



ONE on ONE EDUCATIONAL SERVICES LIMITED

Unaudited Financial Statements



Second Quarter Ended
February 28, 2023

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Financial Statements

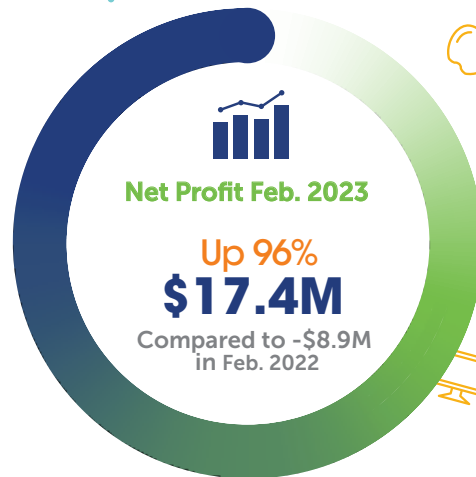
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PERFORMANCE HIGHLIGHTS

Unaudited financial highlights for Q2, ended February 28, 2023

The Board of Directors of One on One Educational Services Ltd is pleased to present our performance highlights from the unaudited financial statements for the 6 months ended February 28, 2023





UNAUDITED FINANCIAL REPORT TO THE SHAREHOLDERS

Company Performance for the 2nd Quarter Ended 28 February 2023

The Board of Directors of One on One Educational Services Ltd is pleased to present its unaudited financial statements for the 2nd quarter ended 28 February 2023.

At the end of the second quarter of 2023, the company's gross revenue increased to \$76.3 million, compared to \$65.4 million in the prior comparable quarter of 2022, primarily due to increases in both the business to customers (B2C) and business to business (B2B) revenue lines. The increase in revenue was driven by new contracts acquired and on-going contracts from the previous financial year. Additionally, the company benefited from economies of scale in executing projects, resulting in a decrease of \$4.5 million (27.4%) in direct costs.

As a result of the increased revenue and optimized operations, the company achieved a \$15.3 million increase in gross profit for the period, representing a 33.6% increase compared to the prior comparable quarter in 2022.

In the second quarter of 2023, the company saw a \$16.1 million increase in operating expenses when compared to the same period in 2022. This increase was primarily due to three main factors. Firstly, the company hired new staff to improve existing product offerings and initiate new product developments, leading to increased staff costs. Secondly, as the company went public, it incurred registration fees. Finally, the company invested more in advertising and promotion to attract new users to their Learning Management System (LMS) and to increase brand awareness. The company also incurred finance charges of \$873 thousand during the quarter. Despite these expenses, the company achieved a profit before tax of \$7.4 million.

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John Bailey | Karen Vaz | Mischa McLeod Hines | Nicole Foga | Tyrone Wilson

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For the 2nd quarter of 2023, the company recorded a tax charge of \$1.2 million due to deferred taxation movement. As a result, the company's net profit for the quarter was \$6.2 million, which represents a decrease from \$10.7 million for the same period in the prior year.

The Company's total assets for the 2nd quarter of February 2023 was J\$634.9 million compared to J\$331.4 million for the comparable quarter February 2022; an increase of J\$303.5 million or 91.6%. The increase was primarily attributed to several factors, including the ongoing development of the Company's intellectual property from which revenue is generated, the leasing of a new premises for studio recording resulting in the recognition of a right-of-use asset, an increase in receivables due to longer payment terms for contracts with governments and a client with a special payment arrangement, the acquisition of new perpetual licenses for the Classroom-in-a-Box devices and content license for resale, and a decrease in cash and bank balances resulting from funding capital and operating expenditure.

The Company's total equity as at February 2023 was J\$459.3 million, which represents a significant increase of J\$350.1 million or 320.6% compared to the same period in 2022. This increase was due to the issuance of shares on the Jamaica Stock Exchange Junior Market and retained profits.

Total liabilities decreased by \$46.6 million or 26.4%, primarily due to loans being converted to ordinary shares at IPO in August 2022.

Year to Date Review

For the six months ended 28 February 2023, the Company generated gross revenues of \$159 million, representing an increase of \$48.8 million or 44.3% when compared to the same period in 2022. The growth in revenue was driven mainly by the B2C and B2B divisions. The direct cost of sales for the period was \$26.8 million, which was lower than the \$28.7 million incurred in the same period of 2022, resulting from the benefits of operating at scale.

