



2024

QUARTERLY
REPORT

Q1

 **EduFocal**
GROUP

EduFocal Limited

March 31, 2024

Contents	Page
Management Discussion & Analysis	1-2
Financial Statements	
Condensed Consolidated Statement of Financial Position	3
Condensed Consolidated Statement of Comprehensive Income	4
Condensed Consolidated Statement of Changes in Equity	5
Condensed Consolidated Statement of Cash Flows	6-7
Notes to the Condensed Consolidated Financial Statements	8-9
Disclosure of Shareholdings	10

Management Discussion and Analysis

The Board of Directors of EduFocal Group (“LEARN”) is pleased to present its unaudited condensed consolidated financial statements for the first quarter ended March 31, 2024.

For the three months ending March 31, 2024, the Group generated revenue of \$30 million, representing a \$82.7 million or 73% decrease relative to the corresponding reporting period in 2023. This change is part of our strategic shift towards more predictable recurring revenue streams. The team has been focusing on developing Amigo, a new initiative designed to produce significant recurring revenues based on the proposed business model.

Operating loss for the first three months of 2024 was \$21 million, compared to an operating profit of \$51 million in the corresponding period in the previous year, representing a decline of \$71.5 million or 138%.

Administrative expenses reported a \$22.5 million or 42% Quarter over Quarter decrease, from \$53 million in the first quarter of 2023 to \$31 million in 2024. This decline is attributable to the Group's steadfast commitment to operational efficiencies across all divisions, minimizing all operating costs and maximizing productivity throughout the entire organization. This positive impact has offset the slow start experienced in the first quarter of 2024, thereby moderating the Group's overall performance.

As we transition from one-off projects with long payment cycles to developing software that offers broad use cases, predictable revenue, lower human resource requirements, and higher net margins, we have made the difficult decision to let go of 43 team members (a mix of contract and full-time staff) between January 2023 and March 2024. In FY 2023, consulting and staff costs accounted for nearly \$130 million, representing 36% of the Group's total expenses of \$361.6 million. These changes are expected to save the Group almost \$7 million monthly, or a little over \$80 million annually. These changes will not affect our ability to execute and achieve our targets as we leverage technology to increase productivity.

At our Annual General Meeting on November 29, 2023, our shareholders approved the issuance of an additional 500 million shares for a renounceable rights issue and a stock split. This initiative remains a top priority, and we aim to complete it before the end of FY 2024. The funds raised will not only enable us to significantly expand our offerings, particularly with Clever School Teacher, Learning Lab, and Amigo, our new educational software service, but also strengthen our balance sheet. Given the current financial challenges, this raise will provide the necessary capital to stabilize our finances and support future growth.

Amigo, in particular, is extremely important to our future, and we have invested heavily in its development. Early feedback from potential customers about Amigo has been extremely positive, and we anticipate immediate opportunities to leverage this software beyond Jamaica. This investment underscores our commitment to driving top and bottom-line growth through innovative educational solutions.

Net loss attributable to shareholders amounted to \$25.2 million for the period under review, \$67.6 million lower than the preceding quarter in 2023.

Performance of Divisions

The Learn division continues to concentrate on the expansion of its market presence globally, aligning with the Group's strategic objectives for growth and market penetration. With the closure of Academy and the acquisition of Clever School Teacher (CST), EduFocal Nigeria and EduFocal Africa, the division remains committed to widening the group's footprint in these territories.

As of March 31, 2024, the Business Division has a robust pipeline of nearly JMD 100 million in contracts, a significant portion of which will be realized in FY 2024. We expect the Business Division to contribute approximately JMD 200 million to the Group's revenue for FY 2024. The division primarily leverages contract labor as needed to meet project demands, which helps manage associated expenses by ensuring we only spend what we earn.

The Group is confident in its strategic plan to revitalize its financial outcomes. The Management team is actively addressing these challenges, to mitigate any further associated risks, which will in turn steer the division to sustained growth and profitability.

Financial Position

As of March 2024, the Group has realigned its asset base, resulting in a focused and efficient allocation valued at \$223 million, compared to \$308.8 million in the corresponding period in 2023. Concurrently, total liabilities for the Group increased by 24%, moving to \$320.1 million in the period under review.

