



# ONE on ONE EDUCATIONAL SERVICES LIMITED

— Shareholders Report & CEO Statement —

# 2023



**Audited Financial  
Statements  
YEAR ENDED  
31 AUGUST 2023**



## AUDITED FINANCIAL REPORT TO THE SHAREHOLDERS

### Company Performance for the Year Ended 31 August 2023

The Board of Directors of One on One Educational Services Limited is pleased to present its audited financial statements for the year ended August 31, 2023.

At the end of the year, the company's revenues remained flat in line with the previous year. The revenue earned for the year was \$266.6 million compared to \$266.9 million at the end of 2022. Despite the revenue being flat year over year we had growth in the B2G business line, which benefited from increased revenues from existing government contracts.

Significant increase in expenses targeted at investing in the development and expansion of new products, and selling activities to increase awareness, led to an increase in operating expenses from \$171.5 million in 2022 to \$230.4 million for the comparative period in 2023. We realized a loss before tax for the year of \$32.8 million compared to profit before tax of \$15.9 million for 2022. A tax charge of \$4.9 million was recorded for the year due to deferred taxation movement. Consequently, the net loss for the year was \$37.8 million compared to a net profit of \$12.3 million for 2022.

For the fourth quarter, the company experienced a decline in revenues from \$72.5 million to \$44.3 million for the comparative period of 2023. This drop can primarily be attributed to the dip in non-recurring project revenues, as our strategic emphasis has increasingly shifted towards building sustainable, recurring business lines. Consequently, the value of projects we undertook this period was less than comparative in 2022. While our operating expenses remained in line with Q4 2022, the net loss deepened to \$58.8 million, compared to the \$27.8 million net loss in the fourth quarter of the previous year. This heightened loss was influenced by a combination of adjustments, including those made for inventory deemed obsolete and non-cash adjustments in our accounts receivables for the expected credit loss provision, cumulatively contributing to a J\$21.9 million surge in expenses for the quarter.

Going forward, the company's primary focus is on bringing its significant recurring revenue generating projects on stream for 2023/2024 and beyond.

#### BOARD OF DIRECTORS

Michael Bernard (Chairman) | Ricardo Allen (C.E.O & Managing, Director) | Carol Granston  
John Bailey | Karen Vaz | Mischa McLeod Hines | Nicole Foga

9th Floor, PanJam Building  
60 Knustford Boulevard  
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+1(876) 676 6631  
info@oneononelms.com  
www.oneononelms.com



For 2023, total assets decreased by 11.5% or \$66.7 million to \$514 million from \$580.7 million in 2022. While the company had an overall decrease in its total asset over the previous year, its non-current asset increased by \$99.2 million or 48%, primarily due to significant increases in intangible assets of computer software, intellectual property, and content development work-in-progress as well as to increased investment in property, plant and equipment. Current asset declined by 44% resulting from the use of our cash and bank balance to cover loan principal repayment and working capital support for developing our recurring revenue line of business. Significant investment in content licenses also contributed to the decline in cash and bank balance.

Total equity of the Company decreased to \$404.1 million in 2023 down from J\$414.8 million in 2022 due to the losses incurred as the company made investments necessary to prepare for generating future recurring revenues and for building shareholder value.

One on One has made substantial investments over the year in the OneAcademy for Schools solution, which is expected to generate significant recurring revenues for the business, going forward. This is a major initiative for the company, the education sector and our country.

We express our sincere gratitude to our shareholders and customers for their unwavering support, which has been vital to our business growth and success. We are grateful for their continued patience, trust, understanding and partnership, as we hurdle the challenges on our way to success.

We would also like to extend our appreciation to our dedicated staff for their unwavering dedication, loyalty, and hard work which has been instrumental in driving our company forward. We continue to value and recognize their efforts and the invaluable role they play in our journey.

A handwritten signature in black ink that reads 'Michael Bernard'.

