COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by MaltaPost p.l.c. pursuant to the Malta Financial Services Authority Listing Rules:

QUOTE

At a meeting of the Board of Directors of MaltaPost p.l.c. held on 18 May 2021, the Board approved the attached Unaudited Condensed Consolidated Interim Financial Statements for the six-month period ended 31 March 2021.

These Unaudited Condensed Consolidated Interim Financial Statements for the period ended 31 March 2021, are available for viewing and download from the Company's website www.maltapost.com

UNQUOTE

Graham A. Fairclough
Company Secretary

18 May 2021

MaltaPost p.l.c.
Preliminary Statement of Half Yearly Results
For the six months ended 31 March 2021

The MaltaPost Group comprises MaltaPost p.l.c. (the Company), and its subsidiary companies, Tanseana Limited and PostaInsure Agency Limited, which was acquired during this period, and its associate company IVALIFE Limited.

Review of Performance

For the six months ended 31 March 2021, MaltaPost Group registered a profit before tax of €1.40million, (2020: €1.41million).

- Total revenue increased to €20.2 million (2020: €17.2 million) following an improvement in international cross-border mail and parcel volumes;
- Total expenditure rose to €19.0 million (2020: €15.9 million) as a consequence of higher cross-border conveyance costs and losses associated with certain areas of the Universal Service Obligation (USO);
- Investments increased to €1.7m (2020: €400k) following the investment in IVALIFE Limited;
- Cost to income ratio decreased to 88.7% (2020: 92.1%);
- Shareholders' funds remained stable at €26.9 million (2020: €27.2 million).

The Company continues to weather the pandemic by maximising all revenue potential through changes in its business mix and by implementing a strict cost-containment strategy. The impact of COVID-19 pandemic has dampened economic activity also leading to an accelerated reduction in traditional postal volumes due to e-substitution. Certain services within the USO shall continue to be a financial burden until such time that the Malta Communications Authority (MCA) agrees to our requests for fair and reasonable tariff revisions. Following Brexit, the implementation of the Trade and Cooperation Agreement between the EU and the UK brought about additional challenges to the postal sector by the introduction of mandatory customs border checks.

Outlook

The outlook for the second half of the financial year remains challenging and difficult to forecast due to the pandemic-related uncertainties. As from 1 July 2021, VAT exemption will be removed also on goods from outside the EU with a value of below €22 in value. This development is expected to negatively impact our inbound *small packet* volumes. We trust that in the near future, the authorisation of tariff revisions by the MCA will allow the Company to be fairly compensated in respect of its Universal Service Obligation.

The Board of Directors thanks all staff members for their dedication and commitment as they continue to work hard during these unprecedented times. The Board remains confident that the Company shall continue to be resilient while remaining agile and alert to respond to evolving market circumstances.

Basis of preparation

This half-yearly report is being published in terms of Chapter 5 of the Listing Rules of the Listing Authority – Malta Financial Services Authority and the Prevention of Financial Markets Abuse Act, 2005. The half-yearly report comprises the reviewed (not audited) condensed consolidated interim financial statements for the six months ended 31 March 2021 prepared in accordance with International Financial Reporting Standards adopted for use in the EU for interim financial statements (International Accounting Standard 34, "Interim Financial Reporting"). The condensed consolidated interim financial statements have been reviewed in accordance with the requirements of ISRE 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". The comparative statement of financial position has been extracted from the audited financial statements for the year ended 30 September 2020.

Accounting policies

The condensed consolidated interim financial statements as at and for the six-month period ended 31 March 2021 has been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34, "Interim Financial Reporting"). The condensed consolidated interim financial statements information should be read in conjunction with the annual financial statements for the year ended 30 September 2020, which have been prepared in accordance with IFRSs as adopted by the EU.

New and amended standards adopted by the Group

A number of amendments became applicable for the current reporting period but did not have any impact on the Group's accounting policies.

