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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 8-K/A**  
(Amendment No. 1)

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): August 15, 2018**

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**Stamps.com Inc.**

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(Exact name of registrant as specified in its charter)

Delaware	000-26427	77-0454966
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)
<u>1990 E. Grand Avenue, El Segundo, CA</u>		<u>90245</u>
(Address of principal executive offices)		(Zip Code)
Registrant's telephone number, including area code:		(310) 482-5800

Not Applicable

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(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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## EXPLANATORY NOTE

On August 21, 2018, Stamps.com Inc. ("SDC") filed a Current Report on Form 8-K (the "Initial Filing") to report that on August 15, 2018, SDC, through its wholly owned subsidiary Pacific Shelf 1855 Limited ("Pacific Shelf") completed the acquisition of MetaPack Limited ("MetaPack"). This Amendment No. 1 on Form 8-K/A is being filed to provide the financial statements described under Item 9.01 below (collectively the "Acquisition-Related Financial Statements").

The information previously reported in the Initial Filing is incorporated by reference into this Amendment No. 1. Except for the addition of the Acquisition-Related Financial Statements, this Amendment No. 1 does not amend or restate the Initial Filing.

### Item 9.01 Financial Statements and Exhibits.

#### (a) Financial Statements of Business Acquired

The following audited financial statements of MetaPack are attached hereto as Exhibit 99.1 and incorporated herein by reference:

- Audited financial statements as of and for the year ended March 31, 2018.

#### (b) Pro forma financial information

The following unaudited pro forma condensed combined financial statements of SDC are attached hereto as Exhibit 99.2 and incorporated herein by reference:

- Unaudited Pro Forma Condensed Combined Balance Sheet as of June 30, 2018.
- Unaudited Pro Forma Condensed Combined Statements of Operations for the six months ended June 30, 2018 and the year ended December 31, 2017.

#### (d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
23.1	Consent of Independent Accountant – Grant Thornton UK LLP
99.1	Audited financial statements of MetaPack Limited as of and for the year ended March 31, 2018.
99.2	Stamps.com Inc. Unaudited <i>Pro Forma</i> Condensed Combined Financial Statements, including Unaudited <i>Pro Forma</i> Condensed Combined Balance Sheet as of June 30, 2018 and Unaudited <i>Pro Forma</i> Condensed Combined Statements of Operations for the six months ended June 30, 2018 and the year ended December 31, 2017.

**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	Stamps.com Inc. <hr/> <i>(Registrant)</i>
<hr/> October 31, 2018 <i>Date</i>	<hr/> /s/ Ken McBride <i>(Signature)</i>
	Ken McBride, Chief Executive Officer

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## EXHIBIT INDEX

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**Consent of Independent Accountant**

We have issued our report dated October 31, 2018, with respect to the consolidated financial statements of Metapack Limited and Subsidiaries included in the amended Current Report on Form 8-K of Stamps.com Inc. dated October 31, 2018. We consent to the incorporation by reference of said report in the following Registration Statements of Stamps.com Inc.:

- (1) Registration Statement (Form S-8 No. 333-81733) pertaining to the 1999 Stock Incentive Plan and 1999 Employee Stock Purchase Plan of Stamps.com Inc.;
- (2) Registration Statement (Form S-8 No. 333-33648) pertaining to the 1999 Stock Incentive Plan, 1999 Employee Stock Purchase Plan, and IShip.com, Inc. Amended and Restated 1997 Stock Plan of Stamps.com Inc.;
- (3) Registration Statement (Form S-8 No. 333-42764) pertaining to the 1999 Stock Incentive Plan of Stamps.com Inc.;
- (4) Registration Statement (Form S-8 No. 333-168360) pertaining to the Stamps.com Inc. 2010 Equity Incentive Plan.;
- (5) Registration Statement (Form S-3 No. 333-202161) pertaining to the Prospectus of Stamps.com Inc. for the registration of 768,900 shares of its common stock; and
- (6) Registration Statement (Form S-8 No. 333-216990) pertaining to the 2014 Amendment and 2016 Amendment to the Stamps.com Inc. 2010 Equity Incentive Plan, the 2016 ShippingEasy Equity Inducement Plan, and the Management Incentive Plan.

/s/ Grant Thornton UK LLP

London, United Kingdom  
October 31, 2018

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Financial Statements  
MetaPack Limited

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**For the year ended 31 March 2018**

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**MetaPack Limited**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Board of Directors  
Metapack Limited

We have audited the accompanying consolidated financial statements of Metapack Limited and subsidiaries, which comprise the consolidated statement of financial position as of 31 March 2018, and the related consolidated statement of income, comprehensive income, changes in equity, and cash flows for the year then ended, and the related notes to the financial statements.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United Kingdom, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**Basis for qualified opinion**

Accounting principles generally accepted in the United Kingdom require that financial statements be presented with comparative financial information. These consolidated financial statements do not include comparative financial information for the year ended 31 March 2017.

**Qualified opinion**

In our opinion, except for the matter describe in the Basis for Qualified Opinion paragraph, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Metapack Limited and subsidiaries as of 31 March 2018, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United Kingdom.

**Emphasis of matter**

Accounting principles generally accepted in the United Kingdom vary in certain significant respects from accounting principles generally accepted in the United States of America. Information relating to the nature and effect of such differences is presented in Note 26 to the consolidated financial statements.

GRANT THORNTON UK LLP

London  
United Kingdom  
October 31, 2018

**MetaPack Limited**Consolidated income statement  
**For the year ended 31 March 2018**

	Notes	2018 £000's
<b>Turnover</b>	2	<b>36,111</b>
Administrative expenses		<u>(37,091)</u>
<b>Operating loss</b>	3	<b>(980)</b>
Interest payable and similar charges	7	<u>(807)</u>
<b>Loss on ordinary activities before tax</b>		<b>(1,787)</b>
Tax on loss on ordinary activities	8	<u>912</u>
<b>Loss for the financial year</b>		<u><b>(875)</b></u>
Loss for the financial year attributable to:		
Owners of the parent		(873)
Non-controlling interests		<u>(2)</u>
		<u><u>(875)</u></u>

The notes on pages 8 to 32 form part of these financial statements.

**MetaPack Limited**

Consolidated statement of comprehensive income  
For the year ended 31 March 2018

2018  
£000's

<b>Loss for the financial year</b>	<b>(875)</b>
Currency translation differences on foreign currency net investments	<u>339</u>
<b>Total comprehensive expense for the year</b>	<b><u>(536)</u></b>
<b>Total comprehensive expense for the year attributable to:</b>	
Owners of the parent	(534)
Non-controlling interests	<u>(2)</u>
<b>Total comprehensive expense for the year</b>	<b><u>(536)</u></b>

The notes on pages 8 to 32 form part of these financial statements.

**MetaPack Limited**Consolidated statement of financial position  
As at 31 March 2018

	Notes	2018 £000's
<b>Fixed assets</b>		
Intangible assets	9	3,804
Tangible assets	10	274
Investments	11	<u>15</u>
		<b>4,093</b>
<b>Current assets</b>		
Debtors	12	8,540
Cash at bank and in hand		<u>6,062</u>
		<b>14,602</b>
<b>Creditors: amounts falling due within one year</b>	13	<u>(18,187)</u>
<b>Net current liabilities</b>		<u>(3,585)</u>
<b>Total assets less current liabilities</b>		<b>508</b>
<b>Creditors: amounts falling due after more than one year</b>	14	(356)
<b>Provision for liabilities</b>	15	<u>(220)</u>
<b>Net liabilities</b>		<u>(68)</u>
<b>Capital and reserves</b>		
Called up share capital	17	1
Share premium account		8,799
Profit and loss account		<u>(8,762)</u>
		<b>38</b>
Non-controlling interests		<u>(106)</u>
		<u>(68)</u>

The notes on pages 8 - 32 form part of these financial statements.

