

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

MAILPAC GROUP LIMITED
QUARTERLY REPORT (Unaudited)
YEAR ENDED DECEMBER 31, 2023

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DIRECTORS' REPORT TO SHAREHOLDERS

INTRODUCTION

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

Throughout 2023, Mailpac remained unwavering in its commitment to expanding market share and fostering stronger customer relationships. Our financial performance for the quarter and year under review was creditable given the rapidly expanding competitive landscape and a general reduction in consumer spending.

FINANCIAL PERFORMANCE

In the fourth quarter of 2023, Mailpac generated revenues of \$469.9 million, marking a modest increase of 0.8% compared to the same period in the previous year. Annual revenues totaled \$1.67 billion, which represented a marginal decline of 0.7% compared to the previous year. Gross profit for the fourth quarter stood at \$218.1 million, reflecting a 5% decrease compared to the previous year's \$229.7 million, and our full-year gross profit amounted to \$809.9 million, which was \$11.2 million below the prior year's comparable period.

Operating expenses for the quarter totaled \$145.7 million, an increase of 16.1% compared to the corresponding quarter of the previous year. This rise can be attributed to strategic investments in the growth of the business, including increased marketing, the rental of new locations and investments in entering the broader price-conscious market segment.

Net profit for Q4 2023 amounted to \$56.9 million, representing a decrease of 38.7% year over year, while our annual net profit for 2023 fell to \$260.1 million from \$308.0 million in 2022. We believe that our profitability will improve for the 2024 financial year as we seek to broaden and diversify our customer base and reduce overhead costs through organic initiatives and acquisition synergies.

FINANCIAL POSITION

At the close of the quarter, Mailpac's Total Assets were valued at \$674.9 million, maintaining a robust cash position of \$198.8 million. Shareholder's Equity stood at \$562.7 million at the end of Q4 2023.

OUTLOOK

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,



Executive Chairman

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

	<u>Note</u>	Year ended December 2023 \$	Audited Year ended December 2022 \$
ASSETS			
Non-current Assets			
Property, plant and equipment		144,050,705	137,104,195
Right-of-use assets	3	41,507,367	43,188,802
Intangible assets	4	236,761,231	238,600,706
Total non-current assets		<u>422,319,303</u>	<u>418,893,703</u>
Current Assets			
Due from related companies		-	590,191
Trade and other receivables	5	53,767,436	58,749,849
Cash and bank balances		198,846,170	209,478,205
Total current assets		<u>252,613,606</u>	<u>268,818,245</u>
TOTAL ASSETS		<u><u>674,932,909</u></u>	<u><u>687,711,948</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	6	267,356,112	267,356,112
Accumulated surplus		295,372,327	310,233,088
Total equity		<u>562,728,439</u>	<u>577,589,200</u>
Non-current Liabilities			
Lease liabilities	3	24,108,815	28,854,094
Deferred tax liability		3,040,374	1,504,270
Total non-current liabilities		<u>27,149,189</u>	<u>30,358,364</u>
Current Liabilities			
Lease liabilities	3	21,425,561	17,893,605
Trade and other payables	7	63,629,720	58,874,150
Due to related companies		-	2,996,629
Total current liabilities		<u>85,055,281</u>	<u>79,764,384</u>
TOTAL EQUITY AND LIABILITIES		<u><u>674,932,909</u></u>	<u><u>687,711,948</u></u>

The financial statements on pages 3 to 11 were approved for issue by the Board of Directors
, 2024 and signed on its behalf by:



Director



Director

The accompanying notes form an integral part of the financial statements

MAILPAC GROUP LIMITED
STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
YEAR ENDED DECEMBER 31, 2023

	<u>Note</u>	Three Months December 2023 \$	Three Months December 2022 \$	Year ended December 2023 \$	Audited Year ended December 2022 \$
Revenues		469,864,864	466,204,726	1,674,359,980	1,686,568,861
Cost of sales		<u>251,766,339</u>	<u>236,524,555</u>	<u>864,397,120</u>	<u>865,429,260</u>
Gross profit		218,098,525	229,680,171	809,962,860	821,139,601
Selling and promotion expenses		<u>20,315,884</u>	<u>15,361,347</u>	<u>66,011,921</u>	<u>66,770,036</u>
Administrative and general expenses		<u>125,364,001</u>	<u>110,140,767</u>	<u>424,744,831</u>	<u>395,329,824</u>
		<u>145,679,885</u>	<u>125,502,114</u>	<u>490,756,752</u>	<u>462,099,860</u>
Operating profit		72,418,640	104,178,057	319,206,108	359,039,741
Other income		<u>2,551,207</u>	<u>786,031</u>	<u>3,968,438</u>	<u>11,619,259</u>
		74,969,847	104,964,088	323,174,546	370,659,000
Finance and policy costs		<u>16,488,998</u>	<u>12,139,607</u>	<u>61,499,203</u>	<u>62,422,451</u>
Profit before taxation		58,480,849	92,824,481	261,675,343	308,236,549
Taxation (charge) / credit	8	<u>(1,536,104)</u>	<u>107,149</u>	<u>(1,536,104)</u>	<u>(201,252)</u>
Net profit, being total comprehensive income for the period / year		<u>56,944,745</u>	<u>92,931,630</u>	<u>260,139,239</u>	<u>308,035,297</u>
Earnings per share for profit attributable to the ordinary equity holders of the company	9	<u>0.02</u>	<u>0.04</u>	<u>0.10</u>	<u>0.12</u>

