



Everyday Financial Value

Unaudited Financial Report

Q3

October - December 2023

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 9 MONTHS ENDED 31st DECEMBER 2023

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

Third Quarter Results

Income

LASCO Financial Services Limited (LFSL) is reporting consolidated income of \$557.4 million for the Third quarter of the 2023-2024 Financial year. This represents a 2.5% decrease or \$14.3 million when compared with the corresponding 2022-2023 Third quarter.

Expenses

Consolidated expenses for the quarter totaled \$476 million compared with \$482.9 million, a decrease of \$6.9 million. Administrative expenses decreased 11.8%, a result of the efforts to control expenses, whereas Selling and Promotions increased 20.5% or \$31.9 million reflecting increased support for the services over the comparable three-month period.

Profit for the period is \$36.3 million, an increase over the previous year's third quarter which was \$30.6 million.

Nine Months Results

Income

Consolidated income for the nine months of the 2023-2024 Financial year is \$1,707.8 million. This represents a 2.9% decrease or \$51.8 million when compared with the corresponding 2022-2023 nine-month period. Revenues from all core services reflected a downward trend and the contribution from the new services was not sufficient to offset the reductions in revenues.

Expenses

Consolidated expenses for the nine months totaled \$1,487.5 million, which was \$104.6 million more than the previous corresponding period. Year to date administrative costs and Selling and Promotion expenses have increased over the previous period, the latter expense being more significant and reflecting operating and promotional costs for our LASCO Gold Prepaid cards. Additionally certain activities were implemented in the first quarter to control administrative costs for the upcoming period and there has been a general increase in marketing activity to promote all our services to improve our pace of growth.

Profitability

Net Profit for the nine months is \$92.3 million compared to \$187.3 million in the 2022-23 corresponding period. These results reflect new costs which have been introduced in the current year as we continue to make the necessary investments to develop our digital financial services to

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 9 MONTHS ENDED 31ST DECEMBER 2023

allow our business to compete sustainably in the future. While it is important to invest in the evolving services, we have also had to take certain steps to correct the slide in transactions and to grow our market share.

During the quarter, we launched the LASCO MoneyGram Direct “Size Matters” campaign. This MoneyGram service will allow the sender to opt for cash pick up at a LASCO agent for which the receiver is paid at a higher rate of exchange. This campaign will be continued into the coming periods and will be ramped up to achieve certain key objectives.

BALANCE SHEET HIGHLIGHTS

	Q3 2023 \$'000	Q3 2022 \$'000
CASH & SHORT-TERM DEPOSITS	1,004,374	1,519,485
TOTAL ASSETS	4,002,939	4,651,463
LONG TERM DEBT	724,747	1,261,375

LFSL reduced its cash holdings during the first quarter, 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 \$594.2 million to JMMB Bank and \$130 million to the Development Bank of Jamaica. Our cash balance remains above \$1.0 billion to support our daily operations.

CORPORATE SOCIAL RESPONSIBILITY

LFSL participated in the annual LASCO Police and Teacher & Principal of the Year Awards by facilitating the issuing of the prize monies, valued at over \$800,000, in total, on LASCO GOLD Visa Prepaid Cards. The company also embarked on partnership with Television Jamaica Ltd, through their “Smile Jamaica Christmas Wishlist”, to touch the lives of ten (10) recipients during the festive season. Each recipient was given thirty thousand dollars (\$30,000) on a LASCO GOLD Visa Prepaid card to help with their Christmas cheer.

We take great pleasure in announcing that at the 19th staging of the Jamaica Stock Exchange (JSE) Best Practices Award Ceremony, LASCO Financial Services Ltd received several recognitions in Junior Market award categories including **Overall Winner**. The JSE Best Practice Committee recognizes listed companies who uphold best practice in Corporate Governance. Other awards include:

Annual Report (Winner)

PSOJ/ JSE Corporate Governance Award – 1st Runner up

Corporate Disclosure & Investor Relations – 1st Runner up

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 9 MONTHS ENDED 31st DECEMBER 2023

OUTLOOK

LFSL continues to make the necessary steps to continue to grow the legacy remittance business while it transitions to digital financial services. Investments in advertising and customer education is high, as is the investments in the technologies and partnerships; however, this is in anticipation of the value creation in the coming periods.

