



Everyday Financial Value
LASCO Financial Services Ltd.

Unaudited Financial Report

Q2

July - September 2023

LASCO FINANCIAL SERVICES LIMITED

2nd Quarter July– September 2023

The Board of Directors of LASCO Financial Services Limited (LFSL) is pleased to present the Second Quarter unaudited financial results.

Second Quarter Results

Income

LASCO Financial Services Limited (LFSL) is reporting consolidated income of \$575.9 million for the second quarter of the 2023-2024 Financial year. This represents a 7.6% decrease or \$47.4 million when compared with the corresponding 2022-2023 second quarter.

Expenses

Consolidated expenses for the quarter totaled \$504.9 million compared with \$469.1 million, an increase of \$35.8 million. Administrative expenses decreased 4.0%, a result of the efforts to control expenses, whereas Selling and Promotions increased 33.7% or \$48.9 million reflecting increased support for the services over the comparable three-month period.

Profit for the period is \$37.2 million, a significant fall off from the previous second quarter which was \$73.9 million; a result of the reduced revenues and increased investments in product support.

Six Months Results

Income

Consolidated income for the first half of the 2023-2024 Financial year is \$1,150.8 million. This represents a 3.2% decrease or \$37.5 million when compared with the corresponding 2022-2023 first half. The reduction in income represents a reduction in transactions over the period and lower than anticipated Cambio gains.

Expenses

Consolidated expenses for the half year totaled \$1,011.7 million which was \$111.6 million more than the previous corresponding period. Year to date administrative costs and Selling and Promotion expenses have increased over the previous period. Some activities were implemented in the first quarter to control administrative costs for the upcoming period and there has been an increase in marketing activity to promote all our services to improve our pace of growth.

Profitability

Net Profit for the period is \$56.0 million compared to \$156.7 million in the 2022-23 corresponding period. These results reflect new costs which have been introduced in the current year. In view of the outcome, LFSL has taken certain steps to correct the slide in transactions.

In the upcoming third quarter, we will be launching LASCO MoneyGram Direct services to expand our market share. This new MoneyGram service will allow the sender to opt for cash pick up at a LASCO agent. LFSL is the first MoneyGram partner in the region to collaborate on such an initiative. We are excited about the prospects and look forward to welcoming new customers to MoneyGram service and of course to LASCO. We will be celebrating twenty years of doing business in the new year and wish to say thanks to remittance customers by offering them an improved payout rate. We also look forward to the increased business for our Agents who are providing excellent service under very challenging circumstances.

BALANCE SHEET HIGHLIGHTS

	Q2 2023 \$'000	Q2 2022 \$'000
CASH & SHORT-TERM DEPOSITS	1,008,327	1,645,341
TOTAL ASSETS	4,094,374	4,433,876
LONG TERM DEBT	936,757	1,500,818

LFSL reduced its cash holdings during the last quarter, in order to pay down the long-term loan with JMMB Bank. We reduced the loan by \$439 million or 42%. It is important for us to reduce the debt burden and the associated costs, given that we have the cashflows. Our balance on long term debt now stands at \$607.3 million to JMMB Bank and \$133.5 million to the Development Bank of Jamaica. Our cash balance remains above \$1.0 billion to support our daily operations.

OUTLOOK

LFSL is navigating a challenging business environment while it invests to transition its business and customers to digital services. Our key to success is ensuring that the legacy business (remittance, cambio and microfinance) continues to grow at a sufficient pace to support the time and income required for customer adoption of the new services. LASCO Microfinance was recently approved for the Micro Credit License and is navigating its way to provide a positive contribution to the group.

We wish to express our appreciation to our employees, agents and merchants who continue to serve our customers with enthusiasm. We also express gratitude to our Directors for their continued support and guidance.