Operating expenses for the period amounted to \$110.1 million, representing an increase of \$43.6 million or 65.6% compared to the same period in 2022, and the operating profit was \$22.1 million. The increase in expenses was due to various factors, including staff cost for developing and expanding new products initiatives, promotional activities to increase awareness of the company's products, software license fees to support our remote office operations, registration fees for the company becoming publicly listed. The company incurred finance charges of \$2.4 million for the period, which was lower

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than the \$6.1 million incurred in the same period of the previous year due to loan repayment. The company recorded a profit before tax of \$19.7 million, representing a 47.4% increase from the prior year comparable period.

The company had a tax charge of \$2.3 million due to deferred taxation movement, resulting in a net profit of \$17.4 million. This represents an increase of 96.2% compared to the same period in 2022, where the net profit was \$8.9 million.

The total asset of the Company increased to J\$634.9 million, representing a 9.3% increase from J\$580.7 million for 2022-year end. This increase was mainly attributed to increase in our intangible assets as we continue to develop our intellectual property for revenue generation, right of use asset as a building was rented to develop studios for recording, receivables due primarily to government contracts and a special arrangement with a client for payment and inventory as new perpetual licenses were acquired to be used on the classroom in a box device and off the shelf licenses for content material.

The Company's total equity increased to J\$459.3 million at February 2023, from J\$441.8 million for 2022-year end; this represents an increase of J\$17.5 million or 4%. The increased equity is mainly due to retained profits.

However, the total liabilities also increased by \$36.7 million or 26.4% mainly due to an increase in lease liability, deferred income from recurring businesses, and payables resulting from the acquisition of inventory for the 2nd quarter.

Statement of Cashflow

For the six months ended February 2023 the company's cash flow was negatively impacted as it had net cash used in operating activities totaling \$38.1 million compared to cash provided from operating activities in the prior comparable period of \$29.3 million. This resulted from an increase in receivables



as our collection took longer to come in as the balances were mainly due to government contracts along with expenditure to increase inventory.

Cash used in investing activities was \$25.0 million compared to \$34.3 million in the same period of 2022. This use of cash was primarily for addition to our intellectual property which is a key component of our revenue generating activities.

Net cash used in financing activities for the quarter was \$5.0 million compared to \$7.4 million provided by financing activities in the comparable period of 2022. The cash used in financing activities was used to service existing loan obligations of the company. The company had an overall decrease in its cash and bank balances for the six months by \$68.0 million resulting mainly from the delay in our receivables collection, inventory sale and investment in our intellectual property.

This quarter, our company has been focused on two major initiatives. The first is the rebranding of our B2C product to prepare for launch, which requires significant attention and resources. Secondly, we are in the product development phase of a new initiative that involves acquiring a physical location for building out studio space for content development. Overall, these are exciting projects that have the potential to drive growth and innovation for our company.

We are grateful to our shareholders and customers for their continued support of our business, which has been instrumental in our growth and success. Also, we extend our appreciation to our staff for their unwavering dedication and loyalty to the company over the years, without which our achievements would not have been possible.

Mr. Michael Bernard
Chairman

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PERFORMANCE DRIVERS BY THE CEO

CEO Report for Quarter 2

• **Company Overview:** As we transition from Q1 to Q2, we continue to build on the foundation laid during our first quarter. We are focused on transforming One on One into a regional and global leader in creating, connecting, and delivering personalized and impactful online learning experiences. In Q2, we have seen significant growth in our various divisions, and we are optimistic about the outlook for Q3. Our investments in people, systems, content development, and AI have positioned us well to capitalize on emerging opportunities in the Ed-Tech space.

• **Investment in Products and Inventory:** We have continued to invest heavily in our inventory throughout Q2, ramping up our recurring revenue generation capacity for new initiatives launching in Q3 and Q4. Our increased inventory, content development capacity, and product investments such as One Academy are crucial for driving sustainable recurring revenues, scalability, and profitability in the coming months.

• **Investment in Artificial Intelligence:** In Q2, our research and development team have focused on recent advancements in Large Language Models (LLMs) like ChatGPT and Google's Bart. These advances have accelerated our AI initiatives, and we are set to make a major announcement in Q3 about Una, our personalized AI Assistant. We expect this technology to generate significant revenue for us locally, regionally, and internationally.

