

EduFocal Limited

Index

December 31, 2025

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INDEPENDENT AUDITORS' REPORT

To the Members of
EduFocal Limited

Report on the audit of the consolidated and stand-alone financial statements

Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of Edufocal Limited (the Company) and its subsidiary ('the Group') and the stand-alone financial position of the Company as at 31 December 2025, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with the requirements of the Jamaican Companies Act.

What we have audited

EduFocal Limited's consolidated and stand-alone financial statements comprise:

- The consolidated statement of financial position as at 31 December 2025;
- The consolidated statement of comprehensive income for the year then ended;
- The consolidated statement of changes in equity for the year then ended;
- The consolidated statement of cash flows for the year then ended;
- The company statement of financial position as at 31 December 2025;
- The company statement of comprehensive income for the year then ended;
- The company statement of changes in equity for the year then ended
- The company statement of cash flows for the year then ended; and
- The notes to the financial statements which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated and stand-alone financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
EduFocal Limited
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Report on the audit of the consolidated and stand-alone financial statements (continued)

Emphasis of matter

Material uncertainty related to Going Concern

We draw attention to note 2(b) to the financial statements. The note indicates that the Company has an accumulated deficit of \$328,062,994 (2024: \$302,358,991 as at the reporting date, which is due to significant losses in the past. The Company's current liabilities exceeded its current assets by \$147,012,434. The Company's cash flow position shows a net decrease of \$ 2,320,068, 2024: 2,281,379 net increase. Continuation as a going concern, therefore, may be in doubt and is dependent on those charged with governance's ability to implement strategies to reduce costs and increase revenue. Our opinion has not been modified in respect of this matter.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and stand-alone financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates. Our 2025 audit was planned and executed having regard to the fact that the operations of the Group remain largely unchanged from the prior year.

The Group's businesses all operate in the education technology industry. These entities maintain their own accounting records and report to the Group through the completion of consolidation packages.

In establishing the overall group audit strategy and plan, we determined the type of work that was needed to be performed at the components by the group engagement team and component auditors



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
EduFocal Limited
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Report on the audit of the consolidated and stand-alone financial statements (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and stand-alone financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and stand-alone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
<p>Intangible Assets impairment assets refer to notes 2(f) and 6 of the consolidated and stand-alone financial statements for related disclosures of accounting policies, judgments and estimates.</p> <p>As at 31 December 2025, the Group had recorded intangible assets of \$153 million (2024: \$157.3 million), representing approximately 75% (2024: 68%) of the Group's total assets.</p> <p>We focused on this area as the annual impairment assessment requires management's judgement and estimation, particularly in relation to the estimation of future cash flows from the businesses, taking into consideration the key assumption being the revenue growth and discount rate in the Group's impairment model.</p> <p>We included the impairment of intangible assets as a key audit matter because the carrying value of these key intangible assets will be affected if the Group is unable to generate revenue growth and produce sustainable operating cash flows.</p>	<p>Our audit procedures performed to address this key audit matter included the following procedures, amongst others, over management's intangible assets impairment assessment:</p> <ul style="list-style-type: none">• Evaluated management's future cash flow forecasts, and the process by which they were prepared, including testing the underlying calculations and comparing them to the latest financial forecast.• Assessed the impairment model and determined whether any significant changes to the model were required.• Performed sensitivity analysis around the revenue growth assumptions. <p>Challenged management's key assumptions for revenue growth and discount rate. To do this, we:</p> <ul style="list-style-type: none">• Compared the key assumptions to externally derived data where possible, including market expectations of investment returns and projected economic growth.• Evaluated the revenue growth and discount rate used in management's cash flow projection.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
EduFocal Limited
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Report on the audit of the consolidated and stand-alone financial statements (continued)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
<p><i>Revenue recognition</i></p> <p>The Group's revenue recognition policy (Note 2 (o)) does not generally require a high level of judgment; however, due to the contractual terms of certain contracts, there is a significant risk associated with certain components that has directed the focus of our audit effort. These contracts are often customised solutions and meet the definition for revenue recognition over time in accordance with IFRS 15.</p> <p>Revenue recognition is considered a key audit matter in view of the risk that management may override controls to intentionally misstate revenue transactions in order to achieve financial targets, either through adjusting estimates at the period end or recording fictitious transactions in the business.</p>	<p>Our audit procedures to address the key audit matter relating to the revenue from contracts with customers included the following:</p> <ul style="list-style-type: none">• Selected several contracts on a sample basis, reviewed the terms of these contracts, and assessed the reasonableness of the basis adopted by management in relation to the revenue recognition method.• Examined the supporting documents for the sample of contracts to assess if revenue was recognised at a point in time upon the fulfilment of the relevant performance obligation.• Obtained third-party confirmations for a sample of receivable balances outstanding as at the year-end to assist in the assessment of the validity of related revenue.• Performed cut-off tests by examining the supporting documents that management used to recognise the revenue before and after the reporting date, to assess whether the revenue had been recognised in the correct accounting period. <p>Based on our work, we found that the revenue recognition of contracts made by management is adequately supported by available evidence in accordance with IFRS 15 Revenue from Contracts with Customers.</p>



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
EduFocal Limited
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Report on the audit of the consolidated and stand-alone financial statements (continued)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
<p>Expected Credit Loss assessment. The Group recognises expected credit losses (ECL) on financial assets measured at amortised cost. The determination of ECL is highly subjective and requires management to make significant judgments and estimates, and the application of forward-looking information.</p> <p>The combination of significant management estimates and judgment increases the risk that management estimates could be materially misstated.</p> <p>See notes 2(h),3(a),4(i),10and 12 of the financial statements</p>	<p>Our audit procedures in response to this matter included:</p> <ul style="list-style-type: none">• Obtaining an understanding of the model used by management for the calculation of expected credit losses on financial assets.• Testing the completeness and accuracy of the data used in the models to the underlying accounting records.• Review the ECL model to assess the appropriateness of the Group's impairment methodology, management's assumptions and compliance with the new requirements of IFRS 9, Financial Instruments.• Assessing the appropriateness of the Group's impairment methodology, management assumptions and compliance with the requirements of IFRS 9, Financial Instruments.• Testing the accuracy of the Group's ageing of accounts receivable.• Testing the accuracy of the ECL calculation.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
EduFocal Limited
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Report on the audit of the consolidated and stand-alone financial statements (continued)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
<p><i>Borrowings</i></p> <p>Refer to notes 2 (q), 16 and 19 to the financial statements for management's disclosures of related accounting policies, judgments and estimates relating to borrowings. As at 31 December 2025, long and short-term borrowings, excluding long-term lease liabilities and non-interest-bearing related party liabilities, represented \$262 million (2024 - \$217 million) or 161% (2024 - 149%) of the total equity and debts of the Group.</p> <p>The Company remains highly leveraged as management continues to strategically use debt financing as the principal pillar to implement structured growth projects within the Group.</p> <p>As a Company initiative to reduce its reliance on high-interest short-term financing, in March 2022, the Company issued shares to the market through an Initial Public Offering (IPO), whereby it raised \$102.8 million. Proceeds from the IPO were used in 2022 to retire \$75 million of short-term debt.</p> <p>The Company continues to examine its financing options within the context of its debt management strategy and reviews its choices based on the present market conditions as well as its risk profile.</p>	<p>Our audit procedures to address this matter included the following procedures:</p> <ul style="list-style-type: none"> • Reviewed the loan agreements and repayment schedules. We noted that the loans were not being serviced on a timely basis as per the contractual agreements, principally by predetermined monthly deductions from the Group's various bank accounts. • Confirmed the balances, reviewed the maturity schedule for repayment, tested the interest calculations and determined that the total borrowings represented obligations by the Company and the Group. • Tested the effectiveness of controls over the timely repayment of loans and other credit facilities and noted that they are compliant with the various agreements. <p>We had robust discussions with senior management regarding the growth and expansion strategy, using debt as the principal means of growth and expansion and the ultimate strategy to reduce debt capital over the long term. A downside to this strategy is the inherent liquidity risk that the cash-generating units acquired may not perform as expected, resulting in the Company and Group being unable to meet its obligations as they fall due.</p> <p>Management is mindful of this inherent liquidity risk. However, management is confident that their strategic growth and expansion plan will continue to perform based on historical performance and anticipated future positive trends.</p> <p>Management is of the opinion that adequate safeguards are in place as they have implemented the necessary policies and procedures, including scenario analysis, alternative payment strategies in the event of cash flow challenges and direct monitoring of the individual borrowings. We evaluated the performance of the borrowing portfolio after the end of the reporting period to determine whether there was a need for any adjustment or whether there were any defaults or breaches of any terms of financial covenants. There were no adverse findings.</p> <p>We also reviewed legal and bank confirmations and correspondences, and we did not identify any negative matters or need for adjustment at the time of approval and signing of the audit report by the Board of Directors.</p>



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
EduFocal Limited

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Report on the audit of the consolidated and stand-alone financial statements (continued)

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated and stand-alone financial statements and our auditors' report thereon), which is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated and stand-alone financial statements does not cover the other information, and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and stand-alone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and stand-alone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance

Responsibilities of management and those charged with governance for the consolidated and stand-alone financial statements

Management is responsible for the preparation of the consolidated and stand-alone financial statements that give a true and fair view in accordance with IFRS and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and stand-alone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and stand-alone financial statements, management is responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and Company's financial reporting process.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
EduFocal Limited
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Report on the audit of the consolidated and stand-alone financial statements (continued)

Auditors' responsibilities for the audit of the consolidated and stand-alone financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and stand-alone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and stand-alone financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and stand-alone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or Company to cease to continue as a going concern.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
EduFocal Limited
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Report on the audit of the consolidated and stand-alone financial statements (continued)

Auditors' responsibilities for the audit of the consolidated and stand-alone financial statements

- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and stand-alone financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and stand-alone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
EduFocal Limited
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Report on other legal and regulatory requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying consolidated and stand-alone financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

The engagement partner on the audit resulting in this independent auditors' report is Garcia Campbell.