Mr. Michael Bernard  
Chairman

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## CEO PERFORMANCE SUMMARY

### CEO Report for Financial Year 2022/23

(Ending August 31, 2023)

Dear Valued Stakeholders,

I'm delighted to present the CEO report for the fiscal year concluding on August 31, 2023. We commenced the year fortified by a robust cash reserve exceeding J\$250M, a direct outcome of our triumphant IPO and subsequent enlistment on the Jamaica Stock Exchange (JSE) Junior Market. Having enjoyed three consecutive years of profitability from 2019 to 2022, buoyed by project-based revenues stemming from the surging demand for our services, we entered this year with a renewed strategic vision: to diversify our revenue streams. As such, our primary objective for the year crystallized: to channel investments into products/services poised to generate consistent monthly revenues, primarily through the launch of new product lines, specifically One Academy (comprising Students, Teachers, and Schools segments). Throughout the year, we allocated over J\$160 million to craft, source, and trial this groundbreaking solution, targeting its school rollout in the 2023/24 fiscal year. While our implementation timeline was meticulously planned, retrospective analysis reveals that adjustments were necessary due to unforeseen challenges encountered during our dialogues with stakeholders, governmental bodies, and schools.

The decision to invest in the One Academy for School solution is the result of years of research & development, along with stakeholder consultation, speed-up by the sudden shock to our education system based on recent activities such as COVID and the availability of educators. Together with our partner institutions and industry stakeholders, we endeavor to create a new industry where our solution will become part and parcel of every classroom, from the youngest to the oldest students, ensuring quality education is accessible anytime, anywhere.

This report outlines our shift and what it means for you, our valued stakeholders. We aim for full transparency. Our eyes are set on a J\$40M monthly net income from our main operations in the coming three years, with this year closing on an expected J\$15M in monthly recurring revenues from this new strategy alone.

### Year at a Glance and Strategic Highlights

1. This year focused on diversification. To establish the One Academy ecosystem, substantial investments were made in our team and external collaborators to develop, evaluate, trial, and introduce our solution. Staff expenses increased by J\$42.24 million this fiscal year in preparation for the market launch and our pilot program from January to August 2023. It's a narrative of investing before realizing revenue to secure future earnings.

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2. Revenue in Q4 went from \$72.5M to \$44.3M. We had hopes for a robust Q4, but refining the One Academy model for the upcoming school year demanded our attention, which meant some revenue opportunities were left on the table and other strategic projects were put on hold in order to prioritize the launch of the One Academy for Schools solution.
3. After our IPO in 2022, we dove headfirst into One Academy solution. Of the J\$380M IPO amount, we netted J\$241.25M in cash post expenses and conversion of loans into equity. We've channeled over \$200M into several strategic areas, confident that these investments will yield significant value in the times ahead. This also included repayment of a loan of approximately J\$71M in March 2023, which translated into a reduction in our interest expenses.

**Our Significant Cash Investments:**

Our journey this fiscal year has seen heavy investment in several areas to better position us for the future. Here's a breakdown of our key strategic investments:

Investment	Investment Description
<b>Construction and Retrofitting of Content Studio</b>  <b>Total Investment: J\$28 million</b>	To enhance our digital offerings, we've made a substantial commitment to our content creation. This state-of-the-art facility now allows us to support schools with daily live streams across Jamaica and the Caribbean. We are 90% completed and we aim to complete for operation by Q2 2023/24.
<b>Acquisition of Equipment for Leasing</b>  <b>Total Investment: J\$32 million</b>	A pivotal part of our strategy involves the acquisition of equipment crucial for the One Academy for Schools solution. This ensures we have the necessary infrastructure to support the ambitious rollout of our One Academy for Schools solution across the schools.
<b>Inventory Acquisition</b>  <b>Total Investment: J\$38 million</b>	We have acquired third-party licenses to use within the One Academy for School solution. This investment allows us to distribute our content seamlessly across schools (online and offline), ensuring a consistent and high-quality learning experience. This will also assist with delivering training to educators across our institutions.
<b>Investment in LMS and Content Development:</b>  <b>Total Investments: J\$64 million</b>	Our focus on digital learning is underscored by our significant outlay in our Learning Management System (LMS) and content. This facilitates continuous learning opportunities and efficient administrative management for our content distribution.