Impact of standards issued but not yet applied by the Group

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the Group's accounting periods beginning after 1 October 2020. The Group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU, and the Directors are of the opinion that there are no requirements that will have a possible significant impact on the Group's financial statements in the period of initial application.

Fair values of financial assets and liabilities

The Group's financial instruments which are measured at fair value comprise the Group's financial assets. The Group is required to disclose fair value measurements by level of the following fair value measurement hierarchy for financial instruments that are measured in the statement of financial position at fair value:

- Quoted prices (unadjusted) in active markets for identical assets (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the assets either directly i.e. as prices, or indirectly i.e. derived from prices (Level 2).
- Inputs for the asset that are not based on observable market data i.e. unobservable inputs (Level 3)

As at 31 March 2021 and 30 September 2020, financial assets were valued using Level 1 inputs in view of the listing status of the assets. No transfers between different levels of the fair value hierarchy have occurred.

The fair values of all the Group's other financial assets and liabilities that are not measured at fair value are considered to approximate their respective carrying values due to their short-term nature.

Acquisition of PostaInsure Agency Limited

On 5 November 2020, MaltaPost entered into a share purchase agreement with PostaInsure Agency Limited (PostaInsure), formerly Untours Insurance Agents Limited, a limited liability company registered in Malta under the Companies Act (Cap.386), with registration number C 5655 and registered office at 4, Old

Bakery Street, Valletta, for the purchase of 49% of the issued share capital for a consideration of €275,000. The transfer of shares was effected on 9 December 2020, at which date MaltaPost also acquired de-facto control in view of its representation on the board of directors.

Details of the purchase consideration are as follows:

	€000
Fair value of 49% equity holding in PostaInsure as at acquisition date	275

Non-controlling interests have been measured at the related proportion of the net identifiable assets at acquisition.

In the six-month period to 31 March 2021, PostaInsure contributed revenue of €201,000 and profit of €24,000.

PostaInsure is principally engaged in providing general insurance services, a service offering that is ancillary to services currently provided by MaltaPost. This acquisition is expected to give rise to synergies within the Group.

Payments for acquisition of subsidiaries, net of cash acquired

The amounts presented in the statement of cash flows comprise the payments referred to above of €275,000, net of cash and cash equivalents attributable to the operations taken over at acquisition date.

Segment information

Operating segments

Following the acquisition of the subsidiary PostaInsure, the Group has two reportable segments, which are effectively the Group's distinct strategic business units and cash-generating units (CGU), as they represent the lowest level at which separately identifiable cash flows can be identified. The strategic business units are managed separately with their own separate management structure and board of directors.

The following summary describes the operations in each of the Group's reportable segments:

- Postal operations CGU comprise the Group's postal, document management, financial services and related retail services
- Insurance CGU comprise the Group's operations of PostaInsure, which provides general insurance services.

The Group's internal reporting to the Board of Directors and Senior Management is analysed according to these two segments. For each of these two strategic business units, the Board of Directors reviews internal management reports regularly. Information about the insurance CGU is not deemed material to MaltaPost as a reporting entity and the disclosure of summarised financial information by segment is accordingly not necessary.

Information about geographical segments

The Group's revenues are derived from operations carried out in Malta and its non-current assets are predominantly located in Malta.

Information about major customers

The Group does not have any particular major customer, as it largely derives revenue from a significant number of customers availing of its services. Accordingly, the Group does not deem necessary any relevant disclosures in respect of reliance on major customers.

Condensed Consolidated Interim Statement of Financial Position

	Group	
	31 March	30 September
	2021	2020
	€000	€000
	Unaudited	Audited
ASSETS		
Non-current assets		
Property, plant and equipment	**18,953**	18,749
Right-of-use assets	**1,679**	1,805
Intangible assets	**1,022**	948
Investment in associate	**1,667**	248
Financial assets:		
Fair value through other comprehensive income	**3,276**	3,561
Deferred tax asset	**610**	448
Total non-current assets	**27,207**	25,759
Current assets		
Inventories	**677**	719
Trade and other receivables	**11,384**	8,410
Current tax asset	**5**	-
Deposits with financial institutions	**3,000**	5,600
Cash and cash equivalents	**8,181**	6,058
Total current assets	**23,247**	20,787
Total assets	**50,454**	46,546

