

10th EduFocal
ANNIVERSARY

UNAUDITED FINANCIAL RESULTS

JMD Q1 2022





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Chief Executive Officer's Letter

Dear Shareholders,

Our mission is to leverage technology to educate people at scale wherever they are, whether at school, at home or in the workplace.

On March 15, 2022 EduFocal Limited listed on the Jamaica Stock Exchange, becoming the first Education Technology company to go to market in Jamaica and the Caribbean.

Shortly after our listing, we acquired the assets of Clever School Teacher (<https://cleverschoolteacher.com>), a big milestone for us. The intellectual property assets of Clever School are held under EduFocal LLC, a US based company registered in January 2022. Consequently, EduFocal is now a Group of Companies with operations in Jamaica and the United States of America. It is important to note that owing to the closing date of the acquisition, the revenues and profits of Clever School Teacher are not reflected in our Q1 results in any substantial way.

As a Founder and CEO, I am extremely proud and happy about our results in this quarter; our best first quarter in the history of the company, to date. This is as a result of the work that we would have done in the previous 6 to 12 months. Ultimately, we believe that what we are doing now is laying the foundation for an even stronger company and leveraging our proprietary and innovative platform outside of its traditional use case for exam preparation.

Thank you for joining us on this exciting journey, we are privileged to have you as a shareholder.

Gordon Swaby
Chief Executive Officer



Key Performance Highlights

Three Months Ended March 31, 2022

The Board of Directors of EduFocal Limited (“LEARN”) is pleased to present its unaudited consolidated financial statements for the first quarter ended March 31, 2022. EduFocal opened its initial public offering (IPO) on March 3, 2022 and successfully started trading on March 15, 2022. The Company continues to focus its efforts on expansion, which includes improving platform efficiency and capitalizing on opportunities for expansion into new markets.

| Summary of Changes on the Statement of Profit or Loss | | | | |
|---|-----------------------------|------------------------------|--------------|----------|
| | 3 months Ended 31/3/2022 | 3 months Ended 31/03/2021 | \$ Change | % Change |
| | \$ | \$ | | |
| Revenue & Other Income | 60,919,909 | 33,666,785 | 27,253,124 | 81% |
| Administrative & Other Operating Expenses | (58,875,567) | (36,712,517) | (22,163,050) | 60% |
| Net Profit/(Loss) | 2,044,342 | (3,045,732) | 5,090,074 | -167% |
| Earnings Per Share (\$) | 0.003 | (0.006) | 0.009 | -150% |

Revenue for the three-months ended March 2022 was \$60.9 million, reflecting an increase of \$27.3 million over the corresponding period in 2021. This increase is indicative of our continued growth in business sales. EduFocal’s result reflected a commendable performance for the first quarter, with net profit of \$2 million resulting in an EPS of \$ 0.003.

The Company will continue to focus on the execution of strategic initiatives and managing our administrative & other operating expenses, which have increased by \$22.2 million over the corresponding period in 2021. This is mainly attributable to an increase in staff cost, consulting fees and advertising and promotional activities.



| Summary of Changes on the Statement of Financial Position | | | | |
|---|---------------|---------------|-------------|----------|
| | Quarter Ended | Quarter Ended | \$ Change | % Change |
| | Mar-22 | Mar-21 | | |
| | \$ | \$ | | |
| Total Assets | 300,403,503 | 100,264,977 | 200,138,527 | 200% |
| Total Liabilities | 108,387,363 | 99,806,977 | 8,580,386 | 9% |
| Total Equity | 192,016,140 | 458,000 | 191,558,140 | |

Total assets for the three months ending March 2022 amounted to \$300.4 million compared to \$100.3 million for the corresponding period ending March 2021. The increase in assets was primarily due to an increase in receivables and intangible assets of \$116.7 million and \$77.4 million respectively.

For period under review, there was a \$8.6 million or 8.6% increase in total liabilities when compared to the corresponding period in 2021, primarily due to an increase in accounts payable and related party loans, which was offset by a reduction in short term loans.

EduFocal’s shareholders’ equity was strengthened with the issue of 648,446,094 shares on the Junior stock exchange. The proceeds from the IPO were utilized to repay short term loans as well as aiding the acquisition of the subsidiary. Total Equity for the period under review amounted to \$192 million, which is an increase of \$191.6 million for the corresponding period March 2021.

