

We strive to better the communities we serve by enabling seamless access to goods, services and opportunities that enhance the lives of our shareholders, customers and employees.

Values

Customer Centricity – Customers must always be our priority. Focusing on customers and their interests will ensure success for all other stakeholders.

Innovation – Creativity and change are essential to growth, and we must always be willing to challenge the status quo to make our customers' lives better and simplified.

Integrity – Being honest and fair in all our interactions must be the core of who we are and all we do.

Teamwork – We are only as strong as our individual parts, and we believe that determined people working together can accomplish anything. We are all responsible for the Company's success.

Service – We must be extreme in our commitment to service, as serving the needs of our customers and communities is central to our success.

Respect – Treating others respectfully and remaining true to our mission helps grow trust. Ultimately, trust keeps customers, employees and stakeholders.

Quality and Efficiency – We must remain constructively dissatisfied in our pursuit of excellence and ensure the highest level of quality with the greatest efficiency.

Sustainability – Long-term prosperity requires our continued commitment to environmental stewardship and social responsibility.

CHAIRMAN'S LETTER

Radical Growth For Sustainability

Dear Shareholders,

I am pleased to present the performance of our company for the fiscal year ended December 31, 2023. Specifically, the year 2023 was filled with a variety of new opportunities and challenges. This was our first full year since our IPO unaffected by Covid, and we faced heightened competition from new market entrants, major inflationary impacts on our core costs, and unique consumer spending reductions resulting from fiscal policies. However, these challenges forced us to innovate by finding and developing new business lines like our freight-forwarding solutions, such as Pack Yuh Barrel, enhancing service tools to better fortify our position in the market, and pursuing acquisition opportunities that we believe will prove substantially accretive in the long run.

Financial Highlights:

As we reflect on our financial performance for the past year, it is evident that we faced significant hurdles that impacted our bottom line. Despite our efforts, we experienced a downturn in key financial metrics compared to the previous year.

Total revenue for 2023 amounted to $1.67 billion, signaling a marginal 0.7% decrease from 2022.

Net income declined to $260.1 million, reflecting a substantial decrease of 15.5% compared to the previous year.

Earnings per share (EPS) reached $0.10, down by 16.7% year-over-year.

Nevertheless, our dividend payout increased by []% compared to the previous year, underscoring our commitment to providing returns to shareholders despite the challenging financial landscape.

Despite these challenges, we are confident in our ability to overcome them and emerge stronger. We have implemented strategic measures to navigate through these difficulties, including investments to diversify our service offerings and unlock value in underserved sectors of the industry. I am optimistic that these investments and initiatives will pave the way for a brighter future.

Business Highlights:

Throughout 2023, our strategic focus remained centered on innovation, customer experience, and sustainable growth.

Notable milestones include:

SWOOP Launch: Introduced in the third quarter of 2023, SWOOP is an innovative sub-brand catering to budget-conscious consumers. Its strategic order fulfillment centers across the island have strengthened community connections and enhanced service accessibility.

Expansion of Pack Yuh Barrel (PYB!): Since its launch, PYB! has expanded our customer base to include bulk-shipping consumers across the Jamaican diaspora. Additionally, our efforts to accelerate customer conversion have been fruitful, solidifying our position as a preferred choice for value-conscious bulk shoppers.

Investments in Data Protection Act Compliance: Significant investments were made to enhance cybersecurity infrastructure and ensure compliance with the Data Protection Act. These efforts reflect our commitment to safeguarding stakeholders' interests and ensuring business continuity.

Pursuit of Strategic Acquisitions: Throughout the year, we explored synergistic acquisition opportunities, culminating in advanced negotiations with a prominent player in the local e- commerce fulfilment industry. These endeavours signify our commitment to capitalizing on both organic and inorganic growth opportunities.

Looking Ahead:

Looking ahead, we are excited to share significant developments that will further strengthen Mailpac's position in the market. More specifically, we are pleased to advise our shareholders that we have signed a definitive agreement for the acquisition of MyCart Express, the second largest player in the ecommerce fulfillment industry.

We anticipate this will result in synergistic benefits for our shareholders, including enhanced revenue streams, improved operational efficiencies, and greater shareholder value, which will contribute positively to our future financial performance and position Mailpac Group, with its two distinctly positioned brands, for continued growth and success in the dynamic ecommerce landscape.

The Board of Directors and the management team extend gratitude to our shareholders, customers, employees, and partners for their continued support and confidence, which has been the cornerstone of our achievements. We remain steadfast in our commitment to maximizing value for all stakeholders and appreciate your continued trust and confidence in Mailpac.

Sincerely,

Khary Robinson Executive Chairman

THE COMPANY & SERVICES

Mailpac Group Limited ("MGL", "Mailpac" or the "Company") is one of the leading providers of logistics services in the Caribbean. The Company currently offers e-commerce fulfilment services from the United States to Jamaica (Mailpac Services), cross-border online shopping with local landed prices (Mailpac Marketplace), local online shopping and delivery from local retailers (Mailpac Local) and online shopping financing (Mailpac Financial Services). MGL boasts over two decades of combined industry-leading expertise and is operated by seasoned managers and staff that have led and will continue to lead the businesses into the future.

MGL was incorporated on September 19, 2019 to acquire the businesses of Mailpac Services Limited and Mailpac Local Limited, for the purpose of amalgamating both logistics platforms into one operating business. MGL acquired both businesses on September 30, 2019 as going concerns. The acquisition resulted in MGL acquiring all employee contracts, processes, solutions, services, customers, vendors, partners, technologies and assets of Mailpac Services Limited and Mailpac Local Limited.
Shortly thereafter, in December 2019, MGL listed on the Junior Jamaica Stock Exchange.

Following its IPO, the Company entered 2020 eager to begin a profitable year and deliver value to its customers and stakeholders. Very quickly, however, the COVID-19 pandemic began to destabilise the world and made its way to Jamaica. Government policies were enacted that restricted mobility, and a general sense of uncertainty and fear swept the public psyche. With the borders shut down and island-wide curfews enforced, Jamaican consumers were now unable to source goods they may have otherwise got from trips abroad or trips to their own grocery store just down the street.

Almost immediately, the demand for online shopping skyrocketed, and Mailpac was there to supply. The customer bases for both Mailpac Services and Mailpac Local swiftly multiplied and order volumes reached record highs. With significant growth in 2020, the Company had to significantly increase its scope and capacity in order to efficiently expand in volume, operating capacity and geography.

With continued momentum in 2021, the Company continued these growth investments to remove any bottlenecks for operational efficiency and long-term sustainability. In addition to the expansion of processing facilities, processing teams, vehicles and drivers, Mailpac also added four new locations. The Company proudly serves customer across these fourteen stores:

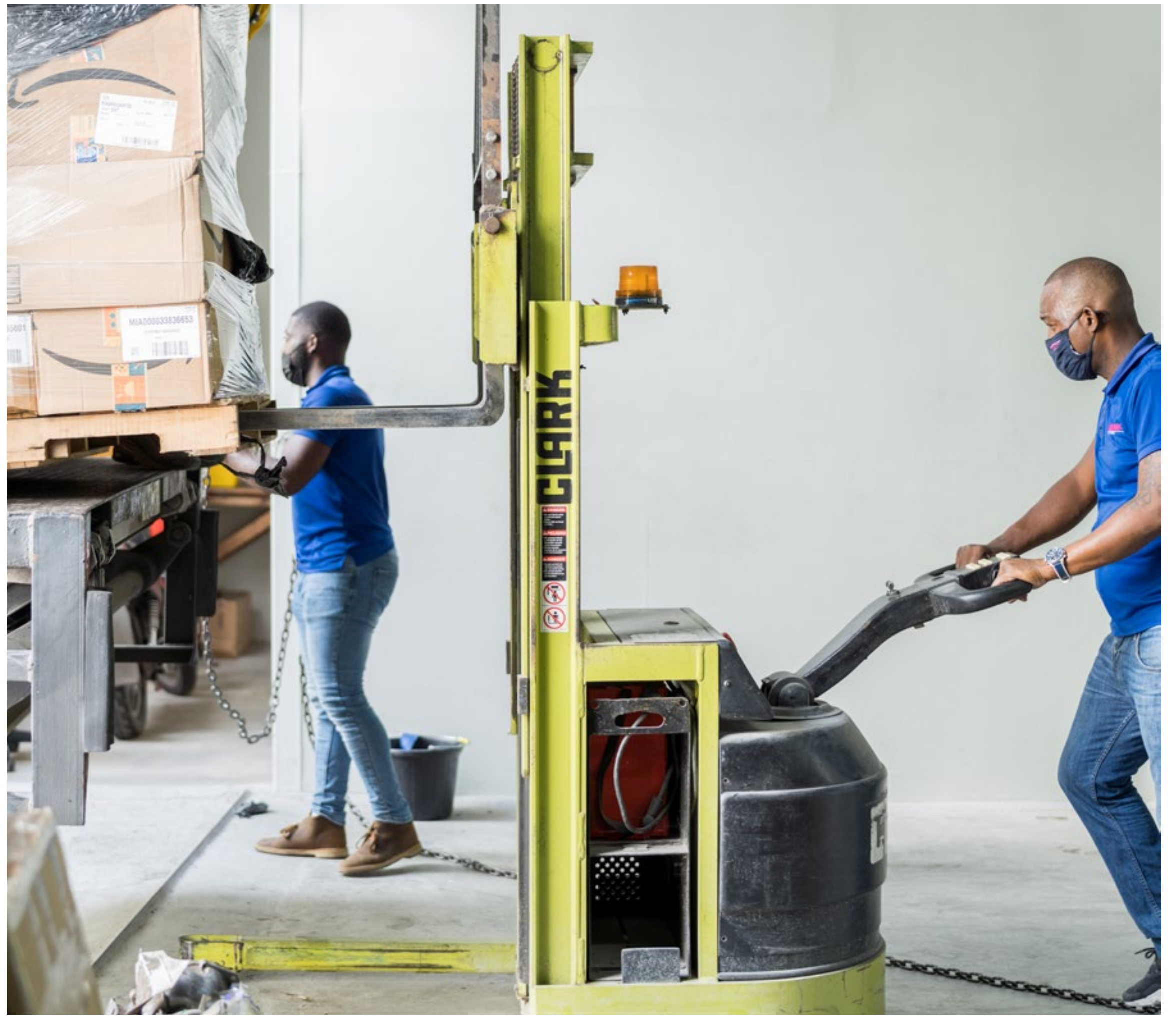
2022 became the first year of relative operational normalcy as COVID-related restrictions were majorly eased, allowing businesses to resume full operations and consumers to return to pre-pandemic travel patterns. For many customers, the lifting of restrictions symbolized a sense of freedom to return to former practices. This reality saw a drastic increase in the frequency of travel and conversely a marginal decrease in online shopping and shipping volumes.

We experienced similar results in online shopping and shipping volumes in 2023, tied to a combination of an aggressively competitive marketplace and continued increases in the frequency of travel.