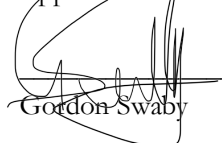
Chartered Accountants
Kingston, Jamaica
April 30, 2026

GARCIA CAMPBELL
ACCA
Chartered Accountant

EDUFOCAL LIMITED
Consolidated Statement of Financial Position
As at December 31, 2025

	Note	2025 \$	2024 \$
ASSETS			
Non-current assets			
Property, plant and equipment	5	642,926	1,195,484
Intangible assets	6	153,086,093	157,715,181
Deferred tax assets	8	1,863,338	1,863,338
		155,592,357	160,774,003
Current assets			
Receivables	9	25,570,041	28,540,380
Director's account	10	18,743,653	38,382,670
Due from related parties	11	3,130,086	3,130,086
Cash and cash equivalents	12	104,315	2,492,817
		47,548,095	72,545,953
TOTAL ASSETS		203,140,452	233,319,956
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	13	185,631,690	185,631,690
Foreign exchange reserves		(6,151,545)	(1,493,563)
Accumulated deficit		(341,226,832)	(311,966,359)
		(161,746,687)	(127,828,232)
Non-controlling interest	14	(1,277,675)	(1,343,661)
		(163,024,362)	(129,171,893)
Non-current liabilities			
Long term loans	15	152,442,288	154,333,771
		152,442,288	154,333,771
Current liabilities			
Payables	16	103,708,641	129,911,038
Current portion of long term loans	15	109,293,903	76,377,537
Bank Over Draft		-	68,433
Due to related parties	11	719,982	1,801,070
		213,722,526	208,158,078
TOTAL EQUITY AND LIABILITIES		203,140,452	233,319,956

Approved for issue by the Board of Directors on April 30, 2026 and signed on its behalf by:

) Director
Gordon Swaby

) Director
Harry Campbell

EDUFOCAL LIMITED
Consolidated Statement of Comprehensive Income
Year ended December 31, 2025

	Note	2025 \$	2024 \$
Revenue	18	70,266,251	97,171,745
Administrative and operating expenses	19	(46,364,595)	(332,441,695)
Operating profit/(loss)	20	23,901,656	(235,269,950)
Other operating income	21	-	(2,758,541)
Impairment losses on financial assets	22	(23,750,000)	216,450,860
Profit/(Loss) before finance costs		151,656	(21,577,631)
Finance costs, net	24	(29,579,501)	(30,948,129)
Loss before taxation		(29,427,846)	(52,525,759)
Taxation	25	-	(5,441,886)
Loss after taxation being total comprehensive loss		(29,427,846)	(57,967,645)
Net loss attributable to:			
Stockholders of the company		(29,252,213)	(57,621,679)
Non-controlling interest		(175,633)	(345,966)
		(29,427,846)	(57,967,645)
Loss per ordinary stock unit attributable to shareholders of the company	26	(0.04)	(0.08)

EDUFOCAL LIMITED**Consolidated Statement of Changes in Equity
Year ended December 31, 2025**

	# of Shares	Share Capital	Foreign Exchange Reserves	Accumulated deficit	Non controlling Interest	Total Equity
		\$	\$	\$	\$	\$
Balance at 1 January 2024	648,446,094	185,631,690	(352,553)	(255,366,524)	(1,460,367)	(71,547,754)
Foreign exchange reserves			(1,141,010)		1,484,516	343,506
Total comprehensive loss				(56,599,835)	(1,367,810)	(57,967,645)
Balance at 31 December 2024	648,446,094	185,631,690	(1,493,563)	(311,966,359)	(1,343,661)	(129,171,893)
Subsidiary issue of ordinary						-
Foreign exchange reserves			(4,657,982)	167,373	241,619	(4,248,990)
Total comprehensive loss				(29,427,846)	(175,633)	(29,603,479)
Balance at 31 December 2025	648,446,094	185,631,690	(6,151,545)	(341,226,832)	(1,277,675)	(163,024,362)

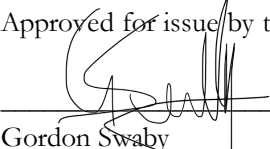
EDUFOCAL LIMITED
Consolidated Statement of Cash Flow
Year ended December 31, 2025

	2025	2024
	\$	\$
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Operating Activities		
Loss before taxation	(29,427,846)	(52,525,759)
Adjustments for:		
Amortization of intangible assets	9,682,253	9,682,253
Bad debt written off	-	214,517,871
Depreciation	552,556	829,229
Impairment losses on financial assets	(23,750,000)	(216,450,860)
Foreign exchange losses	(497,841)	92,433
Interest income	(17)	(310,462)
Interest expense	30,142,577	31,257,982
Changes in operating assets and liabilities:	(13,298,318)	(12,907,313)
decrease in receivables	2,970,339	5,447,341
(Increase)/decrease in director's account	19,639,018	(11,332,363)
Increase/(decrease)in payables	(26,202,397)	54,247,333
Cash provided by/(used in) operating activities	(16,891,358)	35,454,998
Interest received	17	310,306
Interest paid	(30,142,577)	(29,773,311)
Net cash provided by/(used in)operating activities	(47,033,918)	5,991,993
Investing Activities		
Purchase of intangible assets	(5,053,167)	(17,079,392)
Net cash used in investing activities	(5,053,167)	(17,079,392)
Financing Activities		
Long term loans,net	50,895,090	(21,017,114)
Short term loans, net	-	(4,065,000)
Due to related parties	-	40,020,234
Due from Related Parties Subsidiary	1,081,088	(351,598)
Net cash provided by financing activities	51,976,178	14,586,522
Net(decrease)/increase in cash and cash equivalents	(110,907)	3,499,123
Effect of foreign exchange losses on cash at the bank	(2,209,162)	(1,233,503)
Cash and cash equivalents at beginning of year	2,424,384	158,764
CASH AND CASH EQUIVALENTS AT END OF YEAR	104,315	2,424,384
Represented by:		
Cash at bank	104,315	2,492,817
Bank Over Draft	-	(68,433)
Cash at bank	104,315	2,424,384

EDUFOCAL LIMITED
Company Statement of Financial Position
As at December 31, 2025

	Note	2025 \$	2024 \$
ASSETS			
Non-current assets			
Property, plant and equipment	5	642,926	1,195,484
Intangible assets	6	131,074,482	131,262,848
Investment in subsidiaries	7	23,442,673	23,442,673
Deferred tax assets	8	1,863,338	1,863,338
		157,023,418	157,764,343
Current assets			
Receivables	9	25,570,041	28,500,056
Director's account	10	18,743,653	33,207,254
Due from related parties	11	19,159,729	19,159,729
Cash and cash equivalents	12	104,315	2,424,384
		63,577,738	83,291,423
TOTAL ASSETS		220,601,156	241,055,766
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	13	185,631,690	185,631,690
Accumulated deficit		(328,062,994)	(302,358,990)
		(142,431,304)	(116,727,300)
Non-current liabilities			
Long term loans	15	152,442,288	154,333,771
		152,442,288	154,333,771
Current liabilities			
Payables	16	100,576,287	125,773,212
Current portion of long term loans	15	109,293,903	76,377,537
Due to related parties	11	719,982	1,298,548
		210,590,172	203,449,297
TOTAL EQUITY AND LIABILITIES		220,601,156	241,055,768

Approved for issue by the Board of Directors on April 30, 2026 and signed on its behalf by:


