

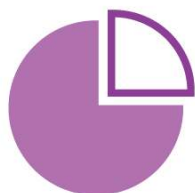
Unaudited Financial Results

JMD Q3 2022

PERFORMANCE HIGHLIGHTS

For the 9 months ended September 30, 2022

For the nine months ended September 30, 2022, EduFocal Group recorded revenue of **\$156.6 million**, representing an increase of **\$49 million** or **46%** as compared to the corresponding period of 2021.



\$465.7M

in assets
(155% change)



\$96.4M

in Cash and Cash Equivalents
(96% increase)





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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.

For the nine months ended September 30, 2022, EduFocal Group recorded revenue of \$156.6 million, representing an increase of \$49 million or 46% as compared to the corresponding period of 2021.

Focused on Growth

The current macroeconomic environment is characterized by increased interest rates and some amount of economic uncertainty. The core of our business is solid, and we remain focused on growth and creating positive return for our shareholders. In positioning ourselves for other opportunities that we believe will reap great rewards for the company over the next 2 to 3 quarters, management made the decision to leverage debt. **Through our investment banker, Mayberry Investments Limited, EduFocal raised J\$200M at competitive rates.** When we consider the infancy of the Education technology (Edtech) sub-industry in our operating markets, our track record in the space coupled with the ongoing demand for teachers from Jamaica, which creates a vacuum that can be filled by Edtech solutions, there is significant opportunity for continued growth.

Hiring and retaining world class talent is paramount for the growth of our company. Between January and September 2022, we employed (permanent and contract labour) 26 people. In Q3 2022 we hired 11 talented team members, the most people we've hired in any single quarter in the history of the company. In particular, the Operations and Product Development teams saw significant growth in their headcounts as the opportunities for us in the corporate learning space continue to grow.

We also expanded our offerings to include Health Education under the brand "VHSI Nursing Academy". We believe that Health education is a major value accretion avenue for our firm within the context of growing local and foreign demand for our nursing talent.



Historically, Q3 has been the slowest quarter in our business, and Q4 our strongest. For the 3 months ending September 30, 2022, we reported a net loss of J\$27.6M. Key drivers included growth in operating expenses and an increase in our finance costs which together outpaced our revenue growth for the period. A consequence of our raise would have been a one-off finance cost amounting to just over J\$4M for the quarter. Other one-off expenses amounted to J\$12.7M for the quarter. Last year, for the corresponding quarter, a contract with a blue-chip customer was front-loaded, and while our engagement with this customer continues, the timing of revenue didn't allow us to book same within the Q3 2022 quarter.

For additional perspective, our current debt level, which is productive debt, fuels our growth initiatives, Importantly, given that we are a Software as a Service (SaaS) firm, we make money primarily from our software products, content and continued investment in talent. On that note, we expect our investment in our team and talent to convert to revenue growth in future quarters.

Our balance sheet for the 9 months ending September 2022 reflected liabilities of J\$293.9M and assets of J\$465.7M. We continue to focus on growing our asset base, specifically cash and cash equivalents, especially considering the current inflationary regime. We are also focused on decreasing outstanding receivables while continuing to invest in our platform and content, which are our differentiators in the marketplace. As of September 30, 2022, one of our major blue-chip clients accounted for more than half of our receivables. While collection has been protracted, our client has always honoured their obligations, and we are confident that we will be able to significantly decrease receivables over the next 2 quarters, which should improve our operating cashflows going forward. Of note, the 98% jump in intangible assets year over year is largely owed to our acquisition of CST during the financial year. Being a SaaS firm, our intangible assets, including software and intellectual property are more reflective of our productive capacity than property plant and equipment.

Future Outlook

In Q3, as we rounded out the quarter, we used the opportunity to undertake a process of restructuring the company, building capacity and focus on the diversification of our offerings. Of note is our important 5-year tripartite partnership with the Transport Authority and British Caribbean Insurance Company (BCIC) to facilitate training and evaluation of more than 40,000 PPV drivers island wide. Through our recently announced partnership with the Jamaica Library Service (JLS), we will leverage



physical spaces for commercial hybrid training opportunities and generally extend our reach in training and education where internet access is limited or unavailable. More details on the restructuring exercise will be shared before the close of the financial year 2022. This restructuring exercise will ensure we remain nimble and leverage the growing Human Resources. The results will be increased productivity and greater efficiency within the organization, which will in the short term reflect in our bottom line, and benefit you, our dedicated shareholders. Given that the global economy seems to be softening due to high living costs, we believe education is non-cyclical and that people are likely to continue to upskill as they have done in prior periods of economic difficulty; technology will play a greater role in achieving this. On that basis we are confident in the outlook as 2023 begins.