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 FOR THE 9 MONTHS ENDED 31ST DECEMBER 2023

	Note	<u>UNAUDITED</u>	<u>UNAUDITED</u>	<u>UNAUDITED</u>	<u>UNAUDITED</u>	<u>AUDITED</u>
		3 MONTHS ENDED 31 DECEMBER 2023	3 MONTHS ENDED 31 DECEMBER 2022	9 MONTHS ENDED 31 DECEMBER 2023	9 MONTHS ENDED 31 DECEMBER 2022	12 MONTHS ENDED 31 MARCH 2023
		<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
REVENUE						
Income		525,165	537,762	1,604,923	1,662,327	2,113,207
Other income		32,249	33,947	102,829	97,266	160,129
		<u>557,414</u>	<u>571,709</u>	<u>1,707,752</u>	<u>1,759,593</u>	<u>2,273,336</u>
EXPENSES:						
Administrative and other expenses		(288,639)	(327,414)	(927,522)	(919,565)	(1,180,906)
Selling and promotion expenses		(187,377)	(155,446)	(559,997)	(463,390)	(646,830)
		<u>(476,016)</u>	<u>(482,860)</u>	<u>(1,487,519)</u>	<u>(1,382,955)</u>	<u>(1,827,736)</u>
PROFIT FROM OPERATIONS		81,397	88,849	220,232	376,638	445,600
Finance cost		(20,327)	(28,749)	(63,226)	(83,469)	(116,640)
PROFIT BEFORE TAXATION		61,070	60,100	157,005	293,169	328,960
Taxation		(24,758)	(29,495)	(64,691)	(105,812)	(114,998)
NET PROFIT FOR THE PERIOD, BEING		<u>36,311</u>	<u>30,605</u>	<u>92,316</u>	<u>187,357</u>	<u>213,962</u>
TOTAL COMPREHENSIVE INCOME						
Weighted average number of shares in issue		1,274,042	1,274,042	1,274,042	1,274,042	1,274,042
Basic Earnings per stock unit	4	<u>\$0.0285</u>	<u>\$0.0240</u>	<u>\$0.0725</u>	<u>\$0.1471</u>	<u>\$0.1679</u>

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31st DECEMBER 2023

	Note	UNAUDITED DECEMBER <u>2023</u> \$'000	UNAUDITED DECEMBER <u>2022</u> \$'000	AUDITED MARCH <u>2023</u> \$'000
ASSETS				
Cash and bank balances		707,051	744,198	695,719
Short term deposits		297,323	775,287	668,775
Loans and other receivables		1,736,463	1,878,906	1,654,845
Taxation recoverable		51,466	36,000	52,708
Deferred tax assets		130,628	107,087	119,256
Intangible assets		842,840	851,081	849,392
Property, plant and equipment		109,867	112,879	111,616
Right-of-use		127,301	146,025	142,172
TOTAL ASSETS		4,002,939	4,651,463	4,294,483
LIABILITIES AND EQUITY				
LIABILITIES:				
Payables		745,092	851,799	603,547
Taxation		137,416	251,525	144,063
Lease Liability		193,837	201,221	198,794
Loans		724,247	1,261,375	1,238,048
		1,800,592	2,565,920	2,184,452
EQUITY:				
Share capital	3	114,536	114,536	114,536
Share option reserve		0	2,117	-
Retained earnings		2,087,811	1,968,890	1,995,495
		2,202,347	2,085,543	2,110,031
TOTAL LIABILITIES AND EQUITY		4,002,939	4,651,463	4,294,483

Approved for issue by the Board of Directors on February 8, 2024 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 9 MONTHS ENDED 31ST DECEMBER 2023