**MetaPack Limited**Consolidated cash flow statement  
**For the year ended 31 March 2018**

	Note	2018 £000's
<b>Cash flow from operating activities</b>		
Cash generated from operating activities	24	4,276
Corporation tax received		<u>1,940</u>
		6,216
<b>Investing activities</b>		
Purchases of tangible assets		(73)
Purchases of intangible assets		(79)
Consideration payments for acquisitions		<u>(1,428)</u>
		(1,580)
<b>Cash flows from financing activities</b>		
Issue of ordinary share capital		109
Finance lease payments		(109)
Interest paid		<u>(545)</u>
		(545)
<b>Net increase in cash and cash equivalents</b>		
		4,091
Foreign exchange translation adjustment on cash and cash equivalents		(2)
<b>Cash and cash equivalents at the beginning of year</b>		
		<u>1,973</u>
<b>Cash and cash equivalents at the end of year</b>		
		<u><u>6,062</u></u>

The notes on pages 8 to 32 form part of these financial statements.

**MetaPack Limited**

## Consolidated statement of changes in equity

	<b>Called-up share capital</b>	<b>Share premium account</b>	<b>Profit and loss account</b>	<b>Amount attributable to owners of the parent</b>	<b>Non- controlling interests</b>	<b>Total</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>At 31 March 2017</b>	<b>1</b>	<b>8,690</b>	<b>(8,220)</b>	<b>471</b>	<b>(104)</b>	<b>367</b>
Loss for the year	-	-	(873)	(873)	(2)	(875)
Foreign exchange translation difference	-	-	339	339	-	339
Total comprehensive income for the year	-	-	(534)	(534)	(2)	(536)
Share based payment expense	-	-	(8)	(8)	-	(8)
Issue of shares	-	109	-	109	-	109
<b>At 31 March 2018</b>	<b>1</b>	<b>8,799</b>	<b>(8,762)</b>	<b>38</b>	<b>(106)</b>	<b>(68)</b>

## **MetaPack Limited**

Notes to the financial statements  
For the year ended 31 March 2018

### **1. Accounting policies**

#### **1.1 Company information**

MetaPack Limited is a limited liability company incorporated and registered in England and Wales with its registered office and principal place of business located at 200 Gray's Inn Road, London, UK.

The group's principal activity continued to be the provision of technology solutions for complex supply chains, enabling retailers, carriers and consumers optimal choice in service and cost for any package delivery requirement.

#### **1.2 Basis of preparation of financial statements**

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'). The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements are presented in Sterling (£'000's), which is the functional currency of the group.

The group financial statements consolidate the financial statements of MetaPack Limited and all its subsidiary undertakings drawn up to 31 March each year.

#### **1.3 Going concern**

The directors have prepared the financial statements on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future.

Based on the current forecasts reflecting a growing customer base, recurring revenues and the availability of debt facilities, the directors have concluded that the business is able to settle its liabilities as they fall due and deliver results in accordance with its current business plan.

#### **1.4 Basis of consolidation**

The financial statements consolidate the accounts of MetaPack Limited and all of its subsidiary undertakings ('subsidiaries').

**1.5 Business combinations**

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the consolidated statement of financial position immediately below goodwill.

The results of subsidiaries acquired during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the consolidated statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of the acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

**1.6 Investment in subsidiaries**

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

**1.7 Investment in joint ventures**

Investments in joint ventures are accounted for at cost less impairment in the individual financial statements.

**1.8 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Motor vehicles	-	3 years straight line
Fixtures & fittings	-	5 - 10 years straight line
Computer equipment	-	2 - 5 years straight line



**1.9 Intangible fixed assets and amortisation**

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition.

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It has been measured at cost less accumulated amortisation and any accumulated impairment losses.

Research and development costs not meeting the criteria required for capitalisation of development costs are charged to profits in the period in which it is incurred.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

- Goodwill	5 years
- Customer Contracts	10 years
- Trademarks	3 years
- Proprietary software	5 years
- Software	2 to 5 years

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

**1.10 Impairment of assets**

At each reporting date, fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**1.11 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**1.12 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and are readily convertible to known amounts of cash with insignificant risk of change in value.

**1.13 Creditors**

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans and contingent consideration, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

The group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

**1.14 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases. Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

**1.15 Provisions for liabilities**

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

**1.16 Taxation**

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

**1.16 Taxation (continued)**

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the group has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

**1.17 Foreign currency translation**

**Functional currency and presentation currency**

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position are presented in Sterling (£'000's).

**Transactions and balances**

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise. However, in the consolidated financial statements exchange differences arising on monetary items that form part of the net investment in a foreign operation are recognised in other comprehensive income and are not reclassified to profit or loss.

**1.17 Foreign currency translation (continued)**

**Translation of group companies**

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated from their functional currency to Sterling (£'000's) using the closing exchange rate. Income and expenses are translated using the average rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising on the translation of group companies are recognised in comprehensive income and are not reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

**1.18 Turnover**

Turnover consists of the value (excluding VAT) for goods and services supplied in the year.

Depending on the contract, revenue is calculated based on the volume of parcels despatched through the software-as-a-service system.

Consulting, implementation, set up fees and maintenance and support services are recognised in the month the service is provided.

**1.19 Employee benefits**

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred, which represents the amounts payable by the group to the fund in respect of the year.

**1.20 Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

## MetaPack Limited

Notes to the financial statements  
For the year ended 31 March 2018

### 1.21 Share options

MetaPack Limited has issued share options to employees. The fair value of the employee services received in exchange for the grant of options is recognised as an expense which is written off to the Profit and Loss account over the vesting period of the option from the date of grant. The amount to be expensed is determined by reference to the fair value of the options at the grant date.

Fair value is measured using the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Where the terms of an equity-settled transaction are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured from the date of modification.

Where an equity-settled transaction is cancelled, it is treated as if it had vested on the due date of the cancellation, and any expense not yet recognised for the transaction is recognised immediately. However, if a new transaction is substituted for the cancelled transaction, and designated as a replacement transaction on the date that it is granted, the cancelled and new transactions are treated as if they were a modification of the original transaction, as described in the previous paragraph.

### 1.22 Judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

#### **Deferred tax**

A deferred tax asset is recognised within MetaPack Limited for UK tax losses which will be utilised in the foreseeable future. In making the assessment the directors have assessed the expected utilisation of losses over the next two financial reporting periods.

#### **Aged debts**

Management have included an aged debt and credit note provision within the financial statements as at 31 March 2018 after reviewing trade debtor balances outstanding at the year end and identifying those where recovery is uncertain.

#### **Valuation of separable intangible assets arising on business combinations**

Management have reviewed the separable intangibles relating to the technology platform, trademarks and customer contracts and residual goodwill recognised from acquisitions in prior periods. No indicators of impairment have been identified.

