



Report on the 2021 Audited Financial Statements to our Shareholders

The Board of Directors is pleased to report to its shareholders on the performance of Derrimon Trading Company Limited Group Consolidated (Group) and Derrimon Trading Company Limited (Company) for the year ended December 31, 2021.

The economic challenges, lingering effects of the COVID-19 pandemic, logistics and supply chain issues, contraction in economic activities and reduction in disposable income continued to negatively impact the various business segments.

During this year, our organization continued to be innovative as well as become more diversified. The revenue stream in the key US market and internal portfolio adjustments during the financial year were pivotal to the Group navigating the many market dynamics which were created by the impact of the global pandemic. The major price adjustments experienced, due to unprecedented logistics and global supply chain costs as well as general price increases and the depreciation of the Jamaican Dollar, all resulted in escalated costs which negatively affected our business.

The strategy of building a diversified Group of Companies mitigated the effects of the market conditions caused by the Covid-19 pandemic. During the financial year, there were many factors which influenced the financial outcome of the Group; these include:

- Successful completion of the Additional Public Offering (APO) in February 2021 which broadened of the Company's capital base and provided additional cash to the group.
- Reduction in the debt profile of the Company and the Company's growth debt stock by approximately J\$2.176 billion.
- Acquisition of FoodSavers New York and Good Food for Less utilizing cash raised from the Additional Public Offer.
- Acquisition of Spicy Hill Farms Limited in November 2021.
- Acceleration of the build out of the new Select Grocers located at the Millennium Mall in Curatoe Hill, Mineral Heights, Clarendon.
- Implementation of the new technology platform – Microsoft Business Central as well as modern Computer Hardware to support business growth.
- Growth in the revenue and profitability from the Retail and e-Commerce Segments of the business, despite the negative impact on revenue segments driven by the continued closure of schools, offices and limited operations in some restaurants and small shops.
- Increase in revenue from many of the portfolios within the Distribution Segment despite the elimination of the ambient beverage portfolio on March 30, 2021.
- Negative impact on revenue and increased costs associated with sporadic closure of large wholesales during the year and curfew/lockdowns that reduced economic activity hours.

- Additional discounts given to customers to help alleviate the economic downturn on them.

Despite the many challenges experienced, the Consolidated Group and Company's financial performance shows the following growth:

- Consolidated revenue of \$17.744B, a \$4.967B or 39% increase over the 2020 reporting period.
- Consolidated Gross Profit of \$3.409 billion, a \$926.545 million or 37% increase over the 2020 reporting period.
- Consolidated profit before tax of \$555.719 million, a \$200.530 million or 56% increase over the 2020 reporting period.
- Net profit of \$448.183 million, a \$137.094 million or 44% increase over the 2020 reporting period.
- Reduction in core debt expense to \$111.958 million or \$124.933 million or 53% below the 2020 reporting period.

Our operating environment remain influenced by many market shocks and given that the impact of the Covid-19 pandemic will be present for the foreseeable future, we will continue to build on our success, manage our costs and implement strategies that will generate growth for the Group.

The Board wishes to thank our loyal management team and employees for their commitment and dedication during this year, as well as our shareholders, customers and other stakeholders for their continued support.



Derrick Cotterell
Managing Director