

MAILPAC GROUP LIMITED
UNAUDITED FINANCIAL STATEMENTS
NINE (9) MONTHS ENDED SEPTEMBER 30, 2020

MAILPAC GROUP LIMITED
QUARTERLY REPORT (Unaudited)
NINE (9) MONTHS ENDED SEPTEMBER 30, 2020

TABLE OF CONTENTS

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

DIRECTORS' REPORT TO SHAREHOLDERS

OVERVIEW

The Board of Directors of Mailpac Group Limited ("Mailpac") is pleased to present our unaudited financial statements for the nine months ended September 30, 2020. It should be noted that Mailpac Group Limited started trading on October 1, 2019. Accordingly, the financial statements have no comparative period for 2019.

Q3 2020 has been the most successful quarter in the Company's history with Mailpac exceeding all revenue and profitability records set before. The Company employed various strategies over the quarter to better engage the growing base of consumers who utilize Mailpac to access products during this time of curtailed travel and movement.

FINANCIAL PERFORMANCE

Revenues for the quarter were \$476.5 million, which is 30.0% higher than the previous record-breaking quarter ended June 30, 2020. Gross profit for the quarter was \$240.5 million, which represents a 49.7% increase over the quarter ended June 30, 2020. For the nine months, revenues were \$1.21 billion with gross profit of \$584.3 million.

Operating expenses for the quarter were \$83.6 million, coming in higher than the previous quarter as the Company expanded its operations. These expenses comprised mostly of staff costs and store operating expenses. Net income for Q3 2020 came in at a record \$149.1 million, 69.8% higher than the previous quarter. Net income for the nine months stood at \$338.9 million.

We are encouraged by the performance of the Company in its third quarter as Mailpac rebounded from the adverse impact of COVID-19 in the second quarter. More importantly, we are excited about the prospects of Mailpac as the awareness around our platform continues to grow and we continue to invest in ways to better engage and serve our customers.

FINANCIAL POSITION

Total Assets at the end of the quarter stood at \$662.1 million with \$309.7 million of cash on the balance sheet at the end of the period. Shareholder's Equity stood at \$467.5 million at the end of Q2 2020. It should be noted that the Shareholder's Equity has been impacted by the \$225.0 million in dividends paid out by the Company over the past nine months which is consistent with the dividend policy defined in our IPO Prospectus.

OUTLOOK

We are pleased with the performance of Mailpac Group Limited in Q3 2020 as the Company continued to lead the ever-growing ecommerce market in innovation and service, resulting in a stellar financial performance.

However, we are also cognizant of the fact that we have realized positive and adverse impacts on our operation during the pandemic and there remains meaningful uncertainty of its long-term implications on our business. Accordingly, Mailpac remains focused on delivering the highest level of ecommerce solutions and service in the industry and managing all elements of our business that remain in our control.

We look forward to Q4, which is traditionally our highest period of commercial activity and want to thank our dedicated team and our customers for their continued support and for a continued future of 'Happy Shopping'.

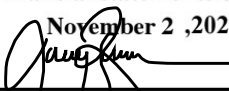


Executive Chairman

MAILPAC GROUP LIMITED
STATEMENT OF FINANCIAL POSITION (Unaudited)
AS AT SEPTEMBER 30, 2020

	<u>Note</u>	Nine Months Sep 2020 \$	Audited Three Months Dec-19 \$
ASSETS			
Non-current Assets			
Property, plant and equipment		37,008,243	32,647,727
Right-of-use assets	3	13,792,022	12,455,805
Intangible assets	4	242,739,525	244,119,131
Total non-current assets		<u>293,539,790</u>	<u>289,222,663</u>
Current Assets			
Other assets		112,123	-
Due from related companies		364,450	13,130
Trade and other receivables	5	58,383,895	49,086,610
Cash and cash equivalents		309,700,412	106,521,716
Total current assets		<u>368,560,880</u>	<u>155,621,456</u>
TOTAL ASSETS		<u>662,100,670</u>	<u>444,844,119</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	6	267,356,112	267,356,112
Accumulated surplus		200,164,144	86,284,771
Total equity		<u>467,520,256</u>	<u>353,640,883</u>
Non-current Liabilities			
Lease liabilities	3	8,630,400	6,400,312
Deferred tax liability		530,254	530,254
Total non-current liabilities		<u>9,160,654</u>	<u>6,930,566</u>
Current Liabilities			
Lease liabilities	3	4,750,007	6,027,717
Trade and other payables	7	177,255,434	50,151,712
Loan payable		2,000,000	15,327,109
Due to directors		-	1,419,195
Due to related companies		1,414,319	1,385,242
Taxation payable	8	-	9,961,695
Total current liabilities		<u>185,419,760</u>	<u>84,272,670</u>
TOTAL EQUITY AND LIABILITIES		<u>662,100,670</u>	<u>444,844,119</u>