SERVICES
E-COMMERCE FULFILMENT

Mailpac Group Limited offers expertise in e-commerce fulfilment in Jamaica through its technologically advanced fulfilment platforms for anyone seeking to enjoy the options, convenience and savings of shopping online.

Mailpac's core offering provides clients with physical addresses in Miami, Florida where they can receive all goods purchased from international providers (typically online stores such as Amazon and eBay). These goods are received ¬by Mailpac at a 55,000 square foot, state-of-the-art warehouse facility in Miami operated by Aeropost on behalf of all partners in the Aeropost Network. The goods received are then processed, TSA-inspected, consolidated and flown to Jamaica with third-party cargo airlines. Once the goods arrive in Jamaica, Mailpac then clears all goods through customs, processes the packages and delivers them to the customers at their homes or businesses or, alternatively, customers may collect packages at any of the Company's fourteen stores island wide. This entire process utilises a significant technology and infrastructure, creating a time and cost-efficient solution for customers.



Mailpac is the exclusive agent of Aeropost in Jamaica. Aeropost provides Mailpac with the technology and infrastructure to support all its parcel processing in Miami. Aeropost's infrastructure provides similar support services for thirty-nine (39) country agents, many of which are owned and operated in part or in whole by Aeropost. This 'co-op model' has allowed Aeropost and its partners to benefit from the scale, buying power and negotiating leverage that comes with being one of the largest e-commerce fulfilment providers in the region with over 1,000,000 customers in the Caribbean and Latin America.

Aeropost leverages these economies of scale and its access to significant resources to develop market leading technology and logistics solutions that allow all agents in the network to provide superior solutions for their clients. Consequently, Mailpac boasts unique e-commerce fulfilment capabilities in Jamaica by offering an amalgamation of services and solutions, including:

- Fourteen island-wide locations and home delivery
- A tax-free address for all purchases, saving clients 7% on all purchases
- Free returns on all purchases shipped through Mailpac
- Instant and guaranteed landed prices (including duty) through a patented pricing tool
- Full integration with all leading couriers for immediate package recognition and tracking
- API data integration with the largest e-commerce providers, including Amazon and eBay
- One-click pre-alerting of packages (sending invoice to customs) on all major shopping sites
- Instant approval financing on all purchases for qualified clients
- An instant approval prepaid MasterCard for shopping online
- Online payment so customers can use their credit cards to pay for packages ahead of delivery or collection in designated lines
- Mailpac Lockers which expedite package pick-up at high trafficked locations

ONLINE SHOPPING MAILPAC MARKETPLACE

While Mailpac's core business is to provide logistics services to online shoppers, the Company also allows the consumer market to take advantage of the benefits of shopping online even if (i) they do not know if shopping online is within their budget given that the duty and shipping costs are provided after they have committed to buying an item, and (ii) they do not have an international credit card to pay for the item. More specifically, the members of the Aeropost Network worked together to develop an exclusive landed price tool to resolve those two specific issues that hinder broader acceptance of online shopping in the region.

The application (called "Mailpac Marketplace") provides Mailpac customers with several ways to shop online including:

1. An app for smart devices that allows the consumer to shop on various leading international online stores with local landed prices (i.e. the prices seen include shipping and duty denominated in Jamaican dollars so that the consumer knows exactly what it will cost to receive the item in Jamaica).

2. A web browser plugin which allows the consumer to shop on various US web-sites and see local landed prices as set out above.

3. An app that allows customers to pre-alert (the process of electronically sending invoices to customs for clearance purposes) and track items automatically from websites such as Amazon and eBay.

4. Direct purchase of items on Aeropost's own e-store.

The Mailpac Marketplace has been the fastest growing segment of the Mailpac Services business line (up over 60% year-over-year) and has been an ideal tool for acquiring new customers, allowing them to gain comfort with the idea of shopping online before they start to do it themselves.

LOCAL ONLINE SHOPPING AND E-COMMERCE FULFILMENT — MAILPAC LOCAL

Launched in 2016 and rebranded in 2018, Mailpac Local is an online shopping platform that uniquely connects local suppliers to consumers. The platform allows Jamaican consumers to receive same day and next day delivery of all goods sold at local retailers such as PriceSmart, Hi-Lo Food Stores and The Stationery Centre.

Modelled from online grocery companies such as Amazon Fresh and Instacart, Mailpac Local uses the latest in 'aisle shopping technology' to make it quick and easy for shoppers to virtually browse the aisles of a store, fill a shopping cart with goods and have them delivered to their doorsteps shortly thereafter. The platform also allows users to "save" their most recent shopping cart so that re-ordering is easier. In addition, every online shopper is paired with a personal in-store concierge who will call the client to clarify their order or make changes where required. The service also includes island wide delivery and online payment.

On top of the platform's convenience and ease of use, Mailpac Local guarantees the lowest prices in the market through its price-matching policy. If customers find products cheaper with any other vendor, Mailpac Local will match or beat the comparative price.

In July 2022, the strategic decision was taken to merge Mailpac's infrastructure with that of industry competitor, Virtual Mart, to offer customers a more robust and efficient service. The merger saw the operators of Virtual Mart executing end-to-end order fulfillment on behalf of Mailpac Local. Customers continued to place orders online at www.mailpaclocal.com and have access to an even wider variety of products from grocery store suppliers, in addition to the usual PriceSmart offerings.

Amalgamating the technology, logistics infrastructure and industry know-how of both companies created the largest and most efficient online shopping platform for groceries and household items in Jamaica. With enhanced economies of scale, the customer base benefitted from more options, more efficiency and the best service in the market.

BARREL ORDERING AND DELIVERY - PACK YUH BARREL (PYB!)

The company launched PYB! in November 2022 in alignment with our continued focus on introducing cost-effective online shopping solutions to various segments of the consumer base. The brand is the Caribbean's first online end-to-end barrel packing and shipping platform that allows consumers to shop for personal items online and seamlessly 'pack a barrel' to be shipped to Jamaica.

The customer would simply 'start a barrel' at packyuhbarrel.com, pick the barrel size that suits their needs, send the items to their unique 'barrel address', and wait for final delivery. The items, once received at our warehouse in Florida, are packed in a barrel by the PYB! team and, once full, shipped via sea freight, cleared through customs, and delivered directly to the recipient. The barrel attracts one low, flat fee to clear through customs.

We see PYB! as the natural evolution of the barrel packing phenomenon which has long held a strong place in the economic culture of Jamaicans, both locally and across the diaspora. The solution uses technology to provide a simple, transparent method of barrel packing that completely removes the hassle of running around to purchase in-store and transporting a barrel to an ocean freight company.

We are encouraged by the number of signups on the PYB! platform to date, and continue to refine the offering to achieve more significant customer conversions.

Board of Directors

Khary Robinson is the Executive Chairman of Norbrook Equity Partners ("NEP"), a holding company that acquires and operates privately owned businesses in emerging and niche markets. Today, NEP owns and operates twenty companies in the Caribbean. These businesses are very diversified in terms of industry and scope and include the local leader in e-commerce fulfilment (Mailpac), the largest private transaction processing company in Jamaica (ePay), the island's largest health and wellness platform (Express Fitness), Jamaica's leading player in ice manufacturing and distribution (Pure National Limited), the leader in ice manufacturing and distribution and the second largest water provider in the Dominican Republic (Grupo Alaska), the Jamaican arm of the world's largest car rental company (Hertz), a leading multi-service creative hub that offers event production, entertainment, graphic design, communication and digital solutions (SNB Creative Group), Jamaica's fastest growing water provider (JamAgua) and several other industry leading platforms in Jamaica.

On founding NEP in 2008, Mr. Robinson was responsible for transaction execution, business development, strategy, finance and operations across the group. In 2016, he moved into his current role of Executive Chairman, where he spends the majority of his time developing and executing group initiatives, either through the identification and execution of new acquisitions, or developing and strategizing growth strategies for the existing portfolio. Today, Mr. Robinson works closely with the NEP's Group CEO as well as the business managers of each business line to ensure the effective execution of the stated strategy for each company and the group as a whole.

Prior to establishing NEP, Mr. Robinson worked as an investment banker for Goldman Sachs, Citigroup and Bank of America Securities. During his tenure, he analysed various financial markets, companies and acquisition candidates for corporate clients undertaking financing and M&A transactions.

Mr. Robinson studied economics at Georgetown University and graduated with honours, attaining a Bachelor of Science in Finance and Management. There he was awarded with the prestigious Arthur Ashe Student-Athlete award. He received his MBA from the Wharton School in May 2007, with a major in Finance and Entrepreneurial Management. He has also been recognised for his achievements and was awarded the Goldman Sachs Fellowship, the Joseph P. Wharton Fellowship, the Executive Leadership Council Award as well as the Shils-Zeidman Entrepreneurial Fellowship at Wharton. Mr. Robinson is also a member of the Young Presidents Organization (YPO), NextGen network of executives and the Council of Urban Professionals (CUPA).

Khary Robinson
Executive Chairman

Dr. Mark Gonzales, Chief Executive Officer of Mailpac Group, has led the Company as General Manager and CEO for over 18 years and has over 25 years of impeccable professional experience in e-commerce, international trade, business management, supply chain management, logistics and customs administration.

The origin for his role in the e-commerce and courier industry started with his career at the Jamaica Customs Department. During his tenure there, Dr. Gonzales gained tremendous experience in almost all aspects of customs processes and procedures, equipping him with the knowledge to provide expert advice on customs and trade operations as he moved to Mailpac. His participation in industry training programmes and seminars, both locally and internationally, further honed his expertise in international trade and business administration.

Beyond Dr. Gonzales' role in managing one of the largest international courier services in the region, he also serves on various company boards. Dr. Gonzales is currently the President and Founding Member of the E-Commerce Couriers' Association of Jamaica, a Director on the Board of Directors of GSB Cooperative Credit Union (which later became First Heritage Cooperative Credit Union - FHCCU), a Director on the Board of Directors of Creative Production and Training Centre Ltd (CPTC) and Governor on the Board of Governors of Media Technology Institute (MTI).

Dr. Gonzales earned his PhD in Business Administration from the Atlantic International University, received his MBA in Business Administration from The University of New Orleans and holds both a BSc and an Associate Degrees in Business Administration. An academic at heart, he also completed a Bachelor of Law LL.B (Hons.) from the University of the West Indies (Mona).

In addition to his passion for the growth and development of the e-commerce industry, Dr. Gonzales' sense of philanthropy, service and volunteerism are expressions of his human spirit. He is a Justice of the Peace, and he has served in various executive capacities, including that of President of the (former) Lay Magistrates' Association of Jamaica, Kingston Chapter. He now serves as Chairman on the Interim Board of the recently established (2021) Justices of the Peace Jamaica (JPJ), Kingston Association. With a curious mind and the zeal for life-long learning, he continues to contribute to the education sector by serving as a Director on the Board of Governors of the Liguanea Preparatory School.

