



REPORT TO THE SHAREHOLDERS
Year ended 31st March, 2022

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

Full-year Results

LASCO Distributors Limited delivered another year of profitable growth. The solid performance was the result of disciplined execution of the Company's strategic framework while adapting the organizational structure to be more competitive and increasing investment in our brands.

The Company grew Net Profit by 11.8%, despite being subject to the full corporation tax rate for the entire financial year. Earnings per share (Basic) increased by 11.8% to \$0.29.

Revenue increased by 15.0% to \$23.34B, an increase of \$3.05B over the previous year. This was the result of sustained broad-based growth in all key categories and brands, driven by increased marketing investment and expanded distribution. This is pure organic growth, without any mergers or acquisitions, driven mostly by the domestic business.

The **Nutrition, Food and Beverage** Categories, continued to deliver solid growth, led by its core brands and a recovery in the Beverages category as out-of-home channels re-opened and on-the-go consumption increased.

Our strategic distribution arrangement with Salada Foods Jamaica Ltd continues to yield solid results in the coffee category, with the portfolio's leading brands delivering growth across all key channels.

The **Hygiene** portfolio's innovation agenda accelerated as the company rolled out a multi-brand, multi-channel Home Care strategy, supported by increased marketing investment. The Personal Care business was impacted by Supply Chain constraints but there was some recovery in product availability in the final quarter of the year.

The **Healthcare** category, managed via the Pharmaceutical Division delivered very strong growth in line with the company's diversification strategy. Strengthening relationships with our global pharmaceutical partners which include AstraZeneca, Bayer, Roche and MSN among others, are a focus area for the company and this has contributed significantly to the Division's performance.

Exports delivered marginal growth as key export markets gradually re-opened their economies. Market diversification through **International Expansion** is a clear priority for the company and a new strategic direction has been established to enable brand and business development in the international markets.

Portfolio Innovation is central to the company's profitable growth strategy as it expands its presence in existing categories and enter new ones. This strategy has been systematically implemented and in the past year more than 25% of the company's revenue was achieved with partner brands.

Gross Profit increased by 6.3% or \$230M, to \$3.88B, however margins decreased from 18.0% to 16.6%. Product and freight costs increases were incurred throughout the year and were partially offset by measured price increases and changes to the product and channel mix.

Operating Expenses were \$2.86B, an increase of 6.8%, driven mainly by an increase in Marketing investment. The Operating Expense ratio was 12.2% of Revenue, a decrease from 13.2% the year before.

Profit Before Tax was \$1.27B, an increase of 13.6%, or \$151M. Despite an increase in Taxation, as the company is now subject to the full Income Tax Rate, **Net Profit** was \$1.02B, an increase of 11.8% over the prior year.

Balance Sheet

Total Assets at 31st March, 2022 stood at \$12.33B, an increase of 14.1% compared to the same period last year. **Inventories** increased by \$874M or 30% to close at \$3.79B as a result of increased safety stock levels to compensate for supply chain disruptions. **Receivables** increased to \$3.83B, an increase of 18.6% over the previous year.

Cash and Short-term investments taken together closed at \$2.35B compared to \$2.27B for the same period last year, an increase of 3.6%.

Payables increased to \$4.81B, an increase of 17.1% over last year. **Shareholders' Equity** closed at \$7.29B, which was \$816M or 12.6% above the previous year.

The company continues to be debt-free and delivered a Return on Equity of 14.8%.

Corporate Social Responsibility

LASCO Distributors Limited and its affiliates continue to support national and social development through its recognition of the tremendous public service performed in several critical sectors.

The Nurses Association of Jamaica in partnership with LASCO Chin Foundation celebrated the healthcare champions at a ceremony at NAJ's Mary Seacole House on International Nurses' Day, May 12, 2021. The LASCO Nurse of the Year and Nursing Student of the Year award ceremonies were also held at the Jamaica Pegasus on July 23, 2021 to recognize top performers in the field of nursing.

In November 2021, LASCO participated in Civil Servants' Week by sponsoring the Drop of Love Blood Drive which was partnered with Jamaica Constabulary Force, Nurses Association of Jamaica and the Ministry of Education. Police Week activities were also held during November 2021 with the awards ceremony being held online.

In December 2021, 199 schoolteachers and principals were recognised for their outstanding work in the field of education over the past year. This was done via an online ceremony in conjunction with the LASCO Chin Foundation, the Ministry of Education and the Jamaica Teaching Council.

LASCO continued to support our adopted schools, Gwen Neil and Collins Close Basic Schools, in their breakfast programs. Additional support was given to Collins Close in their efforts to construct an isolation room at the school to receive their approval by the Ministry of Health and Wellness to reopen their doors to their students.

As LASCO played its part in improving public health, we hosted four vaccination blitzes at our While Marl Complex in partnership with the Ministry of Health and Wellness, in which over 750 team members and their dependents were vaccinated.

Outlook

The Company is operating in the new normal, maintaining the necessary health and safety protocols to protect employees while remaining focused on achieving its strategic objective.

Recent geopolitical developments have accelerated the need for the company to re-examine its sourcing strategy and establish new and contingency supply partners, leading to new opportunities for further portfolio development.

The company's ability to quickly leverage its strengths to capitalise on new opportunities is being enhanced through organizational redesign, addition of experience and talent in key positions and investment in training and technology. Simultaneously, a comprehensive assessment of the risks the company faces is being conducted to ensure that the organization is fit to compete and win in the new environment.

The Board of Directors would like to extend our thanks to all stakeholders, and our dedicated team and customers in particular, for their support as we continue to achieve our purpose of enhancing Everyday Family Values through Nutrition, Hygiene and Healthcare.

Yours sincerely,

LASCO Distributors Limited



John De Silva
Managing Director