Performance drivers by divisions:

Government Division:

- Division Status: Expanding
- Q2 Performance: J\$35,636,310
- YTD Performance: J\$80,964,920
- Q3 Outlook: With ongoing projects and new opportunities, we expect strong performance in Q3.
- Annual Performance Goal Per Prospectus: J\$97,500,000

Business Division:

- Division Status: Ramp up
- Q2 Performance: J\$23,227,263
- YTD Performance: J\$39,320,405
- Q3 Outlook: With ongoing projects and new opportunities, we expect strong performance in Q3.
- Annual Performance Goal Per Prospectus: J\$157,500,000



PERFORMANCE DRIVERS BY THE CEO

Individuals Division:

- Division Status: Launched Stage
 - Q2 Performance: J\$13,723,947
 - YTD Performance: J\$33,160,461
 - Q3 Outlook: With ongoing projects and new opportunities, we expect strong performance in Q3.
 - Annual Performance Goal Per Prospectus: J\$144,000,000
- **The Story of Revenues and Expenses:** Our unique cost structure allows us to increase revenues without significantly increasing expenses. We currently average J\$65M in total expenses and J\$78M in quarterly revenues. As our investments in people and technology come to fruition, we expect to drive revenues aggressively without major changes to our cost structure. For every J\$1 movement in revenues, we anticipate a J\$0.25 movement in the cost structure, meaning an additional J\$50M in quarterly revenues could result in a J\$37.5M increase in profits.
 - **Q3 Outlook:** As we move into Q3, we are optimistic about the growth and opportunities across all our divisions. The launch of OneAcademy and the continued expansion of our government and business divisions will drive our performance in Q3. Additionally, our investments in people, systems, content development, and AI will continue to yield results as we position One on One as a regional and global leader in the Ed-Tech space.



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ONE ON ONE EDUCATIONAL SERVICES LIMITED
STATEMENT OF FINANCIAL POSITION
28 FEBRUARY 2023

	Note	Un-Audited February 2023 \$	Un-Audited February 2022 \$	Audited August 2022 \$
ASSETS				
NON-CURRENT ASSETS:				
Intangible assets		227,550,137	173,773,487	202,692,546
Property, plant and equipment		5,321,935	5,596,435	5,728,815
Right of use asset		10,819,113	-	-
		<u>243,691,185</u>	<u>179,369,922</u>	<u>208,421,361</u>
CURRENT ASSETS:				
Due from Directors		21,923,104	13,527,030	17,758,190
Inventories		39,634,221	14,317,586	12,994,334
Trade and other receivables		144,310,550	78,862,136	88,258,387
Cash and Bank Balances		185,300,646	45,352,788	253,311,225
		<u>391,168,521</u>	<u>152,059,540</u>	<u>372,322,136</u>
Total Assets		<u><u>634,859,706</u></u>	<u><u>331,429,462</u></u>	<u><u>580,743,497</u></u>
EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY:				
Issued share capital	5	413,838,628	84,600,000	413,838,628
Accumulated surplus		45,414,991	24,613,650	28,004,424
		<u>459,253,619</u>	<u>109,213,650</u>	<u>441,843,052</u>
NON-CURRENT LIABILITIES:				
Preference shares		-	5,000,000	-
Long term loans and convertible promissory notes		37,260,640	88,085,648	37,260,640
Lease Liability		9,397,106	-	-
Deferred tax liability		15,198,540	12,490,435	12,870,160
		<u>61,856,286</u>	<u>105,576,083</u>	<u>50,130,800</u>
CURRENT LIABILITIES:				
Current portion of long term loan		31,720,920	45,000,000	33,758,135
Current portion of long term lease		1,611,752	-	-
Due to Directors		-	2,586,013	-
Deferred income		24,734,747	9,013,731	8,800,641
Trade and other payables		55,682,382	54,693,557	46,210,869
Bank overdraft		-	5,346,428	-
		<u>113,749,801</u>	<u>116,639,729</u>	<u>88,769,645</u>
Total Equity & Liabilities		<u><u>634,859,706</u></u>	<u><u>331,429,462</u></u>	<u><u>580,743,497</u></u>

Approved for issue by the Board of Directors on April 12, 2023 and signed on its behalf by:



Ricardo Allen- Director



Michael Bernard- Director



ONE ON ONE EDUCATIONAL SERVICES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 28 FEBRUARY 2023