Dr. Mark Gonzales
Director and Chief Executive Officer

Mr. Pearce currently serves as Chief Executive Officer of Norbrook Equity Partners. In his current role, he is responsible for all areas of the Group and its portfolio companies. This includes all the central support services that Norbrook provides to each of its portfolio companies - Finance, Accounting, Human Resources, Logistics and Administration.

Previously, Mr. Pearce was Manager of Investment Banking for NCB Capital Markets Limited, the investment banking arm of the NCB Group, where he was responsible for deal origination and structuring with a focus on private equity and real estate transactions. He joined NCB Capital Markets in 2013 to lead the firm's regional private equity investment initiative.

Prior to joining NCB, Mr. Pearce was Senior Investment Manager for the Caribbean Investment Fund, L.P., the first pan-Caribbean private equity fund dedicated exclusively to making investments in the CARICOM Region. He also worked with Jamaica Producers Group, where he managed finance and logistics for the Caribbean snack food business.

Garth Pearce
Director

Mr. William Craig is the Executive Chairman of BCMG Insurance Brokers. He is responsible for providing strategic direction in setting and implementing the company's mandate and strategy. Formerly the CEO of Billy Craig Insurance Brokers, Mr. Craig has worked in the insurance industry for over 25 years after an extensive career in the local banking industry. Under his stewardship as CEO, the revenue of Billy Craig grew by over 300% and stamped his legacy in the journals of the insurance industry.

Mr. Craig brings a wealth of experience to his current roles having held key management positions in Insurance and Banking. He holds a Bachelor of Economics from Clemson University. His vision is to create the kind of insurance broker that is first of its kind in the Caribbean with a forward-thinking team that values excellence in execution and building and maintaining relationships.

Mr. Craig is passionate about transforming people's lives. He has served as Past President of the Jamaica Insurance Brokers Association (JIBA), Director of the Montego Bay Chamber of Commerce (MBCC) and Past Director of the Cornwall Regional Hospital. He currently serves on the Boards of Mailpac Group, Social Core Group and Cargo Handlers Limited and is an active member of the Young Presidents Organization. His passion for education and social causes fuels his dream to ensure that BCMG Insurance Brokers is an organisation that is the #1 insurance broker to work for and serve Jamaica.

William Craig
Independent, Non-Executive Director

Tracy-Ann Spence is the Executive Vice President and Chief Investment Officer at Sagicor Group Jamaica Limited, where she has strategic oversight for Sagicor Investments Jamaica and Group Treasury & Asset Management. Prior to joining Sagicor, she worked with the NCB Financial Group for 20 years, with her most recent role as Chief Operating Officer at NCB Capital Markets Limited.

She has been working in the financial industry for over 20 years and counts a BSc in Applied Mathematics from York University in Toronto, an MBA in Banking and Finance (with distinction) from the University of the West Indies and a Project Management Professional (PMP) Certification from the Project Management Institute among her educational achievements. She has also completed the "Director's Strategic Guide to Corporate Governance and Leadership" offered by the Jamaica Stock Exchange.

Tracy-Ann currently sits on the boards of the Jamaica Association for the Deaf, tTech Limited, Mailpac Group Limited, the Jamaica Stock Exchange and Salada Foods Jamaica Limited.
She is an avid supporter of life-enhancing opportunities for young people and values her role as a mentor to young adults. She was a mentor in the Youth Upliftment Through Employment programme and taught adult literacy with the Adult Learning Centre and Jamaica Foundation for Lifelong Learning. She also previously served on the board of the NCB Foundation.

She enjoys imparting her knowledge and did this as an adjunct lecturer at the Mona School of Business & Management, University of the West Indies, where she lectured in Financial Management in the MBA and EMBA programmes for a few years.

Tracy-Ann Spence
Independent, Non-Executive Director

Stephen Greig
Company Secretary

Stephen Greig is the Managing Partner of Mills Bellamy Greig and holds an LL.B degree from the University of the West Indies and a Legal Education Certificate from the Norman Manley Law School.

Mr. Greig's legal practice includes Media, Entertainment, Intellectual Property, Conveyancing, Corporate and Commercial Law, Copyright, Patents and Trademarks. His experience includes that of over nineteen (19) years as in-house Attorney-at-Law and Company Secretary for the RJR Communications Group which involved representation of complex legal issues, company secretarial regulatory duties with the Jamaica Stock Exchange and managing the intellectual property portfolio for the largest media company in the English-speaking Caribbean.

He currently sits as Company Secretary for the Mailpac Group, 138 Student Living Ltd, KLE Group and Everything Fresh (listed companies on the Jamaica Stock Exchange), DRT Communications, SiFi Studios (Keez), Coldbush Organics (Mt Pleasant Chocolatiers), Powell Interactive (Quickplate) and the Kiwanis Club of Kingston Police Trust.

Among other associations, Mr. Greig is a member of the Council of the PSOJ, the PSOJ Corporate Governance Committee, the Board of Trustees of the PSOJ Pension Scheme, Vice President Kiwanis Club of Kingston, the Jamaica Bar Association, the Jamaica Bar Association Intellectual Property Committee, the Jamaica Bar Association Telecommunication, Broadcasting & Technology Committee and the Jamaica Film and Television Association (JAFTA).

Mr. Greig is a graduate of the Jamaica Stock Exchange/PSOJ professional development programme, A Director's Guide to Corporate Governance and Leadership.

12 Gifts of Christmas Promotion

DIRECTORS' REPORT

The Directors of Mailpac Group Limited are pleased to present their Report together with the Audited Financial Statements of the Company for the year ended December 31, 2023.

FINANCIAL HIGHLIGHTS

	YEAR ENDED (December 2023) $	YEAR ENDED (December 2022) $
REVENUES	1,674,359,980	1,686,568,861
GROSS PROFIT	809,962,860	821,139,601
OPERATING EXPENSES	490,756,753	462,099,860
NET INCOME	260,139,248	308,035,297
EARNINGS PER SHARE	0.10	0.12

$1.7 Billion & $ 810 Million

For the year, the Company achieved total revenue of $1.7 billion, accompanied by a gross profit of $810 million. Total operating expenses amounted to $490.8 million, encompassing investments in business expansion, such as heightened marketing endeavors, new location rentals, and ventures into the broader price-conscious market segment.

$ 260.1 Million

Net income for the year stood at $260.1 million.

$ 674.9 Million

Total assets at the end of the year were at $674.9 million, with $198.8 million of cash on the balance sheet. Shareholder's equity stood at $562.7 million, this figure being impacted by the $275.0 million in dividends paid out by the Company in 2023.

DIRECTORS

Directors of the Company as at December 31, 2023

- KHARY ROBINSON – Executive Chairman
- DR. MARK GONZALES – Executive Director & CEO
- GARTH PEARCE – Director
- TRACY-ANN SPENCE – Independent, Non-Executive Director
- WILLIAM CRAIG – Independent Non-Executive Director

AUDITORS

The audited financials for Mailpac Group for period ended December 31, 2023 were prepared by CrichtonMullings & Associates of 80 Lady Musgrave Road, Kingston 6, St. Andrew.

DIVIDENDS

Two dividends of $0.07 cents and $0.04 cents per share were paid to Company shareholders on June 7, 2023, and September 12, 2023 respectively.

Khary Robinson
Executive Chairman, Mailpac Group Limited

MANAGEMENT TEAM

Dr. Mark Gonzales
Chief Executive Officer (CEO)

Please see profile on Page 15 under Board of Directors.

Samantha Ray
Chief Operations Officer (COO)

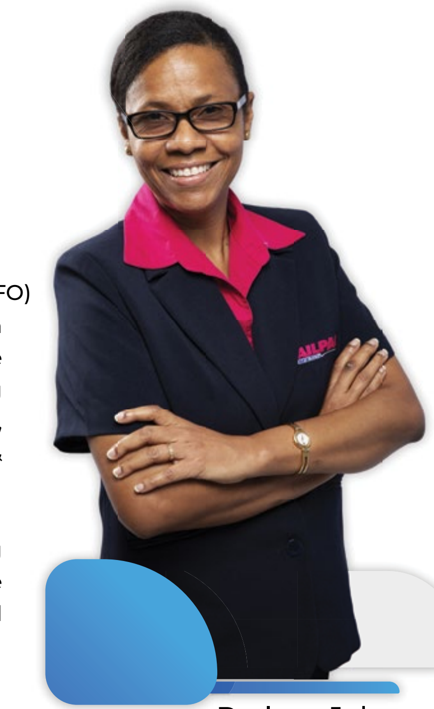
Ms. Ray has been employed to the Norbrook Group since 2011, where her main focus has been on overseeing the day-to-day operations of Mailpac, which include operations and marketing.

Before assuming her role as COO, she was the Executive VP for Marketing for Norbrook, where her role involved the development and execution of marketing initiatives across the Group. Ms. Ray graduated with a B.Sc. in Psychology from the University of the West Indies.

Christeen Allen
Chief Financial Officer (CFO)

Ms. Allen has over 20 years' experience in accounting and is currently responsible for the financial reporting and accounting controls for MGL. Prior to joining Mailpac, she honed her accounting skills at GC & Associates Limited.

Ms. Allen is a Certified Accounting Technician (CAT) designated by the Association of Chartered Certified Accountants (ACCA)



Darlene Johnson
Customer Service Manager

Mrs. Johnson is the Customer Service Manager of MGL and served in the same capacity for over 17 years with Mailpac Services. She is a certified customer service professional with more than 34 years of experience at both the administrative and managerial levels that have spanned the fields of accounts, operations and customer service.

Her experience was gained through working in several fields, including the automotive, regulatory and service industries. She holds a diploma in Financial Management & Accounting from the University College of the Caribbean.

Tommy Walters
Importation Manager

Mr. Walters is responsible for supervising the importation process of the shipments received from Miami. This includes ensuring that the proper procedures and protocols relating to customs are observed and overseeing the sorting and distribution to the various locations. He is also tasked with resolving issues related to package delivery errors.

Mr. Walters has been performing in this capacity for 21 years throughout the various acquisitions that led to the formation of MGL. He spent his early years working as a customs broker clerk with Jamaica Air Express.

