



LASCO Distributors Limited
Report to the Shareholders

The Board of Directors of LASCO Distributors Limited is pleased to present the Audited Financial Statements for the year ended March 31, 2021.

Despite the Covid-19 pandemic the year was a strong one recording a 25.3% Net Profit growth over the previous year with significant growth in several segments of the business. In October 2020, the company commenced paying income tax at 25% compared to 12.5% during the same period last year.

Total Sales was \$20.3B or a 4.1% increase over the corresponding period of the prior year while Gross Profit closed at \$3.6 billion or down by 3.4% over the corresponding period last year. Gross profit margin for the year was 18% compared to 19.4% over the prior year. The margin reduction reflects increased temporary trade spend and discounts, and the underperformance of categories associated with out of home and on-the-go consumption such as schools, events and within the hospitality industry.

Selling and Administrative expenses were \$2.7 billion or 13% lower than the previous year. The improvement was primarily due to improved efficiencies as well as reductions and redirection of some marketing spend, as due to the pandemic, many planned outdoor marketing initiatives and sponsorships were cancelled and less interactive activities implemented such as the expanded use of social media, point of sales communication and outdoor advertising. The reduction resulted in an improved Expense to Sales ratio of 13.2% compared to 15.8% in the prior year.

Operating Profit was \$1.1 billion, an increase of 36.4% over the prior period last year of \$818 million.

Net Profit grew by 25.3% to close the period at \$909 million or \$184 million over the same period last year. Net Profit Margin ratio improved from 3.7% to 4.5%.

At the end of March 2021, Total Non-Current Assets stood at \$2.4 billion an increase of 3% over the same period last year. Inventories increased by \$538 million or 23% to close at \$2.9 billion. Trade receivables closed the period at \$2.5 billion, an increase of 7% compared to prior year. Cash and short-term Investments, combined, closed the period at \$2.3 billion compared to \$1.5 billion for the same period last year. Trade payables increased by \$764 million or 24% to close at \$3.9 billion. Total loans owing at the end of the period was \$13 million compared to \$93 million in the previous year. Total shareholders' equity was \$6.5 billion, which was \$764 million or 13% over the prior year.

An interim dividend of \$0.051 per share totaling \$179 million was paid on July 24, 2020, to shareholders on record at the close of business on July 10, 2020.

The year's results reflect the remarkable efforts, dedication, and application of the entire Lasco Distributors team under the difficult and ever evolving circumstances of the pandemic.

Despite the impact of Covid-19, LASCO continued to honour and show appreciation to the Nation's front-line workers through its Corporate Social Programmes focusing on health, education, security, youth empowerment and the environment. Execution and delivery of the programmes were modified to conform to the protocols and containment measures related to the pandemic.

The main CSR programmes were:

Partnering with the Nurses Association of Jamaica (NAJ), LASCO Manufacturing Limited and The Lasco Chin Foundation in commemorating International Nurses' Day on May 12, 2020 in which over 300 Nurses joined in virtually on the online platform from the NAJ's headquarters.

We also collaborated in the celebration of Nurses' week in July 2020 with an Awards service at the Webster Memorial on Sunday July 19. Eighty Nurses from the three Regional Health Authorities were presented with Awards for outstanding service.

In association with the Ministry of Education, Youth & Information/Jamaica Teaching Council, Teachers were recognized on World Teacher's Day, Monday October 5, 2020 via a virtual ceremony. Over one hundred principals and teachers were recognized for their hard work and outstanding services and were presented with plaques. The ceremony had over 5'000 virtual attendees on the Jamaica Teaching Council's Facebook page and its YouTube Channel.

The Company partnered with the Jamaica Constabulary Force (JCF) to pay tribute to law enforcement Officers Island wide, who have provided exemplary service to the citizens of the country. A total of one hundred and thirty police officers across the country were recognised with an appreciation plaque for their outstanding performance in the call of duty over the past year.

We continue with the sponsorship of the REAP (Releaf Environment Awareness Programme) directed at Schools across the country. The awards for the year 2019/2020 were made on July 31, 2020, when The Priory Primary & Infant School emerged as the winner, as they were able to collect thousands of bottles that will be used for recycling purposes and won the award for the school which planted the most trees.

Additionally, we continued to support our two adopted schools, Gwen Neil, and Collins Close Basic Schools. We have been supporting them by providing care packages in a breakfast programme since January 2021.

Throughout the pandemic, the Company has managed to maintain its position as a leader in several segments of the market through proactivity, agility, flexibility, the unwavering commitment of our staff and the collaboration of our service providers and suppliers. Our goal is to continue to build and grow through application of effective risk management, planning and executional excellence as we face both current and future challenges. We are committed to navigate through this unprecedented period with a transformative and innovative attitude.

We thank all our stakeholders, staff and valued customers for their undiluted support and loyalty over the years.



James E.D Rawle, CD
Deputy Executive Chairman