 _____) Director
 Gordon Swaby


 _____) Director
 Harry Campbell

EDUFOCAL LIMITED
Company Statement of Comprehensive Income
Year ended December 31, 2025

	Note	2025	2024
		\$	\$
Revenue	18	69,549,371	93,229,264
Administrative and operating expenses	19	(41,923,873)	(324,967,993)
Operating(loss)/profit	20	27,625,498	(231,738,729)
Other operating income	21	-	(2,758,541)
Impairment losses on financial assets	22	(23,750,000)	216,450,860
Loss before finance costs		3,875,498	(18,046,410)
Finance costs, net	24	(29,579,501)	(31,152,777)
Loss before taxation		(25,704,004)	(49,199,187)
Taxation	25	-	(5,441,886)
Loss after taxation being total comprehensive loss		(25,704,004)	(54,641,073)
Loss per ordinary stock unit attributable to shareholders of the company	26	(0.03)	(0.09)

EDUFOCAL LIMITED
Company Statement of Changes in Equity
Year ended December 31, 2025

	# of Shares	Share Capital	Accumulated deficit	Total Equity
		\$	\$	\$
Balance at 1 January 2024	648,446,094	185,631,690	(247,717,918)	(62,086,228)
Total comprehensive loss			(54,641,072)	(54,641,072)
Balance at 31 December 2024	648,446,094	185,631,690	(302,358,990)	(116,727,300)
Total comprehensive loss			(25,704,004)	(25,704,004)
Balance at 31 December 2025	648,446,094	185,631,690	(328,062,994)	(142,431,304)

EDUFOCAL LIMITED
Company Statement of Cash Flow
Year ended December 31, 2025

	2025	2024
	\$	\$
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Operating Activities		
Loss before taxation	(25,704,004)	(49,199,187)
Adjustments for:		
Amortization of intangible assets	5,241,533	5,241,533
Bad debt written off	-	214,517,871
Depreciation	552,556	829,229
Impairment losses on financial assets	(23,750,000)	(216,450,860)
Foreign exchange losses	-	8,232
Interest income	(17)	(91,943)
Interest expense	30,142,577	31,257,982
Changes in operating assets and liabilities:	(13,517,355)	(13,887,143)
decrease in receivables	2,930,015	(3,554,616)
(Increase)/decrease in director's account	14,463,601	(6,156,947)
Increase/(decrease)in payables	(25,196,925)	52,363,363
Cash provided by/(used in) operating activities	(21,320,664)	28,764,657
Interest received	17	-
Interest paid	(30,142,577)	(28,996,005)
Net cash provided by/(used in) operating activities	(51,463,224)	(231,348)
Investing Activities		
Purchase of intangible assets	(5,053,167)	(16,134,914)
Investment in subsidiary	-	-
Net cash used in investing activities	(5,053,167)	(16,134,914)
Financing Activities		
Long term loans,net	50,895,090	(17,307,594)
Short term loans, net	-	(4,065,000)
Due to related parties	3,301,233	40,020,234
Net cash provided by financing activities	54,196,323	18,647,640
Net(decrease)/increase in cash and cash equivalents	(2,320,068)	2,281,378
Cash and cash equivalents at beginning of year	2,424,383	143,005
CASH AND CASH EQUIVALENTS AT END OF YEAR	104,315	2,424,383
Represented by:		
Cash at bank	104,315	2,424,384
	104,315	2,424,384

EDUFOCAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

1. Identification and Principal Activities

EduFocal Limited is an education technology company incorporated in Jamaica under the Companies Act of Jamaica on 19 November 2010. The registered office of the company is located at 29 Munroe Road, Kingston 6, Saint Andrew.

On March 15, 2022, the Company was successful in issuing an Initial Public Offering (IPO) on the Junior Market of the Jamaica Stock Exchange of 129,689,219 ordinary shares.

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

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

Subsidiary	Country of incorporation and place of Business	Principal Activity	% ownership of the Company at 31 December 2025		% ownership of the Company at 31 December 2024	
			Company	subsidiary	Company	subsidiary
		Online Learning Platform				
EduFocal LLC	USA	Platform	100%		100%	
EduFocal Africa Inc.	USA	Online Learning Platform	70%		70%	
And Its Subsidiary EduFocal Nigeria Limited	USA	Learning Platform		100%		100%

On March 16, 2023, EduFocal Limited acquired 70% of the share capital of EduFocal Africa Inc., a company incorporated in the United States of America. EduFocal Africa Inc. is also the parent company of EduFocal Nigeria Limited, another company incorporated in 2023.

These financial statements are presented in Jamaican dollars, which is the Company’s functional currency

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied for all the years presented. Where necessary, prior year comparatives have been restated and reclassified to conform to the current year presentation.

a) Basis of Operation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and their interpretations adopted by the International Accounting Standards Board and have been prepared under the historical cost convention, as modified by the valuation of certain items. They are also prepared in accordance with the provisions of the Jamaican Companies Act.

The financial statements comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes.

The preparation of financial statements in compliance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and contingent liabilities at the end of the reporting period and the total comprehensive income during the reporting period. The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an ongoing basis, and any adjustments that may be necessary would be reflected in the year in which actual results are known. The areas involving a higher degree of judgement in complexity or areas where assumptions or estimates are significant to the financial statements are discussed in note 4.

2. Summary of Significant Accounting Policies cont'd

(a) Basis of preparation cont'd

Standards and amendments to published standards effective in the current year that are relevant to the Group's operations

The following amendments to standards have been adopted by the Group for the first time, which have been issued and are effective for mandatory adoption for the financial year beginning on or after 1 January 2023:

Narrow scope amendments to IAS 1, Practice Statement 2 and IAS 8 (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Deferred Tax related to assets and liabilities (Amendments to IAS 12 Income Taxes) (effective for annual periods beginning on or after 1 January 2023). These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendments did not result in any material effect on the Group's financial statements.

2. Summary of Significant Accounting Policies cont'd

(a) Basis of preparation cont'd

Standards and amendments to published standards that are not yet effective and have not been early adopted by the Group

At the date of authorisation of these financial statements, certain new accounting standards, amendments and interpretations to existing standards have been issued which are not yet effective, and which the Group has not early adopted. The Group has assessed the relevance of all such new standards, interpretations and amendments and has determined that the following may be relevant to its operations. Unless stated otherwise, the impact of the changes is still being assessed by management.

The amendments in Classification of Liabilities as Current or Non-current – Amendments of IAS1(effective for annual periods beginning on or after 1 January 2024) affect only the presentation of liabilities in the statement of financial position - not the amount or timing of recognition of any asset, liability, income or expenses, or the information that entities disclose about those items. They:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Lack of Exchangeability Amendments to IAS 21(effective for annual periods beginning on or after 1 January 2025). An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a material impact on the operations of the Group.

2. Summary of Significant Accounting Policies cont'd

(b) Going Concern Assumption

The preparation of the financial statements in accordance with IFRS assumes that the company will continue operations for the foreseeable future. This means, in part, that the statement of comprehensive income and the statement of financial position assume no intention or necessity to liquidate or curtail the scale of the company's operations. This is commonly referred to as the going concern basis.

The company at 31 December 2025 has an accumulated deficit of \$328,062,994 (2024: \$302,358,991) and a net current liability position of \$147,012,434 (2024-net current liability position of \$120,857,173). The company's cash flow position shows a net decrease of \$2,320,068 (2024: \$2,281,379, net increase). These conditions indicate the existence of a material uncertainty that may cast doubt on the ability of the company to continue as a going concern.

The ability of the company to sustain profitability and to generate the incremental cash flows to meet its obligations and other costs is therefore dependent on its ability to successfully minimise costs and increase sales of the business

The Board of Directors of the company has made the financial stability of the company a priority and will continue to strategically align these objectives with operations to make the company profitable, including generating sufficient cash flow to meet its liabilities.

The Board of Directors of the Company will continue the growth strategic plan to achieve the company's mandate. The Company's management plans to implement certain strategies to ensure sufficient liquidity and financial viability: -

- (a) The company's cost containment strategy is continuous and realignment of the organisation structure to ensure that specific costs are associated with revenue, including leveraging contractors as needed per project
- (b) Management intends to introduce a rights issue to raise \$250M, secure large contracts for \$200M and seek restructuring of loans from creditors to help with cash flow.

Management is of the view that the strategies being pursued will resolve the issues and believes that the going concern basis of presentation of the financial statements is appropriate.

2. Summary of Significant Accounting Policies cont'd

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiary as at 31 December 2024. A subsidiary is an entity controlled by the company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where necessary, adjustments are made to the financial statements of the subsidiary to bring its accounting policy in line with the Group's accounting policy. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated in full on consolidation.