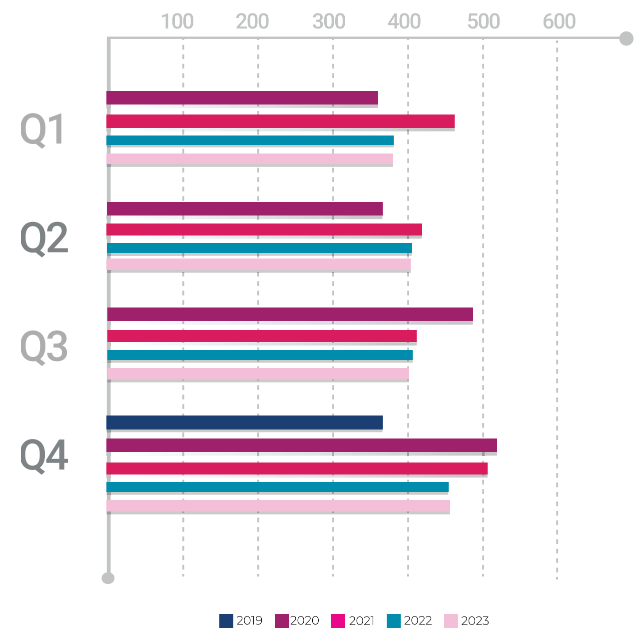
MANAGEMENT DISCUSSION & ANALYSIS

The following Management Discussion and Analysis ("MD&A") is provided as a supplement to and should be read in conjunction with the Mailpac Group Limited 2023 audit, the historical financials and the accompanying notes starting on page 43. Amounts and percentages may not total due to rounding.

FINANCIAL PERFORMANCE

REVENUES

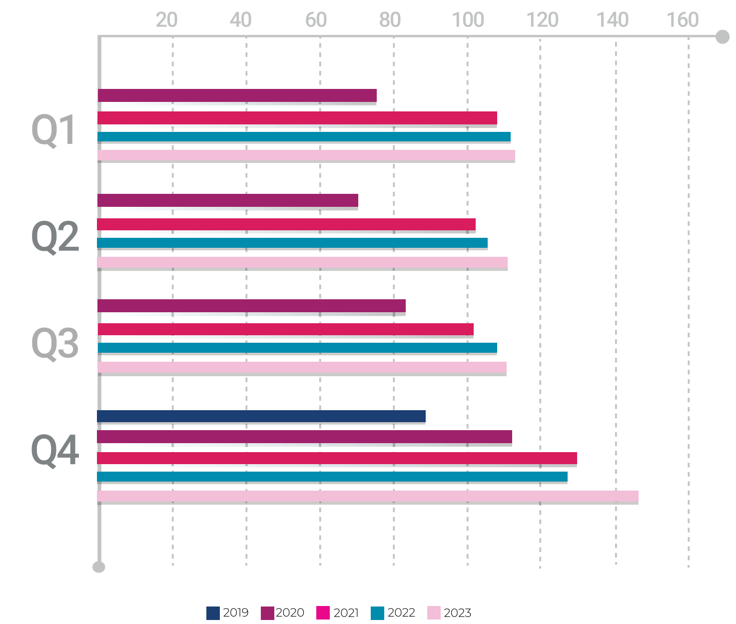
Total revenues for the 2023 financial year were $1.67 billion, which is 0.7% lower than the previous year. This decline was primarily driven by the continued segmentation of the local online shopping market base and a notable decrease in revenue from Mailpac Local due to industry shifts.



Revenue by Quarter (in Millions)

OPERATING EXPENSES

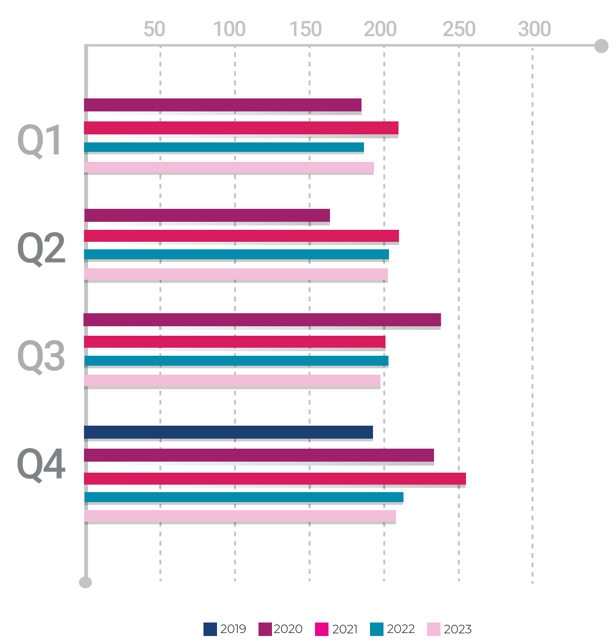
Operating expenses for the 2023 year were $490.8 million, representing a 6.2% increase compared to the previous year. This rise can be attributed to strategic investments in the growth of the business, including increased marketing efforts, the rental of new locations, and investments in entering the broader price-conscious market segment.



Operating Expenses by Quarter (in Millions)

GROSS PROFIT

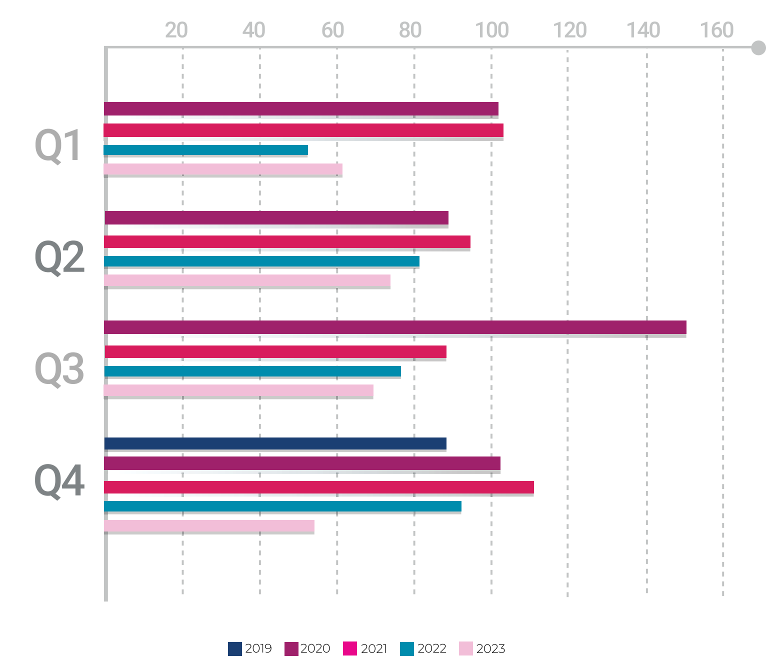
Gross profit was $809 million for the year, representing a decrease of 1.4% from the previous year. However, for Q4 2023, gross profit saw a significant increase of 11% compared to 2019, signaling positive momentum.



Gross Profit by Quarter (in Millions)

NET INCOME

Net income for the year stood at $260.1 million, which represents a 15.5% decrease over 2022. Despite this decrease, we remain optimistic about our profitability for the 2024 financial year. We are actively pursuing initiatives to broaden and diversify our customer base and reduce overhead costs through both organic initiatives and acquisition synergies.



Net Income by Quarter (in Millions)

FINANCIAL POSITION

Total assets at the end of the year stood at $674.9 million, with $198.8 million of cash on the balance sheet. Shareholder's equity stood at $562.7 million, impacted by the $275.0 million in dividends paid out by the Company in 2023.

OUTLOOK

Looking ahead to the next financial year, we are committed to implementing strategies that will drive growth and enhance profitability. Our focus will be on:

1. Customer Base Expansion: We will continue efforts to broaden and diversify our customer base through targeted marketing initiatives and enhanced customer engagement strategies.

2. Cost Optimization: We remain dedicated to optimizing our cost structure through efficiency improvements and prudent cost management practices.

3. Innovation and Customer Relationship Management: We are committed to nurturing customer relationships to enhance satisfaction and loyalty. Through innovation and product development, we will anticipate market trends and effectively address the evolving needs of our customers, ensuring that we remain their trusted partner of choice.

In conclusion, while we acknowledge the challenges faced in the past year, we are confident in our ability to navigate through them and emerge stronger. We remain steadfast in our commitment to creating long-term value for our shareholders and look forward to the opportunities that lie ahead.

Mailpac Group Limited is committed to high standards of governance. The Company's board of directors implements the corporate strategy and manages the company to the benefit of all stakeholders.

BOARD OF DIRECTORS' COMPOSITION

The Board is comprised of five members who are qualified, objective, committed and possess diverse skill sets to effectively discharge their duties. The Board officials met six times for the year with three ad hoc procedures (Round Robin Resolutions) adopted for urgent matters.

ATTENDANCE RECORDS OF DIRECTORS

	BOARD MEETING	08.02.2023	28.03.2023	03.05.2023	11.08.2023	02.11.2023	04.12.2023
KHARY ROBINSON	6	✓	✓	✓	✓	✓	✓
GARTH PEARCE	6	✓	✓	✓	✓	✓	✓
TRACY-ANN SPENCE	6	✓	✓	✓	✓	✓	✓
WILLIAM CRAIG	6	✓	✓	✓	✓	✓	✓
MARK GONZALES	6	✓	✓	✓	✓	✓	✓

THE BOARD HAS CONSTITUTED TWO COMMITTEES:

AUDIT AND COMPLIANCE COMMITTEE

An Audit Committee charged with assisting the board of directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal controls, risk management, the internal and external audit processes and the Company's compliance with legal, financial regulatory and statutory reporting requirements.

	AUDIT MEETINGS	08.02.2023	28.03.2023	03.05.2023	11.08.2023	02.11.2023
TRACY-ANN SPENCE	5	✓	✓	✓	✓	✓
GARTH PEARCE	5	✓	✓	✓	✓	✓
WILLIAM CRAIG	3			✓	✓	✓

CORPORATE GOVERNANCE AND REMUNERATION COMMITTEE

The Corporate Governance and Remuneration Committee has the responsibility of overseeing all governance requirements for the Company and determining the remuneration framework of each member of the Executive Management Team, including bonus entitlements where applicable. The Committee will also review fees payable to non-executive Directors and make the necessary recommendation to the Board as required.

The Committee acts to ensure that the Company adheres to its Corporate Governance (CG) framework as outlined in its Board Charter, the Companies Act (2004) and other applicable laws, regulations and the Jamaica Stock Exchange (JSE) Rules. The Committee is committed to maintaining the highest level of transparency, accountability and integrity in all its operations and will monitor the maintenance of high ethical standards of all employees and directors.

	CORP GOV & REMUNERATION MEETINGS	15.03.2023	28.07.2023	11.08.2023	02.11.2023
WILLIAM CRAIG	4	✓	✓	✓	✓
TRACY-ANN SPENCE	4	✓	✓	✓	✓
KHARY ROBINSON	4	✓	✓	✓	✓

The company's Corporate Governance Guidelines policy is available on the company's website: www.mailpacgroup.com.

Shareholders who have queries can direct them to the Investor Relations Officer c/o 109 Old Hope Road, Kingston 6 and/or email info@mailpac.com.

Shareholders wishing to request a copy of the minutes of the last Annual General Meeting can send written correspondence to the Investor Relations Officer at the address and/or email address indicated above.

RISK MANAGEMENT

Operating Mailpac Services and Mailpac Local requires a certain degree of measured risk to generate value for shareholders. E-commerce is one of the fastest growing industries in our local and global economy, introducing myriad opportunities as well as exposure. Therefore, our team continually monitors existing risks in our industry and evaluates potential ones in order to mitigate liability.