## MetaPack Limited

Notes to the financial statements  
For the year ended 31 March 2018

### 2. Turnover

A geographical analysis of turnover is as follows:

	2018 £000's
United Kingdom	21,546
Rest of Europe	10,582
Rest of World	<u>3,983</u>
	<u><u>36,111</u></u>

	2018 £000's
Turnover, analysed by category, was as follows:	
Sale of goods	338
Rendering of services	<u>35,773</u>
	<u><u>36,111</u></u>

### 3. Operating loss

The operating loss is stated after charging:

	2018 £000's
Amortisation - intangible fixed assets	3,293
Depreciation of tangible fixed assets:	
- owned by the group	456
Auditor's remuneration - audit	101
Auditor's remuneration - non-audit	69
Operating lease rentals:	
- other operating lease rentals	92
- land and buildings operating lease rentals	628
Development costs	7,234
Difference on foreign exchange	<u>(737)</u>

**MetaPack Limited**

Notes to the financial statements  
For the year ended 31 March 2018

**4. Staff costs**

Staff costs, including directors' remuneration, were as follows:

	2018 £000's
Wages and salaries	18,157
Social security costs	2,409
Other pension costs	268
Share-based payments expense	(8)
	<u>20,826</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.
Administrative and sales staff	<u>333</u>

**5. Directors' remuneration**

	2018 £000's
Remuneration	<u>436</u>
Company pension contributions to defined contribution pension scheme	<u>7</u>

During the year retirement benefits were accruing to one director in respect of defined contribution pension scheme.

The highest paid director received remuneration of £270k and pension contributions of £Nil.

No options were exercised in the year by directors.

**MetaPack Limited**

Notes to the financial statements  
For the year ended 31 March 2018

**6. Share options**

An employee share option scheme has been established, under which options may be granted to employees (including directors) to subscribe for ordinary shares in the company.

The company has granted options over ordinary shares of 0.01724p each. The number of options outstanding at 31 March 2018 is:

Scheme	Number
2009/10 EMI Scheme	427
2012/13 EMI Scheme	22,196
2013/14 EMI Scheme	2,730
2017 Non-EMI Scheme	4,000
	<u>29,353</u>

Under the rules of the share option scheme, options are normally exercisable over 3 years from the commencement of the vesting period.

Details of the number of share options and the weighted average exercise price ("WAEP") outstanding during the year are as follows:

	2018 No.	2018 WAEP £
Outstanding at the beginning of the period	29,310	46.15
Granted during the period	4,000	116.34
Cancelled during the period	-	-
Forfeited during the period	(1,000)	62.66
Exercised during the period	<u>(2,957)</u>	<u>36.71</u>
Outstanding at the end of the period	<u>29,353</u>	<u>57.52</u>
Exercisable at the period end	<u>29,353</u>	<u>57.52</u>



**MetaPack Limited**

Notes to the financial statements  
For the year ended 31 March 2018

**7. Interest payable and similar charges**

	2018 £'000's
On bank facilities	538
Interest on contingent consideration	7
Discount movement on contingent consideration	262
	<u>807</u>

**MetaPack Limited**

Notes to the financial statements  
For the year ended 31 March 2018

**8. Taxation**

2018  
£'000's

**Analysis of tax charge in the year****Current tax**

UK corporation tax charge on loss for the year	(319)
Overseas taxation	266
Adjustments in respect of prior periods	<u>(16)</u>

(69)

**Deferred tax**

Utilisation of deferred tax asset on intangibles	<u>(843)</u>
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<b>Tax on loss on ordinary activities</b>	<b><u>(912)</u></b>
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**Factors affecting tax charge for the year**

The company has claimed a tax refund in relation to prior years in respect of UK research and development tax credits.

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

2018  
£'000's

Loss on ordinary activities before tax	<u>(1,787)</u>
--	----------------

Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	(339)
---	-------

**Effects of:**

Expenses not deductible for tax purposes	(19)
Utilisation of tax losses	(717)
Difference in tax rates in overseas jurisdictions	180
Adjustments to tax charge in respect of prior periods	<u>(17)</u>
Total tax charge for the year (see note above)	<b><u>(912)</u></b>

**MetaPack Limited**

Notes to the financial statements  
For the year ended 31 March 2018

**8. Taxation (continued)****Factors that may affect future tax charges**

There are utilisable UK tax losses carried forward of £9.1m. A deferred tax asset has been recognised of £0.8m for £4.6m of losses based on the extent that the directors consider the losses recoverable in the foreseeable future.

The standard rate of UK corporation tax was reduced from 20% to 19% from 1 April 2017 and is expected to reduce to 17% from 1 April 2020. These changes to the rate of corporation tax will impact the amount of future tax payments to be made by the company.

**9. Intangible fixed assets**

	<b>Goodwill £000's</b>	<b>Customer contracts £000's</b>	<b>Trademarks £000's</b>	<b>Proprietary software £000's</b>	<b>Software £000's</b>	<b>Total £000's</b>
<b>Cost</b>						
At 1 April 2017	13,622	1,696	142	471	1,645	17,576
Additions	-	-	-	-	79	79
Movement– Contingent consideration	34	-	-	-	-	34
Foreign exchange movement	(422)	(181)	(15)	(50)	-	(668)
<b>At 31 March 2018</b>	<b>13,234</b>	<b>1,515</b>	<b>127</b>	<b>421</b>	<b>1,724</b>	<b>17,021</b>
<b>Amortisation</b>						
At 1 April 2017	8,938	431	120	240	545	10,274
Charge for the year	2,701	160	21	88	323	3,293
Foreign exchange movement	(252)	(54)	(14)	(30)	-	(350)
<b>At 31 March 2018</b>	<b>11,387</b>	<b>537</b>	<b>127</b>	<b>298</b>	<b>868</b>	<b>13,217</b>
<b>Net book value</b>						
<b>At 31 March 2018</b>	<b>1,847</b>	<b>978</b>	<b>-</b>	<b>123</b>	<b>856</b>	<b>3,804</b>

Amortisation of intangible fixed assets is included in administrative expenses.

**MetaPack Limited**

Notes to the financial statements  
For the year ended 31 March 2018

**10. Tangible fixed assets**

	Motor vehicles £000's	Fixtures & fittings £000's	Computer equipment £000's	Total £000's
<b>Cost</b>				
At 1 April 2017	19	735	2,519	3,273
Additions	-	16	57	73
Disposals	-	-	(6)	(6)
Foreign exchange movement	1	(16)	(64)	(79)
<b>At 31 March 2018</b>	<b>20</b>	<b>735</b>	<b>2,506</b>	<b>3,261</b>
<b>Depreciation</b>				
At 1 April 2017	14	492	2,108	2,614
Charge for the year	2	127	327	456
Disposals	-	-	(6)	(6)
Foreign exchange movement	1	(14)	(64)	(77)
<b>At 31 March 2018</b>	<b>17</b>	<b>605</b>	<b>2,365</b>	<b>2,987</b>
<b>Net book value</b>				
<b>At 31 March 2018</b>	<b>3</b>	<b>130</b>	<b>141</b>	<b>274</b>

**MetaPack Limited**

Notes to the financial statements  
For the year ended 31 March 2018

**11. Fixed asset investments**

	<b>Investments £000's</b>
<b>Cost</b>	
At 1 April 2017	50
Addition	-
At 31 March 2018	<u>50</u>
<b>Impairment</b>	
At 1 April 2017	-
Charge for year	35
At 31 March 2018	<u>35</u>
<b>Net book value</b>	
At 31 March 2018	<u>15</u>

**Participating interests**

The Company has a 50% shareholding in FeedPack Delivery Application Limited, incorporated in England & Wales, which it acquired for £50,000 on 17 December 2013. In the period to 31 March 2018 this company ceased trading and the investment has been impaired to its expected recoverable amount of £15,429. FeedPack Delivery Application Limited has not been consolidated into these accounts as the directors do not consider it material to the results of the group.