In March, EduFocal entered into an agreement with Clever School Teacher (CST) to acquire its website and assets, an Edtech SaaS company offering educational resources throughout the United States of America. The acquisition of CST is in keeping with the strategic expansion of our business in the region.

We are thankful to all our stakeholders for their continued support as we navigate this journey and look forward to a stronger performance throughout the year.

Peter Levy
Chairman

Gordon Swaby
Chief Executive Officer



Consolidated Statement of Financial Position
First Quarter Ended March 31, 2022

| | Unaudited March 31, 2022 | Audited December 31, 2021 | Unaudited March 31, 2021 |
|-------------------------------------|-----------------------------|------------------------------|-----------------------------|
| ASSETS | \$ | \$ | \$ |
| Property, plant and equipment | 3,488,581 | 3,691,885 | 1,925,346 |
| Intangible assets | 113,893,328 | 66,725,467 | 36,202,421 |
| Right-of-Use Asset | 3,353,187 | 4,023,825 | - |
| Deferred Tax Asset | 1,267,438 | 1,267,438 | 836,176 |
| Receivables and prepayments | 158,620,812 | 126,537,140 | 41,894,302 |
| Due from related party | 6,002,609 | 20,106,531 | 15,091,285 |
| Cash and Cash equivalents | 13,777,548 | 4,013,319 | 4,315,447 |
| TOTAL ASSETS | 300,403,503 | 226,365,605 | 100,264,977 |
| LIABILITIES | | | |
| Lease Liability | 748,861 | 1,481,460 | - |
| Long Term Borrowings | 24,138,675 | 23,800,018 | 23,938,567 |
| Accounts payable | 29,266,227 | 23,047,055 | 17,921,560 |
| Taxation payable | 11,392,729 | 11,392,729 | 2,168,310 |
| Shareholder's loan | - | 7,412,995 | 7,426,000 |
| Current portion of Lease Liability | 2,752,068 | 2,642,543 | - |
| Bank Overdraft | - | 60,307 | - |
| Current portion of Long Term loans | 2,664,419 | 2,746,274 | 2,192,289 |
| Due to related party | 20,371,608 | 1,500,000 | - |
| Short- Term Loans | 17,052,775 | 85,484,661 | 46,160,250 |
| | 108,387,363 | 159,568,042 | 99,806,977 |
| EQUITY | | | |
| Attributable to Shareholders | | | |
| Share capital | 188,519,686 | 10,345,452 | 10,345,452 |
| Preference Share | - | 54,999,999 | - |
| Accumulated Income/(Deficit) | 3,496,454 | 1,452,113 | (9,887,452) |
| | 192,016,140 | 66,797,564 | 458,000 |
| TOTAL LIABILITIES AND EQUITY | 300,403,503 | 226,365,605 | 100,264,977 |

Approved for the issue by the Board of Directors on May 9, 2022 and signed on its behalf by:


Peter Levy
Chairman


Gordon Swaby
Chief Executive Officer



Consolidated Statement of Comprehensive Income

First Quarter Ended March 31, 2022

(Unaudited)

| | 3 months to 31/3/2022 | 3 months to 31/03/2021 | December 2021 |
|---|--------------------------|---------------------------|-------------------|
| | \$ | \$ | \$ |
| Revenue | 60,919,909 | 33,600,208 | 185,151,034 |
| Administrative & Operating Expenses | (45,058,091) | (30,476,255) | (128,815,712) |
| Gross Profit | 15,861,818 | 3,123,953 | 56,335,322 |
| Other income | - | 66,577 | 7,905 |
| Impairment loss on financial asset | (7,848,434) | - | (19,158,946) |
| Finance Cost | (5,969,042) | (6,236,262) | (19,629,755) |
| Profit/(Loss) Before Taxation | 2,044,342 | (3,045,732) | 17,554,525 |
| Taxation | - | 450,552 | (8,810,141) |
| TOTAL COMPREHENSIVE INCOME/(LOSS) | 2,044,342 | (2,595,180) | 8,744,384 |
| Total comprehensive income attributable to: | | | |
| Owners of EduFocal Ltd. | 2,044,342 | (2,595,180) | 8,744,384 |
| Earnings Per Share (\$) | 0.003 | (0.006) | 0.016 |



