



COMPANY ANNOUNCEMENT

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

QUOTE

At a meeting of the Board of Directors of MaltaPost p.l.c. held on 17 May 2023, the Board approved the attached Unaudited Condensed Consolidated Interim Financial Statements for the six-month period ended 31 March 2023.

These Unaudited Condensed Consolidated Interim Financial Statements for the period ended 31 March 2023, are available for viewing and download from the Company's website www.maltapost.com

UNQUOTE

A handwritten signature in black ink, appearing to read "Graham A. Fairclough", written over a series of horizontal lines.

Graham A. Fairclough
Company Secretary

17 May 2023

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Review of Performance

For the six months ended 31 March 2023, the MaltaPost Group registered a profit before tax of €0.7 million (2022: €0.6 million).

- Total Revenue reached €20.5 million (2022: €15.6 million) following an increase in international cross-border mail activity which falls outside the scope of the Universal Service Obligation. Conversely inbound-parcel, local single and bulk mail volumes registered a drop when compared to the same period last year;
- Total Expenditure at €19.8 million (2022: €15.0 million) rose pro rata to Total Revenue, also due to higher cost of airport handling, airfreight and Terminal Dues coupled with the general impact of inflation;
- Cost-to-Income ratio rose to 96.1% (2022: 95.6%) also due to the losses incurred to meet the Postal Universal Service Obligation.

Against a challenging macro-economic backdrop, the performance remains conditioned by the unfair financial burden being carried by the Company to deliver the Universal Service Obligation. A number of postal tariffs do not reflect the true cost of providing each individual service delivered. As a consequence, the Company is being made to absorb losses to deliver such services. The year-on-year decline in Letter Mail volumes (due to e-substitution) and weaker purchasing trends from overseas have also impacted revenue. It was only through strict cost-containment, coupled with revenue generated from outside the services covered by Universal Service Obligation that allowed a slight improvement in the net result.

Outlook

The outlook for the next six months of the financial year remains challenging. A fair and reasonable annual tariff adjustment mechanism within the highly regulated Universal Service Obligation has become an immediate must. This Obligation may continue to be provided only through specific tariff increases and adjustments to Quality-of-Service targets. MaltaPost cannot be expected to carry this unfair financial burden by subsidising services that are qualified under EU Legislation as being services that are of '*General Economic Interest*.' Well-justified requests for tariff revisions submitted to the Malta Communications Authority are still pending even though postal tariffs in Malta remain the lowest and the most affordable in Europe, while the Quality-of-Service targets set by the National Regulator remain among the highest in the EU.

While the Company continues implementing its business diversification strategy in areas such as General and Life Insurance and Document Management Services, its core activity remains that of acting as the national postal operator, employing over 700 staff members and to whom it has a duty of care – as it also does to over 1,900 shareholders who rightfully expect a fair return on their investment.

As the independent regulator of the postal services sector in these Islands, the Malta Communications Authority is therefore expected to decide with urgency on the Company's justified tariff revision and compensation requests, thereby ensuring that Malta continues to have an efficient postal service.

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Basis of preparation

This half-yearly report is being published in terms of Chapter 5 of the Capital Markets Rules of the 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 2023 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 2022. Following the share split, the total number of issued shares amount to 77,512,020.

Accounting policies

The condensed consolidated interim financial statements as at and for the six-month period ended 31 March 2023 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 2022, which have been prepared in accordance with IFRSs as adopted by the EU.

New and amended standards adopted by the Group

A number of amended standards became applicable for the current reporting period. There is no impact on the adoption of these revisions on the Group's accounting policies and on the Group's financial results.

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 2022. 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 2023 and 30 September 2022, 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.