Condensed Consolidated Interim Statement of Financial Position *(continued)*

	Group	
	31 March	30 September
	2021	2020
	€000	€000
	Unaudited	Audited
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	**9,414**	9,414
Share premium	**7,367**	7,367
Other reserves	**2,559**	2,586
Retained earnings	**7,175**	7,802
Total equity attributable to equity holders of the Company	**26,515**	27,169
Non-controlling Interest	**394**	-
Total equity	**26,909**	27,169
Non-current liabilities		
Deferred tax liability	**1,028**	1,028
Provision for liabilities and charges	**1,570**	1,586
Lease liabilities	**1,420**	1,549
Total non-current liabilities	**4,018**	4,163
Current liabilities		
Provision for liabilities and charges	**141**	142
Lease liabilities	**278**	265
Trade and other payables	**17,869**	13,963
Current tax liability	**1,239**	844
Total current liabilities	**19,527**	15,214
Total liabilities	**23,545**	19,377
Total equity and liabilities	**50,454**	46,546

The condensed interim financial statements were approved by the Board of Directors on 18 May 2021 and were signed by:

Joseph Said
Chairman

Paul Muscat
Director

MaltaPost p.l.c.
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Condensed Consolidated Interim Income Statement

	Group	
	1 October to 31 March	
	2021	2020
	€000	€000
	Unaudited	Unaudited
Revenue	**20,225**	17,192
Employee benefits expense	**(8,166)**	(7,893)
Depreciation and amortisation expense	**(873)**	(731)
Other expenses	**(9,978)**	(7,267)
Other income	**208**	55
Operating profit	**1,416**	1,356
Share of results of associate	**(57)**	-
Finance income	**43**	51
Profit before tax	**1,402**	1,407
Tax expense	**(511)**	(484)
Profit for the period	**891**	923
Attributable to:		
Owners of the Company	**879**	923
Non-controlling interest	**12**	-
Profit for the period	**891**	923
Earnings per share	**€0.02**	€0.02

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Condensed Consolidated Interim Statement of Comprehensive Income

	Group	
	1 October to 31 March	
	2021	2020
	€000	€'000
	Unaudited	Unaudited
Comprehensive income		
Profit for the period	**891**	923
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Losses from changes in fair value in financial assets:		
Fair value through other comprehensive income	**(13)**	(132)
Items that will not be reclassified to profit or loss		
Re-measurements of defined benefit obligations	**(21)**	75
Income tax relating to components of other comprehensive income:		
Re-measurements of defined benefit obligations	**7**	(28)
Total other comprehensive income for the period	**(27)**	(85)
Total comprehensive income for the period	**864**	838
Attributable to:		
Owners of the Company	**852**	838
Non-controlling interest	**12**	-
Total comprehensive income for the period	**864**	838