**MetaPack Limited**

Notes to the financial statements  
For the year ended 31 March 2018

**11. Fixed asset investments (continued)****Subsidiary undertakings**

The following were subsidiary undertakings of the company:

<b>Name</b>	<b>Country of incorporation</b>	<b>Holding</b>
MetaPack Germany GmbH	Germany	100%
Total Delivery Management Limited (Dormant)	England & Wales	100%
Abol Software Limited	England & Wales	100%
Abol Software, Inc. (Indirect via MetaPack Holdings USA, Inc.)	USA	100%
MetaPack Holdings USA, Inc.	USA	100%
Oval (2280) Limited	England & Wales	72%
SendA2B Limited (Indirect via Total Delivery Management Limited)	England & Wales	100%
MetaPack Poland Sp. z.o.o.	Poland	100%
MetaPack Software SAS	France	100%
MetaPack Far East Limited	Hong Kong	100%

<b>Name</b>	<b>Nature of business</b>
MetaPack Germany GmbH	Software sales
Total Delivery Management Limited	Dormant holding company
Abol Software Limited	Software sales
Abol Software, Inc.	Software sales and development
MetaPack Holdings USA, Inc.	Holding company
Oval (2280) Limited	Software consulting
SendA2B Limited (Indirect via Total Delivery Management Limited)	Non trading
MetaPack Poland Sp. z.o.o.	Software development
MetaPack Software SAS	Software sales
MetaPack Far East Limited	Software sales

**MetaPack Limited**

Notes to the financial statements  
For the year ended 31 March 2018

**12. Debtors**

	2018 £000's
Trade debtors	6,202
Other debtors	287
Prepayments and accrued income	939
Deferred tax asset (see note 16)	789
Corporation tax debtor	323
	<u>8,540</u>

Bad debts written off of £172k were recognised in the profit or loss during the year, and a provision of £879k is set against trade debtors above.

**13. Creditors: Amounts falling due within one year**

	2018 £000's
Bank credit facility	10,000
Trade creditors	1,129
Corporation tax	291
Other taxation and social security	1,528
Other creditors	285
Accruals and deferred income	4,954
	<u>18,187</u>

## MetaPack Limited

Notes to the financial statements  
For the year ended 31 March 2018

### 14. Creditors: Amounts falling due after more than one year

	2018 £000's
Other creditors	356
	<u>356</u>

Other creditors totalling £641k relates to consideration which was part of the acquisition agreement for Abol Software Inc. and Abol Software Limited in the year to 31 March 2015. The creditors are due £285k within one year and £356k due after more than one year. In January 2018 an amendment to the Share Purchase Agreement was entered into which crystallised the consideration due to the shareholders. The final two payments are due to be made on or before 7 January 2019 (\$400k) and on or before 31 July 2019 (\$500k).

The contingent consideration which was part of the acquisition agreements for XLogics GmbH (now part of MetaPack Germany GmbH) and XLogics Sp. Z.o.o (now MetaPack Poland Sp. Z.o.o.) in the year to 31 March 2014 was fully paid within the financial year ended 31 March 2018. The amount paid in the year was £809k.

#### Borrowings

Instalments on bank borrowings amounts fall due as follows:

	2018 £000's
<b>Bank loans and credit facilities</b>	
Within one year	10,000
Between one and two years	<u>-</u>

Bank revolving credit facilities are secured by a fixed and floating charge over the group's undertakings and assets. There is a guarantee in place between MetaPack Limited, MetaPack Germany GmbH and MetaPack Poland Sp. Z.o.o for this loan agreement. As of March 31, 2018, the revolving credit facility had a limit of £10m, was repayable in August 2018 and attracted interest at a variable rate of 5% plus LIBOR. The revolving credit facility was settled on August 15, 2018 as part of the completed acquisition (note 25).



**MetaPack Limited**

Notes to the financial statements  
For the year ended 31 March 2018

**15. Provision for liabilities**

	Deferred tax liability £000's	Total £000's
At 1 April 2017	(304)	(304)
Reversals	84	84
Recognised during year	-	-
<b>At 31 March 2018</b>	<b>(220)</b>	<b>(220)</b>

**16. Deferred taxation**

	2018 £000's
At beginning of year	(304)
Recognised during year	844
Foreign exchange	29
At end of year	<u>569</u>

The deferred tax asset / (liability) is made up as follows:

	2018 £000's
Acquired intangibles from acquisitions	(220)
Tax losses recognised	789
	<u>569</u>

Unprovided deferred tax on UK trading losses amounts to £614k.

## MetaPack Limited

Notes to the financial statements  
For the year ended 31 March 2018

### 17. Share capital

	2018 £
<b>Allotted, called up and fully paid</b>	
65,174 - Ordinary shares of 0.722385p each	471
427,142 - Ordinary shares of 0.01724p each	74
15,845 - A Ordinary shares of 0.01724p each	3
2,149 - B Ordinary shares of 0.01724p each	-
20,566 - C Ordinary shares of 0.01724p each	4
36,178 - C1 Ordinary shares of 0.01724p each	5
4,850 - D Ordinary shares of 0.01724p each	1
4,850 - E Ordinary shares of 0.01724p each	1
4,850 - F Ordinary shares of 0.01724p each	1
5,259 - Deferred shares of 0.01724p each	1
	<u>561</u>

The Ordinary shares of 0.722385p each and the Ordinary shares of 0.01724p each rank pari passu in all respects. The holders can attend and vote at a meeting of the Company, participate in any dividend and participate in a return of capital on winding up. The A Ordinary shares, of 0.01724p each and the B Ordinary shares of 0.01724p each do not carry the right to receive notice of any general meeting of the Company nor the right to attend, speak or vote at any such general meeting.

The A Ordinary shares and B Ordinary shares carry limited rights to participate in a return of capital on winding up in certain circumstances, subject to the priority rights of the Ordinary shares.

The C, C1, D, E and F Ordinary shares carry no rights to (a) attend and vote at a meeting of the Company or (b) participate in any dividend. The C, C1, D, E and F Ordinary shares carry limited rights to participate in a return of capital on winding up in certain circumstances, subject to the priority rights of the Ordinary shares and the A Ordinary shares.

The Deferred shares carry no rights to (a) attend and vote at a meeting of the Company or (b) participate in any dividend. The Deferred shares carry limited rights to participate in a return of capital on winding up in certain circumstances, subject to the payment of £10 million per Ordinary share.

During the year 2,957 ordinary shares of 0.01724p were issued at prices between £35 per share and £47.6 per share further to the exercise of options. Consideration totalled £108,549 of which £108,548 was share premium.

During the year 30,375 C1 Ordinary shares, 4,850 D Ordinary shares, 4,850 E Ordinary shares and 4,850 F Ordinary shares of 0.01724p were issued at nominal value. 3,005 C Ordinary shares of 0.01724p and 303 C1 Ordinary shares of 0.01724p were redesignated as Deferred shares.

## MetaPack Limited

Notes to the financial statements  
For the year ended 31 March 2018

### 18. Reserves

Called-up share capital – represents the nominal value of shares that have been issued.

Share premium account – includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Capital redemption reserve – This reserve records the nominal value of shares repurchased by the company.

