



LASCO Manufacturing Limited
Report to the Shareholders
For the twelve months ended March 31, 2023

The Board of Directors of LASCO Manufacturing Limited is pleased to present the Audited Financial Statements for the year ended March 31, 2023.

The year was again a challenging one with the main issues being lingering supply chain instability coupled with extreme inflationary pressures resulting in significant materials and services cost increases. Despite this we remained committed to our long-term strategic direction and delivered solid results with strong top- and bottom-line performance while increasing investments in our long-term growth drivers.

We adjusted prices in response to the input cost increases but were able to mitigate the extent by important and on-going gains in operational efficiencies, disciplined cost management and prudent resource allocation. The continued commitment, dedication, and application of our teams across the organization remained pivotal to the results.

Net Profit for the year of \$2.081B an increase of 21.9% or \$374M on the prior year (2022: \$1.707B) with the net profit margin increasing by 50 basis points to 18.5%.

Sales Revenue increased by 18.6% to \$11.24B (2022: \$9.48B) while gross profit was \$4.08B, 17% above the prior year. Gross margin at 36.3% was marginally below the prior year's 36.7% reflecting the increased input costs that were not fully recovered in selling price adjustments. Revenue growth was fuelled by broad based volume growth and pricing actions.

Selling and administrative expenses, inclusive of marketing investments for the brands, were \$1.48B an increase of 14.6% with respect to the prior year. The increase reflects costs pressures, but notably the percentage increase was held below the revenue growth. Marketing investment was 16 % higher than in the prior year as we increased the support for our brands and enhanced consumer engagement. The expense to sales ratio was 13.2 % versus 13.6% in the year before.

Operating profit grew to \$2.69B or 21% on the previous year with the operating profit margin increasing by 50 basis points to 23.9%. Finance costs were \$23M, down from \$47M in the prior year.

Balance Sheet

Total Assets at year-end were \$13.7B or an increase of 14% over prior year (2022: \$12B). Current Assets were \$8.58B which was 22% higher than prior year while current liabilities were \$1.7B.

Inventories value at year end was \$2.16B, 34% higher than the comparative value of last year, reflecting material cost increases and increased levels of safety stock to mitigate potential supply disruptions. Trade receivables were \$2.5B marginally below the value of the prior year while Trade payables were \$1.26B (2022: \$1.16B).

Shareholders' equity at year end was \$11.1B an increase of 19% over prior year. Return on equity was 20.4% compared to 19.8% in the previous year. Earnings per stock unit increased to \$0.5037 versus \$0.4131 in 2022.

Interim Dividend

An interim dividend of \$0.10 per share totalling \$413.3M was paid to shareholders on 29th June 2022.

Cash and bank balances inclusive of short-term investments at year end were \$ 3.88B (prior year: \$2.84B).

Corporate Social Responsibility.

Throughout the year the company continued to execute its core Corporate Social Responsibility initiatives and various community outreach programmes across the island. There was a ramping up of activities in all the initiatives with the lifting of the pandemic era restrictions and the resumption of normal social and economic activities within the country.

Nurses/Health Care:

In recognition of our Nurses, we partnered with the Nurses Association of Jamaica (NAJ), LASCO Distributors and the Lasco Chin Foundation in activities to celebrate International Nurses Day on May 12, 2022. The ceremony was held at the Terra Nova All Suites Hotel with over one hundred and fifty (150) health care Champions in attendance with live streaming to include participation of Nurses Island-wide. The partnership continued with the celebration of Nurses Week during July 17-July 22, 2022 which culminated in the Award ceremony of the Lasco/NAJ Nurse and Student Nurse of the year awards on July 22 at the

Jamaica Pegasus Hotel. We also sponsored and supported various community activities undertaken by the Nurses across the country throughout the year.

Educators of the Year Awards

We resumed our partnership with the Lasco Chin Foundation, The Ministry of Education and Youth and the Jamaica Teaching Council in recognising and honouring Educators for outstanding work throughout the year. The recognition and award ceremonies were held at the Jamaica Pegasus Hotel which culminated a series of activities over several months. Overall, one hundred and thirty educators (130) were recognised and awarded for their outstanding work and contribution to the profession with the top awards being Principal of the year, Teacher of the year and, Technical Vocational Education and Training (TVET) Teacher of the year.

Lasco R.E.A.P.

We continued to support the REAP (Relief Environmental Awareness Programme) which focuses on environmental awareness and education in schools. Activities include tree planting, collection of PET bottles from the school environment for recycling and school gardens. Forty-one (41) primary schools across the Island are enrolled in the programme.

Recycling Partners Jamaica

We remained fully engaged along with other industry players with Recycling Partners of Jamaica (RPJ) in recovering plastic bottles (PET & HDPE) from the environment for recycling. The initiative, which is in its fourth year continues to make steady progress with significant increases in collections supported by an extensive communication and education focus, and an expanding collection network.

Outlook

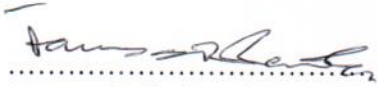
Organic growth with incremental margin improvements remains our top priority. This will be driven by continued investments in our brands, innovation, people and talent development and technology. We recognise that cost pressures are likely to persist at least for the medium term and could trigger price adjustments. We will find the right balance between these adjustments and savings through operational efficiency and productivity gains to maintain affordability and competitiveness in the marketplace.

We also reaffirm our commitment to continue to pursue our sustainability goals within the Environmental, Social and Governance (ESG) Framework.

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

Yours sincerely,

LASCO MANUFACTURING LIMITED

A handwritten signature in black ink, appearing to read "James E. D. Rawle", written over a dotted line.

James E. D. Rawle

Managing Director