



Q3 2024

**QUARTERLY
REPORT**

EduFocal Limited

September 30, 2024

Contents	Page
Management Discussion & Analysis	1-3
Financial Statements	
Condensed Consolidated Statement of Financial Position	4
Condensed Consolidated Statement of Comprehensive Income	5
Condensed Consolidated Statement of Changes in Equity	6
Condensed Consolidated Statement of Cash Flows	7-8
Notes to the Condensed Consolidated Financial Statements	9-10
Disclosure of Shareholdings	11

Management Discussion and Analysis

Overview

Following the challenges highlighted in Q1 and Q2, EduFocal Limited has continued to navigate a complex operating environment, marked by a decline in revenue and profitability. Management remains committed to the strategic plan laid out in the first half of 2024, with a focus on stabilizing the business, optimizing costs, and repositioning EduFocal for sustainable growth. This quarter, significant progress has been made in implementing our cost-reduction strategies, enhancing our technology platforms, and exploring new revenue avenues.

Progress on Strategic Initiatives

Revenue Diversification and Growth Initiatives

To counter the decline in traditional revenue sources, EduFocal has accelerated efforts to diversify its revenue base. The company has focused on expanding its educational services into new markets and exploring strategic partnerships to enhance its reach. These initiatives aim to build a more resilient revenue model, with an emphasis on recurring revenue streams.

While the impact of these efforts on Q3 results remains limited, early indicators are promising, and management is optimistic that these initiatives will contribute to revenue stabilization in the coming quarters. We are also actively pursuing opportunities to monetize our proprietary technology platforms through licensing agreements, adding a new dimension to our growth strategy.

Operational Efficiency and Cost Optimization

EduFocal's cost optimization program has yielded measurable results in Q3. A thorough review of our cost structure led to a leaner operational model, with targeted reductions in administrative expenses. The recent workforce restructuring, which was implemented to align our operating expenses with revenue levels, has contributed to this cost-saving initiative. The savings realized from these actions are being reinvested in high-priority areas such as technology and market expansion, ensuring that we remain competitive in our core offerings.

Management continues to assess other areas for potential cost efficiencies. This ongoing review aims to build a more agile and efficient organization, capable of adapting to shifting market conditions while maximizing profitability.

Technology Advancements and Platform Enhancements

EduFocal has completed a significant upgrade to its "Amigo" platform, designed to improve user engagement, retention, and satisfaction. These enhancements are expected to strengthen our competitive position by offering a more robust, interactive, and personalized learning experience. Feedback from early adopters of the upgraded platform has been encouraging, and we are working to expand its features to cater to a broader user base.

The technological improvements align with our shift towards a recurring revenue model, where user engagement is critical to maintaining steady income streams. By continually enhancing our platform, we aim to attract new users and retain existing ones, laying the groundwork for long-term growth.

Debt Management and Cash Flow Stabilization

EduFocal's cash flow constraints, highlighted in the previous quarters, remain a key area of focus. The company has made progress in managing liquidity through improved working capital practices. We have tightened controls on receivables and are engaging in more proactive cash collection efforts to ensure timely inflows. Additionally, management continued to have discussions

to refinance our existing debt under more favorable terms, which should reduce interest expenses and ease cash flow pressures.

In Q3, we also implemented a series of cash conservation measures, deferring non-essential capital expenditures and focusing on core projects with high potential for immediate impact. These steps are critical in stabilizing our cash position as we work towards a more sustainable capital structure.

Q3 Financial Performance Highlights

Revenue

Revenue for Q3 2024 was J\$21.79 million, significantly lower than the J\$46.86 million in the same quarter of 2023. This decline reflects our ongoing transition to a more predictable and resilient revenue model focused on recurring income. While this shift has temporarily impacted our topline, management believes it is essential for building long-term stability.