Disposal of Subsidiary

When the Group ceases to have control of any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rate prevailing on the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated into Jamaican dollars at the exchange rate prevailing at the date of the statement of financial position, that is, in the case of each currency, the Bank of Jamaica's weighted average buying and selling rates at that date. Gains and losses arising from fluctuations in exchange rates are reflected in the statement of comprehensive income

2. Summary of Significant Accounting Policies cont'd

(e) Property, Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis at rates to write off the carrying value of the assets over their expected useful lives. The rates used to write off the cost of assets are as follows:

Furniture and Equipment	10%
Computers and Accessories	25%

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the statement of comprehensive income.

Repair and maintenance expenditures are charged to the statement of comprehensive income during the financial period in which they are incurred.

(f) Intangible Assets

This represents the costs of software and educational content development, which includes costs incurred to bring to use the specific software, as well as certain acquired computer software licences. These intangible assets are identified separately and reported at cost less accumulated amortisation and accumulated impairment losses. The costs of these intangible assets are amortised over their estimated useful life of five years. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised

(g) Fair value of financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. Financial assets carried on the statement of financial position include cash and cash equivalents, receivables and directors' accounts. Financial liabilities consist of trade and other payables, long-term loans and short-term borrowings.

Generally, financial instruments are recognised on the statement of financial position when the company becomes a party to the contractual provisions of the instruments. The particular recognition methods adopted are disclosed in the respective accounting policies associated with each item.

The fair values of the financial instruments are discussed in Note 3 (e).

2. Summary of Significant Accounting Policies cont'd

(h) Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. For trade receivables impairment provisions, the company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing.

Under the simplified approach within IFRS 9, the impairment provision is assessed using a provision matrix in the determination of the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Prepayments are partial or full settlements of debt or expenses before the contractually obligated due date; this includes advances and deposits.

(i) Cash and Cash Equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at the bank and bank overdraft.

2. Summary of Significant accounting policies cont'd

(j) Taxation

Taxation on the profit or loss for the year comprises current and deferred tax. Where applicable, current and deferred taxes are recognised as income tax expense.

- Current tax is the expected tax payable on the income for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.
- Deferred tax liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax assets are recognised for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilised

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled, based on enacted rates.

Current and deferred tax assets and liabilities are offset when the legal right of offset exists.

(k) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost.

(l) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be determined.

(m) Share Capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2. Summary of Significant accounting policies cont'd

(n) Dividends

Dividends on ordinary shares are recognised in shareholders' equity in the period in which they become legally payable. Interim dividends are due when declared and approved by the directors, while shareholders approve final dividends at the Annual General Meeting. Dividends for the year that are declared after the reporting date are disclosed in the subsequent events note.

(o) Revenue Recognition

The Group provides online learning to different business segments of society, to include corporate contracts, partnerships with government agencies, schools and individual clients.

Revenue comprises the fair value of the consideration received or receivable, and represents amounts receivable for services supplied, stated net of discounts and General Consumption Tax.

The company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the company; and when specific criteria have been met for each of the entity's activities, as described below:

For sales of services, revenue is recognised on the accrual basis, in the accounting period in which the related services are provided

- (a) Online sales – This relates to paid access to the learning content platform. These are cash
- (b) Partnership and business sales–These are contractual arrangements

(i) Interest income and interest expense

Interest income and expense are recognised in the statement of comprehensive income for all interest-bearing instruments on an accrual basis using the effective interest rate method on the actual purchase price.

(ii) Other operating income

Includes miscellaneous inflows. Income is recognised on the accrual basis

2. Summary of Significant Accounting Policies cont'd

(p) Net finance Costs

Net finance costs comprise interest payable on borrowings calculated using the effective interest rate method, interest income on funds invested during the course of routine treasury transactions, lease interest expense and foreign exchange gains and losses recognised in the income statement.

(q) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as interest expense.

Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. Summary of significant accounting policies(continued)

(r) Impairment of non-financial assets

At each statement of financial position date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset(or cash-generating unit)is estimated to be less than its carrying amount, the carrying amount of the asset(or cash-generating unit)is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

(s) Related party transactions

A party is related to the company if:

- (i) directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the company (this includes parents, subsidiaries and fellow subsidiaries); has an interest in the company that gives it significant influence over the company; or has joint control over the company;
- (ii) the party is an associate of the company;
- (iii) the party is a joint venture in which the company is a venture partner
- (iv) the party is a member of the key management personnel of the company or its parent
- (v) the party is a close member of the family of any individual referred to in (i) or (iv)
- (vi) the party is the company that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any company that is a related party of the company

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. The company has a related party relationship with its directors and key management personnel, representing certain senior officers of the company.

2. Summary of significant accounting policies (continued)

(t) Right-of-use assets and lease liabilities

All leases are accounted for by recognising a right-of-use asset and a lease liability, except for

- (i) Leases of low-value assets; and
- (ii) Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes

- (i) Amounts expected to be payable under any residual value guarantee;
- (ii) the exercise price of any purchase option granted in favour of the company if it is reasonably certain to assess that option;
- (iii) any penalties payable or terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised.

To determine the incremental borrowing rate, the company

- (i) since it does not have recent third-party financing, it uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases, and
- (ii) makes adjustments specific to the lease, e.g. term, currency and security

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- (i) lease payments made at or before commencement of the lease;
- (ii) initial direct costs incurred; and
- (iii) the amount of any provision recognised where the company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

2. Summary of significant accounting policies (continued)

(t) Right-of-use assets and lease liabilities (continued)

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are assets valued at US\$5,000 or less when new. The Group has no short-term leases or leases for low-valued assets at this time.)

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- a. If the renegotiation results in one or more additional assets being leased for an amount commensurate with the stand-alone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- b. In all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.

2. Summary of significant accounting policies (continued)

(t) Right-of-use assets and lease liabilities (continued)

c. If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease, with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

For contracts that both convey a right to the group to use an identified asset and require services to be provided to the Group by the lessor, the group has elected to account for the entire contract as a lease, i.e. it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

3. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practices.

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The board provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

Audit Committee

The Board of Directors has also established an Audit Committee to assist in managing the Group's risk profile. This Committee oversees how management monitors compliance with the Group's risk management policies and reviews the adequacy of the risk management framework. This committee is also assisted by Internal Audit, which reports to the Audit Committee after it undertakes regular and ad hoc reviews of risk management controls and procedures, especially over inventories and receivables.

(a) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, due from related parties, as well as outstanding receivables from credit sales.

Risk management

Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. management assesses the credit quality of the customer, considering its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by customers is regularly monitored by management.

(a) Credit risk(continued)

Risk management (continued)

Management determines concentrations of credit risk by monitoring the creditworthiness rating of existing customers and through a monthly review of the trade receivables' ageing analysis. In monitoring the customers' credit risk, customers are grouped according to their credit characteristics. Customers who are graded as "high risk" are placed on a restricted customer list, and future credit sales are made only with approval.

Security

The Group and the Company do not hold any collateral as security.

Impairment of financial assets

The Group and the Company have two types of financial assets that are subject to the expected credit loss model:

- Trade receivables
- Due from related parties

While the director's account and cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables and contract assets

The company applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables and contract assets

To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2025 and 31 December 2024, and the corresponding credit losses experienced within these periods. EduFocal Limited does not have a significant history of losses relating to revenues. The management has estimated the loss rate by taking into consideration mostly forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The company has identified the GDP, inflation and the unemployment rate of the countries in which it sells its services to be the most relevant factors, and will accordingly adjust the expected loss rates based on changes in these factors.

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3. Financial risk management(continued)

(a) Credit risk (continued)

On that basis, the loss allowance as at 31 December 2025 and 31 December 2024 was determined as follows for trade receivables:

The Group and Company:

31-Dec-25	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	0%	0%	0%	82.88%	82.88%
Gross carrying amount– trade receivables				264,132,666	264,132,666
Loss allowance				238,764,212	238,764,212
31-Dec-24	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	0%	0%	0%	82.88%	82.88%
Gross carrying amount– trade receivables	-	-	-	244,749,030	244,749,030
Loss allowance	-	-	-	202,847,996	202,847,996

The closing loss allowances for trade receivables as at 31 December 2025 and 31 December 2024 reconciled to the opening loss allowances are as follows:

	2025	2024
	\$	\$
Opening Expected Credit Loss balance	214,518,501	224,415,939
Decrease in loss allowance recognised in profit or loss during the year	24,245,711	(7,965,078)
Closing Expected Credit Loss balance (Note9)	238,764,212	216,450,861

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there's no reasonable expectation of recovery include, amongst others, the failure of a debt or to engage in a repayment plan with the company, and a failure to make contractual payments for a period of greater than 90 days past due.

