



iCreate Limited

Unaudited Financial Statements
for the period Ended June 30, 2023 *(Revised)*

Executive Summary

The Board of Directors of iCreate Limited is pleased to present the consolidated unaudited results for the period, ended June 30, 2023.

1.0 Overview

During the second quarter, the Company achieved another key milestone in executing its growth and expansion strategy by obtaining operational control of Visual Vibe.com Limited (Visual Vibe), a digital out-of-home (DOOH) advertising company.

With the previous purchase of 51% equity interest in GetPAID Group Limited in January 2022, Visual Vibe becomes the second operating subsidiary within the ICreate group of companies. These transactions provide the platform for growth through expanded revenues and cash flows. As we deepen the digital training and creative segment in ICreate, the Group is now operating in the eCommerce and advertising spaces. This expansion bodes well for continued growth and the generation of attractive returns for our investors.

The period also had its challenges for iCreate Limited, as a few key members of the Team separated, including founding President & CEO, Tyrone Wilson, Chief Operating Officer, Toni Cooke, Chief Revenue Officer, Declan Tully and Chief Financial Officer, Dwight Burchell.

The Board immediately put in place a new leadership team, comprising Interim Chairman, Ivan Carter, Interim CEO, Arlene Martin and CFO Chadwick Bennett. The Board is optimistic that we will continue to drive performance in all areas of the business under the new Team.

2.0 Financial Highlights

Revenue

The Group recorded year-to-date consolidated revenue of \$43.8 million, which is below the corresponding period in 2022 of \$74.7 million. The prior year benefited from revenue earned from a number of corporate training projects, which were not repeated at the same level in the current year. The Training Institute has increased marketing efforts geared at driving signup for its programmes.

Further, the new subsidiaries did not make up the revenue gap during the period under review, in particular Visual Vibe, which was consolidated from June 01, 2023.

Profitability

The Group recorded net losses of \$138.7 million, most of which emanated in the second quarter. The second quarter loss includes non-recurring Visual Vibe acquisition-related expenses of \$107.5 million and a further \$10.1 million in financing cost, relating to the vendor financing received. When these special items are excluded, the year-to-date net operating loss would be \$20.7 million.

iCreate Limited generated reduced revenue and showed a net loss of \$29.8 million for the six-month period. Strategies are being pursued to rebuild the revenue streams of the Institute.

GetPAID Group Limited recorded year-to-date revenue and net profit of \$18.8 million and \$3.6 million, respectively, utilising an asset base of \$59.5 million as at June 30, 2023.

This subsidiary provides various services in the eCommerce sector and we remain very excited about the plans and growth prospects of this company.

Visual Vibe.com Limited recorded revenue and net profit of \$9.3 million and \$2.6 million, respectively, for the month of June 2023. The company also generated strong operating cash flows for June 2023. The company held total assets of \$96.8 million and shareholder's equity of \$82.1 million as at June 30, 2023. We have developed a detailed growth plan for Visual Vibe, which includes injection of additional capital.

Balance Sheet

The consolidated total assets were \$690.1 million as at June 30, 2023, which is significantly above the comparative period in 2022. The Visual Vibe acquisition resulted in a goodwill of \$509.8 million, which was tested for impairment, and it was confirmed that no impairment adjustment is required at this time.

iCreate Limited successfully raised additional funding during 2022 and into 2023 to support the acquisition of Visual Vibe. Consequently, the Company now has shareholder's equity of \$319.0 million as at June 30, 2023, which is down on December 2022 of \$457.5 million (due to losses generated), but significantly over the June 2022 position of \$61.1 million.

3.0 Outlook

The Group is focused on revenue and cash flow growth from all member companies, as well as reaping synergies across the group to benefit our many clients. At the same time we will be streamlining and strengthening internal processes and capabilities to realise our strategic objectives.

We offer thanks to our many Shareholders, our Directors, our Team Members and our Client Base for their continued support and belief in us, during these testing times, while we chart the way forward as a progressive digital and creative group of companies.

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



Tyrone Wilson
Executive Chairman



Anthony Dunn
Director

ICREATE LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023 (Unaudited)

(All figures stated in Jamaican Dollars unless otherwise stated)

