



EduFocal
GROUP

UNAUDITED FINANCIAL RESULTS

JMD Q2 2023





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Key Performance Highlights

Six Months Ended June 30, 2023

The Board of Directors of EduFocal Group (“LEARN”) is pleased to present its unaudited consolidated financial statements for the second quarter ended June 30, 2023.

Summary of Changes on the Statement of Profit or Loss				
	6 months Ended 30/6/2023	6 months Ended 30/6/2022	\$ Change	% Change
	\$	\$		
Revenue & Other Income	210,701,595	132,999,079	77,702,516	58%
Administrative & Other Operating Expenses	(144,885,034)	(121,418,308)	(23,466,726)	19%
Net Profit	65,816,561	11,580,771	54,235,790	468%
Earnings Per Share (\$)	0.101	0.021	0.081	

For the six months ended June 30, 2023, the Group achieved revenue of \$210.7 million, representing a \$77.7 million or 58% increase relative to the preceding reporting period in 2022. The overall improved revenue performance is mainly attributable to achieved growth strategy across all divisions. Operating profit for the first six months of 2023 was \$90.1 million, \$46.3 million or 106% higher than the second quarter of 2022.

Administrative & other operating expenses increased by \$23.5 million or 19%, moving from \$121.4 million in second quarter of 2022 to \$144.9 million in the current period under review. This increase reflects the Group’s commitment in growing operations and expanding all divisions through core business support areas, specifically staff cost, advertising cost and consulting fees. Net Profit attributable to shareholders totaled \$65.8 million for the period under review, \$54.2 million higher than that of the preceding quarter in 2022.

Performance of Divisions

The Group continued to position the company for sustainable growth by effecting two notable events in the period under review. The Learn division has successfully expanded its reach into Africa through the Group’s incorporation of EduFocal Africa Inc (USA) and EduFocal Nigeria Limited (Lagos, Nigeria) offering customized teacher training services on a larger scale when compared to the existing local Jamaican market. This acquisition offers the division new short and medium-term growth opportunities across Africa’s emerging ed-tech market and is complementary to the existing services offered by the division. The second notable event is the permanent closure of EduFocal Academy in June 2023. This strategic decision allows the division



to widen its footprint in the global markets while creating optimized synergies and efficiencies within the division.

Learn division’s ongoing commitment to firmly grow market exposure and increase customer base on a global level continues to challenge profit before taxation for the period under review.


Business division closed the second quarter of 2023 with improved revenue of 64% above the preceding period in 2022. This positive performance is largely attributable to acquisition of new contracts and continuation of ongoing contracts.

Summary of Changes on the Statement of Financial Position				
	Jun-23	Jun-22	\$ Change	% Change
	\$	\$		
Total Assets	344,476,510	336,005,860	8,470,650	3%
Total Liabilities	270,206,957	136,563,291	133,643,666	98%
Total Equity	74,269,554	199,442,569	-125,173,015	-63%


As at June 2023, the Group’s total asset marginally expanded from \$336 million in the preceding year to \$344.5 million in the period under review, representing a 3% increase, while Group total liabilities recorded a \$133.6 million or 98% increase when compared to the corresponding period in 2022.

As at June 30, 2023, The Group recorded shareholder’s equity of \$74.3 million, from \$199.4 million in the preceding period in 2022, a \$125.2 million or 63% reduction in the period under review.

EduFocal remains steadfast in its pursuit to grow and successfully execute its strategic initiatives as we seek opportunities both in the local and international markets. The Group assures stakeholders that all efforts are focused on delivering transformative education through technology as well as increasing shareholder value while managing key risks during this time of unprecedented series of challenges and economic uncertainties. As always, we appreciate the commitment and dedication of the EduFocal team and we remain grateful to our valued stakeholders for their continued support and trust in us as we navigate this journey.