	Share Capital \$'000	Share Option Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 April 2022	114,536	2,117	1,845,544	1,962,197
Total comprehensive income:				
Net profit	-	-	187,357	187,357
Other comprehensive income	-	-	-	-
	<u>-</u>	<u>-</u>	<u>187,357</u>	<u>187,357</u>
Transaction with owners				
Issue of shares	-	-	-	0
Transfer from other reserves	-	-	-	-
Dividends paid	-	-	-64,011	-
	<u>0</u>	<u>-</u>	<u>-64,011</u>	<u>0</u>
Balance at 31 December 2022	<u>114,536</u>	<u>2,117</u>	<u>1,968,890</u>	<u>2,085,543</u>
Balance at 1 April 2023	114,536	-	1,995,495	2,110,031
Total comprehensive income:				
Net profit	-	-	92,316	92,316
Other comprehensive income	-	-	-	-
	<u>114,536</u>	<u>-</u>	<u>92,316</u>	<u>92,316</u>
Transaction with owners				
Issue of shares	-	-	-	-
Transfer from other reserves	-	-	-	-
Dividends paid	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2023	<u>114,536</u>	<u>0</u>	<u>2,087,811</u>	<u>2,202,347</u>

LASCO FINANCIAL SERVICES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE 9 MONTHS ENDED 31 DECEMBER 2023

	UNAUDITED 9 MONTHS ENDED 31 DECEMBER 2023 <u>\$'000</u>	UNAUDITED 9 MONTHS ENDED 31 DECEMBER 2022 <u>\$'000</u>	AUDITED 12 MONTHS ENDED 31 MARCH 2023 <u>\$'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit	92,316	187,357	213,962
Items not affecting cash resources:			
Exchange loss/(gain) on foreign balances	(5,842)	(1,911)	12,127
Depreciation - right-of-use assets	14,871	11,557	15,410
Amortisation of Intangibles	4,122	4,327	5,389
Depreciation	22,002	15,311	23,249
Expired Stock Options	-	-	(2,117)
Interest income from loans	(236,440)	(256,836)	(340,285)
Interest income from securities	(29,184)	(34,832)	(51,015)
Interest Income -Other	(505)	(7,053)	(7,677)
Taxation expense	64,691	105,812	128,541
Deferred taxation	(18,528)	(1,374)	(13,543)
Interest expense	53,325	73,101	103,024
Interest expense - right-of-use assets	9,898	10,351	13,616
Adjustment to Plant, Property & Equipment	-	-	494
Gain on Disposal of Asset	(1,373)	-	-
Adjustment to Amortisation	-	-	(4,762)
Provision for impaired loss on loan	5,349	(41,072)	(62,439)
	<u>(25,298)</u>	<u>64,738</u>	<u>33,974</u>
Changes in operating assets and liabilities			
Receivables	(81,989)	137,692	400,537
Related companies	1,077	(12,812)	11,377
Payables	111,568	(108,696)	(374,745)
	<u>5,357</u>	<u>80,922</u>	<u>71,143</u>
Interest received on Loans	237,899	298,395	341,980
Interest paid	(13,110)	(6,164)	(2,918)
Dividend Paid	-	(64,011)	(64,011)
Taxation paid	(88,275)	(96,585)	(230,676)
	<u>141,871</u>	<u>212,557</u>	<u>115,518</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received- Securities	31,458	41,885	58,783
Additions to intangible assets	-	(3,889)	(8,549)
Additions to property, plant and equipment	(17,965)	(21,865)	(19,145)
Proceeds from Disposal of Assets	6,840	-	250
Short term deposits	422,920	(347,211)	(240,699)
	<u>443,254</u>	<u>(331,080)</u>	<u>(209,360)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	(69,268)	(67,878)	(98,827)
Loan Proceeds	-	90,000	90,000
Loan repayments	(500,089)	(107,032)	(132,577)
Lease payments	(14,856)	(13,899)	(19,592)
	<u>(584,212)</u>	<u>(98,809)</u>	<u>(160,996)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
	913	(217,332)	(254,838)
Exchange Gain/(Loss) on cash balances	10,419	18	(10,958)
Cash and cash equivalents at beginning of period	695,719	961,515	961,515
	<u>707,051</u>	<u>744,201</u>	<u>695,719</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD			

LASCO FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st DECEMBER 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

31st DECEMBER 2023

2. BASIS OF PREPARATION:

The condensed unaudited consolidated financial statements for the nine (9) months ended December 31, 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)	92,316	187,357
Weighted average number of ordinary stock units ('000)	<u>1,274,042</u>	<u>1,274,042</u>
Basic earnings per stock unit	<u>\$0.0725</u>	<u>\$0.1471</u>