Condensed Consolidated Interim Statement of Changes in Equity

	Attributable to owners of the Company						
Group	**Share**	**Share**	**Other**	**Retained**		**Non-controlling**	**Total**
Unaudited	**capital**	**premium**	**reserves**	**earnings**	**Total**	**Interest**	**Equity**
	€000	€000	€000	€000	€000	€000	€000
Balance at 1 October 2019	9,414	7,367	2,630	7,545	26,956	-	26,956
Comprehensive income							
Profit for the financial period	-	-	-	923	923	-	923
Other comprehensive income							
Financial assets at fair value through other comprehensive income							
Losses from changes in fair value	-	-	(132)	-	(132)	-	(132)
Re-measurements of defined benefit obligations	-	-	72	-	72	-	72
Deferred tax thereon	-	-	(25)	-	(25)	-	(25)
Total other comprehensive income	-	-	(85)	-	(85)	-	(85)
Total comprehensive income	-	-	(85)	923	838	-	838
Transactions with owners							
Dividends	-	-	-	(1,506)	(1,506)	-	(1,506)
Total transactions with owners	-	-	-	(1,506)	(1,506)	-	(1,506)
Balance at 31 March 2020	**9,414**	**7,367**	**2,545**	**6,962**	**26,288**	**-**	**26,288**
Balance at 1 October 2020	9,414	7,367	2,586	7,802	27,169	-	27,169
Comprehensive income							
Profit for the financial period	.	-	-	879	879	12	891
Other comprehensive income							
Financial assets at fair value through other comprehensive income							
Losses from changes in fair value	-	-	(13)	-	(13)	-	(13)
Re-measurements of defined benefit obligations	-	-	(21)	-	(21)	-	(21)
Deferred tax thereon	-	-	7		7	-	7
Total other comprehensive income	-	-	(27)	-	(27)	-	(27)
Total comprehensive income	-	-	(27)	879	852	12	864
Transactions with owners							
Distributions:							
Dividends	-	-	-	(1,506)	(1,506)	-	(1,506)
Changes in ownership interest that do not result in loss of control:							
Non-controlling interest arising on acquisition of subsidiary	-	-	-	-	-	382	382
Total transactions with owners	-	-	-	(1,506)	(1,506)	382	(1,124)
Balance at 31 March 2021	**9,414**	**7,367**	**2,559**	**7,175**	**26,515**	**394**	**26,909**

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Condensed Consolidated Interim Statement of Cash Flows

	Group	
	1 October to 31 March	
	2021	2020
	€000	€000
	Unaudited	Unaudited
Cash flows from operating activities		
Cash from customers	**18,180**	11,539
Cash paid to suppliers and employees	**(16,976)**	(17,066)
Cash flows attributable to funds collected on behalf of third parties	**1,496**	3,731
Cash used in operating activities	**2,700**	(1,796)
Income tax paid	**(175)**	(208)
Net cash from / (used in) operating activities	**2,525**	(2,004)
Cash flows from investing activities		
Finance income	**49**	94
Purchase of property, plant and equipment	**(1,011)**	(1,198)
Purchase of investment in associate	**(1,500)**	-
Maturity of deposits with financial institutions	**2,600**	3,000
Proceeds from disposals / redemption of financial assets	**270**	231
Net cash from investing activities	**408**	2,127
Cash flows from financing activities		
Dividends paid	**(1,505)**	(1,478)
Principal element of lease payments	**(138)**	-
Net cash used in financing activities	**(1,643)**	(1,478)
Net movement in cash and cash equivalents	**1,290**	(1,355)
Net cash acquired on acquisition	**833**	-
Cash and cash equivalents at beginning of period	**6,058**	5,065
Cash and cash equivalents at end of period	**8,181**	3,710

Statement pursuant to Listing Rules issued by the Listing Authority

I confirm that to the best of my knowledge:

- The condensed consolidated interim financial statements, prepared in accordance with IAS 34 give a true and fair view of the financial position as at 31 March 2021, financial performance and cash flows for the period then ended, and conform with the requirements of the accounting standards adopted for use in the EU for interim financial statements, including adopted IAS 34: *Interim Financial Reporting;* and
- The interim directors' report includes a fair review of the information required in terms of the Listing Rules.

Joseph Gafa'
Chief Executive Officer

Independent auditor's report

To the Board of Directors of MaltaPost p.l.c.

Report on review of condensed consolidated interim financial information

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of MaltaPost p.l.c. and its subsidiaries (the 'Group') as at 31 March 2021 and the related condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34 "Interim Financial Reporting"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

78, Mill Street,
Zone 5, Central Business District,
Mriehel, CBD 5090,
Malta

Simon Flynn
Partner

18 May 2021

a) The maintenance and integrity of the MaltaPost p.l.c. website is the responsibility of the Directors of the Company; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the condensed consolidated interim financial information since this was initially presented on the website.
b) Legislation in Malta governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.