Operating Expenses

Operating expenses have been better aligned with our current revenue base as a result of recent restructuring. Administrative expenses were kept under control through cost-saving initiatives, including renegotiated vendor contracts, management of staff costs and streamlined processes. However, these savings have been offset in part by investments in technology, which are essential for future growth.

EBITDA and Net Profit

EduFocal's EBITDA remains negative, underscoring the impact of the revenue decline on profitability. However, the adjusted EBITDA loss has been mitigated by cost optimization measures, suggesting early signs of improvement in operational efficiency. Net profit remains under pressure, but management expects that revenue diversification and operational improvements will yield a gradual recovery.

Outlook and Forward-Looking Statements

Focus on Revenue Rejuvenation and Growth

EduFocal's primary goal for the upcoming quarters is to stabilize and grow revenue. The expanded "Amigo" platform, coupled with strategic partnerships and market expansion initiatives, is expected to drive incremental revenue gains. Management is also exploring ways to leverage data analytics to better understand user behavior, which will help refine our offerings and maximize customer lifetime value.

Building Operational Resilience

The strategic cost reductions and efficiency initiatives implemented in Q3 are part of a long-term plan to build an operationally resilient organization. We will continue to monitor costs closely, seeking additional efficiencies without compromising the quality of our products and services. This disciplined approach is essential to ensure that the organization is well-positioned to scale profitably.

Strengthening the Balance Sheet

In addition to revenue initiatives, EduFocal remains committed to strengthening its balance sheet. Refinancing existing debt is a priority, and we are considering equity financing options to bolster our capital base. A stronger balance sheet will provide the flexibility needed to pursue growth opportunities and navigate potential market uncertainties.

Conclusion

EduFocal Limited's Q3 performance reflects a period of transformation and adjustment. The challenges of the past year have underscored the importance of a diversified, resilient business model, and we are making significant strides towards achieving this. With a clear focus on revenue rejuvenation, cost control, and operational efficiency, management is optimistic that the actions taken will drive meaningful improvement in the coming quarters.

While the path to recovery is expected to be gradual, EduFocal is firmly committed to executing its strategic plan and delivering value to shareholders over the long term. We appreciate the continued support and confidence of our investors as we work diligently to realize our vision for EduFocal's future.



Peter Levy
Chairman



Gordon Swaby
Chief Executive Officer

EduFocal Limited

Condensed Consolidated Statement of Financial Position

30 September 2024

(expressed in Jamaican dollars unless otherwise indicated)

Notes	Unaudited September 2024 \$	Unaudited September 2023 \$	Audited December 2023 \$
Assets			
Non-current assets			
Property, plant and equipment	1,425,469	2,233,426	2,024,714
Intangible assets	149,439,620	149,384,341	150,318,041
Right-of-Use Asset	-	2,593,468	-
Deferred Tax Asset	7,305,224	3,004,807	7,305,224
	<u>158,170,312</u>	<u>157,216,042</u>	<u>159,647,978</u>
Current assets			
Receivables and prepayments	41,921,375	172,115,445	32,054,732
Director's Account	38,713,939	27,394,375	27,050,308
Due from related party	1,637,034	-	2,778,488
Taxation recoverable	9,425	-	-
Cash and Cash equivalents	727,230	18,997,497	158,705
	<u>83,009,001</u>	<u>218,507,317</u>	<u>62,042,232</u>
Total assets	<u><u>241,179,313</u></u>	<u><u>375,723,359</u></u>	<u><u>221,690,211</u></u>
Total equities and liabilities			
Capital and reserves			
Share capital	185,631,690	185,631,690	185,631,690
Foreign exchange reserve	255,465	(281,938)	(352,553)
Accumulated income/(deficit)	(309,630,329)	(101,915,428)	(255,366,525)
	<u>(123,743,174)</u>	<u>83,434,324</u>	<u>(70,087,389)</u>
Non-controlling interest	<u>(1,752,855)</u>	<u>(828,751)</u>	<u>(1,460,365)</u>
	<u>(125,496,029)</u>	<u>82,605,573</u>	<u>(71,547,754)</u>
Liabilities			
Non-current liabilities			
Long-term borrowings	154,356,286	174,558,917	175,350,886
	<u>154,356,286</u>	<u>174,558,917</u>	<u>175,350,886</u>
Current liabilities			
Accounts payable	132,722,112	40,908,022	75,663,705
Short term loan	-	4,683,934	4,065,000
Current portion of lease liability	-	3,242,678	-
Bank overdraft	14,936,166	11,060,739	-
Current portion of long-term loans	64,660,778	38,351,747	38,052,828
Due to related party	-	20,311,749	105,546
	<u>212,319,056</u>	<u>118,558,869</u>	<u>117,887,079</u>
Total liabilities and shareholders' equity	<u><u>241,179,313</u></u>	<u><u>375,723,359</u></u>	<u><u>221,690,211</u></u>