	3 Months Ended February	3 Months Ended February	6 Months Ended February	6 Months Ended February	Audited 12 Months Ended August
Note	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2022</u>
	\$	\$	\$	\$	\$
Revenues from contract with customers	72,587,520	61,791,416	153,445,786	104,191,608	266,910,874
Direct Cost	<u>(11,847,372)</u>	<u>(16,329,833)</u>	<u>(26,764,934)</u>	<u>(28,687,350)</u>	<u>(61,621,984)</u>
Gross Profit	60,740,148	45,461,583	126,680,852	75,504,258	205,288,890
Other Income	<u>3,735,800</u>	<u>3,598,912</u>	<u>5,535,854</u>	<u>5,969,584</u>	<u>9,841,522</u>
	64,475,948	49,060,495	132,216,706	81,473,842	215,130,412
Administrative Expenses	<u>(47,156,244)</u>	<u>(31,099,253)</u>	<u>(92,365,854)</u>	<u>(59,980,121)</u>	<u>(149,093,143)</u>
Selling Expense	<u>(9,048,714)</u>	<u>(3,378,891)</u>	<u>(17,723,828)</u>	<u>(6,487,073)</u>	<u>(22,451,062)</u>
OPERATING (LOSS)/PROFIT	8,270,990	14,582,351	22,127,024	15,006,648	43,586,207
Expected credit loss	-	-			(12,556,944)
Finance costs	<u>(873,172)</u>	<u>(3,901,829)</u>	<u>(2,388,077)</u>	<u>(6,134,147)</u>	<u>(15,166,823)</u>
PROFIT BEFORE TAXATION	7,397,818	10,680,522	19,738,947	8,872,501	15,862,440
Taxation	<u>(1,217,906)</u>	<u>-</u>	<u>(2,328,380)</u>	<u>-</u>	<u>(3,599,165)</u>
NET PROFIT/(LOSS) being total comprehensive income	<u>6,179,912</u>	<u>10,680,522</u>	<u>17,410,567</u>	<u>8,872,501</u>	<u>12,263,275</u>
EARNINGS PER STOCK UNIT	<u>\$0.003</u>	<u>\$0.011</u>	<u>\$0.009</u>	<u>\$0.009</u>	<u>\$0.012</u>



ONE ON ONE EDUCATIONAL SERVICES LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 28 FEBRUARY 2023

	Share Capital \$	Accumulated Surplus \$	Total \$
Balance at 31 August 2021	84,600,000	15,741,149	100,341,149
Net loss, being total comprehensive income for the period	-	8,872,501	8,872,501
Balance at 28 February 2022	<u>84,600,000</u>	<u>24,613,650</u>	<u>109,213,650</u>
Balance at 31 August 2022	413,838,628	28,004,424	441,843,052
Net profit, being total comprehensive income for the period	-	17,410,567	17,410,567
Balance at 28 February 2023	<u>413,838,628</u>	<u>45,414,991</u>	<u>459,253,619</u>



ONE ON ONE EDUCATIONAL SERVICES LIMITED

STATEMENT OF CASHFLOW PERIOD ENDED 28 FEBRUARY 2023

	Un-Audited February 2023 \$	Un-Audited February 2022 \$	Audited <u>August</u> <u>2022</u> \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit/(loss)	17,410,567	8,872,501	12,263,275
Adjustments for items not affecting cash resources:			
Amortization	31,544	13,804	55,215
Depreciation	492,744	458,771	924,892
Amortization of right if use asset	189,744	-	-
Expected credit loss provision	-	-	(12,556,944)
(Gain)/loss on disposal fixed asset	-	-	(12,903)
Taxation	2,328,380	-	3,599,165
Interest expense	2,944,367	5,869,844	12,806,817
Operating cash flows before movements in working capital	23,397,346	15,214,920	17,079,517
Decrease / (Increase) in operating assets:			
Inventories	(26,639,887)	621,051	1,944,304
Trade & other receivables	(56,052,163)	35,352,927	38,513,619
Due from related parties	(4,164,914)	(14,331,847)	(20,964,783)
(Decrease) / Increase in operating liabilities:			
Trade and other payables	9,471,513	(8,296,750)	(20,183,112)
Deferred income	15,934,106	693,903	480,812
Net cash (used in)/provided by operating activities	(38,053,999)	29,254,204	16,870,357
CASH FLOWS FROM INVESTING ACTIVITIES:			
Disposal of preference shares	-	-	(5,000,000)
Acquisition of intangible assets	(24,889,135)	(33,979,089)	(62,925,756)
Acquisition of property, plant and equipment	(85,864)	(366,993)	(1,030,595)
Proceed from sale of fixed asset	-	-	64,200
Net cash (used in) investing activities	(24,974,999)	(34,346,082)	(68,892,151)
CASH FLOW FROM FINANCING ACTIVITIES:			
Proceeds from share issue	-	-	329,238,628
Proceeds from loan and convertible notes	-	15,000,000	30,000,000
Loan repayment	(2,037,214)	(1,681,763)	(78,748,637)
Interest paid	(2,944,367)	(5,869,844)	(12,806,817)
Net cash (used in)/provided by financing activities	(4,981,581)	7,448,393	267,683,174
NET (DECREASE)/ INCREASE IN CASH AND BANK BALANCES	(68,010,579)	2,356,515	215,661,380
Opening cash and bank balances	253,311,225	37,649,845	37,649,845
CLOSING CASH & BANK BALANCES	185,300,646	40,006,360	253,311,225
REPRESENTED BY:			
Cash and bank deposits	185,300,646	45,352,788	253,311,225
Bank overdraft	-	(5,346,428)	-
	185,300,646	40,006,360	253,311,225