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The Annual General Meeting (AGM) of the 16 February 2023 approved a final ordinary gross dividend of €0.0615 (Net €0.04) per nominal €0.25 share, either in cash or by the issue of new shares at the option of each individual shareholder and to increase the Issued Share Capital accordingly and the Redenomination of Nominal Value of the Share Capital (Share Split) from €0.25 per ordinary share to €0.125 per ordinary share. On 16 March 2023 1,101,290 ordinary shares of €0.25 each at a premium of €0.84 each were allotted to shareholders as a scrip issue in lieu of dividends thereby increasing the issued and fully paid up share capital to 38,756,010 shares of €0.25 each, resulting in a paid up share capital of €9,689,003. The effect on the share premium account is presented in the statement of changes in equity. Following the share split, the total number of issued shares amount to 77,512,020 shares. In view of this, the basic and diluted earnings per share for the prior year have been restated, from €0.008 to €0.004.

Segment information

Operating segments

The Group primarily operates in one segment that comprises the provision of postal and related retail services to customers, which activities are substantially subject to the same risks and returns. Accordingly, the presentation of segment information as required by IFRS 8, *Operating segments*, within these financial statements is not deemed applicable.

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.

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Condensed Consolidated Interim Statement of Financial Position

	Group	
	31 March	30 September
	2023	2022
	€000	€000
	Unaudited	Audited
ASSETS		
Non-current assets		
Property, plant and equipment	23,316	22,861
Right-of-use assets	1,701	1,343
Intangible assets	1,279	1,207
Investment in associate	1,397	1,084
Financial assets at fair value through other comprehensive income	2,444	2,529
Deferred tax asset	306	337
Total non-current assets	30,443	29,361
Current assets		
Inventories	737	669
Trade and other receivables	11,717	10,703
Current tax asset	212	280
Deposits with financial institutions	500	3,000
Cash and cash equivalents	5,774	5,466
Business of insurance accounts	335	399
Total current assets	19,275	20,517
Total assets	49,718	49,878

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

	Group	
	31 March	30 September
	2023 €000 Unaudited	2022 €000 Audited
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	9,689	9,414
Share premium	8,292	7,367
Other reserves	3,642	3,731
Retained earnings	5,331	6,454
Total equity attributable to equity holders of the Company	26,954	26,966
Non-controlling interest	432	408
Total equity	27,386	27,374
Non-current liabilities		
Deferred tax liability	1,299	1,299
Lease liabilities	1,469	1,107
Provision for liabilities and charges	1,174	1,153
Total non-current liabilities	3,942	3,559
Current liabilities		
Lease liabilities	270	266
Provision for liabilities and charges	156	152
Trade and other payables	17,964	18,527
Total current liabilities	18,390	18,945
Total liabilities	22,332	22,504
Total equity and liabilities	49,718	49,878

The condensed interim financial statements were approved by the Board of Directors on 17 May 2023 and were signed by:



Joseph Said
Chairman



Aurelio Theuma
Director

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Condensed Consolidated Interim Income Statement

	Group	
	1 October to 31 March	
	2023 €000 Unaudited	2022 €000 Unaudited
Revenue	20,375	15,563
Employee benefits expense	(7,869)	(7,798)
Depreciation and amortisation expense	(960)	(906)
Other expenses	(10,736)	(6,265)
Other income	54	126
Operating profit	864	720
Share of results of associate	(187)	(166)
Finance income	25	34
Profit before tax	702	588
Tax expense	(295)	(257)
Profit for the period	407	331
Attributable to:		
Owners of the Company	383	325
Non-controlling interest	24	6
Profit for the period	407	331
Earnings per share	€0.005	€0.004

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Condensed Consolidated Interim Statement of Comprehensive Income

	Group	
	1 October to 31 March	
	2023	2022
	€000	€'000
	Unaudited	Unaudited
Comprehensive income		
Profit for the period	407	331
Other comprehensive income		
<i>Items that may be subsequently reclassified to profit or loss</i>		
Losses from changes in fair value:		
Financial assets at fair value through other comprehensive income	(83)	(107)
<i>Items that will not be reclassified to profit or loss</i>		
Re-measurements of defined benefit obligations	(9)	83
<i>Income tax relating to components of other comprehensive income:</i>		
Re-measurements of defined benefit obligations	3	(29)
Total other comprehensive income for the period	(89)	(53)
Total comprehensive income for the period	318	278
Attributable to:		
Owners of the Company	294	272
Non-controlling interest	24	6
Total comprehensive income for the period	318	278

