



LASCO Manufacturing Limited
Report to the Shareholders
For the twelve months ended March 31, 2022

The Board of Directors of LASCO Manufacturing Limited is pleased to present the Audited Financial Statements for the year ended March 31, 2022.

The year was one of many challenges, as in addition to the continued impact of the Covid -19 pandemic there were pressures from the disruption of the global supply chain, dramatic shipping and logistics cost increases and significant materials and energy cost inflation. Despite these challenges we continued to execute our continuous improvement programmes, including disciplined cost management and resource allocation, simplification of structures and productivity enhancement initiatives and delivered strong results with solid top and bottom-line performances. The performance is attributed to our agility and flexibility in anticipating and responding to the various challenges and the commitment and application of our teams at all levels of the organisation.

Net Profit for the year was \$1.70B, an increase of 24% or \$328M on the prior year (2021: \$1.38B).

Sales Revenue for the year increased by 15% to \$9.48B (2021: \$8.21B) while gross profit was \$3.48B or 12% over the prior year. Gross margin however decreased by 120 basis points to 36.7% (prior year:37.9%) due to increased materials and logistics costs which were not fully recovered in selling price increases.

Selling and administrative expenses inclusive of marketing investments for the brands were \$1.29B a decrease of 2% with respect to the prior year as a result of improved efficiencies. In collaboration with our Distributor, we ramped up our spend in digital marketing for more effective and efficient consumer communication and engagement while continuing with traditional mass media, promotions, and sponsorships but with greatly improved efficiencies. The expense to sales ratio was 13.6% compared to 16% in the year before.

Operating profit was \$2.22B or a 22% increase on the previous year with the operating profit margin increasing by 130 basis points. Finance costs were \$47M down from \$59M in 2021.

The Statement of Financial Position remained healthy.

Total Assets at year-end were \$12B an increase of 11% over prior year. Current Assets were \$7B or 25% higher than the previous year while Current Liabilities were \$1.7B.

Inventories value stood at \$1.62B an increase of \$364M on the prior year reflecting cost increases and temporary inventory increase to mitigate supply chain instability. Trade receivables went up by \$283M to \$2.56B basically reflecting increased volumes and values while payables increased marginally by 3.5% to \$1.15B.

An interim dividend of \$0.0725 per share totalling \$300m was paid to shareholders on July 26, 2021. Shareholders equity at year end was \$9.35B, an increase of 18% over prior year.

Return on Equity was 18% compared to 17% in the previous year. Earnings per stock unit was \$0.413 (prior year \$0.334).

Cash and short-term investments at year end totalled \$2.8B versus \$2.1B at the end of the prior year.

Corporate Social Responsibility (CSR) Initiatives

The Company continued executing its CSR programmes and various community outreach programmes throughout the year with adaptations where necessary to comply with the Covid-19 pandemic containment protocols. The main CSR activities were focussed on the recognition of our Public Servants (Nurses and Teachers) for their contribution to the development of our Society.

Nurses/Health Care:

We collaborated with the Nurses Association of Jamaica (NAJ), LASCO Distributors Limited and the Lasco Chin Foundation to celebrate International Nurses' Day on May 12, 2021. The ceremony was a hybrid one staged from the NAJ's Headquarters' and aired online to allow for participation of Nurses Island wide. The theme for the day's celebration was Nurses: **A Voice to Lead-A vision for Future Healthcare.**

The collaboration and sponsorship continued in July with the commemoration and celebration of Nurses' week which culminated in the Award of the LASCO/ NAJ Nurse of the year, Runners up and the LASCO Student Nurse of the year. The Awards Ceremony was held at the Jamaica Pegasus Hotel.

Educators of the Year Awards.

Continuing with our recognition of Educators we collaborated with the Lasco Chin Foundation and the Ministry of Education and Youth/Jamaican Teaching Council to recognise Educators for outstanding work throughout the year. The recognition Ceremony was held virtually on December 29th, 2021 and one hundred and ninety-nine (199) educators from all parishes comprising Teachers and Principals of primary and secondary schools were presented with plaques of appreciation.

In addition, two Awardees were sponsored to attend the annual Association for Supervision and Development (ASCD) in Chicago during the period March 18-21, 2022.

Our other community outreach programmes included collaboration with various NGOs and community groups in providing care packages for distribution as well as ongoing support for our two adopted basic schools.

The company engaged with the Ministry of Health and Wellness in staging five Vaccination blitzes for employees and their immediate families over the period August 2021 to January 2022.

Outlook

For the year 2022/23 we expect that there will be on- going challenges related to the pandemic and continued instability in the global supply chain coupled with input inflation pressures which are likely to create margin pressures and erosion. However, as we have done in the past, we will continue to be proactive, agile, and flexible and take the necessary actions including driving our continuous improvement initiatives and expanding our product portfolio to mitigate the negative headwinds.

We take this opportunity to thank all our team members for their invaluable support, commitment, resilience and flexibility throughout the year and you our shareholders and other stakeholders for your continued confidence and support.

Yours sincerely,

LASCO MANUFACTURING LIMITED



James E. D. Rawle
Managing Director