Our pipeline of projects is full, with timelines set for several initiatives, including financial literacy, to be rolled out in proceeding consecutive quarters.

A handwritten signature in black ink, appearing to read "Gordon Swaby", written over a horizontal line.

Gordon Swaby
Chief Executive Officer



Key Performance Highlights

Nine Months Ended September 30, 2022

The Board of Directors of EduFocal Group (“LEARN”) is pleased to present its unaudited consolidated financial statements for the third quarter ended September 30, 2022.

Summary of Changes on the Statement of Profit or Loss				
	9 months Ended 30/9/2022	9 months Ended 30/09/2021	\$ Change	% Change
	\$	\$		
Revenue & Other Income	156,636,322	107,603,874	49,032,448	46%
Administrative & Other Operating Expenses	(172,751,185)	(108,312,256)	(64,438,928)	59%
Net Loss	(16,114,863)	(1,493,655)	(14,621,208)	979%
Earnings Per Share (\$)	(0.025)	(0.003)	(0.022)	

For the nine months ended September 30, 2022, The Group recorded revenue of \$156.6 million, representing an increase of \$49 million or 46% over the corresponding period of 2021 and continues to reflect the Group’s improved operating performance. The Group has continued to exhibit incremental growth in all key divisions, primarily due to new awarded contracts and newly added products.

The Group’s gross profit increased by \$11.4 million or 63% when compared to the corresponding quarter in 2021. Administrative & other operating expenses increased by \$64.4 million or 59%, moving from \$108.3 million in third quarter of 2021 to \$172.8 million in the current period under review, driven by higher expenditures in core support areas of the business, specifically staff cost, legal and professional fees, consulting fees and advertising expense.

Net loss for the quarter was \$16.1 million, which is \$14.6 million higher than the prior corresponding quarter in 2021. This as a result of higher administrative and finance costs over the comparative period as the group continues to expand its offerings.

Summary of Changes on the Statement of Financial Position				
	Sep-22	Sep-21	\$ Change	% Change
	\$	\$		
Total Assets	465,724,882	182,753,007	282,971,875	155%
Total Liabilities	293,977,947	126,193,484	167,784,463	133%
Total Equity	171,746,936	56,559,523	115,187,412	204%



Total assets as at September 2022 amounted to \$465.7 million compared to \$182.8 million for the corresponding period ending September 2021. The increase in asset balances were primarily due to an increase in receivables and intangible assets of \$149.5 million and \$71 million respectively due to new contracts awarded as well as delays in collections on some contracts and intensive infrastructure development. Cash and cash equivalent was also significantly increased by \$88.4 million due to the Group's newly acquired loan that will further advance the company's position in E-learning technology and strengthen our shareholders' value by way of refinancing our high interest debt.

The Group recorded a \$167.8 million increase in total liabilities when compared to the corresponding period in 2021, primarily due to the acquisition of a loan in the third quarter under review for the amount \$200 million.

EduFocal Group's capital base showed significant growth with shareholders' equity totaling \$171.7 million at the end of September 2022 compared to \$56.6 million in corresponding prior year period. The year over year increase of \$115.2 million was driven by newly issued share proceeds, which was tempered by accumulated loss recorded in the quarter ended September 30, 2022 for the amount of \$14.7 million.

EduFocal Group will continue to strengthen all initiatives to manage key risks during this time of increasing inflation and economic uncertainties. The Group remain focused on delivering transformative education through technology as well as increasing shareholder value. We applaud the commitment of our EduFocal team members and remain thankful to our stakeholders.

A blue ink signature of Peter Levy, consisting of several fluid, overlapping strokes.

Peter Levy
Chairman

A blue ink signature of Gordon Swaby, featuring a prominent initial 'G' and 'S' followed by a cursive flourish.