ONE ON ONE EDUCATIONAL SERVICES LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
28 FEBRUARY 2023

1 IDENTIFICATION AND PRINCIPAL ACTIVITIES:

- (a) One On One Educational Services Limited is a limited liability company incorporated under the Jamaican Companies Act (the "Act"). The registered office of the Company is 9th Floor, PanJam Building, 60 Knutsford Boulevard, Kingston 5.
- (b) The principal activities of the company are the provision of personalized online learning solutions and off-the-shelf content.
- (c) The company became listed on the Junior Market of the Jamaica Stock Exchange on 1 September 2022. Consequently the company is entitled to a remission of taxes for ten (10) years in proportions set out below, provided the shares remain listed for at least 15 years.

Years 1-5	100%
Years 6-10	50%

2 REPORTING CURRENCY:

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). These financial statements are presented in Jamaican dollars, which is considered the company's functional and presentation currency.

3 SIGNIFICANT ACCOUNTING POLICIES:

The same accounting policies and methods of computations are followed in the interim financial statements as compared with the most recent annual audited financial statements.

4 EARNINGS PER STOCK UNIT:

Earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary stock units in issue at end of period.

	28 February	
	<u>2023</u>	<u>2022</u>
	\$	\$
Profit attributable to shareholders	17,410,567	8,872,501
Weighted average number of shares in issue	1,900,000,000	945,000,000
Earning per share	\$0.009	\$0.009



ONE ON ONE EDUCATIONAL SERVICES LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
28 FEBRUARY 2023

5 SHARE CAPITAL:

	<u>2023</u>	<u>2022</u>
	\$	\$
<u>Authorised</u>		
100,000,000,000 (2022 - 50,000,000)		
 <u>Issued and fully paid</u>		
1,900,000,000 (2022 , - 36,000,000)	<u>413,838,628</u>	<u>84,600,000</u>

6 TOP TEN SHAREHOLDERS:

	<u>Shares Held</u>	<u>% of Issued</u>
	<u>Shares</u>	
Sagicor Life Jamaica Limited (Managing Agent of the Sagicor SIGMA Fund (Sagicor Sigma Venture))	301,250,000	15.86
SOHO Investment Ltd.	262,921,851	13.84
Ricardo Allen	187,770,000	9.88
John Bailey	156,561,232	8.24
Raby D. Williams	145,065,850	7.64
Cecil Boswell Facey Foundation Ltd.	106,000,000	5.58
Douglas R. Orane	97,143,911	5.11
Michael Bernard	87,067,063	4.58
PanJam Investment Limited	72,500,000	3.82
Conrod Vic Hanson	<u>57,300,000</u>	<u>3.02</u>
 Total	 <u>1,473,579,907</u>	 <u>77.57</u>
 Total Issued shares	 <u>1,900,000,000</u>	 <u>100.00</u>



ONE ON ONE EDUCATIONAL SERVICES LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
28 FEBRUARY 2023

7 DIRECTORS & SENIOR OFFICERS:

	<u>Connected</u>	<u>Shares Held</u>	<u>% of Issued</u> <u>Shares</u>
Directors:			
Ricardo Allen		187,770,000	9.88
Ricardo Allen	SOHO Investment Ltd.	262,921,851	13.84
John Bailey		156,561,232	8.24
Michael Bernard		87,067,063	4.58
Karen Vaz		2,000,000	0.11
Dr. Carol Grantson		367,153	0.02
Mischa McLeod-Hines		<u>16,205</u>	-
		<u>696,703,504</u>	<u>36.67</u>
Senior Officers:			
Conrod Hanson		57,300,000	3.02
Jadelle Holder-Remy		13,250,000	0.70
Daniel Dawson		6,895,167	0.36
Yohan Brown		6,802,167	0.36
Donnisha Brooks		1,298,340	0.07
Dr. Ricardo Anderson		1,198,338	0.06
Juanita Neil		1,104,062	0.06
Kerry-Ann Kudo		474,585	0.02
Brittany Williams		<u>34,327</u>	-
		<u>88,356,986</u>	<u>4.65</u>