Consolidated Statement of Changes in Equity
 First Quarter Ended March 31, 2022
 (Unaudited)

| | No. of Shares Issued | Share Capital \$ | Preference Shares \$ | Accumulated Profit \$ | Total \$ |
|---|-------------------------|------------------------|----------------------------|-----------------------------|--------------------|
| Balance at January 1, 2021 | 10,000,000 | 10,345,452 | - | (7,292,272) | 3,053,180 |
| Total Comprehensive income | | - | - | 8,744,384 | 8,744,384 |
| Issue of Preference shares | | - | 54,999,999 | - | 54,999,999 |
| Balance at December 31, 2021 | 10,000,000 | 10,345,452 | 54,999,999 | 1,452,112 | 66,797,563 |
| Balance at January 1, 2022 | 10,000,000 | 10,345,452 | 54,999,999 | 1,452,112 | 66,797,563 |
| Total Comprehensive income for the period | | - | - | 2,044,342 | 2,044,342 |
| Preference shares conversion | | - | (54,999,999) | - | (54,999,999) |
| Issue of Share Capital | 638,446,094 | 178,174,234 | - | - | 178,174,234 |
| Balance at March 31, 2022 | 648,446,094 | 188,519,686 | - | 3,496,454 | 192,016,140 |



Consolidated Statement of Cash Flow

First Quarter Ended March 31, 2022

| | Unaudited March 31, 2022 \$ | Audited December 2021 \$ | Unaudited March 31, 2021 \$ |
|---|-----------------------------------|--------------------------------|-----------------------------------|
| Cashflows from Operating Activities | | | |
| Net Profit/(Loss) before Taxation | 2,044,342 | 17,554,525 | (3,045,732) |
| Adjustments for: | | | |
| Bad Debt | - | 8,960,325 | - |
| Depreciation | 239,382 | 656,637 | 232,920 |
| Amortization - Intangibles | 3,492,158 | 10,694,813 | 2,232,564 |
| Amortization - Right-of-Use | 670,638 | 1,341,276 | - |
| Impairment losses on financial assets | 7,848,434 | 19,158,946 | 83,788 |
| Foreign exchange losses | 108,982 | 1,516,902 | 451,084 |
| Interest income | (457) | (578,505) | - |
| Lease Interest | 81,926 | 204,152 | - |
| Loan Interest expense | 6,102,088 | 12,335,022 | 3,531,812 |
| | <u>20,587,492</u> | <u>71,844,093</u> | <u>3,486,436</u> |
| Changes in operating assets and liabilities: | | | |
| Increase in receivables | (39,890,822) | (121,186,329) | (10,204,313) |
| Decrease/(increase) in director's account | 14,103,923 | (5,190,166) | (753,055) |
| Increase in payables | 6,219,171 | 7,970,845 | 2,845,350 |
| Cash provided by/(used in) operating activities | 1,019,765 | (46,561,557) | (4,625,582) |
| Interest received | 457 | 371 | 96 |
| Interest paid | (6,184,014) | (13,108,691) | (4,333,549) |
| Tax paid | - | (1,000,000) | (500,000) |
| Net cash used in operating activities | <u>(5,163,792)</u> | <u>(60,669,878)</u> | <u>(9,459,035)</u> |
| Cashflows from Investing Activities | | | |
| Acquisition of property, plant and equipment | 36,079 | (3,286,494) | (863,318) |
| Acquisition of intangible asset - computer software | (50,660,020) | (45,457,917) | (4,240,058) |
| Net cash used in investing activities | <u>(50,623,941)</u> | <u>(48,744,411)</u> | <u>(5,103,377)</u> |
| Cashflows from Financing Activities | | | |
| Long term loan, net | (211,322) | (10,169,815) | (10,117,067) |
| Short term loan, net | (67,960,026) | 69,223,522 | 28,657,258 |
| Due to related party | 18,871,609 | 1,500,000 | - |
| Lease Payments | (740,250) | (1,445,250) | - |
| Shareholder's loan | (7,412,995) | 280,530 | 293,535 |
| Issue of preference shares | - | 54,999,999 | - |
| Proceeds from issue of share capital | 123,174,235 | - | - |
| Net cash provided by financing activities | <u>65,721,251</u> | <u>114,388,986</u> | <u>18,833,727</u> |
| Net Increase in cash and cash equivalents | 9,933,518 | 4,974,697 | 4,271,315 |
| Net effect of exchange rate changes on cash and cash equivalent | (108,982) | (1,516,902) | (451,084) |
| Cash and cash equivalent at beginning of period | 3,953,011 | 495,216 | 495,216 |
| Cash and cash equivalent at end of period | <u>13,777,547</u> | <u>3,953,011</u> | <u>4,315,447</u> |



Notes to the Interim Consolidated Financial Statements

March 31, 2022

1. Accounting Policies

A. Basis of Preparation

This Interim Consolidated Financial for the period ending March 31, 2022, has been prepared in accordance with IAS 34 'Interim Financial Reporting'.