Approved for Issue by the Board of Directors on _____ and signed on its behalf by:



Director



Director

The notes on pages 9 to 10 are an integral part of these condensed consolidated interim financial statements.

EduFocal Limited

Condensed Consolidated Statement of Comprehensive Income

For the period ended 30 September 2024

(expressed in Jamaican dollars unless otherwise indicated)

Note	3 months to 30 September 2024 \$	3 months to 30 September 2023 \$	9 months to 30 September 2024 \$	9 months to 30 September 2023 \$	Audited 31 December 2023 \$
Revenue	21,792,872	46,862,104	82,980,452	257,563,699	263,542,463
Other income	-	-	-	-	14,303,693
Administrative expenses	(19,891,441)	(45,898,303)	(91,369,943)	(151,749,935)	(269,289,519)
Depreciation and amortisation	(181,820)	(7,293,665)	(10,278,185)	(22,046,173)	(29,409,637)
Impairment loss on trade and other receivables, including contract assets	1,134,778	20,560,012	(5,503,300)	9,618,462	(38,404,106)
Operating (loss)/profit	<u>2,854,388</u>	<u>14,230,148</u>	<u>(24,170,976)</u>	<u>93,386,053</u>	<u>(59,257,106)</u>
Finance income	112,334	-	326,026	499,211	1,068,640
Finance costs	(17,852,720)	(5,366,844)	(30,700,241)	(18,206,977)	(25,592,337)
Net finance costs	<u>(17,740,386)</u>	<u>(5,366,844)</u>	<u>(30,374,215)</u>	<u>(17,707,766)</u>	<u>(24,523,697)</u>
Profit before taxation	(14,885,998)	8,863,304	(54,545,191)	75,678,287	(83,780,803)
Income tax	-	-	-	(10,535)	4,300,417
Net (loss)/profit for the period	<u>(14,885,998)</u>	<u>8,863,304</u>	<u>(54,545,191)</u>	<u>75,667,752</u>	<u>(79,480,386)</u>
Total Comprehensive (loss)/Income	(14,885,998)	8,863,304	(54,545,191)	75,667,752	(79,480,386)
Net Profit Attributable to:					
Owners of Edufocal Ltd.	(14,815,651)	8,863,304	(54,263,804)	75,667,752	(78,008,919)
Non-controlling interests	(70,347)	-	(281,388)	-	(1,471,467)
	<u>(14,885,998)</u>	<u>8,863,304</u>	<u>(54,545,191)</u>	<u>75,667,752</u>	<u>(79,480,386)</u>
Earnings per stock unit (EPS)	(\$0.02)	\$0.01	(\$3.31)	\$0.12	(\$0.12)
Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA)	3,036,208	21,523,813	(13,892,791)	115,432,226	(29,847,469)

EduFocal Limited

Condensed Consolidated Statement of Changes in Equity

For the period ended 30 September 2024

(expressed in Jamaican dollars unless otherwise indicated)