Profit and loss account – includes all current and prior period retained profits and losses.

### 19. Pension commitments

The group operates defined contributions pension schemes. The pension cost charge represents contributions payable by the group. Contributions totalling £50k were payable at the balance sheet date and are included in creditors.

### 20. Operating lease commitments

At 31 March 2018 the group's minimum commitments under non-cancellable operating leases were as follows:

	<b>Land and buildings</b>	<b>Other</b>
	<b>2018</b>	<b>2018</b>
	<b>£000's</b>	<b>£000's</b>
<b>Minimum lease payments due:</b>		
Within 1 year	603	86
Between 2 and 5 years	1,830	34
After more than 5 years	<u>371</u>	<u>-</u>

### 21. Financial assets and liabilities

	<b>2018</b>
	<b>£000's</b>
Financial liabilities measured at fair value through profit or loss	<u>641</u>
Financial assets measured at amortised cost	<u>12,551</u>
Financial liabilities measured at amortised cost	<u>14,453</u>

## **MetaPack Limited**

Notes to the financial statements  
**For the year ended 31 March 2018**

### **22. Financial risk management**

The group has exposures to the following main areas of risk - foreign exchange currency exposure, interest rate risk, liquidity and customer credit exposure.

#### **Foreign exchange transactional currency exposure**

The group is exposed to currency exchange rate risk due to a significant proportion of its receivables and operating expenses being denominated in non-sterling currencies. The net exposure of each currency is monitored and managed within the respective trading entity.

#### **Interest rate risk**

The group has bank borrowings at a variable interest rate of 5% plus LIBOR exposing the company to a risk in the cost base of the group if interest rates rise significantly. The revolving credit facility was repayable August 2018 and was settled on August 15, 2018 as part of the completed acquisition (note 25).

#### **Liquidity risk**

The objective of the group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The group expects to meet its financial obligations through operating cash flows and debt facilities. In the event that the operating cash flows and trading performance were below expectations, the board would reassess its operating cost base to ensure it was able to meet commitments and obligations as they come due.

#### **Customer credit exposure**

The group offer credit terms to its customers which allow payment of the debt after delivery of the goods or services. The group is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going customer relationships and internal credit control process.

### **23. Related Party Disclosure**

All directors and certain senior employees who have authority and responsibility for directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration in respect of these individuals is £2,729k.

## MetaPack Limited

Notes to the financial statements  
For the year ended 31 March 2018

### 24. Net cash flow from operating activities

	2018 £000's
Group operating loss for the year	(980)
Amortisation of intangible fixed assets	3,293
Depreciation of tangible fixed assets	456
Investment impairment	35
Increase in debtors	813
Increase in creditors	310
Foreign exchange differences	357
Share based payment credit	(8)
<b>Net cash flow from operating activities</b>	<b>4,276</b>

### 25. Post balance sheet events

On August 15, 2018, Stamps.com Inc., a Delaware USA corporation ("SDC"), through its wholly owned subsidiary Pacific Shelf 1855 Limited ("Pacific Shelf"), completed the acquisition of MetaPack Limited pursuant to a share purchase agreement dated July 24, 2018, as amended, by and among the certain key sellers named in the Agreement, MetaPack Limited, Pacific Shelf and SDC as Pacific Shelf's guarantor.

Upon completion of the acquisition, SDC paid off the outstanding balance on the revolving credit facility of £10 million and accrued interest of approximately £90,000 on MetaPack Limited's behalf.

### 26. Summary of differences between UK and US generally accepted accounting principles

The group prepares its financial statements in accordance with generally accepted accounting principles in the United Kingdom (UK GAAP), which differs in certain significant respects from those generally accepted in the United States of America (US GAAP). The significant differences that affect retained earnings/loss and shareholders' equity/deficit of the group are set out below.

Income/Loss	Note	Year ended 31 March 2018 £000's
<b>Loss for the financial year under UK GAAP</b>		<b>(875)</b>
Amortisation of goodwill	a	2,701
Recognition of contingent consideration adjustments through the income statement	b	(34)
<b>Net income under US GAAP</b>		<b>1,792</b>

**MetaPack Limited**

Notes to the financial statements  
For the year ended 31 March 2018

**26. Summary of differences between UK and US generally accepted accounting principles (continued)**

<b>Shareholder's (deficit) equity</b>	<b>Note</b>	<b>At 31 March 2018</b>
		<b>£000's</b>
<b>Shareholder's deficit under UK GAAP</b>		<b>(68)</b>
Reverse amortisation of goodwill	<b>a</b>	11,672
Recognition of contingent consideration adjustments through the income statement	<b>b</b>	1,459
Foreign currency translation adjustment		(413)
<b>Shareholder's equity under US GAAP</b>		<b>12,650</b>
<b>Consolidated statement of cash flows under US GAAP</b>		
	<b>Note c</b>	<b>Year ended 31 March 2018</b>
		<b>£000's</b>
Net cash provided by operating activities		5,671
Net cash used in investing activities		(1,580)
Net cash used in financing activities		0
<b>Net increase in cash and cash equivalents</b>		<b>4,091</b>
Exchange rate movements		(2)
Cash and cash equivalents at beginning of period		1,973
<b>Cash and cash equivalents at end of period</b>		<b>6,062</b>

Explanations of US GAAP adjustments:

**a. Amortisation of goodwill**

Under UK GAAP, goodwill has been amortised over its useful life of 5 years. Under US GAAP goodwill is subject to annual impairment testing. The adjustment of £2,701,000 relates to the reversal of goodwill amortisation for the twelve month period. The reversal of £11,672,000 relates to the cumulative impact of reversing goodwill amortisation at 31 March 2018.

**MetaPack Limited**

Notes to the financial statements  
**For the year ended 31 March 2018**

**26. Summary of differences between UK and US generally accepted accounting principles (continued)**

**b. Recognition of contingent consideration adjustments through the income statement**

Under UK GAAP, changes in the fair value of contingent consideration occurring more than one year after an acquisition may be recognized as changes to the value of goodwill. Under US GAAP, changes in the fair value of contingent consideration more than one year after an acquisition must be recognized as income or expense. The adjustment of £34,000 relates to the change in goodwill for the twelve month period. The adjustment of £1,459,000 relates to the cumulative adjustment for changes in goodwill from one year after acquisition to 31 March 2018.

**c. Statement of cash flows**

Under UK GAAP, interest paid may be presented as either operating or financing activities. Under US GAAP, interest paid and received is classified as operating activities.