 Peter Levy
 Chairman




 Gordon Swaby
 Chief Executive Officer




Consolidated Statement of Financial Position
Second Quarter Ended June 30, 2023

	Unaudited June 30, 2023	Audited December 31, 2022	Unaudited June 30, 2022
	\$	\$	\$
ASSETS			
Property, plant and equipment	2,470,033	2,729,412	3,174,389
Intangible assets	138,752,420	130,948,512	116,638,709
Right-of-Use Asset	2,593,468	3,772,319	2,804,277
Deferred Tax Asset	3,004,807	3,004,807	1,267,438
Receivables and prepayments	182,507,186	110,932,733	208,773,602
Director's Account	13,606,297	18,698,180	2,618,993
Due from related party	-	2,372,969	-
Cash and Cash equivalents	1,542,299	3,615,644	728,452
TOTAL ASSETS	344,476,510	276,074,576	336,005,860
LIABILITIES			
Lease Liability	-	1,350,554	385,230
Long Term Borrowings	182,521,755	197,798,580	23,610,725
Accounts payable	21,921,153	14,661,265	37,071,379
Taxation payable	-	350,810.00	11,392,729
Current portion of Lease Liability	3,242,678	3,029,473	2,584,826
Current portion of Long Term loans	38,111,637	30,948,021	2,445,285
Due to related party	20,311,749	20,311,749	40,622,810
Short- Term Loans	4,097,985	-	18,450,306
	270,206,957	268,450,451	136,563,291
EQUITY			
Attributable to Shareholders			
Share capital	185,631,690	185,631,690	186,409,686
Foreign Exchange Reserve	200,278	(649,944)	-
Accumulated Income/(Deficit)	(111,562,413)	(177,357,622)	13,032,883
	74,269,554	7,624,124	199,442,569
TOTAL LIABILITIES AND EQUITY	344,476,510	276,074,576	336,005,860

Approved for the issue by the Board of Directors on August 13, 2023 and signed on its behalf by:



Peter Levy
Chairman



Gordon Swaby
Chief Executive Officer



Consolidated Statement of Comprehensive Income
 Second Quarter Ended June 30, 2023
 (Unaudited)

	3 months to 30/6/2023	6 months to 30/6/2023	3 months to 30/6/2022	6 months to 30/6/2022	December 2022
	\$	\$	\$	\$	\$
Revenue	98,037,655	210,701,595	72,079,169	132,999,079	187,436,765
Administrative & Operating Expenses	(59,768,429)	(120,604,140)	(44,153,082)	(89,211,173)	(183,710,380)
Operating Profit	38,269,226	90,097,455	27,926,088	43,787,906	3,726,385
Other income	-	-	-	-	27,343
Impairment loss on financial asset	(9,741,550)	(10,941,550)	(13,716,748)	(21,565,182)	(153,143,562)
Finance Cost	(5,062,945)	(13,339,344)	(4,672,911)	(10,641,953)	(28,736,808)
Profit/(Loss) Before Taxation	23,464,730	65,816,561	9,536,429	11,580,771	(178,126,642)
Taxation	(10,535)	(10,535)	-	-	(683,093)
TOTAL COMPREHENSIVE INCOME/(LOSS)	23,454,196	65,806,026	9,536,429	11,580,771	(178,809,735)
Total comprehensive income attributable to:					
Owners of EduFocal Ltd.	23,454,196	65,806,026	9,536,429	11,580,771	(178,809,735)
Earnings Per Share (\$)	0.036	0.101	0.017	0.021	(0.287)



Consolidated Statement of Changes in Equity
 Second Quarter Ended June 30, 2023
 (Unaudited)

	No. of Shares Issued	Share Capital \$	Foreign Exchange Reserve \$	Accumulated Profit/(Deficit) \$	Total \$
Balance at January 1, 2022	518,756,875.00	72,763,569	-	1,452,112	74,215,681
Issue of Share Capital	116,446,989.00	103,646,117	-	-	103,646,117
Short term loan converted to ordinary shares	13,242,230.00	10,000,000	-	-	10,000,000
Total Comprehensive profit for the period	-	-	-	11,580,771	11,580,771
Balance at June 30, 2022	648,446,094	186,409,686	-	13,032,883	199,442,569
Balance at January 1, 2023	648,446,094	185,631,690	(649,944)	(177,357,622)	7,624,124
Foreign Exchange Reserve	-	-	850,222	(10,817)	839,404
Total Comprehensive profit for the period	-	-	-	65,806,026	65,806,026
Balance at June 30, 2023	648,446,094	185,631,690	200,278	(111,562,413)	74,269,554