The accompanying notes form an integral part of the financial statements

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

	Share Capital \$	Accumulated Surplus \$	Total \$
Balance at December 31, 2021 (Audited)	267,356,112	427,197,791	694,553,903
Dividends (see note 10)	-	(425,000,000)	(425,000,000)
Net profit, being total comprehensive income for the year	-	308,035,297	308,035,297
Balance at December 31, 2022 (Audited)	267,356,112	310,233,088	577,589,200
Dividends (see note 10)	-	(275,000,000)	(275,000,000)
Net profit, being total comprehensive income for the period	-	260,139,239	260,139,239
Balance at December 31, 2023 (Unaudited)	267,356,112	295,372,327	562,728,439

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

	Year ended December 2023 \$	Audited Year ended December 2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit for the period / year	260,139,239	308,035,297
Adjustments for items not affecting cash resources:		
Depreciation and amortization	8,384,027	8,538,578
Depreciation right of use assets	20,959,030	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 provision	(506,860)	1,462,225
Unrealized foreign currency loss	409,161	1,141,234
Realized foreign currency loss	3,356,670	-
Reclassification of work-in progress to expenses	-	3,508,710
Deferred taxation	1,536,104	201,252
	<u>297,844,246</u>	<u>344,622,395</u>
(Increase) / decrease in operating assets:		
Due from related companies	(2,406,438)	7,432,206
Trade and other receivables	5,489,273	6,117,826
Decrease in operating liabilities:		
Trade and other payables	(7,729,140)	(22,894,521)
Net cash provided by operating activities	<u>293,197,941</u>	<u>335,277,906</u>
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	(11,919,514)	(9,709,344)
Net cash used in investing activities	<u>(13,491,066)</u>	<u>(50,601,467)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(266,599,486)	(419,732,285)
Loan repayment to related companies	-	2,446,916
Lease liabilities, net	(23,486,200)	(20,545,526)
Net cash used in financing activities	<u>(290,085,686)</u>	<u>(437,830,895)</u>
NET DECREASE IN CASH AND BANK BALANCES	(10,378,811)	(153,154,456)
CASH AND BANK BALANCES - Beginning of the period / year	209,478,205	363,813,562
Effects of movements on foreign currency bank balances	(253,224)	(1,180,901)
CASH AND BANK BALANCES - End of the period / year	<u>198,846,170</u>	<u>209,478,205</u>

MAILPAC GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)
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

These unaudited financial statements for the twelve (12) month period ended December 31, 2023 have been prepared in accordance with IAS 34, "Interim Financial Reporting". These interim financial statements should be read in conjunction with the accounting policies as set out in Note #2 & #3 of the audited financial statements for the year ended December 31, 2022 which has been prepared in accordance with International Financial Reporting Standards ("IFRS") and the relevant requirements of the Act.

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

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

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

MAILPAC GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)
YEAR ENDED DECEMBER 31, 2023

3. ACCOUNTING POLICIES

(a) Intangible assets

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

(b) Leases

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

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

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

Lease liability

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

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

(c) Trade and other receivables

Trade and other receivables are stated at amortized cost.

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

(d) Related party identification

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

(e) Trade and other payables

Trade and other payables are stated at amortized cost.

MAILPAC GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)
YEAR ENDED DECEMBER 31, 2023

3. RIGHT-OF-USE ASSETS

	Year ended December 2023	Audited Year ended December 2022
	<u>\$</u>	<u>\$</u>
At Valuation		
Balance at beginning of period / year	71,624,412	60,126,973
Terminated right of use asset	(18,127,075)	-
Additions	<u>19,277,595</u>	<u>11,497,439</u>
Balance at end of period / year	<u>72,774,932</u>	<u>71,624,412</u>
Accumulated		
Depreciation charge		
Balance at beginning of period / year	28,435,610	12,470,397
Depreciation on terminated right of use asset	(18,127,075)	-
Charge for period / year	<u>20,959,030</u>	<u>15,965,213</u>
Balance at end of period / year	<u>31,267,565</u>	<u>28,435,610</u>
Net Book Value		
Balance at period / year end	<u>41,507,367</u>	<u>43,188,802</u>
Lease Liabilities:		
	Year ended December 2023	Audited Year ended December 2022
	<u>\$</u>	<u>\$</u>
Non-current lease liabilities	<u>24,108,815</u>	<u>28,854,094</u>
Current lease liabilities	<u>21,425,561</u>	<u>17,893,605</u>