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### Unaudited Pro Forma Condensed Combined Financial Statements

On August 21, 2018, Stamps.com Inc. ("SDC") filed a Current Report on Form 8-K (the "Initial Filing") to report that on August 15, 2018, SDC, through its wholly owned subsidiary Pacific Shelf 1855 Limited ("Pacific Shelf") completed the acquisition of MetaPack Limited ("MetaPack"). The following unaudited pro forma condensed combined balance sheet as of June 30, 2018 is based on the individual historical consolidated balance sheets of SDC and MetaPack, and has been prepared to reflect the acquisition as if it occurred on June 30, 2018, which was the end of SDC's second quarter of fiscal year 2018. The unaudited pro forma condensed combined statements of income for the two quarters ended June 30, 2018 and the year ended December 31, 2017 combine the historical results of operations of SDC and MetaPack, and have been prepared to reflect the acquisition as if it occurred on January 1, 2017, the first day of SDC's 2017 fiscal year. SDC's fiscal year ends on December 31 and MetaPack's fiscal year ends on March 31. As a consequence of those different fiscal years:

- The following unaudited pro forma condensed combined statements of operations for the two quarters ended June 30, 2018 combines SDC's historical unaudited results of operations for the two quarters ended June 30, 2018, which was the end of SDC's second quarter of fiscal year 2018, and MetaPack's historical unaudited results of operations for the two quarters ended June 30, 2018.
- The following unaudited pro forma condensed combined statement of operations for the year ended December 31, 2017 combines SDC's historical audited results of operations for the year ended December 31, 2017, which was the end of SDC's 2017 fiscal year, and MetaPack's historical audited results of operations for the year ended March 31, 2018, which was the end of MetaPack's 2018 fiscal year.
- As a result of the different year ends: (a) MetaPack's statement of operations for the quarter ended March 31, 2018 is included more than once in the pro forma income statements; and (b) MetaPack's statement of operations for the quarter ended March 31, 2017 is excluded from the pro forma income statements. Revenue and net income for the quarter ended March 31, 2018 were \$13.5 million and \$551,000, respectively, translated using a historical average GBP to USD exchange rate for the quarter ended March 31, 2018 of 1.3914. Revenue and net loss for the quarter ended March 31, 2017 were \$10.1 million and \$2.2 million, respectively, translated using a historical average GBP to USD exchange rate for the quarter ended March 31, 2017 of 1.2388.

The pro forma financial information is based upon the historical consolidated financial statements of SDC and MetaPack and the assumptions, estimates, and adjustments are described in the notes to the unaudited pro forma condensed combined financial statements. The assumption, estimates, and adjustments are preliminary and have been made solely for purposes of developing such pro forma information. The unaudited pro forma condensed combined financial statements include adjustments that have been made to reflect the preliminary purchase price allocations. The preliminary allocations represent estimates made for the purpose of these pro forma financial statements and are subject to change upon a final determination of fair value.

The unaudited pro forma condensed combined financial statements are presented for illustrative purposes only and are not necessarily indicative of the consolidated results of operations of SDC that would have been reported had the acquisition occurred on the dates indicated, nor do they represent a forecast of the consolidated results of operations of SDC for any future period. Furthermore, no effect has been given in the unaudited pro forma condensed combined statements of operations for potential synergistic benefits or cost savings that may be realized through the combination of SDC and MetaPack or costs that may be incurred in integrating SDC and MetaPack. The unaudited pro forma condensed combined financial statements should be read in conjunction with the audited consolidated financial statements and related notes, together with management's discussion and analysis of financial condition and results of operations, contained in SDC's Annual Report on Form 10-K for the period ended December 31, 2017 and Quarterly Report on Form 10-Q for the period ended June 30, 2018, which are on file with the SEC, and the audited financial statements of MetaPack included in this Form 8-K/A.

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**STAMPS.COM INC.**  
**UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET**  
**AS OF JUNE 30, 2018**  
(In thousands)

<b>Assets</b>	<b>SDC (Historical)</b>	<b>MetaPack (Historical) (1)</b>	<b>MetaPack US GAAP Adjustments</b>	<b>Pro forma Adjustments</b>	<b>Pro forma Combined</b>
<b>Current assets:</b>					
Cash and cash equivalents	\$ 282,868	\$ 7,750	\$ —	\$ (224,333) A,B	\$ 66,285
Accounts receivable, net	67,437	8,935	—	1,211 B	77,583
Current income taxes	23,204	126	—	(126) B	23,204
Other current assets	16,488	2,103	—	1,282 B	19,873
<b>Total current assets</b>	<b>389,997</b>	<b>18,914</b>	<b>—</b>	<b>(221,966)</b>	<b>186,945</b>
Property and equipment, net	36,757	1,320	—	(95) A	37,982
Goodwill	239,705	1,621	18,934	120,455 A	380,715
Intangible assets, net	72,984	1,465	—	103,282 A	177,731
Deferred income taxes, net	41,110	752	—	(16,431) A,E	25,431
Other assets	7,783	20	—	(20) A	7,783
<b>Total assets</b>	<b>\$ 788,336</b>	<b>\$ 24,092</b>	<b>\$ 18,934</b>	<b>\$ (14,775)</b>	<b>\$ 816,587</b>
<b>Liabilities and Stockholder's Equity</b>					
<b>Current liabilities:</b>					
Accounts payable and accrued expenses	\$ 102,144	\$ 8,011	\$ —	\$ 13,067 B,C	\$ 123,222
Deferred revenue	3,922	2,772	—	(2,508) B,D	4,186
Current portion of debt, net of debt issuance costs	9,423	13,209	—	—	22,632
<b>Total current liabilities</b>	<b>115,489</b>	<b>23,992</b>	<b>—</b>	<b>10,559</b>	<b>150,040</b>
Long-term debt, net of debt issuance costs	55,673	—	—	—	55,673
Other liabilities	6,588	501	—	305 A	7,394
<b>Total liabilities</b>	<b>177,750</b>	<b>24,493</b>	<b>—</b>	<b>10,864</b>	<b>213,107</b>
<b>Commitments and contingencies</b>					
<b>Stockholders' equity:</b>					
Common stock	55	1	—	(1) A	55
Additional paid-in capital	1,022,608	11,622	—	(11,622) A	1,022,608
Treasury stock, at cost	(427,721)	—	—	—	(427,721)
Retained earnings (accumulated deficit)	15,638	(11,674)	18,609	(14,041) A,C	8,532
Accumulated other comprehensive income	6	(350)	325	25 A	6
<b>Total stockholders' equity</b>	<b>610,586</b>	<b>(401)</b>	<b>18,934</b>	<b>(25,639)</b>	<b>603,480</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 788,336</b>	<b>\$ 24,092</b>	<b>\$ 18,934</b>	<b>\$ (14,775)</b>	<b>\$ 816,587</b>

*See accompanying notes to the Unaudited Pro Forma Condensed Combined Financial information.*

**STAMPS.COM INC.**  
**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS**  
**FOR SIX MONTHS ENDED JUNE 30, 2018**  
(In thousands, except per share data)

	SDC (Historical)	MetaPack (Historical) (2)	MetaPack US GAAP Adjustments	Pro forma Adjustments		Pro forma Combined
Revenue	\$ 273,192	\$ 25,746	\$ —	\$ —		\$ 298,938
Cost of revenue (exclusive of amortization of intangible assets, which is included in general and administrative expense)	54,969	8,628	—	834 I		64,431
Gross profit	218,223	17,118	—	(834)		234,507
Operating expenses:						
Sales and marketing	51,537	4,973	—	1,251 I		57,761
Research and development	24,413	3,855	—	1,126 I		29,394
General and administrative	46,203	8,338	(1,874)	3,164 F, G, I		55,831
Total operating expenses	122,153	17,166	(1,874)	5,541		142,986
Income (loss) from operations	96,070	(48)	1,874	(6,375)		91,521
Foreign currency exchange loss, net	—	(292)	—	—		(292)
Interest expense	(1,240)	(389)	—	389 H		(1,240)
Interest and other income (expense), net	92	(3)	—	(78) J		11
Income (loss) before income taxes	94,922	(732)	1,874	(6,064)		90,000
Income tax expense (benefit)	2,354	(77)	—	(1,277) K		1,000
Net income (loss)	<u>\$ 92,568</u>	<u>\$ (655)</u>	<u>\$ 1,874</u>	<u>\$ (4,787)</u>		<u>\$ 89,000</u>
Net income per share						
Basic	<u>\$ 5.19</u>					<u>\$ 4.99</u>
Diluted	<u>\$ 4.95</u>					<u>\$ 4.76</u>
Weighted average shares outstanding						
Basic	<u>17,830</u>					<u>17,830</u>
Diluted	<u>18,709</u>					<u>18,709</u>