Consolidated Statement of Cash Flow

Second Quarter Ended June 30, 2023

	Unaudited June 30, 2023	Audited December 31, 2022	Unaudited June 30, 2022
	\$	\$	\$
Cashflows from Operating Activities			
Net Profit/(Loss) before Taxation	65,806,026	(178,126,642)	2,044,342
Adjustments for:			
Bad Debt	-	9,008,325	-
Depreciation	471,578	934,845	239,382
Amortization - Intangibles	13,102,080	22,033,587	3,492,158
Amortization - Right-of-Use	1,178,850	2,902,585	670,638
Impairment losses on financial assets	10,941,550	153,143,562	7,848,434
Foreign exchange losses	39,815	485,321	108,982
Interest income	(327,309)	(572,113)	(457)
Lease Interest	170,711	611,229	81,926
Loss on Disposal of Asset	-	101,655	-
Loan Interest expense	13,552,348	23,412,371	6,102,088
	<u>104,935,649</u>	<u>33,934,725</u>	<u>20,587,492</u>
Changes in operating assets and liabilities:			
Increase in receivables	(84,446,001)	(91,502,480)	(39,890,822)
Decrease in director's account	5,459,923	1,853,086	14,103,923
Increase from related party	-	-	(3,390,246)
Increase/(Decrease) in payables	7,242,335	(8,487,345)	6,219,171
Cash provided/(used) in operating activities	33,191,906	(64,202,014)	(2,370,481)
Interest received	399	127,378	457
Interest paid	(9,139,600)	(23,799,289)	(6,184,014)
Tax paid	(350,810)	(13,462,381)	-
Net cash provided/(used) in operating activities	<u>23,701,895</u>	<u>(101,336,306)</u>	<u>(8,554,037)</u>
Cashflows from Investing Activities			
Acquisition of property, plant and equipment	(212,199)	(74,027)	36,079
Acquisition of intangible asset	(20,082,651)	(86,256,632)	(50,660,020)
Net cash used in investing activities	<u>(20,294,850)</u>	<u>(86,330,659)</u>	<u>(50,623,941)</u>
Cashflows from Financing Activities			
Long term loan, net	(12,261,001)	202,592,350	(211,322)
Short term loan, net	3,827,896	(75,484,661)	(67,960,026)
Due to related party	4,264,043	(58,904,414)	1,950,106
Director's Loan	-	20,311,749	20,311,749
Lease Payments	(1,308,059)	(3,006,284)	(740,250)
Shareholder's loan	-	-	(7,412,995)
Proceeds from issue of share capital	-	102,868,121	123,174,235
Net cash provided/(used) by financing activities	<u>(5,477,120)</u>	<u>188,376,861</u>	<u>69,111,497</u>
Net Increase in cash and cash equivalents	(2,070,075)	709,896	9,933,518
Net effect of exchange rate changes on cash and cash equivalent	(3,268)	(1,047,264)	(108,982)
Cash and cash equivalent at beginning of period	3,615,644	3,953,012	3,953,011
Cash and cash equivalent at end of period	<u><u>1,542,299</u></u>	<u><u>3,615,644</u></u>	<u><u>13,777,547</u></u>



Notes to the Interim Consolidated Financial Statements

June 30, 2023

1. Accounting Policies

A. Basis of Preparation

This Interim Consolidated Financial for the period ending June 30, 2023, 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, 2022 and the corresponding Interim reporting period.

2. Share Capital

	2023	2022
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	518,756,875
Initial Public Offer issued during the year	-	116,446,989
Short term loan converted to ordinary shares	-	13,242,230
Closing issued and fully paid ordinary shares	<u>648,446,094</u>	<u>648,446,094</u>



	2023	2022
Ordinary shares of no par value	\$	\$
Balance at beginning of year	185,631,690	72,763,569
Initial Public Offer issued during the year	-	102,868,121
Short term loan converted to ordinary shares	-	10,000,000
Balance at end of year	<u>185,631,690</u>	<u>185,631,690</u>

(a) On February 9, 2022, the Company held an Extraordinary General Meeting which resulted in the Board of Directors passing a resolution for the issue of shares through an initial public offer thereby approving the issue of up to 129,689,219 ordinary shares. The additional shares were listed on the Junior Market of the Jamaica Stock Exchange on March 15, 2022.

116,446,989 ordinary shares were issued to the general public and key strategic partners, while 13,242,230 was issued through a short-term loan lender exercising a conversion option.



**Top Ten Largest Shareholders
As at June 30, 2023**

Shareholder	Shareholdings
OKGOSH LIMITED	205,020,395
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	16,856,460
MARC GAYLE	14,704,045
ROOTS FINANCIAL GROUP LIMITED	13,242,200
KIRK-ANTHONY HAMILTON	12,065,616
ANDREW W. PAIRMAN	12,000,000
	<hr/> 482,868,541.00 <hr/>



**Shareholdings of Directors, Senior Managers & Connected Persons
As at June 30, 2023**

	Shareholdings	Connected Persons
Directors		
Peter Levy	40,251,100	-
Grace Lindo	7,707,741	-
Shauna-Gay Fuller Clarke	-	-
Kevin Donaldson	-	13,242,200
Lloyd Swaby	-	-
Gordon Swaby*	1,100,139	216,513,737
Senior Management		
Gordon Swaby	1,100,139	216,513,737
Paul Allen	-	56,250,000
Anna Bethune	-	-
Mark Green	4,208	-
Connected Persons		
Andre Swaby	1,036,935	-

*Includes holding in joint accounts