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3. Financial risk management(continued)

(a) Credit risk (continued)

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item

As at 31 December 2025 and 31 December 2024, trade receivables with lifetime expected credit losses of the full value of the receivables were as follows

The Group and Company	2025	2024
Trade receivables with lifetime expected credit losses	142,637,581	142,637,581

Other financial assets at amortised cost

Other financial assets at amortised cost include receivables due from a related party.

	Related Party Receivables 2025	Related Party Receivables 2024
Balance of expected credit loss at the beginning of the year (Decrease)/increase in loss allowance:	(187,252,675)	67,602,291
Recognised in profit or loss during the year	-	(254,854,966)
Balance of expected credit loss at the end of the year (Note11)	(187,252,675)	(187,252,675)

Net impairment losses on financial and contract assets recognised in profit or loss.

During the period, the following losses were recognised in profit or loss in relation to impaired financial assets.

The Group and Company:

	2025	2024
Impairment losses		
• movement in loss allowance for amounts due From the related party	(216,450,860)	38,404,106
• movement in loss allowance for trade receivables	(22,313,351)	(254,854,966)
Net impairment losses on financial and contract Assets Note 22	(238,764,212)	(216,450,860)

EDUFOCAL LIMITED
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3. Financial risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the company is unable to meet its payment obligations with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions

Liquidity risk management process

The company's liquidity management process includes:

- (i) Monitoring future cash flows and liquidity on a daily basis
- (ii) Maintaining marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- (iii) Maintaining a committed line of credit

Undiscounted cash flows of financial liabilities

The maturity profile of the group's financial liabilities at year-end on contractual undiscounted payments was as follows

The Group

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total	Carrying amount
	\$	\$	\$	\$	\$	\$
2025						
Payables	103,708,641				103,708,641	103,708,641
Due to related parties			719,982		719,982	719,982
Short-term loan					-	
Long-term loans			109,293,903	152,442,288	261,736,191	261,736,191
	103,708,641	-	110,013,885	152,442,288	366,164,814	366,164,814
2024						
Payables	129,911,038				129,911,038	129,911,038
Due to related parties			1,801,070		1,801,070	1,801,070
Short-term loan					-	
Long-term loans			76,377,537	154,333,772	230,711,309	230,711,309
	129,911,038	-	78,178,607	154,333,772	362,423,417	362,423,417

Assets available to meet all of the liabilities and to cover financial liabilities include cash at the bank and in hand, short-term deposits and a guarantee from the ultimate parent company.

EDU FOCAL LIMITED
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3. Financial risk management (continued)

(b) Liquidity risk (continued) Undiscounted cash flows of financial liabilities

The maturity profile of the company's financial liabilities at year-end on contractual undiscounted payments was as follows:

The Company

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total	Carrying amount
	\$	\$	\$	\$	\$	\$
2025						
Payables	100,576,287				100,576,287	100,576,287
Due to related parties			719,982		719,982	719,982
Short-term loan					-	
Long-term loans			109,293,903	152,442,288	261,736,191	261,736,191
	100,576,287	-	110,013,885	152,442,288	363,032,460	363,032,460
2024						
Payables	125,773,212				125,773,212	125,773,212
Due to related parties			1,298,548		1,298,548	1,298,548
Short-term loan					-	
Long-term loans			76,377,537	154,333,771	230,711,308	230,711,308
	125,773,212	-	77,676,085	154,333,771	357,783,068	357,783,068

Assets available to meet all of the liabilities and to cover financial liabilities include cash and cash equivalents.

3. Financial risk management(continued)

(c) Market Risk

The company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in interest rates (see Note 3 (c)(i)) and foreign currency exchange rates (see Note 3 (c)(ii)). The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Market risk exposures are measured using sensitivity analysis. There has been no significant change in exposure to market risks or the manner in which it manages and measures the risk.

(i) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The Group incurs interest on its borrowings disclosed in Notes 16 and 19. These borrowings are at fixed rates and expose the Group to fair value interest rate risk. Interest rate fluctuations are not expected to have a material effect on the net results or stockholders' equity. The Group analyses its interest rate exposure arising from borrowings on an ongoing basis, taking into consideration the options of refinancing, renewal of existing positions and alternative financing.

At the reporting date, the Group's financial liabilities subject to interest rates were aggregated \$220,758,021 (2024: \$230,711,308). The company contracts financial liability at a fixed interest rate; hence, changes in the market interest rate will not affect the cash flow nor the carrying amount of the instruments.

The following table summarises the Group's exposure to interest rate risk. It includes the Group's financial instruments at carrying amounts, categorised by the contractual re-pricing or maturity dates.

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4. Financial risk management (continued)
(c) Market Risk (continued)

i. Interest rate risk (continued)

The Group

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Non Interest bearing	Total
	\$	\$	\$	\$	\$	\$
2025						
Asses						
Receivables					25,570,041	25,570,041
Director's account				18,743,653		18,743,653
Due from related party			3,130,086			3,130,086
cash and cash	104,315					104,315
Total financial asses	104,315	-	3,130,086	18,743,653	25,570,041	47,548,095
Liabilities						
Due to related parties						-
Long term loans			109,293,903	152,442,288		261,736,191
Payable					103,708,641	103,708,641
Overdraft	-					-
Total financial liabilities	-	-	109,293,903	152,442,288	103,708,641	365,444,832
Total interest re-pricing gap	104,315	-	(106,163,817)	(133,698,635)	(78,138,600)	(317,896,737)

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4. Financial risk management (continued)

(c) Market risk (continued)

i. Interest rate risk (continued)

The Group

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Non Interest bearing	Total
	\$	\$	\$	\$	\$	\$
2024						
Assets						
Receivables					28,540,380	28,540,380
Director's account				38,382,670		38,382,670
Due from related party cash and cash equivalents	2,492,817		3,130,086			2,492,817
Total financial assets	2,492,817	-	3,130,086	38,382,670	28,540,380	72,545,953
Liabilities						
Due to related parties					1,801,070	1,801,070
Long term loans			76,377,537	154,333,772		230,711,309
Payable					129,911,038	129,911,038
Overdraft	68,433					68,433
Total financial liabilities	68,433	-	76,377,537	154,333,772	131,712,108	362,491,850
Total interest re-pricing gap	2,424,384	-	(73,247,451)	(115,951,102)	(103,171,728)	(289,945,897)

The Group has no significant sensitivity to interest rate risk as all borrowings are at fixed rates.

EDU FOCAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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4. Financial risk management(continued)

(c) Market risk(continued)

(i) Interest rate risk (continued)

At the reporting date, the Company's financial liabilities are subject to interest rates aggregated \$220,758,021 (2024: \$230,711,308). The Company contracts financial liability at a fixed interest rate, hence changes in the market interest rate will not affect the cash flow nor the carrying amount of the instruments.

The following table summarises the Company's exposure to interest rate risk. It includes the Company's financial instruments at carrying amounts, categorised by the contractual repricing or maturity dates.

The Company

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Non Interest bearing	Total
	\$	\$	\$	\$	\$	\$
2025						
Assets						
Receivables	-	-	-	-	25,570,041	25,570,041
Director's account	-	-	-	18,743,653	-	18,743,653
Due from related party	-	-	-	-	-	-
cash and cash	104,315	-	-	-	-	104,315
Total financial asses	104,315	-	-	18,743,653	25,570,041	44,418,009
Liabilities						
Due to related parties	-	-	-	-	-	-
Long term loans	-	-	109,293,903	152,442,288	-	261,736,191
Payable	-	-	-	-	100,576,287	100,576,287
Overdraft	-	-	-	-	-	-
Total financial liabilities	-	-	109,293,903	152,442,288	100,576,287	362,312,478
Total interest re-pricing gap	104,315	-	(109,293,903)	(133,698,635)	(75,006,246)	(317,894,469)

The Group has no significant sensitivity to interest rate risk as all borrowings are at fixed rates.

EDU FOCAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

4. Financial risk management(continued)

(c) Market risk(continued)

i. Interest rate risk (continued)

The Company

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Non Interest bearing	Total
	\$	\$	\$	\$	\$	\$
2024						
Assets						
Receivables	-	-	-	-	28,500,056	28,500,056
Director's account	-	-	-	33,207,254		33,207,254
Due from related party	-	-	-	-	-	-
cash and cash equivalents	2,424,384	-	-	-	-	2,424,384
Total financial assets	2,424,384	-	-	33,207,254	28,500,056	64,131,694
Liabilities						
Due to related parties	-	-	-	-	1,298,548	1,298,548
Long term loans	-	-	76,377,537	154,333,771	-	230,711,308
Payable	-	-	-	-	125,773,212	125,773,212
Overdraft	-	-	-	-	-	-
Total financial liabilities	-	-	76,377,537	154,333,771	127,071,760	357,783,068
Total interest re-pricing gap	2,424,384	-	(76,377,537)	(121,126,517)	(98,571,704)	(293,651,374)

4. Financial risk management (continued) (c)

Market risk (continued)

a. Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign exchange risk arising from exposure primarily to the US dollar. The group is primarily exposed to such risks arising from foreign currency translation in relation to cash at bank, related party, loans and payables.