MAILPAC GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)
YEAR ENDED DECEMBER 31, 2023

4. INTANGIBLE ASSETS

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

	Year ended December 2023	Audited Year ended December 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 period	5,978,294	4,138,819
Charge for the period / year	1,839,475	1,839,475
	7,817,769	5,978,294
Balance at period / year end	236,761,231	238,600,706

5. TRADE AND OTHER RECEIVABLES

Trade receivable materially represents balance due on credit sales:

	Year ended December 2023	Audited Year ended December 2022
	\$	\$
Trade receivables	53,768,683	53,819,786
<i>Less</i> : expected credit loss provision	(6,016,833)	(6,523,693)
Net trade receivables	47,751,850	47,296,093
Deposits	3,668,998	3,179,422
Prepayments	391,444	6,640,335
Other receivables	1,955,144	1,633,999
	53,767,436	58,749,849

6. SHARE CAPITAL

	Year ended December 2023	Audited Year ended December 2022
	\$	\$
<u>Authorized share capital:</u>		
No maximum share capital		
<u>Issued and fully paid:</u>		
2,250,000,000 ordinary shares of no par value	27,395,000	27,395,000
250,000,000 ordinary shares of no par value	250,000,000	250,000,000
Less: transaction costs of share issue	(10,038,888)	(10,038,888)
	267,356,112	267,356,112

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

MAILPAC GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)
YEAR ENDED DECEMBER 31, 2023

7. TRADE AND OTHER PAYABLES

	Year ended December 2023	Audited Year ended December 2022
	\$	\$
Trade payables	37,552,988	38,480,598
Statutory liabilities	5,270,974	7,100,112
GCT payables	228,866	109,529
Accruals	4,977,766	3,800,000
Dividend payable	8,400,514	5,267,715
Other payables	7,198,612	4,116,196
	<u>63,629,720</u>	<u>58,874,150</u>

8. TAXATION

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

9. EARNINGS PER SHARE

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

	Year ended December 2023	Audited Year ended December 2022
Net profit attributable to shareholders	<u>260,139,239</u>	<u>308,035,297</u>
Weighted average number of shares in issue	<u>2,500,000,000</u>	<u>2,500,000,000</u>
	<u>\$ 0.10</u>	<u>\$ 0.12</u>

10. DIVIDENDS

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

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.

**MAILPAC GROUP LIMITED
TOP TEN SHAREHOLDINGS
THREE MONTHS ENDED DECEMBER 31, 2023**

TOP 10 SHAREHOLDERS

	PRIMARY ACCOUNT HOLDER	JOINT HOLDER	DIRECT HOLDINGS	VOLUME	% OF ISSUED SHARES
1	NORBROOK EQUITY PARTNERS LTD	-	1,815,000,000	1,815,000,000	72.6000%
2	JCSD TRUSTEE SERVICES LIMITED A/C BARITA UNIT TRUST CAPITAL GROWTH FUND	-	78,583,637	78,583,637	3.1433%
3	MF&G ASSET MANAGEMENT LTD. - JAMAICA INVESTMENTS FUND	-	62,052,750	62,052,750	2.4821%
4	BARITA INVESTMENT LTD-LONG A/C (TRADING)	-	59,174,061	59,174,061	2.3670%
5	JCSD TRUSTEE SERVICES LTD - SIGMA GLOBAL VENTURE	-	45,583,878	45,583,878	1.8234%
6	PAM - POOLED EQUITY FUND	-	45,273,512	45,273,512	1.8234%
7	JMMB FUND MANAGERS LTD.T1- EQUITIES FUND	-	25,000,000	25,000,000	1.0000%
8	SJIML A/C 3119	-	14,633,588	14,633,588	0.5853%
9	BALJIT DEOL	-	12,686,500	12,686,500	0.5075%
10	MARK JOSE GONZALES	-	10,197,235	10,197,235	0.4079%

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%

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

DIRECTORS

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

SENIOR OFFICERS

PRIMARY ACCOUNT HOLDER	CONNECTED PARTIES	DIRECT HOLDINGS	VOLUME	% OF ISSUED SHARES
MARK JOSE GONZALES	-	10,197,235	10,197,235	0.40789%
SAMANTHA RAY	-	4,650,000	4,650,000	0.18600%
CHRISTEEN MARLINE ALLEN	-	277,500	277,500	0.01110%
TOMMY WALTERS	-	3,316	3,316	0.00013%