*See accompanying notes to the Unaudited Pro Forma Condensed Combined Financial information.*

**STAMPS.COM INC.**  
**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS**  
**FOR YEAR ENDED DECEMBER 31, 2017**  
(In thousands, except per share data)

	<b>SDC (Historical)</b>	<b>MetaPack (Historical) (2)</b>	<b>MetaPack US GAAP Adjustments</b>	<b>Pro forma Adjustments</b>		<b>Pro forma Combined</b>
Revenue	\$ 468,709	\$ 47,909	\$ —	\$ —		\$ 516,618
Cost of revenue (exclusive of amortization of intangible assets, which is included in general and administrative expense)	79,226	14,536	—	1,499	I	95,261
Gross profit	389,483	33,373	—	(1,499)		421,357
Operating expenses:						
Sales and marketing	91,222	10,134	—	2,250	I	103,606
Research and development	46,208	8,727	—	2,025	I	56,960
General and administrative	88,550	14,835	(3,539)	7,646	F, I	107,492
Total operating expenses	225,980	33,696	(3,539)	11,921		268,058
Income (loss) from operations	163,503	(323)	3,539	(13,420)		153,299
Foreign currency exchange loss, net	—	(977)	—	—		(977)
Interest expense	(3,669)	(1,071)	—	1,071	H	(3,669)
Interest and other income	414	—	—	(136)	J	278
Income (loss) before income taxes	160,248	(2,371)	3,539	(12,485)		148,931
Income tax expense (benefit)	9,645	(1,211)	—	(2,661)	K	5,773
Net income (loss)	<u>\$ 150,603</u>	<u>\$ (1,160)</u>	<u>\$ 3,539</u>	<u>\$ (9,824)</u>		<u>\$ 143,158</u>
Net income per share						
Basic	<u>\$ 8.81</u>					<u>\$ 8.37</u>
Diluted	<u>\$ 8.19</u>					<u>\$ 7.79</u>
Weighted average shares outstanding						
Basic	<u>17,099</u>					<u>17,099</u>
Diluted	<u>18,387</u>					<u>18,387</u>

*See accompanying notes to the Unaudited Pro Forma Condensed Combined Financial information.*

**STAMPS.COM INC.**  
**NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

**Description of the Transaction and Basis of Presentation**

The unaudited pro forma condensed combined financial statements have been prepared based on SDC's and MetaPack's historical financial information, giving effect to the acquisition and related adjustments described in these notes. SDC prepares its consolidated financial statements in accordance with US generally accepted accounting principles ("U.S. GAAP"). Certain note disclosures normally included in the financial statements prepared in accordance with U.S. GAAP have been condensed or omitted as permitted by the Securities and Exchange Commission rules and regulations.

On August 15, 2018, SDC, through its wholly owned subsidiary Pacific Shelf, completed the acquisition of MetaPack pursuant to a share purchase agreement dated July 24, 2018, as amended (the "Agreement"), by and among the certain key sellers named in the Agreement (the "Key Sellers"), MetaPack, Pacific Shelf and SDC as Pacific Shelf's guarantor.

Pursuant to the agreement and a related agreement to purchase Minority Shares (as defined below), Pacific Shelf acquired 100% of MetaPack's issued and to be issued share capital by purchasing (i) all of the Key Sellers' shares of MetaPack, representing approximately 80% of the total outstanding shares and (ii) all other issued and to be issued shares of MetaPack ("Minority Shares"), for a final adjusted purchase price, for all such shares, of approximately £171 million.

MetaPack is a United Kingdom-based software company that provides the world's leading multi-carrier enterprise-level solution to many of the world's preeminent e-commerce retailers and brands.

We have accounted for the acquisition under the acquisition method of accounting in accordance with the provisions of FASB ASC Topic No. 805 *Business Combinations* (ASC 805). The total purchase price for MetaPack was approximately £171 million, or \$226 million using the June 30, 2018 GBP to USD exchange rate. Total cash paid for the acquisition was approximately \$222.6 million, the final purchase price less approximately \$3.5 million of the settlement of certain share option-related amounts and taxes withheld, and was funded from cash on hand.

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Under the acquisition method of accounting under ASC 805, the total estimated purchase price of the acquired company is allocated to the assets acquired and the liabilities assumed based on their fair values. We have made significant estimates and assumptions in determining the preliminary allocation of the purchase price. The preliminary allocation of purchase consideration is subject to change based on further review of the fair value of the assets acquired and liabilities assumed and finalization of deferred income tax calculations. The following table is the estimated allocation of the purchase price based on the June 30, 2018 GBP to USD exchange rate (in thousands, except years):

	Fair Value	Weighted Average Estimated Useful Life (In Years)
Cash and cash equivalents	\$ 9,543	
Trade accounts receivable	10,146	
Other current assets	3,385	
Property and equipment	1,225	
Goodwill	141,010	
Total identifiable intangible assets	104,747	16
Accounts payable and accrued expenses	(13,972)	
Deferred revenue	(264)	
Current portion of debt	(13,209)	
Deferred income tax liability	(15,679)	
Other liabilities	(806)	
Total purchase price	<u>\$ 226,126</u>	

This preliminary purchase price allocation has been used to prepare pro forma adjustments in the pro forma condensed combined balance sheet and statements of operations. The final purchase price allocation will be determined when SDC has completed the detailed valuations and necessary calculations. The final allocation could differ materially from the preliminary allocation used in the pro forma adjustments. The final allocation may include changes in allocations to intangible assets such as developed technology and customer relationships as well as goodwill and other changes to assets and liabilities. Goodwill represents the excess of the consideration given over the sum of the fair values assigned to identifiable assets acquired less liabilities assumed in a business combination and the potential synergy of combining the operations of Stamps.com and MetaPack. The goodwill recorded in this acquisition is not tax deductible. The identified intangible assets consist of trade names, developed technology, and customer relationships. The estimated fair values of the intangible assets were determined using methodologies such as "Relief from Royalty" and "Excess Earnings." Intangible assets will be assumed to be amortized on a straight-line basis over their estimated useful lives. Based on the June 30, 2018 exchange rate, we expect the amortization of acquired intangibles will be approximately \$1.7 million per quarter for the remaining estimated useful lives.

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## Foreign Currency and US GAAP Conversion Adjustments

The historical financial information of MetaPack was prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice "UK GAAP"), and presented in British pounds sterling. The historical information was translated from British pounds to US dollars using the following historical exchange rates:

Period	\$ / £
Period end exchange rate as of June 30, 2018	1.3209
Average exchange rate for the six months ended June 30, 2018	1.3759
Average exchange rate for the year ended March 31, 2018	1.3267
Average exchange rate for the year ended December 31, 2017	1.2886

Adjustments were required to convert MetaPack's financial information from UK GAAP to US GAAP and are included within the MetaPack US GAAP adjustments column of the unaudited pro forma condensed combined balance sheet as of June 30, 2018 and the unaudited pro forma condensed combined statements of operations for the six months ended June 30, 2018 and the year ended December 31, 2017.