The financial statements on pages 3 to 11 were approved for issue by the Board of Directors
November 2, 2020 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)
NINE MONTHS ENDED SEPTEMBER 30, 2020

	<u>Note</u>	Three Months Sept 2020 ₹	Nine Months Sept 2020 ₹	Audited Three Months Dec-19 ₹
Revenues		476,536,263	1,207,387,596	361,726,810
Cost of sales		<u>236,072,498</u>	<u>623,041,827</u>	<u>165,264,708</u>
Gross profit		240,463,765	584,345,769	196,462,102
Selling and promotion		10,248,928	29,750,427	14,744,088
Administrative and general expenses		73,336,768	198,605,388	72,657,009
		<u>83,585,696</u>	<u>228,355,815</u>	<u>87,401,097</u>
Operating profit		156,878,069	355,989,954	109,061,005
Other income		<u>3,152,431</u>	<u>13,411,344</u>	<u>777,176</u>
		160,030,500	369,401,298	109,838,181
Finance and policy costs		<u>10,890,496</u>	<u>30,521,925</u>	<u>13,061,461</u>
Profit before taxation		149,140,004	338,879,373	96,776,720
Taxation charge	8	<u>-</u>	<u>-</u>	<u>10,491,949</u>
Net profit, being total comprehensive income for the period		<u>149,140,004</u>	<u>338,879,373</u>	<u>86,284,771</u>
Earnings per share for profit attributable to the ordinary equity holders of the company	9	<u>0.06</u>	<u>0.14</u>	<u>0.04</u>

The accompanying notes form an integral part of the financial statements

MAILPAC GROUP LIMITED
STATEMENT OF CHANGES IN EQUITY (Unaudited)
NINE MONTHS ENDED SEPTEMBER 30, 2020

	Share Capital \$	Accumulated Surplus \$	Total \$
Balance at October 1, 2019	27,395,000	-	27,395,000
Issue of shares, net of transaction cost	239,961,112	-	239,961,112
Net profit, being total comprehensive income for the period	<u>-</u>	<u>86,284,771</u>	<u>86,284,771</u>
Balance at December 31, 2019 (Audited)	<u>267,356,112</u>	<u>86,284,771</u>	<u>353,640,883</u>
Dividends (see note 10)		(225,000,000)	(225,000,000)
Net profit, being total comprehensive income for the period	<u>-</u>	<u>338,879,373</u>	<u>338,879,373</u>
Balance at September 30, 2020	<u>267,356,112</u>	<u>200,164,144</u>	<u>467,520,256</u>

The accompanying notes form an integral part of the financial statements

MAILPAC GROUP LIMITED
STATEMENT OF CASH FLOWS (Unaudited)
NINE MONTHS ENDED SEPTEMBER 30, 2020

	Unaudited Nine Months Sept 2020 \$	Audited Three Months Dec-19 \$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit for the period	338,879,373	86,284,771
Adjustments for items not affecting cash resources:		
Depreciation and amortization	7,536,815	2,293,773
Taxation expense	-	10,491,949
	<u>346,416,188</u>	<u>99,070,493</u>
Increase in operating assets:		
Other assets	(112,123)	-
Due from related companies	(351,321)	(13,130)
Trade and other receivables	(9,297,285)	(49,086,610)
Increase in operating liabilities:		
Trade and other payables	<u>127,103,722</u>	<u>50,151,713</u>
Cash flows provided by operating activities	463,759,181	100,122,466
Taxation paid	<u>(9,961,695)</u>	<u>-</u>
Net cash provided by operating activities	<u>453,797,486</u>	<u>100,122,466</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of intangible assets	-	(244,579,000)
Acquisition of property, plant and equipment	<u>(11,853,942)</u>	<u>(48,087,159)</u>
Net cash used in investing activities	<u>(11,853,942)</u>	<u>(292,666,159)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issue of shares	-	267,356,112
Dividends paid/declared	(225,000,000)	-
Proceed from loan	-	280,476,920
Loan repayment	(13,327,108)	(265,149,811)
Loan from related party	29,077	1,385,242
Loan from director	-	1,419,195
Loan repayment to director	(1,419,195)	-
Lease liabilities, net	<u>952,378</u>	<u>(1,427,249)</u>
Net cash (used in) / provided by financing activities	<u>(238,764,848)</u>	<u>284,060,409</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	203,178,696	91,516,716
CASH AND CASH EQUIVALENTS - Beginning of the period	<u>106,521,716</u>	<u>15,005,000</u>
CASH AND CASH EQUIVALENTS - End of the period	<u>309,700,412</u>	<u>106,521,716</u>

The accompanying notes form an integral part of the financial statements

MAILPAC GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)
NINE MONTHS ENDED SEPTEMBER 30, 2020

1. IDENTIFICATION

Mailpac Group Limited (the "Company") is a limited liability company incorporated in Jamaica on September 19, 2019, under the Jamaican Companies Act (the "Act").