	UNAUDITED JUNE 30, 2023 \$'000	UNAUDITED JUNE 30, 2022 \$'000	AUDITED DECEMBER 31, 2022 \$'000
ASSETS			
Cash resources	5,579	4,768	6,467
Accounts receivable	27,569	71,071	2,645
Due from related parties	9,162	-	6,819
Other current assets	7,740	8,709	2,754
Acquisition of subsidiary deposit	-	30,900	470,598
Deferred costs of acquisition in progress	-	-	176,042
Intangible assets	46,339	50,222	48,381
Property, plant and equipment	83,858	5,795	4,425
Goodwill	509,847	-	-
Total Assets	690,094	171,465	718,131
LIABILITIES			
Bank overdraft	2,368	5,895	4,699
Accounts payable and accruals	50,197	19,228	37,949
Due to related parties	-	36,053	-
Acquisition of subsidiary payable	211,767	-	176,042
Current portion of long-term debt	19,664	2,106	2,572
Other current liabilities	289	289	289
Promissory notes payable	38,338	-	-
Long-term loans	28,501	23,455	21,455
Total Liabilities	351,124	87,026	243,006
EQUITY			
Share capital	587,026	124,616	587,026
Preference share capital	25,500	25,500	25,500
Retained deficit	(300,563)	(96,052)	(162,070)
Revaluation surplus	7,071	7,071	7,071
Equity Attributable to Shareholders of the Parent	319,034	61,135	457,527
Non-Controlling Interest	19,936	23,304	17,598
Total Equity	338,970	84,439	475,125
Total Liabilities & Equity	690,094	171,465	718,131



Tyrone Wilson
Executive Chairman



Anthony Dunn
Director

ICREATE LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2023 (Unaudited)

(All figures stated in Jamaican Dollars unless otherwise stated)

	UNAUDITED 3 MONTHS ENDED JUNE 30, 2023 \$'000	UNAUDITED 3 MONTHS ENDED JUNE 30, 2022 \$'000	UNAUDITED 6 MONTHS ENDED JUNE 30, 2023 \$'000	UNAUDITED 6 MONTHS ENDED JUNE 30, 2022 \$'000	AUDITED YEAR ENDED DECEMBER 31, 2022 \$'000
Revenue	18,344	34,499	43,785	74,681	79,632
Cost of Sales	(3,879)	(11,905)	(12,766)	(28,031)	(50,940)
Gross Profit	14,465	22,594	31,019	46,650	28,692
Other Income	(490)	1	18	9	744
Admin & General Expense	(16,927)	(14,998)	(41,686)	(15,610)	(64,477)
Acquisition related expenses	(107,491)	-	(107,491)	-	-
Depreciation and Amortisation	(3,845)	(697)	(4,542)	(3,383)	(6,593)
Operating Profit/(Loss)	(114,288)	6,900	(122,682)	27,666	(41,634)
Finance Cost	(10,054)	(507)	(13,473)	(2,788)	(5,213)
Profit/(Loss) Before Taxation	(124,342)	6,393	(136,155)	24,878	(46,847)
Tax Expense/(Credit)	-	-	-	-	-
Net Profit/(Loss) for the period	(124,342)	6,393	(136,155)	24,878	(46,847)
Attributable to:					
Shareholders of the parent	(130,290)	6,393	(138,493)	26,074	(39,945)
Non controlling interest	5,948	-	2,338	(1,196)	(6,902)
	(124,342)	6,393	(136,155)	24,878	(46,847)
Earnings/(Loss) per share (\$)	-0.16	0.06	-0.17	0.24	-0.16
Diluted (\$)	-0.15	0.06	-0.17	0.23	-0.16

ICREATE LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2023 (Unaudited)

(All figures stated in Jamaican Dollars unless otherwise stated)

	Attributable to owners of the parent company				Non-Controlling Interest	Total Equity
	Share Capital	Convertible Preference shares	Revaluation Surplus	Retained Earnings		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 01 January 2022	124,616	-	7,071	(122,126)	-	9,561
Allocation of controlling interest	-	-	-	-	-	-
Issued new preference shares	-	25,500	-	-	-	25,500
Minority interest in subsidiary					24,500	24,500
Net loss for the period	-	-	-	26,074	(1,196)	24,878
Balance at 30 June 2022	124,616	25,500	7,071	(96,052)	23,304	84,439
Balance at 01 January 2023	587,026	25,500	7,071	(162,070)	17,598	475,125
Net (loss)/profit for the period	-	-	-	(138,493)	2,338	(136,155)
Balance at 30 June 2023	587,026	25,500	7,071	(300,563)	19,936	338,970

ICREATE LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2023 (Unaudited)

(All figures stated in Jamaican Dollars unless otherwise stated)