The Statement of Financial Position for the Group as at 31 December 2025 includes net foreign liabilities of \$10,729,307 (2024: \$10,729,307) in respect of such transactions arising in the ordinary course of business.

The Statement of Financial Position for the Company as at 31 December 2025 includes net foreign assets of \$1,900,543 (2024: \$1,900,543) in respect of such transactions arising in the ordinary course of business.

The following tables demonstrate the sensitivity to fluctuations in the exchange rates of the currencies held by the group and company before tax, with all other variables held constant.

The Group

	2025	2025	2024	2024
	\$	\$	\$	\$
	Effect on Profit and loss and equity			
	Revaluation	Devaluation	Revaluation	Devaluation
	1%	4%	1%	4%
Currency				
USD	107,293	(429,172)	107,293	(429,172)

The Company

	2025	2025	2024	2024
	\$	\$	\$	\$
	Effect on Profit and loss and equity			
	Revaluation	Devaluation	Revaluation	Devaluation
	1%	4%	1%	4%
Currency				
USD	(19,005)	76,022	(19,005)	76,022

EDUFOCAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

4. Financial risk management (continued)

(d) Capital management

The Group defines capital as equity and total borrowings. The Group manages its capital of \$101 million (2024: \$101 million), to support and be responsive to opportunities for its current growth strategy and expansion plans and to maintain its normal operations and remain compliant with various covenants and restrictive rules and regulations of the industry and the financial environment in which it operates

Capital Management Strategies

The Group's objectives when managing capital are to enhance the Group's financial performance to provide specific hurdle returns for its shareholders while maintaining an optimal capital structure, to contain the cost of capital, as well as meet externally imposed capital requirements

The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The Group monitors capital based on the gearing ratio. This ratio is calculated as total borrowings divided by capital as defined above. Total borrowings are calculated as current and non-current borrowings, as shown in the consolidated statement of financial position. Capital is calculated as total shareholders' equity, as shown in the statement of financial position, plus total borrowings.

The management of the Group remains deliberate in the way it funds its growth projects, and given the present economic environment and the general uptick in the cost of capital in the market, management continues to adjust major debts to optimise operating performance, and specifically to scale the business effectively.

	<u>The Group</u>		<u>The Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	\$	\$	\$	\$
Total borrowings (excluding lease liability and non-interest-bearing related party liabilities)	261,736,191	230,711,308	261,736,191	230,711,308
Equity and total borrowing	98,711,829	100,800,271	119,304,887	116,727,301
Gearing ratio	265%	229%	219%	198%

(4) Financial risk management (continued)

(e) Fair value estimates

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognised stock exchange) exists, as it is the best evidence of the fair value of a financial instrument.

The amount included in the financial statements for cash and bank balances, receivables, directors' current account, due from related companies, short-term loans and payables reflects their approximate fair values because of the short-term maturity of these instruments

The fair values of long-term loans approximate amortised costs

The fair values of directors' accounts and due to related companies could not be reasonably assessed, as there are no set repayment terms

4. Critical accounting estimates and judgements in applying accounting policies

The Group and Company make estimates, assumptions and judgements that affect the reported amounts of, and disclosures relating to, assets, liabilities, income and expenses reported in these financial statements. Amounts and disclosures based on these estimates may be reported in the financial statements of the next financial year. Estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are continually evaluated.

(i) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about the risk of default and expected loss rates. The Group and Company use judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and Company's past history, existing market conditions, as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the credit risk note.

(ii) Income Taxes

Estimates and judgments are required in determining the provision for income taxes. The tax liability or asset arising from certain transactions or events may be uncertain in the ordinary course of business. In cases of such uncertainty, the Group and Company recognise liabilities for possible additional taxes based on its judgment. Where, on the basis of a subsequent determination, the final tax outcome in relation to such matters is different from the amount that was initially recognised, the difference will impact the current and deferred income tax provisions in the period in which such determination is made.

(iii) Depreciable Assets

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The Group and Company apply a variety of methods in an effort to arrive at these estimates, from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

(iv) Recognition and measurement of Intangible Assets

The recognition and measurement of intangible assets, other than goodwill, in a business combination involves the utilisation of valuation techniques. These intangibles may be market-related, consumer-related, contract-based based or technology-based,

EDUFOCAL LIMITED
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5. Property, plant and equipment

The Group and The Company:

	Furniture and Equipment	Computer and Accessories	Total
Cost			
31 December 2023	1,998,931	3,083,537	5,082,468
Additionas			
31 December 2024	1,998,931	3,083,537	5,082,468
Additionas			
31 December 2025	1,998,931	3,083,537	5,082,468
Depreciation			
31 December 2023	898,987	2,158,769	3,057,756
Charge for the year	199,893	629,336	829,229
31 December 2024	1,098,879	2,788,105	3,886,984
Charge for the year	257,124	295,432	552,556
31 December 2025	1,356,003	3,083,537	4,439,540
Net Book Value			
31 December 2025	642,926	-	642,926
31 December 2024	900,052	295,432	1,195,484

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Intangible assets comprise computer software and intellectual property purchased and developed by the Group. Intellectual property is amortised over eight years. Amortisation of the computer software is calculated based on an estimated useful life of five years.

The Group				
	Property	Software	Progress	Total
Cost				
01 January 2024	84,328,515	93,933,476	34,049,321	212,311,312
Additionas			17,079,392	17,079,392
31 December 2024	84,328,515	93,933,476	51,128,713	229,390,704
Additionas			5,053,167	5,053,167
31 December 2025	84,328,515	93,933,476	56,181,880	234,443,871
Depreciation				
01 January 2024	18,559,033	43,434,237	-	61,993,270
Charge for the year	3,207,925	6,474,328	-	9,682,253
31 December 2024	21,766,958	49,908,565	-	71,675,523
Charge for the year	3,207,925	6,474,328	-	9,682,253
31 December 2025	24,974,883	56,382,893	-	81,357,776
Net Book Value				
31 December 2025	59,353,632	37,550,583	56,181,879	153,086,093
31 December 2024	62,561,557	44,024,911	51,128,713	157,715,181

During 2022, the Group purchased all of the Clever School Teacher online learning platform and content for a sum of \$42 million. These intangible assets are managed by the subsidiary, EduFocal LLC

6. Intangibles continued

The Group determines whether the intangible assets are impaired at least on an annual basis or when events or changes in circumstances indicate the carrying value may be impaired. This requires an estimation of the recoverable amount of the cash generating unit (CGU) to which the intangible asset is allocated. The recoverable amount is determined by reference to the value in use. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose an appropriate discount rate in order to calculate the present value of those future cash flows. The cash flow projections are based on financial budgets approved by management covering a five-year period.

The Company

	Intellectual Property	Software	Work in Progress	Total
Cost				
01 January 2024	80,576,864	52,666,773	33,556,697	166,800,334
Additionas			16,134,914	16,134,914
31 December 2024	80,576,864	52,666,773	49,691,611	182,935,248
Additionas			5,053,167	5,053,167
31 December 2025	80,576,864	52,666,773	54,744,778	187,988,415
Depreciation				
01 January 2024	18,057,588	28,373,279	-	46,430,867
Charge for the year	2,432,132	2,809,401	-	5,241,533
31 December 2024	20,489,720	31,182,680	-	51,672,400
Charge for the year	2,432,132	2,809,401	-	5,241,533
31 December 2025	22,921,852	33,992,081	-	56,913,933
Net Book Value				
31 December 2025	57,655,012	18,674,692	54,744,778	131,074,482
31 December 2024	60,087,144	21,484,093	49,691,611	131,262,848

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7. Investment in Subsidiary

	<u>The Company</u>	
	<u>2025</u>	<u>2024</u>
	\$	\$
EduFocal Africa Inc	3,264,883	3,264,883
EduFocal LLC	20,177,790	20,177,790
	<u>23,442,673</u>	<u>23,442,673</u>

Edufocal Africa Inc. summarised financial information as at December 31 2025

Since March 2023, the Group has had a 70% interest in EduFocal Africa Inc. EduFocal Africa Inc. was created by EduFocal Limited in 2023 to provide similar education courses to individuals and organisations in Africa. The financial information of EduFocal Africa Inc. is summarised below:

	<u>2025</u>	<u>2024</u>
Current assets	-	-
Cash and cash equivalents, included in current assets	-	-
Current liabilities	-	1,853,609
Current financial liabilities, excluding trade and other		
Payables and provisions, included in current liabilities		
Loss from operations	-	(606,116)
Post-tax loss from operations	-	(606,116)
Total comprehensive loss	-	(606,116)