Due to the challenges the Group faced in the first quarter of 2024, the shareholder's equity was affected moving to a deficit of \$100.3 million, representing a 295% reduction when compared to the corresponding period in 2023.

We remain firmly committed to reversing this downturn and improving our operational efficiencies. We are focused on strategic initiatives aimed at driving growth and increasing shareholder value. We are taking decisive actions to address the areas of concern and are confident in our ability to navigate through these difficulties, leveraging our strengths and opportunities. As always, we are grateful for the continued support of our stakeholders and are dedicated to delivering on our promises.



Peter Levy
Chairman



Gordon Swaby
Chief Executive Officer

EduFocal Limited

Condensed Consolidated Statement of Financial Position

31 March 2024

(expressed in Jamaican dollars unless otherwise indicated)

	Unaudited 31 March 2024 \$	Unaudited 31 March 2023 \$	Audited 31 December 2023 \$
Assets			
Non-current assets			
Property, plant and equipment	1,816,002	2,593,033	2,024,714
Intangible assets	149,672,471	132,878,696	150,318,042
Right-of-use Asset	-	3,065,008	-
Deferred tax asset	7,305,224	3,004,807	7,305,224
	<u>158,793,696</u>	<u>141,541,545</u>	<u>159,647,980</u>
Current assets			
Receivables and prepayments	24,762,782	125,738,662	32,054,672
Director's account	30,189,766	19,961,957	29,828,795
Due from related party	9,032,076	184,786	-
Cash and cash equivalents	219,310	21,365,850	158,764
	<u>64,203,934</u>	<u>167,251,255</u>	<u>62,042,231</u>
Total assets	<u>222,997,631</u>	<u>308,792,800</u>	<u>221,690,211</u>
Total equities and liabilities			
Capital and reserves			
Share capital	185,631,690	185,631,690	185,631,690
Foreign Exchange Reserve	(2,080,699)	(991,267)	(352,553)
Accumulated Income/(Deficit)	(280,569,115)	(134,828,694)	(255,366,524)
	<u>(97,018,124)</u>	<u>49,811,729</u>	<u>(70,087,387)</u>
Non-controlling interest	<u>(92,756)</u>	<u>-</u>	<u>(1,460,367)</u>
	<u>(97,110,880)</u>	<u>49,811,729</u>	<u>(71,547,754)</u>
Liabilities			
Non-current assets			
Lease liability	-	525,163	-
Long term borrowings	167,075,397	186,158,656	175,350,886
	<u>167,075,397</u>	<u>186,683,819</u>	<u>175,350,886</u>
Current assets			
Accounts payable	93,881,385	14,041,899	75,663,705
Taxation payable	-	350,810	-
Current portion of Lease Liability	-	3,156,459	-
Bank Overdraft	17,534,707	-	-
Current portion of Long Term loans	39,030,333	30,908,377	38,052,828
Due to related party	15,546	20,311,749	105,546
Short- Term Loans	2,571,143	3,527,958	4,065,000
	<u>153,033,114</u>	<u>72,297,252</u>	<u>117,887,079</u>
Total liabilities and shareholders' equity	<u>222,997,631</u>	<u>308,792,800</u>	<u>221,690,210</u>

Approved for Issue by the Board of Directors on June 26, 2024 and signed on its behalf by:



Director



Director

The notes on pages 20 to 59 are an integral part of these condensed consolidated interim financial statements.

EduFocal Limited

Condensed Consolidated Statement of Comprehensive Income

For the quarter ended 31 March 2024

(expressed in Jamaican dollars unless otherwise indicated)

