



## **DIRECTORS' REPORT TO SHAREHOLDERS – June 30, 2022**

On behalf of the Board of Directors we are pleased to share the results of Fontana Limited for the financial year ended June 30, 2022.

Revenues for the past year were up to \$6.3 billion, a 23% increase over the \$5.3 billion of the previous year. This compares quite favourably with the 11% growth average over the past four quarters reported by Statin for the Wholesale & Retail trade sector. We continue to experience strong revenue growth in key departments due to increased demand and significant inventory levels.

Gross profit was \$2.3 billion, or 16% higher than the \$1.9 billion recorded in the prior year, and gross margins moved to 35.6% from 37.8%. The global supply chain challenges resulting in higher-than-normal distribution, shipping and freight charges continued to impact cost of goods.

Operating expenses grew by 15%, directly attributable to expanded operating hours and increased staff costs as we endeavored to reduce staff migration and the global impact of the war in Ukraine on the price of oil and the subsequent follow-on increases on base costs. Operating profit over the period grew by 17% to \$761 million.

Profit before tax increased by 14% year over year, moving from \$541 million to \$616 million. Deferred taxation movements resulted in net profit attributable to shareholders of \$606 million, an increase of 18.3% over the \$512 million earned in the previous year.

Cash flows improved by 74%, and cash balances continue to grow as revenues increased across all stores. This was bolstered by the proceeds from our December 2021 bond issue for CAPEX and expansion. Shareholder equity grew by \$356 million, an increase of 19.7% over last year, enabling Fontana to make two dividend payments totaling \$250 million during the year.

Net Assets increased by 30.9% mainly due to careful inventory management as we continued to battle logistics and global supply chain challenges in procurement.

Our communities in which we operate continue to benefit from various partnerships. Our greatest contribution was the spearheading of the Covid-19 vaccination drive in partnership with the Ministry of Health & Wellness which wrapped up in May of this year.

We want to thank all our stakeholders for your trust and support, especially our loyal customers. Our success results from our dedicated team who we want to thank for their unwavering loyalty and commitment.



Kevin Chang  
Director/Chairman



Anne Chang  
Director/CEO