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8. Deferred Tax Asset

Deferred income taxes are calculated in full on all temporary differences under the liability method using the applicable tax rate. Assets and liabilities recognised on the statement of financial position are as follows

	The Group and the Company	
	2025	2024
	\$	\$
Deferred income tax assets	1,863,338	7,305,224

The movement on the net deferred income tax balance is as follows

	The Group and the Company	
	2025	2024
	\$	\$
Net assets at the beginning of year	1,863,336	7,305,224
Deferred tax credited to profit and loss (Note 25)		(5,441,886)
Net assets at the end of year	1,863,338	1,863,338

Deferred income tax assets and liabilities are attributable to the following items:

	The Group and the Company	
	2025	2024
	\$	\$
Deferred tax assets		
Property, plant and equipment	-	-
Intangible assets	1,719,164	1,719,164
Right-of-use asset, net of lease obligation	-	-
Accrued vacation	-	-
Interest payable	142,115	142,115
Unrealised foreign exchange losses	2,058	2,058
Net deferred tax assets at end of year	1,863,338	1,863,337

EDUFOCAL LIMITED
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8. Deferred Tax Assets (Continued)

The amounts shown in the statement of financial position include the following

	<u>The Group and the Company</u>	
	<u>2025</u>	<u>2024</u>
	\$	\$
Deferred tax assets to be recovered:		
-less than 12 months	571,580	571,580
-after more than 12 months	1,291,758	1,291,758
	<u>1,863,338</u>	<u>1,863,338</u>

9. Receivables

	<u>The Group</u>		<u>The Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	\$	\$	\$	\$
Trade receivables	264,132,366	244,789,354	264,132,366	244,749,030
Less: Expected credit loss provision (Note 3(a))	(238,764,212)	(216,450,861)	(238,764,212)	(216,450,861)
	25,368,154	28,338,493	25,368,154	28,298,169
Prepaid expenses	83,447	83,447	83,447	83,447
Other receivables	118,440	118,440	118,440	118,440
	<u>25,570,041</u>	<u>28,540,380</u>	<u>25,570,041</u>	<u>28,500,056</u>

Movement of expected credit loss provision is as follows

	<u>The Group and Company</u>	
	<u>2025</u>	<u>2024</u>
	\$	\$
Balance at the beginning of year	216,450,861	149,344,581
Additional provision during the year	22,313,351	67,106,280
Balance at the end of year	<u>238,764,212</u>	<u>216,450,861</u>

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10. Directors' Account

	<u>The Group</u>		<u>The Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	\$	\$	\$	\$
Director Account	18,743,653	38,382,670	18,743,653	33,207,254
	<u>18,743,653</u>	<u>38,382,670</u>	<u>18,743,653</u>	<u>33,207,254</u>

The director's account represents amounts due from a director. This loan attracts interest of 3% per annum with principal and interest repayable quarterly. The loan should have been repaid by December 31, 2024.

11. Due from/(to) related parties

	<u>The Group</u>		<u>The Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	\$	\$	\$	\$
Due from elaed parties				
Due from Edufocal Business Limited	-	-	-	-
Less Expected credit loss provision	-	-	-	-
	-	-	-	-
Due from Edufocal Academy	-	-	-	-
Due from Edufocal LLC	-	-	-	16,507,819
	-	-	-	<u>16,507,819</u>
Due to related parties				
Andrew Swaby	272,537	(15,546)	272,537	(15,546)
Mark Green	-	(90,000)	-	(90,000)
	<u>272,537</u>	<u>(105,546)</u>	<u>272,537</u>	<u>(105,546)</u>
	<u>272,537</u>	<u>(105,546)</u>	<u>272,537</u>	<u>16,402,273</u>

These parties are related by common shareholders and directors. The balances are unsecured, interest-free and has no fixed repayment terms and conditions.

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12. Cash and Cash Equivalents

	<u>The Group</u>		<u>The Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	\$	\$	\$	\$
Cash At bank	104,315	158,764	104,315	2,424,384
	<u>104,315</u>	<u>158,764</u>	<u>104,315</u>	<u>2,424,384</u>

Cash at bank substantially comprises savings and operating accounts at licensed commercial banks in Jamaica and the United States of America. The rate of interest earned on the Group's foreign currency savings accounts ranges from 0.03% to 0.25% (2024: 0.03% to 0.25%).

13. Share Capital

	<u>2025</u>	<u>2024</u>
Authorised		
Opening authorised ordinary shares of no par value	Unlimited	Unlimited
Closing authorised ordinary shares of no par value	Unlimited	Unlimited
Issued and fully paid		
Opening issued and fully paid ordinary shares	648,446,094	648,446,094
Initial Public Offering issued during the year		
Short-term loan converted to ordinary shares		
Closing issued and fully paid ordinary shares	<u>648,446,094</u>	<u>648,446,094</u>
Ordinary Shares of No par Value		
	\$	\$
Balance at beginning of the year	185,631,690	185,631,690
Initial Public Offering issued during the year		
Short-term loan converted to ordinary shares		
Balance at end of the year	<u>185,631,690</u>	<u>185,631,690</u>

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 offering, 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 were issued through a short-term loan lender exercising a conversion option.

14. Non-Controlling Interest

Subsidiary with non-controlling interest (NCI) is as follows;

	The Group	
	2025	2024
	\$	\$
Balance at beginning of the year	(1,343,661)	(1,460,367)
Share of loss for the year	(175,633)	(1,367,810)
Issue of Shares	-	-
Other movements during the year	241,619	1,484,516
Balance at end of the year	<u>(1,277,675)</u>	<u>(1,343,661)</u>

Summarised financial information for the subsidiary, before intercompany eliminations, is as follows

	Edufocal Africa Inc. %	Intra-group and other elimination	Total
	\$	\$	\$
NCI percentage ownership	30%		
Total Assets	14,192	-	14,192
Total Liabilities	(1,623,054)	-	(1,623,054)
Net Assets	<u>(1,608,862)</u>	-	<u>(1,608,862)</u>
Carrying amount of NCI	<u>(482,659)</u>	<u>(861,002)</u>	<u>(1,343,661)</u>
Revenue			
Loss for the period	-	-	-
Allocated to NCI	<u>-</u>	<u>-</u>	<u>-</u>

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15. Long-Term Loans

		<u>The Group</u>		<u>The Company</u>	
		<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
		<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Promissory Note		(22,515)	(22,515)	(22,515)	-
Tops Auto		2,571,143	2,571,143	2,571,143	2,571,143
Carbyne Capital	a	16,487,481	6,447,690	16,487,481	6,447,690
Paul Allen		1,290,072	1,225,647	1,290,072	1,225,647
Andre Swaby		(272,537)	15,546	(272,537)	15,546
JMMB	b	17,177,631	19,506,366	17,177,631	19,506,366
Mayberry Investments	c	164,395,830	164,405,472	164,395,830	164,405,472
Jardim Maxwell	d	15,495,040	15,495,040	15,495,040	15,495,040
		217,122,144	209,644,387	217,122,144	209,666,902
Interest Payable		44,614,046	21,066,921	44,614,046	21,066,921
		<u>261,736,191</u>	<u>230,711,308</u>	<u>261,736,191</u>	<u>230,733,823</u>
Less Current Portion		<u>(109,293,903)</u>	<u>(76,377,537)</u>	<u>(109,293,903)</u>	<u>(76,377,537)</u>
		<u>152,442,288</u>	<u>154,333,771</u>	<u>152,442,288</u>	<u>154,356,286</u>

- (a) This loan, amounting to US\$9,600, which was received in April 2022 as a factoring agreement, was guaranteed by Stripe Incorporation. The loan attracted interest at the rate of 19.90% per month and was repaid during the year.
- (b) This loan, amounting to \$27,500,000, which was received in August 2020, attracts interest at the rate of 9% per annum and is repayable in one hundred and twenty (120) monthly instalments of \$348,358.38. The loan represents a non-revolving demand loan and is secured by personal guarantees and assets of Gordon, Lloyd and Olivene Swaby, including a Second Legal Guarantor's Mortgage over commercial property located in Christiana, Manchester, registered at Volume 1450 Folio 447 in the names of Lloyd and Olivene Swaby.
- (c) This loan, amounting to \$200,000,000, which was received in September 2022, attracts interest at the rate of 9.5% per annum for two (2) years and will be Variable annually after. The loan is repayable in twenty-seven (27) quarterly instalments of \$7,142,858. The loan is secured by a promissory note.
- (d) This loan, amounting to US\$100,000, which was received in August 2022, is unsecured, attracts interest of 9% per annum and is payable over thirty-six (36) monthly instalments.