	<i>3 months to 31 March 2024</i>	<i>3 months to 31 March 2023</i>	<i>Audited 31 December 2023</i>
	<i>\$</i>	<i>\$</i>	<i>\$</i>
Revenue	30,008,624	112,663,940	263,542,463
Other income	-	-	14,303,693
Administrative expenses	(42,094,812)	(53,520,774)	(269,790,290)
Depreciation and amortisation	(7,634,469)	(7,314,937)	(28,908,866)
Impairment loss on trade and other receivables, including contract assets	(1,125,000)	(1,200,000)	(38,404,106)
Operating profit	(20,845,657)	50,628,229	(59,257,105)
Finance income	316,110	203,062	1,068,639
Finance costs	(4,750,947)	(8,479,461)	(25,592,337)
Net finance costs	(4,434,838)	(8,276,399)	(24,523,698)
Profit before taxation	(25,280,495)	42,351,830	(83,780,803)
Income tax	-	-	4,300,417
Net profit for the period	(25,280,495)	42,351,830	(79,480,386)
Total Comprehensive Income/(Loss)	(25,280,495)	42,351,830	(79,480,386)
Net Profit Attributable to:			
Owners of Edufocal Ltd.	(25,187,738)	42,351,830	(78,008,902)
Non-controlling interests	(92,756)	-	(1,471,484)
	(25,280,495)	42,351,830	(79,480,386)
Earnings per stock unit (EPS)	(\$0.04)	\$0.07	(\$0.12)
Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA)	(13,211,188)	57,943,166	(30,348,239)

EduFocal Limited

Condensed Consolidated Statement of Changes in Equity

For the quarter ended 31 March 2024

(expressed in Jamaican dollars unless otherwise indicated)

	Attributable to owners of the Company					Non-controlling interests	
	Number of shares	Share capital	Foreign exchange reserve	Accumulated profit/(deficit)	Total		Total
		\$	\$	\$		\$	\$
Balance at 1 January 2023	648,446,094	185,631,690	(649,944)	(177,357,622)	7,624,124	-	7,624,124
Foreign exchange reserves	-	-	(341,323)	177,098	(164,225)	-	(164,225)
Total comprehensive income for the period	-	-	-	42,351,830	42,351,830	-	42,351,830
Balance at 31 March 2023	648,446,094	185,631,690	(991,267)	(134,828,694)	49,811,729	-	49,811,729
Balance at 1 January 2024	648,446,094	185,631,690	(352,553)	(255,366,524)	(70,087,387)	-	(70,087,387)
Foreign exchange reserves	-	-	(1,728,146)	(14,852)	(1,742,998)	-	(1,742,998)
Total comprehensive income for the period	-	-	-	(25,187,738)	(25,187,738)	(92,756)	(25,280,495)
Balance at 31 March 2024	648,446,094	185,631,690	(2,080,699)	(280,569,114)	(97,018,123)	(92,756)	(97,110,880)

EduFocal Limited

Condensed Consolidated Statement of Cash Flows

For the quarter ended 31 March 2024

	Unaudited 31 March 2024 \$	Unaudited 31 March 2023 \$	Audited 31 December 2023 \$
Cash flows from operating activities:			
Net profit/(loss) before taxation	(25,280,495)	42,351,830	(83,780,803)
Adjustments for:			
Amortization of intangible assets	7,425,757	6,374,049	27,351,025
Amortization of right-of-use asset	-	707,310	1,146,933
Bad debt written off	-	-	74,729,739
Gain on disposal of right-of-use asset	-	-	(465,520)
Depreciation	208,712	233,579	916,897
Impairment losses on financial assets	1,125,000	1,200,000	38,404,106
Foreign exchange losses	(1,812)	27,409	916,018
Interest income	(316,110)	(203,062)	(1,068,639)
Interest expense	4,752,759	8,312,612	24,457,380
Lease interest expense	-	86,431	18,939
	<u>(12,086,189)</u>	<u>59,090,158</u>	<u>82,626,075</u>
Change in operating assets and liabilities:			
Increase in receivables	4,546,531	(17,935,929)	(70,466,520)
Decrease/increase in director's account	(360,971)	(1,068,923)	(10,322,639)
(Decrease)/increase in payables	18,102,000	(615,948)	60,959,529
Cash provided by/(used) in operations	<u>10,201,371</u>	<u>39,469,358</u>	<u>62,796,445</u>
Interest received	63	197	260,663
Loan interest repaid	(4,200,276)	(8,552,835)	(19,818,667)
Taxes paid	-	-	(350,810)
Net cash provided by/(used in) operating activities	<u>6,001,158</u>	<u>30,916,720</u>	<u>42,887,631</u>
Cash flows (used in)/provided by investing activities:			
Purchase of property, plant and equipment	-	(97,200)	(212,199)
Purchase of intangible assets	(6,992,537)	(8,414,613)	(46,720,555)
Net cash (used in) investing activities	<u>(6,992,537)</u>	<u>(8,511,813)</u>	<u>(46,932,754)</u>

