



REPORT TO THE SHAREHOLDERS
Year ended 31st March, 2023

The Board of Directors of LASCO Distributors Limited is pleased to present the audited Financial Statements for the year ended 31st March 2023.

Full-year Results

LASCO Distributors Limited continues to deliver sustainable profitable growth, as the company meets its commitments to performing on a consistent basis while transforming to build capabilities for the future. The result was the effort of all team members and disciplined and consistent execution of the Company's strategic framework, focused on Nutrition, Hygiene and Healthcare.

Highlights

- Net Profit increased by 33.2% to \$1.35B,
- Return on Equity increased to 17.2%,
- Earnings per share (Basic) increased by 33.09% to \$0.39,
- Revenue increased by 13.8% to \$26.56B,
- Gross Profit up by 18.2% to \$4.59B, driven by Gross Margin improvement,
- Portfolio innovation initiatives continue to accelerate.

Total Company Revenue increased by 13.8% to \$26.56B, an increase of \$3.22B over the previous year. This was entirely organic growth as the company achieved solid results in key countries, categories, channels, and brands.

The **Nutrition, Food and Beverage** Categories again delivered a solid performance, led by core brands, and recently launched, margin-accretive categories which also performed very well.

The **Hygiene (Home Care and Personal Care)** portfolio continues to benefit from accelerated innovation, supported by increased marketing investment and trade presence.

The **Healthcare** category, managed via the Pharmaceutical Division reshaped its product mix and channel focus to adapt to evolving market conditions and continues to strengthen its collaboration with global industry leaders.

Exports delivered strong growth as a result of more focused Go-to-Market strategies, leveraging distribution partner capabilities and improved internal logistics efficiencies.

Portfolio Innovation initiatives advanced quite well, with the company entering new categories and launching new brands over the past year, including DILMAH teas, VITALISIMO Cereals, SLIMFAST health shakes, BRIGHT SIDE FARMS almond milks, FREE JOY baby food fruit purees, TUNNOCKS Wafers and FESTIVAL, TOSH and DUX cookies and crackers.

Gross Profit increased by 18.2% or \$707M, to \$4.59B, and margins increased from 16.6% to 17.3% as a result of strategic changes to product and channel mix, supported by measured price increases where absolutely necessary.

Operating Expenses were \$3.17B, an increase of 11.1%, driven mainly by an increase in Marketing investment. The Operating Expense ratio was 11.9% of Revenue, a decrease from 12.2% the year before.

Profit Before Tax was \$1.62B, an increase of 27.9%, or \$354M. **Net Profit** was \$1.35B, an increase of 33.2% over the prior year.

Balance Sheet

Total Assets at 31st March, 2023 stood at \$13.38B, an increase of 7.5% compared to the same period last year. **Inventories** increased by \$682M or 18.0% to close at \$4.47B as a result of increased safety stock levels to compensate for supply chain disruptions. **Receivables** decreased by 9.3% to \$3.58B, compared to the previous year.

Cash and Short-term investments taken together closed at \$2.8B compared to \$2.35B for the same period last year, an increase of 19.3%.

Payables closed the year at \$4.69B, a reduction of 5% over last year. **Shareholders' Equity** closed at \$8.41B, which was \$1.13M or 15.4% above the previous year. The company continues to be debt-free and delivered a Return on Equity of 17.2%.

Dividend Payment an interim dividend of \$0.09 per share totaling \$316M was paid on June 29, 2022, to shareholders on record at the close of business on June 10, 2022.

Corporate Social Responsibility

The LASCO R.E.A.P program. garnered 41 participating schools for this year's competition which were judged in April 2023, with the formal awards ceremony scheduled to take place in June 2023.

The annual Police Week celebrations were held in November 2022, and this included a luncheon and gift bags for the children of fallen officers. The JCF Long Service Awards were also held where over 100 well-deserving members of the JCF received awards for 18-23 years of service, 24-29 years of service and 30 or more years of service.

In partnership with the LASCO Chin Foundation, the Nurses Association of Jamaica hosted 150 healthcare champions at the Terra Nova All Suites Hotel on May 12, 2022, to celebrate International Nurses' Day. The theme was: Nurses: A voice to lead - Invest in nursing and respect rights to secure global health.

The company continues to provide support to students at our adopted basic schools of Gwen Neil and Collins Close, furthering our commitment to education and nation building. In July, in partnership with the LASCO Chin Foundation and the Ministry of Health, we once again honoured the country's hardworking nurses and nursing students at our annual Nurse of the Year award ceremony.

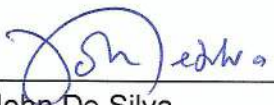
Outlook

The Company continues to invest in its people, own operations, and technology to develop new capabilities to be more effective and efficient in an increasingly competitive environment. Results validate the strategic framework, and the focus will be on ensuring we continue to execute and deliver on our commitments.

The Board of Directors would like to extend our thanks to all stakeholders, and our dedicated team and customers, 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