Gordon Swaby
Chief Executive Officer



Consolidated Statement of Financial Position Third Quarter Ended September 30, 2022

	Unaudited September 30, 2022	Audited December 31, 2021	Unaudited September 30, 2021
ASSETS	\$	\$	\$
Property, plant and equipment	2,949,082	3,691,885	3,712,976
Intangible assets	132,031,685	66,725,467	61,014,734
Right-of-Use Asset	4,630,979	4,023,825	4,694,463
Deferred Tax Asset	1,267,438	1,267,438	1,097,053
Receivables and prepayments	226,804,838	126,537,140	77,296,017
Due from related party	1,621,421	20,106,531	26,910,932
Cash and Cash equivalents	96,419,440	4,013,319	8,026,832
TOTAL ASSETS	465,724,882	226,365,605	182,753,007
LIABILITIES			
Lease Liability	1,908,144	1,481,460	4,768,796
Long Term Borrowings	203,376,109	23,800,018	23,608,379
Accounts payable	13,705,049	23,047,055	20,500,634
Taxation payable	-	11,392,729	3,697,476
Shareholder's loan	-	7,412,995	7,392,609
Current portion of Lease Liability	2,926,255	2,642,543	-
Bank Overdraft	-	60,307	-
Current portion of Long Term loans	30,953,793	2,746,274	3,155,590
Due to related party	37,844,584	1,500,000	-
Short- Term Loans	3,264,013	85,484,661	63,070,000
	293,977,947	159,568,042	126,193,484
EQUITY			
Attributable to Shareholders			
Share capital	186,409,686	10,345,452	10,345,451
Preference Share	-	54,999,999	54,999,999
Accumulated Income/(Deficit)	(14,662,750)	1,452,113	(8,785,926)
	171,746,936	66,797,564	56,559,523
TOTAL LIABILITIES AND EQUITY	465,724,882	226,365,605	182,753,007

Approved for the issue by the Board of Directors on November 8, 2022 and signed on its behalf by:



 Peter Levy
 Chairman



 Gordon Swaby
 Chief Executive Officer



Consolidated Statement of Comprehensive Income

Third Quarter Ended September 30, 2022

(Unaudited)

	3 months to 30/9/2022	9 months to 30/9/2022	3 months to 30/09/2021	9 months to 30/09/2021	December 2021
	\$	\$	\$	\$	\$
Revenue	23,610,228	156,609,307	57,195,200	107,595,512	185,151,034
Administrative & Operating Expenses	<u>(38,014,415)</u>	<u>(127,225,588)</u>	<u>(42,356,024)</u>	<u>(89,570,408)</u>	<u>(128,815,712)</u>
Gross Profit/(Loss)	<u>(14,404,187)</u>	<u>29,383,719</u>	<u>14,839,176</u>	<u>18,025,104</u>	<u>56,335,322</u>
Other income	27,015	27,015	(91,504)	8,362	7,905
Impairment loss on financial asset	-	(21,565,182)	(5,265,683)	(5,349,470)	(19,158,946)
Finance Cost	<u>(13,318,462)</u>	<u>(23,960,415)</u>	<u>(4,037,986)</u>	<u>(13,392,378)</u>	<u>(19,629,755)</u>
Profit/(Loss) Before Taxation	<u>(27,695,633)</u>	<u>(16,114,863)</u>	<u>5,444,004</u>	<u>(708,383)</u>	<u>17,554,525</u>
Taxation	-	-	(1,686,376)	(785,272)	(8,810,141)
TOTAL COMPREHENSIVE INCOME/(LOSS)	<u>(27,695,633)</u>	<u>(16,114,863)</u>	<u>3,757,628</u>	<u>(1,493,655)</u>	<u>8,744,384</u>
Total comprehensive income attributable to:					
Owners of EduFocal Ltd.	<u>(27,695,633)</u>	<u>(16,114,863)</u>	<u>3,757,628</u>	<u>(1,493,655)</u>	<u>8,744,384</u>
Earnings Per Share (\$)	(0.043)	(0.025)	0.008	(0.003)	0.016



Consolidated Statement of Changes in Equity
 Third Quarter Ended September 30, 2022
 (Unaudited)

	No. of Shares Issued	Share Capital \$	Preference Shares \$	Accumulated Profit/(Deficit) \$	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 loss for the period		-	-	(16,114,863)	(16,114,863)
Preference shares conversion		-	(54,999,999)	-	(54,999,999)
Issue of Share Capital	638,446,094	176,064,234	-	-	176,064,234
Balance at September 30, 2022	648,446,094	186,409,686	-	(14,662,751)	171,746,935