These Financial Statements are presented in Jamaican dollars, which is its functional currency.

The accounting policies followed in these Interim Financial Statements are consistent with those of the last annual financial statements as at December 31, 2021 and the corresponding Interim reporting period.

2. Acquisition of Subsidiary

On January 11, 2022, EduFocal Limited acquired a 100% of EduFocal LLC. On March 22, 2022, EduFocal LLC acquired the website and assets of Denver based K1 Edtech SaaS company Clever School Teacher (CST), that provides monthly curated K-1 resources and Live online professional development sessions for K1 Teachers in the United States of America.

3. Share Capital

| | 2022 | 2021 |
|---|----------------------|----------------------|
| Authorized | No. of shares | No. of shares |
| Opening authorized ordinary shares of no par value | 18,373,000 | 18,373,000 |
| Authorized ordinary share capital created during the year | <u>630,073,094</u> | <u>-</u> |
| Closing authorized ordinary shares of no par value | <u>648,446,094</u> | <u>18,373,000</u> |
| Issued and Fully Paid | | |
| Opening issued and fully paid ordinary shares | 10,000,000 | 10,000,000 |
| Issued during the year | <u>638,446,094</u> | <u>-</u> |
| Closing issued and fully paid ordinary shares | <u>648,446,094</u> | <u>10,000,000</u> |



| | 2022 | 2021 |
|--|--------------------|-------------------|
| | \$ | \$ |
| Ordinary shares of no par value | | |
| Balance at beginning of year | 10,345,452 | 10,345,452 |
| Issued during the year | <u>178,174,234</u> | <u>-</u> |
| Balance at end of year | <u>188,519,686</u> | <u>10,345,452</u> |

- (l) Each one of the 10,000,000 existing issued ordinary shares in the capital of the Company was subdivided resulting in the total issued shares being increased to 448,250,825 of no par value.

4. Preference Shares

| | 2022 | 2021 |
|--|-------------|-------------------|
| | \$ | \$ |
| Authorized:- | | |
| Redeemable cumulative convertible preference shares, par value | <u>-</u> | <u>55,000,000</u> |
| | 2022 | 2021 |
| | \$ | \$ |
| Issued and fully paid:- | | |
| Redeemable cumulative convertible preference shares, par value | <u>-</u> | <u>54,999,999</u> |

On March 15, 2022, EduFocal offered its ordinary shares to the public by way of an Initial Public Offer (IPO). The face value of the preference shares was converted to ordinary shares at a discounted price of 10% of the IPO price \$1.



**Top Ten Largest Shareholders
As at March 31, 2022**

| Shareholder | Shareholdings |
|-------------------------------|----------------------|
| OKGOSH LIMITED | 232,036,860 |
| WIDEBASE LIMITED | 86,002,750 |
| MATRIX VENTURES LIMITED | 56,250,000 |
| PETER LEVY | 40,251,100 |
| DAVID ALEXANDER WALCOTT | 26,475,975 |
| RANDY T. ROWE | 22,014,519 |
| MARC GAYLE | 14,580,000 |
| ROOTS FINANCIAL GROUP LIMITED | 13,242,200 |
| ANDREW W. PAIRMAN | 12,000,000 |
| KIRK-ANTHONY HAMILTON | 11,515,616 |



**Shareholdings of Directors, Senior Managers & Connected Persons
As at March 31, 2022**

| | Shareholdings | Connected Persons |
|--------------------------|----------------------|--------------------------|
| Directors | | |
| Peter Levy | 40,251,100 | |
| Grace Lindo | 957,741 | |
| Kevin Donaldson | - | 13,242,200 |
| Gordon Swaby* | 349,231 | 232,127,998 |
| Senior Management | | |
| Paul Allen | - | 56,250,000 |
| Nicola Chambers | 480,383 | |
| Chelsea Taylor | 151,251 | |
| Kristy Fernandez | 134,658 | |
| Kemesha Swaby | 91,138 | |
| Sasha-Kae Hudson | 14,108 | |
| Connected Persons | | |
| Andre Swaby | 243,965 | |

*Includes holdings in joint accounts