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**IPO use of funds:**

For the purposes of this discussion, I want to contextualize our IPO spend against our cash investments:

<b>IPO Funds Allocation:</b>
<b>Total IPO Consideration: J\$380M</b>
<b>LESS: Non-Cash Debt Conversion: J\$108.75M (via loan converted arrangements with Sagicor and PanJam)</b>
<b>Cash Raised: J\$271.25M</b>
<b>LESS: IPO Estimated Expenses: J\$41.5M</b>
<b>Net Cash Proceeds from IPO (as of August 31, 2022): J\$229.75M</b>
<b>Our commitment post-IPO was to channel the raised capital into three primary areas:</b>
<ol style="list-style-type: none"> <li><b>Next-Generation Learning Content:</b> Our investment in this area is bearing fruit, with completion nearing 90%.</li> <li><b>AI-Driven Adaptive Learning Technology:</b> We've initiated investments in this technology for enhanced integration into our LMS. While we'll need further funding to realize the entire vision, some aspects have taken a backseat as we center our efforts on incorporating AI in the One Academy for Schools solution. Our primary aim is leveraging AI in classrooms, assisting our facilitators and tailoring learning experiences for students.</li> <li><b>Capital Reserves for Operations:</b> Considering our strategic shift, we've allocated funds to strengthen our company's capital foundation.</li> </ol>

In reflection, most of our spending has revolved around building our Content Learning Studios, procuring equipment and inventory essential for content distribution, and enhancing our online learning platform. Furthermore, we've also repaid significant loans, ensuring we save on interest expenses in the long run. This strategy is poised to yield not just revenue but recurring business revenues pivotal for the company's future growth. All total, we have spent over J\$200M over the past 12 months across these areas and we expect to begin reaping the benefits of these investment beginning in this in the next financial year.

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## FORWARD STRATEGY AND VISION

Our journey has always been marked by forward-thinking and innovation, and the upcoming period will be no different. The One Academy for Schools Solution plays a critical role in our future, though it's one of several initiatives driving our progress. While the 2023/24 financial year will commence with our engagement in 25 schools, our ambitious yet achievable target is to aggressively onboard a significant number of schools prior to the end of the financial year. We will continue to invest as required to meet the emerging demands.

While the One Academy for Schools Solution is one of our pivotal business lines, it certainly isn't our sole focus. However, it's imperative to highlight that, given our significant investment in this solution, we anticipate starting to see a tangible return in the upcoming financial year, September 2023 – August 2024. Specifically, we aim to double our current monthly recurring revenues under management, by the end of the financial year, reflecting both the solution's potential and our team's unwavering commitment.

This year's profit dip isn't a deviation but a recalibration. Our track record over the past three years showcases sustained profitability. Our current stance is a result of our deliberate aim to diversify our product offerings to a sustainable, recurring revenue model. This short-term impact sets the stage for post-COVID growth and reliable revenue channels.

Further, as we embark on this exciting phase, rightsizing will become crucial. This, coupled with our strategy to acquire additional funding at favorable rates, will empower us to concentrate on our core business, optimize our operations, and assure our shareholders of sustained profitability.

Our commitment to the continued growth of our company remains unwavering, and the 23/24 financial year will see significant momentum in this direction. Q1 will be critical for its continued rollout, fine-tuning, and necessary adjustments post the beta testing phase of our solution. As Q2 and Q3 unfold, our goal is to scale this solution to more schools, a step that we believe will be transformational for the educational landscape.

In closing, let me express profound gratitude for the trust and confidence that you, our valued stakeholders, have placed in us. Our resolve remains unshaken – we will continue to seek innovative ways to uplift and redefine the educational domain, ensuring not just growth but avenues for recurring and sustainable revenue.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ricardo D. Allen'.

Ricardo D. Allen

President and CEO

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