EduFocal Limited

Condensed Consolidated Statement of Cash Flows (Continued)

For the quarter ended 31 March 2024

	Unaudited 31 March 2024 \$	Unaudited 31 March 2023 \$	Audited 31 December 2023 \$
Cash flows from financing activities:			
Lease principal payments	-	(784,835)	(1,308,060)
Long term loans, net	(7,850,467)	(11,174,389)	(20,320,410)
Short term loans, net	(1,493,857)	3,264,003	4,065,000
Due to related parties	2,419,029	4,076,399	38,599,500
Director's loan	(526,834)	-	(20,311,749)
Proceeds from issue of subsidiary shares	-	-	2,510
Net cash provided by/(used in) financing activities	(7,452,129)	(4,618,822)	726,791
Net increase in cash and cash equivalents	(17,475,584)	17,786,085	(3,318,332)
Effects of exchange rate changes on cash and cash equivalents	1,424	(35,879)	(138,548)
Cash and cash equivalents at beginning of year	158,763	3,615,644	3,615,643
Cash and cash equivalents at end of year	(17,315,397)	21,365,850	158,763
Represented by:			
Cash at Bank	219,310	21,365,850	158,764
Bank Overdraft	(17,534,707)	-	-
	(17,315,397)	21,365,850	158,764

EduFocal Limited
Notes to the Consolidated Condensed Financial Statements
For the quarter ended March 31, 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.

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)

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%

2. Basis of preparation

These financial statements for the three months ended 31 March 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 June 26, 2024

3. Receivables

	31 March 2024	31 December 2023
	\$	\$
Trade receivables	174,740,581	180,203,036
Less: Expected credit loss provision	<u>(150,469,581)</u>	<u>(149,344,581)</u>
	24,271,000	30,858,455
Prepaid expenses	363,917	1,041,808
Other receivables	<u>127,865</u>	<u>154,609</u>
	<u><u>24,762,782</u></u>	<u><u>32,054,672</u></u>

EduFocal Limited
Notes to the Consolidated Condensed Financial Statements
For the quarter ended March 31, 2024
Presented in Jamaican Dollars unless otherwise stated

3. Receivables (Continued)

Movement of expected credit loss provision is as follows:

	31 March 2024	31 December 2023
	\$	\$
Balance at beginning of year	149,344,581	74,273,223
Provision during the year	<u>1,125,000</u>	<u>75,344,581</u>
Balance at end of year	<u>150,469,581</u>	<u>149,344,581</u>

(a) Payment of \$28,793,000, was received in January 2024. This payment is in relation to contracts awarded in 2023.

4. Share Capital

	31 March 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>

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>

	31 March 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	<u>-</u>	<u>-</u>
Balance at end of year	<u>185,631,690</u>	<u>185,631,690</u>

EduFocal Limited
Disclosure of Shareholdings
For the quarter ended March 31, 2024

TOP TEN SHAREHOLDERS

Name of Shareholder	Units	% Ownership
OkGosh Limited	181,281,526	28%
Widebase Limited	86,002,750	13%
Matrix Ventures Limited	56,250,000	9%
Peter Levy	40,251,100	6%
David Alexander Walcott	26,475,975	4%
Dale B. McFarlane	17,523,255	3%
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%
Total	459,796,467	71%
Others	188,649,627	29%
Total Issues Shares	648,446,094	100%

SHAREHOLDINGS OF DIRECTORS, SENIOR MANAGERS & CONNECTED PERSONS

	Connected Party	Direct	Total Volume
Directors			
Peter Levy	-	40,251,100	40,251,100
Grace Lindo	-	7,707,741	
Shauna-Gay Fuller Clarke	-	-	-
Kevin Donaldson	-	13,242,200	13,242,200
Lloyd Swaby	-	1,340,747	1,304,747
Gordon Swaby	-	762,650	182,044,176
Okgosh Limited	181,281,526		
Senior Management			
Paul Allen	-	56,250,000	56,250,000
Anna Bethune	-	-	-
Mark Green	-	-	-
Fonique Miller	-	-	-
Gordon Swaby	-	762,650	182,044,176
Okgosh Limited	181,281,526		
Connected Person			
Andre Swaby		1,036,935	1,036,935