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Condensed Consolidated Interim Statement of Changes in Equity

Group <i>Unaudited</i>	Attributable to owners of the Company					Non-controlling interest	Total equity
	Share capital	Share premium	Other reserves	Retained earnings	Total		
	€000	€000	€000	€000	€000		
Balance at 1 October 2021	9,414	7,367	3,898	7,695	28,374	387	28,761
Comprehensive income							
Profit for the financial period	-	-	-	325	325	6	331
Other comprehensive income							
Financial assets at fair value through other comprehensive income							
Losses from changes in fair value	-	-	(107)	-	(107)	-	(107)
Re-measurements of defined benefit obligations, net of deferred tax	-	-	54	-	54	-	54
Total other comprehensive income	-	-	(53)	-	(53)	-	(53)
Total comprehensive income	-	-	(53)	325	272	6	278
Transactions with owners							
Distributions:							
Dividends	-	-	-	(1,506)	(1,506)	-	(1,506)
Total transactions with owners	-	-	-	(1,506)	(1,506)	-	(1,506)
Balance at 31 March 2022	9,414	7,367	3,845	6,514	27,140	393	27,533

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Condensed Consolidated Interim Statement of Changes in Equity (continued)

Group <i>Unaudited</i>	Attributable to owners of the Company					Non-controlling interest	Total equity
	Share capital	Share premium	Other reserves	Retained earnings	Total		
	€000	€000	€000	€000	€000		
Balance at 1 October 2022	9,414	7,367	3,731	6,454	26,966	408	27,374
Comprehensive income							
Profit for the financial period	-	-	-	383	383	24	407
Other comprehensive income							
Financial assets at fair value through other comprehensive income							
Losses from changes in fair value	-	-	(83)	-	(83)	-	(83)
Re-measurements of defined benefit obligations, net of deferred tax	-	-	(6)	-	(6)	-	(6)
Total other comprehensive income	-	-	(89)	-	(89)	-	(89)
Total comprehensive income	-	-	(89)	383	294	24	318
Transactions with owners							
Distributions:							
Dividends	-	-	-	(1,506)	(1,506)	-	(1,506)
Changes in ownership interest that do not result in loss of control							
Increase in share capital	275	925	-	-	1,200	-	1,200
Total transactions with owners	275	925	-	(1,506)	(306)	-	(306)
Balance at 31 March 2023	9,689	8,292	3,642	5,331	26,954	432	27,386

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Condensed Consolidated Interim Statement of Cash Flows

	Group	
	1 October to 31 March	
	2023 €000 Unaudited	2022 €000 Unaudited
Cash flows from operating activities		
Cash from customers	19,845	13,786
Cash paid to suppliers and employees	(20,484)	(15,900)
Cash flows attributable to funds collected on behalf of third parties	529	3,954
	(110)	1,840
Cash generated from operating activities	(110)	1,840
Income tax paid	(193)	(9)
Net cash generated from operating activities	(303)	1,831
Cash flows from investing activities		
Interest charged on lease liabilities	(28)	(25)
Interest received	50	56
Purchase of property, plant and equipment	(625)	(975)
Purchase of intangible assets	(410)	(252)
Purchase of investment in associate	(500)	-
Maturity of deposits with financial institutions	2,500	2,500
Proceeds from disposals / redemption of financial assets	-	(600)
Net cash from investing activities	987	704
Cash flows from financing activities		
Principal element of lease payments	(140)	(145)
Dividends paid	(299)	(1,501)
Net cash used in financing activities	(439)	(1,646)
Net movement in cash and cash equivalents	245	889
Cash and cash equivalents at beginning of period	5,864	5,423
Cash and cash equivalents at end of period	6,109	6,312

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Statement pursuant to Capital Market Rules issued by the Malta Financial Services 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 2023, 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 Capital Market Rules.



Joseph Gafa'
Chief Executive Officer

17 May 2023



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 2023 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

17 May 2023

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- 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.