The Company is domiciled in Jamaica with its registered office at 109 Old Hope Road, Kingston 6.

The operations of Mailpac Group Limited were previously undertaken under by two separate entities, Mailpac Services Limited and Mailpac Local Limited. On September 30, 2019, the net assets of these two entities were purchased by Mailpac Group Limited. In addition, Mailpac Group Limited acquired the long-term liabilities of Mailpac Services Limited.

Mailpac Group Limited became publicly listed on the Junior Market of the Jamaica Stock Exchange on December 4, 2019. Consequently, the Company is entitled to a 100% remission of income taxes for the first five (5) years and 50% remission for the next five (5) years thereafter, providing that the Company complies with the requirements of the Jamaica Stock Exchange Junior Market.

The principal activities of the Company are to provide international and domestic courier and mail order services as well as online shopping of a variety of food, beverages and other household supplies.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

These unaudited financial statements for the nine (9) months period ended September 30, 2020 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 period ended December 31, 2019 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)
NINE MONTHS ENDED SEPTEMBER 30, 2020

3. ACCOUNTING POLICIES

(a) Intangible assets

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

(b) Leases

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

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

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

Lease liability

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

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

(c) Trade and other receivables

Trade and other receivables are stated at amortized cost.

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

(d) Related party identification

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

(e) Trade and other payables

Trade and other payables are stated at amortized cost.

MAILPAC GROUP LIMITED
NOTES TO FINANCIAL STATEMENTS (Unaudited)
NINE MONTHS ENDED SEPTEMBER 30, 2020

3. RIGHT-OF-USE ASSETS

	Office Building	
	\$	
At Valuation		
Balance at October 1, 2019	-	
Additions	13,855,278	
Balance as at December 31, 2019	<u>13,855,278</u>	
Balance at January 1, 2020	13,855,278	
Additions	6,152,615	
Balance at September 30, 2020	<u>20,007,893</u>	
Accumulated		
Depreciation charge		
Balance at October 1, 2019	-	
Charge for period	1,399,473	
Balance as at December 31, 2019	<u>1,399,473</u>	
Balance at January 1, 2020	1,399,473	
Charge for period	4,816,398	
Balance at September 30, 2020	<u>6,215,871</u>	
Net Book Value		
Balance at September 30, 2020	<u>13,792,022</u>	
Balance as at December 31, 2019	<u>12,455,805</u>	
Lease Liabilities:		
	Unaudited	Audited
	Sept 2020	Dec 2019
	\$	\$
Non-current lease liabilities	<u>8,630,400</u>	<u>6,400,312</u>
Current lease liabilities	<u>4,750,007</u>	<u>6,027,717</u>

MAILPAC GROUP LIMITED
NOTES TO FINANCIAL STATEMENTS (Unaudited)
NINE MONTHS ENDED SEPTEMBER 30, 2020

4. INTANGIBLE ASSETS

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

	Unaudited Sept 2020	Audited Dec 2019
Cost:	\$	\$
Purchase goodwill	171,000,000	171,000,000
Customer contracts, lists of existing customers and other intangibles	<u>73,579,000</u>	<u>73,579,000</u>
	244,579,000	244,579,000
 Amortization:		
Balance at January 1, 2020	459,869	-
Charge for the period	<u>1,379,606</u>	<u>459,869</u>
	1,839,475	459,869
 Balance at period end	<u>242,739,525</u>	<u>244,119,131</u>

5. TRADE AND OTHER RECEIVABLES

Accounts receivable materially represents balance due on credit sales

	Unaudited Sept 2020	Audited Dec 2019
	\$	\$
Trade receivables	52,850,856	48,743,827
<i>Less</i> : expected credit loss provision	<u>(5,287,290)</u>	<u>(4,148,958)</u>
Net trade receivables	47,563,566	44,594,869
Deposits	1,751,474	1,635,075
Prepayments	8,783,095	2,495,256
Other receivables	<u>285,760</u>	<u>361,410</u>
	<u>58,383,895</u>	<u>49,086,610</u>

MAILPAC GROUP LIMITED
NOTES TO FINANCIAL STATEMENTS (Unaudited)
NINE MONTHS ENDED SEPTEMBER 30, 2020

6. SHARE CAPITAL

	Unaudited	Audited
	Sept 2020	Dec 2019
	\$	\$
<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	<u>(10,038,888)</u>	<u>(10,038,888)</u>
	<u>267,356,112</u>	<u>267,356,112</u>

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

7. TRADE AND OTHER PAYABLES

	Unaudited	Audited
	Sept 2020	Dec 2019
	\$	\$
Trade payables	37,332,025	33,499,371
Statutory liabilities	2,116,500	4,234,276
GCT payable	956,627	151,384
Accruals	3,157,062	6,317,734
Credit card payables	6,322,293	2,313,003
Deferred income	489,452	-
Dividend payable	125,098,252	-
Other payables	<u>1,783,224</u>	<u>3,635,944</u>
	<u>177,255,434</u>	<u>50,151,712</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 Junior Market of the Jamaica Stock Exchange.