OPERATIONAL RISK MANAGEMENT

Operational risk is the risk of the Company experiencing loss due to inadequate internal processes, people, systems or external events. MGL's continual review of processes to identify vulnerabilities and introduce solutions controls this potential exposure. This is further broken down in the risks below.

KEY PARTNER

The Company's operations as it relates to across borders e-commerce fulfilment services are dependent on the Aeropost Agreement. Any changes or disruptions to this agreement could materially impact the Company's operations. As such, this agreement has been negotiated for a long term, with options for automatic renewal. Additionally, the terms of the agreement are strictly adhered to, to ensure there are no breaches or misunderstandings between the two parties.

LOGISTICS RISKS

The Company relies on third party freight services providers to transport packages from Miami. Any disruptions to their services might impact MGL's service to customers, thereby negatively impacting both the operations and reputation of MGL. The Company mitigates against this by utilizing multiple airlines for transporting freight.

SAFETY AND SECURITY REGULATIONS

The Company operates in both the United States and Jamaica and, hence, any security or safety measures put in place at the points of entry and exit into either or both countries can affect the operations of the Company. MGL's management continuously monitors any changes in these regulations to make certain that operational changes are made to ensure compliance without affecting the functioning of the business.

IMPORT LEGISLATION

The Company imports items on behalf of customers, and the cost to the customer is dependent on changes to the prevailing tariff regime from time to time. Any increase in import duties would have an adverse impact on the volume of items being purchased by customers online.

INFORMATION TECHNOLOGY RISKS

The continuous and efficient operations of the Company are highly dependent on software, and any disruptions to these systems or any security breach could adversely impact the Company's ability to provide uninterrupted or delayed service to customers. The systems operated by both Aeropost and MGL are secured by reputable companies both locally and internationally, and this has ensured that the appropriate security measures are in place to mitigate against such actions.

RISK OF GROWTH IN COMPETITION

There is a low barrier to entry in the market for local e-commerce providers as well as direct to consumer options from major e-commerce providers. With Mailpac Local, while there is also a low barrier to entry for PriceSmart to offer the same shopping conveniences to its existing members, our service extends PriceSmart savings to non-members who otherwise would not have been shoppers there. Mailpac's commitment to innovation, strong customer service, inclusivity and competitive pricing continues to reinforce its positioning as the leading provider in the Jamaican market.

FINANCIAL RISKS

The evaluation and explanation of how the Company mitigates against financial risks, including credit risk, liquidity risk, market risk and cash flow risk, can be found in the Audited Financial Statements starting on page 43.

DISCLOSURE OF SHAREHOLDINGS

Shareholdings of Directors, Senior Managers and Top Ten Shareholders as at December 31, 2023.

TOP 10 SHAREHOLDERS

PRIMARY ACCOUNT HOLDER	JOINT HOLDER	DIRECT HOLDINGS	VOLUME	% OF ISSUED SHARES
NORBROOK EQUITY PARTNERS LTD	•	1,815,000,000	1,815,000,000	72.60%
JCSD TRUSTEE SERVICES LIMITED A/C BARITA UNIT TRUST CAPITAL GROWTH FUND	•	78,583,637	78,583,637	3.14%
MF&G ASSET MANAGEMENT LTD. JAMAICA INVESTMENTS FUND	•	62,052,750	62,052,750	2.48%
BARITA INVESTMEMT LTD-LONG A/C (TRADING)	•	59,174,061	59,174,061	2.37%
JCSD TRUSTEE SERVICES LTD SIGMA GLOBAL VENTURE	•	45,583,878	45,583,878	1.82%
PAM - POOLED EQUITY FUND	•	45,273,512	45,273,512	1.81%
JMMB FUND MANAGERS LTD. T1- EQUITIES FUND	•	25,000,000	25,000,000	1.00%
SJIML A/C 3119	•	14,633,588	14,633,588	0.59%
BALJIT DEOL	•	12,686,500	12,686,500	0.51%
MARK JOSE GONZALES	•	10,197,235	10,197,235	0.41%

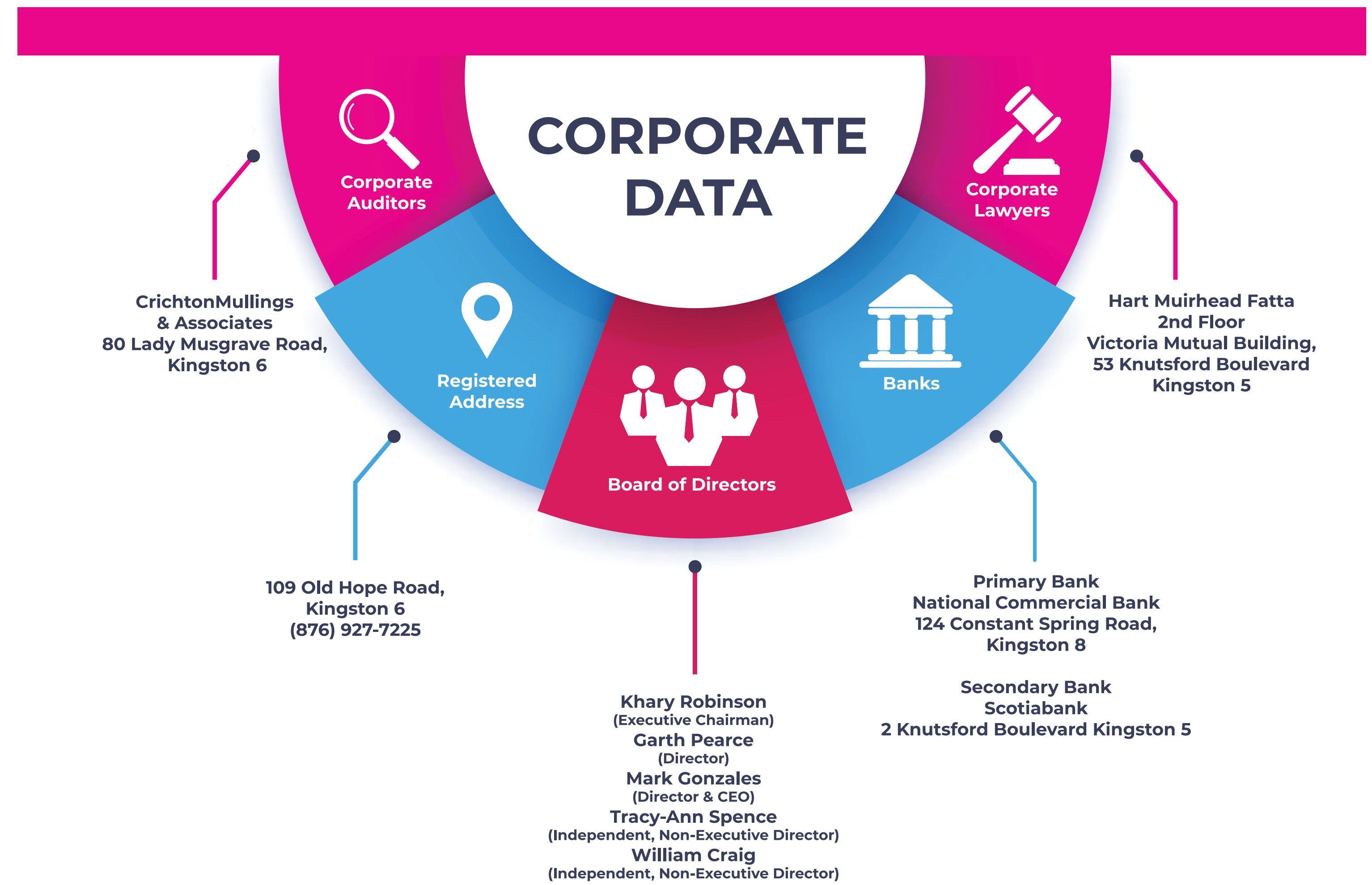
Total Issued Capital: **2,500,000,000**
Total Units Owned by Top Ten Shareholders: **2,168,185,161**
Percentage Owned by Top Ten Shareholders: **86.7274%**

DIRECTORS

PRIMARY ACCOUNT HOLDER	CONNECTED PARTIES	DIRECT HOLDINGS	VOLUME	% OF ISSUED SHARES
KHARY ROBINSON NORBROOK EQUITY PARTNERS LIMITED LENNOX ROBINSON MARCIA ROBINSON	1,815,000,000 3,069,611 2,855,600	•	1,820,925,211	72.83%
GARTH PEARCE NORBROOK EQUITY PARTNERS LIMITED	1,815,000,000	•	1,815,000,000	72.60%
MARK JOSE GONZALES	•	10,197,235	10,197,235	0.41%
TRACY-ANN N. SPENCE	•	4,128,207	4,128,207	0.17%
WILLIAM A. CRAIG	•	4,000,000	4,000,000	0.16%
STEPHEN GREIG	•	126,000	126,000	0.01%

SENIOR OFFICERS

PRIMARY ACCOUNT HOLDER	CONNECTED PARTIES	DIRECT HOLDINGS	VOLUME	% OF ISSUED SHARES
MARK JOSE GONZALES	•	10,197,235	10,197,235	0.4078%
SAMANTHA RAY	•	4,650,000	4,650,000	0.1860%
CHRISTEEN MARLINE ALLEN	•	277,500	277,500	0.0111%
TOMMY WALTERS	•	3,316	3,316	0.0001%



For 2023, the Company continued its commitment to both Sports and Community Development & Education.

CONTRIBUTION TO SPORTS IN 2023

We view contribution to sports as a direct commitment to providing our young athletes with a channel through which they can expand their opportunities to compete at a professional level. Sporting excellence can lead to the recognition that our young athletes need to develop meaningful careers in sports and sport-related fields. The 2023 recipients of sports-related donations in service, kind and cash are as follows:

- American International School of Kingston
- Ballaz International Group Limited
- Campion College Dance Society
- Mona Preparatory School
- Portmore United Football Club
- Rugby League Jamaica
- Tennis Jamaica
- Sports Innovators Group

CONTRIBUTION TO COMMUNITY DEVELOPMENT & EDUCATION IN 2023

Economic squeeze continues to be a harsh reality for an astounding number of Jamaican communities, and in 2023 we extended our support for community development.