	Attributable to owners of the Company				Total	Non-controlling interests	Total
	Number of shares	Share capital	Foreign exchange reserve	Accumulated profit/(deficit)			
		\$	\$	\$	\$	\$	\$
Balance at 31 December 2022	648,446,094	185,631,690	(649,944)	(177,357,623)	7,624,123	-	7,624,123
Foreign exchange reserves	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	8,863,304	8,863,304	-	8,863,304
Balance at 30 September 2023	648,446,094	185,631,690	(649,944)	(168,494,319)	16,487,427	-	16,487,427
Balance at 31 December 2023	648,446,094	185,631,690	(352,553)	(255,366,525)	(70,087,389)	(1,460,365)	(71,547,754)
Foreign exchange reserves	-	-	608,018	-	608,018	(11,102)	596,916
Total comprehensive income for the period	-	-	-	(54,263,804)	(54,263,804)	(281,388)	(54,545,191)
Balance at 30 September 2024	648,446,094	185,631,690	255,465	(309,630,329)	(123,743,174)	(1,752,855)	(125,496,029)

EduFocal Limited

Condensed Consolidated Statement of Cash Flows

For the period ended 30 September 2024

(expressed in Jamaican dollars unless otherwise indicated)

	Unaudited September 2024 \$	Audited December 2023 \$
Cash flows from operating activities:		
Net profit/(loss) before taxation	(54,545,191)	(83,780,803)
Adjustments for:		
Amortization of intangible assets	9,678,940	27,351,025
Amortization of right-of-use asset	-	1,146,933
Bad debt written off	-	74,729,739
Gain on disposal of right-of-use	-	(465,520)
Depreciation	599,245	916,897
Impairment losses on financial assets	5,503,300	38,404,106
Foreign exchange losses	73,825	916,018
Interest income	(252,201)	(1,068,639)
Interest expense	30,700,241	24,457,380
Lease interest expense	-	18,939
	<u>(8,241,842)</u>	<u>82,626,075</u>
Change in operating assets and liabilities:		
Increase in receivables	(15,369,943)	(70,466,520)
Decrease/increase in director's account	(11,663,631)	(10,322,639)
(Decrease)/increase in payables	53,955,700	60,959,529
Cash used in operations	<u>18,680,284</u>	<u>62,796,445</u>
Interest received	115	260,663
Loan interest repaid	(11,202,834)	(19,818,667)
Taxes paid	(9,425)	(350,810)
Net cash (used in)/provided by operating activities	<u>7,468,140</u>	<u>42,887,631</u>
Cash flows (used in)/provided by investing activities:		
Purchase of property, plant and equipment	-	(212,199)
Purchase of intangible assets	(8,800,515)	(46,720,555)
Net cash (used in) investing activities	<u>(8,800,515)</u>	<u>(46,932,754)</u>
Cash flows from financing activities:		
Lease principal payments	-	(1,308,060)
Long term loans, net	(10,006,175)	(20,320,410)
Short term loans, net	(4,065,000)	4,065,000
Due to related parties	(105,546)	38,599,500
Due from relates parties	1,141,454	-
Director's loan	-	(20,311,749)
Proceeds from issue of ordinary shares	-	2,510
Net cash provided by/(used in) financing activities	<u>(13,035,267)</u>	<u>726,791</u>
Net increase in cash and cash equivalents	<u>(14,367,642)</u>	<u>(3,318,331)</u>
Effects of exchange rate changes on cash and cash equivalents	-	(138,608)
Cash and cash equivalents at beginning of year	<u>158,705</u>	<u>3,615,644</u>
Cash and cash equivalents at end of year	<u>(14,208,937)</u>	<u>158,705</u>
Represented by:		
Cash at Bank	727,230	158,705
Bank Overdraft	(14,936,166)	-
	<u>(14,208,937)</u>	<u>158,705</u>

EduFocal Limited
Notes to the Consolidated Condensed Financial Statements
For the quarter ended September 30, 2024
Presented in Jamaican Dollars unless otherwise stated

1. Reporting Entity

EduFocal Limited (the “Company” or “EduFocal”) is a limited liability company incorporated and domiciled in Jamaica under the Jamaican Companies Act (the “Act”). The registered office is 22B Old Hope Road, Kingston 10, Jamaica.