Consolidated Statement of Cash Flow

Third Quarter Ended September 30, 2022

	Unaudited September 30, 2022	Audited December 2021	Unaudited September 30, 2021
	\$	\$	\$
Cashflows from Operating Activities			
Net Profit/(Loss) before Taxation	(16,114,863)	17,554,525	(708,383)
Adjustments for:			
Bad Debt	-	8,960,325	-
Depreciation	704,131	656,637	405,058
Amortization - Intangibles	15,989,237	10,694,813	7,606,147
Amortization - Right-of-Use	2,043,924	1,341,276	670,638
Impairment losses on financial assets	21,565,182	19,158,946	5,349,470
Foreign exchange losses	324,801	1,516,902	1,244,184
Interest income	(368,840)	(578,505)	(377,524)
Lease Interest	280,765	204,152	108,695
Loan Interest expense	18,155,571	12,335,022	8,866,953
	<u>42,579,910</u>	<u>71,844,093</u>	<u>23,165,237</u>
Changes in operating assets and liabilities:			
Increase in receivables	(121,174,988)	(121,186,329)	(49,175,404)
Decrease/(Increase) in director's account	28,906,088	(5,190,166)	(12,195,403)
Increase/(Decrease) in payables	(9,342,006)	7,970,845	5,138,128
Cash used in operating activities	<u>(59,030,995)</u>	<u>(46,561,557)</u>	<u>(33,067,442)</u>
Interest received	341,824	371	225
Interest paid	(17,789,081)	(13,108,691)	(8,606,808)
Tax paid	(11,392,729)	(1,000,000)	(500,000)
Net cash used in operating activities	<u>(87,870,981)</u>	<u>(60,669,878)</u>	<u>(42,174,025)</u>
Cashflows from Investing Activities			
Acquisition of property, plant and equipment	(38,671)	(3,286,494)	(3,056,006)
Acquisition of intangible asset - computer software	(81,295,455)	(45,457,917)	(36,658,517)
Net cash used in investing activities	<u>(81,334,126)</u>	<u>(48,744,411)</u>	<u>(39,714,523)</u>
Cashflows from Financing Activities			
Long term loan, net	207,315,486	(10,169,815)	(10,183,938)
Short term loan, net	(82,664,312)	69,223,522	45,567,008
Due to related party	25,950,622	1,500,000	-
Lease Payments	(2,256,698)	(1,445,250)	(705,000)
Shareholder's loan	(7,412,995)	280,530	-
Issue of preference shares	-	54,999,999	54,999,999
Proceeds from issue of share capital	121,064,235	-	-
Net cash provided by financing activities	<u>261,996,337</u>	<u>114,388,986</u>	<u>89,678,069</u>
Net Increase in cash and cash equivalents	92,791,230	4,974,697	7,789,521
Net effect of exchange rate changes on cash and cash equivalent	(324,801)	(1,516,902)	(257,906)
Cash and cash equivalent at beginning of period	<u>3,953,011</u>	<u>495,216</u>	<u>495,216</u>
Cash and cash equivalent at end of period	<u>96,419,440</u>	<u>3,953,011</u>	<u>8,026,832</u>



Notes to the Interim Consolidated Financial Statements

September 30, 2022

1. Accounting Policies

A. Basis of Preparation

This Interim Consolidated Financial for the period ending September 30, 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

Authorized	2022	of	2021	of
	No.		No.	
	shares		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>		-	
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>
	<u>648,446,094</u>	
Closing issued and fully paid ordinary shares		<u>10,000,000</u>

Ordinary shares of no par value	2022	2021
	\$	\$
Balance at beginning of year	10,345,452	10,345,452
Issued during the year	<u>176,064,234</u>	<u>-</u>
Balance at end of year	<u>186,409,686</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 September 30, 2022

Shareholder	Shareholdings
OKGOSH LIMITED	215,198,036
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	19,464,519
MARC GAYLE	14,684,126
ROOTS FINANCIAL GROUP LIMITED	13,242,200
KIRK-ANTHONY HAMILTON	12,065,616
ANDREW W. PAIRMAN	12,000,000



Shareholdings of Directors, Senior Managers & Connected Persons As at September 30, 2022

	Shareholdings	Connected Persons
Directors		
Peter Levy	40,251,100	
Grace Lindo	7,707,741	
Kevin Donaldson		13,242,200
Gordon Swaby*	1,357,865	226,655,471
Senior Management		
Gordon Swaby	1,357,865	226,655,471
Paul Allen		56,250,000
Nicola Chambers	480,383	
Chelsea Taylor	151,251	
Kristy Fernandez	134,658	
Kemesha Swaby	11,457,435	
Connected Persons		
Andre Swaby	2,123,897	

*Includes holdings in joint accounts