JACINTH HALL-TRACEY
MANAGING DIRECTOR

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME JULY - SEPTEMBER 2023

Note	<u>UNAUDITED</u>	<u>UNAUDITED</u>	<u>UNAUDITED</u>	<u>UNAUDITED</u>	<u>AUDITED</u>
	3 MONTHS ENDED 30 SEPTEMBER 2023	3 MONTHS ENDED 30 SEPTEMBER 2022	6 MONTHS ENDED 30 SEPTEMBER 2023	6 MONTHS ENDED 30 SEPTEMBER 2022	12 MONTHS ENDED 31 MARCH 2023
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
REVENUE					
Income	540,581	584,572	1,079,758	1,124,565	2,113,207
Other income	35,404	38,822	71,073	63,319	160,129
	<u>575,985</u>	<u>623,394</u>	<u>1,150,831</u>	<u>1,187,884</u>	<u>2,273,336</u>
EXPENSES:					
Administrative and other expenses	(311,040)	(324,118)	(639,121)	(592,151)	(1,180,906)
Selling and promotion expenses	(193,938)	(145,021)	(372,620)	(307,944)	(646,830)
	<u>(504,978)</u>	<u>(469,139)</u>	<u>(1,011,742)</u>	<u>(900,095)</u>	<u>(1,827,736)</u>
PROFIT FROM OPERATIONS	71,006	154,255	139,089	287,789	445,600
Finance cost	(18,135)	(27,950)	(43,153)	(54,721)	(116,640)
PROFIT BEFORE TAXATION	52,870	126,305	95,936	233,068	328,960
Taxation	(15,685)	(52,336)	(39,933)	(76,316)	(114,998)
NET PROFIT FOR THE PERIOD, BEING	<u>37,186</u>	<u>73,969</u>	<u>56,004</u>	<u>156,752</u>	<u>213,962</u>
TOTAL COMPREHENSIVE INCOME					
Weighted average number of shares in issue	1,274,042	1,278,306	1,274,042	1,278,306	1,274,042
Basic Earnings per stock unit	<u>\$0.0292</u>	<u>\$0.0579</u>	<u>\$0.0440</u>	<u>\$0.1226</u>	<u>\$0.1679</u>

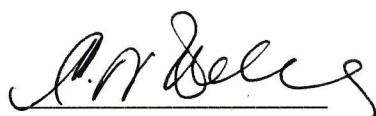
LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30th SEPTEMBER 2023

	Note	UNAUDITED SEPTEMBER <u>2023</u> \$'000	UNAUDITED SEPTEMBER <u>2022</u> \$'000	AUDITED MARCH <u>2023</u> \$'000
<u>ASSETS</u>				
Cash and bank balances		724,454	721,926	695,719
Short term deposits		283,873	923,415	668,775
Loans and other receivables		1,818,119	1,528,318	1,654,845
Taxation recoverable		50,851	34,019	52,708
Deferred tax assets		126,638	111,745	119,256
Intangible assets		845,025	851,190	849,392
Property, plant and equipment		113,156	113,386	111,616
Right-of-use		132,258	149,877	142,172
TOTAL ASSETS		4,094,374	4,433,876	4,294,483
<u>LIABILITIES AND EQUITY</u>				
LIABILITIES:				
Payables		856,195	554,751	603,547
Taxation		135,387	259,358	144,063
Lease Liability		195,584	202,478	198,794
Loans		741,173	1,298,340	1,238,048
		1,928,339	2,314,927	2,184,452
EQUITY:				
Share capital	3	114,536	114,536	114,536
Share option reserve		0	2,117	-
Retained earnings		2,051,499	2,002,296	1,995,495
		2,166,035	2,118,949	2,110,031
TOTAL LIABILITIES AND EQUITY		4,094,374	4,433,876	4,294,483

Approved for issue by the Board of Directors on November 9, 2023 and signed on its behalf by:



Compton Rodney FCA FCCA
Director



Jacynth Hall-Tracey, MBA, BA(Hons).
Managing Director

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 6 MONTHS ENDED 30th SEPTEMBER 2023

	<u>Share Capital</u> <u>\$'000</u>	<u>Share Option Reserve</u> <u>\$'000</u>	<u>Retained Earnings</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
Balance at 1 April 2022	114,536	2,117	1,845,544	1,962,197
Total comprehensive income:				
Net profit	-	-	156,752	156,752
Other comprehensive income	-	-	-	-
	<u>-</u>	<u>-</u>	<u>156,752</u>	<u>156,752</u>
Transaction with owners				
Issue of shares	-	-	-	0
Transfer from other reserves	-	-	-	-
Dividends paid	-	-	-	-
	<u>0</u>	<u>-</u>	<u>-</u>	<u>0</u>
Balance at 30 September 2022	<u>114,536</u>	<u>2,117</u>	<u>2,002,296</u>	<u>2,118,949</u>
Balance at 1 April 2023	114,536	-	1,995,495	2,110,031
Total comprehensive income:				
Net profit	-	-	56,004	56,004
Other comprehensive income	-	-	-	-
	<u>114,536</u>	<u>-</u>	<u>56,004</u>	<u>56,004</u>
Transaction with owners				
Issue of shares	-	-	-	-
Transfer from other reserves	-	-	-	-
Dividends paid	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 30 September 2023	<u>114,536</u>	<u>0</u>	<u>2,051,499</u>	<u>2,166,035</u>

LASCO FINANCIAL SERVICES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2023