These financial statements present the results of operations and financial positions of the Company and its Subsidiary, which are referred to as “the Group”; the subsidiary is as follows:

Subsidiary	Principal Activity	Country of Incorporation	% Ownership by Company
EduFocal LLC	Online learning platform	USA	100%
EduFocal Africa Inc.	Online learning platform	USA	70%
EduFocal Nigeria Ltd	Online learning platform	Nigeria	100%

The principal activities of the Group are to provide proprietary learning platforms and e-courses for individuals and organizations.

On March 15, 2022, the Company was listed on the Junior Market of the Jamaica Stock Exchange (JSE)

2. Basis of preparation

These financial statements for the period ended 30 September 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 December 2023 (“last annual financial statements”). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements.

These interim financial statements were authorised for issue by the Company’s board of directors on November 15, 2024

3. Share Capital

	30 September 2024	31 December 2023
Authorized	No. of shares	No. of shares
Opening authorized ordinary shares of no par value	<u>Unlimited</u>	<u>Unlimited</u>
Closing authorized ordinary shares of no par value	<u>Unlimited</u>	<u>Unlimited</u>

EduFocal Limited**Notes to the Consolidated Condensed Financial Statements****For the quarter ended September 30, 2024***Presented in Jamaican Dollars unless otherwise stated***3. Share Capital (continued)****Issued and Fully Paid**

Opening issued and fully paid ordinary shares	648,446,094	648,446,094
Initial Public Offer issued during the year	-	-
Closing issued and fully paid ordinary shares	<u>648,446,094</u>	<u>648,446,094</u>

	30 September 2024	31 December 2023
Ordinary shares of no par value	\$	\$
Balance at beginning of year	185,631,690	185,631,690
Initial Public Offer issued during the year	-	-
Balance at end of year	<u>185,631,690</u>	<u>185,631,690</u>

EduFocal Limited
Disclosure of Shareholdings
For the quarter ended September 30, 2024

TOP TEN SHAREHOLDERS

Name of Shareholder	Units	% Ownership
Okgosh Limited	179,308,871	28%
Widebase Limited	86,002,750	13%
Matrix Ventures Limited	42,587,887	7%
Peter Levy	40,251,100	6%
David Alexander Walcott	26,962,763	4%
Marc Gayle	14,704,045	2%
Roots Financial Group Limited	13,242,200	2%
Kirk-Anthony Hamilton	12,065,616	2%
Andrew W. Pairman	12,000,000	2%
Diya Khemlani	10,000,000	2%
Total	437,125,232	67%
Others	211,320,862	33%
Total Issues Shares	648,446,094	100%

SHAREHOLDINGS OF DIRECTORS, SENIOR MANAGERS & CONNECTED PERSONS

Directors	Connected Party	Direct	Total Volume
Peter Levy	-	40,251,100	40,251,100
Grace Lindo	-	7,707,741	-
Shauna-Gay Fuller Clarke	-	-	-
Kevin Donaldson	-	-	13,242,200
Roots Financial Group Limited	13,242,200	-	-
Lloyd Swaby	-	-	-
Durval Williams	-	-	-
Gordon Swaby	-	759,529	180,398,293
Okgosh Limited	179,308,871	-	-
Kemesha Swaby	53,487	-	-
Andre Swaby	1,036,935	-	-
Senior Management			
Paul Allen	-	-	42,587,887
Matrix Ventures Limited	42,587,887	-	-
Anna Bethune	-	-	-
Mark Green	-	30,842	30,842
Gordon Swaby	-	759,529	180,398,293
Okgosh Limited	179,308,871	-	-
Kemesha Swaby	52,487	-	-
Andre Swaby	1,036,935	-	-