



Everyday Financial Value



# AUDITED FINANCIAL REPORT

# Q4

APRIL 2021 – MARCH 2022

# LASCO FINANCIAL SERVICES LIMITED

## AUDITED RESULTS APRIL 2021- MARCH 2022

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The Board of Directors of LASCO Financial Services Limited (LFSL) and its subsidiaries are pleased to present the Audited Consolidated Financial Statements for the year ended 31 March 2022.

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## Dear Shareholders

### CONSOLIDATED FINANCIAL RESULTS

LFSL closed the 2021-2022 Financial Year with consolidated revenues of \$2.51B, a 9.5% increase when compared with the 2020-2021 financial results. Expenses increased marginally from \$1.845B to \$1.851B whereas finance cost reduced to \$166.9M from \$187.0M through deliberate and creditable actions to control expenses, resulting in a 95.5% increase in net profit of \$306.4M, up from \$156.7M.

LFSL's significant increase in earnings is a manifestation of the record increase in remittances to Jamaica in general and the additional market share we received due to the temporary disruption in business of a key player. Our diversified income stream from the three main business pillars including Cambio Services and Micro financing, also performed well as economic activity rebounded towards the latter half of the year.

Throughout the year, LFSL faced multiple challenges, in particular, the dilemma of growth and speed of innovation in the financial services space. We operate in an industry which is very competitive and requires constant investments in innovations of services, processes and tools to stay abreast of the competition. Our best response to this environment is the continued strengthening of our institutional capacity, making us as efficient as possible to give us a strong balance sheet and strong credit quality. A strong position also gives us the room to invest in the services to secure our sustainable relevance in the financial services sector.

The 2022 earnings were almost twice that of 2021 earnings and have surpassed pre-pandemic earnings by 8.6%. This improved profit has led to a significant turnaround of the diluted Earnings per share of 23.93 cents, up from 12.25 cents. This result was achieved after full taxation of \$186.6M. This is LFSL's first financial year of full taxation as the ten year concession came to an end in October 2020.

# LASCO FINANCIAL SERVICES LIMITED

## Audited results for the period April 2021– March 2022

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### FINANCIAL POSITION

For the reporting period, Total Assets increased 8.4% from \$4.30B to \$4.663B. Total Cash (cash and bank balances and short-term deposits) increased by 1.19% to close at \$1.389B whereas total loans and advances (loans portfolio) decreased from \$1.083B to \$812.7M. While the country was still under economic restrictions, we employed a risk-based lending strategy targeting Covid resilient businesses. As the economic activities rebounded towards the end of the third quarter we relaxed some of the lending restrictions as micro business customers expressed more confidence in the opportunities ahead. This particular strategy slowed the growth of our loan portfolio but served to manage our risk over the period.

Total Liabilities increased by 3.7% but they were mainly short term in nature. Our most significant liability, loans payable, reduced by \$177.0M. During the financial year, we refinanced the 9.5% 2018 Corporate note and replaced it with a \$500M and a \$700M loan at interest rates of 8% and 7.5% respectively. This refinancing will save the company an average of \$20M per annum in interest costs. As our cash flows strengthened, we also took the opportunity to clear a \$251M loan balance with interest cost of 8.95% per annum. We were also pleased to have paid interim dividends to all stockholders on December 20, 2021, in respect of March 2021 financial year. A total of \$51.2M was paid, being \$0.04c per share.

We continue to follow our strategy of a combination of organic growth and fintech led services to retain customers who require digital financial transactions as well as to expand services to a new customer base. Our year began with the approval of our LASCO Gold Visa prepaid card within the Bank of Jamaica Regulatory sandbox and our appointment as Principal Issuers of Visa. The approval has enabled us to build out a consumer based card product targeted at the unbanked to facilitate convenient remittance payments, payroll and ecommerce activities. The development is still in pilot phase and is being prepared for market. We added a new remittance provider, Boss Money, to our growing list of Money transfer providers as we continue our roadmap of service options for customers.

### CORPORATE SOCIAL RESPONSIBILITY

Our community is very important to our continued success and it was our pleasure to participate in and support several initiatives throughout the year. Some of the key ones are highlighted below:

- The Jamaica Cultural Development Commission and the Miss Jamaica Festival Queen 2019/2020, Khamara Wright, in association with the Linstead Community Development Committee (CDC) in providing assistance to women and children who are victims of domestic violence.

# LASCO FINANCIAL SERVICES LIMITED

## Audited results for the period April 2021– March 2022

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- Collaborations with the LASCO Chin Foundation to support the needs of several entities and persons in our communities. Through our Back-to-School initiative we provided a few students with tablets, supermarket vouchers and LASCO baskets.
- The MicroPitch CARICOM Edition Entrepreneurship Training and Business Plan Competition organised by the Frankfurt School of Finance and Management and the European Investment Bank (EIB). The event gave entrepreneurs and micro, small and medium-sized enterprises (MSMEs) of the Caribbean region the opportunity to boost their business through capacity building. LFSL sponsored the prize for the Top Jamaican Awardee for the Business Plan Competition, this was awarded to The STEM Builders Learning Hub.

Finally, we could not let any discussion of our performance in 2022 pass without expressing our deepest thanks to our outstanding remittance agents and our team members. Throughout the year dealing with the pandemic, their hard work, good cheer, dedication to outstanding customer service, and embrace of our Company's core values were critical to the past year's success. We sincerely appreciate the continuing trust and loyalty of all our constituencies; you our Stockholders, Customers, and Communities. We will continue to work diligently to earn your continued confidence, and we thank you for the privilege of serving you!

We wish to also express our appreciation to our Board of Directors and other stakeholders who supported us during the financial year and look forward to an even better year ahead.



JACINTH HALL-TRACEY  
MANAGING DIRECTOR