9. EARNINGS PER SHARE

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

	Unaudited	Audited
	Sept 2020	Dec 2019
Net profit attributable to shareholders	<u>338,879,373</u>	<u>86,284,771</u>
Weighted average number of shares in issue	<u>2,500,000,000</u>	<u>2,331,521,739</u>
	<u>\$ 0.14</u>	<u>\$ 0.04</u>

10. DIVIDENDS

The Company declared an interim dividend of 4 cents (\$0.04) per share which was paid on July 30, 2020 to shareholders on record at the close of business on July 16, 2020. An additional dividend of 5 cents (\$0.05) per share was declared on September 18, 2020 to be paid October 16, 2020 to shareholders on record at the close of business on October 2, 2020.

**MAILPAC GROUP LIMITED
TOP TEN SHAREHOLDERS
AS AT SEPTEMBER 30, 2020**

TOP TEN SHAREHOLDERS

	PRIMARY ACCOUNT HOLDER	JOINT HOLDER	DIRECT HOLDINGS	VOLUME	% OF ISSUED SHARES
1	NORBROOK EQUITY PARTNERS LTD	-	1,905,000,000	1,905,000,000	76.2000%
2	JCSD TRUSTEE SERVICES LTD - SIGMA GLOBAL VENTURE	-	45,583,878	45,583,878	1.8234%
3	NCB INSURANCE COMPANY LIMITED	-	43,411,683	43,411,683	1.7365%
4	FIRSTROCK CAPITAL HOLDINGS LIMITED	-	29,942,156	29,942,156	1.1977%
5	QWI INVESTMENTS LIMITED	-	28,111,643	28,111,643	1.1245%
6	MF&G ASSET MANAGEMENT LTD. - JAMAICA INVESTMENTS FUND	-	25,000,000	25,000,000	1.0000%
7	JMMB FUND MANAGERS LTD.T1-EQUITIES FUND	-	25,000,000	25,000,000	1.0000%
8	NCB CAPITAL MARKETS LTD. A/C 2231	-	22,537,844	22,537,844	0.9015%
9	MF&G ASSET MANAGEMENT LTD. - NCB CM UNIT TRUST SCHEME (JMD CARIBBEAN EQUITY PORTFOLIO)	-	17,269,540	17,269,540	0.6908%
10	BALJIT DEOL	-	12,141,300	12,141,300	0.4857%

Total Issued Capital:	2,500,000,000
Total Units Owned by Top Ten Shareholders:	2,153,998,044
Percentage Owned by Top Ten Shareholders:	86.1599%

MAILPAC GROUP LIMITED
SHAREHOLDINGS FOR DIRECTORS AND SENIOR OFFICERS
AS AT SEPTEMBER 30, 2020

DIRECTORS

PRIMARY ACCOUNT HOLDER	CONNECTED PARTIES	DIRECT HOLDINGS	VOLUME	% OF ISSUED SHARES
KHARY ROBINSON <i>NORBROOK EQUITY PARTNERS LTD</i> <i>LENNOX ROBINSON</i> <i>MARCIA ROBINSON</i>	1,905,000,000 - 2,855,600	-	1,907,855,600	76.3142%
GARTH PEARCE <i>NORBROOK EQUITY PARTNERS LTD</i>	1,905,000,000	-	1,905,000,000	76.2000%
MARK GONZALES	-	4,444,400	4,444,400	0.1778%
TRACY-ANN SPENCE <i>SEAN SPENCE</i> <i>EMILE G. SPENCE</i> <i>KURT ANTHONY BOOTHE</i>	-	4,151,706	4,151,706	0.1661%
WILLIAM CRAIG <i>CANDIS CRAIG</i> <i>BILLY CRAIG INSURANCE BROKERS LTD</i>	-	4,000,000	4,000,000	0.1600%
STEPHEN GREIG	-	126,000	126,000	0.0050%

SENIOR OFFICERS

PRIMARY ACCOUNT HOLDER	CONNECTED PARTIES	DIRECT HOLDINGS	VOLUME	% OF ISSUED SHARES
MARK GONZALES	-	4,444,400	4,444,400	0.1778%
SAMANTHA RAY	-	5,100,000	5,100,000	0.2040%
CHRISTEEN ALLEN	-	277,500	277,500	0.0111%
DARLENE JOHNSON	-	-	-	-
TOMMY WALTERS	-	167,900	167,900	0.0067%