The 2023 recipients of community- and education-related donations in service, kind and cash are as follows:

- Barking Lodge Primary & Infant School
- Christmas in Riverton
- Kiwanis Club of Constant Spring
- University of the West Indies, Jamaica

AUDITED FINANCIAL STATEMENTS

CONTENTS

CrichtonMullings & ASSOCIATES
Certified Public Accountants | Chartered Accountants | Consultants

Leary Mullings
FCA, FCCA, CPA, MBA
Senior Partner

Rohan Crichton
FCA, CPA MActg
Senior Partner

CrichtonMullings & Associates
Florida: (954) 862-2250
Atlanta: (770) 320-7786
Jamaica: (876) 946-1274
admin@crichtonmullings.com
http://crichtonmullings.com/

INDEPENDENT AUDITOR'S REPORT

To the members of
MAILPAC GROUP LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Mailpac Group Limited (the “Company”), which is comprised of the statement of financial position as at December 31, 2023, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2023, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Jamaican Companies Act (the "Act").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements section of our report*. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report (cont'd)

To the members of
MAILPAC GROUP LIMITED

Key Audit Matters (cont'd)

Key audit matter	How the matter was addressed in our audit
Intangible assets impairment assessment	
The Company has intangible assets of $236.76 million arising from the acquisition of the net assets of Mailpac Local Limited and Mailpac Services Limited, which represents 35% of the total assets as at the year end.	Our audit procedures to address the key audit matter relating to the impairment of intangible assets assessment included the following:
The annual impairment assessment requires management's judgement and estimation in determining estimated future earnings from the operation, taking into consideration inflation rate, growth rate and other underlying assumptions.	• We have reviewed management's assertions, including the identification of the underlying cash generating assets.
	• We have assessed and reviewed the operation's historical performance and compared actual results to the approved budget. The analysis of the external and internal environments was taken into account in the assessment of the overall performance.
	Based on the procedures performed, management's assessment of intangible assets impairment appears reasonable.

Other Information

Management is responsible for the other information. The other information comprises information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Independent Auditor's Report (cont'd)

To the members of
MAILPAC GROUP LIMITED

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS and the Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company, or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditor's report. This description, which is located at page 4, forms part of our auditor's report.

Report on additional matters as required by the Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Act, in the manner required.

The engagement partner on the audit resulting in this independent auditor's report is Rohan Crichton.

CrichtonMullings & Associates
Chartered Accountants

Kingston, Jamaica
March 28, 2024

Independent Auditor's Report (cont'd)

To the members of
MAILPAC GROUP LIMITED

Appendix to the Independent Auditor's Report

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

MAILPAC GROUP LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	Note	2023 $	2022 $
ASSETS			
Non-current Assets			
Property, plant and equipment	5	144,050,706	137,104,195
Right of use assets	6	41,507,368	43,188,802
Intangible assets	7	236,761,231	238,600,706
Total non-current assets		422,319,305	418,893,703
Current Assets			
Due from related companies	8	730,724	590,191
Trade and other receivables	9	53,036,725	58,749,849
Cash and cash equivalents	10	198,846,170	209,478,205
Total current assets		252,613,619	268,818,245
TOTAL ASSETS		674,932,924	687,711,948
EQUITY AND LIABILITIES			
Equity			
Share capital	11	267,356,112	267,356,112
Retained earnings		295,372,336	310,233,088
Total equity		562,728,448	577,589,200
Non-current Liabilities			
Lease liabilities	6	24,108,815	28,854,094
Deferred tax liability	12	3,040,374	1,504,270
Total non-current liabilities		27,149,189	30,358,364
Current Liabilities			
Lease liabilities	6	21,425,561	17,893,605
Trade and other payables	13	58,382,791	58,874,150
Due to related companies	14	5,246,935	2,996,629
Total current liabilities		85,055,287	79,764,384
TOTAL EQUITY AND LIABILITIES		674,932,924	687,711,948

The financial statements on pages 5 to 34 were approved for issue by the Board of Directors March 28, 2024 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
YEAR ENDED DECEMBER 31, 2023

	Note	2023 $	2022 $
Revenues	4	1,674,359,980	1,686,568,861
Cost of sales	15	864,397,120	865,429,260
Gross profit		809,962,860	821,139,601
Selling and distribution costs	16	66,412,790	66,770,036
Administrative and general expenses	17	424,343,963	395,329,824
		490,756,753	462,099,860
Operating profit	18	319,206,107	359,039,741
Other income	19	3,968,438	11,619,259
		323,174,545	370,659,000
Finance and policy costs	20	61,499,193	62,422,451
Profit before taxation		261,675,352	308,236,549
Taxation charge	21	1,536,104	201,252
Net profit, being total comprehensive income for the year		260,139,248	308,035,297
Earnings per share unit for profit attributable to the equity holders of the company during the year	22	0.10	0.12

The accompanying notes form an integral part of the financial statements

MAILPAC GROUP LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2023

	Share Capital $	Retained Earnings $	Total $
Balance at December 31, 2021	267,356,112	427,197,791	694,553,903
Transaction with owners:			
Dividends	-	(425,000,000)	(425,000,000)
Net profit, being total comprehensive income for the year	-	308,035,297	308,035,297
Balance at December 31, 2022	267,356,112	310,233,088	577,589,200
Transaction with owners:			
Dividends (see note 25)	-	(275,000,000)	(275,000,000)
Net profit, being total comprehensive income for the year	-	260,139,248	260,139,248
Balance at December 31, 2023	267,356,112	295,372,336	562,728,448

The accompanying notes form an integral part of the financial statements

MAILPAC GROUP LIMITED
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

	2023 $	2022 $
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit for the year	260,139,248	308,035,297
Adjustments for items not affecting cash resources:		
Depreciation and amortization	8,384,030	8,538,578
Depreciation right of use assets	20,959,029	17,118,949
Interest expense on right of use assets	3,566,875	3,740,144
Loss on disposal of property, plant and equipment	-	876,006
(Decrease) / increase in expected credit loss	(506,870)	1,462,225
Foreign currency loss	3,765,831	1,141,234
Reclassification of work-in progress to expenses	-	3,508,710
Deferred taxation	1,536,104	201,252
	297,844,248	344,622,395
(Increase) / decrease in operating assets:		
Due from related companies	(140,534)	7,432,206
Trade and other receivables	6,219,994	6,117,826
Decrease in operating liabilities:		
Trade and other payables	(12,976,073)	(22,894,521)
Net cash provided by operating activities	290,947,635	335,277,906
CASH FLOWS FROM INVESTING ACTIVITIES		
Cost of work-in-progress	(1,571,552)	(41,055,302)
Proceed from sale of property, plant and equipment	-	163,179
Acquisition of property, plant and equipment	(11,919,515)	(9,709,344)
Net cash used in investing activities	(13,491,067)	(50,601,467)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(266,599,486)	(419,732,285)
Loan repayment to related companies	2,250,307	2,446,916
Lease liabilities, net	(23,486,200)	(20,545,526)
Net cash used in financing activities	(287,835,379)	(437,830,895)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(10,378,811)	(153,154,456)
CASH AND CASH EQUIVALENTS - Beginning of the year	209,478,205	363,813,562
Effects of movements on foreign currency bank balances	(253,224)	(1,180,901)
CASH AND CASH EQUIVALENTS - End of the year	198,846,170	209,478,205

The accompanying notes form an integral part of the financial statements

MAILPAC GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 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

(a) Statement of compliance:

The Company's financial statements for the year ended December 31, 2023 have been prepared in accordance and comply with International Financial Reporting Standards ("IFRS") and the relevant requirements of the Act.

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

The preparation of financial statements in conformity with IFRS and the Act requires management accounting estimates are recognized in the period in which the estimate is revised, if the revision date of the financial statements and the reported amounts of revenues and expenses for the year then ended. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods.

There are no significant assumptions and judgements applied in these financial statements that carry a risk of material adjustment in the next financial year.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

(b) Changes in accounting standards and interpretations:

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Company has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following interpretations and amendments are relevant to its operations:

- IAS 8 'Definition of Accounting Estimates - Amendment', issued February 12, 2021. Effective for annual periods commencing on or after 1 January 2023. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2). Effective for annual periods commencing on or after 1 January 2023. The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the International Accounting Standards Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.
- IAS 12 Amendment, 'Deferred tax related to Assets and Liabilities arising from a single transaction ', issued May 2021. Effective for periods commencing on or after 1 January 2023. These amendments require companies to recognize deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary difference.

The following new standards, amendments and interpretations, which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the Company's future financial statements:

- IAS 1 'Classification of Liabilities as Current or Non-Current- Amendment', issued January 2020. Effective for annual periods commencing on or after 1 January 2024. These amendments clarify that liabilities are classified as either current or non-current based on a right to defer settlement having substance that exists at the end of the reporting period. Classification of a liability as non-current can be made if the Company has a right to defer settlement for at least twelve months after the reporting period. The adoption of these amendments is not expected to have a significant impact on the Company.
- IFRS S1 'General Requirements for Disclosure of Sustainability - related Financial Information', issued June 2023. Effective for periods commencing on or after 1 January 2024. The amendment requires a company to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect the cash flows, its access to finance or cost of capital over the short, medium or long term.

The Board of Directors anticipate that the adoption of the standards, amendments and interpretations, which are relevant to the Company in future periods is unlikely to have any material impact on the financial statements.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

(c) Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, as well as estimates, based on assumptions, that affect the application of accounting policies, and the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts may differ from these estimates.

The estimates, and the assumptions underlying them, are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of International Financial Reporting Standards (IFRS) that have a significant effect on the financial statements and estimates with material uncertainty that have a significant effect on amounts in the financial statements or that have a significant risk of material adjustment in the next financial year are set out below:

(i) Critical accounting judgements in applying the Company's accounting policies

For the purpose of these financial statements, prepared in accordance with IFRS, judgement refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and the well-reasoned, objective and unbiased choice of the alternative that is most consistent with the principles set out in IFRS.

(a) Classification of financial assets:

The assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding requires management to make certain judgements on its business operations.

(b) Impairment of financial assets:

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of expected credit loss (ECL) and selection and approval of models used to measure ECL requires significant judgement.

(c) Depreciable assets:

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The Company applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

(c) Use of estimates and judgements (cont'd)

(i) Critical accounting judgements in applying the Company's accounting policies (Cont'd)

(d) Allowance for expected credit losses (ECL) on trade receivables:

In determining amounts recorded for impairment of financial assets in the financial statements, management makes assumptions in determining the inputs to be used in the ECL measurement model, including incorporation of forward-looking information. Management also makes estimates of the likely estimated future cash flows of impaired receivables, as well as the timing of such cash flows recoverable on the financial assets in determining loss given default. Historical loss experience is applied where indicators of impairment are not observable on individual significant receivables with similar characteristics, such as credit risks.

(ii) Key assumptions and other sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

(a) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. The company's equities are the only financial instrument that is carried at fair value, also where fair value of financial instruments approximates carrying value, no fair value computation is done.

IFRS requires disclosure of fair value measurements by level using the following fair value measurement hierarchy:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The classification of an item into the above level is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item.

The fair values of financial instruments that are not traded in an active market are deemed to be determined as follows:

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

(c) Use of estimates and judgements (cont'd)

(ii) Key assumptions and other sources of estimation uncertainty (cont'd)

(a) Fair value estimation (cont'd)

- The face value, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities include cash and bank balances, loan, trade and other payables, due to director and related parties.
- The carrying values of long-term liabilities approximate their fair values, as these loans are carried at amortised cost reflecting their contractual obligations and the interest rates are reflective of current market rates for similar transactions.