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16. Payables

	<u>The Group</u>		<u>The Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	\$	\$	\$	\$
Trade Payable	16,499,307	10,332,546	16,499,307	10,332,546
Accruals	35,404,725	44,655,687	32,272,371	40,517,861
Statutory Liability	51,804,609	74,922,805	74,922,805	74,922,805
Other Payables	-	-	-	-
	<u>103,708,641</u>	<u>129,911,038</u>	<u>100,576,287</u>	<u>125,773,212</u>

17. Directors Loan

Director's loan represents amounts advanced by a director. The loan, which was forgiven during the year, was unsecured, interest-free free and had no fixed repayment terms

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18. Revenue

Revenue comprises income from online educational services to companies, schools and individuals and is stated net of discounts, allowances, and General Consumption Tax.

19. Expenses by nature

	<u>The Group</u>		<u>The Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	\$	\$	\$	\$
Advertising and promotion	5,405	40,086	5,405	35,261
Amortisation of intangible assets	9,682,253	9,682,253	5,241,533	5,241,533
Audit fee	3,000,000	4,065,397	3,000,000	2,223,500
Bad Debt	-	214,517,871	-	214,517,871
Consulting fees	18,515,216	22,441,900	18,515,216	21,973,507
Content contract labour	2,449,415	4,009,427	2,449,415	3,934,641
Depreciation Director	552,556	829,229	552,556	829,229
Fees Donation	-	3,037,500	-	3,037,500
Dues and Subscriptions	2,444,191	5,747,410	2,444,191	5,408,003
GCT Expense	-	68,574	-	68,574
Insurance Expense	-	1,530,562	-	1,530,562
Legal and Professional fees	6,298,787	4,132,862	6,298,787	4,132,862
Other Expenses	-	1,376,297	-	1,189,721
Repairs and Maintenance	-	25,500	-	25,500
Research and Development	-	117,098	-	-
Staff Costs	3,416,770	60,636,278	3,416,770	60,636,278
Travel and Entertainment	-	43,450	-	43,450
Utilities	-	140,000	-	140,000
	<u>46,364,594</u>	<u>332,441,694</u>	<u>41,923,874</u>	<u>324,967,992</u>
Impairment losses on financial assets	-	(216,450,860)	-	(216,450,860)
Finance costs net note 24	<u>29,579,501</u>	<u>30,948,129</u>	<u>29,579,501</u>	<u>31,152,777</u>
	<u>75,944,095</u>	<u>146,938,963</u>	<u>71,503,375</u>	<u>139,669,909</u>

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20. Operating Loss

In arriving at the operating loss for the year, the following have been charged:-

	<u>The Group</u>		<u>The Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	\$	\$	\$	\$
Auditors' remuneration current	3,000,000	2,000,000	3,000,000	2,000,000
Auditors remuneration prior year				
Amortization of intangible assets	9,682,253	9,682,253	5,241,533	5,241,533
Amortisation of right-of-use asset	-	-	-	-
Expected Credit Loss	-	(1,932,989)	(1,932,989)	(1,932,989)
Depreciation	552,556	829,229	552,556	829,229
Directors Emoluments:				
Fees	-	-	-	-
Management remuneration included in staff Costs	-	600,000	-	600,000
Staff Costs Note (23)	3,416,770	60,636,278	3,416,770	60,636,278

21. Other Operating Income

	<u>The Group</u>		<u>The Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	\$	\$	\$	\$
Loss on Disposal of Asset	-	(2,758,541)	-	(2,758,541)
Bad debt written back (a)	-	-	-	-
	-	(2,758,541)	-	(2,758,541)

a) This represents debt to a subsidiary forgiven by a director

22. Impairment losses on Financial Assets

This amount represents the movement on expected credit loss provision (Note 3(a)) on trade receivables (Note 9) and due from related party (Note 11).

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23. Staff Costs

	<u>The Group</u>	<u>The Company</u>
	<u>2025</u>	<u>2024</u>
	\$	\$
Wages and Salaries	3,067,333	52,100,865
Statutory Contribution	349,437	7,966,951
Other Staff Related Costs	-	568,462
	<u>3,416,770</u>	<u>60,636,278</u>

24. Finance costs, net

	<u>The Group</u>		<u>The Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	\$	\$	\$	\$
Loans interest expense	30,142,577	28,004,420	30,142,577	28,004,420
Lease interest expense	-	-	-	-
Financing fees	182,376	768,510	182,376	768,510
Statutory expense Interest	-	2,463,559	-	2,463,559
Foreign Exchange loss	(745,435)	22,139	(745,435)	8,232
Interest Income	(17)	(310,498)	(17)	(91,943)
	<u>29,579,501</u>	<u>30,948,130</u>	<u>29,579,501</u>	<u>31,152,778</u>

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25. Taxation

- (a) Taxation is computed on the operating loss for the period adjusted for taxation purposes and comprises income tax at the applicable rate.

	The Group and The Company	
	2025	2024
	\$	\$
Income tax current year	-	-
Income tax prior year	-	-
Remission of Income Tax	-	-
Deferred income tax (Note 9)	-	(5,441,886)
	<u>-</u>	<u>(5,441,886)</u>

- (b) Income tax is calculated at the rate of 25% (2024: 25%). The taxation charged in the statement of comprehensive income differs from the theoretical amount that would arise using the applicable tax rate, as follows:

	The Group		The Company	
	2025	2024	2025	2024
	\$	\$	\$	\$
Loss before taxation	(29,427,846)	(52,525,759)	(25,704,004)	(49,199,186)
Tax calculated at the appropriate rate	(7,356,961)	(13,131,440)	(6,426,001)	(12,299,796)
Adjusted for income	-	-	-	-
Tax at a different rate	-	-	-	-
Expenses not allowed for tax purposes	-	36,582,912	-	36,582,912
adjustment for prior year	-	-	-	-
Remission of income tax	-	-	-	-
Other Charge and allowances	-	-	-	-
	<u>(7,356,961)</u>	<u>23,451,472</u>	<u>(6,426,001)</u>	<u>24,283,116</u>

25. Taxation (continued)

(c) Remission of Income Tax

By notice dated 13 August 2009, the Minister of Finance and the Public Service, issued and gazetted the Income Tax (Jamaica Stock Exchange Junior Market) (Remission) Notice, 2009. The Notice effectively granted a remission of income tax to eligible companies that were admitted to the Junior Market of the Jamaica Stock Exchange (JSE) if certain conditions were achieved after the date of initial admission.

Effective 15 March 2022, the Company's shares were listed on the Junior Market of the JSE. The Company is entitled to a remission of income taxes for ten years in the following proportion:

Years 1–5 (15 March 2022–14 March 2027) – 100%

Years 6–10 (15 March 2027–14 March 2032) – 50%

The Company's 100% remission of income taxes expires 14 March 2027, and as a consequence, the Company's taxable profit will be subject to 50% tax remission until 14 March 2032.

The Company will continue to benefit from the tax remission provided the following conditions are met:

1. The Company remains listed for at least 15 years and is not suspended from the JSE for any breaches of its rules.
2. The Subscribed Participating Voting Share Capital of the Company does not exceed J\$500 million.
3. The Company has at least 50 Participating Voting Shareholders.

The financial statements have been prepared on the basis that the company will have the full benefit of the tax remissions.

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26. Loss per Stock unit

Basic loss per stock unit (“EPS”) is computed by dividing the loss attributable to stockholders of the Group and the Company by the weighted average number of ordinary stock units in issue during the year.

	<u>The Group</u>		<u>The Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	\$	\$	\$	\$
Net loss attributable to stockholders of the company	(29,252,213)	(57,621,679)	(25,704,004)	(54,641,072)
Weighted average number of ordinary stock units	648,446,094	648,446,094	648,446,094	648,446,094
Loss per stock unit	(0.04)	(0.09)	(0.03)	(0.08)

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27. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions

Related party transactions and balances are recognised and disclosed below for the following:

- (a) Enterprises over which a substantial interest in the voting power is owned by key management personnel, including directors and officers and close members of families or;
- (b) Enterprises over which such a person, in(a) above, is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the group

As at the statement of financial position date, the following balances were outstanding:-

	<u>The Group</u>		<u>The Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	\$	\$	\$	\$
Directors account	18,743,653	38,382,670	18,743,653	33,207,254
Due from related parties		-	-	-
Due to related parties	(719,982)	(1,801,070)	(719,982)	(1,801,070)
Directors' Loan				
	<u>18,023,671</u>	<u>36,581,600</u>	<u>18,023,671</u>	<u>31,406,184</u>

The following was (credited)/charged to the statement of comprehensive income:

	<u>The Group</u>		<u>The Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	\$	\$	\$	\$
Interest Income	(17)	(310,498)	(17)	(1,068,639)
Interest Expense	30,142,577	24,457,380	30,142,577	28,004,420
Directors' fees	-	3,037,500	-	3,037,500
Directors management	-	600,000	-	600,000