	UNAUDITED 6 MONTHS ENDED JUNE 30, 2023 \$'000	UNAUDITED 6 MONTHS ENDED JUNE 30, 2022 \$'000	AUDITED YEAR ENDED DECEMBER 31, 2022 \$'000
OPERATING ACTIVITIES			
Total Comprehensive Income/(Loss)	(136,155)	24,878	(46,847)
Adjustment for:			
Depreciation and amortisation	4,542	3,383	6,593
Expected Credit Loss Provision	-	-	4,327
Interest expense	13,292	2,418	5,017
	(118,321)	30,679	(30,910)
Change in Accounts Payable	48,701	21,337	4,006
Change in Accounts Receivable	40,335	(59,023)	2,352
Change in Other Current Assets	(2,907)	(3,235)	(1,840)
Interest Paid	(224)	(2,884)	(3,645)
Cash flow provided by/(used in) investing activities	(32,416)	(13,126)	(30,037)
INVESTING ACTIVITIES			
Deposit of acquisition	-	(30,900)	(470,598)
Cash flow provided by/(used in) investing activities	-	(30,900)	(470,598)
FINANCING ACTIVITIES			
Increase in Share Capital	-	-	462,410
New loan proceeds	38,338	-	-
Loan repayment	(1,165)	(6,991)	(9,897)
Cash Flow From Financing Activities	37,173	(6,991)	452,513
Change in Cash & Equivalents	4,757	(51,017)	(48,122)
Cash & Equivalents, Opening Balance	(1,575)	49,890	49,890
Cash assumed on acquisition	29	-	-
Cash & Equivalents, Closing Balance	3,211	(1,127)	1,768
REPRESENTED BY:			
Cash and bank deposit	5,579	4,768	6,467
Bank overdraft	(2,368)	(5,895)	(4,699)
	3,211	(1,127)	1,768

Notes to the Consolidated Financial Statements

1. Identification and Principal activities

iCreate Limited is a Company incorporated in Jamaica under the Jamaican Companies Act (the "Act") in January 2018. The registered office of the Company is 72 Old Hope Road, Kingston 6.

On January 31, 2019, iCreate Limited became a public listed entity on the Jamaica Stock Exchange Junior Market. Consequently, the Company is entitled to full remission of income taxes for the first five (5) years and fifty percent (50%) remission for the following 5 years providing it complies with the requirements of the Jamaica Stock Exchange Junior Market.

GetPAID Group Limited is a subsidiary of the Company incorporated in Jamaica under the Jamaican Companies Act (the "Act"). The subsidiary registered office is at 7 Goodwood Terrace, Kingston 10. At June 30, 2023, the Company owns 51% of the shares of GetPAID Group Limited.

Visual Vibe.com Limited, a wholly-owned subsidiary of the Company, is incorporated in Jamaica under the Jamaican Companies Act (the "Act"). The subsidiary registered office is at Unit 25A, 30 Dominica Drive, Kingston 5.

The Company and its subsidiary are collectively referred to as the "Group". The principal activities of the Group are the provision of digital and creative training, e-commerce services and advertising.

2. Basis of Preparation

These interim condensed consolidated financial statements (interim financial statements) have been prepared in accordance with IAS 34 Interim Financial Reporting. These interim financial statements should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended December 31, 2022 ('last financial statements') which have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act. These interim financial statements are presented in Jamaica dollars, which is the Group's functional currency.

3. Accounting Policies

During the period, there were no changes in the accounting policies used in the preparation of the Company's last audit.

4. Business Combination

On May 31, 2023, iCreate Limited, the Company, acquired 100% equity interest in Visual Vibe.Com Limited. The principal activity of the company is providing digital out-of-home (DOOH) advertising services. Details of the consideration paid, the assets acquired and liabilities assumed, and the effects on the cash flows of the Group, at the acquisition date, are as follows:

(a) Purchase consideration

	30 Jun 2023
	\$'000
Cash paid	468,655
Vendor Financed Note	119,959
Consideration transferred for the business	<u>588,614</u>

4. Business Combination (*continued*)

(b) Identifiable assets acquired and liabilities assumed:

	30 Jun 2023
	\$'000
Property, plant and equipment	81,931
Trade and other receivables	13,784
Cash and balances	29
Total Assets	95,744
Bank overdraft	3,371
Accounts payable and accruals	1,369
Long-term loans	12,237
Total Liabilities	16,977
Total Identifiable net assets	78,767
Add: Goodwill	509,847
Net assets acquired	588,614

5. Continued Operations

iCreate Limited, the Company, was established in January 2018 and is still in a developmental phase. The reported consolidated loss attributable to equity holders for the period ended June 30, 2023 was \$319,034,265 (June 2022: a loss of \$61,135,815) and there was an accumulated deficit of \$300,562,846 (June 2022: \$96,051,202).

During the year, the training institute and creative arm of the Company continued to suffer from the ramifications of COVID-19. However, the company pivoted its business model to pursue a diversification of revenue and cashflows through a M&A strategy. The M&A strategy was underpinned by a capital growth strategy which saw shareholders' equity move from \$9,561,875 at the end of 2021 to \$320,430,011 as at June 30, 2023. The company closed the acquisition of a 51% interest in GetPaid Group Limited and entered the eCommerce space from January 2022. The company also significantly advanced the acquisition of the digital-out-of-home advertising firm, Visual Vibe.com Limited. This 100% change of control took place on May 31, 2023

Based on the plans and strategies being pursued and implemented within iCreate Limited and across its subsidiaries, the Directors and Management believe that the Company will generate adequate revenues, cash flows and profitability which would allow it to continue in operational existence and thrive for the foreseeable future.

iCreate Limited

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