(b) Allowance for expected credit losses

The Company establishes a provision matrix to calculate ECLs for trade receivables. The provision matrix is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The determination of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of the ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

(c) Estimating the incremental borrowing rate for leases

If the company cannot readily determine the interest rate implicit in the lease, an incremental borrowing rate is used to measure lease liabilities. The incremental borrowing rate is the rate of interest that the company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate reflects what the company would have to pay, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Company estimates the incremental borrowing rate using available market interest rates.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Property, plant and equipment

All property, plant and equipment held for use in the supply of goods or services, or for administrative purposes, are recorded at historical or deemed cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied in the part will flow to the Company and its cost can be reliably measured.

The cost of day-to-day servicing of property, plant and equipment is recognized in the statement of comprehensive income as incurred.

With the exception of freehold land, on which no depreciation is provided, property, plant and equipment are depreciated on the reducing balance basis over the estimated useful lives of such assets. The rates of depreciation in use are:

Motor vehicles	20%
Computers	20%
Machinery and equipment	10%
Furniture and fixtures	10%
Leasehold improvements	2.5%

(b) Intangible assets

Intangible assets represent goodwill, contracts rights with vendors, customers, tradenames, intellectual property rights and telephone numbers. 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

(c) 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 Company applies the short-term lease recognition exemption to its short term leases (that is, those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Trade and other receivables

Trade and other receivables are stated at amortized cost less any impairment losses, if any.

(e) Related party identification

A party is related to the Company if:

(i) directly or indirectly the party:

- controls, is controlled by, or is under common control with the Company;
- has an interest in the Company that gives it significant influence over the Company; or
- has joint control over the Company.

(ii) the party is an associate of the Company

(iii) the party is a joint venture in which the Company is a venturer;

(iv) the party is a member of the key management personnel of the Company

(v) the party is a close member of the family of an individual referred to in (i) or (iv) above

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v) above.

(vii) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any company that is a related party of the Company.

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

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and with banks and term deposits.

(g) Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(h) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

(i) Taxation

Taxation expense represents the total of current income tax and deferred tax.

(i) Current income tax

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustments to income tax payable in respect of previous period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Taxation (cont'd)

(ii) Deferred income tax

Deferred income tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

(j) Foreign currencies

The financial statements are presented in the currency of the primary economic environment in which the Company operates (its functional currency).

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency, the Jamaican dollar, are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items, are included in the statement of comprehensive income for the period.

(k) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is recognized when control of goods passes to the customer, as contractual performance obligations are fulfilled.

(l) Impairment

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than the carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment (cont'd)

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

(m) Financial instruments

Financial instruments include transactions that give rise to both financial assets and financial liabilities.

Financial assets and liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transactions costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities (except for financial assets and financial liabilities at fair value through profit or loss where such costs are recognised immediately in profit or loss), as appropriate, on initial recognition.

In these financial statements, financial assets comprise cash and bank balances, trade and other receivables and related party receivables. Financial liabilities comprise trade and other receivables and related party balances.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Financial instruments (cont'd)

Financial assets (cont'd)

Subsequent measurement
Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade and other receivables, due from related parties and cash and bank balances.

De-recognition
A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

  When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

Impairment
The Company recognizes an allowance for expected credit losses (ECLs) on the financial instruments measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12- month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For financial assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Financial instruments (cont'd)

Financial assets (cont'd)

Impairment (cont'd)
The Company considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement
The Company's financial liabilities, comprising loans and accounts payable, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognized in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

(n) Employee benefits
Employee benefits are all forms of consideration given by the Company in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, statutory contributions, vacation leave, non-monetary benefits such as medical care; post-employment benefits such as pensions; and other long-term employee benefits such as termination benefits.

Employee benefits that are earned as a result of past or current service are recognized in the following manner:

- Short-term employee benefits are recognized as a liability, net of payments made, and charged to expense. The expected cost of vacation leave that accumulates is recognized when the employee becomes entitled to the leave.

(o) Provisions
Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

(p) Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(q) Dividends
Dividends on ordinary shares are recognized in shareholders equity in the period in which they are approved by the Board of Directors.

(r) Comparative information
Where necessary, comparative figures have been reclassified and or restated to conform to changes in the current year.

4. REVENUES

Revenues represent the value of goods and services sold to third parties, excluding discounts, rebates and general consumption tax. Revenue is earned from the provision of local and international courier and mail order services as well as from the sale of food beverages and household supplies from its online platform.

5. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvement	Furniture and Fixtures	Machinery and Equipment	Motor Vehicles	Work-in Progress	Total
At Cost/Valuation:						
Balance as at December 31, 2021	65,114,395	8,571,816	18,279,183	5,617,737	6,883,732	104,466,863
Disposal	-	-	(1,489,351)	-	-	(1,489,351)
Transferred from work-in-progress	-	5,161,574	368,750	-	(5,530,324)	-
Reclassified to expenses	-	-	-	-	(3,508,710)	(3,508,710)
Additions	2,964,766	737,360	6,007,218	-	41,055,302	50,764,646
Balance as at December 31, 2022	68,079,161	14,470,750	23,165,800	5,617,737	38,900,000	150,233,448
Additions	2,824,853	476,325	8,618,337	-	1,571,552	13,491,067
Balance as at December 31, 2023	70,904,014	14,947,075	31,784,137	5,617,737	40,471,552	163,724,515
Accumulated Depreciation:						
Balance as at December 31, 2021	2,198,384	776,036	2,075,270	1,830,632	-	6,880,322
Disposal	-	-	(450,166)	-	-	(450,166)
Charge for the period	1,593,041	1,287,157	3,061,478	757,421	-	6,699,097
Balance as at December 31, 2022	3,791,425	2,063,193	4,686,582	2,588,053	-	13,129,253
Charge for the year	1,648,765	1,261,751	3,028,103	605,937	-	6,544,556
Balance as at December 31, 2023	5,440,190	3,324,944	7,714,685	3,193,990	-	19,673,809
Net book value:						
At December 31, 2023	65,463,824	11,622,131	24,069,452	2,423,747	40,471,552	144,050,706
At December 31, 2022	64,287,736	12,407,557	18,479,218	3,029,684	38,900,000	137,104,195

6. RIGHT OF USE ASSETS / LEASE LIABILITIES

	Office Building
	$
At Valuation	
Balance at December 31, 2021	60,126,973
Additions	11,497,439
Balance at December 31, 2022	71,624,412
Terminated right of use asset	(18,127,075)
Additions	19,277,595
Balance at December 31, 2023	72,774,932
Depreciation charge of right of use asset	
Balance at December 31, 2021	12,470,397
Charge for the year	15,965,213
Balance at December 31, 2022	28,435,610
Depreciation on terminated right of use asset	(18,127,075)
Charge for the year	20,959,029
Balance at December 31, 2023	31,267,564
Net Book Value	
Balance at December 31, 2023	41,507,368
Balance at December 31, 2022	43,188,802

Lease Liability:

	2023	2022
	$	$
Non-current lease liability	24,108,815	28,854,094
Current lease liability	21,425,561	17,893,605

7. 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 and consist of customer contracts, lists of existing customers and other intangibles.

	2023	2022
	$	$
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 the year	5,978,294	4,138,819
Charge for the year	1,839,475	1,839,475
		-
	7,817,769	5,978,294
Balance at end of the year	236,761,231	238,600,706

8. DUE FROM RELATED COMPANIES

	2023	2022
	$	$
Norbrook Car Rentals Limited	134,799	51,153
Norbrook Home Delivery	-	8,992
Rodeon Limited	368,872	-
Norbrook Transaction Services Limited (Epay)	54,233	-
Norbrook Equity Partners Limited	57,508	38,042
Express Fitness Limited	115,312	398,293
SNB Creative Group Ltd	-	72,515
Pure National Limited	-	21,196
	730,724	590,191

These represent advances to related companies, which are unsecured, interest free and have no fixed repayment date.

9. TRADE AND OTHER RECEIVABLES

Trade receivables materially represent balance due on credit sales.

	2023 $	2022 $
Trade receivables	53,037,958	53,819,786
Less: expected credit loss provision	(6,016,823)	(6,523,693)
Net trade receivables	47,021,135	47,296,093
Deposits	3,668,998	3,179,422
Prepayments	391,444	6,640,335
Other receivables	1,955,148	1,633,999
	53,036,725	58,749,849

10. CASH AND CASH EQUIVALENTS

	2023 $	2022 $
Current accounts	198,600,932	106,513,168
Term deposit	-	102,711,098
Cash in hand	245,238	253,939
	198,846,170	209,478,205

11. SHARE CAPITAL

	2023 $	2022 $
Authorized share capital:		
No maximum share capital		
Issued and fully paid:		
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 250,000,0000 shares issued to the general public in December 2019 amounted to $250,000,000 less transaction cost of $10,038,888.

12. DEFERRED TAX LIABILITY

Certain deferred tax assets and liabilities have been offset in accordance with International Accounting Standard ("IAS") 12. IAS 12 permits the offsetting of deferred tax assets and liabilities if the entity has a legal right to settle current tax amounts on a net basis and the deferred tax amounts are levied by the same tax authority on the same entity.

	2023 $	2022 $
Deferred tax liability	3,040,374	1,504,270

Deferred tax liability is attributable to the following:

	2023 $	2022 $
Property, plant and equipment	3,079,685	1,789,578
Cash and cash equivalents	63,308	(295,225)
Trade payables	(102,619)	9,917
	3,040,374	1,504,270

The movement during the year in the Company's deferred tax position was as follows:

	2023 $	2022 $
Balance at the beginning of the year	1,504,271	1,303,018
Movement during the year	1,536,103	201,252
Balance at the end of the year	3,040,374	1,504,271

13. TRADE AND OTHER PAYABLES

	2023 $	2022 $
Trade payables	32,306,052	38,480,598
Statutory liabilities	7,439,666	7,100,112
GCT payable	228,866	109,529
Accruals	4,977,766	3,800,000
Dividend payable	8,400,514	5,267,715
Other payables	5,029,927	4,116,196
	58,382,791	58,874,150

14. DUE TO RELATED COMPANIES

	2023 $	2022 $
Pure National Limited	-	20,746
Norbrook Equity Partners	3,564,381	1,700,000
Norbrook Equity Partners Jamaica Limited	386,971	-
Norbrook Home Delivery	-	6,716
109 OHR Limited	1,295,583	1,269,167
	5,246,935	2,996,629

15. COST OF SALES

	2023 $	2022 $
Freight and brokerage	763,143,079	693,811,990
Delivery	34,126,131	37,050,363
Packaging material	2,231,100	2,847,232
On-line orders	64,896,810	131,719,675
	864,397,120	865,429,260

16. SELLING AND DISTRIBUTION COSTS

	2023 $	2022 $
Advertising	42,916,859	41,195,629
Customer welfare	538,439	149,578
Commission fees	4,253,230	3,935,252
Travel and entertainment	18,704,262	21,489,577
	66,412,790	66,770,036