Under UK GAAP, changes in the fair value of contingent consideration occurring more than one year after an acquisition may be recognized as changes to the value of goodwill. Under US GAAP, changes in the fair value of contingent consideration more than one year after an acquisition must be recognized as income or expense. Under UK GAAP, goodwill has been amortized over its useful life of 5 years. Under US GAAP, goodwill is not amortized; it is tested annually for impairment.

The UK GAAP to US GAAP adjustments are reflected in the unaudited pro forma condensed combined balance sheet as of June 30, 2018 as follows (in thousands):

Reversal of goodwill amortization	\$ 16,681
Reversal of change in contingent consideration	1,928
Total impact on retained earnings	18,609
Foreign currency translation	325
Total impact on goodwill and stockholders' equity	\$ 18,934

The UK GAAP to US GAAP adjustments total \$1.9 million and \$3.5 million in the unaudited pro forma condensed combined statements of operations for the six months ended June 30, 2018 and the year ended December 31, 2017, respectively. These adjustments are exclusively related to the reversal of amortization of goodwill under UK GAAP.

The following additional adjustments were required to align MetaPack's historical financial statements with SDC's current accounting policies and existing presentation:

- (1) Reclassifications of \$1.0 million from intangible assets, net to property and equipment, net and \$2.8 million from accounts payable and accrued expenses to deferred revenue in order to present deferred revenue as a separate line item.
  - (2) MetaPack's historical income statement under UK GAAP included a single classification for cost of revenues and operating expenses combined which was labeled as "administrative expenses." Adjustments were required to designate amounts for cost of revenues, sales and marketing expense, research and development expense, and general and administrative expense in order to conform to SDC's presentation. Further, an adjustment was also required to classify foreign currency exchange loss as a non-operating item to conform to SDC's presentation.
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## Pro Forma Adjustments

The unaudited pro forma condensed combined financial information has been prepared to illustrate the effect of the acquisition of MetaPack. The historical consolidated financial information in the unaudited pro forma condensed combined financial statements has been adjusted to give effect to pro forma events that are (1) directly attributable to the acquisition, (2) factually supportable, and (3) with respect to the statements of operations, expected to have a continuing impact on the combined results of SDC and MetaPack. Furthermore, no effect has been given in the unaudited pro forma combined statements of operations for potential synergistic benefits or cost savings that may be realized through the combination of SDC and MetaPack or costs that may be incurred in integrating SDC and MetaPack.

The pro forma adjustments are based on our preliminary estimates and assumptions that are subject to change. The following adjustments have been reflected in the unaudited pro forma condensed combined financial information:

### *Adjustments to the pro forma condensed combined balance sheet*

- (A) The purchase price of MetaPack was £171 million (\$218 million translated at the August 15, 2018 exchange rate). The allocation of the purchase price and the purchase price accounting is based upon preliminary estimates of the assets and liabilities acquired on August 15, 2018 in accordance with the provisions of ASC 805. Translating based on the June 30, 2018 exchange rate, the purchase price of the acquisition was approximately \$226.1 million.

Translating based on the June 30, 2018 exchange rate, the allocation of the purchase price is estimated as follows (in thousands):

	Fair Value
Total working capital	\$ (4,371)
Property and equipment	1,225
Goodwill	141,010
Total identifiable intangible assets	104,747
Deferred income tax liability	(15,679)
Other liabilities	(806)
Total purchase price	<u>\$ 226,126</u>

- (B) The following table reflects the working capital adjustments based on the purchase price allocation as of the acquisition date as shown in Description of the Transaction and Basis of Presentation note (Preliminary Value) and the MetaPack Historical balance sheet as of June 30, 2018 (in thousands).

	MetaPack Historical	Pro forma Adjustment	Preliminary Value
Cash and cash equivalents	\$ 7,750	\$ 1,793	\$ 9,543
Accounts receivable	8,935	1,211	10,146
Current income taxes	126	(126)	—
Other current assets	2,103	1,282	3,385
Accounts payable and accrued expenses	(8,011)	(5,961)	(13,972)
Deferred revenue	(2,772)	2,508	(264)
Current portion of debt	(13,209)	—	(13,209)

- (C) Adjustment to reduce retained earnings and increase accrued expense by \$7.1 million, which consists of the following items recorded by either Stamps.com or MetaPack after June 30, 2018 that were directly related to the transaction: \$5.4 million of transaction costs, \$1.0 million of nonrecurring foreign currency exchange loss directly related to the acquisition of MetaPack, and \$649,000 of one-time bonuses and employer tax payments.
- (D) Adjustment to decrease the assumed deferred revenue obligations to fair value. After the acquisition, this adjustment will not have a continuing impact as the assumed performance obligations will be satisfied within twelve months. As such, there are no pro forma adjustments in the condensed combined statement of operations to reduce revenue.
- (E) Adjusts the deferred tax liabilities resulting from the acquisition. The estimated increase in MetaPack's deferred tax liabilities to \$15.7 million stems primarily from the fair value adjustments for non-deductible intangible assets based on the statutory rate. This estimate of deferred income tax balances is preliminary and subject to change based on management's final determination of the fair value of assets acquired and liabilities assumed by jurisdiction.

*Adjustments to the pro forma condensed statement of operations*

- (F) Adjustment to record pro forma amortization expense of purchased intangible assets from the beginning of the period presented over their estimated useful life (in thousands except years):

	Fair Value	Weighted Average Estimated Useful Life (years)	Pro Forma Amortization Expense	
			Six Months Ended June 30, 2018	Year Ended December 31, 2017
Total identifiable intangible assets	\$ 104,747	16	\$ 3,410	\$ 6,387
Historical amortization expense			185	357
Pro forma adjustments			\$ 3,225	\$ 6,030

The fair value of identifiable intangible assets in the chart above was translated using the June 30, 2018 exchange rate. The pro forma amortization expense in the chart above for the six months ended June 30, 2018 and the year ended December 31, 2017 was translated using the historical average exchange rate for each respective period.

These preliminary estimates of fair value and estimated useful lives may differ from final amounts SDC will calculate after completing a detailed valuation analysis, and the difference could have a material impact on the accompanying unaudited pro forma condensed combined financial statements. Using the average exchange rate for the six months ended June 30, 2018, a 10% change in the valuation of intangible assets would cause a corresponding increase or decrease in the balance of goodwill and annual amortization expense of approximately \$682,000, assuming an overall weighted-average useful life of 16 years.

- (G) Adjustment to eliminate the transaction costs of approximately \$1.0 million that were recorded by SDC in the six months ended June 30, 2018 in general and administrative expense.
- (H) Adjustment to eliminate interest expense of approximately \$389,000 and \$1.1 million for the six months ended June 30, 2018 and the year ended December 31, 2017, respectively, from MetaPack's statements of operations resulting from SDC's repayment of MetaPack debt assumed immediately after acquisition.
- (I) Adjustment to include the estimated share-based compensation expense related to inducement awards issued to continuing employees as part of the acquisition agreement. The fair value of the inducement share-based awards will be recognized ratably over post-combination service periods of four years.
- (J) Adjustment to eliminate interest income of approximately \$78,000 and \$136,000 for the six months ended June 30, 2018 and year ended December 31, 2017, respectively, from SDC's statements of operations for cash used in the acquisition and not available for investment during the period.
- (K) Adjustments to reflect the income tax effect of the pro forma adjustments based on the estimated blended federal, state, and foreign statutory tax rate.