	UNAUDITED 6 MONTHS ENDED 30 SEPTEMBER 2023 \$'000	UNAUDITED 6 MONTHS ENDED 30 SEPTEMBER 2022 \$'000	AUDITED 12 MONTHS ENDED 31 MARCH 2023 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit/(loss)	56,004	156,752	213,962
Items not affecting cash resources:			
Exchange loss/(gain) on foreign balances	(4,233)	(1,597)	12,127
Depreciation - right-of-use assets	9,914	7,705	15,410
Amortisation of Intangibles	2,748	2,908	5,389
Depreciation	13,637	8,266	23,249
Expired Stock Options	-	-	(2,117)
Interest income from loans	(160,234)	(170,264)	(340,285)
Interest income from securities	(20,337)	(22,162)	(51,015)
Interest Income -Other	(89)	(5,762)	(7,677)
Taxation expense	39,933	76,316	128,541
Deferred taxation	(14,538)	(6,032)	(13,543)
Interest expense	36,538	47,701	103,024
Interest expense - right-of-use assets	6,614	6,914	13,616
Adjustment to Plant, Property & Equipment	-	-	494
Adjustment to Amortisation	-	-	(4,762)
Provision for impaired loss on loan	10,955	(8,347)	(62,439)
	(23,089)	92,398	33,974
Changes in operating assets and liabilities			
Receivables	(157,946)	492,045	400,537
Related companies	1,077	(12,812)	11,377
Payables	217,573	(410,628)	(374,745)
	37,615	161,003	71,143
Interest received on Loans	147,424	179,655	341,980
Interest paid	(9,133)	(3,048)	(2,918)
Dividend Paid	-	-	(64,011)
Taxation paid	(65,546)	(59,257)	(230,676)
Cash provided by operating activities	110,359	278,353	115,518
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received- Securities	20,426	25,581	58,783
Additions to intangible assets	-	-	(8,549)
Additions to property, plant and equipment	(13,648)	(17,907)	(19,145)
Proceeds from Disposal of Assets	-	-	250
Short term deposits	436,370	(495,339)	(240,699)
Cash provided by/(used in) investing activities	443,148	(487,665)	(209,360)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	(41,109)	(45,595)	(98,827)
Issued shares	-	-	-
Loan Proceeds	-	90,000	90,000
Loan repayments	(483,171)	(70,067)	(132,577)
Lease payments	(9,824)	(9,206)	(19,592)
Cash used in financing activities	(534,104)	(34,870)	(160,996)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	19,403	(244,182)	(254,838)
Exchange (loss)/gain on cash balances	9,331	4,589	(10,958)
Cash and cash equivalents at beginning of period	695,719	961,515	961,515
CASH AND CASH EQUIVALENTS AT END OF PERIOD	724,453	721,922	695,719

LASCO FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30th SEPTEMBER 2023

1. IDENTIFICATION AND PRINCIPAL ACTIVITY:

(a) LASCO Financial Services Limited (“the Company”) is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is 27 Red Hills Road, Kingston 10. The company is listed on the Junior Market of the Jamaica Stock Exchange.

(b) The principal activities of the company are:

- The sale and purchase of foreign currencies through its Cambio. The company is a licensed Cambio dealer regulated by the Bank of Jamaica.
- The provision of remittance services facilitating person to person transfers for a fee, in accordance with licenses issued by the Bank of Jamaica
- A Principal issuer of VISA prepaid Card
- Provision of Ecommerce services through the brand Lascobiz

(c) LASCO Financial Services (Barbados) Limited is incorporated in Barbados under the Companies Act Cap.308 of the Laws of Barbados and is a 100% owned subsidiary of the company. The principal activity is the provision of remittance services facilitating the receiving of funds. The subsidiary, however, did not trade during the year.

LASCO Microfinance Limited is a limited liability company incorporated and domiciled in Jamaica and is a 100% owned subsidiary of the company. The principal activity is retail lending to the micro enterprise sector for personal and business purposes. By order of the Microcredit Act 2021 which came into effect on July 30, 2021, LASCO Microfinance is now a licensed Microfinance enterprise approved by the Bank of Jamaica

The company and its subsidiaries are referred to as “the Group”.

LASCO FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30th SEPTEMBER 2023

2. BASIS OF PREPARATION:

The condensed unaudited consolidated financial statements for the six (6) months ended September 30, 2023, have been prepared in accordance with IAS 34, Interim financial reporting and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and have been prepared under the historical cost convention. They are also prepared in accordance with provisions of the Jamaican Companies Act and as set out in note 3 of the audited financial statements as at 31 March 2023.

3. SHARE CAPITAL:

Authorized –
1,961,200,000 (2022 – 1,961,200,000) Ordinary shares of no par value

	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
Stated capital, issued, and fully paid - 1,280,228 (2022 - 1,280,228) of no-par value	<u>114,536</u>	<u>114,536</u>

4. EARNINGS PER STOCK UNIT:

Basic earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary stock units in issue at the end of the period

	<u>2023</u>	<u>2022</u>
Net profit attributable to stockholders (\$'000)	56,004	156,752
Weighted average number of ordinary stock units ('000)	<u>1,274,042</u>	<u>1,274,042</u>
Basic earnings per stock unit	<u>\$0.0440</u>	<u>\$0.1226</u>