17. ADMINISTRATIVE AND GENERAL EXPENSES

	2023 $	2022 $
Audit fees	3,045,000	2,730,000
Directors' emoluments	720,000	720,000
Utilities	14,880,032	17,793,334
Insurance	6,164,510	6,181,002
Irrecoverable GCT	19,244,128	16,585,048
Legal and professional fees	16,100,282	12,985,995
General office expenses	9,111,753	6,397,170
Meal and entertainment	1,542,816	377,243
Accommodation	301,694	28,831
Management fee	24,386,971	27,331,614
Repairs and maintenance	21,012,348	17,475,532
Staff welfare	20,833,424	15,964,542
Casual labour	17,626,007	15,582,107
Salaries wages and related costs	212,664,850	211,080,431
Security	22,545,353	14,869,354
Subscriptions, sponsorship and donations	5,147,775	3,112,494
Short term leases	23,049,887	16,896,257
Cleaning and sanitation	5,967,133	9,218,870
	424,343,963	395,329,824

18. OPERATING PROFIT

	2023 $	2022 $
	319,206,107	359,039,741
Stated after charging the following:		
Directors' remuneration	720,000	720,000
Auditor's remuneration	3,045,000	2,730,000

19. OTHER INCOME

	2023 $	2022 $
Interest income	1,412,070	3,404,231
Other income	2,556,368	8,215,028
	3,968,438	11,619,259

20. FINANCE AND POLICY COSTS

	2023 $	2022 $
Bank charges	25,118,217	25,853,508
Expected credit loss provision	(506,870)	1,462,225
Interest expense on right-of-use assets	3,566,875	3,740,144
Interest expense	212,079	2,680,629
Depreciation	6,544,556	6,699,103
Depreciation-right-of-use assets	20,959,029	17,118,949
Amortization	1,839,475	1,839,475
Penalties	-	90,387
Loss on disposal of property, plant and equipment	-	876,006
Unrealized gain on foreign exchange	(1,092,120)	(1,974,201)
Realized gain on foreign exchange	(1,950,597)	(2,898,812)
Unrealized loss on foreign exchange	1,782,961	3,115,435
Realized loss on foreign exchange	5,025,588	3,819,603
	61,499,193	62,422,451

21. TAXATION CHARGE

Income tax charge is computed based on the profit for the year, however, as a result of the Company's enlistment on the Jamaica Stock Exchange Junior Market effective December 4th, 2019, the Company is entitled to a 100% remission of income tax for the first 5 years and 50% remission for the following 5 years, providing that it adheres to the rules and regulations of the Jamaica Stock Exchange Junior Market.

Income tax is computed at 25% of the pre-tax profit for year, as adjusted for taxation purposes. Deferred taxation is computed at 25% for the financial year based on the applicable income tax rate for unregulated companies with effective date from January 1, 2013.

The taxation charge is made up as follows:

	2023 $	2022 $
Deferred:		
Origination and reversal of temporary differences	1,536,104	201,252

Reconciliation of effective tax rate and charge:

	2023 $	2022 $
Profit before taxation	261,675,352	308,236,549
Computed tax charge	65,418,838	77,059,137
Taxation differences between profit for financial statements and tax reporting purposes on:		
Depreciation and capital allowances	458,336	240,868
Unrealized foreign exchange gain	245,933	(694,985)
Other adjustments	(4,613,138)	(3,140,326)
Remission of income taxes	(59,973,865)	(73,263,442)
Actual tax rate and charge	1,536,104	201,252

22. 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.

	2023 $	2022 $
Net profit attributable to shareholders	260,139,248	308,035,297
Weighted average number of shares in issue	2,500,000,000	2,500,000,000
	$ 0.10	$ 0.12

23. RELATED PARTIES

(a) The following related party balances are shown separately in the Company's statement of financial position:

	2023 $	2022 $
Amounts due from related parties	730,724	590,191
Amounts due to related parties	5,246,935	2,996,629

(b) The Company's statement of comprehensive income includes the following transactions, undertaken with related parties in the ordinary course of business:

	2023 $	2022 $
(a) Corporate services - Norbrook Equity Partners	24,000,000	24,000,000
(b) Rent expense - Norbrook Equity Partners	5,279,381	3,950,000
(c) Water supply - Norbrook Water Company	128,822	348,735
(d) Meals & entertainment - Norbrook Equity Partners	1,253,963	-
(e) Water purchase - Pure National Limited	233,744	-
(f) Gym membership fees - Express Fitness Limited	771,000	991,000
(g) Rent expense - Express Fitness Limited	-	1,421,904
(h) Fuel purchase - Pure National Limited	-	279,759
(i) Rent expense-109 OHR Limited	15,500,621	8,926,496
(j) Professional fees- Norbrook Equity Partners Jamaica Limited	1,065,555	-
(k) Professional fees- SNB Creative Group	263,350	-
Transactions with key management personnel:		
Key management compensation	53,180,842	45,141,272

24. STAFF COSTS

The number of employees at the end of the year was as follows:

	2023	2022
Temporary	27	19
Permanent	96	94
	123	113

The aggregate payroll costs for these persons were as follows:

	2023 $	2022 $
Salaries and profit related pay	190,948,088	189,842,021
Statutory contributions	21,716,762	21,238,410
	212,664,850	211,080,431

25. 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.

An additional dividend of 4 cents ($0.04) per share was declared at its Board of Directors' meeting on August 25, 2023 and paid on September 12, 2023 to shareholders on record at the close of business on September 08, 2023.

26. FINANCIAL INSTRUMENTS

Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Cash flow risk

The Board of Directors, together with senior management has overall responsibility for the establishment and oversight of the Company’s risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company in order to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities.

(i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company’s principal financial assets are cash and bank deposits, accounts receivable and long-term receivables.

Cash and bank balances

The credit risk on cash and bank deposits is limited as they are held with financial institutions with high credit rating.

Trade receivables

The Company’s exposure to credit risk is influenced mainly by the individual characteristic of each customer. Management has a credit policy in place to minimise exposure to credit risk. Credit evaluations are performed on all customers requiring credit. Management's policy is to provide for balances based on past default experience, current economic conditions and expected recovery.

The impairment requirements of IFRS 9 are based on an expected credit loss (ECL) model. The guiding principle of the ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments.

For trade receivables and contract assets that do not have a financing component, it is a requirement of IFRS 9 to recognize a lifetime expected credit loss. This was achieved in the current year by the development and application of historical data relating to trade receivables and write-offs, as well as forecasting payment probabilities.

26. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management

(i) Credit risk (cont'd)

The Company estimates expected credit losses on trade receivables and receivables from related entities using a provision matrix based on historical credit loss experience as well as the credit risk and expected developments for each group of customers. The following table provides information about the ECL's for trade receivables and receivables from related entities as at 31 December 2023.

2023

Aging	Gross Carrying Amount	Weighted Average Loss Rate	Lifetime ECL Allowance
Current	34,090,010	1%	351,155
31-60 days	8,795,890	1%	86,172
61-90 days	3,693,289	19%	715,643
91 days and over	6,458,769	75%	4,863,853
Total	53,037,958		6,016,823

2022

Aging	Gross Carrying Amount	Weighted Average Loss Rate	Lifetime ECL Allowance
Current	31,100,545	1%	351,155
31-60 days	8,445,804	1%	86,172
61-90 days	4,335,206	17%	715,643
91 days and over	9,938,231	54%	5,370,723
Total	53,819,786		6,523,693

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liability when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company.

Management aims at maintaining sufficient cash and the availability of funding through an amount of committed facilities. The management maintains an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments.

The following are the contractual maturities of the non-derivative financial liabilities, including interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flow	Less than 1 year	More than 1 year
2023:				
Lease liabilities	45,534,376	45,534,376	21,425,561	24,108,815
Trade and other payables	58,382,791	58,382,791	58,382,791	-
	103,917,167	103,917,167	79,808,352	24,108,815

26. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (cont'd):

(ii) Liquidity risk (cont'd)

	Carrying amount	Contractual Cash flow	Less than 1 year	More than 1 year
2022:				
Lease liabilities	46,747,699	46,747,699	17,893,605	28,854,094
Trade and other payables	58,874,150	58,874,150	58,874,150	-
	105,621,849	105,621,849	76,767,755	28,854,094

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, and interest rates will affect the Company's income or the value of its holding of financial instruments. The objective of market is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Company materially contracts financial liabilities at fixed interest rates for the duration of the term. When utilised, bank overdrafts are subject to fixed interest rates which may be varied by appropriate notice by the lender. At December 31, 2023 and 2022, there were no financial liabilities subject to variable interest rate risk.

Interest-bearing financial assets comprises of bank deposits, which have been contracted at fixed interest rates for the duration of their terms.

Fair value sensitivity analysis for fixed rate instruments

The Company does not hold any fixed rate financial assets that are subject to material changes in fair value through profit or loss. Therefore, a change in interest rates at the reporting dates would not affect profit or equity.

Foreign currency risk:

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company is exposed to significant foreign currency risk, primarily on purchases that are denominated in a currency other than the Jamaican dollar. Such exposures comprise the monetary assets and liabilities of the Company that are not denominated in that currency. The main foreign currency risks of the Company are denominated in United States dollars (US$), which is the principal intervening currency for the Company.

26. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (cont'd):

(iii) Market risk (cont'd):

The Company jointly manages foreign exchange exposure by maintaining adequate liquid resources in appropriate currencies and by managing the timing of payments on foreign currency liabilities.

The table below shows the Company's main foreign currency exposure at reporting date.

	2023 US$	2022 US$
Cash and cash equivalents		
Trade payables	140,915	144,752
Lease liabilities	(150,511)	(145,010)
	(383,179)	(214,814)
Net exposure	(392,775)	(215,072)

Sensitivity analysis:

A 1% (2022:1%) strengthening of the United States dollar against the Jamaican dollar at December 31, 2023 would have decreased the surplus for the year by $605,927 (2022: $324,776). The analysis assumes that all other variables, in particular interest rates, remain constant.

A 4% (2022: 4%) weakening of the United States dollar against the Jamaican dollar at December 31, 2023 would have increased the surplus for the year by $2,423,708 (2022: $1,299,105).

This analysis assumes that all other variables, in particular interest rates, remain constant.

(iv) Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate because of changes in market interest rates. The Company manages this risk through budgetary measures, ensuring, as far as possible, that fluctuations in cash flows relating to monetary financial assets and liabilities are matched, to mitigate any significant adverse cash flows.

26. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (cont'd):

(v) Capital management

The Company's objectives when managing capital are to comply with capital requirements, safeguard the Company's ability to continue as a going concern and to maintain strong capital base to support the development of its business. The Company achieves this by retaining earnings from past profits and by managing the returns on borrowed funds to protect against losses on its core business.

MAILPAC GROUP